Sint Maarten Enterprise Recovery Project

ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF)

November 27, 2018
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<table>
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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AR</td>
<td>Asset or Repair</td>
</tr>
<tr>
<td>BC</td>
<td>Business Continuity</td>
</tr>
<tr>
<td>CITES</td>
<td>Convention on International Trade in Endangered Species of Wild Fauna and Flora</td>
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<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
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<tr>
<td>EHS</td>
<td>Environment, Health, and Safety</td>
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<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
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<tr>
<td>EMP</td>
<td>Environmental Management Plan</td>
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<tr>
<td>ES</td>
<td>Environmental and Social</td>
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<tr>
<td>ESHS</td>
<td>Environmental, Social, Health and Safety</td>
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<tr>
<td>ESMF</td>
<td>Environmental and Social Management Framework</td>
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<tr>
<td>ESMP</td>
<td>Environmental and Social Management Plan</td>
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<td>ESMS</td>
<td>Environmental and Social Management System</td>
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<tr>
<td>FMO</td>
<td>Entrepreneurial Development Bank (<em>Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden</em>)</td>
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<tr>
<td>IPM</td>
<td>Integrated Pest Management</td>
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<tr>
<td>IRC</td>
<td>Interim Recovery Committee</td>
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<tr>
<td>MSME</td>
<td>Micro, Small, and Medium Sized Enterprise</td>
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<tr>
<td>NRPB</td>
<td>National Recovery Program Bureau</td>
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<tr>
<td>ODS</td>
<td>Ozone Depleting Substance</td>
</tr>
<tr>
<td>PCBs</td>
<td>Polychlorinated biphenyl compounds</td>
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<tr>
<td>PFI</td>
<td>Participating Financial Institution</td>
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<tr>
<td>PIU</td>
<td>Project Implementation Unit</td>
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<tr>
<td>PMP</td>
<td>Pest Management Plan</td>
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<tr>
<td>POP</td>
<td>Persistent Organic Pollutant</td>
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<td>RAP</td>
<td>Resettlement Action Plan</td>
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<tr>
<td>SMERP</td>
<td>Sint Maarten Enterprise Recovery Project</td>
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<tr>
<td>WC</td>
<td>Working Capital</td>
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</table>
I. Environmental and Social Management Framework

A. Statement of Policy and Purpose

The Sint Maarten Enterprise Recovery Project (SMERP) will take steps to mitigate any issues related to environmental or social issues before implementing the project. The World Bank takes its responsibility to finance socially and environmentally responsive projects very seriously. Projects receiving the SMERP assistance must abide by all local environmental and relocation policies and laws as well as meet the World Bank’s requirements for proper environmental and social stewardship. This includes avoiding the use of any banned chemicals and ensuring that all environmental safeguards required for a particular type of business are in place and functioning. In addition, all enterprises seeking financial support must ensure that the finances are not utilized to purchase land and any person or business affected during the upgrade, rehabilitation, or expansion of enterprises is adequately relocated and/or compensated to meet the World Bank Policy on Involuntary Resettlement OP/BP 4.12.

The environmental and social questionnaire that is part of the application process must be completed. The questionnaire is designed to automatically ask follow-up questions as necessary. A full discussion of the environmental and social requirements and the questions for the questionnaire are included in the following paragraphs.

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

- Providing environmental support in all areas of its operations;
- Continuously improving environmental performance through an Environmental and Social Management System (ESMS);
- Ensuring environmentally and socially responsible financial investment and development;
- Fostering environmental and social due diligence within Participating Financial Institutions (PFIs);
- Mainstreaming the ESMS into risk management protocols;
- Ensuring compliance with relevant laws, regulations, and standards within host countries;
- Promoting the ESMS among all the PFIs through training and awareness programs;
- Preventing the sale of land as a use of proceeds for the SMERP;
- Supporting transactions that do not adversely affect vulnerable people and underserved groups (for example, elderly poor pensioners, the physically challenged, women, particularly heads of households or widows, and so on) living in the area; and
- Ensuring that people are not displaced or lose access or assets because of project activities.

The SMERP, as well as the PFIs, must follow the micro, small, and medium sized enterprise (MSME) application processing procedures; credit documentation; and the administration, evaluation, and reporting procedures listed in this section. As part of their risk management activities, the PFIs will actively engage with the MSMEs through the due diligence and liaison process. The SMERP Operations Officer shall take reasonable efforts to provide technical support, as needed, to the PFIs in the implementation of environmental risk procedures.
B. Introduction and Background

The World Bank 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.

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

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

The Interim Recovery Committee (IRC) which will become the National Recovery Program Bureau (NRPB), as the implementing entity, will be responsible for ensuring that the PFIs and MSMEs carry out the project with due diligence and efficiency in compliance with all requirements pertaining to environmental and social protection applicable under national laws and regulations and the ESMF.

C. Project Description

The objective is to support the recovery of micro, small, and medium sized enterprises through direct financial assistance to contribute to the restoration of economic activity in Sint Maarten. The main project beneficiaries will be (a) MSMEs and (b) lenders in Sint Maarten. The definition of MSMEs for this project is the Sint Maarten definition of MSMEs based on monthly firm revenues. Lenders are beneficiaries because they will receive financing from the project at preferential rates to on-lend to Sint Maarten MSMEs. Eligible lenders include any regulated lender in Sint Maarten. This includes banks, microfinance institutions and development banks. The PDO-level indicators are: (a) cumulative number of MSME receiving packages for assets, repairs or working capital; and (b) volume of grants and loans supported through the project over its lifetime. These indicators are gender disaggregated.

The project proposes three main components: (1) direct financial support to MSMEs for investment and working capital; (2) a study of financial solutions for disaster resilience; and (3) training, project implementation, audit, and monitoring and evaluation.

Component 1: Direct financial support to MSMEs for investment and working capital (US$33.0 million). This component will provide tailored packages to eligible MSMEs of grants and loans for Asset or Repair (AR) investments, and loans for Working Capital (WC). This component relies on the underwriting and repayment collection capabilities of the qualifying PFIs to disburse tailored packages to eligible MSMEs that combine grants and loans for AR, and loans for working capital. The project will invest in MSMEs that are mostly engaged in the tourism industry (for example, restaurants, shops, tour operators). The specific
MSME activities and location are not yet defined but the grants will be used only for basic nonstructural repairs inside the buildings and on the façade of buildings. Such activities may include painting and caulking, tiling, roof repairs, fencing, and so on. Non-tourism businesses in need of rehabilitation may include agroprocessing, equipment supply, creative industries, retail, business or health services, light industry, or other enterprises. All Category A risk profiled activities will be screened out. The ESMF will include a process to exclude such subprojects from becoming eligible for finance and will incorporate an exclusion list.

Component 2: Study of financial solutions for disaster resilience (US$0.4 million). This component will be a longer-term study to explore financial instruments, markets, tools, and solutions for improving disaster resilience in Sint Maarten. Such markets or instruments may include private insurance, public asset insurance, sovereign insurance markets, regulation, and supervision of insurance and reinsurance. Some of the tools that may be explored include catastrophe modelling and valuations and appraisal standards.

Component 3: Training, project implementation, audit, and monitoring and evaluation (US$1.6 million). This component will provide training to financial institutions (FIs) to improve their MSME lending skills and training to MSMEs and FIs in business continuity planning. This component will also fund the implementation support to ensure that the governance of the project is well managed. Although the financial intermediaries will be the MSME-facing entity, it will be important to ensure that these are regularly assessed and that there is monitoring and evaluation (M&E) reporting for the project. The annual project audit and the third-party verification will be covered in this component.

