Eastern Caribbean
Partial Credit Guarantee Corporation

Operations Manual

April 2019

Contents

1 Introduction

Micro, small and medium size enterprises (MSME) are a significant source of jobs and economic activity in the Caribbean region. The governments of the Organization of Eastern Caribbean States along with the World Bank have decided to establish the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) to increase the facilitation of credit to business owners for growth and expansion. On March 2, 2017, the Monetary Council of the Eastern Caribbean Currency Union approved and signed the Agreement for the Establishment of the ECPCGC.[1] As of May 2018, six countries have passed the corresponding legislation in their national parliaments.[2]

The ECPCGC will provide partial guarantees on loans made by financial institutions (commercial banks, development banks and credit unions) to MSME borrowers located in the OECS Member States. The use of a partial guarantee ensures that the judgement of the lender will be part of the application decision process along with the expertise of ECPCGC's employees. These lenders understand the local economy and have ongoing relationships with the MSME community. The expectation is that the banking community will be able to serve a larger number of MSMEs which will create jobs and expand the local economy.

1.1 Business Model

The ECPCGC will provide guarantees on loans to small businesses in return for a fee. It is intended that the fee income and the earnings generated by investing the capital base will provide sufficient revenues that will be used to pay loan losses and operating expenses. The ECPCGC will be run with a minimum number of staff who will have significant expertise and be responsible for a range of duties within their areas of expertise.

The ECPCGC's interaction with lenders will be run electronically: with all applications being received and processed through a web portal designed for guaranteed lending. Electronic means of personal communication, including video, will be used to the fullest extent possible. The web portal will also contain tutorials on topics of interest to small business owners and to loan officers who work with them.

The ECPCGC will be overseen by a Board of Directors consisting of 9 members including one member from each of the Participating Governments, one member representing the banking industry from the ECCU Bankers' Association, and two members representing the micro, small and medium-sized business community, from the Chambers of Commerce of two Member Territories chosen by alphabetical rotation from the Chambers of Commerce of the Member Territories. The Board will provide policy direction and be responsible for establishing broad parameters implementing general corporate governance and the specific governance items in the

[1] See communique from March 2, 2017 Monetary Council Meeting at: https://www.eccb-centralbank.org/content-manager/documents/download/300 [accessed September 20, 2017]

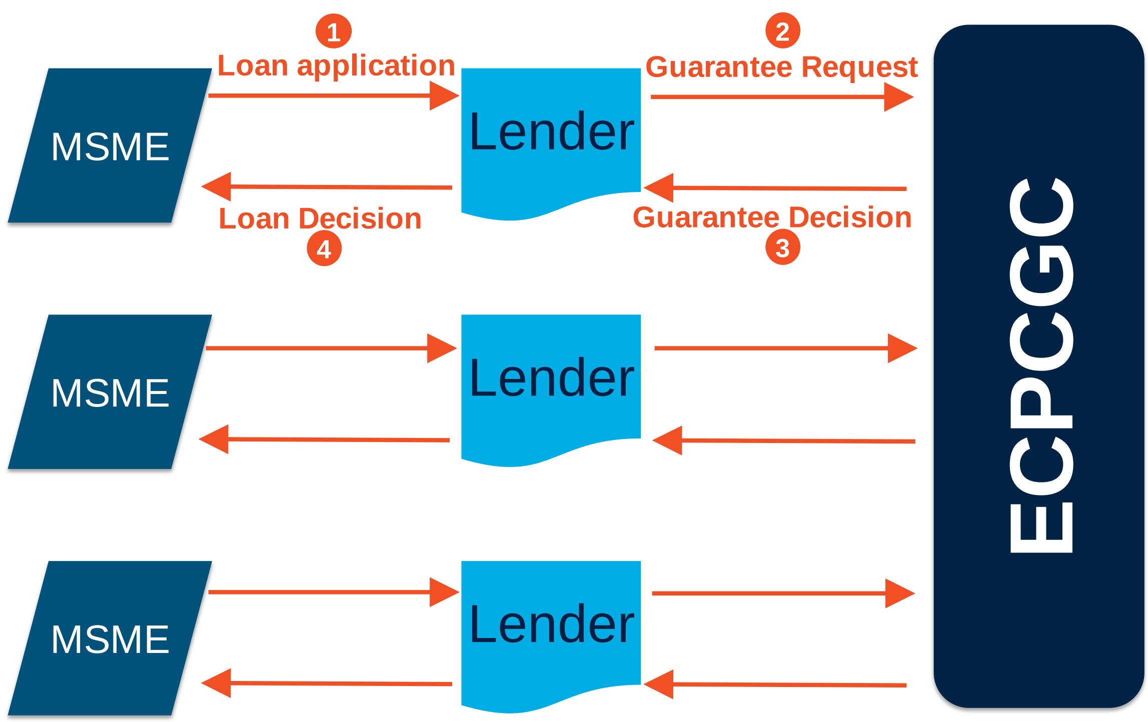
[2] These are: Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.

enabling legislation. The day to day operations of the ECPCGC will be managed by a Chief Executive Office and conducted by supporting staff members.

1.2 Operational Summary

Owners of MSMEs will apply to their local lender for a loan. If the lender is not able to approve the application using its conventional credit standards, it may decide to request a guarantee. ECPCGC staff will review the application and determine if a guarantee is appropriate (see Figure 1). The target customer is a business owner who has adequate cash flow to make the loan payments, but may not have adequate assets to pledge as collateral, presents more risk than usual or is in an area of business that is relatively new for the lender – such as the creative industries or medical services. Most, but not all, types of small businesses will be eligible. The lender will collect payments directly from the borrower and will be responsible for liquidating collateral in the event of a default. A guarantee fee will be charged and the proceeds used to help offset any losses absorbed by the Corporation.

Figure 1: Decision Flow Chart



The maximum guarantee percentage offered will be 75 percent[3] on loans that may not exceed XCD 300,000 (which is equivalent to USD 111,500).[4] The amount paid on the guarantee will be at most

[3] As per the provision provided in Article 43(3) of the ECPCGC Agreement and the laws passed in [6] countries (as of May 5, 2017).

[4] This dollar threshold is a recommendation to the Board, as per Article 43(4)(a) of the Agreement, the Board must establish the maximum aggregate liability of the principal and interest of all qualifying loan agreements.

80 percent of the loan balance on the date of request for payment of the guarantee, plus three months of accrued interest. The ECPCGC will not pay a default rate of interest, default fees, or any other fees triggered by the default by the borrower. The tenor of the loan will be determined by the lender, but the guarantee may not exceed the tenor of the loan or 10 years, whichever is shorter. The interest rate will be set by the market; however, lenders must show in the guarantee application that the borrower has sufficient cash available to service the debt. Initially, the guarantee fee will be fixed at a level between 1.5 to 3 percent annually based on the guaranteed amount of the loan. The fee will be due upon first disbursement and annually thereafter based on the amount outstanding on the yearly anniversary of the loan's origination date. As data is collected on activity, pricing may be adjusted to reflect the different risk characteristics of various types of businesses or other factors. Loan proceeds may be used for typical business purposes, including the purchase of real estate and equipment and for working capital. It is envisaged that the ECPCGC will move to a portfolio model after a number of years of experience with the retail model of selling individual guarantees.

A lender may submit a request for a guarantee payment when a borrower has been in uncured default for 90 consecutive calendar days. The request must include documentation establishing that the loan was disbursed according to the disbursement instructions and that all proceeds were used for the purposes outlined in the authorizing document. During this period, the lender must continue to work with the borrower to restructure the loan. Lenders will be required to continue with loan liquidation and other collection activity after receiving payment on the guarantee. When a lender receives proceeds from the sale of collateral, it must send a portion of the proceeds to the ECPCGC. That portion will be based on the guarantee percentage.

For example, if a lender had a 75 percent guarantee, it would send 75 percent of the proceeds to the ECPCGC. See section 6.11-6.13 for additional information. The ECPCGC will also share in the cost of liquidation after payment on the guarantee. If a lender hired an auctioneer to sell collateral and the fee was XCD 100, then the bank would pay XCD 25 and the ECPCGC would pay XCD 75.

2 Establishing the ECPCGC as a Legal Entity

The official name Eastern Caribbean Partial Credit Guarantee Corporation was established by an agreement signed by seven of the member governments. It is a statutory corporation that has a full legal personality and has all the rights, privileges and immunities contained in the legislation. The legislation also includes the composition and appointment of persons to the Board of Directors. Steps should be taken as soon as possible to identify those individuals who will serve on the Board.

On March 2, 2017, the Monetary Council of the ECCU signed and passed the ECPCGC Agreement. Seven Member States signed the Agreement – all ECCU Member States excluding Montserrat.

By May 5, 2018 six countries have passed the ECPCGC Bill in their local parliaments. These are Antigua and Barbuda, Dominica, Grenada, Saint Lucia, Saint Kitts and Nevis and Saint Vincent and the Grenadines.

2.1 Entry into Force of the ECPCGC

As per Article 72 of the ECPCGC Agreement, the Agreement shall enter into force upon the deposit to the Director General of the OECS Commission of five instruments of ratification and the undertaking of the Participating Governments to take all steps necessary for the implementation of the Agreement. There is no other registration process, the legal entity will then have been created.

From the World Bank processing side, the following are the final requirements for disbursement of the loans:

1. Indigenous People Plan – this has been consulted and the plan has been developed and publicly disclosed. This was accomplished on April 9th, 2018.
2. Legal readiness – subsidiary agreements are needed between countries and the ECPCGC
3. Operations manual
4. A fiduciary structure and ready staff will be required for disbursement.

2.2 Initial Corporate Governance

Initially, the Monetary Council will as per the ECPCGC Agreement assist in the establishment of the scheme.[5] It will:

a) vet the nominees for the initial Board of Directors and appoint the nominees by majority vote, and
b) provide initial policy guidance, as needed, during the first year of operation of the Eastern Caribbean Partial Credit Guarantee Corporation.

The ECPCGC shall promptly comply with directives issued by the Monetary Council.

[5] See Article 52

The Eastern Caribbean Central Bank will have regulatory oversight of the ECPCGC. The ECCB will review the operations of the ECPCGC in accordance with the provisions of the ECPCGC Agreement.

The ECPCGC will also use an outside auditor to provide an opinion regarding whether its financial statements are free of material misstatements. This firm will use International Financial Reporting Standards (IFRS) to the fullest extent possible to provide an accurate financial picture of the organization. Due to some of the unique aspects of the ECPCGC, IFRS may not be fully appropriate. Deviation from IFRS is at the discretion of the auditor.

Annex III has the final legislative summary.

After the first year of operation, the Board of Directors will solely provide broad policy guidance for the ECPCGC. When the all members of the initial Board are appointed, the Board will move to establish committees for various functions within the ECPCGC. At a minimum, the Board will establish a Policy Committee, Finance Committee and Audit and Risk Committee as required by Articles 21-24 of the ECPCGC Agreement as well as the Investment Committee. It may establish other committees as necessary. This may include for example, a Human Resources, Compensation Committee and Ethics Committee.

2.3 Initial Staffing of the ECPCGC

As per Article 52(b) of the ECPCGC Agreement the Monetary Council is permitted to provide initial policy guidance. As such the initial vetting of the nominees for the Board of Directors will commence immediately. Once the Board is in place, it will immediately begin the process of selecting initial staff members. The St. Lucia Department of Public Services will facilitate the hiring process by providing administrative support and coordinating the activities relating to the recruitment process, but will not be involved in the selection process.

As the World Bank is providing loans for the five of the six countries, the hiring procedures for the initial staff will be governed by procurement policies of the World Bank outlined in a Project Procurement Strategy for Development (PPSD) for the ECPCGC.

The St. Lucia Department of Public Service will assist with the logistics for selecting the four initial key staff members of the ECPCGC. These four staff members are:

1. Chief Executive Officer (CEO)
2. Chief Financial Officer (CFO)
3. Senior Operations Officer
4. Administrative Assistant

Under the auspices of the PPSD and the Terms of Reference for these positions in Section 3 of this Operations Manual, the advertising and interviewing of these positions will be undertaken by the St. Lucia Department of Public Service. The selection of the first four employees will be done by the Board. St. Lucia has offered to provide this assistance at no cost. When a final candidate is selected, the World Bank will be asked to submit no-objection letters as per the World Bank's procurement policies.

The Chief Executive Officer (CEO) will be responsible for the day to day operations of the ECPCGC. He/she will establish and run the office, hire junior staff, implement procedures for operations, and take any other steps necessary to meet the mission of the ECPCGC.

The Chief Financial Officer (CFO) will be responsible for designing and implementing all financial systems necessary to operate the ECPCGC, including day to day operations and payment on guarantees.

The Senior Operations Officer will develop risk management policies and procedures to establish the internal controls for the financial, investment and IT systems that are necessary to protect again operational and reputational risk.

The Administrative Assistant will be hired to assist with setting up the office and other logistics related to the establishment of the ECPCGC and to handle procurement activity.

Subsequent to the hiring of these four staff members, a further two staff members are envisioned for the ECPCGC. These are a junior credit officer and an Environmental, Social, Health and Safety (ESHS) Specialist. The ESHS specialist will join the organization in year 3 and the junior credit officer in year 5. Sections 3 and 4 include more information, as well as information on procurement, social and environmental safeguards, technology, accounting and legal counsel services that the entity may require.

2.4 Prerequisites for Disbursement World Bank Loans

In order for the World Bank to declare the ECPCGC effective and disburse the loans, the following prerequisites will need to be completed.

1. The ECPCGC is legally established and fully operational, all in a manner acceptable to the World Bank.
2. Five Subsidiary Agreements have been executed between the five World Bank borrowers[6] and the ECPCGC, on behalf of ECPCGC and the borrowing countries.
3. Co-financing Agreement for the financing of the contribution of Saint Kitts and Nevis has been executed and delivered and all conditions precedent to the effectiveness of each such co-financing Agreement have been fulfilled.
4. A technical and fiduciary assessment of the ECPCGC has been carried out in a manner acceptable to the World Bank which shall certify, inter alia, that the board and/or management of the ECPCGC are composed of professionals who have qualifications and experience satisfactory to the World Bank and have the capacity to exercise satisfactory control over the use of funds.

[6] Antigua and Barbuda (IBRD), Dominica (IDA), Granada (IDA), Saint Lucia (IDA) and Saint Vincent and the Grenadines (IDA)

5. Prior to appraisal of the loan, the Dominica Indigenous People Plan (IPP) would have to be disclosed publicly. This was accomplished on April 9, 2018.

2.5 Objectives of Financial and Risk Assessment[7]

The objectives of the ECPCPC financial management system are: to ensure that funds are used only for their intended purposes in an efficient and economical way while implementing agreed activities; to enable the preparation of accurate and timely financial reports; to ensure that funds are properly managed and flow smoothly, adequately, regularly and predictably to the appropriate party; to enable ECPCPC management to monitor the efficient implementation of the ECPCPC; and to safeguard the ECPCPC assets and resources.

The following are necessary features of the ECPCPC 's financial management system:

1. The ECPCGC should have an adequate number and mix of skilled and experienced staff;
2. The internal control system should ensure the conduct of an orderly and efficient payment and procurement process, and proper recording and safeguarding of assets and resources;
3. The accounting system should support its reporting obligations;[8]
4. The system should be capable of providing financial data to measure performance when linked to the output of the ECPCGC, and
5. An independent, qualified auditor should be appointed to review the ECPCGC's financial statements and internal controls.[9]

Establishing internal controls and risk management. - the ECPCGC will use best practices to review its proposed operations and identify areas of risk. The risk components will include, but not be limited to, financial controls for fund movement, proper credit training of staff, cyber security for all computer systems including the online guaranty process management system, proper training of lenders and staff regarding environmental and social safeguards, proper oversight of all marketing and outreach materials, thorough vetting of contractors used for technology installation, payroll, etc. and physical security of the staff. The results of this review will play an integral role in operationalizing the ECPCGC.

2.6 Establishing Initial Operating Accounts

Establishing a bank account. - An account should be opened at a local bank to manage the cash associated with the day to day operations of the fund. This includes payroll, payment for services, utilities, rent, etc. This account should require two persons to sign checks above an amount deemed appropriate by the Chief Executive Officer. A separate account should be established for the

[7] This section is drawn from World Bank Project P103470: Sustainable Financing & Management of Eastern Caribbean Marine Ecosystem Project. The Project Appraisal Document (PAD) is available at: http://documents.worldbank.org/curated/en/381761468079128771/pdf/583050PAD0P1030official0use0only090.pdf [accessed September 20, 2017]
[8] See Article 25 of the ECPCGC Agreement
[9] See Article 24 of the ECPCGC Agreement

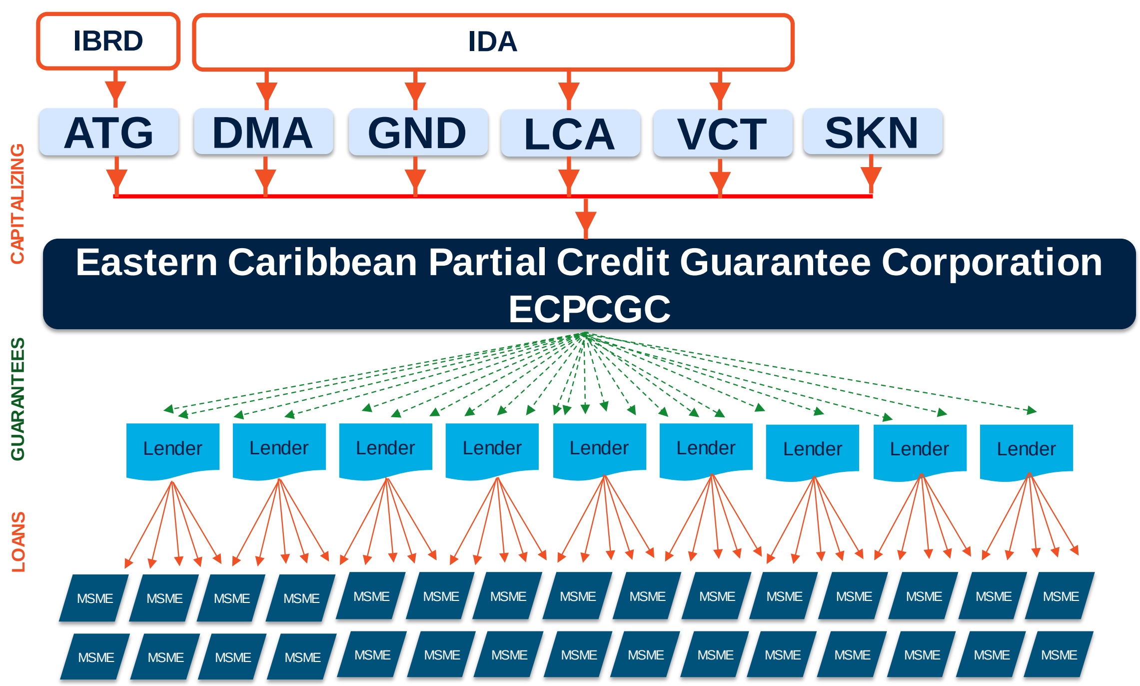
payment of guarantee claims. This account will require two signatures for all disbursements. The CEO will determine which staff members have signature authority.

Establishing an investment account. - as the capital is received, it must be invested for the benefit of the program. An investment account should be established at a brokerage firm that is structured to handle large investments (exceeding USD10 million), is able to demonstrate the internal controls on the account to the CEO and CFO and is willing to accommodate the unique cash flows that accompany this account.

2.7 Flow of Funds

As per the World Bank's articles of agreement, the World Bank can only disburse loans to its members. Thus, the need for subsidiary agreements between the ECPCGC and the borrowing countries as well as the co-financing agreement between Saint Kitts and Nevis and the ECPCGC. It is also important to note that IBRD loans are disbursed in USD while IDA loans are disbursed in SDR (Special Drawing Rights)[10]. Figure 2 shows the flow of funds: both of World Bank funds and of funds to beneficiaries – which are the MSMEs. It is important to note that the funds flowing to MSMEs are provided by lenders.

Figure 2: Flow of Funds: World Bank, Co-Financing and Beneficiary Funds



[10] For more information see http://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR

2.8 Timelines and World Bank Credit and Loan Repayment

This operations manual uses multiple timelines. The main timeline referenced in this document is the initial life of the ECPCGC. This is modeled in the financial model as a ten-year span. The financials, returns and assumptions are all made with this horizon in mind.

The second important timeline is the length of the World Bank project. This is the period of time over which the World Bank will conduct supervision of the ECPCGC. This timeline is for the first five years.[11] During this timeframe, semiannual Implementation Status and Results Reports (ISR) will be undertaken by the World Bank team. These reports will serve to gauge the implementation of the ECPCGC and measure its efficacy using the indicators outlined here and in other project documents. This five-year period also has implications for liquidity management, as it will be required that the operational costs of these five years of operations be maintained in deposit or cash-like instruments so that the ECPCGC will certainly continue over this period. The investment section (Section 9) herein describes these accounts.

It is anticipated that the ECPCGC will continue to operate after five years. However, from the World Bank side, the 'Project' will be closed and a completion report will be issued.

IBRD lending terms and repayment average maturities are available at: http://treasury.worldbank.org/bdm/htm/ibrd.html

The average maturity is less than 20 years. Antigua and Barbuda is the only IBRD borrowing country for the ECPCGC.

The July 2017 IDA credit terms are available at:
https://policies.worldbank.org/sites/ppf3/PPFAnnex/993431d6-2d14-406e-a923-69984923e494Annex2.pdf

For the four OECS IDA countries, the repayment terms are all with a 10-year grace and 40 years to maturity. The current service change for IDA credit is 75 basis points in SDR terms.[12]

The financials and operations are designed for the ECPCGC to be self-sustaining. However, there are provisions in Articles 62 and 63 about the termination of the ECPCGC. This is to be assessed every five years.

2.9 Location of the ECPCGC

Article 8(1) of the ECPCGC Agreement requires the ECPCGC to have, at all times, a fixed address in one of the Member Territories. At its inaugural meeting the Board accepted the recommendation to make St Kitts the location of the headquarters.

The justification was largely based on the fact that St Kitts already serves as the headquarters for the Eastern Caribbean Central Bank (ECCB), which is a key stakeholder in the formation of the

[11] This is also the case for the recently completed P103470: Sustainable Financing & Management of Eastern Caribbean Marine Ecosystem Project.
[12] At the 20 September 2017 SDR: USD exchange rate of 0.695

ECPCGC. Thus, the choice of location is pragmatic, and it is expected that several synergies can be derived from having ECPCGC located in the same territory as ECCB.

2.10 Role of Regulations

In general, the ECPCGC will rely on contractual guidance rather than underlying regulations to govern its relations with lenders. The ECPCGC will execute a basic contract with each lender that provides specific guidance regarding the requirements the lender must meet to keep the guarantee valid. The contract will include any applicable regulations that are in force (in the jurisdiction where the lender operates). Critical areas from Article 40 and 41 of the ECPCGC Agreement were reviewed and World Bank staff ensured that each of the items in these Articles is covered in the Operations Manual. It is the experience of World Bank staff with other schemes that line loan officers at lenders are better able to follow contractual guidance than regulations. By putting the requirements in the documents that will accompany the file, lender staff will have access to guidance when they are acting on the file, thus ensuring that any questions that may arise can easily be addressed. Using a contract instead of regulations should not have any impact on enforceability as both parties will have executed the contract.

2.11 Establishing Physical Office Space

Selecting office space. - An examination of office space costs in St. Kitts showed a range of about $2 to $5.50 per square foot. With 6 staff members and room for files and conference facilities, the CEO should search for approximately 700 - 800 square feet of office space. It is not necessary to have space located in downtown Basseterre if there is a significant cost savings outside of town. Most of the communication with lenders will be electronic and most lenders will not be located on St. Kitts.

The Board was able to negotiate with ECCB to provide office space for initial set up of the operations of the Corporation. Computers have been costed in the financial model and can be purchased online from a major vendor, there is also a budget for a small server if needed. It would be appropriate to consider a laptop instead of a desktop model for senior staff considering the travel that will be necessary between islands.

Telephones have also been costed in the financial model. Professional installation may be necessary.

Office furniture that is used and in good condition may be available at a reasonable price.

Office furniture should be selected based on the layout of the office. If it is an open space, “systems” furniture (cubicles) may be necessary. Such furniture would require professional installation.

If the space consists of hard walled offices, desks and computer stands delivered to the office would suffice.

Payroll. Considering the small number of staff and the various regulations governing payroll, the CEO should engage a payroll service to handle this function, if available.

Branding and signage should also be setup. A range of branding assets and a brand guideline have been included here. These should be followed closely so that ECPCGC can have a strong and consistent brand. It is not envisaged that the ECPCGC will hire a marketing or branding staff member initially. In the medium term (4-6 years) it may become necessary for some marketing consulting services.

Filing, including records of all proceedings of the Procurement Process, shall be kept in accordance with the requirements of the Legal Agreement.

3 Staff Members

Staff members will be required to operate the ECPCGC in order to meets its goals and manage the risks. Staff members should be hired as needed while the program grows. The scenario suggested herein (and explained further in the financial model) is to grow the staff to a maximum of 6 staff under the baseline scenario where leverage is capped at one, so that total outstanding guarantees are capped at USD 12 million.

