
Chapter 6

Annexes

Contents

| | |
|---|------|
| Annex A: Sample Environmental Screening/Report Form for MSE Assistance Programs | 6-2 |
| Annex B: Classifying MSEs as Damaging or Not | 6-9 |
| Annex C: Sample Screening Form for Individual MSE Loans | 6-15 |
| Annex D: Sample Environmental Commitment Statement for MSEs | 6-19 |
| Annex E: Sample Terms of Reference for Specialized Consultants | 6-21 |

This chapter presents several tools to help BDS and credit providers with screening, mitigation and monitoring. First, the sample program-level screening form in **Annex A** will help identify those proposed programs which may not be allowed or for which mitigation is required by USAID Regulation 216. However, USAID Regulation 216 does not directly address many of the activities undertaken by MSEs that may be damaging to the environment—or raise awareness of many of the cleaner production opportunities that could cost-effectively mitigate those impacts and improve financial viability of enterprises. **Annexes B and C** are designed to help users of these guidelines identify those potentially damaging enterprises not expressly covered under Regulation 216, and to focus in on critical adverse impacts and a more complete range of mitigation opportunities.

To help readers orient themselves, **Annex B** lists dozens of types of enterprises that commonly receive development assistance and divides them into three groups: (1) those that are expected to have beneficial impacts on the environment, (2) those expected to have minimal adverse environmental effects, and (3) those that are expected to have potentially significant adverse effects. Some BDS and credit providers will likely wish to develop much more targeted lists for subsectoral screening purposes, depending upon the types of enterprises with which they work frequently and about which more information is available. For instance, BDS and credit providers could focus most screening activities upon types of MSEs covered in the Cleaner Production Fact Sheets (see Chapter 4).

For those BDS and credit providers wishing to conduct a more detailed screening, **Annex C** provides a sample enterprise-specific questionnaire, because knowing only the type of enterprise may be insufficient to fully understand the scope and scale of its potential environmental impacts. Several important enterprise-specific factors may also be considered, including the nature of the proposed activities and their magnitude, scale, location, duration of impact, importance, and environmental context. Helping MSEs fill out a screening questionnaire facilitates this evaluation for a second level of screening, which may be most useful in unusual cases, given the additional resources required to conduct such an assessment. The Cleaner Production Fact Sheets in Chapter 4 could be used to develop custom sector-specific screening forms.

Annexes D and E provide supplemental tools to assist BDS and credit providers in improving MSEs' environmental performance. **Annex D** is a sample Environmental Commitment Statement for MSEs, because assistance providers may wish to obtain such mitigation commitments from those assistance applicants whose activities are likely to have impacts of concern. **Annex E** provides sample terms of reference that may be modified when hiring environmental consultants.

Annex A: Sample Environmental Screening/Report Form for MSE Assistance Programs¹

This form is intended to help you quickly assess which of your proposed MSE development programs that present relatively high risks for harm to the environment and will require a formal Environmental Review under USAID regulations. This form can be used to assess program- or project-level activities or could be adapted to review enterprise-specific actions.

First, the form will help you classify the proposed activities into one of three categories:

- (A) those activities that do not require a formal Environmental Review,
- (B) those activities that require an Environmental Review and are likely to require some mitigation and monitoring to control adverse impacts and receive a negative determination under Regulation 216, and
- (C) those activities that require an Environmental Review and are likely to invoke a positive determination under Regulation 216 and require a full environmental assessment.

For activities in Categories B and C, the form also explains the suggested format for the Environmental Review document. The Environmental Review will help you begin to identify preventative, mitigating and/or monitoring measures to be taken to minimize the risk for unintended harm to the environment.

Readers are cautioned that the generic form below is illustrative. Its final contents can be refined and jointly determined among the affected partners – including USAID program officers, business development services (BDS) and credit providers, and host country agencies.

As discussed elsewhere in these guidelines, readers should also recognize that even those activities under Category A may have significant adverse environmental impacts. They may also offer excellent opportunities to encourage MSEs to recognize and implement cleaner production opportunities -- potentially sparking improved quality and profitability in these enterprises and enhancing your organization's mission. Other tools in these guidelines (e.g., Box 3.3g, and subsector-specific cleaner production fact sheets) are intended to help you address those activities.