D. Project Location

The specific locations of the individual MSMEs for which the SMERP will provide assistance under the project are not known at this time, but they could be located anywhere in Sint Maarten (the Dutch side of the island). The SMERP is sector-neutral, but the MSMEs to be supported will likely include hospitality, tourism, and business services, and related businesses.

E. Environmental and Social Risks and Impacts

Potential Environmental and Social Risks and Impacts and Mitigation Measures

There are several potential positive and negative impacts that can occur because of providing funding for a small business loan. Table 1 provides a short list of potential negative impacts from a hypothetical loan to rebuild a damaged restaurant:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Potential Negative Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of jobs for local citizens</td>
<td>Creates a new source of waste for the neighborhood, including organic and inorganic waste</td>
</tr>
<tr>
<td>Demolition of building materials from the damaged restaurant</td>
<td>May create increased solid waste disposal problems or require handling of mold, asbestos, guano, or other materials</td>
</tr>
<tr>
<td>Traffic from construction crews and materials delivery</td>
<td>Inconvenience and risk to road safety for drivers and pedestrians; increase in particulate emissions from service and delivery vehicles</td>
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</table>
The degree or magnitude of potential environmental, social, health and safety (ESHS) risk is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence. Specific ESHS risks may be present from a variety of factors such as the issues associated with an MSME’s operations, the industry sector, the regulatory climate, and the geographic context. ESHS impacts refer to any change, potential or actual, to (a) the physical, natural, or cultural environment and (b) impacts on surrounding community and workers, resulting from the project activity to be supported, all of which can negatively affect the performance of the MSME as well as the reputation of the lender. ESHS impacts typically include environmental pollution; hazards to human health, safety, and security; impacts to communities, including temporary and/or permanent dislocation of people and businesses; and threats to a region’s biodiversity and cultural heritage. ESHS 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.1

The degree of potential risk, specific ESHS risks and impacts, and mitigation measures are summarized in table 2 in the context of the SMERP.

<table>
<thead>
<tr>
<th>Risks</th>
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<tr>
<td>Failure to comply with the permitting system in Sint Maarten, 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, potential dislocation of people and small businesses, labor health and welfare; gender exclusion and differentiated access to funds for differently empowered groups; failure to provide full access to information about the SMERP to all persons; and credit risks for lenders, associated liability, and reputation of lenders.</td>
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<td></td>
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</table>

<table>
<thead>
<tr>
<th>Impacts</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Closure of MSMEs; fines or delays; escalation of costs for production; increased insurance cost; environmental pollution; loss of livelihood and/or shelter; loss of biodiversity or cultural resources; damage to cultural resources; reduced community safety; accidents and injuries to workers; liability of MSMEs and lender; damaged reputation of MSMEs and lender from media coverage, citizen campaigns, and government investigations.</td>
<td></td>
<td></td>
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</tbody>
</table>

| Mitigation Measures                                                    | The PFIs to screen MSMEs for ESHS compliance and performance to verify eligibility; the SMERP Operations Officer to provide liaison and guidance for regulatory and technical issues, ensure lender agreements include ESHS requirements, and periodically supervise and report. The MSMEs to certify accurate information in applications, commit to compliance and good performance, and report periodically on ESHS matters. |                                                                                                                                         |

F. Requirements for PFIs and MSMEs

In general terms, the MSMEs will be required to conform to requirements for ESHS performance, and the PFIs will need to effectively screen the MSMEs, verify their eligibility for the SMERP, and ensure that the ESHS requirements are clearly included in the loan agreements. The ESHS requirements should be incorporated into the agreements with PFIs, which will need to periodically report to the SMERP Project Coordinator on the status of their ESHS management efforts. The SMERP Project Coordinator in turn will ensure that the PFIs conform to relevant ESHS requirements.

The MSMEs also have responsibilities for ESHS compliance. They need to provide evidence that they have acquired and keep in force the relevant license or permit, if required, as well as take all appropriate steps to protect worker health and safety. The SMERP and the PFIs may also provide technical guidance to

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MSMEs, such as World Bank Group Environment, Health, and Safety (EHS) Guidelines or good practice documents. The objective is to help the MSMEs move beyond compliance and on to cleaner production and improved environmental sustainability that would help reduce costs (for example, due to use of less water and energy, generation of less wastes, and higher efficiencies) and also help prevent any future potential environmental problems. These will be made available to the MSMEs and may also create MSME financing opportunities should an MSME desire financing to move to cleaner, environmentally friendly, and more sustainable production, for example, to attract international investors or enter new markets.

G. Stakeholder Engagement and Grievance Redress

The SMERP Operations Officer will act as the ESHS Safeguards Specialist and will provide training to the PFIs immediately and be available to provide outreach and assistance to the PFIs and MSMEs in reviewing specific situations.

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

H. Screening and Environmental Management Procedures

The PFIs will use the exclusionary list for accessing finances in Section 2 of this ESMF, such as adult entertainment, casinos, and production of alcohol, and use screening and management protocols to reduce ESHS risk. The procedures are applicable to the MSMEs from a variety of sectors and have been applied to Caribbean businesses in agriculture, agro-processing, health services, tourism, retail, and light manufacturing. The SMERP protocols include technical assistance with permitting systems and technical assistance and guidance with the control of emissions and waste. The MSME screening and processing procedure involves the following seven general steps:

1. Compare to Exclusion List
2. Check permit status
3. Check availability of land for business expansion
4. Assign ESHS risk category
5. Additional investigation (optional)
6. Prepare loan documentation
7. Administration, evaluation, and reporting

The application procedures will follow a set of steps which are designed to ensure that environmental and social considerations are considered, for which the applicable steps must be completed and approved as part of the application process. The forms and procedures can be made available online to facilitate the application process. Additional details and guidelines on the screening and management procedures can be found in the following paragraphs.
Training will take place as needed and will be the responsibility of the SMERP. Periodic outreach to the PFIs will be programmed into the project funding and will be coordinated by the SMERP.

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

I. Environmental and Social Requirements

The environmental and social requirements applicable to the project include the following:

- EHS laws and regulations in Sint Maarten
- World Bank Safeguards Policies
- World Bank Group EHS Guidelines for general and sector-specific activities
- Environmental Management Plan (EMP) for small construction works

J. Sint Maarten Specific Environmental Regulatory Requirements

Loans made using funds from the SMERP will be subject to national ESHS (environmental, social, health and safety) regulatory requirements in Sint Maarten. In most cases, such as minor repairs, it is expected that no permit would be required, although building codes and building ordinance would need to be adhered to. In cases where environmental damage could occur, then a Hindrance Permit may be required. Most permits related to the SMERP are expected to be Building Permits which are obtained from the Ministry of Public Housing, Spatial Planning, Environment and Infrastructure (Ministerie van Volkshuisvesting, Ruimtelijke Ordening, Milieu en Infrastructuur), but these might be limited to new developments (which will not be part of the SMERP) or to situations where there are new guidelines in the Development Planning Ordinance (such as changes in planning, zoning, or land use). Part of the screening and verification process is to ensure that any national and local permits, if required, are in place by the applicant MSME. In addition, MSMEs seeking to expand or rehabilitate business will ensure availability of space and land as a prerequisite for seeking financing.

K. World Bank Safeguards

There are 10 World Bank Safeguards Policies:

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

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The SMERP triggers some of the safeguard policies, as detailed in the following paragraphs.