Table 1: Baseline Staffing Plan (First Ten Years)

Year (Beginning)	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
CEO	1	1	1	1	1	1	1	1	1	1
CFO	1	1	1	1	1	1	1	1	1	1
Sr. Operations Officer	1	1	1	1	1	1	1	1	1	1
Jr. Credit Officer	0	0	0	0	0	1	1	1	1	1
Environ. Specialist	0	1	1	1	1	1	1	1	1	1
Admin. Assistant	1	1	1	1	1	1	1	1	1	1
Total	**4**	**5**	**5**	**5**	**5**	**6**	**6**	**6**	**6**	**6**
Note: Jr. Credit Officer joins at the end of year 4 and the Environmental Specialist joins during the second year.										

A Senior Operations Officer (SOO) will be needed in year 1 as guarantee volume is expected to be low and he/she and the CEO can be the two signatories on the approval documents. The SOO will also be responsible for establishing a risk management structure for all aspects of the ECPCGC. The Chief Financial Officer will be needed to establish financial processes and to be a member of the Investment Committee. The Investment Committee will consist of the CEO, CFO and SOO. The following subsections outline the roles of each of the six-core staff.

3.1 Chief Executive Officer

The Chief Executive Officer (CEO) must have a credit background and will guide the establishment of the ECPCGC and supervise the development of products that will facilitate the provision of loans to MSMEs. Prior experience in working with or running a guarantee program would be helpful. The CEO will work closely with the Board as well as provide direction to the staff. Because the staff is quite lean, the CEO is expected to assist with the approval of guarantee applications, at least until the credit officer is hired. Even then, he/she may be called upon to review an application.

Initially, the CEO will spend a significant amount of time establishing the ECPCGC, setting up the office, setting up bank and investment accounts, purchasing various systems (computer/telephone, etc.) and establishing an operating organization. Part of this process will be a telephone introduction to the staff of the Ministries of Finance of the countries. Once this is completed, he/she will spend most of his/her time on marketing and training to show lenders how to use the scheme and how they and their MSME customers can benefit from the loan guarantees.

During trips for the marketing and promotion of the scheme, it is appropriate to meet face to face with Ministry staff.

Once the scheme is operational and the training is completed, it is time to begin accepting applications. A celebration is called for when the first application is completed. If more than one application is received on the first day, it may be necessary to have a lottery to determine which will be first.

It is important to hire the CFO as quickly as possible as the CFO and CEO are intended to act as a team during the setup phase of the Corporation.

3.2 Chief Financial Officer

The Chief Financial Officer (CFO) will be responsible for designing and implementing all financial systems necessary to operate the ECPCGC, including ongoing financial management of the scheme. This includes payment of day to day expenses as well as guarantees owed to lenders in the event of a borrower default. Prior experience with a financial institution is very beneficial. The CEO and CFO will be the first two employees of the firm and will be responsible for most of the setup decisions mentioned above in the CEO description. It is likely that the CFO will be acting CEO in the absence of the CEO. When applications are initially received, the CFO will be one of the staff members that are able to review the file and make a recommendation. A significant portion of the CFO’s initial time will be working with the vendor selected to provide an accounting system. Not only must the system handle all of the normal expenses that a small firm has, but also be able to track loan guarantees and make payments as necessary. Even if the scheme is able to find an off the shelf computer system, it will need some modifications to handle the partial guarantees. When the scheme begins taking applications and processing requests for default payments, the CFO will be responsible for fine tuning the system.

3.3 Senior Operations Officer

The Senior Operations Officer (SOO) will provide overall credit and risk guidance for the financial programs offered by the ECPCGC. Along with management skills, this individual must be an expert in credit analysis for MSMEs. Prior experience with a financial institution is required. The SOO is intended to be the main operating official for both the loan scheme and for risk mitigation at the ECPCGC. He/She will work very closely with the CFO on financial risk issues and with the CEO on the operations of the loan guarantee program. The SOO will take the information provided in the Operations Manual and expand it as necessary to develop manuals for guarantee application processing, servicing and liquidation. It is likely that ECPCGC staff will have to provide a substantial amount of hands on assistance to lenders during the early years of operation.

3.4 Credit Officer

The Credit Officer will perform the first credit review of all applications for guarantee received by ECPCGC. Experience as a lending officer would be helpful. Once fully trained, the credit officer will assume many of the training responsibilities. He/She may be sent to specific lenders to provide onsite training and is likely to be working directly with lenders on difficult cases.

3.5 Environmental, Social, Health and Safety (ESHS) Specialist

The purpose of this position is to provide environmental support to the ECPCGC for the program's implementation to ensure compliance with the Bank's Environmental Safeguards Policies and the environmental laws of host countries, as described in the Environmental and Social Management Framework (ESMF). This staff member will be responsible for all training related to social and environmental issues and responding to questions from lenders regarding these issues. He/She will be a key member of the initial training team that travels to the various islands to provide the initial information about the scheme. It would be beneficial if the incumbent had previously worked in a bank as an environmental official as he/she would be familiar with environmental laws as they relate to lending. A substantial portion of this staff member's time will be developing materials that explain to lenders their responsibilities as they relate to World Bank requirements.

3.6 Administrative Assistant

The Administrative Assistant (AA) handles the routine tasks necessary for a properly functioning office. The AA will play a key role with the CEO and CFO in setting up the business. Once the office space is located and the staff has moved in, the AA will begin setting up a filing system, working with the telephone vendor to ensure that each of the functions (call forwarding, hold, etc.) are working properly and purchasing office supplies. When the computer system is installed, the AA must establish a correspondence tracking system and begin to establish a calendar for key events (training, etc.).

3.7 Other Staff Functions

There will also be a need for additional support for the operations of the ECPCGC. The baseline financial model has costed the consulting services of the following:

1. Accounting and auditing
2. Legal counsel
3. Technology support
4. Safeguards (environmental and social)
5. Board expenses

3.8 Staff Training.

ECPCGC must have trained staff capable of performing several different functions. The CEO will ensure that each staff member receives appropriate training. The lending market is dynamic and it is imperative that all staff members maintain an up to date skill set.

4 Financial Model and Cost Structure

4.1 Introduction to the Model

As the ECPCGC is a new operation, a detailed financial model was built in order to achieve a number of goals. These goals include; (i) ensuring financial sustainability; (ii) understanding its risk tolerance; (iii) managing liquidity. (iv) costing the key line items; (v) understanding the sensitivity to critical factors, and (vi) providing a heuristic tool to aide decision making.

This financial model is an accompaniment of this operational manual, and it is intended to be a dynamic tool that can help the World Bank and the ECPCGC to better design this new institution. It is important to acknowledge that there are now a number of such regional financial institutions including the ECCB, ECSE, ECSRC and now the ECAMC. It is also important to think about the synergies of these institutions, and to what extent costs and support services can be shared.

The model has been designed with a number of key features. These include a basic mode and an advanced mode. Also included are the ability to change the default rate, recovery rate, guarantee growth and the leverage of the institution. Other critical variables are the rate of return on assets, the guarantee fee, and the guarantee percentage. In the design of the model, some features have been overlooked for both modeling considerations and also for simplicity. One example is positive operating income. Another is the default pattern. In the model, the same percentage of guarantees move to non-performing status every quarter. There is no consideration given to the migration across substandard and doubtful status prior to defaulting. Also, there is no up-migration from loss to performing. The default assumption is a net assumption for the amount of loans that will default. Other areas not modelled are the complete cash flow statements that include cash flow from operations.

Overall, the model is able to quantify the key opportunities and risks and is a useful tool to understand the long-run sustainability of the ECPCGC. At the same time, it is imperative to remain cognizant that this is a model and therefore is not perfect.

4.2 Modeling the Business Model of the ECPCGC

The ECPCGC intends to cover its costs by generating enough revenues to ensure it remains financially sustainable. A financial model for the guarantee fund was constructed which allows for the program to be sustainable and self-funding. The main items included as revenue in the model are returns on investment of its capital and fee income generated from providing guarantees. In terms of costs, the key items identified include salary expenses, payroll expenses and general and administrative (G&A) expenses. The training under component two of the model is modeled under general and administrative. The model relies on a number of assumptions which are used as inputs for estimating the fund's performance. The input variables which include variables such as the leverage rate, default rate, recovery rate, investment return, guarantee fee, and usage rate can be adjusted to create different scenarios and project the fund's cash flow and income.

During the project development phase, research was undertaken to gather information on the fund's revenues and expenses and to explore the market for a feasible investment strategy for the fund. The first revenue component is the earnings from the investment capital. A study on the investment market in the OECS was done to determine the annual level of sovereign debt issuance and prepare a list of typical buyers. An analysis of the expected yield on these bonds was also completed. Most of the money will be invested in a laddered maturity of sovereign bonds from the OECS states while some of the funds will be in the form of deposits or cash-like instruments, which will pay a lower though positive interest rate. The investment return is the product of the scheme's capitalization multiplied by the investment gains. The model assumes a liquidity ratio of 20 percent and therefore the investment return in the model needs to be levered by this factor and the expected return on deposits.[13] The amount of capital available for investment should remain stable unless it is needed to pay losses. The estimated return on the capital adjusted for the liquidity requirements amount in the checking account is a parameter in the model along with estimated guarantee fee revenue. This latter revenue stream will be limited during the first few years as business begins to develop and expand. The financial model includes a conservative ramp up rate for estimated guarantee fee revenue.

In terms of costs, besides the ongoing operational costs of the fund, there will be some upfront expenses. These will include web site development and the purchase of computers. The primary ongoing expenses will be staff salary, web hosting and office rent/utilities. Other expenses include training, travel, insurance and office supplies. A few of these expenses will be higher in the beginning, e.g. the technology user interface, supplies and travel will be higher as the office will be opening and marketing expenses will be higher as staff members reach out to contacts on all the islands to discuss the program with lenders and other interested parties. While developing the financial model, information regarding the cost of office rental, computer system purchases, web site hosting and other expenses likely to be borne by the fund were collected from various sources.

For other input variables that feed into the financial model, the team consulted with a number of financial institutions in the region to seek their guidance. In particular, feedback was sought on default rates and recovery rates from several different lenders to ensure that model's assumptions are as close to reality as possible. The target default rate for ECPCGC is a critical parameter. Defaults are assumed to be low in the early years of the Corporation as loans will be new and borrowers will have enough capital to make the initial payments. They are expected to pick up in year two and continue throughout the life of the program. The default rate assumed is very similar to what financial institutions experience in the region, however the model assumes a higher loss rate due to lower level of collateral associated with guaranteed loans. An average recovery rate is also a parameter of the model. The guarantee coverage is a final parameter in this grouping.

The financial model integrates all the income, expenses and input variables identified above and allows tests of various hypothetical situations to determine the levels necessary to operate the

[13] Deposits currently yield 2% in the ECCU

Corporation on a break-even basis. The model provides the option of using actual data to track and project the performance of the Corporation for the first 10 years and can help ensure that the corporation stays on a course where expenses do not exceed revenues. If expenses begin to exceed revenues, the model can be used to test various changes in the inputs to determine their impact on cash flows.

4.3 Baseline Assumptions

A critical number of assumptions have been made in the baseline financial model. These are baseline and reflect the median expectations of initial starting conditions and growth. These are estimates based on thorough field research and a consultative process. Too much attention should not be placed on individual estimates or assumptions, provided that they are within a reasonable range. For salaries, for example, it is not possible to manage a model with range estimates of salaries. Thus, single figures have been used. There will be some latitude (both up and down) around estimates, and the focus should be on the total cost structure in relative terms to capitalization and projected revenues.

The model is estimated in US dollars. This is because part of the World Bank loan is denominated in USD and the remainder in SDR. As the XCD is pegged to the dollar there is no exchange risk per se, and a version of the model in XCD can be quickly rendered.

The model should be run in advanced mode at all times if possible. This allows for time-differing profiles of:

- Growth of guarantees (ramp profile)
- Default scenario
- Recovery Scenario
- Recovery Lag

The initial assumption in advanced and basic mode are shown below in Figure 3 and Figure 4.

In both modes, the projected start date (January 1, 2018), the initial capitalization (USD 12 million) and the leverage (1) are the same. The leverage is a toggle to change how many guarantees as a percentage of the capitalization the guarantee corporation can grow to. The developing country average for this figure is 3.5[14] and the developed country average is 16.[15] Selecting a leverage of 1 is therefore conservative. The ramp in the advanced mode starts off slowly and reaches 100 percent (percent of capitalization times leverage) after 20 quarters, or 5 years. In the basic mode the functionality is less flexible and maximum leverage is reached within 10 quarters. The default in the advanced mode increases to 1.5 percent per quarter which is equivalent to 6 percent per year. This also grows from zero to 1.5 over the first 6 quarters.

[14] Based on World Bank (2015) CGS Principals and Levitsky, Jacob. "Credit guarantee schemes for SMEs–an international review." Small Enterprise Development 8.2 (1997): 4-17.
[15] Levitsky, Jacob. "Credit guarantee schemes for SMEs–an international review." Small Enterprise Development 8.2 (1997): 4-17.

Figure 3: Baseline Model Assumption in Advanced and Basic Modes

(a) In Advanced Model

ECPCGC

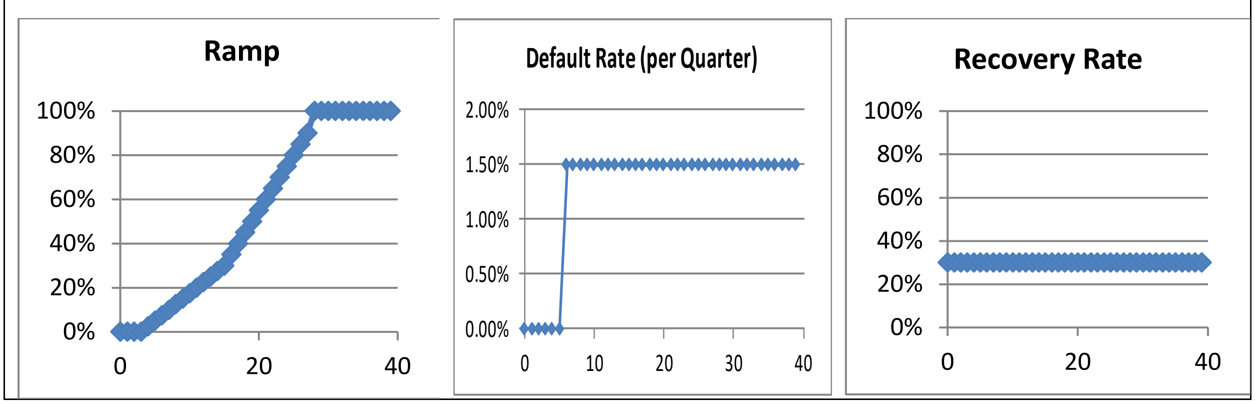
Project Start Date	July 1, 2019
Initial Capitalization	12,000,000
Leverage	1.00
Annual Payroll % of Capitalization	2.9%
Payroll overhead	5.0%
Guarantee Percentage	75.0%
Guarantee Fee	2.3%
Investment Return	4.2%
Ramp Rate (per Quarter)	25.0%
Default Rate (per Annum)	6.0%
Default Rate (per Quarter)	1.5%
Recovery Rate	30.0%
Baseline Loan Growth	0.1
Ramp Scenario	Ramp_1
Default Scenario	Default_1
Recovery Scenario	Recovery_1
Recovery Lag (Quarters)	8

(b) In Basic Mode

ECPCGC

Project Start Date	July 1, 2019
Initial Capitalization	12,000,000
Leverage	1.00
Annual Payroll % of Capitalization	2.9%
Payroll overhead	5.0%
Guarantee Percentage	75.0%
Guarantee Fee	2.3%
Investment Return	4.2%
Ramp Rate (per Quarter)	25.0%
Default Rate (per Annum)	6.0%
Default Rate (per Quarter)	1.5%
Recovery Rate	30.0%
Baseline Loan Growth	0.1

Figure 4: Advanced Mode Ramp, Default and Recovery Rates



The guarantee percentage and guarantee fee are 75 percent and 2.3 percent. These are appropriate given international benchmarks.[16]

[16] World Bank (2015) CGS Principals

The investment return is modelled at 4.2 percent, this is the total return of the portfolio including the 20 percent for liquidity management that is invested in deposits or cash-like instruments. The effective return on the invested 80 percent of the capital base is therefore 4.75 percent assuming a deposit rate of 2 percent. See the investment section for more information.

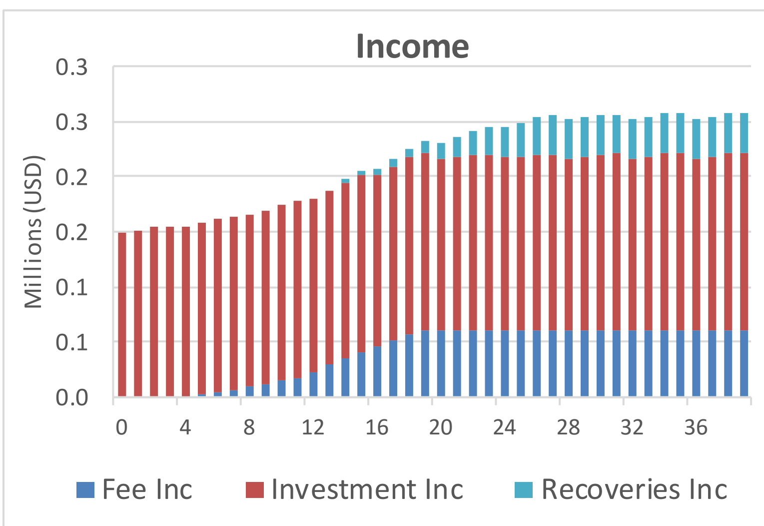
The annual default rate in both baselines (advanced and basic) is set at 1.5 percent per quarter. This is equivalent to 6 percent per year. The prudential limit is 5 percent and the current rate for the system is just below 12 percent. Prudence would therefore be required in managing this and adjusting the leverage and exposure if defaults spike to higher levels.

The recovery is set at 30% in both modes. This reflects the fact that MSMEs receiving guarantees are likely to have less collateral that those obtaining credit without a guarantee. For the remainder of this section, only the input and the results from the advanced mode will be shown. Comparative results and inputs can easily be obtained from the model itself for the basic mode.

4.4 Revenues

As stated above there are two main sources of revenue. The first is the guarantee fee on all outstanding guarantees. The second is the investment income from the capital. It is also important to note that there is a third source of income which is the deferred revenue from collections. This latter income is small in comparison to the first two. With the advanced mode options above, the following is the revenue profile for the first 10 years on a quarterly basis.

Figure 5: Baseline Income Stream



Of note is the size of the investment income with respect to fees. There is an important balance between leverage, default and income. With default at 6 percent and the fee income of 2.3 percent, the fee income is not enough to cover the cost of risk. Around the world, a 2 percent fee works since the default rate is much lower than 6 percent. In this instance, the higher return compensates for this difference, but is of concern especially in that as leverage grows, the losses from the guarantee function grow. Therefore, leverage should be monitored as defaults ensue. Lower defaults below 6 percent would warrant more leverage, provided that operational costs are fully accounted for.

4.5 Costs

The model considers two types of costs, the first are salaries for staff including staff services. The second type is for general and administrative expenses. The screenshots below show these annual or one-time costs.

Figure 6: Baseline Cost Estimates

(a) General and Administrative

ECPCGC	Annual	Upfront
Training		
Training Loan Officers	34,000	
Total	34,000	
General and Administrative (including Technology)		
Tech User Interface Design & hiring expense		75,000
Tech Business Hardware		5,700
Web hosting	12,000	
Tech Product Development		
Supplies (office and operating)	2,000	
Travel	15,000	
Accounting and legal	25,000	
Other Professional Service (Temp/Consulting)	-	
Rent and utilities	24,000	
Telephone, Internet & Insurance	8,000	
Marketing	5,000	
Misc. (unspecified)	2,485	
Total G&A	93,485	80,700
Total Training + G&A	127,485	80,700

(b) Salaries and Consulting Services

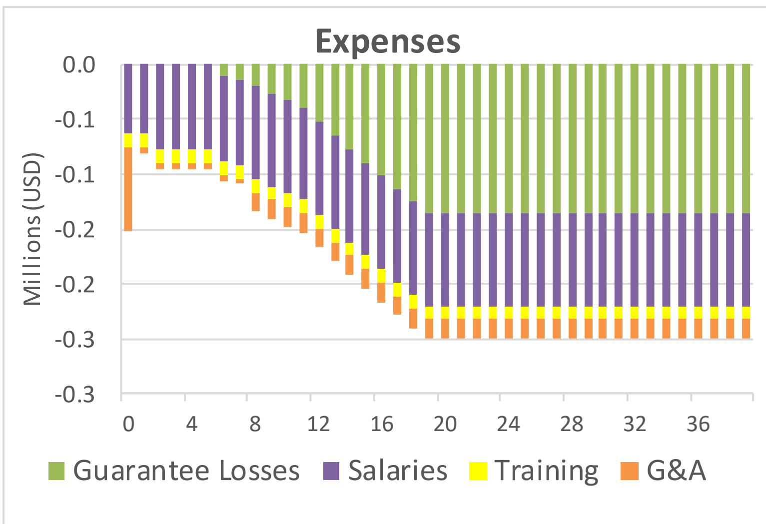
ECPCGC	YEAR 1	YEAR 2	YEAR 3
Period			
Executive/Operations			
Staff Members	250,000	250,000	250,000
Technology			
Total	10,000	10,000	10,000
Safeguards			
Total	-	-	25,000
Board			
Total	27,000	27,000	27,000
Other			
Total			
Total Expenses	**287,000**	**287,000**	**312,000**

The annual training budget for Component Two (the training of loan officers at lenders) of the project is included in the general and administrative category. The upfront costs are mainly for technology and hardware. The other costs are for ongoing operations. The total training and general and administrative yearly costs is listed above. Accounting and legal includes accounting services and any needed legal services. A continuous need for legal counsel is not anticipated, however, and this is therefore in general and administrative, although there are some reasons to have included this into the consulting services section.

Total staff costs are listed in panel (b). Along with the credit staff members, there are also provisions for a technology support specialist, an environment and social safeguards specialist as well as Board expenses. The staff starts off as four people and plateaus to 6 by year six, and so only these are shown above. The salary costs continue slightly below the peak at their year 3 level. The model does not currently account for inflation. Since the XCD is pegged to the USD, the inflation in the recent years has been low. The total operating costs for the first five years (the period covered by World Bank reporting) is estimated to be USD 2.28 million. This is 20 percent of the capitalization and approximately the amount that will be in liquid assets.

Mapping these into the yearly costs produces the series in Figure 7 below.

Figure 7: Baseline Expense Stream



With a default rate of 6 percent annually, the guarantee losses are the largest part of the on-going costs. Salaries including consulting services follows, and then training and general and administrative. The first quarter general and administrative are high due to the upfront technology costs.

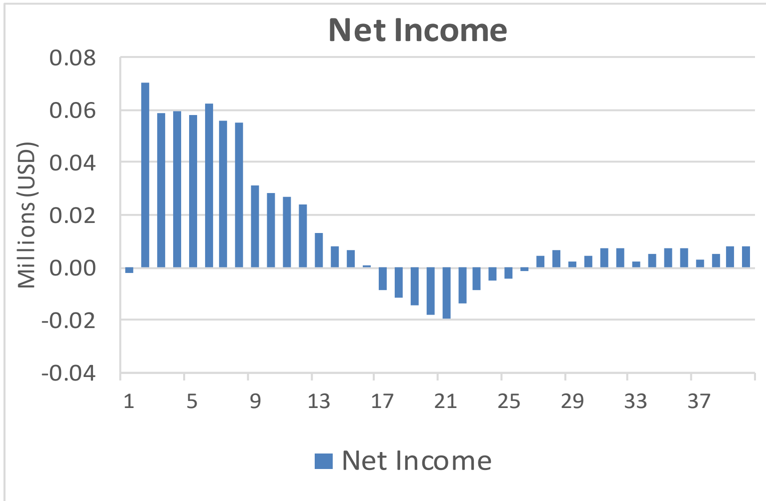
4.6 Net Income

Taking the income and expenses above, one can arrive at net income. Operating income and net income are almost identical as the ECPCGC is exempt of taxes on income.[17] Certain ECCU

[17] See ECPCGC Agreement Article 6 on Immunities

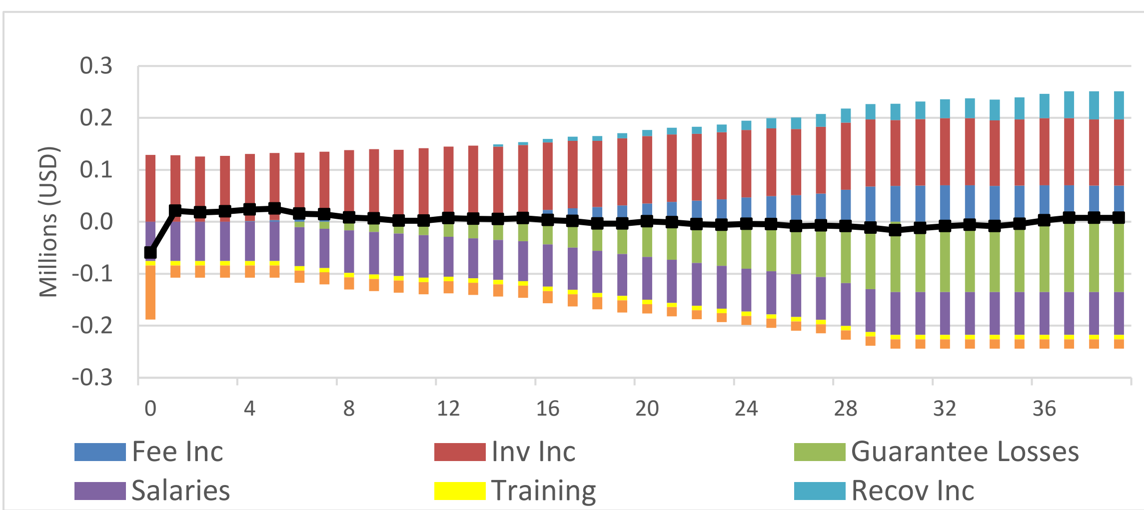
Member States also have no income tax, which has a bearing on salary costs through the ability to acquire talent. The stream of net income is shown in Figure 8 below.