Program information

Program name: _____

Type of Enterprise(s) to be supported: _____

Geographic Location: _____

Business Description: Describe purpose/outputs of the enterprise and environmental impact of the business. Attach extra pages if more space is needed.

¹ Adapted from IEE for Eritrea Program/Activity # 661-0009, Investment Objective (IO) 2: Increased Income of Enterprises, Primarily Rural, with Emphasis on Export. 1996.

Description of Support for Enterprise(s): Describe proposed support to be provided to the enterprise or enterprises (e.g., financing or services to be provided). Note anticipated environmental impacts of support. Attach extra pages if more space is needed.

Step 1. Determine Category of Request:

Follow the checklists in this section to determine which one of the following three categories applies to the MSE activity. In considering potential adverse environmental impacts, program planners should be careful to consider collective impacts of MSEs and the potential for MSE programs to exacerbate existing environmental problems.

- **Category A: No Further Environmental Review May Be Required.** Is the request exclusively to provide technical assistance, training, institutional strengthening, or research, education, studies or other information analysis, awareness-building or dissemination activities *with no foreseeable negative impact on the biophysical environment*? This probably qualifies as a Category A activity—no further environmental review or action may be necessary. Complete form to establish this circumstance.
- **Category B: An Environmental Review Report Is Needed.** Does the request include funds or technology transfer to support any physical natural resource management activities, or any community and rural development services, infrastructure, public facilities or road rehabilitation? Does it involve development of income-generating or resource management systems, or certain kinds of applied ecological or natural resources research? If so, it will likely require an Environmental Review of the kind described in Step 4 of this form. Determine which Category the request falls under, to establish the type of environmental review that may be required.
- **Category C: Significant Environmental Impacts Likely; Environmental Review Required, and Environmental Assessment Likely to Be Required.** Is the activity one that normally requires an environmental assessment, as defined by USAID Regulation 216?

Category A—No Formal Environmental Review Needed:

If you answer “yes” to any of the following questions, this assistance request will probably not require a formal Environmental Review. However, it is recommended that you proceed to review of the Category B and C checklists, to ensure entire assistance request qualifies for Category A. Then proceed to Step 2.

Does the assistance request ONLY involve (yes, no, N/A):

- _____ Provision of education, technical assistance, or training. Does *not* qualify for “Category A” if such programs include activities directly affecting the environment.
- _____ Support for intermediate credit arrangements (only when *no* significant biophysical environmental impact can reasonably be expected).
- _____ Community awareness initiatives.
- _____ Controlled experimentation exclusively for the purpose of research and field evaluation confined to small areas (normally under 4 ha., i.e., 10 acres) and carefully monitored (when no protected or other sensitive environmental areas could be affected).
- _____ Technical studies and analyses and other information generation activities not involving intrusive sampling of endangered species or critical habitats.
- _____ Document or information transfers.
- _____ Nutrition, health care or family planning. Such programs do *not* qualify for “Category A” if (a) some included activities could directly affect the environment (construction, water supply systems, etc.) or (b) biohazardous (esp. HIV/AIDS) waste is handled or blood is tested.
- _____ Rehabilitation of water points for domestic household use, shallow, hand-dug wells or small water storage devices (when no protected or other sensitive environmental areas could be affected).
- _____ Construction or repair of facilities if total surface area to be disturbed is under 10,000 sq. ft. (approx. 1,000 sq. m.) (*and* when *no* protected or other sensitive environmental areas could be affected).
- _____ Studies or programs intended to develop the capability of recipients to engage in development planning. Do *not* mark “yes” if these involve activities directly affecting the environment.

