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MULTILATERAL INVESTMENT FUND

**TRINIDAD & TOBAGO**

**IMPROVING HEALTH, SAFETY AND ENVIRONMENTAL STANDARDS AMONG  
SMALLER ENTERPRISES IN THE ENERGY SECTOR**

**(TT-M1001)**

**DONORS MEMORANDUM**

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Project Performance Monitoring Report (PPMR)

**ABBREVIATIONS**

|       |   |
|-------|---|
| CESI  | Committee on Environment and Social Impact      |
| CO    | Country Office                                  |
| FDI   | Foreign direct investment                       |
| GDP   | Gross Domestic Product                          |
| HSE   | Health, safety and environmental                |
| IDB   | Inter-American Development Bank                 |
| LNG   | Liquefied natural gas                           |
| MIF   | Multilateral Investment Fund                    |
| PSC   | Production sharing contracts                    |
|       |   |
| PSF   | Project sustainability fund                     |
| STCIC | South Trinidad Chamber of Industry and Commerce |

**TRINIDAD & TOBAGO: IMPROVING HEALTH, SAFETY AND ENVIRONMENTAL STANDARDS  
AMONG SMALLER ENTERPRISES IN THE ENERGY SECTOR (TT-M1001)**

**I. EXECUTIVE SUMMARY**

|  |   |
|--|---|
| <b>Executing agency:</b>                 | South Trinidad Chamber of Industry and Commerce (STCIC)   |
| <b>Beneficiaries:</b>                    | The project will directly benefit: (i) 40 small and medium-sized enterprises (SMEs) that implement and are certified to the health, safety and environmental (HSE) standards; (ii) some 200 business managers and leaders made aware of the advantages of implementing the HSE standards; and (iii) some 60 local consultants who are trained in the application of the HSE standards as implementers or certifiers.  |
| <b>Amount and Source:</b>                | Modality: Grant – Small Enterprise Development Facility (III-A)<br>MIF: US\$ 415,000<br>Local: <u>US\$ 175,000</u><br>Total: US\$ 590,000   |
| <b>Terms:</b>                            | Execution Period: 36 months<br>Disbursement Period: 42 months   |
| <b>Objectives and Description:</b>       | <p>The overall objective of the project is to increase market opportunities for small and medium enterprises in Trinidad &amp; Tobago, especially in the energy sector. The purpose of the project is to develop and promote the widespread use of internationally acceptable industry-wide health, safety and environmental standards and improve the related performance among SMEs.</p> <p>To achieve this objective, the project will include the following components: (i) development of uniform health, safety and environmental standards; (ii) development of local capacity for training and certification; (iii) implementation of HSE standards among SMEs; and (iv) promotion of HSE standards and dissemination of results.</p> |
| <b>Environmental/<br/>Social review:</b> | The Committee on Environment and Social Impact (CESI) reviewed this project document in its meeting CESI 15-05 on April 15, 2005 and recommended that the team consider the inclusion of environment related standards as part of the safety and health standards to be developed (see paragraph 2.10), as this area was not considered in the original project document. As a result of this recommendation, environment related standards have been included.   |
| <b>Special contractual conditions:</b>   | As a condition prior to the first disbursement of the contribution, STCIC must select the Project Coordinator.  |

**Relevant initiatives of other international entities:** None.

## **II. BACKGROUND**

### **A. Existing industry standards**

- 2.1 In 1999, an occupational health and safety standard was developed in the United Kingdom (UK) called OHSAS 18001. It was developed in response to the need for companies to meet their health and safety obligations in an efficient manner. To compliment OHSAS 18001, the British Standards Institute (BSI) published OHSAS 18002, which describes the requirements of the specification and instructs as to how to work towards implementation and registration. There is not yet an ISO standard in this area, so many companies and countries have adopted the series developed by BSI.
- 2.2 The International Organization for Standardization has a Technical Committee (TC 67) working on international standards in the off-shore oil and gas sector and a number of standards, including an off-shore operations management quality standard have been published. Trinidad & Tobago, through the Trinidad & Tobago Bureau of Standards (TTBS), has observer status on TC67, but to date none of the relevant oil and gas offshore platform standards have been adopted as national standards in Trinidad & Tobago. The only petroleum-related standards that have been formally adopted in Trinidad & Tobago relate to the quality of motor-vehicle fuel.