L. **Environmental Assessment (OP/BP 4.01)**

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

The specific individual MSME projects to be financed under the project will not be known until after project approval; however, it is expected that most of the projects will involve the hospitality, tourism, retail, and business services. High-risk (Category A) MSMEs as well as those on the WBG Exclusion List will be screened out, so that the potential environmental impacts associated with the likely (presently anticipated) type of MSMEs to be engaged should be relatively minor to moderate and should not involve significant environmental impacts, and with appropriate standard mitigation measures, the potential negative impacts should be managed appropriately. This ESMF has been developed to manage the potential associated environmental and social impacts and risks, to establish requirements both at the SMERP level and at the PFI and MSME levels. Additional screening/exclusion criteria are included in the ESMF to exclude any project that would trigger an additional Safeguards Policy or result in an unacceptably high level of ESHS risk.

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

M. **Pest Management (OP 4.09)**

The Safeguards Policy on Pest Management (OP 4.09) is also triggered, given the importance of pest control in retail buildings and restaurants and the associated need for the use and purchase of pesticides (which include herbicides, fungicides, mildewcides, algaecides, and other chemicals used for control of organic processes). To ensure that harmful pesticides are not used, the policy requires that any pesticide it finances be manufactured, packaged, labeled, handled, stored, disposed of, and applied according to standards acceptable to the World Bank and excludes certain formulated products, as well as requiring training, equipment, and facilities to handle, store, and apply these products properly.
Pesticides for routine use must be applied by licensed, registered contractors. In addition, a list of excluded pesticides is provided in Section 3 of this ESMF. Any MSME activity with significant pest management issues must also prepare a separate Pest Management Plan (PMP) using the guidelines provided in Section 3.

N. Natural Habitats (OP/BP 4.04)

This policy strictly limits the circumstances under which any World 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.

It is unlikely that this policy will be needed as the SMERP loan proceeds may only be used for nonstructural repairs to buildings. It has been triggered as a precaution.

Screening criteria will identify any projects that could potentially significantly affect natural habitats, protected or sensitive areas, or forest resources or their management. If identified as a concern, the MSME must provide evidence that the appropriate mechanisms for impact management are in place, through expanded due diligence by PFIs and the completion of any additional safeguards studies indicated by the policy guidance.

O. Physical Cultural Resources (OP/BP 4.11)

This policy seeks to avoid or mitigate adverse impacts on cultural resources (movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance) from development projects that the World Bank finances. If a project may affect physical cultural resources, measures to minimize or mitigate effects must be included in an Environmental Impact Assessment (EIA) or other assessment process. In the context of the SMERP, this may include historic buildings, facades, or other physical cultural resources valued by the community or as defined in local regulations. Further, if any artifacts or resources are uncovered during earth-moving activities, work must stop, and the relevant government agency must be notified to determine whether the activity may proceed or if rescue/relocation is required under Sint Maarten regulations, laws, and protocols.

P. Involuntary Resettlement (OP/BP 4.12)

The project is designed to exclude land purchase. Therefore, no funds will be used in a manner that could result in the displacement of persons due to land purchase. In the event the subprojects lead to loss of peoples’ livelihood permanently or temporarily due to the refurbishments of buildings or other improvements planned under Component 1 (Direct emergency support to MSME), the client will prepare a Livelihood Restoration Plan. No subprojects will result in permanent or temporary physical displacement of persons due to the exclusionary restriction.
Q. **Other Safeguard Policies**

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

These additional screening and exclusion criteria 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), Forests (which would trigger OP/BP 4.36), or Indigenous Peoples (OP/BP 4.10). There are no projects affecting international waterways (OP/BP 7.50) nor would there be any in disputed areas (OP/BP 7.60).

R. **World Bank Group EHS Guidelines**

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

S. **Environmental Management Plan for Construction/Rehabilitation Works**

Most of the physical footprint of the project’s Component 1 will involve the rehabilitation and construction of buildings for tourism-related businesses such as hotels, restaurants, office buildings, and so on. Non-tourism businesses in need of rehabilitation may include agroprocessing, equipment supply, retail, business or health services, light industry, or other MSME. Part 4 of this ESMF provides a standard EMP for these types of activities and will form part of the grant/loan agreement for the MSMEs that are engaging in these sorts of construction/rehabilitation works.

If a project requires additional studies (e.g. an EIA, a PMP, or other additional assessment) due to affecting physical cultural resources, natural habitat, or has significant pest management issues, then the associated studies would specify any additional requirements that would form additional requirements to the EMP in Part 4 of this ESMF.

T. **Institutional Arrangements**

Lenders must have the capacity to use the questionnaire provided by the SMERP to determine if an MSME client meets World Bank requirements regarding environmental and social responsibilities. The intent is to leverage the lender’s existing environmental review process to develop the information necessary for the questionnaire. A capacity assessment was conducted during appraisal and in general the results indicate that training, outreach, and sensitization is needed to ensure the ESMF is implemented. Accordingly, the SMERP PIU will provide this type of support.

It is important that the operations of businesses assisted by the SMERP do not harm the environment or affect communities negatively. The restrictions on the types of businesses that are eligible address most environmental issues. The SMERP should be contacted before submission of an application if the lender

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has any questions regarding whether a particular loan meets the environmental criteria. The SMERP PIU staff will include an Operations Officer with basic ESHS capacity. The Operations Officer will be responsible for reviewing Tier 1 assessments, and will contract to a qualified Consultant if and as required for any Tier 2 assessment reviews.

The SMERP PIU Operations Officer will also be responsible for the training and outreach for the PFIs, and will be available to aid the PFIs and MSMEs in reviewing specific situations. Additional resources for training and outreach may be contracted based on need.
II. Environmental Management Procedures

The PFIs will use screening and management protocols to reduce ESHS risk. The procedures are applicable to the MSMEs from a variety of sectors, including tourism and hospitality, as well as non-tourism businesses in need of rehabilitation such as agroprocessing, equipment supply, retail, business or health services, light industry, or other enterprises. The MSME screening and processing procedure involves the following seven general steps:

1. Compare to Exclusion List
2. Check permit status
3. Check availability of land for business expansion
4. Assign ESHS risk category
5. Additional investigation (optional)
6. Prepare loan documentation
7. Administration, evaluation, and reporting

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

<table>
<thead>
<tr>
<th>Step</th>
<th>Activity</th>
<th>Performed by</th>
<th>Timeline</th>
<th>Verified by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Compare to Exclusion List</td>
<td>PFI</td>
<td>1 day</td>
<td>SMERP</td>
</tr>
<tr>
<td>2</td>
<td>Check permit status</td>
<td>PFI</td>
<td>7 days</td>
<td>SMERP</td>
</tr>
<tr>
<td>3</td>
<td>Check land availability</td>
<td>PFI</td>
<td>7 days</td>
<td>SMERP</td>
</tr>
<tr>
<td>4</td>
<td>Assign ESHS risk category</td>
<td>PFI</td>
<td>7 days</td>
<td>SMERP</td>
</tr>
<tr>
<td>5</td>
<td>Additional investigation (optional)</td>
<td>PFI</td>
<td>Varies by risk category</td>
<td>SMERP</td>
</tr>
<tr>
<td>6</td>
<td>Prepare package documentation</td>
<td>PFI</td>
<td>14 days</td>
<td>SMERP</td>
</tr>
<tr>
<td>7</td>
<td>Administration, evaluation, and reporting</td>
<td>PFI</td>
<td>Quarterly/annually</td>
<td>SMERP and World Bank Group</td>
</tr>
</tbody>
</table>

Note: a. Verification will be completed by the SMERP Operations Officer during random audits of loans.
Figure 1. Steps in the MSME Application Process