Category B: Adverse Environmental Impacts Possible, Environmental Review Required (Specific Conditions, Including Monitoring, May Be Applied):

Note: The Environmental Review (Step 4 below) must address why there will be no potential adverse impacts on protected areas, endangered or threatened species or their critical habitat; or relatively undegraded forest. I.e., justify your conclusion that the proposed Category B activities do not belong in Category C. Even for activities designed to protect or restore natural resources, the potential for environmental harm exists (e.g., re-introduction of species, controlled burning, fencing, wildlife water points, spontaneous human population shifts in response to loan or technical support activities undertaken, etc.). *If you do not find an exact match listed here for the activity you are undertaking, and it is not in Category A or C, then use the last item in Category B to describe the activity and treat it as Category B for purposes of environmental review.*

Does the loan involve (yes, no, N/A):

- _____ Small-scale activities in agriculture, natural resources management, sanitation, etc. (list and scale to be defined mutually among the appropriate partners, whether donor or host country agencies).
- _____ Controlled experimentation exclusively for the purpose of research and field evaluation (areas of 4 ha. or more, i.e., 10 acres) and carefully monitored, when neither protected or other sensitive environmental areas could be adversely affected, nor threatened and endangered species and their habitat jeopardized.
- _____ Small-scale construction or rehabilitation of facilities or structures in which the surface area to be disturbed exceeds 10,000 sq. ft and funding level is not in excess of \$200,000 and where no protected or other sensitive environmental areas could be affected.

- _____ Minor construction or rehabilitation of rural roads of less than 10 km in length (with no change in alignment or right of way), with ecologically sensitive areas at least 100 m away from the road and not affected by construction or changes in drainage; likewise, no protected areas or relatively undegraded forest should be within 5 km of the road.
- _____ Nutrition, health care or family planning, *if* (a) some included activities could directly affect the environment (construction, water supply systems, etc.) or (b) biohazardous (esp. HIV/AIDS) waste is handled or blood is tested.
- _____ Construction or rehabilitation of small-scale water points or water storage devices for domestic or non-domestic use, not covered in Category A, when neither protected or other sensitive, environmental areas could be adversely affected nor endangered and threatened species jeopardized.
- _____ Quantity imports of commodities such as fertilizers.
- _____ Technical studies and analyses and other information generation activities that could involve intrusive sampling, including aerial surveys, of endangered species or critical habitats.
- _____ Small-scale use of USEPA-registered least-toxic general-use pesticides, limited to supervised use by farmers, demonstration, training and education, or emergency assistance. Environmental review must be carried out consistent with USAID Pesticide Procedures as required in Reg. 16 [22 CFR 216.3(b)(1)].
- _____ Other activities not in Category A or Category C. *These may include many sorts of small-scale manufacturing.*

Category C: Significant Environmental Impacts Likely. Environmental Review Required, and Environmental Assessment Likely to Be Required:

The below Category C activities are consistent with USAID criteria for activities that normally require an Environmental Assessment, as defined by USAID's Regulation 216. It is recognized that some of these categories are ambiguous. Mark "yes" if they apply, and show in the Environmental Review (Step 4) the extent and magnitude of activities and their impacts, so that USAID and its partners can determine if an EA is necessary or not.

Does the assistance request involve (yes, no, N/A):

- _____ *Light industrial plant production or processing (e.g., sawmill operation, agro-industrial processing of forestry products)*
- _____ River basin or new lands development
- _____ Planned resettlement of human populations
- _____ Penetration road building, or rehabilitation of roads (primary, secondary, some tertiary) over 10 km length, and any roads which may pass through or near relatively undegraded forest lands or other sensitive ecological areas
- _____ Substantial piped water supply and sewerage construction
- _____ Major borehole or water point construction
- _____ Large-scale irrigation
- _____ Water management structures such as dams and impoundments
- _____ Drainage of wetlands or other permanently flooded areas
- _____ Large-scale agricultural mechanization
- _____ Agricultural land leveling

- _____ Procurement or use of **restricted use** pesticides, or wide-area application in non-emergency conditions under non-supervised conditions
- _____ Potential to significantly degrade protected areas, such as introduction of exotic plants or animals
- _____ Potential to jeopardize threatened & endangered species or adversely modify their habitat (esp. wetlands, tropical forests)

Step 2. Summarize and Itemize Activities:

List ALL activities in the category A, B and C checklists to which to which YES was answered.

| Category | Funding | Activity/Sub-Activity |
|----------|---------|-----------------------|
| | | |
| | | |
| | | |
| | | |
| | | |

(expand this table as required)

Step 3. Determine Need to Prepare Environmental Review.