Figure 8: Baseline Net Income



The initial technology outlay and the increase in staff in year 3 pushes net income to become negative. The cumulative net income (discounting at zero percent) yield a positive USD 150,000 while discounting at 10 percent, yield a net present value (NPV) of just USD 14,000. Therefore, the current calibration is very sensitive to any changes and should be viewed as the conservative (high) cost scenario – this is especially the case for default rates and cost estimates. Any concessions that the ECPCGC can get in terms of rent or support services would greatly boost its financial sustainability. Figure 9 combines the subsections above and shows all income statement items together.

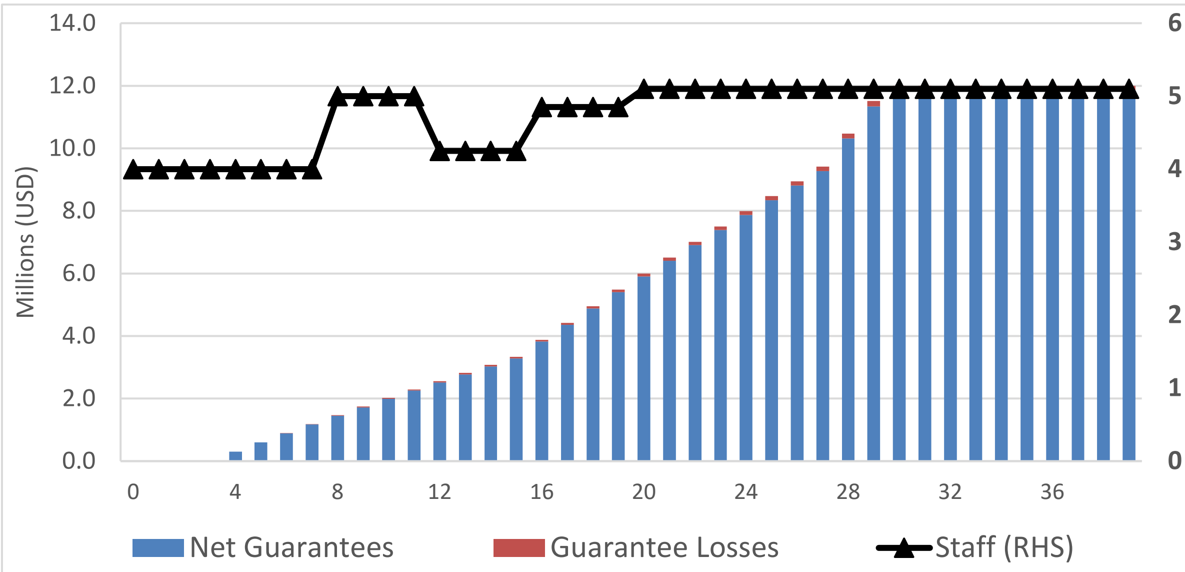
Figure 9: Baseline Income Statement Flows



4.7 Growth in Guarantees

It is anticipated that guarantees will grow at a slow rate. In the advanced mode there is the flexibility to do this. The current ramp rate as shown in Figure 4 shows that guarantees only start being issued after 4 quarters. Growth is initially slow, as guarantees reach 50 percent of total leverage after 3.5 years. Figure 10 shows the growth in guarantees and staff.

Figure 10: Baseline Guarantee and Staff Growth



It is recommended that any indications that suggest that guarantee growth is markedly different from the baseline assumption should have a material impact on costs and staff commensurate with the projected default rate.

5 Operational Policies

5.1 Developing Human Resource Policies

Human Resource policies should be similar to those in use by professional organizations in St. Kitts. Benefits should include all those required by law and those that are customary in professional organizations in St. Kitts. A good list of topics that the CEO should consider covering can be located at http://www.dhrm.virginia.gov/hrpolicies. Due to the small size of the staff, it may not be possible for the Corporation to have a formal policy on every possible eventuality at the time the ECPCGC commences operations.

5.2 Developing the IT platform.

The CEO should obtain the services of an excellent IT platform developer with experience in the financial services industry. Local banks may be a source of leads for potential contractors. Web Portal Design—The platform must perform, at a minimum, the following functions: The e-mail and other day to day electronic communications necessary for a functioning office, including offering a remote access option. The ability to transmit PDF and other types of documents from lenders to the ECPCGC and from the ECPCGC to lenders. The ability for the ECPCGC to interact with a money transfer mechanism that will permit the electronic transfer of funds from the lender to the Corporation for the payment of guarantee fees and the Corporation's portion of collections on defaulted loans and from the ECPCGC to the lender for the payment of claims on loan guarantees or such other payments as may be necessary.

5.3 Web Site Design

The website must be user friendly for lenders, small business owners and ECPCGC staff. It should include at least the following information:

- A description of the ECPCGC and its goal in the Eastern Caribbean Currency Union.
- A description of the loan guarantee criteria, eligible businesses, and the basic qualifications for submitting an application.
- A description of the environmental and social safeguards required to be in place prior to obtaining an ECPCGC guarantee.
- A tutorial for small businesses on how to work with lenders on a loan application (this may already be available and a link would be acceptable as long as the owner of the link does not object).
- Portfolio Information (after the portfolio is of sufficient size that the identity of the borrowers would not be discernable from the information provided).
- Other information that would be useful to lenders and small businesses as determined by the staff.

5.4 Web Site/Portal Hosting

A well-known organization with substantial experience hosting web sites should be selected to host the site. Experience is an important factor. A social media presence will also be required.

5.5 Financial Management System

This section details the accounting and financial reporting policies and procedures within ECPCGC. It is intended to be a guide for the accounting/finance staff when establishing the accounting system for the firm.

5.5.1 Financial Management Responsibility

The Chief Financial Officer will be responsible for the overall management and implementation of the financial management (FM) system of the ECPCGC. The World Bank (the Bank) requires the establishment of a sound financial management system and controls that will facilitate the production of accurate and timely reports to the ECCB, the Board and management of the ECPCGC, and the Bank. The Financial Management System (FMS) must include records and accounts for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS), a format acceptable to the Bank and ECCB and reflects the operations, sources of funds and expenditures of the ECPCGC.

5.5.2 Financial Management Staff

The CFO must have the specific skill sets/capacity required to assist with the creation and implementation of an FMS that will be compliant with World Bank requirements. During the assessment process, the World Bank team will provide assistance as necessary to bring the accounting system and controls into compliance with Bank requirements. The following are the details of the financial management arrangements.

5.5.3 Design of the Financial Management System (FMS)

The financial management system is designed to accomplish the following objectives:

- (i) outline and specify that the accounting principles, procedures and policies to be used by the ECPCGC reflect accountability, control and transparency;
- (ii) ensure that the established procedures are adhered to in the collection and disbursement of funds;
- (iii) ensure that all transactions are properly classified and accounted for accordance with IFRS;
- (iv) ensure that financial statements and reports required by the Bank and the ECCB are prepared on a timely basis, in an efficient and effective manner;
- (v) define the procedures for creating, maintaining and safeguarding records and ensure that records are preserved and classified for easy access;
- (vi) allow for the efficient audit of ECPCGC's operations;
- (vii) ensure that all assets and liabilities are properly accounted for, with a detailed inventory of loan guarantees outstanding, investment assets, and a physical assets register; and,
- (viii) ensure that there are internal controls in place to foster the safeguarding of all assets.

5.5.4 Accounting System

The accounting system used for this project is (to be determined) software. For the loan guarantee operations, each loan guarantee, note receivable, judgment and collateral account is specifically identified by a unique loan number. This number is the primary 'key' used within ECPCGC's loan accounting system to identify, retrieve, record, modify, etc., the accounting record and related general ledger account. Edit routines will be developed to ensure that transactions are recorded properly.

Accounting for investments will be a separate system. This system will track the amount paid, expected earnings, maturity and create a file showing which securities will be maturing within the next 3 months.

This system is designed to cover:

1. internal control;
2. flow of funds to support the issuance of loan guarantees;
3. financial reporting arrangements including linkages to key performance indicators; and
4. auditing arrangements.

5.5.5 Internal Control

The internal accounting controls are designed to prevent or detect errors or irregularities, which would have an impact on the financial statements. The accounting system to be used should support various levels on control (input, verification and authorization) for authorization purposes. All disbursements must be prepared and verified by two staff members at different levels and authorized by the CEO. Any disbursement from the account used to pay on guarantee claims must be reviewed to determine that the requirements for proper payment of a guarantee have been met. In addition, any disbursement to purchase a security must also follow the disbursement process for those who have the authority to sign investment payments.

5.5.6 Flow of Funds

The project will operate two bank accounts, one which will be used for all disbursements except for the payment of guarantees and the other which will be used solely for the payment of guarantees and associated expenses. These are:

- The General Fund
- The Credit Guarantee Fund

The General Fund will be used for all expenditures except those related to the payment of guarantees or expenses associated with the payment of guarantees. All funds shall be deposited into the General Fund. This includes guarantee fees received, interest on investments, recoveries on collateral and any other monies received by the ECPCGC. The General Fund will be used to pay any expenses of the ECPCGC including salaries, office expenses, and consulting fees with the exception of payments related to a guarantee purchase.

The Credit Guarantee Fund may only be used to pay expenses associated with the payment on a guarantee. This includes the principal outstanding on a defaulted loan, up to 90 days of interest at the note rate in effect on the date of default and the ECPCGC's share of expenses associated with the liquidation of collateral. Funds received into the General Fund and not needed to pay expenses due in the next six months shall be transferred to the Credit Guarantee Fund. If the General Fund needs replenishment, up to six months' worth of operating expenses may be withdrawn from the Credit Guarantee Fund.

A Withdrawal Application Form must be prepared for any disbursement from either fund. These forms (which may be electronic) must be maintained and reconciled on a monthly basis. The CFO will determine who must sign each Withdrawal Application form.

5.5.7 Disbursement Arrangements

Disbursements may be made after the Withdrawal Application form has been approved. All disbursements from the General Fund and any disbursement from the Credit Guarantee Fund require two signatures. "Report-Based Disbursement" procedures - using Interim Financial Reports (IFR) - submitted to the Bank on a quarterly basis or as required within 45 days after the end of reporting period.

All Withdrawal Applications must include appropriate supporting documentation (certified supplier invoices, purchase orders, requisition orders, or guarantee purchase requests from lenders). Payment Vouchers should be attached to the relevant supporting documentation. In addition, before payment, all invoices must be approved by the CFO to ensure that payments are not duplicated and that funds are available. The accounting system should be set up to prevent duplication of payments. The Investment System should be set up to prevent investment of too many dollars in one issue.

All original records of receipts and payments, including; invoices, cheques, debit advices, credit advices, and bank reconciliation statements are maintained and filed. Authorization letters and purchase orders must be properly filed.

5.5.8 Authorized signatories

For any disbursement, including making an investment, either two of the following signatories are required to approve the disbursement and sign the disbursing instrument (check, wire transfer, or other) letters of Authorization or order transfers on behalf of the Project:

Chief Executive Officer
Chief Financial Officer
Senior Operations Officer

5.5.9 Journal Entries for Disbursement of funds

The ECPCGC financial transactions must be journalized daily automatically by the financial software or manually where necessary in accordance with IFRS. The CFO should ensure that all transactions recorded in the Disbursement Journal are captured in the ECPCGC's accounting system.

5.5.10 Bank Reconciliation Statements

Monthly bank reconciliations must be prepared, reviewed and approved by the Chief Financial Officer for all bank accounts. The monthly statement from the Investment Company must also be reviewed and signed off by two senior staff.

5.5.11 Fund Receipts

On receipt of funds from any source to the various Bank accounts should be accompanied by a credit advice stating from whom, amount and reason for the deposit. A delegated staff member will record the amount received in the accounting system.

5.5.12 Procedures for Payment to Vendors

a. The ECPCGC requires any payments from the General Fund to be for valid business purposes including the transfer of funds to the Credit Guarantee Fund. The CFO is responsible for approving any payment made by the ECPCGC to any vendor.
b. The ECPCGC requires that any payments from the Credit Guarantee Fund to lenders must be approved by two senior officials after each has determined that the lender has fulfilled the requirements for payment on the guarantee. These requirements are found in Section 6.14 of the Operations Manual.
c. Each payment to the Investment Manager must be approved and signed by two members of the Investment Committee.

For the payment of eligible expenditures from the General Fund, the following steps will be performed:

Once the bill is received, it is date stamped by the Administrative Assistant and submitted to the CFO for approval of payment. The CFO ascertains that the expenditure is proper and then processes the expenditure. See guidelines requiring two signatories on checks.

The designated staff prepares a payment voucher describing the payment, attaches supporting documents, including purchase order, copy of contract, vendor invoice and Goods Received note. The payment voucher is sent to the CFO for final review and signature in preparation for payment. A designated staff member drafts the check or electronic message and CFO seeks a second signature as necessary.

For payment from the Credit Guarantee Fund of a guarantee or expenses related to the liquidation of a loan, the credit officer will prepare the payment package as described in Section 6.14 of the Operations Manual. He/she will draft a summary memo recommending the disbursement and including the reasons why the disbursement is appropriate. CFO will review the memo and either approve or decline the request. If the request is declined, the CEO will review the recommendation of the Credit Officer and of the CFO and make a final determination. A check (or request for electronic payment) will be drafted and executed by two signatories.

5.5.13 Audit Arrangements

The ECPCGC's financial statements shall be audited in accordance with internationally accepted accounting standards by independent auditors.

The audit report will include supporting schedules providing sufficient information on the ECPCGC's operations and a discussion of any issues that may lead to a qualified audit.

Detailed supporting documentation, including certification for expenditures from both funds, will be kept by the ECPCGC for a minimum of seven years.

5.5.14 Financial Reporting Requirements

The ECPCGC will use a computerized accounting system, which should be adequate for preparing timely financial reports for the corporation. The system is designed in such a way to ensure that the procedures conform with the Operations Manual.

The ECPCGC will ensure that information is timely and reliable. Annual financial statements detailing the corporation's performance for each financial year will be prepared.

Financial Reports are to be provided to the following organisations:

- ECCB
- World Bank
- Ministry of Finance for each of the Member States – 1 copy

5.6 World Bank Replenishment, Reimbursement and Direct Payments

Replenishment, Reimbursement and Direct Payments are methods that would be used to request funds from the World Bank. The withdrawal applications supported by the Interim Financial Reports, will be used to replenish the Special Account.

Before withdrawal from the World Bank can begin, the following must occur:

- The credit must be declared effective by the World Bank, following compliance with all conditions specified in the credit agreement and the General conditions.
- The World Bank must receive evidence of authority to sign withdrawal applications (the borrower designates which officials may sign withdrawal applications and provides copies of their authenticated specimen signatures). This letter is signed by the Minister of Finance on his letterhead.
- Disbursement conditions (if any) related to the credit or specific disbursement category must be met.

5.6.1 Replenishment

Application for Withdrawal for replenishment of the Special Account should be done on a timely basis to ensure the availability of funds to meet expenses. The first application is to request the initial advance representing the authorized allocation or a part thereof as specified in the credit agreement. It must include a completed application for withdrawal but requires no supporting documentation. However, prior to requesting the initial advance, the CPD/PCU must have done the following: (1) opened the Designated Account in USD in a commercial bank acceptable to the World Bank, and (2) obtained a comfort letter from the depository bank and submit the letter to the World Bank.

All subsequent withdrawal applications (replenishment requests) are made to request replenishments into the Special Account for payments already made (all replenishment applications to the USD Designated Account must be in USD). The application, together with the IFR, must be prepared and signed by one person who are the authorized signatories and sent to the World Bank, together with a bank reconciliation statement. The disbursement letter will indicate the types of expenditure for which no supporting documentation other than the IFR is required. The application package should also include the bank statement for the Designated Account and Reconciliation Statement. The borrower keeps the supporting documentation in a central location for examination by independent auditors and Bank staff during supervision missions.

If the Bank requires supporting documentation (as in the case of payments against contracts above the SOE limit, generally the same as contracts requiring prior review), copies of procurement documentation should have been forwarded to the Task Manager at the Bank for approval prior to contract award and payment. For expenses above the SOE limit, after the "no-objection" has been obtained from the Task Manager at the Bank, the relevant procurement documentation should be forwarded to the Disbursement Department of the Bank prior to requesting reimbursement on the SOE. One copy of each of the following supporting documents is normally given to the Bank:

- Supplier's or consultant's invoice or a summary statement of work performed signed by the supervising engineer or other authorized official.
- Evidence of shipment (for equipment and materials purchased); this can be one of the following: copy of the bill of lading or forwarder's certificate.
- Evidence of payment; this can be one of the following: receipted invoice, formal receipt or commercial bank's report of payment.

5.6.2 Direct Payment

Payment can be made directly by the World Bank to a third party for goods, works and services. An Application for Withdrawal is prepared. The borrower must provide supporting documentation and give clear instructions to the Bank as to:

- Payee's name and address
- Payee's bank name and address
- Payee's bank account number and Swift Code
- Sort Code
- Country where payee is located

5.7 Program Modification—Portfolio Method

As the program grows and more lenders become familiar with the benefits of a guarantee, the ECPCGC may want to consider establishing a portfolio guarantee as an option instead of a loan by loan guarantee.

The structure described above requires the ECPCGC to review each loan individually and make a determination regarding whether a guarantee is appropriate. This mechanism is useful for new programs as it allows the ECPCGC to see and understand exactly the type of risk that it is backing. It also fosters extensive conversation between the program and the lenders, providing opportunities for lenders to ask questions and for the program staff to point out issues that need to be addressed by the lender.

While there are many benefits to the loan by loan approach, the one-by-one review by the ECPCGC staff is not very efficient. In the Portfolio Method, the program would offer to guarantee a set amount of losses on the portfolio of an approved lender. The lender would not send each guarantee application to ECPCGC for review. Instead, the lender would have full approval authority without prior consultation with ECPCGC. There are several ways to structure such a guarantee: ECPCGC could guarantee the first X dollars of losses. Losses in excess of that amount would be absorbed by the lender. In a second mechanism, the lender would absorb the first X dollars of losses, the ECPCGC would pay the next Y dollars of losses and the lender would be responsible for any losses beyond Y amount.

In a third method, ECPCGC would pay X% of the losses on a portfolio on *a parri passu* basis with the lender. The total amount of losses that would be paid by ECPCGC could be limited.

In each of these cases, the lender would handle all processing, servicing and liquidation of the loans.

Because ECPCGC would not be reviewing each loan, it would need fewer staff members.

A hybrid version of this structure is to delegate all approval authority to the lender and then closely monitor liquidation activity on a case by case basis. Lenders generally have more experience with loan processing than liquidation.

The Portfolio Method works well when the program already has data on the lender's performance on guaranteed loans and can properly price the risk it will be backing.

6 The Guarantee Function

6.1 Lender Eligibility

General Requirements. A lender must be an institution that is regulated and operates in the Currency Union, provides or intends to provide loans in the ordinary course of business to MSMEs that qualify for a guarantee, is approved by the ECPCGC to participate in the scheme and agrees to comply with the requirements of the scheme.

Banks regulated by ECCB. To participate in the program, a Bank must be in good standing with the ECCB and must have the experience and ability to make and service MSME loans as evidenced by the number of MSME loans currently in the lender's portfolio and the length of time the lender has been making MSME loans. The lender must have at least 15 loans in their portfolio and must have been serving the MSME community for at least 3 years. Eligibility will be reviewed on an annual basis. New banks that have recently been approved by the ECCB will be reviewed based on the experience of the staff and the proposed business plan.

A bank that is no longer in good standing, as per the supervisory process, with the ECCB will be removed from the program until it is in good standing with the regulator. If a lender's portfolio falls below the minimum number of MSME loans, it will be on probation for one year. If the portfolio remains below the minimum threshold, ECPCGC will consider whether the lender still has adequate loan processing skills and make a determination regarding whether the lender may continue to submit applications for guarantees. Existing guarantees will remain in place even if a lender's eligibility to participate in the program is terminated.

Credit Unions and Development Banks may apply to the ECPCGC to participate. The ECPCGC, in consultation with its Board of Directors, will determine if the lender is eligible based on its standing with the financial sector regulator in the home country of the lender and other information available regarding the financial stability of the lender. A key factor will be whether the lender had sufficient staff and expertise to process, service and liquidate MSME loans.

Governing Contract—A basic contract between the ECPCGC and the lenders shall be drafted by staff and executed by the ECPCGC and lender prior to accepting an application for a guarantee from a lender. The purpose of the contract is to provide a direct link between the ECPCGC and the lender regarding loans that are guaranteed and to ensure that the lender has committed to agree to all the requirements of the ECPCGC.

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

6.2 Credit Policy Statement

The purpose of the ECPCGC is to offer partial guarantees on those loan applications where there is adequate cash flow to repay the debt from earnings, but there is a problem in the application that would prevent a lender from approving it using conventional loan criteria. This problem may be a lack of collateral, a lack of guarantors, higher risk, or a new sector that the lender has not had extensive experience with or some other factor that makes the application ineligible for approval by a lender. An example would be a growing business that does not have adequate collateral to fully secure the loan. By using the guaranty as a substitute for collateral, the lender is able to approve the loan.

6.3 Pricing the Guarantee

Initially, the fee will be approximately 2.3% of the guaranteed amount, charged at the time of first disbursement. Subsequent payments will be due in the anniversary month of the first disbursement of the loan and will be approximately 2.3% of the guaranteed amount then outstanding for amortizing loans and approximately 2.3% of the approval guarantee amount for revolving credits. A flat fee of approximately 2.3% was selected as the initial fee for several reasons:

- It is typical of partial guarantee programs globally and is therefore based on the experience of previous programs.
- It is easy for staff to learn when operations are commencing and easy to explain to lenders.
- By charging the fee on an annual basis, the fee is higher for longer term loans which recognizes the additional risk associated with the longer term.
- At this time, the ECPCGC does not have any data that it could use to determine a fee that is based on the risk of the sector, location, or other factor associated with the individual borrower.
- At a later date, the ECPCGC may decide to implement a risk-based pricing mechanism when it has sector data and data on other factors affecting the risk of a particular loan.
- Implementation of a risk-based fee structure will require studying the experience of various sectors as well as modeling the impact of macroeconomic variables on each sector.
- Risk based pricing provides a fairer price to borrowers as it eliminates the subsidy aspect that is part of a one price for all borrowers scenario.

6.4 Summary of The Basic Elements of The Program:

The maximum guarantee percentage is 75 percent. Lenders may request a lower guarantee percentage.

Eligible borrowers must have an annual revenue or projected revenue of less than two million dollars (EC) and employ or intend to employ less than fifty permanent employees.

The maximum loan size is XCD 300,000.

Most borrowers should expect to have a minimum of 25 percent equity in the transaction.

In general, there should be a debt service coverage ratio of 1.25:1. This means that the MSME should have free cash flow that is equal to 125 percent of the monthly loan payment.

A guarantee fee of approximately 2.3% of the guaranteed balance will be charged at first disbursement and annually thereafter. The fee will be billed to the lender; however, the lender may charge the fee to the borrower. A markup of the fee to the borrower is not permitted.

There is no maximum interest rate prescribed by the ECPCGC, however, lenders are reminded that the cash flow from the business must be adequate to make the loan payment. ECPCGC credit staff reserve the right to decline a loan application if the interest rate is considered too high.

The loan may be an amortizing loan or a revolving loan. Seasonal repayment structures are acceptable.

The interest rate may be a fixed or variable rate. If a variable rate is used, the base rate and spread must be fully described in the note.

The maximum tenor of the guarantee is 10 years or the tenor of the loan, whichever is shorter.

Loan proceeds may not be used for any purpose that will harm the environment. More information can be found below in Section 7.

Certain types of businesses are not eligible due to the product or service provided. More information can be found below in Section 7.1.

The business may be for profit or not for profit.

6.5 Processing Applications

When the completed application is received, it will be transferred to the Credit Officer for the initial review. The first step of the credit analysis should be completed within two business days of receipt by the Credit Officer. Any major issues should be brought to the attention of the lender immediately.

Credit analysis is frequently separated into five areas, sometimes known as the 5 "C's" of credit. They are character (of the applicant), capacity (cash flow available to repay the loan), capital, collateral and conditions (referring to the loan conditions and the economic conditions affecting the borrower). The Credit Officer will be responsible for analyzing the 5 "C's" of credit as outlined below.