**STEP 1:** Compare to Exclusion List

**STEP 2:** Check Permits Status

**STEP 3:** Check Availability of Land for Business Expansion

**STEP 4:** Assign ESHS Risk Category
- LOW
- MEDIUM
- HIGH
- V. HIGH

**STEP 5:** Additional Investigation & Evaluation
- MEDIUM
- HIGH

**STEP 6:** Prepare Loan Documentation

**STEP 7:** Administration, Evaluation & Reporting

- Accept MSME
- Reject MSME
A. **Step 1 - Compare to Exclusion List**

The following project activities are not eligible for financing because they would either trigger additional safeguards policies or contravene the safeguards parameters of the program with the 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 natural habitats or which would involve the harvesting, use, or change in management of forest resources
- Projects that would directly or indirectly involve the construction of a dam greater than 10 m in height or the use of water from a dam greater than 10 m in height
- Projects on international waterways or in disputed areas
- Land acquisition that would involve involuntary resettlement or land acquisition

Activities excluded due to World Bank Group Exclusion List:

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

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4Investments will not be financed that trigger OP/BP 4.12, which have 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.
5This does not apply to companies for which the operations/activities related to these criteria comprise less than 10 percent of companies’ total annual revenue.
6This does not apply to companies for which the operations/activities related to these criteria comprise less than 10 percent of companies’ total annual revenue.
7This does not apply to companies for which the operations/activities related to these criteria comprise less than 10 percent of companies’ total annual revenue.
8[www.cites.org](http://www.cites.org).
9 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.
10 This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 percent.
11 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 2 out of 3 years and have an annual mean temperature of 24°C or higher.
• Pharmaceuticals subject to international phaseouts or bans\textsuperscript{12}
• Pesticides/herbicides subject to international phaseouts or bans\textsuperscript{13}
• Ozone depleting substances subject to international phaseout\textsuperscript{14}
• Drift net fishing in the marine environment using nets in excess of 2.5 km in length
• Transboundary trade in waste or waste products,\textsuperscript{15} except for nonhazardous waste destined for recycling
• Persistent organic pollutants (POPs)\textsuperscript{16}
• Noncompliance with workers’ fundamental principles and rights at work\textsuperscript{17}
• Significant degradation of a national park or similar protected area\textsuperscript{18}
• Real estate speculation

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

B. Step 2 - Check Local Permit Status

The Country of Sint Maarten has requirements for local permitting that must be met if certain alternations are made to a building or its surrounding area. Ordinance AB1993-13 governs the application for and requirements related to these permits.

Sint Maarten has specific rules that protect certain identified monuments, and there are requirements to maintain the local cityscape. These rules allow the Government of Sint Maarten to specify the types of building materials that may be used, the limitations on changing the façade, the shape of the roof, and other appearance items. They also govern the demolition of a building. If a loan involves nonstructural

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\textsuperscript{12} Pharmaceutical products subject to phaseouts or bans in the United Nations, \textit{Banned Products: Consolidated List of Products Whose Consumption and/or Sale Have Been Banned, Withdrawn, Severely Restricted or not Approved by Governments.} (\url{http://www.who.int/medicines/publications/Restricted_List_FINAL_2010.pdf}).

\textsuperscript{13} Pesticides and herbicides subject to phaseouts or bans included in both the Rotterdam Convention (\url{www.pic.int}) and the Stockholm Convention (\url{www.pops.int}).

\textsuperscript{14} 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 phaseout dates. The chemical compounds regulated by the Montreal Protocol includes aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents. (\url{http://web.unep.org/ozonaction/who-we-are/about-montreal-protocol}).

\textsuperscript{15} Define by the Basel Convention (\url{www.basel.int}).

\textsuperscript{16} Defined by the International Convention on the reduction and elimination of POPs(September 1999) and presently include the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex, and toxaphene, as well as the industrial chemical chlorobenzene (\url{www.pops.int}).

\textsuperscript{17} Fundamental Principles and Rights at Work means (a) freedom of association and the effective recognition of the right to collective bargaining; (b) prohibition of all forms of forced or compulsory labor; (c) prohibition of child labor, including without limitation the prohibition of persons under 18 years from working in hazardous conditions (which includes construction activities), persons under 18 years from working at night, and that persons under 18 years be found fit to work through medical examinations; (d) elimination of discrimination with respect to 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: \url{www.ilo.org}).

\textsuperscript{18} In addition to in-country designated areas, other areas include natural World Heritage Sites (defined by World Heritage Convention, \url{https://whc.unesco.org/en/list/}); United Nations List of National Parks and Protected Areas; designated wetlands of international importance (defined by Ramsar Convention, \url{www.ramsar.org}); or selected areas (for example, strict nature reserves/wilderness areas, natural parks, natural monuments, or habitat/species management areas) defined by the International Union for Conservation of Nature, (\url{www.iucn.org}).
repairs that affect the appearance of a monument, meeting these requirements must be one of the requirements of the loan.

A Hindrance Permit may be needed if the loan finances specific types of activities that can cause danger, damage, and/or nuisance to the environment or the surroundings. The regulations generally pertain to regulating, preventing, and/or limiting: soil pollution, water pollution, noise pollution, air pollution, odor pollution, or have a negative impact on the safety of an area.

Permits maybe required for earth displacement. Any of the following activities must be permitted before the commencement of the activity:

(a) Digging, raising, or leveling of the ground
(b) Placing roads and other hardening of terrain
(c) Works that can influence the water management and groundwater level
(d) Uprooting of trees or pruning that leads to uprooting of other shrubbery
(e) Demolishing of structures
(f) Filling of water

C. Step 3 - Check Availability of Land for Business Expansion

If land is required for business expansion this needs to be determined. No SMERP proceeds can be used for the acquisition of land. Therefore, if land is required for business expansion it must already be available before any proceeds are granted.

D. Step 4 - Assign ESHS Risk Category

Up to two forms are required to be completed to determine the ESHS Risk category of an 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 PFI will prepare the following ‘Tier 1’ ESHS Information Form. The ‘Tier 1’ form must be completed for every application. The MSME must review, accept, and certify the information in the ‘Tier 1’ ESHS Information Form as ‘True’, ‘Complete’, and ‘Correct’.

<table>
<thead>
<tr>
<th>Table 4. Tier 1 ESHS Information Form</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Query</strong></td>
</tr>
<tr>
<td>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?</td>
</tr>
<tr>
<td>2. Does the MSME have outstanding fines, fees, penalties, claims, or actions?</td>
</tr>
<tr>
<td>3. Are there media reports or complaints from the public, the local community, or the NGOs about the MSME’s activities (current or proposed)?</td>
</tr>
<tr>
<td>4. Does the MSME have emissions to the atmosphere (dust, odors, fumes) or significant emissions of noise?</td>
</tr>
<tr>
<td>5. Does the MSME have discharges to waterways (streams, ponds, wetlands)?</td>
</tr>
<tr>
<td>6. Is the MSME located in a natural area (forest, park, government reserve) near a protected area, or in an area with well-preserved vegetation?</td>
</tr>
<tr>
<td>7. Will the MSME affect coastal or marine areas (seagrass, reefs) or involve aquaculture, fishing, or harvesting of sea resources?</td>
</tr>
</tbody>
</table>
8. Does the MSME store, produce, or use hazardous materials (explosive or flammable gas, pesticides or herbicides, or toxic or reactive substances)?

9. Will the MSME affect areas of known local, national, or regional cultural or heritage resources (historic structures, antiquities, or landmarks)?

10. Could the MSME’s activities (current or proposed) significantly affect traffic, noise, or public safety, particularly near schools, hospitals, or sensitive zones?

11. Does the MSME violate national law or good practice for occupational health and safety, industrial hygiene, and employee well-being?