- If all activities are in Category A, sign and date the form. Your development project does not require a formal Environmental Review under Regulation 216.
- For any activities in Category B and C, prepare an Environmental Review Report assessing all of these activities' impacts. For all Category B and C activities, proceed to Step 4 to prepare Environmental Review.
- Note that if USAID confirms the Category C determination, further documentation will be required.

Step 4. Prepare Environmental Review

Environmental reviews must be prepared for all Category B and C Activities.

Suggested Format for Environmental Review: The Environmental Review should be about 3–5 pages long (more if required) and consist of following sections:

1. **Background, Rationale and Outputs/Results Expected**
Summarize and cross-reference proposal if this review is contained therein.
2. **Activity Description**
Succinctly describe location, siting, surroundings (include a map, even a sketch map). Provide both quantitative and qualitative information about actions needed during construction, how intervention will operate and any ancillary development activities that are required to build or operate the primary activity (e.g., road to a facility, need to quarry or excavate borrow material, need to lay utility pipes to connect with energy, water source or disposal point or any other activity needed to accomplish the primary one but in a different location). If various alternatives have been considered and rejected because the proposed activity is considered more environmentally sound, explain these.

3. **Environmental Situation**

Affected environment, including essential baseline information available for all affected locations and sites, both primary and ancillary activities.

4. **Evaluation of Activities and Issues with Respect to Environmental Impact Potential.**

Include impacts that could occur before construction starts, during construction and during operation, as well as any problems that might arise with restoring or reusing the site, if the facility or activity were completed or ceased to exist. Explain direct, indirect, induced and cumulative effects on various components of the environment (e.g., air, water, geology, soils, vegetation, wildlife, aquatic resources, historic, archaeological or other cultural resources, people and their communities, land use, traffic, waste disposal, water supply, energy, etc.). Indicate beneficial impacts and how the natural resources base will be sustainably improved.

5. **Environmental Mitigation Actions (including monitoring and evaluation**

For example, indicate means taken to avoid, reduce or compensate for impacts, such as restoration of borrow or quarry areas, replanting of vegetation, compensation for any relocation of homes and residents. Indicate how mitigative measures will be monitored to ensure that they accomplish their intended result or what monitoring might be needed for impacts about which there is uncertainty. Provide specifics on who will be responsible for mitigation and monitoring.

6. **Other Information** (as appropriate)

Where possible, include photos of the site and surroundings; list the names of any reference materials or individuals consulted.

Note: Specific plans for monitoring of key environmental indicators and mitigation of impacts during activity implementation are especially important; these must be addressed in the review. Information on monitoring results and mitigation of impacts are to be included in all progress reports. The review should also assess the degree to which the activity or activities are part of an integrated natural resource planning and management framework framework that considers the appropriate use of multiple resources.

Drafted by: _____

Date: _____

Reviewed by: _____

Date: _____

Annex B: Classifying MSEs as Damaging or Not²

This annex presents a simple scheme for identifying sectors with potentially adverse impacts. Such a scheme could be quite valuable in allowing field staff to readily identify MSE activities that require review by a more expert staff member, without having to become environmental experts themselves. For instance, field staff might be asked to consult this list before providing support to any MSE, and referring high-risk MSEs to qualified environmental staff for specialized support that complies with USAID regulations.

This annex may not be exhaustive and is intended to familiarize readers with the kinds of MSEs that may be likely to create adverse environmental impacts. In practice, PVOs may wish to have a customized list. The final criteria for classification should be refined and jointly determined among the affected partners—including USAID program officers, Business Development Services (BDS) and credit providers, technical experts and host country agencies.