6.6 5 "C"s" of Credit

6.6.1 Applicant Eligibility (Character) Review

This is the first step in the application process. To begin, the list of ineligible businesses should be checked. If the business is listed, the bank should be called and told of the issue. In addition, the web portal should be updated as it should prevent applications from businesses that are not eligible from being submitted. The second step is to perform a web check of the borrower's business and the names of the owners. When a credit bureau is created, checking the credit bureau will be an integral part of the process. The Credit Officer should note in the file the date on which the web was checked and whether there were any findings. The Credit Officer should verify that the lender made a site visit and personally interviewed the applicant. The lender should identify how long it has had a relationship with the applicant. A long relationship is a positive factor. The next step is to check to see if the environmental and social safeguards are adequately discussed in the application. If there was no derogatory information in the file, the business will be deemed eligible. If there are concerns regarding any of the items above, the Credit Officer should call the bank and discuss the case. If the concerns can be addressed, the file should include a discussion of how the issues were addressed. If the concerns cannot be addressed, the application should be declined. The next step is the cash flow analysis.

6.6.2 Capacity Analysis

6.6.2.1 Cash Flow (Capacity) Analysis – With Financial Statements

(when financial statements ARE available – see section 6.6.2.2 for the case where financial statements are not available).

This section will determine the capacity of the borrower to make loan payments based on the projected cash flow of the business after disbursement of a loan. The financial statements for a minimum of the last two years will be used for this analysis. Financial statements may be audited, compiled by an accountant, or created by the applicant. Audited statements are prepared by an accounting firm and reflect a high level of effort to verify all the cash flows reflected in the statements. A compiled statement is put together by an accountant using documents and other information that is supplied by the business owner but is not verified at all. The benefit to compiled statements is that they use the proper format for each statement. Finally, some business owners create their own financial statements based on samples they find in accounting books, on the web, using small business accounting software or copies of previous statements created by accountants. While better than not having any statements at all, credit officers should attempt to verify such items as revenues and expenses by reviewing cash deposits into bank accounts and checks written to vendors from checking accounts.

The first step in cash flow analysis is to understand the purpose of the loan. Why is the applicant borrowing the money? What does he or she expect to do with the funds? The applicant or lender should be able to easily explain why the money is being borrowed and how the funds will be used.

There are three statements that the applicant is likely to provide. They are the Balance Sheet, Income Statement, and Cash Flow statement.

The Balance Sheet reflects the applicant's financial position on a specific date. It will include the assets, liabilities and owner's equity in the business. The assets will reflect their current value as of the statement date. The value reflected is not always a market value. For depreciating assets, the value will be the original cost minus accumulated depreciation. Liabilities will be shown with the balance outstanding as of the date of the statement and will include both current and long- term liabilities (listed separately). A current liability is due within 12 months of the date of the statement.

Long term liabilities are due more than 12 months from the statement date. The difference between the value of the assets and the amount of the liabilities is the owner's equity. This can be positive or negative. A negative owner's equity is a source of concern and additional care should be taken to understand how the loan will help the borrower eliminate the negative equity.

The Income Statement reflects the revenues of the business minus the cost of doing business. This should not be confused with a cash flow statement. The Income Statement includes noncash expenses such as depreciation. It also shows revenues related to when a sale occurred, not when the cash was actually collected. The main purpose of the Income Statement is to determine if the business can be operated profitably over a period of time. The basic calculation for net income is revenues minus the cost of goods sold minus general and administrative expenses minus taxes minus interest on any existing debt. If the result of this calculation is positive, then the business earned a profit.

The Cash Flow Statement is a summary of cash received and cash used during the year. This statement shows if an applicant can collect enough cash to pay its bills. When reviewing a cash flow statement, it is important to estimate expenses for the next year. In addition to salaries, overhead and taxes, do not forget to include expenses that may be specific to the applicant's industry such as permits, licenses or special equipment.

The Credit Officer can use the Income Statement to understand the changes in the net profits for the past two years.

When retained earnings grow, the applicant's net worth or Capital grows. Net worth is the owner's stake in a business. An increasing net worth is a positive sign as net worth is a cushion against future problems.

While the Cash Flow Statement shows all the cash that comes into and is paid out of a business, it is usually separated into three categories. The first is operating activities. These are items that are involved in the making and selling of products, the purchase of raw materials or services and payments of salaries and other expenses. The second category on the Cash Flow Statement is investing activity. This includes cash flows related to the fixed assets (buying and selling) used by the business. The purchase of a building or large piece of equipment would be examples. The final category is financing activity. This shows how much cash is raised by borrowing or by injection from owner (either as equity or as a loan to the company).

The Cash Flow Statement should be projected forward for up to 60 months to make a determination of whether the applicant can afford the loan. A lesser period is satisfactory depending on the tenor of the loan. The key item is to assess whether the projections are realistic.

The first step in analyzing the cash flow statement is to review revenues. The bank should have provided an estimate of revenues for the next 1-3 years. The job of the Credit Officer is to determine whether the estimates are reasonable. If the bank has not provided estimates, the Credit Officer must develop estimates based on other information available in the application.

The second step is to review the expected expenses. It is appropriate that many expenses will increase if sales and revenues increase. Make sure the increase in expenses is proportionate for the increased level of sales that are projected. Remember that some expenses will increase proportionately with an increase in business (raw materials for example), while others will increase at a decreasing rate (the number of people needed to manage the workforce) and others may not increase at all (the cost of utilities such as heat/air conditioning or lights may be constant).

The final step is to determine if there is enough additional cash flow from future operations after the loan is disbursed to pay for the loan payment. A ratio is calculated in which the amount of forecasted excess cash flow available to pay the debt is divided by the loan payment. This is called the debt service coverage ratio. A ratio in excess of 1.25 is a good indication that the borrower has enough excess cash flow to pay the debt. If the ratio is less than 1, there is not enough cash to pay the debt and if the ratio is between 1 and 1.25, the credit officer will have to make a decision about the reliability of the estimates made as part of the credit analysis. If the estimates are conservative, the loan officer may recommend approval. If the estimates are considered high, it may mean that the loan should be declined. In these cases, other factors related to the loan should also be considered when making a final decision. There may also be other factors that offset a debt service coverage ratio below 1.25.

Ratio Analysis is a means of determining the financial strength of a company relative to other companies in the same business. The six basic ratios are:

- Current Ratio—Current Assets divided by Current Liabilities
- Quick Ratio—Cash plus Accounts Receivable divided by Current Liabilities
- Debt to Net Worth—Total Liabilities divided Net Worth
- Accounts Receivable Turnover—Net Sales divided by Accounts Receivable
- Inventory Turnover—Cost of Goods Sold divided by Inventory
- Accounts Payable Turnover—Cost of Goods Sold divided by Accounts Payable

The ratios by themselves do not provide much information. It is important to compare the ratios calculated for the applicant to a standard. There are standard reference data bases available. ECPCGC should start its own data base and collect these ratios from all applicants. In the meantime, it can purchase information on line that can be used for comparison.

The Credit Officer should calculate a breakeven ratio for sales as part of the credit analysis. The breakeven point is the level of sales necessary to cover all the fixed costs associated with a business. A level of sales below the breakeven amount would result in a loss. The breakeven point is determined by first dividing the Total Variable Expenses by Net Sales. The result of that calculation is subtracted from 1. Total fixed expenses are then divided by the result of the last calculation. The calculation is easier to visualize:

$$\frac{Total\ Fixed\ Expenses}{\left(1-\left(\frac{Total\ Variable\ Expenses}{Net\ Sales}\right)\right)}$$

It is important to analyze working capital to make sure the business has enough to pay its expenses, especially if there is a sales increase which results in an accounts payable increase. As a general rule, the amount of working capital that a company should have available is normal cash on hand plus Accounts Receivable plus the Cost of Inventory minus Accounts Payable.

If the cash flow is positive, the debt service coverage ratio is acceptable, and there is adequate working capital, then the Credit Officer should continue to the next part of the analysis.

If the cash flow is positive, but the debt service coverage ratio is less than 1.25, then the Credit Officer should review the case and decide if other factors overcome the reduced debt coverage ratio. The same analysis is appropriate if the ratios are a bit weak. If working capital is inadequate, the first step is to determine if a working capital line of credit is appropriate as part of the financing package and whether there is sufficient cash flow to make a slightly higher loan payment. If additional working capital solves the problem, the Credit Officer should recommend it as a condition for approval of the loan. If the applicant cannot afford additional working capital and other factors of the application are weak, then the Credit Officer should recommend decline.

The next step is capital analysis.

6.6.2.2 Cash Flow (Capacity) Analysis – Without Financial Statements

(when financial statements ARE NOT available).

Cash flow analysis when financial statements are not available is possible if the applicant is able to provide other records that indicate the reliability of his/her cash flow. This is appropriate only for long term clients of the bank where the bank loan officer can verify payments by analyzing the applicant's checking account.

The lender should ask the applicant to provide an estimate of his/her monthly income, and a list of existing debts and assets.

The lender should gather such items as cell phone bills, utility bills, rent receipts, car payment receipts or any other routine (preferably monthly) cash items for the past two years.

The lender should then analyze the payment sequence for each item to ensure that the payments were made monthly and consistently.

A follow up phone call to the entity receiving the payments to ask if they are familiar with the client is important to prove the accuracy of the payments.

Based on this information, the lender may estimate whether there is enough available cash flow to service additional debt.

Considering the lack of verified information, the Credit Officer and Senior Operations Officer should take special care when processing an application that was submitted without financial statements and ensure that the lender has done the same.

The next step for an application processed without financial statements is the capital analysis.

6.6.2.3 Applications from Businesses Owned by Members of the Kalinago Community

Businesses owned by members of the Kalinago Community are not permitted to use land as collateral as property in the Kalinago Territory is communally owned. To compensate for this, credit staff are encouraged to place extra weight on projected cash flow, management experience and to look favorably on loans with a debt service coverage ratio of 150% or higher as a substitute for the lack of collateral.

6.6.3 Capital (equity) Analysis

The Credit Officer should prepare an analysis of the retained earnings (Capital). If retained earnings have been growing over the past few years that means the business has been profitable or it has been receiving additional investment from investors. The officer should determine which situation exists. An increasing net worth due to profits is a positive situation. An increasing net worth due to new investment is not necessarily bad but should be investigated to determine why the additional capital was paid in to the business. If the equity is negative, that means the business has been losing money. Only in very rare cases is it appropriate to approve a guarantee for an applicant that has a negative net worth. An example would be a business that just received a patent that will give them an exclusive market for an extended period of time or a company that has developed an innovative new product that is now ready for market. There must be some new factor that will overcome the past losses.

6.6.4 Collateral Analysis

The collateral should be analyzed to determine what items are available and how many other lenders may have a prior claim to the collateral. A first lien is the best lien position; however, a subordinate lien position on valuable collateral is beneficial and should be taken.

The borrower should be asked if there is anyone (e.g. family member or business partner) who can provide a guarantee for all or some of the loan. It is important that any third-party guarantee be backed by collateral that can be foreclosed upon and liquidated with relative ease.

The Credit Officers should keep in mind that one of the main reasons banks use the guarantee is to substitute for valuable collateral or a wealthy guarantor.

The amount of collateral available should be compared to the amount being borrowed to calculate the loan to value ratio. In conventional bank loans, this ratio typically is less than 100% meaning that the value of the collateral is more than the amount of the loan. In most applications submitted for a guarantee, this ratio will be greater than 100% because the amount of the loan will exceed the value of the collateral. Although the collateral may not fully cover the loan amount, it is important that the borrower pledge all available collateral to demonstrate his or her commitment to the business.

If an appraisal is provided that includes both market value and liquidation value, it is appropriate to use liquidation value as that is the amount that could be received if the collateral was sold in a liquidation situation. This is different than the market value. The market value is the price that a seller would receive in a transaction where the seller was not forced to sell. In a liquidation sale, the buyer knows the seller must sell and typically offers a lower price.

6.6.5 Conditions

Conditions refers to two different parts of a loan which will generally be handled by the bank.

The first set of conditions includes the interest rate, loan amount, tenor, and the use of proceeds. Even though the business may have adequate cash flow to repay the loan, the use of proceeds may not be appropriate for the borrower in the opinion of the credit officer. For example, a successful manufacturer may want to borrow money to open a restaurant, an industry where the owner has no experience. Another problem to watch out for is an applicant that is not asking to borrow enough money to cover the cost of the project or has planned for an inadequate amount of working capital.

The second aspect to reviewing the conditions of the loan has to do with the overall economy and the type of business. If the economy is contracting, some additional caution may be appropriate. If the economy is expanding, but the industry itself is contracting, some additional caution may also be appropriate. If the business has been marginally profitable, it may be appropriate to put a limit on owner's (and family member's) pay, how much money the owner can take out of the business, the maximum number of staff or other similar restrictions.

If the Credit Officer does not believe that the conditions provided by the bank are fully appropriate for the transaction, he/she should add or subtract conditions as necessary.

6.6.5.1 Environmental Considerations

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

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

6.6.5.2 Social Considerations

All social requirements of businesses must be current at the time of application.

Loans may not be disbursed if a business is not current on its obligations to the government.

The final step for the Credit Officer is to write up a Loan Officer's Report containing basic facts about the case and the recommendation by the Credit Officer. The report should also contain a justification for reaching the proposed recommendation and any special loan conditions that the Credit Officer thinks are appropriate for the application.

6.7 Review of recommendation by the Senior Operations Officer

The Senior Operations Officer should take the following steps when reviewing the recommendation of the Credit Officer.

The first and most important step is to understand why the applicant wants to borrow money and what the borrower intends to do with the funds.

i. Check to see if the Credit Officer used an appropriate level of care when making calculations of expected cash flows and ratios. The Senior Operations Officer should review the conditions proposed by the bank and/or Credit Officer and determine if he or she believes these conditions are appropriate. Proposed changes should be made as needed.
ii. The third step is for the Senior Operations Officer to make a decision regarding whether he or she thinks the project is appropriate for the applicant business. To make this decision, the Senior Operations Officer will consider the industry that the applicant is in, the amount being borrowed, and the cash flow and ratio analyses.
iii. If all the factors are positive, then the Senior Operations Officer will concur with the Credit Officer and the application will be approved.
iv. If most or all the factors are negative and the Senior Operations Officer and Credit Officer have both concluded the decision should be a decline, then the decision will be a decline.
v. If the Senior Operations Officer and the Credit Officer do not agree on the decision, the final decision will be made by the Chief Executive Officer.

If a determination is made that the application should be approved, the following steps should be taken.

i. The Credit Officer and Senior Operations Officer should ensure that they agree on the loan conditions. If there is a disagreement on the loan conditions, the Credit Officer and the Senior Operations Officer should meet to discuss their concerns. The CEO will make the final decision if there is an issue that cannot be resolved. Credit officers may contact the bank for clarification of any issues prior to sending the decision to the CEO.
ii. A letter will be prepared by the Credit Officer that notifies the lender that the application for the guarantee has been approved and identifies the conditions related to the loan guarantee approval.
iii. The letter will be reviewed and signed by the Senior Operations Officer.
iv. The Senior Operations Officer should complete his/her review of the application within two business days of receiving it from the Credit Officer. Any decisions that must be made by the CEO should be completed within one business day.

If the Senior Operations Officer and Credit Officer agree that the application should be declined, the following steps should be taken.

i. The Senior Operations Officer should call the bank and verbally explain why the loan was declined. The banker should be given an opportunity to provide additional information that may address the concerns. This call also provides an opportunity for the Senior Operations Officer to offer to provide additional training to the lender's staff.
ii. A letter will be prepared by the Credit Officer that notifies the lender that the application for a guarantee has been declined and identifies the reasons that the application was not approved.
iii. The Senior Operations Officer will sign the letter and send it with notification of the decision. The Senior Operations Officer should be prepared to discuss the case with the lender loan officer.

6.8 The Decision Letter to the Lender

The approval letter will be transmitted electronically and should state that ECPCGC is prepared to offer a guarantee to the Lender based on the terms and conditions in the letter. Lenders should be provided with 30 days to respond to the offer. If a response is not received within 30 days, a second letter should be sent to the lender informing them that the file will be closed if a response is not received within 15 days. If a response is not received, the file should be closed after a telephone call is made to confirm that the lender does not want the guarantee.

The letter accompanying an approval decision should instruct the lender to inform ECPCGC of the date of disbursement by the lender in the first monthly report due after first disbursement and to pay the guarantee fee with the submission of the report. The letter should stress that the guarantee is not in place if the fee is not received at that time.

The letter should clearly identify the permitted use of proceeds for the loan and be as specific as possible. For example, the letter should state that XCD 150,000 may be used to purchase a building located at (provide address), or that XCD 10,000 may be used to purchase a piece of machinery (and provide a detailed description of the machinery). The letter should tell the lender that it must retain evidence in the file of the proper use of proceeds, including receipts for major purchases.

The letter must inform the lender that any change in the use of proceeds must be approved by ECPCGC in writing.

The letter should instruct the lender that if it has any questions, it should contact ECPCGC as soon as possible.

6.9 Disbursement—Instructions for the Lender

Lenders must be instructed to disburse the loan in accordance with the disbursement instructions in the approval letter. The lender should get receipts and take all steps necessary to ensure that the borrower uses the loan proceeds for the intended purpose. The bank should be informed that this paperwork may be needed for guaranty purchase.

With the exception of proceeds used for working capital, the lender should not provide cash directly to the borrower. The lender may use two party checks in the name of the borrower and a vendor, or the lender may pay the vendor directly. The direct payments can be in the form of an electronic transfer or a check.

The lender must retain enough documentation to prove that the loan proceeds were used for the purposes authorized. If any of the proceeds are used for an improper purpose, ECPCGC will reduce the amount of guaranty it will pay in the event of a default by the borrower. The documentation can include cancelled checks, wire transfer tickets, receipts from vendors or other documents from a third party acknowledging receipt of funds.

6.10 Collection of Borrower Payment Information and Guaranty Fees

Lenders shall report to the ECPCGC monthly and provide information about each borrower as of the end of the previous month using the lender portal. Lenders are encouraged to develop software that will automate this process. The reports are due on the 15th of each month, or next business day if the 15th is not a business day.

The guarantee fee for the first year of the loan will be due with the first monthly report after first disbursement. If the fee is not received at this time, the guarantee will be void. A committee of the Senior Operations Officer, Chief Financial Officer and Chief Executive Officer must vote to reinstate the guarantee if the fee is not paid on a timely basis. A review of the borrower's financial situation may be necessary to determine if the borrower is still creditworthy.

Annual guarantee fees are due at the beginning of the anniversary month in which the first disbursement occurred. For example, if a loan was disbursed on March 15th, the first guarantee fee would be due with the April report and the second guarantee fee would be due with the March report in the following year. Fees for subsequent years would be due in March.

Lenders shall include a discussion on each loan that is past due with the report, including how many days the borrower has been past due. The commentary shall briefly describe follow up activities undertaken by the lender or any steps taken to protect collateral.

6.11 Collection and Restructuring Procedures for Defaulted Loans.

i. The lender is responsible for taking all steps necessary to recover the full amount of the loan plus accrued interest. The lender is required to use the same procedures and level of care to service a guaranteed loan as it would for a loan without a guarantee. Generally, these procedures will include:
    a. Monthly monitoring of loan payments. Lender should check to make sure that each payment is made in full and on time every month.
    b. Meetings with the borrower, as necessary, at the borrower's place of business to see how the business is doing. This includes reviewing financial statements if they are available. If not, a review of the borrower's checking account may be a good

substitute for a financial statement review to determine if the borrower's cash flow is stable, increasing, or decreasing.

ii. If the borrower does not make a payment, the bank must telephone and e-mail the borrower immediately reminding him or her that the payment is late. If e-mail is not available, a letter should be written and sent via standard mail as soon as possible.
iii. Within 7 days of the first notification to the borrower, a second telephone call and e-mail should be sent if the payment has not been received.
iv. If the borrower misses more than one payment or if the borrower's cash flow appears to be decreasing, the lender should immediately investigate further to identify the problem.
v. If the borrower's problem is short term, the lender may propose to the ECPCGC that a specified number of payments be deferred (typically no more than 3 to 6) or that the borrower's payment be reduced for a specified period of time. The reduced payments should generally not be less than the amount necessary to pay the interest owed each month.
vi. If the payment is not made within 45 days of the original due date and the borrower has not provided an acceptable reason for the missed payment, a third letter should be sent via certified mail from the lender's attorney. By this time, the borrower will be two payments in arrears. The loan documentation should be reviewed by the lender's attorney to make sure all the documents are properly executed.
vii. If the loan documents are not properly executed, the lender should require the borrower to sign proper documents in exchange for any loan modifications.
viii. After a payment is in default for 60 days, the bank should begin trying to restructure the loan payment. The cash flow available to pay the debt should be calculated and a determination should be made whether a payment of that amount would pay off the debt within a reasonable time. If yes, the loan may be restructured and any restructure must receive written approval from the ECPCGC. If a request is not approved, forced collection should begin. (This may be adjusted to comply with local custom).
ix. The borrower should be requested to provide information on collateral, other possible means of repayment, and current information on the guarantors on the loan.
x. All the steps identified above should be documented in the loan file and may be required as part of the guarantee purchase request.

6.12 Steps to Address Past Due Loans

The Credit Officer shall take the following steps for those loans that are past due on the monthly report:

i. Identify the borrower as past due in the ECPCGC data base.
ii. Respond quickly to any request from the lender for a rescheduling of borrower payments.
iii. Review reports from a lender regarding its interaction with the borrower.
iv. Determine if the level of effort used by the lender to collect past due payments is adequate.
v. Determine if the lender is taking steps to protect the collateral.
vi. Determine if the level of contact from the lender to the borrower is sufficient.

vii. If the Credit Officer considers the lender's effort insufficient, he/she will bring the problem to the attention of the Senior Operations Officer, who will contact the lender and tell them that additional steps are necessary to protect their guarantee.

Lenders should be encouraged to reschedule the borrower's loan payment in those situations where the borrower's financial problems are determined to be temporary. A full or partial payment deferment for a period to 3 to 6 months is usually appropriate to address a temporary problem. Deferments for a longer period should only be used in unusual circumstances and when the ability of the borrower to resume payment at the end of the period is very high. An example would be a borrower suffering a major fire in its building and it will take longer than 6 months to repair the building.

A deferment is not the only modification a lender may provide. Depending on the circumstances, the lender may reduce the interest rate on a temporary or permanent basis, permit the sale of a piece of collateral with the sale proceeds used to pay a portion of the loan balance, or any other change to the loan that will help the borrower continue making payments.

If a monthly report shows that a lender has established a payment deferment or other payment modification, the Credit Officer should ensure that the lender has received written permission to make the change and that the lender has:

i. Obtained a written request from the borrower to reschedule the loan.
ii. Prepared a new analysis of borrower's current financial condition.
iii. Obtained more collateral or other consideration from the borrower where available.
iv. Modified the original loan agreement and obtained the borrower's written consent to all the new terms and conditions.

6.13 Liquidation of Collateral

If the loan is unable to be restructured in a manner that the borrower can afford or after a loan restructuring the borrower fails to make the required payments, it is necessary for the lender to begin liquidation proceedings so that the sale of the collateral can be used to repay the loan.

In general, the lender is responsible for the liquidation of collateral, however, it should be in regular contact with the ECPCGC during the process and, except in extremely unusual situations, should get permission from the ECPCGC prior to beginning the foreclosure process. The ECPCGC will split the collection expenses on a pro rata basis that is the same as the guarantee percentage. The request to begin the foreclosure process should include an estimate of expenses. After the estimate is approved, the ECPCGC must provide written permission to exceed that amount.

The staff member working with the lender shall ensure that the lender does the following:

i. The lender should be working with a local/staff attorney to ensure that all procedures are followed as required by law.

ii. It may be necessary for the lender to hire a security firm to protect the borrower's building and its contents.
iii. The lender should try to gain the borrower's cooperation as the liquidation process works better when the borrower is cooperative.
iv. The lender should contact the guarantors immediately upon default by the borrower and inform them of the possible need for them to repay the loan. The guarantors may be able to encourage the borrower's cooperation and should recognize that the sooner the debt is settled, the lower the amount they will have to pay.
v. If the guarantors do not appear to be cooperating, the lender should begin legal proceedings against them.
vi. The lender should make an inquiry about the borrower's (and guarantor's, if appropriate) properties and financial affairs if a credit bureau and or collateral registry are established.

6.14 Payment of the Guaranty

A loan guaranty may be submitted to the ECPCGC for payment after the borrower is in uncured default on a payment for 90 consecutive calendar days. Payment will be made as soon as processing of the claim is completed.

By this time, the lender should be trying to restructure the loan or beginning foreclosure proceedings if there is no possibility of a restructuring.

The lender shall submit documentation that demonstrates that the loan proceeds were used as required, that all the conditions of the loan were met, and certify that the loan was serviced in a commercially reasonable manner. The lender will also certify that it has not received any payments that have not been reported to the ECPCGC. This includes the proceeds of the sale of any collateral or payment from a guarantor.

The claim will be reviewed by the Credit Officer who will make an initial determination that all the required paperwork is present and acceptable. If it is not, he/she will contact the lender and identify which items are inadequate and what additional information is necessary.

When all the information has been received and determined to be acceptable, the Credit Officer will prepare a summary report and present the claim request to the Claims Review Committee. The Claims Review Committee will review the documentation and presentation and determine that the claim is acceptable to be paid, needs additional information, or is declined.

The Credit Officer who prepared the presentation shall be responsible for notifying the lender of the decision. If the decision is that the case is declined or needs additional information, the staff member will prepare a letter for the signature of the Senior Operations Officer asking the lender for additional information or explaining why the claim was rejected.

