

Luxembourg, 10 November 2023

Environmental and Social Data Sheet

Overview

Project Name:	CDB WATER MANAGEMENT AND CLEAN OCEANS FL
Project Number:	2022-0727
Country:	14 countries in the Caribbean, which are Antigua & Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Kitts & Nevis, Saint Lucia, Saint Vincent & the Grenadines, Suriname and Trinidad & Tobago
Project Description:	This intermediated framework loan with the Caribbean Development Bank supports water, sanitation and solid waste infrastructure within the Caribbean Region. This operation is a sub project of the Caribbean Water, Sanitation and Ocean Program Loan (2021-0497).
EIA required:	This is a multi-scheme Framework Loan operation. Some schemes may require an EIA under the relevant legislation.
Project included in Carbon Footprint Exercise ¹ :	no

Environmental and Social Assessment

Environmental Assessment

The project will be the third Framework Loan (FL) intermediated through the Caribbean Development Bank (CDB). It is a sub-operation of the Caribbean Water, Sanitation and Ocean Program Loan (2021-0497) which received an Investment and Technical Assistance (TA) grant from the European Commission through the Caribbean Investment Facility (CIF). The FL will mainly support schemes in the water sector. Solid Waste schemes will also be eligible. The underlying schemes will be located in CDB's borrowing member countries, located in the Caribbean and that are eligible for EIB funding (see above). The loan proceeds will be made available through CDB, the financial intermediary, to national governments, municipalities or public utilities of the relevant countries.

The other FLs with CDB focused on Climate Action (CA) in multiple sectors such as health, transport as well as water.

All countries in the FL area are part of the group of Small Island Developing States (SIDS)². SIDS were recognised as a special case both for their environment and development at the 1992 United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil. They are uniquely vulnerable to climate change due to their size, geographical remoteness, frequent exposure to weather and climate events and hazards, rising sea levels, and comparatively small populations and limited resources.

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.

² <https://www.un.org/ohrrls/content/list-sids>



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The project area is already experiencing the impact of climate change through an increase in sea level, temperature, length of heat waves, precipitation intensity as well as the number of dry days, drought duration and frequency. This is also impacting the water supply, sanitation and solid waste facilities. The FL will support climate adaptation and mitigation as well as environmental sustainability through the rehabilitation, upgrading, and extension of water supply systems, wastewater collection and treatment systems, stormwater as well as solid waste management systems.

CDB's Climate Resilience Strategy 2019-2024 mainstreams Climate Change and Disaster Risk Management in its operations. A Climate Risk and Vulnerability Analysis (CRVA) is systematically requested by CDB from the promoter (or the final beneficiary) of each scheme. Often CDB assists in the preparation of these analyses to comply with its standards. The CRVAs shall identify the exposure, vulnerabilities and adaptive capacities of the investments to climate change and define the appropriate measures to mitigate those risks in both the projects' design, implementation and operation. Each scheme will then be required to include the selected climate adaptation measures to improve its climate-resilience.

Since 1994, CDB has followed the guidelines of its Environmental and Social Review Procedure (ESRP). The current ESRP edition (2014) is under revision. The rules established in the ESRP are in line with international good practices. Considering the types of investments envisaged in this FL, CDB's ESRP are considered suitable to fulfil EIB's social and environmental standards on projects with some additional undertakings (see below). CDB will ensure that each scheme promoter acts according to CDB's ESRP.

The promoters of the schemes will be required to carry out an Environmental and Social screening, in line with national and CDB's ESRP's requirements. Depending on the expected impact of the investments, the promoters will prepare an Environment and Social Impact Assessment (ESIA) study. This study will be in line with the national requirements of the country where the investment is located and with CDB's ESRP. Schemes having any negative impact on special protection areas will have to provide evidence of the compliance with CDB's ESRP and the promoters will have to provide evidence of the compliance with CDB's guidelines with regards to biodiversity and environment preservation. No EIB funds will be allocated before this evidence is presented and approved by CDB.

The environmental benefits will be a key aspect of the project. It is expected that some of the schemes will have a significant long-term positive environmental impact on surface water, groundwater bodies and marine waters by reducing pollution from untreated or not properly treated wastewater. Some of the schemes will contribute to preventing discharge of leachate from solid waste into the groundwater, surface water (rivers and lakes) and coastal water bodies. Some schemes will improve the protection of water resources by reducing the water losses in the water supply systems.

Due to the nature of the schemes to be implemented, it is anticipated that the negative environmental impacts will be mainly associated with the period of construction and mainly localised, temporary and reversible. Sufficient measures to compensate and mitigate negative impacts will be included in the Environmental and Social Management Plans (ESMPs) to be included in the ESIA's (when relevant).

The project is expected to contribute to the circular economy as well as the blue economy by improving solid waste management and sanitation. The subsequent reduction of pollution through solid waste and/or wastewater ending up in the ocean is expected to improve the ocean's water quality. The schemes to be financed with the FL will be Paris aligned both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap (CBR).