MSE Classification Scheme

In MSE assistance programs, it is recommended that MSEs receiving services or credit be classified as follows with respect to their environmental impact:

| | |
|-----------|---|
| Group I | Activities designed to have beneficial impacts on the environment (Note that such activities can have adverse impacts if poorly designed) |
| Group II | Activities that typically have no, or limited, adverse effects. |
| Group III | Activities expected to have potential adverse environmental impacts. |

Group I: MSEs Designed to Have Beneficial Impacts on Environment (Can Have Adverse Impacts)

- Environmental and natural resource protection institutions
- Environmental education services
- Fish hatcheries of native species for repopulation of public watercourses
- Green (environmentally friendly) businesses
- Management of microwatersheds
- Nurseries and reforestation with native species
- Professional environmental and ecological services (waste collection, urban beautification)
- Protection of historical monuments
- Protection of public areas
- Public libraries, museums, botanical gardens
- Raising of endangered species

² Quoted/Adapted From Inter-American Development Bank (IADB) 1997

- Sanitary and similar service activities
- Surveillance of national parks and reserves

Group II: MSEs Expected to Have Minimal Adverse Environmental Effects

- Authors, composers and artists
- Barber and beauty shops
- Communications
- Domestic services
- Exhibition of films and video tapes
- Public instruction
- Radio and television broadcasting
- Repair of footwear and leather articles
- Retail trade
- Sale of foods and beverages
- Sale of furniture and other household articles
- Sale of hardware and electrical appliances
- Sale of machinery for maintenance, industry, etc.
- Sale of textiles and clothing
- Services for companies
- Stores and shops
- Theatrical productions
- Watch, clock and jewelry repair

Group III. MSEs Expected to Have Potential Adverse Environmental Impacts

- Agricultural machinery and equipment manufacturing
- Agricultural production (see *Small-Scale Guidelines* on agricultural production)
- Animal feed manufacturing
- Bakery products manufacturing
- Batteries manufacturing and repairing
- Candles, matches manufacturing
- Canning of fruits
- Carpets and rugs manufacturing
- Cement, lime and plaster manufacturing
- Chemical products manufacturing

- Chocolate and sugar confectionery manufacturing
- Clay, china, porcelain objects manufacturing
- Construction
- Containers and boxes of paper and paperboard manufacturing
- Cordage manufacturing
- Cutlery and general hardware manufacturing
- Dairy products manufacturing
- Distilling and rectifying of spirits
- Drugs and medicines manufacturing
- Electric equipment manufacturing
- Electrical appliances manufacturing
- Electrical repair shops
- Engines and turbines manufacturing
- Fertilizers and pesticides manufacturing
- Fishing
- Footwear, except rubber footwear manufacturing
- Fur dressing and dyeing
- Furniture and fixtures, except of metal manufacturing
- Furniture and fixtures primarily of metal manufacturing
- Gas manufacturing and distribution
- Glass and glass products manufacturing
- Grain mill products manufacturing
- Hunting, trapping, repopulation
- Industrial chemicals, except fertilizers manufacturing
- Industrial machinery and equipment, except woodworking machinery manufacturing
- Iron and steel basic industries
- Jewelry and related articles manufacturing
- Knitted fabrics manufacturing
- Leather products, except footwear manufacturing
- Livestock farming (not covered by these guidelines)
- Machinery and equipment except electrical
- Manufacturing industries
- Medical, dental, paramedical, and veterinary services
- Metal and woodworking machinery manufacturing

- Metal products manufacturing
- Motorcycles and bicycles manufacturing
- Musical instruments manufacturing
- Nonferrous metal basic industries
- Nonmetallic mineral products manufacturing
- Other repair shops
- Other textiles manufacturing
- Paints, varnishes and lacquers manufacturing
- Paper and paperboard articles manufacturing
- Pharmacies
- Photographic and optical goods manufacturing
- Photographic studios, commercial photography
- Plastic footwear manufacturing
- Plastic products manufacturing
- Printing, publishing and allied industries
- Products of petroleum and coal manufacturing
- Pulp, paper and paperboard manufacturing
- Radio, television and communications equipment manufacturing
- Repair of motor vehicle, motorcycles, bicycles
- Resins and plastics materials, except glass manufacturing
- Restaurants, cafes, and other eating and drinking places
- Rubber products manufacturing
- Sale of industrial minerals, metals, chemicals
- Sale of raw agricultural materials
- Sawmills, planing and others
- Scientific research institutions
- Ship building and repairing
- Slaughtering and preparing meat
- Soap, perfumes and cosmetics manufacturing
- Soft drinks manufacturing
- Sports goods manufacturing
- Storage and warehousing
- Straw hats manufacturing
- Structural clay products manufacturing