### **B. Situation of the energy sector in Trinidad & Tobago**

- 2.3 Trinidad & Tobago is an oil and gas-based economy. The energy sector is the engine of growth for the economy, directly accounting for an average of 23% of Gross Domestic Product (GDP) annually (average 1996 - 2001), and accounting for approximately 70% of foreign exchange earnings. The sector has attracted impressive flows of Foreign Direct Investment (FDI) over the past decade in both the up-stream (i.e., exploration) and downstream (i.e., processing) sectors (estimated at an average of US\$600 million per annum). In the downstream gas sector Trinidad & Tobago has become a significant international player in the Liquefied Natural Gas (LNG) market, and is the biggest exporter of methanol and ammonia in the world (accounting for 18% and 29% of world exports, respectively, in these commodities). Recent discoveries and the development of significant downstream gas processing facilities (in particular the continued expansion of Atlantic LNG) have led to a significant increase in gas production, which is projected to increase steeply over the next fifteen years.
- 2.4 The majority of the projected increase in oil and gas production will come from assets off the east and north coasts of Trinidad. These offshore assets require significant

inputs of capital and technology in order to be developed and are, therefore, in the hands of major multinational energy companies, such as BP, British Gas, BHP Billiton, among others. Other multinational companies, such as Texaco, Total/FinaElf, and Repsol have minority (non-operator) stakes in these offshore assets, while others, such as Shell, have had active exploration activities in the offshore assets.

- 2.5 Upstream oil and gas companies (i.e., exploration) contract out most of the services they require to operate. These range from activities such as seismic data acquisition and analysis, rig and drilling services, supply and maintenance of well equipment, design and fabrication of platforms, pipelines and other civil works, laboratory services, supply of production chemicals, logistical support (helicopter, marine supply vessels, standby vessels), to consulting and professional services (legal, IT, human resource, property management). In the downstream sector (i.e., processing), Trinidad has attracted large in-flows of FDI in petro-chemicals, using natural gas as a feedstock, and in industries such as steel and cement with high energy needs. In the downstream sector the major opportunities for service and supply contractors are during the construction phase, with fewer opportunities during the routine operations when compared with upstream operators.
- 2.6 There are some 400 existing small and medium energy service and equipment/input supply companies operating in Trinidad in the energy sector. Nevertheless, many of the services are still carried out outside of the country or supplied by international consultants. There are also a number of international service companies registered in Trinidad & Tobago, such as Haliburton, and major international contractors such as Bechtel, that provide many of the services in the sector. Traditionally, Government legislation or trade barriers have not protected the energy services sector and few restrictions have been placed on the multinationals operating in the sector. The liberalization of the trade in services also means that there are opportunities for Trinidad & Tobago service companies to export services to other oil and gas producing countries in the region.
- 2.7 In 2001, the Government approved a local content policy under which multinational firms would be required to give preference to local companies in the supply of goods and services. The policy was to ensure that a certain pre-agreed percentage of expenditure was directed towards local firms. This policy decision is operationalized through the negotiation of production sharing contracts (PSC) or other agreements between the companies and the Government. In the last couple of years, this policy has been refined so that the agreements include not simply a target expenditure figure but specific activities in the project implementation schedule which will be reserved for local firms. These agreements, however, contain the proviso that local companies will only be favored when “competitive” and when their services meet “international standards”. Though efforts of the Trinidad & Tobago Bureau of Standards (TTBS) and other institutions, the country already has established international quality standards (ISO 9000).