The members of the Claims Review Committee will be the Senior Operations Officer, the Chief Financial Officer and the Chief Executive Officer.

The amount of the claim paid will be equal to the guaranteed balance of the loan plus up to 90 days' worth of interest on the guaranteed balance at the note rate. The ECPCGC will not pay any default interest, default fees, or any other fees related to the loan or triggered by the default. Any such fees may be collected after the full amount of the guarantee is recovered and the ECPCGC has been reimbursed for the interest paid to the lender.

The Senior Credit Officer will be responsible for calculating a final settlement amount based on the date of payment to the lender. The amount paid should be based on the present balance of the loan after credit is applied for any proceeds from the sale of collateral or other receipts. The calculation will be validated by the Chief Financial Officer.

The lender will be notified that any additional collections must be shared with ECPCGC on a pro rata basis and sent to the ECPCGC with the monthly report.

The Claims Review Committee shall have the flexibility to negotiate a settlement with the bank/borrower. For example, the borrower may offer an immediate cash settlement in lieu of the foreclosure on his/her property. The Claims Review Committee may decide that the cash offer is advantageous to the ECPCGC compared to the time and legal expense involved in a judicial foreclosure.

When final, the transaction is noted in the borrower's file.

6.15 Determining when to finally write off a loan.

At some point, a loan must be determined as uncollectible and completely written off.

Generally, this action is taken when there is no further possibility of additional collection. When the business is closed and the collateral has either been sold, is worthless, or has disappeared, consideration should be given to writing the loan off. It is important, however, to remember that for some loans it may be possible to continue collection after the business has failed because the owner has taken on a new job and has some income that could be paid toward the debt.

The CEO, Chief Financial Officer and Senior Operations Officer will determine when a full write off is appropriate. This decision will be based on the facts of the case and their knowledge of the local collection laws.

6.16 Exceptions to Policy

If an exception to policy is needed for any of the items related to the loan program, the Credit Officer shall prepare a memorandum describing the issue and shall submit it to the Senior Operations Officer. The Senior Operations Officer will provide comments and send it to the Chief Financial Officer, who will comment as necessary, and send the document to the CEO for a final decision.

7 Social and Environmental Safeguards

7.1 Ineligible Businesses

The following is a list of the types of businesses are not eligible for a guarantee. Annex V contains important additional information on environmental and social safeguards. Any questions should be directed to the Environmental Specialist, who is the subject matter expert on this issue.

- Real estate speculation.
- Land acquisition that would involve involuntary resettlement or land acquisition in which there is not a willing seller.
- Projects that would be classified as Category A under the World Bank OP/BP 4.01.[18]
- Projects that would involve significant conversion or degradation of critical natural habitats or natural habitats.
- Projects that would involve significant impacts on physical cultural resources.
- Projects that would involve the purchase, use or management of significant quantities of pesticides.
- Forest commercial harvesting that includes areas of critical forest or related critical habitat or industrial-scale projects, including plantations that do not have independent forest certification.
- Community or small-scale harvesting forest projects by small-scale landholders or local communities that do not adhere to forest management standards consistent with requirements for a forest certification system
- Projects that would directly or indirectly involve the construction of a dam greater than 10 meters in height or the use of water from a dam greater than 10 meters in height.
- Projects on international waterways (any bay, gulf, strait, or channel recognized as a necessary channel of communication between the open sea and other states).
- Weapons and munitions.
- Alcoholic beverages (excluding wine and beer). This does not apply to companies for which the operations/activities related to these criteria comprise less than 10 percent of companies' total annual revenue.
- Tobacco. This does not apply to companies for which the operations/activities related to these criteria comprise less than 10 percent of companies' total annual revenue.
- Gambling, casinos and equivalent enterprises. This does not apply to companies for which the operations/activities related to these criteria comprise less than 10 percent of companies' total annual revenue.
- Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)www.cites.org

[18] A proposed project is classified as Category A if it is likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented. A potential impact is considered "sensitive" if it may be irreversible (e.g., lead to loss of a major natural habitat) or raise issues covered by OP 4.04, Natural Habitats; OP/BP 4.10, Indigenous Peoples; OP/BP 4.11, Physical Cultural Resources or OP 4.12, Involuntary Resettlement. More information is available at: https://policies.worldbank.org/sites/ppf3/PPFDocuments/090224b0822f7384.pdf [assessed September 21 2017]

- Radioactive materials. 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.
- Unbounded asbestos fibers. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.
- Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest. Primary forest is defined as relatively intact forest that has been essentially unmodified by human activity for the previous 60 to 80 years; and Tropical moist forest is generally defined as forest in areas that receive not less than 100 mm of rain in any month for two out of three years and have an annual mean temperature of 24^{0} C or higher.
- Polychlorinated biphenyl compounds (PCBs, a class of synthetic organic chemicals)
- Pharmaceuticals subject to international phase outs or bans. Pharmaceutical products subject to phase outs or bans in United Nations, *Banned Products: Consolidated List of Products Whose Consumption and/or Sale Have Been Banned, Withdrawn, Severely Restricted or not Approved by Governments*. (Last version 2001, http://apps.who.int/medicinedocs/documents/s16780e/s16780e.pdf)
- Pesticides/herbicides subject to international phase outs or bans. Pesticides and herbicides subject to phase outs or bans included in both the Rotterdam Convention (www.pic.int) and the Stockholm Convention (www.pops.int)
- Ozone depleting substances subject to international phase out. Ozone Depleting Substances (ODSs) are chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase out dates. The chemical compounds regulated by the Montreal Protocol includes aerosols.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Transboundary trade in waste or waste products, except for non-hazardous waste destined for recycling. Defined by the Basel Convention (www.basel.int).
- Persistent Organic Pollutants (POPs). Defined by the International Convention on the reduction and elimination of persistent organic pollutants (POPs)(September 1999) and presently include the pesticides aldrin, chlordane, dieldrin, endrin, heptachlor, mirex, and toxaphene, as well as the industrial chemical chlorobenzene (www.pops.int).
- Non-compliance with workers fundamental principles and rights at work. Fundamental Principles and Rights at Work means (i) freedom of association and the effective recognition of the right to collective bargaining; (ii) prohibition of all forms of forced or compulsory labor; (iii) prohibition of child labor, including without limitation the prohibition of persons under 18 from working in hazardous conditions (which includes construction activities), persons under 18 from working at night, and that persons under 18 be found fit to work via medical examinations; (iv) elimination of discrimination in respect of employment and occupation, where discrimination is defined as any distinction, exclusion or preference based on race, color,

sex, religion, political opinion, national extraction, or social origin. (International Labor Organization: www.ilo.org)

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

7.2 Social Safeguards

The ECPCGC is a credit/loan financing facility for small and medium sized enterprises (MSMEs) in the OECS. The need for this scheme emerged out of the SME Debt Market Failures; Structural and Cyclical in the OECS. OECS governments approached the World Bank (WB) to assist with redressing this problem. In this regard, the WB designed the ECPCGC which will facilitate the establishment of a Partial Credit Guarantee Scheme (PCGS) for Small and Micro Enterprises in the OECS. In so doing, the Banks role in designing the ECPCGC triggered World Bank Operational Manual 4.10 requirement to undertake the preparation of an Indigenous Peoples Plan (IPP)[19] where Bank financed projects are being implemented in countries with indigenous populations. This IPP ensures non-differentiated participation of Kalinago Territory (KT) MSMEs in the OECS PCGS, or put another way, to ensure the land tenure system in the territory which prevents MSMEs from using land as collateral to secure MSME financing does not deny KT MSMEs equal access and opportunity under the scheme when compared to non-indigenous applicants anywhere in the OECS. The IPP represents the bank's consultancy to prepare the IPP with the indigenous peoples of the Kalinago Territory (KT) in the Commonwealth of Dominica.

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

Access to finance is necessary for MSME development in the KT. The inability to use land as collateral to increase access to finance for business development places limitations upon MSMEs especially where alternative options for collateral are limited. This is a critical finding and the proposed PCG project will be designed so that all applicants from the Community are evaluated fairly given this overarching Community constraint that cannot be overcome by any single individual. In addition to the use of land as collateral constraint, the community and all other stakeholders consulted concluded that lack of business acumen and related business development

[19] This will be disclosed publicly in October 2017 and the link will be shared

capacity constraints in the KT is an equal if not larger deficit the community will have to overcome. The bank is so mindful and recognizes that the Technical Assistance footprint of the OECS SME PCGS will have to be deeper and longer in the KT.

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

The CEO has been tasked with the responsibility of resolving any issues that arise with relation to serving businesses located in the KT. The CFO will provide expertise as necessary to review any social safeguard issues. Social safeguards also include ensuring the protection of the cultural heritage of all residents of the OECS as well as making sure that projects financed do not treat people unfairly. An example of unfair treatment would be the forced sale of land at other than a market price. There is additional information regarding social safeguards in Annex V.

7.3 Environmental Safeguards

The World Bank takes its responsibility to finance environmentally responsive projects very seriously. Projects receiving ECPCGC assistance must abide by all local environmental laws as well as meet the World Banks requirements for proper environmental stewardship. This includes avoiding the use of any banned chemicals and ensuring that all environmental safeguards required for a particular type of business are in place and functioning. The environmental questionnaire that is part of the application process must be completed. The questionnaire is designed to automatically ask to follow up questions as necessary. Any questions regarding environment issues should be addressed to the Environmental Specialist. A full discussion of environmental requirements and the questions for the questionnaire are included in Annex V.

7.4 Grievance Procedure for Kalinago Community

If a member of the Kalinago Community feels that he or she has not been treated appropriately by the ECPCGC due to the unique nature of land ownership in the Kalinago community he or she may submit a written grievance to the CEO of the ECPCGC. The CEO will assign the complaint to the ESHS Specialist who will conduct an investigation. The investigation will include a review of all written documents as well and an interview with the individuals involved. The Credit Officer will be assigned to assist the ESHS with credit aspects of any complaint. The complaint will be resolved as quickly as possible and the complainant will be given an estimate of the time necessary to conduct an investigation within 10 days of receipt of the complaint.

If the complainant is not satisfied with the result of the investigation, he or she may appeal the decision to the CEO who will review the process used and the final determination. If the complainant remains unsatisfied, he or she may seek redress in the courts.

8 Risk Management

8.1 Risk Management Strategy

The ECPCGC shall use a risk management strategy that includes teaching ECPCGC staff and staff members at participating lenders to recognize the characteristics that are found in small businesses where it is appropriate to use a guarantee. These MSMEs have a problem in their application package that can be mitigated by providing a guarantee on a portion of the loan. The following is a list of examples where the guarantee would be appropriate, assuming the borrower has adequate projected cash flow to repay the loan:

i. A fast-growing business with a good market and a good business plan needs additional cash to finance the growth of the business. For example, cash would be used to purchase a new machine to make more of a very popular product.
ii. A business wants to build an addition to its current building to make it bigger. The new space will allow the company to hold more inventory or to have more space to make their product.
iii. A service business that does not have a significant amount of real estate to pledge as collateral can use the guarantee to obtain financing to purchase equipment necessary for its business.

8.2 Risk Universe Identification

The Risk Universe for the ECPCGC is wide and varied. These risks range from hiring satisfactory personnel to the level of economic activity in OECS Member States to the security of the ECPCGCs information system and the honesty of participating lenders. The primary risk is that the staff will guarantee loans that are unlikely to be repaid and the lender will call on the ECPCGC to pay its guarantee.

8.3 Primary Risk Mitigation

ECPCGC will manage the primary risk by ensuring that the staff is properly trained and by working with lenders to teach them how to identify successful potential users of the guarantee. The second means for loan risk identification is using a cash flow analysis to determine if the applicant’s cash flow after the loan is disbursed is adequate to pay the loan payments. The target debt service coverage ratio will be 1.25 to 1 after projected revenues and expenses for the next few years are analyzed. This policy is not absolute and the Corporation may approve loans with a lower debt service coverage ratio when mitigating factors exist that offset the lower cash flow availability. These mitigating factors must be listed in the loan officer’s report along with an explanation of how the factor will offset a lower debt service coverage ratio. A typical mitigating factor is the certainty with which the revenue predictions can be made. For example, a firm may be selling a product to the government or to a very large business. The risk of the government or a large business not paying the applicant’s bill is very low adding to the certainty of the revenue prediction.

8.4 Secondary Risk Mitigation

Other aspects of the risk universe that affect the lending program include staff training, lender training, lender honesty, borrower honesty, information system integrity, purchase process integrity, investment portfolio management and environmental and social risks. Each of these will be addressed below.

8.5 Lender Fraud.

Lender fraud is a risk in that if lenders provide false information the ECPCGC staff will make bad decisions. The risk exposure of at least 25% on the part of lenders is a significant step in mitigating this risk. The loan purchase review process is the second major step in mitigating this risk.

8.6 Borrower Fraud.

Applicants must provide accurate information so that the bank and the ECPCGC can make an informed credit decision. ECPCGC depends on the lenders to know their borrowers. Lenders frequently have experience with the applicant prior to submitting a guarantee application. In this case, the lender exposure contributes to the mitigation of the risk that borrowers will provide incorrect information. The unguaranteed portion of the loan is an incentive for the lender to investigate information provided by the borrower and the ECPCGC can use that lender risk to help mitigate its own risk. A secondary mitigation of this risk is the experience of the ECPCGC staff. If they see information that looks like it is not correct, they can call the lender and ask for verification.

8.7 Information System Integrity.

It is imperative that the Corporation's information system be secure and in excellent working order with all recent security and other system improvements installed and operating. This risk is mitigated by using a well-regarded service provider to run the underlying IT systems.

8.8 Purchase Process Integrity.

It is critical that only those loans that are eligible for purchase are actually purchased. ECPCGC can mitigate this risk by requiring that the Claims Review Committee approve all purchases. A sample of the purchases should also be reviewed by the outside auditor as part of the annual audit process.

8.9 Portfolio Management.

It is necessary for ECPCGC to have regular (monthly) portfolio management reports that will provide a good summary of the status of the portfolio, identify trends (negative or positive) and provide enough information for management to decide if action is necessary. The report should be for the total portfolio and sorted by lender, sector, size, and any other way that the CEO or Chief Financial Officer wishes.

8.10 Investment Portfolio Management

The investment of the ECPCGC's capital is an important part of overall operations. Transparent procedures, frequent reporting, and multiple signatories to decisions will help offset the risk of managing these funds. Further information on risk management of the portfolio can be found below.

8.11 Environment and Social Risk Management

It is important for the ECPCGC to take steps to mitigate any issues related to environmental or social issues prior to approving a loan guarantee. Specific guidance is provided in Annex V. An environmental questionnaire will be part of the automated loan application process.

9 Investment Management[20]

It is important for the Investment Committee of the Board of Directors to develop a meaningful and practical investment plan as a significant portion of ECPCGC's revenue consists of earnings on investments. These earnings will be used to offset losses on defaulted loans and to pay other expenses associated with program operations.

The equity capital of the ECPCGC along with any cash not needed within the next six months must be invested. In the initial set up of the ECPCGC, some of the funds are labeled capital (or equity) and some funds may be labeled as undisbursed World Bank loans. It is important to note that all of these funds may be invested. The purpose of the undisbursed World Bank funds is to ensure that the ECPCGC has enough working capital to cover its expenses for the first five years. These funds cannot be used as capital to back loan guarantees but they may be invested until they are needed to cover expenses.

An Investment Policy Statement (IPS) serves as an instruction manual in the development and realization of an investment strategy. A well-defined and developed IPS anticipates issues related to governance, asset allocation, risk management, as well as monitoring, evaluating and setting reporting benchmarks. Importantly, the IPS serves as a policy guide that can offer an objective course of action during periods of market disruptions when emotional or instinctive responses might otherwise motivate less prudent actions.

ECPCGC intends to invest in securities issued by the OECS member states as much as possible. This may create some challenges in the management of these funds.

The IPS incorporates accountability standards that will be used for monitoring the progress of the portfolio's investment program and shall apply to all ECPCGC investments. In addition, it sets forth the investment objectives, distribution policies, and investment guidelines governing the activities of the Committee and any other parties to whom the Committee has designated or delegated investment management responsibility.

The investment policies for ECPCGC as established in this IPS have been formulated consistent with the institution's anticipated financial needs and in consideration of the liquidity conditions, structural intransigencies and what would be reasonable parameters for the institution's tolerance for assuming financial and investment risk.

Policies contained in this statement are intended to provide guidelines, for ensuring that the portfolio's investments are managed in a manner that is consistent with the ECPCGC's short-term and long-term financial goals. They are intended to provide for sufficient investment flexibility to absorb changes in capital market conditions and in the financial circumstances of the institution.

[20] This section was drawn from a consultancy procured by the World Bank on developing the investment policy.

An Investment Committee of at least 3 Board members will be established. This Committee will review the IPS at least once per year. Changes to the IPS can be made only by affirmation of a majority of the Committee and written confirmation of the changes will be provided to all Committee members, the authorized ECPCGC signatories, and to any parties hired to manage the portfolio, as soon as is practical.

9.1 Investment Management-Roles and Responsibilities

9.1.1 The Investment Committee

ECPCGC's Board of Directors will establish an Investment Committee, consisting of Board members who have knowledge in the field of investment management. The Investment Committee will act in a fiduciary capacity with respect to the portfolio and is accountable to the Board of Directors. It will have a strong governance role in the management of the institution's investments.

While the Chief Financial Officer is responsible for daily investment and cash management activities, the Investment Committee is responsible for the governance and management of the longer-term aspects of the investment program, including development and approval of any changes made to the IPS regarding:

i. Governance, including:
   a. Developing policies that are suitable for achieving the strategic objectives set for the Corporation by the Board.
   b. Approving such policies and policy proposals that may be set forth by staff members.
   c. Reviewing and revising policies as required.
ii. Acceptable Investments.
iii. Ensuring that the investment activity conducted by the Chief Financial Officer is audited and found to be consistent with investment policy.

To facilitate oversight, the Investment Committee shall direct the CFO to supply quarterly reports to the Committee related to investment performance, how that performance complies with established investment criteria, and the identification of breaches to established risk limits.

The Investment Committee will meet at least once per quarter, and receive the quarterly report on investment performance from the CFO. At each meeting, a portion of the agenda will be devoted to reviewing the asset allocation strategy, in light of prevailing changes in economic conditions. Committee members may propose changes to investment management guidelines or consider changes proposed by others.

9.1.2 Role of the Chief Financial Officer

In addition to the day-to-day management of the investment portfolio, the CFO shall be responsible for:

a) Developing and implementing a reporting framework to keep the Investment Committee abreast of changes in the portfolio, macroeconomic conditions, and other factors that might affect the effective management of the ECPCGC.

b) Reviewing the IPS and investment policies annually and, if necessary, making recommendations for revisions to the Investment Committee.

c) Acting on the policy mandates of the Investment Committee, including developing and implementing the procedures required to do so.

d) Contacting securities dealers and seeking potential investments when necessary. He/she will prepare a recommendation to make a purchase.

e) All other duties designated by the Investment Committee.

f) Monitoring the investment positions relative to a "risk budget," which will be established by the Investment Committee.

g) Establishing a custodial banking relationship to provide an independent monthly accounting of positions and will ensure that this relationship is included in the annual audit of the ECPCGC.

h) Acting as the second signatory required for an investment to move forward. (The CEO is the first signatory (see job description above).

9.2 Investment Return and Risk Objectives

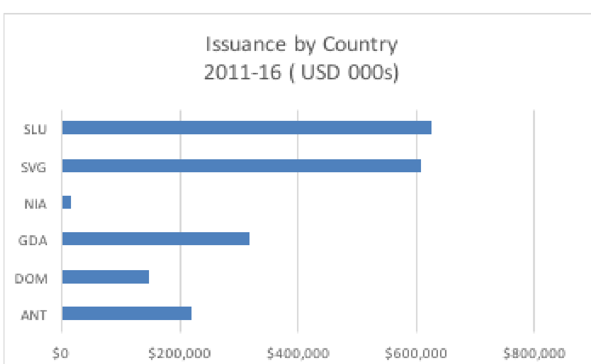
9.2.1 Overall Investment Objective

The goal of investing the Corporation's capital is to help fund the overall mission and sustainability. This revenue, in additional to guarantee fees, will be used to offset losses and pay operating expenses.

9.2.2 Investment Universe.

It is appropriate that the Corporation's capital be invested in debt instruments issued by member nations. While investments should be spread among the OECS states, the chart shows a wide disparity in the amount of debt issued in the past 5 years. Thus, ECPCGC may not be able to spread the investments evenly.

Figure 11: Issuance by Country



Source: RGSM

9.2.3 Asset Allocation

Asset allocation for a well-structured portfolio provides for the greatest return with the lowest volatility. Crafting a well-balanced, diversified portfolio allows an investor to reduce overall risk while increasing overall returns. Issues that are taken into consideration when developing a risk-reward trade-off and creating an efficient asset allocation strategy across a universe of investments include:

9.2.4 Correlation

The lower the correlation, the greater the benefit of blending two different assets in a portfolio. Asset allocation means dividing a portfolio into components that do not move completely in sync in order to reduce total portfolio volatility.

9.2.5 Volatility

Volatility is the degree of variation in trading prices over time as measured by the standard deviation of returns. Historic volatility is derived from time series of past market prices.

9.2.6 Liquidity

Liquidity describes the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price. There will also be a need to keep some of the capital as cash or cash equivalents for liquidity needs. The current value for liquidity is set at 20 percent of the capital base.

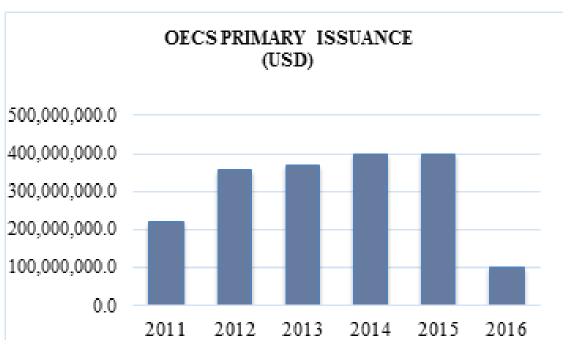
9.2.7 Market Efficiency:

Market efficiency is the degree to which bond or stock prices reflect all available, relevant information.

9.2.8 Limited Market

The market for securities issued by the OECS is limited so it may not be possible to develop a portfolio that fully embraces all the items listed above. The following chart shows total issuance during the past few years (2016 is a partial year number).

Figure 12: OECS Primary Issuance



Source: RGSM

9.2.9 Primary Issuance

Since 2011 primary issuance has averaged roughly US$350 million per annum or approximately US$58 million per country. Distribution, however, is unequal with St. Lucia and St. Vincent and the Grenadines accounting for the bulk of the issuance. Therefore, it will not be possible to purchase an equal amount of each nation's debt. Fortunately, an injection of US$12 million will not necessarily move the market and is not material from a non-price taker perspective.

9.2.10 Secondary Market

The secondary market for these issues is shallow and lacks depth as there are a limited number of firms that make a market in these securities. Based on this, a buy and hold strategy may be most appropriate.

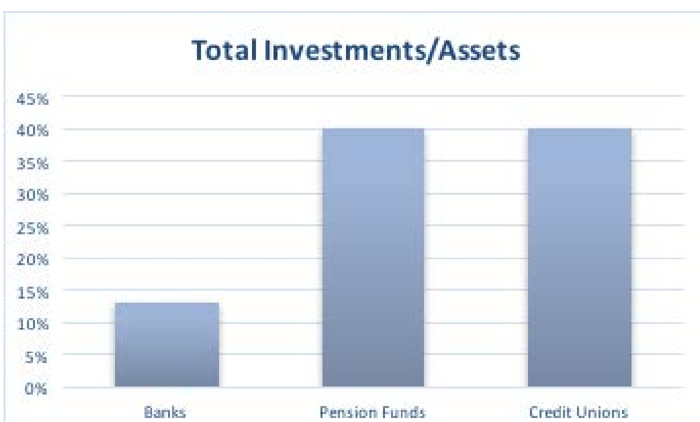
9.2.11 Ratings

Within the OECS only Grenada, Montserrat and St. Vincent and the Grenadines have external ratings. Despite the lack of formal ratings, there are ways to 'shadow rate' countries, institutions, and individual securities by comparing the yield on an unrated instrument with the yield on a rated one. Such an analysis would suggest that most nations are rated approximately B/B2, with some being slightly higher and some slightly lower. At the same time, as a domestic OECS institution, the ECPCGC does not need to only invest in rated issuers. ECPCGC should also consider ratings issued by CariCRIS.

9.2.12 Investment Competition

Investment competition is high in the OECS. The amount of excess liquidity in the local banking system is roughly US$1.8 billion, equating to 31% of OECS GDP and roughly 40% of the total assets of the local banking sector. Institutional investors include pension funds, credit unions and insurance companies. The bulk of investments at credit unions and pension funds are being held to maturity, also suggesting that this may be an appropriate strategy for the ECPCGC.

Figure 13: Total Investment / Assets



Source: RGSM

9.3 Available Issues

Primary issuance for the six OECS jurisdictions in 2015 was roughly USD 350 million. If ECPCGC were to sweep 100% of its assets, it would equal roughly 4% of the market. While slight in nominal terms, in market terms, this may be considered a large percentage for a small market. Therefore, it is important that the Investment Committee provide guidance on how much to invest at any one time.