- Structural metal products manufacturing
- Tanning and dressing of leather
- Textiles, except straw hats manufacturing
- Textiles (spinning, weaving, and finishing textiles, including bleaching and dyeing)
- Transport equipment manufacturing
- Various food products manufacturing
- Vegetable and animal oils and fats manufacturing
- Veterinary medications manufacturing
- Wood and cork products manufacturing
- Wooden and cork containers manufacturing

Annex C: Sample Screening Form for Individual MSE Loans³

Annexes A and B present program- and sector-level tools for evaluating whether an activity might be potentially environmentally damaging. This appendix presents a sample screening/application form that credit institutions could use to evaluate individual loans—perhaps only for those MSEs that have been pre-screened as belonging to sectors potentially having adverse impacts. This form could be adapted for use by BDS providers in reviewing potential environmental impacts of their clients.

An individual screening form can help organizations consider several variables, including the nature of proposed activities, their magnitude, scale, location, duration and extent of impact, and the environmental context. For example, it is important to understand what particular locational impacts each individual MSE will have. As mentioned above, even an MSE with a small impact may exacerbate an existing problem by locating in an already sensitive area or by concentrating with other MSEs.

Having initial screening criteria of this kind will help MSE credit organizations be efficient in applying environmental guidelines to their operations. For example, for those enterprises with no adverse impact, no further environmental review is necessary. Perhaps even certain enterprises with adverse impacts might be allowed a “fast track” if they can demonstrate they will put in place certain pre-specified mitigation measures. This overall pre-assessment effort can also help minimize the costs of incorporating environmental concerns into the smallest projects.

While all MSEs should be screened in some fashion, the form below is illustrative. Its final contents and use should be refined and jointly determined among the affected partners—including USAID program officers, business development services (BDS) and credit providers, other technical partners and host country agencies. In addition, credit officers should be properly trained to assist identifying and understanding potential adverse environmental impacts.

Number: _____

Environmental classification:⁴

Financial entity: _____

Name of credit officer: _____

Place and date of processing: _____

Is this category of MSE, in general, expected to have potential adverse impacts?

³ *quoted/adapted from IADB 1997*

⁴ I.e., based on potential to have adverse environmental impacts.

A. GENERAL INFORMATION

1. Name of enterprise & owner/operator
2. Address
3. Activity
4. Location of the enterprise (lot, settlement, town, district, province, etc.)
5. Area: (a) rural (b) urban (c) semirural
6. Zone: (a) industrial (b) residential (c) commercial

B. GENERAL DESCRIPTION OF THE ENTERPRISE

7. Number of employees (including family members)
8. Use of the premises: (a) workshop-house (b) workshop-store (c) workshop only
9. Products manufactured in order of importance
10. Services provided for clients
11. Machinery and equipment used (number of units, types, age in years)
12. The company performs the following activities: gluing, painting, polishing, dyeing, stamping, smelting, welding, applying lead, type setting, diluting acids, tanning, washing, rinsing, galvanizing, etc. (mark the activity)

C. POSSIBLE IMPACTS ON PERSONNEL AND FAMILY

13. What raw materials and other inputs are used (glues, solvents, catalysts, preservatives, etc.)? What quantities are used each month?
14. Do you know if any of the products used contain toxic substances? If so, what are the products and the toxic substances they contain?
15. Are combustibles kept out of the sun?
16. What other precautions do you usually take at your workplace to prevent injury to health?
17. Do your employees use protective gear (mark the equipment used)? (a) masks (b) goggles (c) earplugs (d) hard hats (e) gloves (f) protective clothing (g) respirators (h) boots
18. Do you have first aid equipment? Yes () No ()
19. Who knows how to use the first aid equipment?
20. Do you have a properly charged fire extinguisher? Yes () No ()
21. Do you and your employees know how to use it? Yes () No ()
22. If you use substances that could be harmful to health do you keep them in a safe place out of the reach of children? Yes () No () Do not use ()

D. IMPACT ON WATER RESOURCES

23. Is there potential for contaminating ground water with oil or chemical spills from your operations?
24. Could your operation result in degradation or contamination of ground or surface water?