### **C. Current problem for small enterprises in the energy sector**

- 2.8 The history of highly damaging offshore accidents in the North Sea mean that European health and safety regulations in the energy sector tend to be much stricter than in other parts of the world, including in the US. Thus, the lack of HSE standards in the energy sector involves significant risk to the environment and health of workers and other citizens in Trinidad & Tobago. To date there have been no major offshore accidents in Trinidad & Tobago, but there have been a number of fatal accidents, including in oil and gas production and in the construction of downstream facilities.
- 2.9 The lack of accepted international standards, and indeed the structure of the energy sector (with a few dominant international players) mean that it is often the companies who set and monitor health and safety standards themselves. This means that a local supplier may be expected to meet one benchmark if they wish to do business with one multinational, but another benchmark if they wish to do businesses with another. This introduces uncertainty and increased costs for local companies and decreases their ability to successfully compete with international service companies. As international service companies have widespread experience in dealing with a particular energy company, and may have worldwide service agreements, they have distinct advantages in bidding for work with multinationals in Trinidad & Tobago, in the absence of local SMEs that have implemented internationally recognized HSE standards in their firm.
- 2.10 The Parliament passed an Occupational Health and Safety Bill<sup>1</sup> last year, which will help to provide the public sector support to this issue, but may not be enough in terms of getting local firms to implement occupational health and safety measures to an acceptable international level since the Bill does not cover specific internationally recognized standards. With the projected rapid increase in gas production, the commissioning of new offshore platforms and pipeline projects pose significant risks if correct safety, environmental and quality standards are not implemented. While the multinational oil and gas companies tend to set high OHS standards, a significant percentage of oil production comes from State-owned and smaller local operators who do not always have, or apply, as stringent standards. Defining what is meant by “international standards” and adopting the relevant standards in Trinidad & Tobago is therefore crucial to the future sustainable development of the energy sector and the wider economy. It is also important to note that by implementing these standards SMEs have much to gain in terms of cost savings that ultimately favor their bottom line.

### **D. Proposed program**

- 2.11 In order to ensure that the HSE standards implemented by local SMEs meet international standards, assistance is required in order to define exactly what the standards are and the actions needed to meet, and to certify to these standards. The structure of the energy sector means that mentoring between the existing

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<sup>1</sup> <http://www.ttparliament.org/bills/acts/2004/a2004-01.pdf>

multinationals and larger international and local service companies, on the one hand, and the small and medium-sized local service companies on the other hand has the potential to significantly improve the competitiveness of the local energy services sector. This proposed project already has support of numerous large company operators that are interested in having an internationally acceptable HSE standards in the country. These companies are interested in this effort because they need to comply with the local content policy, but do not want to do so if it results in working with companies that are at greater risk of being in violation of their occupational health, safety and environmental parameters.

- 2.12 This proposed project will complement an existing effort in the energy sector undertaken by the Point Lisas Energy Association (PLEA). Recognizing the difficulties and problems associated with a mobile workforce in terms of ensuring that workers have the required skills needed for different assignments, in 2004, PLEA commenced the development of individual worker labor competencies, especially focused on the downstream sector. Given the focus on individual skills, these two efforts will help ensure local access to service contracts in the energy sector.

### **III. PROJECT OBJECTIVES AND COMPONENTS**

#### **A. Objectives**

- 3.1 The overall objective of the project is to increase market opportunities for small and medium enterprises in Trinidad & Tobago, especially in the energy sector. The purpose of the program is to develop and promote the widespread use of internationally acceptable industry-wide health, safety and environmental standards and improve the related performance among SMEs.
- 3.2 To achieve this objective, the project will include the following components: (i) development of uniform health, safety and environmental standards; (ii) development of local capacity for training and certification; (iii) implementation of HSE standards among SMEs; and (iv) promotion of HSE standards and dissemination of results.

#### **B. Components**

##### **Component I: Development of uniform health, safety and environmental standards (MIF US\$ 9,950; Local Counterpart US\$ 25,600)**

- 3.3 The objective of this component is to develop a uniform series of health, safety and environmental standards specific to the energy sector in the country. These standards should be on par with international standards used in the energy sector. For this, the following activities are expected: (i) a gap analysis to review the current HSE related standards used in the industry; (ii) definition of priority HSE standards for the sector; (iii) definition of tier certification system and oversight; (iv) stakeholder consultations; and (v) publication of HSE standards.