9.3.1 Sample Yields

These can be seen in the chart from the ECCB listing the following reference rates:

Table 2: Sample ECCU Yields

Instrument	Yield	Date
ECCB Discount Rate	6.50	21-July-03
Minimum Savings Deposit Rate	2.00	01-May-15
Daily Weighted Inter-Bank Market Rate	-	03-Dec-15
Treasury Bill Rate (91 Days)	3.86244	22-Jul-16
Treasury Bill Rate (180 Days)	2.95626	20-July-16
Treasury Bill Rate (365 Days)	4.76190	20-July-16
Treasury Note (*2 - year)	4.950	28-Sept-15
Treasury Note (*3 - year)	6.500	06-Nov-15
Treasury Note (*4 - year)	6.000	26-Oct-12
Treasury Note (5 - year)		02-Dec-15

Source: RGSM

For reference, a check of recent auctions and secondary market activity on the Regional Government Securities Market (RGSM) shows that maturities in excess of one year have a yield between 4.95% and 6.5%. This suggests that the projected 4.3% portfolio yield is appropriate when considering that 20% of the amount is invested short term.

9.4 Account Operations

The CFO will be the primary person responsible for day to day operations of the investment funds. He or she will integrate the cash flow from the investments into the daily cash needs of the Corporation. ECPCGC must have a checking account that will hold immediately available cash.

The CFO must construct a quarterly cash needs analysis to ensure that adequate liquidity is available to meet obligations. Tracking ongoing expenses and borrower defaults is crucial. The guarantee purchase being delayed until 90 days after borrower default will help with the cash flow prediction.

For short term cash needs, ECPCGC may pledge existing bonds in the portfolio as collateral for a short-term loan. This is critical to explore early on and the Corporation may consider establishing a line of credit based on the pledging of these securities so that the paperwork will be completed and the loan available when the need arises.

Initial investments should be made using a ladder of maturities, if longer maturity securities are available. When an investment matures, it should be replaced with a similar maturity security, if available. If a similar maturity is not available, the cash level of the ECPCGC should dictate whether a shorter or longer maturity is purchased. The greater the cash cushion, the longer the maturity security that should be purchased.

9.5 Sample Yields

An analysis of the market provided the following information which may help in account operations:

The 91-day, 180-day, 365-day, and 5-year segment all had substantial issuance to cover the potential size of the ECPCGCs investible assets.

The 91-day and 180-day tenors had a higher number of auctions spread unevenly across the jurisdictions. The 91-day and 180-day auctions would require the investment manager to rollover the investments approximately four- and two-times per annum, respectively.

Targeting the 365-day, 5-year and 6-year segment would lead to higher investment return, however, it would limit purchases to only a few of the OECS States.

While purchasing the long-dated tenors in bulk will reduce transaction costs and increase investment yields, it would concentrate risk in a few assets and would complicate cash management. Such a practice may only be advisable when ECPCGC is able to borrow against these assets to meet short term cash needs.

In 2015, across the six OECS jurisdictions the following auctions, by tenor, occurred:

Table 3: 2015 Auctions

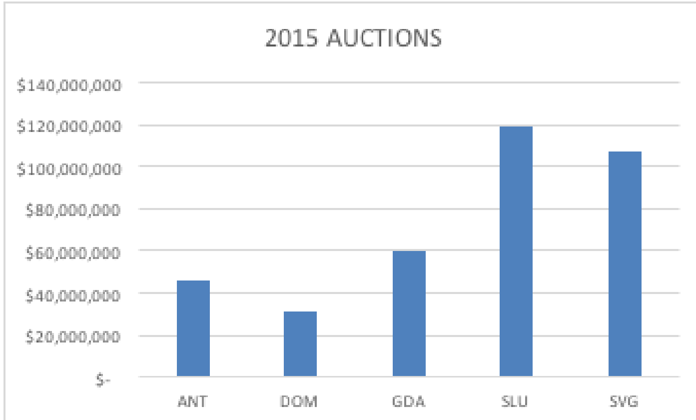
	2015 $ Amount Issuance By Tenor		Avg. Rate
91 days	$	201,111,111	3.9%
180 days	$	77,777,778	4.3%
365 days	$	39,629,630	5.7%
2 years	$	3,703,704	5.4%
3 years	$	5,555,556	5.9%
5 years	$	28,074,074	6.2%
6 years	$	9,000,000	7.3%

Source: RGSM

9.5.1 Investment Diversification

While it would be beneficial if the debt purchases could be spread evenly across all OECS states, it is likely that this will not be possible. The CFO should work to select debt instruments from all OECS jurisdictions, but the amount held by ECPCGC does not have to be equal for all states. As the chart of 2015 auctions shows, the difference in the amount of debt issues by OECS nations is substantial. This will make owning an equal amount from each nation impossible. This should be acknowledged early to the Board.

Figure 14: 2015 Auctions



Source: RGSM

The CFO must make sure that the investments do not become concentrated in any one issuance or the debt of one OECS member. The Investment Committee shall determine the maximum percentage of a particular debt instrument that may be owned during the set-up process and based on market information available at that time.

9.6 Investment Risk Management

It is important that the CFO review all procedures related to investment management.

Each purchase should be signed by the CEO and CFO, with each verifying that the instrument being purchased is within the guidance provided by the Investment Committee.

The securities dealer handling purchases should have a list of acceptable signatures and have in their contract a requirement that staff verify that the names of the ECPCGC representatives directing the purchase or sale of a security are on the list of acceptable signatures.

Steps should be taken internally to assure that ECPCGC personnel who are not permitted to direct the purchase or sale of a security are not able to access the system used for such transactions.

The procedures should be reviewed and modified as necessary after the first six months of use and then on an annual basis thereafter.

10 Training of Lender Loan Officers

ECPCGC must provide frequent and accurate training to participating lenders. The training curriculum must recognize that lender staff turnover is frequent and that the training will have to be offered on a regular basis. The comments and issues raised by those loan officers being trained will also provide good feedback to determine ways to improve the guarantee program.

Training of line loan officers at lenders is an ongoing process. New officers are hired as experienced ones retire. It is especially important in the first two years that training be readily available. The Senior Operations Officer should consider whether there is sufficient demand to conduct a monthly training session or consider offering to conduct a session for a specific lender. Initially, it is appropriate for the staff to visit the various islands to conduct the training. In addition, the staff should develop training that can be conducted as a webinar with a question and answer opportunity and finally, staff should develop a web-based training that loan officers can use by themselves to complete an application on the web portal.

The content of the training should include basic cash flow calculations if necessary along with guidance on the types of businesses that are eligible for a guarantee, the maximum amount of a guaranteed loan, the required social and environmental safeguards and other items that are specific to the program. There is an annual budget for training which is intended to address a critical deficiency that was discovered during the due diligence of the project. This is also a recognition that the first point of contact for many business owners are loan officers. Areas that could be covered include the following:[21]

The Understanding Small Business Environment course will help bankers understand the general rules and regulations that govern the small business industry and the concepts and theories that surround the development of small business relationships. Prepared with an understanding and working knowledge of the small business environment, a banker will be able to appreciate the needs, goals and objectives of small business owners.

The Building Relationships with Small Business Clients course will help advisors better understand the challenges small business owners face and provide essential relationship building skills to effectively serve their clients.

Credit risk assessment and lending decision skills for Canadian Small Business lenders

Small business is the fastest growing segment and source of employment in Canada. As a result, lenders and bankers are more often required to understand how small businesses operate in order to best advise their clients. Moody's Small Business Lending course is dedicated to understanding the financial and operational analysis that affects small business owners. The course shows students how to evaluate the financial health of a business and make good credit and business decisions for small business owners and operators.

Source: Canadian Securities Institute

[21] These are shown here for illustrative purposes and are not an endorsement of CSI. The procurement policy would need to be followed for training.

11 Technical Assistance to MSMEs

Special steps should be taken to work closely with Technical Assistance (TA) providers that work directly with MSMEs. TA providers with a track record of assisting MSMEs in the region will be identified and approached as potential collaborating partners. There should be close collaboration between the ECPCGC and these existing organisations.

Existing MSME TA providers should be evaluated before any collaboration agreements are signed. The TA provided should include showing small business owners how to approach lenders if they are not already providing this service. This should include preparing proper financial statements as well as teaching the small business owners how to tell the story of their business so the loan officer will understand the product being sold and how the small business owner expects to find customers.

Secondly, TA providers should be given basic information on how the guarantee program operates, the important details of the plan, and guidance on the types of businesses that qualify for assistance. Depending on the decision regarding whether to market directly to small businesses, the TA providers could also encourage their clientele to suggest a guarantee to the lender if the business is turned down for a loan. However, it is important not to raise expectations that receiving TA will ensure that a guarantee will be issued.

12 Marketing and Branding

12.1 Marketing the Guarantee Program

The guarantee program should be marketed to the lending community, the business community, and to professionals who service the MSME community. The approach to marketing will differ for each group.

The primary outreach should be directly to the lending community. Lenders will be the direct users of the program and must be familiar with it to include it in their list of products offered. It is important to reach out first to senior management to secure a decision to add the guarantee to the product mix. The CEO should handle these meetings. Subsequently, ECPCGC staff should offer to run a training class for the line loan officers and other staff members who have direct contact with MSMEs. The key is to encourage line loan officers to consider using a guarantee rather than declining a customer who does not meet the lender's usual criteria for a loan. An onsite demonstration of the web portal should be part of the training. ECPCGC staff should focus on the fact that loan officers spend time and money finding possible borrowers. Any money spent on an applicant that is subsequently declined is wasted. The guarantee will allow the lender to approve some applicants that may otherwise have been declined, thus salvaging the time and money used to encourage the business to apply for a loan.

Secondary outreach activities should be aimed at attorneys, accountants, and other professionals that interact directly with business owners. These individuals do not need the same level of understanding that bankers do. The primary goal of educating these professionals is that they could suggest to a client that the client mention the guarantee to his/her lender if they did not think they would qualify for traditional credit.

Tertiary outreach should be directly to MSMEs. There are two views on advertising directly to small business owners. The CEO will determine the appropriate approach for the ECPCGC. The first view is that if the individual business owners are aware that there is a guarantee program available, they may suggest it to their lender if they get declined for a loan. This will increase business as not every loan officer is familiar with guarantee programs. The second view is that if a borrower knows there is an outside guarantee on his or her loan, he or she may decide not to repay the loan on the assumption that the guarantor will pay it off. This problem is a bigger issue in areas where litigation to recover collateral can take several years. Outreach to business owners can take several forms from co-sponsoring a local sporting event to making a presentation at the Chamber of Commerce meeting.

12.2 Branding

Maintaining a consistent brand will be important for the ECPCGC. Its visual identity is part of this process. Since the ECPCGC is a lean organization there will be no dedicated marketing or branding staff.

Annex IV shows the final version of the ECPCGC logo. It was initially created through a World Bank commissioned exercise to develop the visual identify and brand management of the ECPCGC. An internal team devised the requirements for such a visual identity that covered the banking and insurance side of the ECPCGC, it's social function in helping ECPCGC and the geography of where it is based. A total of six initial design were submitted and then one final option was developed in full. This final option was then slightly revised and finalized by the ECPCGC Board.

13 Monitoring and Evaluation

Monitoring and evaluation are a critical part of the process. In addition to improving the program, this process will provide valuable information to designers of partial guarantee programs that will be used in other locations.

ECPCGC shall prepare an annual report which describes the activities of the previous year and how the program is meeting its goals of assisting MSMEs. The report should contain statistical information on the portfolio of guarantees and a description of outreach and other activities designed to teach lenders and MSMEs about the program. It should also contain an update on Indicators 1-7 listed below that the ECPCGC will be using to monitor its progress toward improving the availability of financing. The World Bank will have funding to prepare quarterly reports for the first five years, however the indicators should be collected quarterly by the ECPCGC.

The following are the indicators that will be measured regularly and including the creation of a baseline where necessary.

Indicator 1: Number of Guaranteed Loans
Indicator 2: Total amount of outstanding guaranteed loans
Indicator 3: Measuring outreach: Number of MSMEs receiving guaranteed loans
Indicator 4: Measuring outreach: Share of guarantees issues to women owned or managed MSMEs
Indicator 5: Measuring additionality: Percentage of funding through guaranteed loans with maturity > one year
Indicator 6: Measuring sustainability: Equity ratio (the ratio of equity to outstanding guarantees)
Indicator 7: Measuring sustainability: Number of guarantees paid-out

14 Procurement[22]

14.1 Governing Principles of Procurement

As a regional public corporation, all procurement conducted by ECPCGC uses public funds and it is, therefore, imperative that all procurement conducted by the corporation should be based on the relevant public-sector principles of:

Transparency: The principle of transparency requires that relevant procurement policies, procedures and information be made publicly available to all interested parties, consistently and in a timely manner, through readily accessible and widely available sources.

Fairness: The principle of fairness refers to equal treatment for bidders and an equitable distribution of rights and obligations in contracts signed between ECPCGC and its vendors. While open competitive procurement procedures may be appropriate only for high-value procurement transactions, all qualified vendors from within the Caribbean region who have an interest in participating in ECPCGC's procurement programs should have equal access to doing so.

Efficiency: The principle of efficiency requires that the procurement process used for a given requirement should be proportional to the value and risks of the subject transaction.

Accountability: The concept of accountability combines the requirements of transparency and responsibility, and holds those involved in the procurement process be held accountable for their actions and inactions and that all procurement transactions conducted by ECPCGC officers should be recorded in documentary or electronic form and retained in such level of detail and for such length of time as to facilitate audit by ECPCGC's internal and/or external auditors.

Value for Money: The principle of value for money means the effective, efficient, and economic use of resources, which requires an evaluation of relevant costs and benefits, along with an assessment of risks, and non-price attributes and/or life cycle costs, as appropriate. Price alone may not necessarily represent value for money.

Integrity: The principle of integrity refers to the use of funds, resources, assets, and authority according to the intended purposes and in a manner that is aligned with broader principles of good governance. ECPCGC requires that all its officers and staff involved in procurement must maintain the highest standards of conduct to effectively discharge their responsibilities, avoid conflicts of interest and refrain from fraud and corruption. ECPCGC has the same expectation of its vendors.

14.2 Governance of Procurement in ECPCGC

14.2.1 Budgeting, Planning and Requisitioning

The annual budget, approved by the Board of Directors, is the basis for drawing up annual procurement plans and incurring expenditure on procurement in a given fiscal year.

[22] A Project Procurement Strategy for Development (PPSD) will also be developed

At the beginning of each fiscal year, each department shall prepare its proposed annual procurement plan and submit it to the CFO for review and approval. The CFO shall be responsible for consolidating departmental procurement plans into an approved corporate procurement plan for the fiscal year.

Initiation of the procurement procedure to procure a given requirement may begin only after the CFO has confirmed in writing to the requisitioning department that sufficient funds to finance such requirement have been apportioned in that year's budget.

14.2.2 Applicable Procurement Methods

The choice of the procurement method to be applied to the procurement shall be made taking into consideration a number of factors including:

- compliance with ECPCGC's Governing Principles of Procurement;
- the estimated cost of the requirement;
- the frequency of need of the purchase;
- the degree of urgency or required delivery of the purchase;
- the degree of complexity of the requirement;
- the competitiveness of the supply market.

To the greatest extent possible, purchases that have common technical characteristics and which are required in similar quantities shall be consolidated, usually at the procurement planning stage, for all end-user departments and procured under a single procurement transaction, in order to increase value for money and reduce the transaction cost of ECPCGC.

The initial procurement method is described below.

ECPCGC will use a procurement process that is designed to obtain the best value for the amount of money being obligated. As most items being purchased will be small, the procedures are designed to streamline the process and provide sufficient transparency that an auditor could make a determination that procedures were followed.

In most cases, the Administrative Assistant will handle procurement responsibilities with any final decisions to make a purchase being approved by the Chief Financial Officer.

Commonly used procurement procedures that will be used include RFQ; local competitive bidding inviting prospective Bidders for Goods and Works located in and around the local community; and direct contracting for small-value Goods, Works, and Non-consulting Services.[23]

When reviewing the bids, the lowest cost vendor should be used unless a case can be made that one of the other vendors is offering better value even though the price is higher. If the lowest cost vendor is not used, a memo explaining why a specific contractor is a better value should be

[23] The World Bank Procurement Regulations for IPF Borrowers, PROCUREMENT IN INVESTMENT PROJECT FINANCING Goods, Works, Non-Consulting and Consulting Services, July 2016, Revised November 2017

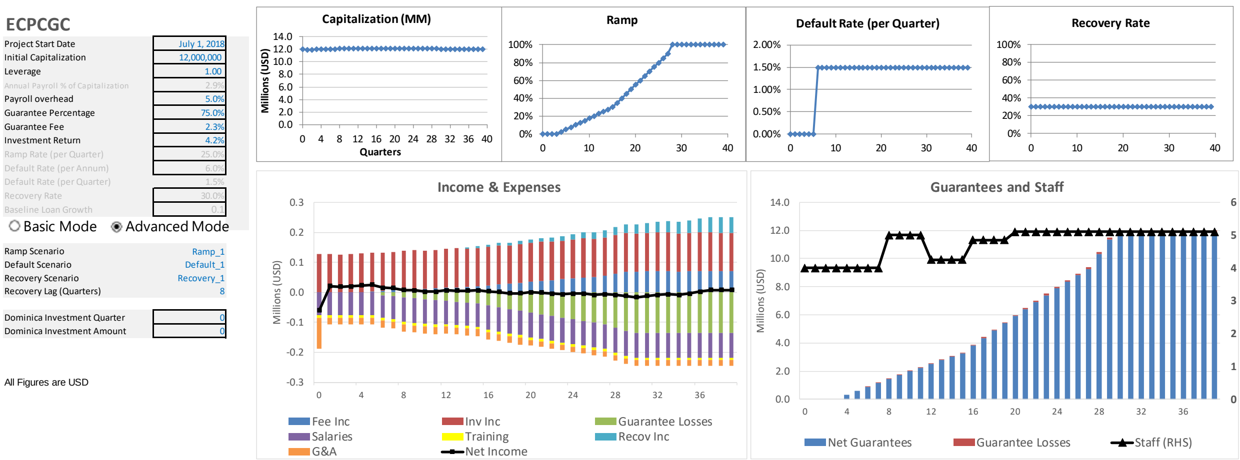
prepared. Before completion of the procurement, the CEO and Chief Financial Officer must approve the procurement.

All applicable fraud and corruption clauses must be included in any bid documents or any other documents distributed to the public and related to an ECPCGC procurement.

The main procurement activities envisioned under the establishment of the ECPCGC are the following:

1) Office Space, including utilities
2) Computer
3) Office Supplies
4) Web Services
5) Consultancy services for Training
6) Consultancy services – Environmental Specialist
7) Consultancy services for legal and technical advisors for ECPCGC
8) Investment Advice
9) Travel services
10) Consultancy services

15 Annex I: Financial Model Dashboard



16 Annex II: Data items required from applicants and lenders

16.1 Applicants

a. For each owner
    i. Name
    ii. Address
    iii. Date of Birth
    iv. Tax ID/Social Security/Identification number (if any)
    v. Gender
    vi. Percentage of ownership
    vii. Are you under arrest or involved in any criminal judicial proceedings?
    viii. Are you currently on parole?
    ix. What is your country of citizenship?
    x. Do you own all or a portion of any other businesses?
b. What is the main product of the business or NAICS code?
c. Number of employees currently
d. Number of employees if the loan is approved
e. Age of the applicant business in years
f. What will the loan proceeds be used for?
    i. Construction
    ii. Purchase real estate
    iii. Purchase equipment
    iv. Working capital
    v. Other
g. Is your business located in a flood plain, wetland, or environmentally sensitive area?
h. Do you work with asbestos or any controlled chemicals?
i. Is the applicant a member of the Kalinago Community in Dominica and resides in the Kalinago territory in Dominica?
    i. If so, does the applicant have a clear collateral constraint as a result?

16.2 Lender

a. Name
b. Address
c. Primary contact person

17 Annex III: Summary of ECPCGC Legislation

The Eastern Caribbean Partial Credit Guarantee Corporation Agreement contains 11 Parts.

PART I
PRELIMINARY

Part 1 contains the **Title (article 1)** and **Interpretation (article 2).** Some important terms that are defined include –

"Central Bank" means the Eastern Caribbean Central Bank established under Article 3 of the Eastern Caribbean Central Bank Agreement, done at Port-of-Spain on the 5th day of July, 1983;

"Credit Guarantee Scheme" means a scheme established under Article 38 for the purpose of providing credit guarantees to participating lenders that enter into loan agreements with participating borrowers;

"Investor" includes a financial institution, Participating Government, or any other institution that is approved by the Board of Directors to contribute to the capital of the Credit Guarantee Corporation under Article 26;

"Operations Manual" means the document created under paragraph (3) of Article 39 for the purpose of providing guidance on the operation of the Credit Guarantee Scheme under this Agreement;

"Participating Borrower" means a qualifying enterprise -

(a) belonging to a category to which the Credit Guarantee Scheme applies, and

(b) that has entered into a Qualifying Loan Agreement with a Participating Lender;

"Qualifying Enterprise" means an enterprise that meets the criteria for participation in the Credit Guarantee Scheme under Article 42;

ESTABLISHMENT, POWERS AND OBJECTIVES OF THE CREDIT GUARANTEE CORPORATION

Part 2 creates the ECPCGC and provides for matters such as its role, legal status, immunities and powers.

Article 3 provides for the **Establishment and Legal Personality** of the ECPCGC as a body corporate.

Article 4 provides for the **Objectives** of the Agreement which are promoting economic growth and development by strengthening the confidence of Participating Lenders in providing loans to Qualifying Enterprises and increasing the ease with which loans can be accessed by Qualifying Enterprises from Participating Lenders.

Article 5 addresses **General Powers.** These include entering into credit guarantee agreements with financial institutions and performing other tasks relevant to the credit guarantee scheme.

Article 6 addresses the **Immunities** that will assist this intergovernmental body to function as a creature of public international law.

Article 7 provides for the **Place of office and establishment of branches or agencies.** This will be in accordance with a decision of the Monetary Council.

PART III
ORGANISATION AND MANAGEMENT

Part 3 addresses issues relevant to the organisation and management of the ECPCGC.

Article 11 provides for the **Establishment and Composition of the Board of Directors** which reflects membership from States Parties and independent directors.

Article 12 requires that a **Chairperson and Deputy Chairperson** be appointed.

Article 14 provides for the **Functions of the Board**, which include ensuring that strategic objectives of the ECPCGC are carried out and advising the Monetary Council on operations of the credit guarantee scheme.

Article 15 provides for the **Term of office of Directors** which is [3] years.

Article 20 requires that **Meetings of the Board** be held at least once every three months.

Article 21 provides for **Committees of the Board** to be appointed.

Article 22 requires that a **Policy Committee** be established with responsibilities that include formulating, developing, monitoring and reviewing policies that reflect the major functions of the ECPCGC.

Article 23 provides for a **Finance Committee** to be established with responsibilities that include providing oversight of compensation policies, matters relating to the budget programme, and providing oversight of the financial reporting process, the audit process, and the system of internal controls.

PART IV
CAPITAL, FINANCES, ACCOUNTS AND AUDIT

Part 4 addresses financial and auditing issues of the ECPCGC.

Article 26 provides for **Capital contributions** to be made to the ECPCGC by Participating Governments; investors; and any other source [as agreed by the Monetary Council].

Article 27 provides for the **Capital structure** of the ECPCGC, with the Participating Governments expected to contribute EC$30 million dollars.

Article 28 provides for the **Increase of authorised capital** by Participating Governments issuing new shares.

Article 30 establishes the **General Fund** into which is placed all capital contributions and other receipts. Payments are made from the General Fund to the Credit Guarantee Fund after deducting the amounts that should remain in that fund to meet general liabilities for meeting the general expenses of the ECPCGC.

Article 31 creates the **Credit Guarantee Fund** which is applied to meet liabilities arising from operating the credit guarantee scheme.

Article 36 requires that **Annual accounts, audit, and reports** to be made as part of the responsibilities for financial accountability.

Article 37 provides that the **Fiscal** of the ECPCGC runs from 1st April to 31st March.

PART V
OPERATIONS OF THE CREDIT GUARANTEE SCHEME

Part 5 provides details on the functioning of the credit guarantee scheme.

Article 38 addresses the **Creation of the Credit Guarantee Scheme.**

Article 39 provides for an **Operations Manual** to be prepared which will supplement the provisions of the Agreement by setting out more detailed information on the substantive and procedural aspects of implementing the credit guarantee scheme.

Article 40 sets out the **General framework of the credit guarantee scheme.** These include thresholds that lenders who wish to participate must meet and the approval methods and procedures that they will be required to go through; the terms and conditions applicable to participation in the scheme; and withdrawal from the scheme.

Article 41 addresses the criteria and processes for becoming a **Participating Lender**.

PART VI
OFFICERS AND EMPLOYEES

Part 6 provides for the staff of the ECPCGC.

Article 45 provides for appointment of **Officers**, who are effectively senior officials, such as the Chief Executive Officer.

Article 46 provides for the recruitment of **Employees.**

PART VII
CORPORATE GOVERNANCE

Part 7 focuses on the corporate governance structures.

Article 47 lists the **Minimum criteria for determining whether a person is fit and proper** to work within the ECPCGC. These include competence, soundness of judgment and financial probity.