12. Has the MSME been involved with any significant accidents, incidents, fatalities, or worker health and safety problems in the last three years?

13. 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?

14. Might the MSME adversely affect vulnerable people and underserved groups (for example, elderly poor pensioners, the physically challenged, women, particularly head of households or widows) living in the area?

15. Will the activity rely on local labor or require significant labor influx and how much?

16. Does the MSME require construction or reliance upon a dam or reservoir higher than 10 m or affect rivers or water bodies between countries?

If the response to queries 1 through 12 in the ‘Tier 1 ESHS Information Form’ is negative, then the MSME is automatically considered as Low Risk, and no further assessment is needed. This is expected to be the case for most of the rehabilitation works that involve minor repairs, minor rehabilitation and refurbishment. For these cases, the default ESMP in Section 4 of this ESMF applies and should be sufficient to avoid or minimize most ESHS risks and impacts. In these cases, the application moves forward for processing and loan/grant documentation.

If any of the responses to any of the queries in items 1 through 12 are in the affirmative, then the MSME is either Medium Risk or High Risk, and the application moves forward to the next step (Tier 2). If any of the responses are ‘Not Known’, then the PFI must further investigate with the MSME.

If the response to items 13 through 16 is in the affirmative, then the MSME is considered ineligible due to excessive or Very High ESHS risk and participation with the SMERP is automatically rejected.

### Table 5. Tier 2 ESHS Information Form

<table>
<thead>
<tr>
<th>Query</th>
<th>Yes</th>
<th>No</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does the MSME engage in work in the following sectors:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Large-scale agriculture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Mining or quarrying</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Chemical processing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Waste management (solid or liquid)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Oil and gas processing, storage, transportation, or sale</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Civil works and infrastructure (water supply, roads, electricity)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Development or conversion of previously undeveloped land</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Fishing, aquaculture, or silviculture</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Manufacturing of textiles, leather, metals, or plastics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Query</td>
<td>Yes</td>
<td>No</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>-------</td>
<td>-----</td>
<td>----</td>
<td>----------------</td>
</tr>
<tr>
<td>• Other high-risk sectors (see guidance notes)&lt;sup&gt;19&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Is there evidence that the MSME property contaminated with drums, pits, stockpiled chemicals, or does the property have spills, stained soils, dead vegetation, polluted waterways, or other contamination or pollution?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. If the MSME requires a permit, license, or other approval, or outstanding fees, fines or penalties, is there reasonable evidence that appropriate steps been taken with relevant authorities to correct or regularize these?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. 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 World Bank Group EHS Guidelines?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. If the MSME has noise emissions, are the levels measured and do they meet national standards and World Bank Group EHS Guidelines?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. If the MSME has discharges to waterways (streams, ponds, wetlands), are the discharges monitored and measured, and do they meet national standards and World Bank Group EHS Guidelines?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. If the MSME will use significant amounts of pesticides or herbicides, is there a Pest Management Plan in conformance with World Bank Group EHS guidelines (see section IV.C)?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. If the MSME is 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?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. 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?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. 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?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 2–10 are positive or not applicable, then the MSME is considered Medium Risk.

The MSMEs deemed Medium Risk may be subject to additional assessment or investigation as appropriate, based on Tier 1 and Tier 2 forms and in the judgment of the SMERP Project Officer. All the MSMEs deemed High Risk must be subject to an additional assessment, as described in Step 5 below.

Note that the assignment of ESHS risk categories using Tier 1 and 2 forms is subjective and will require the use of professional judgment by the SMERP Project Officer, who may elect to seek supporting or expert opinion as is deemed necessary or appropriate on a case-by-case basis. The SMERP may adjust the questions and logic for risk assignment from time to time based on experience and judgment, taking into account

<sup>19</sup>Relative to Query 1, certain industry sectors carry low, medium, and relatively high ESHS 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/](https://firstforsustainability.org/risk-management/risk-by-industry-sector/) for World Bank Group guidance of most sectors, especially medium-size enterprises; [www.ebrd.com/downloads/about/sustainability/ebrd-risk-english.pdf](http://www.ebrd.com/downloads/about/sustainability/ebrd-risk-english.pdf) for European Bank for Reconstruction and Development guidance of small and medium enterprises; and/or [https://www.fmo.nl/ESG-toolkit](https://www.fmo.nl/ESG-toolkit) (download “English Field Guide”) for Dutch Development Bank guidance for most micro and small sized enterprises.
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 5 – Additional Investigation (Optional)**

If an application should involve any factors that may represent potential significant or material ESHS risks, as determined earlier, then additional investigation is warranted by the SMERP and the PFI. This may apply to a Medium Risk MSMEs and will always apply to High Risk MSMEs. Additional investigation may be limited to the review of additional information, plans, studies, permits, or assessments and may also include a site visit, audit, facility inspection, or other physical review. Regardless of the mechanism chosen, the investigation must determine if there are any unaddressed significant negative ESHS risks or impacts.

Additional assessment studies (EIA, audits, permits, approvals, PMPs, Livelihood Restoration Plan, land titles, or other documents) may also be provided by the MSME as evidence of good practice, compliance, or satisfactory resolution of any ESHS issues identified in Tier 2 screening.

A site visit, audit, or inspection will help assess the state of the company operations, in particular issues of encroachment or informal and illegal settlement on the business premises and other social issues such as housekeeping, worker health and safety, environmental health and safety, and human resources management issues. Any such site visit, audit, or inspection must take into context the cultural heritage of the local population. Site visits must be made to all companies where the ESHS risk status has been deemed as High Risk. A site visit checklist should be used in conjunction with the relevant and applicable World Bank Group EHS Guidelines (general and sectors) with equivalent or supporting information from other sources (for example, ESAT (Environmental and Social Assessment Tool), European Bank for Reconstruction and Development (EBRD), or Entrepreneurial Development Bank (FMO) checklists or fact sheets, available from the previously referenced websites) to ensure that any negative impact is either eliminated or reduced to the maximum extent possible.

The results of the additional investigation can then be used to inform and revise the final determination of ESHS risk status. The SMERP Project Officer will assign a final category of Medium Risk or High Risk based on experience and judgment, as well as expert advice where needed. It may be necessary to engage the services of a professional engineer if there are questions about drainage, structural integrity, building code, or ordinance issues.

Because of the additional investigations, there may be recommendations for ESHS actions, special conditions such as preparing a Livelihood Restoration Plan, updating a monitoring plan, or other requirements to improve MSME performance, update compliance status, or otherwise reduce ESHS risk. In these cases, the PFIs will include recommendations in the loan documentation that address any social issues or other negative impacts that were identified and require periodic reporting on these recommendations or special conditions. This will normally be the case for High Risk MSMEs which have complex or sensitive ESHS situations.

**E. Step 6 - Prepare Loan Documentation**

Following the evaluation and documentation of ESHS risk, the PFIs are in a position to approve the application, subject to conditions that will describe measures being taken to control the risk, or reject the MSME’s participation due to unacceptably high ESHS risk.
The outcome of the environmental and social risk evaluation is summarized and included in the documentation submitted in the approval package, as follows:

- The MSMEs deemed Low Risk will only require the use of standard, general conditions, including the standard EMP for construction/rehabilitation works (Section 4 of this ESMF).
- The MSMEs deemed Medium Risk will require the standard, general conditions and any special requirements if deemed necessary by the SMERP staff and/or PFI.
- The MSMEs deemed High Risk will require the standard, general conditions, as well as all of the actions, RAP, monitoring plans, permit updates, periodic audits, and other necessary information from the additional investigation conducted after the Tier 2 appraisal.