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EIB Paris Alignment for Counterparties (PATH) Framework

An undertaking in the Finance Contract will ensure that all schemes to be financed with the FL will be Paris aligned both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap (CBR).

CDB, the Financial Intermediary for this FL, is a National Promotional Institution and the EIB will seek to share best practices on Paris alignment with them, including on disclosure.

Social Assessment

As defined in SDG 6, safe drinking water and sanitation are basic human rights. Access to drinking water, in sufficient quantity and quality, is also a prerequisite to achieving many dimensions of sustainable development, including health, food security and poverty reduction. It is expected that the schemes will improve access to safe drinking water and sanitation, and will result in more resilient and reliable water services. This will yield lasting positive social benefits, including improved living conditions and public health of the inhabitants in the eligible countries. The schemes will also contribute to employment creation, mainly during the construction phase.

CDB has a gender strategy in place that aims to reduce gender inequality by screening and assessing gender impacts in all its operations, to ensure that the findings from these assessments are incorporated in the design of all its interventions such that they reduce any gender specific and disproportionate adverse gender impact and promote improved gender equality. In particular, CDB's gender strategy for integrating gender equality into water sector specifies that water projects should be informed by gender-differentials in water-use patterns related to households and livelihoods. This will help utilities to identify the support required to increase access by women and other vulnerable groups to adequate/regular water supply. Under its gender strategy, CDB may further support water utilities in setting up a gender policy for human resource management to create a workplace that is attractive to both women and men. To ensure application of CDB's gender strategy in the schemes under the FL, EIB will include as an undertaking for CDB to ensure a gender analysis is carried out for each scheme that informs the design and/or implementation of the project on how to reduce any gender specific and disproportionate adverse gender impact and promote improved gender equality. It is expected that some of the schemes will also have a gender positive impact due to the improvement on the water supply and sanitation conditions. In addition, since women are generally more affected by the impacts of climate change, schemes increasing the resilience will also have a positive impact on gender equality³.

Schemes negatively affecting Indigenous People or requiring evictions will not be financed through this FL.

Public Consultation and Stakeholder Engagement

CDB involves stakeholders, including project-affected groups and NGOs, as early as possible in the project preparation process and ensures that their views and concerns are made known to decision makers and taken into account. CDB's ESRP gives clear guidance on when and how stakeholder engagement shall take place and is acceptable to the Bank

Additionally, the CDB's Office of Integrity Compliance and Accountability deals with complaints that can arise from any scheme financed.

³ https://www.unwomen.org/en/news-stories/explainer/2022/02/explainer-how-gender-inequality-and-climate-change-are-interconnected?gclid=EAlaIqobChMlJiT72p7e_gIVT_I3Ch3BXQpXEAAAYASAAEgJL1_D_BwE



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Other Environmental and Social Aspects

CDB's ESRP also defines the requirements for Environmental and Social Management Plans (ESMPs) and Environmental Audits. For the due diligence of the schemes, specific sector experts are involved to ensure compliance with the ESRP.

Conclusions and Recommendations

The schemes in the Project are expected to have several positive environmental and social impacts. The Project will contribute to enhance the quality of life in the eligible countries by supporting them with investments in the water, sanitation and solid waste sectors.

The CDB is a well-established institution in the Region. It has developed clear policies and procedures to implement projects with regards to environmental and social issues that are in line with the EIB's standards.

The institutional capacity of individual scheme promoters will be supported by CDB in environmental and social issues. Depending on the needs of each scheme, the EIB might provide TA via the CIF grant under the Caribbean Water, Sanitation and Ocean Program Loan to support the promoters in the scheme preparation and implementation.

The schemes allocated under this FL will be subject to the CDB complying with the following undertakings:

- All schemes to be funded under the FL shall be Paris aligned, both against low carbon and resilience goals against the policies set out in the Climate Bank Roadmap (CBR). This shall ensure that investments:
 - are consistent with national and global low-greenhouse gas (GHG) development pathways and do not undermine the transition to a decarbonised economy, and
 - can manage likely material physical climate change risks, in line with national adaptation and climate resilience strategies and plans, and, where possible, contribute to a climate-resilient system.
- CDB shall ensure that a gender analysis is done for the majority of the schemes, that informs the design and/or implementation of the project on how to reduce any specific and disproportionate adverse gender impact and promote improved gender equality.
- CDB will be required not to allocate Bank funds to schemes that require a full ESIA study until the ESIA study including the required stakeholder engagement have been finalised and approved by the relevant competent authority and are compliant with CDB's ESRP.
- CDB will ensure that the promoters of the schemes implement and operate them in compliance with the latest version of CDB's ESRP.
- Schemes negatively affecting Indigenous People will not be financed through this FL.
- CDB shall ensure that international good practices on labour standards are followed in the schemes.
- Schemes requiring physical resettlements of more than 200 people shall not be financed through this FL.

Considering the above, the Project is acceptable for EIB financing from an environmental and social point of view.