Article 48 requires Notification to the Central Bank of appointment of directors and officers.

Article 49 lists the factors for **Disqualification and removal from office** of directors which include insolvency and conviction for an offence involving dishonesty.

Article 51 allows for the **Removal of Director from office and the formal notification of the organisation that nominated that director.**

PART VIII
GENERAL, SUPERVISORY AND REGULATORY CONTROL

Part 8 addresses issues relevant to the supervisory authority exercised over the ECPCGC.

Article 52 describes the role of the Monetary Council.

Article 53 specifies that **Supervision** is to be carried out by the ECCB.

Article 54 permits **Reports and inspections** to be effected as part of the supervisory control.

Article 55 identifies the **Central Bank's powers of remedial action** which include issuing written warning and orders and concluding a programme for remedial action.

Article 56 provides for **Additional Central Bank remedial actions** which are more onerous, and include restricting the ECPCGC from providing credits and suspending activities that may cause loss.

Article 57 provides for **Remedial actions against directors, officers, employees or significant investors** which include reimbursements for losses caused by violations and suspension from office.

Article 59 addresses the issue of **Failure to comply with remedial actions** by providing for the imposition of an administrative fee.

PART IX
PROGRESS, REVIEWS AND TERMINATION OF CREDIT GUARANTEE CORPORATION

Part 9 allows for the review and termination of the ECPCGC.

Article 61 provides for **Assessment of progress** of the ECPCGC to verify the progress made in achieving its objectives.

Article 62 recognizes that a **Decision to terminate on assessment** can be made by the Board of Directors if it is of the opinion that the ECPCGC should be terminated.

Article 63 addresses the **Effect of termination**, requiring all liabilities to creditors to be discharged or provided for before distribution of the assets of the ECPCGC can be made to Participating Governments.

PART X
MISCELLANEOUS

Part 10 addresses miscellaneous issues such as the **Obligation of confidentiality** (article 65), **Protection of persons dealing with directors and agents** (article 66) and **Disputes** (article 67) by arbitration.

PART XI
FINAL PROVISIONS

Part 11 contain Final Provisions. These include -

Article 72, Entry into force upon the deposit of [5] instruments of ratification;

Article 74, Reservations, prohibits any reservations to be made to the agreement.

18 Annex IV: Logo

EASTERN CARIBBEAN

PCGC

19 Annex V: Environmental and Social Management Framework

A. Statement of Policy and Purpose

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

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

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

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

B. Introduction and Background

1. The World Bank Group (WBG) Strategy sets out the corporate goals of ending extreme poverty and promoting shared prosperity in all its partner countries. Securing the long-term future of the planet, its people and its resources, ensuring social inclusion, and limiting the economic burdens on future generations will underpin these efforts. The two goals emphasize the importance of economic growth, inclusion and sustainability – including strong concerns for equity.
2. The WB is globally committed to environmental sustainability, including stronger collective action to support climate change mitigation and adaptation, recognizing this as essential in a world of finite natural resources. Equally, social development and inclusion are critical for all of the World Bank's development interventions and for achieving sustainable development. For the Bank, inclusion means empowering all people to participate in, and benefit from, the development process. Inclusion encompasses policies to promote equality and non-discrimination by improving the access of all people, including the poor and disadvantaged, to services and benefits such as education, health, social protection, infrastructure, affordable energy, employment, financial services and productive assets.
3. The Environmental and Social Management Framework (ESMF) is an instrument that helps PLs and MSMEs in OECS to identify appropriate methods and tools to assess and manage the potential environmental and social risks and impacts of the project.
4. The ECPCGC, as implementing entity, will be responsible to ensure that PLs and MSMEs carry out the Project with due diligence and efficiency in compliance with all requirements pertaining to environmental and social protection applicable under national laws and regulations, and the ESMF.

Project Description

1. The proposed development objective is to facilitate additional financial intermediation for MSMEs by establishing a regional partial guarantee corporation. The main Project beneficiaries will be: (i) MSME and (ii) lenders in the ECCU. The definition of MSMEs for this Project was developed in consultation with the ECCU Member States and is in the ECPCGC Agreement. There is no other regionally accepted definition of MSMEs. Lenders will also receive training through the Project on MSME lending and therefore are also beneficiaries. The lenders include any regulated lender in the ECCU. This includes credit unions, development banks and commercial banks. The PDO-level indicators are: (i) number of guaranteed loans; and (ii) total amount of outstanding guaranteed loans through the Project.
2. The project proposes two main components: (i) capitalize the partial credit guarantee fund and (ii) project management, operating costs and lender training.
3. **Component 1: capitalize the partial credit guarantee fund (US$ 8.2 million)**. Under this component, the Project will be able to expand financial access to MSMEs through the issue of partial credit guarantees to eligible lenders. A substantial amount of work has been put into the design of the Corporation – there is the overarching legal ECPCGC Agreement, the operational

manual has been prepared and a financial model has also been developed. As such, a large portion of the cost of the design has already been borne. As the Monetary Council of the ECCB has approved the ECPCGC Agreement, the main outstanding task is the capitalization of the fund.

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

Project Location

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

C. Environmental and Social Risks and Impacts

Potential Environmental and Social Risks and Impacts, and Mitigation Measures

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

Positive Impacts	**Negative Impacts**
Creation of jobs for local citizens	Creates a new source of waste for the neighborhood, including organic and inorganic waste.
Creation of a new buyer for produce and other food served at the restaurant	May crate new traffic around meal times.
Creation of a new buyer for restaurant supplies: menus, silverware, tables, chairs, etc.	Increase in particulate emissions from delivery vehicles.
If the location is previously underserved, it may make the lunch hour more efficient for local	Increased energy consumption do to the opening of a new business.

workers if they do not have to travel as far, also reducing particulate emissions from vehicles.	
Can bring new cuisines to a community.	The use of chlorofluorocarbons for refrigeration.

The degree or magnitude of potential **Environmental and Social (E&S) Risk** is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence. Specific E&S **risks** may be present from a variety of factors such as the issues associated with a client or investee's operations, the industry sector, the regulatory climate, and the geographic context**. E&S Impacts** refer to any change, potential or actual, to: (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the project activity to be supported, all of which can negatively affect the performance of the client or investee as well as the reputation of the lender. E&S impacts typically include environmental pollution, hazards to human health, safety, and security, impacts to communities, and threats to a region's biodiversity and cultural heritage. **E&S Mitigation Measures** refer to the suite of actions that can be undertaken to minimize exposure to risk and manage negative impacts before they become significant or result in an adverse outcome.[24]

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

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

[24] https://firstforsustainability.org/risk-management/understanding-environmental-and-social-risk/

Requirements for PLs and MSMEs

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

For PLs requesting to participate in the Guarantee, ECPCGC shall ensure that the PL will follow an adequate environmental and social risk management procedure for MSME financing. The ECPCGC shall require that: (i) the PL implements the agreed upon environmental and social risk management procedure, (ii) the PL includes in the financing agreement with each MSME the environmental and social requirements as established from the implementation of the environmental and social risk procedure, (iii) the PL undertakes appropriate administrative actions commensurate with the level of risk for the MSME investments, (iv) the PL promptly informs ECPCGC when any significant environmental or social issues or regulatory non-compliance occur with a MSME financed, and (v) the PL provides ECPCGC with an annual report on its implementation of the environmental and social risk procedure. Upon execution of the agreement, the PL shall inform ECPCGC of the person designated as responsible for the environmental and social related aspects. If ECPCGC identifies issues related to the PL implementation of the environmental requirements, then ECPCGC shall work with the PL to define appropriate corrective actions. ECPCGC shall take reasonable efforts to provide technical support, as needed, to the PL in its implementation of its environmental risk procedure.

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

Supervision by ECPCGC

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

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

Screening & Environmental Management Procedures

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

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

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

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

Training will take place as needed.

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

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

D. Environmental and Social Requirements

The environmental and social requirements applicable to the Project include:

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

OECS Country-Specific Environmental Regulatory Requirements

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

World Bank Safeguards

There are ten World Bank Safeguards Policies[25] as follows:

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

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

Environmental Assessment (OP/BP 4.01)

The project triggers Safeguards Policy **OP/BP 4.01 (Environmental Assessment)** given the

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

potential for negative environmental and social impacts. The Project is classified as **Category FI** per OP/BP4.01.

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

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

Pest Management (OP4.09)

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

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

Natural Habitats (OP/BP 4.04)

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

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

Forests (OP/BP 4.36).

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

Physical Cultural Resources (OP/BP 4.11)

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

OP4.10 Indigenous Peoples

The Banks role in designing the ECPCGC triggered World Bank Operational Manual 4.10 requirement to undertake the preparation of an Indigenous Peoples Plan(IPP)[26] where Bank financed projects are being implemented in countries with indigenous populations. This IPP

[26] This was disclosed publicly in November 2017 and the link was shared

ensures non-differentiated participation of Kalinago Territory (KT) MSMEs in the OECS PCGS, or put another way, to ensure the land tenure system in the territory which prevents MSMEs from using land as collateral to secure MSME financing does not deny KT MSMEs equal access and opportunity under the scheme when compared to non-indigenous applicants anywhere in the OECS. The IPP represents the bank's consultancy to prepare the IPP with the indigenous peoples of the Kalinago Territory (KT) in the Commonwealth of Dominica.

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

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

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

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

OP4.12 Involuntary Resettlement

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

Any MSMEs to be financed as part of this project or at a later stage will be on MSME privately owned land or land purchased through willing-seller and willing-buyer. For land purchases through willing-seller and willing-buyer approach, land acquisition must occur by mutual agreement in exchange for a notarized purchase contract based on the market price at the date of acquisition.

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

Other Safeguard Policies

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

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

World Bank Group EHS Guidelines

WBG has developed guidelines for Environment, Health and Safety (EHS) that serve as useful references for general issues as well as sector-specific activities.[27] MSMEs can utilize these guidelines as referenced compliance standards for emissions, waste management, and good industry practice. Some OECS countries may have developed standards for many specific industrial activities, which would also apply. In the case of duplication of compliance standards, the more stringent shall apply. In general the WBG EHS Guidelines are applied to more complex projects with potentially significant emissions, discharges, or other environmental issues.

E. Project Environmental and Social Management

Lenders must have the capacity to use the questionnaire provided by the ECPCGC to determine if an MSME client meets World Bank requirements regarding environmental and social responsibilities. The intent is to leverage the lender's existing environmental review process to develop the information necessary for the questionnaire. It is important that the operations of businesses assisted by the ECPCGC do not harm the environment or affect social aspects negatively. The restrictions on the types of businesses that are eligible address most environmental

[27] http://www.ifc.org/ehsguidelines

issues. ECPCGC should be contacted prior to submission of an application if the lender has any questions regarding whether a particular loan meets the environmental criteria.

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

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

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

Implementing Agency

ECPCGC, as a six-person operation, will employ an Environmental and Social Safeguards specialist to begin the training process for PLs immediately and to be available to provide assistance to PLs and MSMEs in reviewing specific situations. Outreach to PLs and MSMEs will also be handled by this specialist. The ECPCGC will grow to a total of six people and will rely on an Environmental and Social Safeguards Specialist to handle these key areas. During the first year of operation, E&S training will be a priority of this staff member to make sure that PLs have adequate screening, (including a tool to determine if MSMEs can manage the E&S risks associated with their business), documentation and reporting protocols in place consistent with the ESMF requirements.

20 Annex VI: Environmental Procedures

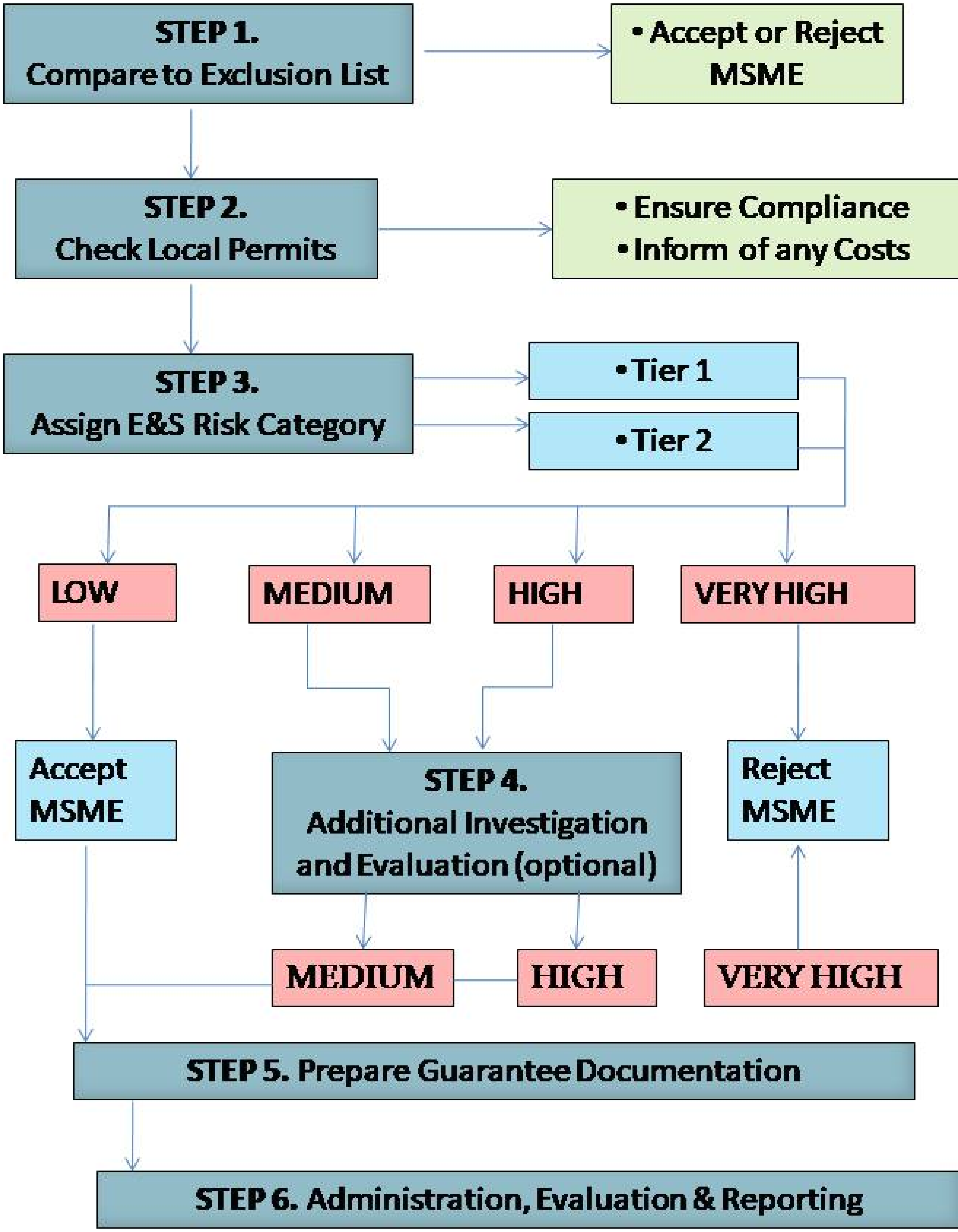
The ECPCGC and PLs will use screening and management protocols to reduce E&S risk. The procedures are applicable to MSMEs from a variety of sectors, and have been applied to Caribbean businesses in agriculture, agro-processing, health services, tourism, retail, and light manufacturing. The ECPCGC protocols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

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

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

Steps in the MSME Application Process

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


STEP 1.
Compare to Exclusion List
• Accept or Reject MSME
STEP 2.
Check Local Permits
• Ensure Compliance
• Inform of any Costs
STEP 3.
Assign E&S Risk Category
• Tier 1
• Tier 2
LOW
MEDIUM
HIGH
VERY HIGH
Accept MSME
STEP 4.
Additional Investigation and Evaluation (optional)
Reject MSME
MEDIUM
HIGH
VERY HIGH
STEP 5. Prepare Guarantee Documentation
STEP 6. Administration, Evaluation & Reporting

Step 1 – Compare to Exclusion List

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

Activities excluded due to additional policy triggers:

- Projects that would be classified as Category A (Very High Risk) under the World Bank OP/BP 4.01
- Projects that would involve conversion or degradation of critical natural habitats
- Projects that would directly or indirectly involve the construction of a dam greater than 10 meters in height or the use of water from a dam greater than 10 meters in height
- Projects on international waterways
- Land acquisition that would involve involuntary resettlement or land acquisition [28]

Activities excluded due to WBG Exclusion List:

- Those that are illegal under country laws, regulations or ratified international conventions and agreements
- Weapons and munitions
- Alcoholic beverages (excluding wine and beer)[29]
- Tobacco[30]
- Gambling, casinos and equivalent enterprises[31]
- Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)[32]
- Radioactive materials[33] or unbounded asbestos fibers[34]
- Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest[35]
- Polychlorinated biphenyl compounds (PCBs, a class of synthetic organic chemicals)

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

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

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

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

[32]www.cites.org

[33] 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

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

[35] Primary forest is defined as relatively intact forest that has been essentially unmodified by human activity for the previous 60 to 80 years; and Tropical moist forest is generally defined as forest in areas that receive not less than 100 mm of rain in any month for two out of three years and have an annual mean temperature of 24^0 C or higher.

- Pharmaceuticals subject to international phase outs or bans[36]
- Pesticides/herbicides subject to international phase outs or bans[37]
- Ozone depleting substances subject to international phase out[38]
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length
- Transboundary trade in waste or waste products[39], except for non-hazardous waste destined for recycling
- Persistent Organic Pollutants (POPs)[40]
- Non-compliance with workers fundamental principles and rights at work[41]
- Significant degradation of a National Park or similar protected area[42]
- Real estate speculation

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

Step 2 – Check Local Permit Status

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

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

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

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

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

[39] Define by the Basel Convention (www.basel.int).

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

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

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

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

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

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

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

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

Step 3 – Assign E&S Risk Category

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

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

Tier 1 E&S Information Form

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

17. Does the MSME require construction or reliance upon a dam or reservoir higher than 10 meters, or affect rivers or water bodies between countries?			
18. Is the project being financed located in the Kalinago Territory or is the principal loan applicant of the Kalinago Community?			

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

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

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

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

Tier 2 E&S Information Form

Query	**Yes**	**No**	**Not Applicable**
1. Does the MSME engage in work in the following sectors: Large-scale agriculture Mining or Quarrying Chemical processing Waste management (solid or liquid) Oil and gas processing, storage, transportation, or sale Civil works and infrastructure (water supply, roads, electricity) Development or conversion of previously undeveloped land Fishing, aquaculture, or silviculture Manufacturing of textiles, leather, metals, or plastics			

Other "high risk" sectors (see guidance notes)[43]			
2. If the MSME has emissions to the air or atmosphere (dust, odors, fumes), are the concentrations and volumes monitored and measured, and do they meet national standards and WBG EHS Guidelines?			
3. If the MSME has noise emissions, are the levels measured and do they meet national standards and WBG EHS Guidelines?			
4. If the MSME has discharges to waterways (streams, ponds, wetlands), are the discharges monitored and measured, and do they meet national standards and WBG EHS Guidelines?			
5. If the MSME will use pesticides or herbicides, is there a Pest Management Plan in conformance with WBG guidelines (see section IV.C)?			
6. If the MSME located in a natural area (forest, park, Government Reserve) near a protected area, or in an area with well-preserved vegetation, is there an assessment of any potential impacts, or other convincing evidence (reports, studies, or EIA for Permit) that negative impacts will not occur?			
7. If the MSME may affect coastal or marine areas (seagrass, reefs) or involve aquaculture, fishing, or harvesting of sea resources, is there an assessment of any potential impacts, or other convincing evidence (reports, studies, or EIA for Permit) that negative impacts will not occur?			
8. If the MSME may affect areas of known local, national or regional cultural or heritage resources (historic structures, antiquities, or landmarks), is there an assessment of any potential impacts, or other convincing evidence (reports, studies, or EIA for Permit) that negative impacts will not occur?			

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

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

Note that the assignment of E&S Risk Categories using Tier 1 and 2 forms is subjective and will require the use of professional judgment by the ECPCGC Officer, who may elect to seek supporting or expert opinion as is deemed necessary or appropriate on a case by case basis.

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

ECPCGC may adjust the questions and logic for risk assignment from time to time based on experience and judgment, taking into account such factors as scale of the enterprise, location in or near protected areas or other sensitive areas, complaints or violations noted, or other information in the screening forms.

Step 3 – Additional Investigation (Optional)

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

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

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

The results of the additional investigation can then be used to inform and revise the final determination of E&S Risk Status. Special attention must be paid to the cultural heritage of the Kalinago Community and the step necessary to preserve that heritage. The ECPCGC Officer will assign a final category of Medium-Risk or High-Risk based on experience and judgment, as well as expert advice where needed.

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

Step 4 - Documentation

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

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

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

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

Representations and Warranties

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

Covenants

The MSME shall:

(i) Maintain all operations and activities in compliance with all applicable environmental, health and safety regulatory requirements, including laws, regulations and applicable permits/authorizations;

(ii) Ensure that all required permits are obtained and in force through the life of the agreement

(iii) Not undertake any operation or activity included in the List of Excluded Activities;

(iv) Ensure that potentially adverse project-related environmental effects, from wastewater effluent, surface drainage and air emissions, and any other potential damage to the natural environmental, are adequately and mitigated.

(v) With respect to the MSME's employees, buildings and offices, and assets, take all reasonable and prudent actions to avoid substantial or material liabilities, claims or unmitigated risks due to environmental, occupational health and safety or labour related issues, and if such event does occur, take the appropriate and reasonable actions to adequately resolve and mitigate such liability, claim or risk.

(vi) Ensure that appropriate health and safety and environmental protection measures, are being used in connection with the implementation and operation of the facilities

(vii) Promptly notify the Lender of any incident or accident relating to its operations which could have a significant or material adverse effect on the environment or worker health and safety, such as worker health and safety accident resulting in death, hospitalization or more than 5 days of loss worker time, material environmental health and safety regulatory non-compliance. The notification should include actions to resolve the issue/incident.

(viii) Submit within 45 days after the end of the calendar year, a statement on environmental and worker health and safety performance, including current status of compliance with all applicable environmental and worker health and safety regulatory requirements, summary of actions any incidents of non-compliance in the last calendar year, list of any material public complaints or any material legal claims related to environment, health or safety.

Environmental, Health and Safety Permits, Laws and Regulations

(i) The MSME shall ensure that all required permits are obtained and in force through the life of the agreement. Where applicable the MSME shall ensure that potentially adverse environmental effects, from wastewater effluent, surface drainage and air emissions, and any other potential damage to the natural environmental, are adequately permitted and mitigated in the operation, and maintenance of project facilities.

(ii) The MSME shall ensure that appropriate health and safety and environmental protection measures, are being used in connection with the implementation and operation of the facilities.

(iii) Additional recommendations from the site visit or by the environmental expert audit may include as applicable the following optional conditions or restrictions;

(a) as applicable, any project specific environment clause which should be added to the MSME finance agreement; and
(b) as applicable, any project specific administrative measures (i.e., if supervision by PL or reporting by MSME is required)

Reporting

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

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

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

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

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

Special Conditions

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

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

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

Step 5 - Administration, Evaluation and Reporting

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

1. Breakdown of portfolio by type of transaction, industry sector and environmental risk classification (low, medium and high environmental risk MSMEs).
2. Describe how environmental procedures have been integrated into the transaction approval process.
3. Give details of any transaction rejected on environmental grounds, in particular, for actual or perceived non-compliance.
4. Give details of any other transaction rejected on environmental or health and safety grounds
5. Give details of any material environmental issues associated with Participants during the reporting period, in particular:
    (a) Any accidents / litigation / complaints.
    (b) Any incidents of non-compliance with applicable environmental and health and safety regulations and standards, such as fines, penalties or excess fees for non-compliance.
    (c) Any incidents of non-compliance by Participants with environmental covenants/conditionality imposed by the Bank.
6. Give details of any loans/investments/guarantees etc. used to finance environmental improvements, such as; energy efficiency, waste minimization, switch to cleaner technology, reduction of permit fees or fines due to environmental improvements.
7. Give details of any MSME failures due to environmental problems.
8. Describe how the Participants' environmental performance is monitored (e.g. site visit by Bank staff; inspection by environmental/health authorities; copies of updated permits, reports from the Participant). Include information on monitoring of special conditions from Permits or other compliance-related items that were included in the Guarantee Agreements.
9. Specify name and position of the individual(s) formally responsible for the implementation of the environmental procedures.
10. State any difficulties and/or constraints related to the implementation of the environmental procedures.

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

21 Annex VII: Pest Management Plan (PMP) Guidelines

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

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

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

The PMP must contain pest management requirements, outlines the resources necessary for surveillance and control, and describes the administrative, safety and environmental requirements. The Plan should provide guidance for operating and maintaining an effective pest management program/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 *Pest Management Plan* is presented below.

1. ***Background*** which would outline i) the *purpose* of the Plan, ii) indicate *pest management authorities*, and iii) pest management program *objective*;

2. ***Responsibilities of individuals*** (e.g., Program Director, Health Chair, Pest Management Coordinator, Pest Management Personnel, etc.)

3. ***General Information*** which should provide data on land use and soil, in the area where the pesticides are applied; climate, geo-morphology, settlements in the area of concern, population, surface water, etc. as well as inventory of land use and layout of facilities

4. ***Priority of Pest Management*** (e.g., undesirable vegetation, vertebrate pests, etc.)