The standard language related to environmental and social matters appears in the following paragraphs and will be included in all loan documentation, as general conditions for approval of the loan. The PFIs 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 PFI Loan 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**

(a) The Participant’s operations and activities are in compliance with all applicable environmental, health, and safety regulatory requirements.
(b) The Participant’s operations and activities do not involve any activity included in the List of Excluded Activities.
(c) 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 labor-related issues.

**Covenants**

The MSME shall

(a) Maintain all operations and activities in compliance with all applicable environmental, health, and safety regulatory requirements, including laws, regulations, and applicable land titles, permits/authorizations;
(b) Ensure that all required permits are obtained and in force through the life of the agreement;
(c) Not undertake any operation or activity included in the List of Excluded Activities;
(d) Ensure that potentially adverse project-related environmental effects, from wastewater effluent, surface drainage and air emissions, and any other potential damage to the natural environment, are adequately mitigated;
(e) 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 labor-related issues, and if such event does occur, take the appropriate and reasonable actions to adequately resolve and mitigate such liability, claim, or risk;
(f) Ensure that appropriate health and safety and environmental protection measures are being used in connection with the implementation and operation of the facilities;

(g) 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 of worker time, material environmental health and safety regulatory noncompliance. The notification should include actions to resolve the issue/incident; and

(h) 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 of any incidents of noncompliance in the last calendar year, and 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

(a) 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 environment are adequately permitted and mitigated in the operation and maintenance of project facilities.

(b) 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.

(c) Additional recommendations from the site visit or by the environmental expert audit may include, as applicable, the following optional conditions or restrictions:
   (i) As applicable, any project-specific environment clause which should be added to the MSME finance agreement
   (ii) As applicable, any project-specific administrative measures (that is, if supervision by the PFI or reporting by the MSME is required)

Reporting

The MSME shall furnish to the World 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; and

(b) Where the accident/incident involves fatality of worker(s) or multiple serious injury requiring hospitalization.

The MSME shall submit to the PFI, as soon as available, but in any event within 30 days after the end of the fiscal 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 World 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 noncompliance with the application of the environmental law, (including legal or administrative action or proceedings involving the MSME or fines, penalties, or increased charges imposed on the MSME);
(c) Progress made on the implementation of any improvements recommended for environmental management or performance;
(d) Worker health protection and safety initiatives (including training programs) taken by the MSME; and
(e) Public complaints/representation, if any.

The report shall state the steps taken or proposed by the MSME 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 stated earlier, the following requirements are included to take into account the regulatory requirements, findings of the site visit, or other information as appropriate and prudent to ensure that the MSME is fulfilling the intent to achieve full compliance status (such as a RAP) 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.

**F. Step 7 - Administration, Evaluation, and Reporting**

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

1. Provide 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 noncompliance.
4. Give details of any other transaction rejected on environmental, 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 noncompliance with applicable environmental, health, and safety regulations and standards, such as fines, penalties, or excess fees for noncompliance; and
   (c) Any incidents of noncompliance by Participants with environmental covenants/conditionality imposed by the World Bank.
6. Give details of any loans used to finance environmental improvements, such as energy efficiency, waste minimization, switch to cleaner technology, and 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 MSME’s environmental performance is monitored (for example, site visit by the World Bank staff, inspection by environmental/health authorities, copies of updated permits, reports from the MSME). Include information on monitoring of special conditions from permits or other compliance-related items that were included in the loan agreement.

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.

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

If an MSME purchases or uses chemicals to manage pests (including herbicides, fungicides, insecticides, mildewcides, or other pesticides), then at a minimum, the MSME must not purchase or use chemicals which are prohibited by law or international agreement. A list of these pesticides appears in this document. In addition, 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 (for example, 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 World Bank Group Pest Management Policy refers to ‘pesticides’ to include all chemicals used for the control of target pests (that is, herbicides, fungicides, insecticides, mildewcide, biocide, algaecide, and so on).

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. The PMP is to be used as a tool to reduce reliance on pesticides, enhance environmental protection, and 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 nonchemical control efforts will be used to the maximum extent possible before pesticides are used.

The PMP must contain pest management requirements; outline the resources necessary for surveillance and control; and describe the administrative, safety, and environmental requirements. The plan should provide guidance for operating and maintaining an effective pest management program/activity. Pests included in the plan may be weeds and other unwanted vegetation, crawling insects, and other vertebrate pests. Without control, these pests provoke plants’ diseases. 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 PMP is presented in the following paragraphs:

1. **Background** which would outline (a) the purpose of the plan, (b) identify indicate pest management authorities, and (c) pest management program objective
2. **Responsibilities of individuals** (MSME manager, SMERP Operations Officer, and so on)
3. **General information** which should provide data on land use and soil, in the area where the pesticides are applied, climate, geomorphology, settlements in the area of concern, population, surface water, and so on, as well as inventory of land use and layout of facilities
4. **Priority of pest management** (for example, undesirable vegetation, vertebrate pests, and so on)
5. **Integrated pest management**
   5.1 **Principles of the integrated pest management** are the following:
   (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 of control include harborage elimination through caulking or filling voids, screening, and so on.

(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 which control growth or otherwise kill insects may be used. 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 subchapter addresses each major pest or category of similar pests, by site, in separate outlines.

5.3 **Annual workload for surveillance, prevention, and control.** In this subchapter should indicate the number of man-hours expended for surveillance, prevention, and control of pests.

6. **Health and safety.** This section contains 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 their 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.** This chapter has to describe approved masks, respirators, chemical resistant gloves and boots, and protective clothing (as specified by applicable laws, regulations, and/or the pesticide label) that are provided to pesticide applicators. These items are used, as required, during the mixing and application of pesticides. Pesticide-contaminated protective clothing is not to be laundered at home but commercially. Severely contaminated clothing is not laundered but is considered a pesticide-related waste and disposed, as applicable for hazardous waste.

6.4 **Fire protection.** The fire safety protection requirements have to be established; the Pest Management Coordinator has to control implementation of measures to prevent fire.

7. **Environmental Considerations**

7.1 **Protection of the public.** Precautions are taken during pesticide application to protect the public, on and off the installation. Pesticides should not be applied outdoors when the wind speed exceeds 155 m per 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, and so on) unless use in such sites is specifically approved.

7.3 **Endangered/protected species and critical habitats.** Protected migratory birds which periodically appear 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.

7.4 **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 World Health Organization’s ‘dirty dozen’ which are prohibited as well:

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<thead>
<tr>
<th>Prohibited Pesticides</th>
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<tr>
<td>- 2, 4, 5, -T aldicarb</td>
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<tr>
<td>- Aldrin</td>
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<td>- Binapacryl</td>
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<td>- Captafol</td>
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<td>- Chlordane</td>
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<td>- Chlordecone</td>
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<td>- Chlordimeform</td>
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<td>- Chlorobenzilate</td>
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<td>- DDT</td>
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<td>- Dieldrin</td>
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<td>- Dinoseb and dinoseb salts</td>
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<td>- 1, 2-dibromoethane (EDB)</td>
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<tr>
<td>- Endrin</td>
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<tr>
<td>- Fluoracetamide</td>
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<td>- HCH (mixed isomers)</td>
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<tr>
<td>- Heptachlor</td>
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<tr>
<td>- Hexachlorobenzene</td>
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<tr>
<td>- Lindane</td>
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<td>- Mercury compounds</td>
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<td>- Mirex</td>
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<tr>
<td>- Paraquat</td>
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<tr>
<td>- Pentachlorophenol</td>
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<td>- Toxaphene</td>
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<td>- Monocrotophos</td>
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<td>- Methamidophos</td>
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<td>- Phosphamidon</td>
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<td>- Methyl parathion</td>
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<td>- Parathion</td>
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<tr>
<td>- Alpha hexachlorocyclohexane</td>
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<tr>
<td>- Beta-HCH</td>
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<tr>
<td>- Pentachlorobenzene</td>
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IV. Environmental Management Plan (EMP) for Small Construction or Rehabilitation Works

The following are standard mitigation measures for the small civil works which have been determined to be of Low ESHS Risk or minimal environmental impact. These mitigation measures are the core of a generic, standardized EMP for these types of small works and the typical associated minor impacts which can be routinely addressed with good ESHS practice. These measures are general and may be modified to conform with applicable laws and regulations of Sint Maarten and contract procedures for such works. These mitigative measures are intended for relatively simple environmental management issues and are based on good ESHS practice and industry standards. These are the mitigation measures which are expected of all who engage in small construction/rehabilitation works and represent the minimum standard for ESHS for the beneficiaries of the project.