25. Does your used water contain contaminating substances? Please list them (none, alkalies, acids, coloring agents, oils, poisonous substances, etc.)
26. How do you dispose of your liquid waste (acids, oils, toxic substances, etc.)?
- a. Pour it untreated down the drain
 - b. Treat it prior to pouring them down the drain
 - c. Dump it in the ground
 - d. Place it in the garbage in sealed containers
 - e. Reuse it
 - f. Sell it or give it away for recycling
27. If you have a system for the treatment of liquid waste or used water, please describe it.
28. Where do you dispose of waste? (a) down the drain (b) in a ditch or river
29. Do you create areas of standing water?

E. POSSIBLE IMPACT ON CONSUMERS

30. Do the products you make contain any toxic substance that could pose a risk to consumer health? If so, have you affixed a warning to the packaging? Have you posted warning notices in your premises?
31. Are your inputs, products, or processes registered with the competent authorities (e.g. health permit, permits for certain substances)? Please list them.

F. POSSIBLE LOCAL NOISE, AIR AND SOIL IMPACTS

32. Is there housing nearby? Yes () No ()
33. Do you produce noise that disturbs your neighbors? Yes () No ()
34. Do you have a noise-reduction system?
35. Does your operation produce gas or foul odors that affect neighbors? If so, do you use any system to attenuate them? Please describe.
36. Do you work during the night? Yes () No ()
37. Do you have trash collection? Yes () No ()
38. If not, how do you dispose of your trash? (a) burn it (b) dump it (c) bury it (d) dump it in a river
39. Does your trash contain chemical waste? Yes () No ()
40. Do you reuse or sell any of your scrap or waste? Yes () No ()
41. Could your operation result in degradation or contamination of soils? Yes () No ()

G. CLEANER PRODUCTION REVIEW

42. Do you follow standard “good housekeeping” procedures that reduce waste, minimize accidents, and reduce costs? Yes () No ()
43. Have you assessed your facility for cleaner production possibilities? Yes () No ()

44. Are you aware of the cost of waste produced by your operations, and the potential cost savings of reducing the waste? Yes () No ()
45. Is your enterprise using substantial amounts of resources that are becoming less and less available, and more and more expensive (e.g., clean water, fuelwood, etc.)? Yes () No ()

H. SUBSECTOR-SPECIFIC QUESTIONS

46. [Entrepreneurs should respond to any subsector-specific questions at this point. (See cleaner production subsector fact sheets for examples, and customize this questionnaire accordingly.)]

I. COLLECTIVE IMPACTS

47. Are there other facilities in the nearby community that are also polluting the air, water or soil? Yes () No ()
48. Are there other facilities that are depleting resources important to the long-term sustainability of your business (e.g., clean water, fuelwood, etc.)? Yes () No ()

I. ADDITIONAL INFORMATION OR COMMENTS

I formally declare the above information to be true.

(Signature of the microentrepreneur)

COMMENTS BY THE CREDIT PROVIDER:

COMMENTS BY THE ICI:

Annex D: Sample Environmental Commitment Statement for MSEs⁵

When providing loans, MSE credit organizations may wish to obtain formal written commitments from MSEs to follow good environmental practices and to address the most adverse impacts. To that end, support and credit organizations should ensure that MSEs follow both general environmental guidelines and sector-specific guidelines. This appendix offers a sample form that MSEs could sign to commit to environmental mitigation measures, required in order to receive a loan.

The form is illustrative, with its final contents to be refined and jointly determined among the affected partners—potentially including USAID program officers, BDS and credit providers, technical partners, MSEs, community members and host country agencies.

I have been informed about the importance of environmental protection in protecting the health and economic interests of my enterprise, my workers, and community. I understand that there may exist many cleaner production opportunities that offer me the chance to improve my environmental performance and to save money.