5. ***Integrated Pest Management***

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

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

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

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

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

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

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

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

7. ***Environmental Considerations***.

7.1 *Protection of the Public*. Precautions are taken during pesticide application to protect the public, on and off the installation. Pesticides should not be applied outdoors when the wind speed exceeds 155 m/min. Whenever pesticides are applied outdoors, care is taken to make sure that any spray drift is kept away from individuals, including the applicator. Pesticide application indoors is accomplished by individuals wearing the proper personal protective clothing and equipment. At no time are personnel permitted in a treatment area during pesticide application unless they have met the medical monitoring standards and are appropriately protected.

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

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

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

8. ***List of Prohibited Pesticides***.

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

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

22 Annex VIII TORs for Staff Members

The following TORs were used for the recruitment of staff members for the ECPCGC.

22.1 Chief Executive Officer

Six-member states of the Eastern Caribbean Currency Union have joined together to establish the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) under the guidance of the World Bank. Five of the countries are borrowing money from the World Bank to use to capitalize the ECPGC. The sixth nation is using existing funds to contribute to the USD12 million capitalization of the scheme. The ECPCGC headquarters will be in Saint Kitts. The Board of Directors of the ECPCGC is seeking an individual to be the first Chief Executive Officer of the organization. This person will be responsible for building the scheme from the ground up. The CEO will acquire office space, establish banking relationships, hire additional staff and supervise and assist with the development of policies, procedures and an information technology architecture necessary for the efficient operation of the ECPCGC. The ideal candidate will have familiarity with the operations of a guarantee scheme and experience in a banking environment in the Caribbean.

Applicants must have:

1. An Undergraduate Degree from a reputable university.
2. A Post Graduate Degree in Business Administration or Finance, or other professional qualification (ACIB, CFA, ACCA, CGA) is preferred; and
3. A minimum of ten (10) years' experience at the management level in the banking industry with demonstrated experience and expertise in managing MSME lending.

Applicants should also have:

1. Extensive knowledge of the MSME lending market and an understanding of how a credit guarantee scheme can be a strategic response employed for the achievement of financial sector stability;
2. A high level of experience in the banking industry with sound business, financial, and business loan portfolio management experience;
3. Progressive career growth in the areas of Finance, Banking, Investments, or other related business;
4. Significant experience in general management, including the leadership of top executive structures;
5. Strong mentoring and coaching experience to a team with diverse levels of expertise;
6. Excellent strategic, leadership and communication skills;
7. Political astuteness in both local and international contexts;
8. Exceptional written, oral, interpersonal, and presentation skills;
9. Self-motivated, well organized and results oriented, with the ability to function professionally at various levels (client, management & peers), and
10. Proficiency in the use of Microsoft Office software.

Some advisory assistance, training and mentoring may be provided in specialized areas.

Reporting Arrangements:
The consultant will be directly responsible to the ECPCGC Board of Directors.

Terms of Assignment/Contract Duration
This consultancy assignment will be partially funded by the World Bank for the first five years. Initial contracted employment period will be for three years subject to a performance review and an expression of further contracted employment three months before the expiration of the existing contract.

Terms of Reference for the Position:
The successful candidate will be an energetic, flexible, collaborative and proactive leader who can positively and productively impact strategic planning and tactical implementation of strategies developed. He/she will provide strategic leadership to the company and collaborate with the Board to establish and implement long-term objectives, strategies and plans for the management of assets.

The Consultant will be responsible for:

i. Working with other ECPCGC staff to establish the Corporation. This includes a wide variety of responsibilities related to creating the initial budget, selecting office space and negotiating with a landlord, opening bank accounts, opening an investment account, acquiring furniture and fixtures, negotiating contracts for telephone and internet and creating any policies and procedures not covered in the Operations Manual.
ii. Spearheading the development, communication and execution of effective strategies, operational plans, policies and procedures to ensure the attainment of the company's objectives;
iii. Providing leadership and direction to the organization by guiding, motivating and fostering effective communication and promoting high ethical values among staff;
iv. Developing the ECPCGC's strategic plan for submission to and approval by the Board of Directors.
v. Recruiting qualified staff members and arranging for training as needed.
vi. Conducting outreach and marketing to lenders of participating member states to ensure that they understand the program and see how it can help them serve the MSME community.
vii. Approving the final version of all marketing and training plans, including final approval of the social media strategy.
viii. Supervising overall program operations including all credit activities, environmental and social safeguards, and procurement activities.
ix. Ensuring that all requirements for environmental safeguards are fully implemented and included in any training provided to the lenders.
x. Ensuring that all requirements for social safeguards are fully implemented and included in any training provided to the lenders.

xi. Serving as the initial point of contact for any grievances related to environmental or social concerns that are reported to the ECPCGC or that arise from providing guarantees to MSMEs.
xii. Researching and understanding best practices for managing partial guarantee programs and ensuring that these practices are implemented to the fullest extent possible.
xiii. Developing and implementing performance standards for subordinate staff members.
xiv. Providing staff members with regular performance reviews.
xv. Supervising regular reviews of policy, procedure manuals and submitting to the Board for approval.
xvi. Mobilizing additional resources as needed from local and international donors/investors and maintaining an ongoing relationship with these groups.
xvii. Acting as the primary point of contact for the members of the Board of Directors, staff of the ECCB, Monetary Council or any of the governments of the sponsoring nations.
xviii. Developing a spirit of teamwork among staff members.
xix. Promoting MSME development across the OECS.
xx. Coordinating with other MSME stakeholders on activities across the OECS.
xxi. Handling any necessary insurance coverage, the Corporation is required to have.
xxii. Supervising the annual budget and planning process.
xxiii. Supervising any litigation against the Corporation.
xxiv. Serving as a signatory on any investment of funds by the ECPCGC as authorized by the Investment Committee.
xxv. Any other duties necessary to fulfill the mandate of the ECPCGC.

22.2 Chief Financial Officer

Introduction:

Six-member states of the Eastern Caribbean Currency Union have joined together to establish the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) under the guidance of the World Bank. Five of the countries are borrowing money from the World Bank to use to capitalize the ECPGC. The sixth nation is using existing funds to contribute to the USD12 million capitalization of the scheme. The ECPCGC headquarters will be in Saint Kitts. The Board of Directors of the ECPCGC is seeking an individual to be the first Chief Financial Officer of the organization. This person will assist the CEO in building the scheme from the ground up. This includes acquiring office space, establishing banking and investment relationships, and hiring additional staff. The CFO will also establish an accounting system that will be used to operate the ECPCGC and manage the guarantee program and will nominate an external auditor to the Board of Directors. The ideal candidate will have familiarity with the operations of a guarantee scheme and experience in a banking environment in the Caribbean.

Applicants Must Have:

1. An Undergraduate Degree in Business or Accounting; a Masters Degree in Business Administration would be preferred;
2. Qualified Chartered Accountant accreditation (ACCA, CGA, CPA or ACCA) preferred; and

3. Minimum 10 years' experience in a senior management role ideally in a position in financial services.

Applicant Should Also Have:

1. Familiarity with MSME lending;
2. Working knowledge of the International Financial Reporting Standards (IFRS);
3. Familiarity with finance and accounting regulations and standards;
4. Experience managing financial reporting in a timely and consistent manner;
5. Proven track record of success facilitating progressive organizational change and development within a growing organization;
6. Proven technical accounting proficiency and strong analytical skills;
7. Superior management skills; ability to influence and engage directly and indirectly with peers;
8. Ability to operate as an effective tactical and strategic thinker;
9. Exceptional written, oral, interpersonal, and presentation skills, and
10. Proficiency in the use of Microsoft Office software.

Some advisory assistance, training and mentoring may be provided in specialized areas.

Reporting Arrangements:
The consultant will be directly responsible to the Chief Executive Officer and the ECPCGC Board of Directors.

Terms of Assignment/Contract Duration:
This consultancy assignment will be partially funded by the World Bank for the first five years. Initial contracted employment period will be for three years subject to a performance review and an expression of further contracted employment three months before the expiration of the existing contract.

Terms of Reference for the Position:
The selected candidate shall assist the CEO in providing strategic leadership to the company, establishing and implementing long-term objectives, strategies and plans for the ECPCGC.

The Consultant will be responsible for:

i. Working with other ECPCGC staff to establish the Corporation. This includes a wide variety of responsibilities related to creating the initial budget, selecting office space and negotiating with a landlord, opening bank accounts, opening an investment account, acquiring furniture and fixtures, negotiating contracts for telephone and internet and creating any policies and procedures not covered in the Operations Manual.

ii. Developing (or selecting) an appropriate accounting system that will meet the needs of the ECPCGC to track funds flow into and out of the Corporation including guarantee purchases, track the payment history of guaranteed loans as reported by lenders, track the portfolio performance of participating lenders, assist in the preparation of financial statements and any other function necessary for the operation of the ECPCGC.

iii. Monitoring changes in the business environment to determine if changes to the financial systems used by the ECPCGC are necessary.

iv. Overseeing the preparation and approval of all financial reports including monthly and annual financial statements in accordance with International Financial Reporting Standards.

v. Providing analytical support to the organisation's internal management team including development of internal management reporting capabilities.
vi. Monitoring any open legal issues and assessing the potential financial implications of any litigation against the Corporation.
vii. Overseeing the human resources and other administrative functions including employee benefit plans.
viii. Preparing or overseeing the preparation of all financial reports required of the Corporation or requested by the Board of Directors.
ix. Implementing internal control systems and working with the Senior Operations Officer to ensure that the controls are functioning properly.
x. Supervising the procurement process, including providing final approval of all purchasing, hiring, or any other expenditure. The procurement process must be transparent, fair, efficient, provide excellent value for the money, include controls so that the accountable party can be identified and must be operated with complete integrity. The CFO will ensure that funds are set aside for each expenditure prior to approving it. Working directly with the Audit and Risk Committee of the Board of Directors to ensure the annual audit is completed on a timely basis. While the Audit and Risk Committee of the Board must approve the selection of the outside auditor, the Chief Financial Officer conducts the search to find a candidate firm.
xi. Monitoring cash balances and predicting cash needs.
xii. Establishing and handling banking and investment relationships.
xiii. Serving as the liaison to the Investment Committee of the Board.
xiv. Serving as the point of contact for the organization hired to manage the investment of the capital.
xv. Serving as the second signatory on any investment of funds by the ECPCGC as authorized by the Investment Committee.
xvi. Any other duties necessary to fulfill the mandate of the ECPCGC.

22.3 Senior Operations Officer

Introduction:

Six-member states of the Eastern Caribbean Currency Union have joined together to establish the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) under the guidance of the World Bank. Five of the countries are borrowing money from the World Bank to use to capitalize the ECPGC. The sixth nation is using existing funds to contribute to the USD12 million capitalization of the scheme. The ECPCGC headquarters will be in Saint Kitts. The Board of Directors of the ECPCGC is seeking an individual to be the first Senior Operations Officer (SOO) of the organization. This person will help build the credit function at the ECPCGC from the ground up. This includes developing policies and procedures, working on the marketing of the scheme and, most importantly during the first years, acting as the first reviewer of applications for guarantees. The SOO will interact directly with lenders and assist in the design of the ECPCGC web portal and the interface with lenders. The SOO will have a second key function. The SOO will be responsible for working with the CFO to establish a risk function. The ideal candidate will have familiarity with the operations of a guarantee scheme and experience in a banking environment in the Caribbean.

Applicants must have:

1. An Undergraduate Degree from a reputable college or university, preferably in Business, Accounting or related field, and
2. Minimum 5 years' experience in MSME lending in a financial services institution.

Applicants should also have:

1. An extensive knowledge of MSME lending with some direct experience lending to small and medium sized businesses;
2. An extensive knowledge of MSME banking operations;
3. Knowledge of the internal controls necessary for a lending operation and the ability to design and implement risk management procedures.
4. Experience developing and presenting information in public, including responding to questions in real time;
5. Experience lending to MSMEs located in the ECCU;
6. Ability to draft procedures to be used in a lending operation;
7. Familiarity with the mechanics of a loan guarantee program;
8. Exceptional written, oral, interpersonal, and presentation skills, and
9. Proficiency in the use of Microsoft Office software.

Some advisory assistance, training and mentoring may be provided in specialized areas.

Reporting Arrangements:

The consultant will report directly to the Chief Executive Officer of the ECPCGC and the ECPCGC Board of Directors.

Terms of Assignment/Contract Duration:

This consultancy assignment will be partially funded by the World Bank for the first five years. Initial contracted employment period will be for three years subject to a performance review and an expression of further contracted employment three months before the expiration of the existing contract.

Terms of Reference for the Position:

The selected candidate shall be responsible for program operations for the loan guarantee program as well as developing and monitoring risk management activities for the ECPCGC. He/she will supervise the credit officer.

The Consultant will be responsible for:

i. Establishing a risk management strategy designed to determine the level of operational risk the organization is willing to accept compared to the cost of additional risk mitigation efforts.
ii. Developing and maintaining the procedures related to the financial programs. This includes a processing manual for reviewing credit applications, debt servicing procedures and a default and liquidation manual that will be used to guide payment of the guarantee to lenders and follow up with lender staff regarding additional collection efforts.
iii. Monitoring changes in the business environment to determine if changes to the risk framework used by the ECPCGC are necessary.
iv. Reviewing the procedural manuals used by other offices within the organization to ensure that adequate internal controls and risk mitigation efforts are included in the documents.
v. Establishing risk management parameters and internal controls related to all cash flowing into and from the Corporation. This includes cash used to pay guarantees and regular expenses of the Corporation as well as investments made with the Corporation's capital.
vi. Overseeing the risk associated with the Information Technology function. This includes ensuring that any IT contractors are compliant with the latest computer security features as well as enforcing password protocols for Corporation staff. It also includes assuring the security of all accounting, human resource and other Corporation systems that contain private or personal data.
vii. Hiring and managing the credit officer along with providing him/her with a performance plan and regular performance reviews.
viii. Determining the training needs of junior staff and arranging for necessary training.
ix. Acting as the primary reviewer of each credit application until the credit officer is hired.
x. Acting as the second reviewer of each credit application decision prepared by a junior staff member.
xi. Participating in marketing exercises to explain the program to business owners, accountants, attorneys, lenders and any other group that is interested. Reviewing the ECPCGCs social outreach strategy and ensuring that any program details are accurate.
xii. Conducting one on one meetings with lenders, both active and inactive, to seek input on the products offered, possible improvements, and submitting recommendations to the CEO for consideration.
xiii. Staying current with issues affecting the provision of credit in the member countries in particular and in banking in general.
xiv. Serving as the third signatory on any investment of funds by the ECPCGC as authorized by the Investment Committee.
xv. Supervising the operation of the web portal and working with contract staff to keep the portal operational and current.
xvi. Assisting the CEO in preparing the marketing plan to make sure it does not create any risks and regularly provide input on marketing materials and the social media strategy.
xvii. Any other duties necessary to fulfill the mandate of the ECPCGC.

22.4 Credit Officer

Suitably qualified persons are invited to apply to fill the post of Credit Officer at the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) headquartered in St. Kitts.

The ECPCGC was established by the Member Governments of the Eastern Caribbean Currency Union (ECCU) to increase the availability of financing to promote the creation, expansion, modernization and improvement of micro, small and medium enterprises (MSMEs). The statutory objectives of the ECPCGC are to:

(a) assist in promoting economic growth and development in Member Territories by administering the Credit Guarantee Scheme to increase access to finance;
(b) offer credit guarantees to Participating Lenders in respect of Qualifying Enterprises;
(c) enable Qualifying Enterprises to access loans from Participating Lenders with the intention of -
   (i) strengthening the confidence of Participating Lenders in providing loans to Qualifying Enterprises; and
   (ii) increasing the ease with which loans can be accessed by Qualifying Enterprises from Participating Lenders.

The successful candidate will be based in St. Kitts.

APPLICANTS MUST HAVE:

- An Undergraduate Degree in accounting, finance, business *administration or related field*, and
- Minimum 5 years' experience in SME credit analysis, ideally in agricultural financial services.

APPLICANTS SHOULD ALSO HAVE:

1. Familiarity with SME lending;
2. Familiarity with cash flow analysis as it relates to a decision whether to approve a loan application;
3. Familiarity with agricultural lending;
4. Experience making public presentations to groups of people;
5. Ability to identify characteristics of a successful SME loan application;
6. Experience working in a credit function, including loan approvals, servicing and/or liquidation, preferably in agricultural lending;
7. Proven technical proficiency and strong analytical skills;
8. Exceptional written, oral, interpersonal, and presentation skills:
9. Proficiency in English, and
10. Proficiency in the use of Microsoft Office software.

Some advisory assistance, training and mentoring may be provided in specialized areas.

DUTIES

The successful candidate will be directly responsible to the Senior Operations Officer (SOO). The selected candidate shall assist the SOO by performing the first analysis of applications for loan guarantees from participating lenders.

The Credit Officer will be responsible for:

i. Performing the initial credit analysis on all applications received. The goal of the analysis will be to determine if there is adequate cash flow from ongoing operations to support the debt service required to repay the loan.
ii. Verify that the social and environmental safeguards are adequately addressed in the application.
iii. Preparing the loan officer's report with a recommendation and justification for the decision.
iv. For approved applications, preparing the first draft of the Loan Authorization document which will have the terms and conditions required by the Corporation to place a guarantee on the loan.
v. Completing any other tasks as assigned by the Senior Operations Officer.
vi. Ensuring that the web portal stays current with the most recent data requirements.
vii. Responding to questions on the use of the portal by lenders or MSMEs.
viii. Noting any lender training needs that may be apparent from the processing of applications.
ix. Conducting training and outreach activities as assigned by senior managers. Assisting with the development of marketing materials, including items posted on a social media page.
x. Ensuring that all forms on the website are up to date.
xi. Participating in lender training programs.
xii. Assisting the ESHS Specialist with the credit aspects of the investigation of any grievances submitted by the Kalinago people.

22.5 Environmental, Social, Health and Safety Specialist

Suitably qualified persons are invited to apply to fill the post of Environmental, Social, Health and Safety Specialist at the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) headquartered in St. Kitts.

The ECPCGC was established by the Member Governments of the Eastern Caribbean Currency Union (ECCU) to increase the availability of financing to promote the creation, expansion, modernization and improvement of micro, small and medium enterprises (MSMEs). The statutory objectives of the ECPCGC are to:

(a) assist in promoting economic growth and development in Member Territories by administering the Credit Guarantee Scheme to increase access to finance;
(b) offer credit guarantees to Participating Lenders in respect of Qualifying Enterprises;
(c) enable Qualifying Enterprises to access loans from Participating Lenders with the intention of -
    (i) strengthening the confidence of Participating Lenders in providing loans to Qualifying Enterprises; and
    (ii) increasing the ease with which loans can be accessed by Qualifying Enterprises from Participating Lenders.

The successful candidate will be based in St. Kitts.

APPLICANTS MUST HAVE:

- A degree in Environmental Science or related area is preferred;
- Minimum 5 years' experience working in the environmental field, ideally in a position that also included exposure to the financial services industry.

APPLICANTS SHOULD ALSO HAVE:

1. Familiarity with banking and lending;
2. Familiarity with World Bank ESHS requirements (do not have to have worked with them before);
3. Familiarity environmental regulations in the ECCU;
4. Experience reviewing projects for environmental compliance;
5. Experience with social safeguards and knowledge of their implementation;
6. Familiarity with the unique issues facing the Kalinago Community;
7. Ability to operate as an effective tactical and strategic thinker;
8. Exceptional written, oral, interpersonal, and presentation skills, and
9. Proficiency in the use of Microsoft Office software.

Some advisory assistance, training and mentoring may be provided in specialized areas.

i. Integrate the Tier 1 and Tier 2 screening procedures of the ESMF into the loan application process and ensure that ECPCGC staff and PLs are fully aware of them.
ii. Develop specific guidance for ESMF issues that can be provided to lenders to guide them on reviewing these issues during the credit analysis process, including basic procedures for each of the relevant sectors as they become part of the portfolio.
iii. Adapt, develop and improve ESHS screening forms and procedures, using precepts described in the ESMF.
iv. Provide direct support to participating lenders and MSMEs in the evaluation of potential loans by screening, auditing, site visits, and due diligence.
v. Conduct regulatory queries to identify permit gaps and requirements and to describe plans and actions to regularize compliance ("Compliance Plans").
vi. Identify complex or sensitive MSME activities which require additional studies, new permitting, further due diligence, or other ESHS assessment work, as per World Bank policies described in the ESMF.
vii. Review contract and guarantee agreement language to ensure ESHS compliance and reporting requirements are adequate, reasonable and appropriate.
viii. Engage with PLs to evaluate and improve their environmental management systems, and assist them with the review and preparation of annual reporting on environmental performance aspects.
ix. Identify and conduct outreach or training activities for participating lenders, MSMEs, and others.
x. Provide reporting on project activities and environmental/social concerns as they arise, to serve as documentation of compliance and to support periodic reporting to the World Bank.

xi. Provide ESHS input into quarterly and/or annual reports as necessary.
xii. Develop and manage the Grievance Redress Mechanism for the project.
xiii. Serve as the initial point of contact for any grievances regarding any of the social or environmental protections.
xiv. Develop and implement an auditing protocol for claims evaluations to assess environmental practice and ensure compliance with ESMF requirements for AFIs filing claims to the Corporation.
xv. Develop social and environmental training materials that are designed to address the issues that ECCU lenders are likely to encounter when working with MSMEs. These materials include the training module presentation as well as handouts and other literature lenders will need to ensure compliance with environmental requirements. The training must include a module for lenders to use to assess the ability of MSMEs to manage the environmental and social risks associated with their business.
xvi. Present the social and environmental training module at all lender training sessions. This includes presentations in person, via webinar or other electronic means, and recording the presentation for inclusion on the web portal. An integral part of these training sessions is responding to questions from lenders.
xvii. Respond to questions from lenders regarding specific circumstances related to a case that the lender is currently processing. Responses will include guidance on steps the MSME must take to meet social or environmental requirements if the case is not in compliance.
xviii. Provide a quarterly report to the CEO regarding the number of trainings provided, the number and types of queries received and any issues that seem to be affecting more than one lender.
xix. Develop a monthly newsletter on social and environmental issues and use it to highlight any problem areas.
xx. Review all applications for ESHS issues and follow up with lender if there are problems.
xxi. Provide ESHS input into quarterly and/or annual reports as necessary.
xxii. Serve as the investigatory authority for any grievances regarding any of the social or environmental protections.

Develop specific guidance for ESMF issues that can be provided to lenders to guide them on reviewing these issues during the credit analysis process.

22.6 Administrative Assistant

Introduction:

Six-member states of the Eastern Caribbean Currency Union have joined together to establish the Eastern Caribbean Partial Credit Guarantee Corporation (ECPCGC) under the guidance of the World Bank. Five of the countries are borrowing money from the World Bank to use to capitalize the ECPGC. The sixth nation is using existing funds to contribute to the USD12 million capitalization of the scheme. The ECPCGC headquarters will be in Saint Kitts. The Board of Directors of the ECPCGC is seeking an individual to be the first Administrative Assistant (AA) of the organization. The AA will be expected to handle the tasks necessary for a properly functioning office. The AA will play a key role with the CEO and CFO in setting up the business. Once the office space is located and the staff has moved in, the AA will begin setting up a filing system, working with the telephone vendor to ensure that each of the functions are working properly and purchasing office supplies. When the computer system is installed, the AA will establish a correspondence tracking system and begin to establish a calendar for key events, including training.

Candidate must have:

1. An Undergraduate Degree, and
2. Minimum 5 years' experience as an administrative assistant to an executive level position.

Candidate should also have:

1. Familiarity with office management;
2. Familiarity with social media;
3. Excellent organizational skills;
4. Ability to manage both paper and electronic files;
5. Exceptional written, oral, and interpersonal skills:
6. Proficiency in English, and
7. Proficiency in the use of Microsoft Office software.

Some advisory assistance, training and mentoring may be provided in specialized areas.

Reporting Arrangements:

The consultant will report directly to the Chief Executive Officer of the ECPCGC.

Terms of Assignment/Contract Duration:

This consultancy assignment will be partially funded by the World Bank for the first five years. Initial contracted employment period will be for three years subject to a performance review and an expression of further contracted employment three months before the expiration of the existing contract.

Terms of Reference for the Position:

The selected candidate shall assist the CEO by managing the office and assisting with scheduling, travel arrangements, and other logistical issues.

The Consultant will be responsible for:

i. Answering telephone inquiries to the CEO;
ii. Handling incoming and outgoing paper and electronic (as necessary) correspondence;
iii. Establishing and maintaining a paper and electronic filing system;

iv. Handling procurement of small items for the office, with final approval of any purchase being made by the Chief Financial Officer;
v. Supporting senior staff with travel arrangements, scheduling, and day to day operations.
vi. Handling the office petty cash fund;
vii. Establishing and maintaining the ECPCGC’s social network presence, including Facebook, Twitter, and any other network used by local lenders;
viii. Assisting the credit officers in drafting and distributing a newsletter (frequency will be determined by the CEO) via e-mail/Facebook post, etc. discussing topics of current interest to lenders;
ix. Monitoring local publications/Facebook posts and regularly performing searches to see what is being written about the ECPCGC on the web;
x. Researching the circumstances and drafting responses to negative posts for approval by the Senior Operations Officer and CEO;
xi. Any other duties necessary to fulfill the mandate of the ECPCGC.