A. Permits and Approvals

The beneficiary shall be responsible for ensuring that he or she has all relevant legal approvals and permits required to commence works.

B. Site Security

The beneficiary or his/her contractor shall be responsible for maintaining security over the construction site, including the protection of stored materials and equipment. In the event of severe weather, the site shall be secured and associated equipment in such a manner as to protect the site and adjacent areas from consequential damages. This includes the management of on-site construction materials, construction and sanitary wastes, additional strengthening of erosion control and soil stabilization systems, and other conditions resulting from on-site activities which may increase the potential for damages.

C. Discovery of Antiquities

If, during execution, earth-moving, or other activities, any material is discovered on-site which may be considered of historical or cultural interest, such as evidence of prior settlements, native or historical activities, evidence of any existence on a site which may be of cultural significance, all work shall stop and the area in which the material was discovered shall be secured, cordoned off, and marked and the evidence preserved for examination by the local archaeological or cultural authority. No item believed to be an artifact must be removed or disturbed by any of the workers. Work may resume upon permission from the appropriate authorities with any restrictions offered to protect the site.

D. Worker Occupational Health and Safety

The beneficiary or his/her contractor shall ensure that all workers operate within a safe environment. Sanitation facilities shall be provided for all site workers. All sanitary wastes generated because of project activities shall be managed in a manner approved by the local authority responsible for public health. There shall be first aid available on site. Workers must be provided with the necessary protective gear as per their specific tasks, such as hard hats, overalls, gloves, goggles, and boots, as appropriate. All workers must operate within a safe environment. All relevant Labor and Occupational Health and Safety regulations must be adhered to ensure worker safety. Sanitary facilities must be provided for all workers.
on site. Appropriate posting of information within the site must be done to inform workers of key rules and regulations to follow.

E. **Noise Control**

The beneficiary or his/her contractor shall control noise emissions generated because of on-site activities to the extent possible. In the case of site locations where noise disturbance will be a concern, it shall be ensured that the equipment is in good working order with manufacturer-supplied noise suppression (mufflers and so on) systems functioning and in good repair. Where noise management is a concern, schedule activities during normal working hours (between 8 a.m. and 5 p.m.). Where noise is likely to pose a risk to the surrounding community either by normal works or working outside of normal working hours or on weekends, develop a public notification and noise management plan. Specific elements of the noise control activities shall include the following: construction/work activities will occur within specified daylight hours, for example, 8:00 a.m. to 4:00 p.m.; community/public should be informed in advance of any work activities to occur outside of normal working hours or on weekends; sites should be fenced wherever possible; during operations, the engine covers of generators, air compressors, and other powered mechanical equipment shall be closed, and equipment should be placed as far away from residential areas as possible; there will be no excessive idling of construction vehicles at sites; noise suppression equipment or systems supplied by the manufacturer will be utilized; and, it should be ensured that all vehicles and equipment are properly serviced.

F. **Use and Management of Hazardous Materials, Fuels, Solvents, and Petroleum Products**

The use of any hazardous materials, including oils, fuels, and petroleum products, shall conform to the proper use recommendations of the product. Waste hazardous materials and their containers shall be disposed of in a manner approved by the local authorities. A site management plan will be developed if the operation involves the use of these materials to include estimated quantities to be consumed in the process, storage plans, spill control plans, and waste disposal practices to be followed. This plan and the manner of management are subject to the approval of local authorities responsible for safety and waste management. Elements of the hazardous materials management shall include the following: contractor must provide temporary storage on site of all hazardous or toxic substances in safe containers labeled with details of composition, properties, and handling information; the containers of hazardous substances shall be placed in a leak-proof container to prevent spillage and leaching; the wastes shall be transported by specially licensed carriers and disposed of in a licensed facility; paints with toxic ingredients or solvents or lead-based paints will not be used; and banned chemicals will not be used on any project.

G. **Use and Management of Pesticides**

The project will not fund activities that involve the purchase or use of significant quantities of pesticides, unless a Pest Management Plan has been prepared and approved by the PIU. For incidental, minor use of pesticides, the use of pesticides shall be in accordance with this EMP and shall conform to the manufacturers’ recommendations for use and application. Persons using pesticides shall demonstrate that they have read and understood these requirements and are capable of complying with the usage recommendations to the satisfaction of the contracting officer. All pesticides to be used shall conform to the list of acceptable pesticides that are not banned by the relevant local authority. If termite treatment or vector control is to be utilized, exclude the list of prohibited pesticides in Section 3 of the ESMF and ensure appropriate chemical management measures are implemented to prevent contamination of
surrounding areas, and use only licensed and registered pest control professionals with training and knowledge of proper application methods and techniques.

H. Use of Preservatives and Paint Substances

All paints and preservatives shall only be used in accordance with the manufacturers’ recommendations for use and application. Information shall be provided to workers which describes the essential components of the materials to be used so that an informed determination can be made as to the potential for environmental effects and suitability can be made. Storage, use, and disposal of excess paints and preservatives shall be managed in conformance with the manufacturers’ recommendations and in accordance with local authorities’ requirements. If appropriate a Plan should be prepared with a list of materials and estimated quantities to be used and storage, spill control, and waste disposal plans to be observed during the execution of the works.

I. Site Stabilization and Erosion Control

The beneficiary or his/her contractor shall implement measures to manage soil erosion through minimization of excavated area and time of exposure of excavated areas, preservation of existing ground cover to the extent possible, and provision of approved ground cover. Where excavations are made, implement appropriate stabilizing techniques to prevent cave-in or landslide, and ensure that appropriate erosion control measures such as silt fences are installed. Proper site drainage must be implemented. Any drain clogged by construction material or sediment must be unclogged as soon as possible to prevent overflow and flooding. The use of retaining structures and planting with deep-rooted grasses to retain soil during and after works must be considered. The use of bioengineering methods must be considered as a measure to reduce erosion and land slippage. Keep angle of slopes within limits of soil type. Balance cut and fill to limit steepness of slopes. All slopes and excavated areas must be monitored for movement.

All construction materials must be properly stored. Establish appropriate erosion and sediment control measures such as hay bales, sedimentation basins, and/or silt fences and traps to prevent sediment from moving off site and causing excessive turbidity in nearby streams, rivers, wetlands, and coastal waters. An erosion management plan must be required where the potential exists for significant sediment quantities to accumulate in wetlands, lakes, rivers, and nearshore marine systems. This plan shall include a description of the potential threat, mitigation measures to be applied, and consideration for the effects of severe weather and an emergency response plan. If works are along coastal marine areas or near major streams and rivers, water quality monitoring must be done before construction and at regular intervals to determine turbidity levels and other quality parameters. Construction vehicles and machinery will be washed only in designated areas where runoff will not pollute natural surface water bodies.