I, _____, undertake to carry out my business in a way that avoids, reduces, and compensates for damage to nature, public services, or the well-being of the individuals who work with me and who live in the vicinity, by continuing with or taking the following actions:

(Mark the applicable actions with an X)

- a. Reduce the amount of waste by improving the production process or recycling. Specific opportunities are described below.
- b. Take the necessary precautions in waste disposal; not dump liquid or solid waste that could potentially harm human health in public places (sewers or rivers).
- c. Avoid, reduce, or control processes that pollute the air and not burn waste in the open.
- d. Take the steps required to protect my own health and that of my employees and neighbors.
- e. Comply with municipal regulations on environmental protection, health, and hygiene.
- f. Comply with the pertinent government regulations.

I will undertake, wherever possible, to implement the following specific measures as soon as possible:

(List the measures recommended for the specific MSE activity.)

⁵ Quoted/adapted from IADB 1997.

I agree that the entity granting me the loan or its agent may make a visit to evaluate whether the above commitments have been met, and that I may only obtain a new loan if, in addition to complying with the specific financial conditions, I also comply with my environmental commitments.

Date

Signature

Approved by the Lender

Date

Signature

Approved by the ICI

Date

Signature

Annex E: Sample Terms of Reference for Specialized Consultants⁶

Credit and business development services (BDS) organizations may wish to partner with specialized consultants or technical organizations to provide staff with environmental training and/or to train clients in proper environmental procedures or cleaner production. Partners might also help develop customized environmental review tools, oversee implementation of mitigation measures by MSEs, and conduct environmental evaluations of clients.

Credit and BDS organizations may already be partnering with other experts to provide high-quality services to clients, making this a relatively easy add-on.

The document that follows is one that an intermediate credit institution (ICI) might use to contract with a consultant for environmental services. This sample is illustrative and may not reflect all contract solicitation requirements faced by PVOs. Its final contents should be refined and jointly determined among the affected partners—including USAID program officers, BDS and credit providers, technical partners/consultants and host country agencies.

A. Functions

Responsibilities of the consultant to the ICI will be:

1. With the ICI, preparing a classification of microentrepreneurial activities eligible for financing under lending programs, based on a detailed analysis of their environmental impact, as follows: category I, activities that do not have an adverse impact on the environment; and category II, activities that could potentially have adverse impacts.
2. Prepare an information booklet on MSEs and the environment in critical subsectors that receive loans from the ICI's satellite institutions. The information should be designed for use by non-technical people, and offer an understanding of critical adverse impacts and potential mitigation strategies.
3. Recommend environmental procedures for direct lenders, including the content of the environmental commitment statements for granting subloans in category II.
4. Prepare short general training programs for credit staff working on all microentrepreneurial activities, in addition to specific programs for category II activities, describing for the latter potential adverse environmental impacts and concrete measures to eliminate or mitigate them. Prepare such programs in cooperation with environmental protection, industrial safety, hygiene, and occupational health authorities in (name of country) and with agencies/NGOs/consultants that provide support for the microentrepreneurial sector so that the latter can incorporate the programs into their regular training activities for microentrepreneurs. Programs should focus on cleaner production mitigation opportunities.
5. Advise the ICI on the design and implementation of procedures and criteria for monitoring and evaluating the environmental impact of microentrepreneurial activities that could be financed under the program. Assist the ICI in defining procedures for the selection of statistically significant random samples of the microentrepreneurial activities financed under the program in order to evaluate compliance with environmental impact mitigation measures and make any necessary adjustments.
6. Submit progress and final reports.

⁶ Quoted/adapted from IADB 1997.

The consultant shall complete these functions in consultation with the government agencies responsible for environmental protection and natural resource conservation and industrial safety, hygiene, and occupational health, and in accordance with the following: relevant legislation in (name of country); USAID regulations; and USAID's *Environmental Guidelines for Small-Scale Activities*.

B. Qualifications

Legally established entity specializing in environmental protection, in existence for a minimum of three years. It should have professionals with broad and recognized experience in carrying out technical-assistance and training programs on environmental protection, natural resource conservation, industrial safety, hygiene, and occupational health. Current expertise in cleaner production folks' techniques for MSEs. Proven experience in developing effective performance-management systems.