J. Air Quality

The following conditions apply to work sites for the control of air quality including dust control:

- Construction materials such as sand, cement, or other fines should be kept properly covered.
- Cement should be kept stored within a shed or container.
- The sand and fines can be moistened with sprays of water.
- Unpaved, dusty construction roads should compacted and then wet periodically.
- During interior demolition, debris-chutes shall be used above the first floor.
• Demolition debris shall be kept in controlled area and sprayed with water mist to reduce debris dust.
• During pneumatic drilling/wall destruction, dust shall be suppressed by ongoing water spraying and/or installing dust screen enclosures at the site.
• The surrounding environment (sidewalks, roads) shall be kept free of debris to minimize dust.
• There will be no open burning of construction/waste material at the site.
• There will be no excessive idling of construction vehicles at sites.
• The bins of all haulage vehicles transporting aggregate or building materials must be covered on all public roads.

K. Traffic Management

In the event that the rehabilitation/construction activities will result in the disruption of area transportation services, including temporary loss of roadways, blockages due to deliveries and site-related activities, the beneficiary or his/her contractor shall prepare a traffic management plan, including a description of the anticipated service disruptions, community information plan, and traffic control strategy to be implemented so as to minimize the impact to the surrounding community. This plan shall consider time of day for planned disruptions and shall include consideration for alternative access routes, access to essential services such as medical, disaster evacuation, and other critical services. The plan shall be approved by the relevant local authority and shall include the following: alternative routes are to be identified in the instance of extended road works or road blockages; the public should be notified of all disturbance to their normal routes; signposting, warning signs, barriers, and traffic diversions must be clearly visible and the public warned of all potential hazards; provision must be made for the safe passages and crossings for all pedestrians where construction traffic interferes with their normal route; active traffic management by trained and visible staff at the site or along roadways, as required, to ensure safe and convenient passage for the vehicular and pedestrian public; and there should be adjustment of working hours to local traffic patterns, for example, avoiding major transport activities during rush hours or times of livestock movement.

L. Management of Standing Water

Under no circumstances shall the beneficiary or his/her contractor permit the collection of standing water as a consequence of contractor activities without the approval of the relevant local environmental health authority. Recommendations from that local authority on how to manage and treat the standing water must be implemented. The condition of the standing water must be monitored by the contractor to ensure that it does not present itself as a breeding ground for any pests such as mosquitoes.

M. Management of Solid Wastes - Trash and Construction Debris

The beneficiary or his/her contractor shall ensure that waste management conforms to the solid waste management policies and regulations of the relevant authority. Under no circumstances shall construction wastes to accumulate, to cause a nuisance or health risk due to the propagation of pests and disease vectors. The site waste management plan shall include a description of how wastes will be stored, collected, and disposed of in accordance with current law. Additionally, provide for the regular removal and disposal of all site wastes and provide a schedule for such removal.
N. Management of Liquid Sanitary Wastes

Provisions must be made for liquid sanitary waste management that conforms to the waste management policies and regulations of the relevant authority. Under no circumstances shall construction-related liquid wastes accumulate on or off the site or to flow over or from the site in an uncontrolled manner or to cause a nuisance or health risk due to its contents. The site waste management plan shall include a description of how these wastes will be stored, collected, and disposed of in accordance with current law. Additionally, provide for the regular removal and disposal of all site wastes and provide a schedule for such removal.

Specific elements of liquid waste management shall include the following: abide by all pertinent waste management and public health laws; waste collection and disposal pathways and sites will be identified for all major waste types expected from demolition and construction activities; construction and demolition wastes will be stored in appropriate bins; liquid and chemical wastes will be stored in appropriate containers separated from the general refuse; all waste will be collected and disposed of properly in approved landfills by licensed collectors; the records of waste disposal will be maintained as proof for proper management as designed; whenever feasible reuse and recycle appropriate and viable materials (except asbestos).

O. Special Condition - Management of Asbestos

In the event that during the course of work activities the contractor discovers asbestos as part of the existing site and requires to stabilize and remove it, the beneficiary must ensure that a qualified contractor is engaged and contact the relevant local authorities immediately. If work has already commenced, all work in the area must stop immediately. An asbestos management plan must be prepared by the contractor and approved by the relevant local health and waste management authorities and the contracting officer describing how this material will be stored, collected, and disposed of in accordance with current law and identifying the approved experienced professional who will undertake this work. The plan must include the following:

- Description of the issue and extent of contamination
- Site safety measures
- Stabilization techniques to be employed
- Storage and transport plan
- Approved disposal procedure
- Worker awareness and training

In preparing the plan, the contractor should liaise with the relevant local health and waste management agencies to ensure the adequacy of the measurements being proposed.

Site management shall consist at a minimum of enclosing relevant sections of the site with appropriate material by the contractor. Where possible, the asbestos and its location must be appropriately contained and sealed to minimize exposure, and any asbestos shall be marked clearly as a hazardous material. Stabilizing friable asbestos will be done before removal (if removal is necessary), and it will be treated with a wetting agent to minimize asbestos dust. Asbestos will be handled and disposed by skilled and experienced professionals using appropriate personal protective equipment such as respirators and tyvek suits which will be provisioned to workers to protect them and prevent contamination with asbestos fibers. Respiratory protection, together with measures to prevent the contamination of clothing and
inadvertent transport of asbestos fiber offsite, shall be provided to all exposed workers. If asbestos material is to be stored temporarily, the wastes should be securely enclosed inside closed containments and marked appropriately. Security measures must be implemented against unauthorized removal of asbestos from the site. No removed asbestos will be reused.
V. Public Disclosure and Consultation

The ESMF was disclosed during an in-person consultation in Sint Maarten on October 11, 2018 and disclosed on the National Recovery Program Bureau (NRPB) website on November 13, 2018. Comments were received during both through the in-person stakeholder consultation and the online comment email address.

The list of attendees and the screenshots form the public disclosures are included below.

Comments centered on: (a) retro-active financing, (b) helping MSME applicants with applications, (c) reducing the burden for light construction, (d) ensuring that there is a good communication strategy so that applicants are aware of the safeguard policies and application requirements, (e) MSME eligibility criteria, and (f) the sizes of the MSME package sizes.

In response the ESMF has been revised to simplify requirements for light construction, and the PIUs (IRC and CBCS) will plan outreach to assist applicants and train PFIs. The financial intermediaries and the IRC will engage in outreach events and conduct workshops to ensure that all businesses - including the most marginalized - are aware of the project and understand how to access it, and what the safeguards requirements are.

Figure 2. Online and Newspaper Disclosure Announcements
Figure 3. List of Attendees at In-Country Consultations

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<thead>
<tr>
<th>NAME</th>
<th>ORGANIZATION</th>
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<tbody>
<tr>
<td>Nadeem Kamal</td>
<td>World Bank</td>
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<tr>
<td>Jim Hammersley</td>
<td>World Bank</td>
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<tr>
<td>Paul Henriquiez</td>
<td>SHTA</td>
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<td>Wim Meijer</td>
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<td>Ruth Patrick</td>
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<td>Terrico Brown</td>
<td>IRC</td>
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<td>Giselle York</td>
<td>Best Boat Yard Services</td>
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<td>Lloyd Beaton</td>
<td>Oyster Bay Beach Resort</td>
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<td>Lucille Alexander</td>
<td>Atlantis Adventures</td>
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<tr>
<td>Esmeralda Joseph-Richardson</td>
<td>COCI Chamber of Commerce &amp; Industry</td>
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