- 3.4 Carrying out a gap analysis of the HSE Management Systems of the major oil and gas exploration and production companies is a key activity to understanding the companies' requirements of the standards that will be developed or sanctioned. For this, a consultant will be contracted to facilitate the work to be conducted by a team comprising the HSE Managers and operations managers (i.e., the HSE Working Committee – see section V) of all the major oil and gas exploration and production companies. The gap analysis will involve a review of the documented Safety and Environmental Management Systems of all the companies. This will identify the commonalities between all the systems, and document where a simple acknowledgement of a common standard can be achieved. Where gaps between systems are identified, the development of agreeable bridging documentation will close the gaps and ensure that all participating organizations are able to understand why and how the relevant standards are acceptable.
- 3.5 Once the bridging document is completed, the consultant will assist the HSE Working Committee with defining an appropriate number of priority standards to be addressed in the project. After the standards have been developed, the consultant, in consultation with the HSE Working Committee, will further develop and fully define the certification system for HSE service providers and for service companies/contractors. As part of this, the consultant will fully define the roles and responsibilities of the eventual National HSE Board (see paragraph 4.3), its governance structure and the financial model for the Board (including the commercial terms under which companies are to be certified). The certification system will have a tiered structure, allowing companies to be certified at various levels for relevant energy sector activities. The documented standards, tiered certification system, compliance and supervision process will be made available for public consultation. Once concluded, the HSE standards will be published and disseminated.

**Component II: Development of local capacity for training and certification (MIF US\$ 49,200; Local Counterpart US\$ 6,360)**

- 3.6 In order to provide the necessary HSE services to companies operating in the energy sector, this component seeks to develop the local capacity of potential HSE implementation and certification service providers. Local HSE service providers will be trained to advise and assist companies in the implementation of the new HSE standards and to audit and certify compliance with these standards. A consultant will be hired to develop the training methodology and materials and to conduct the training.
- 3.7 Personnel from service companies or individuals that have the institutional capacity and competency to become HSE service providers to SMEs will be trained in how to implement HSE standards. Similarly, potential HSE certification service providers will be trained in how to certify SMEs to the HSE standards. Companies that have undergone the training will be audited by one or more competent and experienced international HSE auditor(s) to assess their capacity and competency for delivering the HSE implementation and certification services to SMEs. Upon satisfactory completion of this audit, these companies will become certified to implement and/or

audit HSE standards among SME's in the local energy sector in Trinidad and Tobago. This process of accreditation will be overseen by the HSE Steering Committee (see paragraph 4.3) and will be consistent with the process developed in Component I (see paragraph 3.5).

**Component III: Implementation of HSE standards among SMEs (MIF US\$ 186,000; Local Counterpart US\$ 6,000)**

- 3.8 The purpose of this component is to implement HSE standards in SMEs to enhance their competitiveness and performance. The project will establish a matching grants mechanism to facilitate the implementation of HSE standards among SMEs. For this, there will be two groups of companies: a pilot group of ten SMEs; and a subsequent larger group of some 30 SMEs. Two types of technical assistance will be provided to companies: (i) technical assistance to implement the HSE standards; and (ii) technical assistance to certify that the particular company is in compliance with those standards.
- 3.9 In order to be selected, companies must: (i) be small or medium-sized enterprises (fewer than 100 employees and less than US\$5 million in annual sales); (ii) be legally constituted; (iii) belong to the energy sector or a related sector; (iv) express interest in implementing definitive, economically viable solutions; and (v) make all due payments for receiving the technical assistance pursuant to the agreements. Considering that the costs will be shared, the SMEs are expected to be interested in taking part and to make a commitment to implementing the standards.
- 3.10 The ten SME companies selected for the pilot group will come from a range of different services offered to the energy sector, and including companies at various levels in terms of their existing HSE policies and procedures. The application and selection process to be part of the pilot group will be published on the project website and other means. Companies participating in the pilot group will receive a matching grant of up to 50% of the cost of implementing the HSE standards, with the balance being met by the companies. The project will consider up to a maximum of US\$5,000/SME for implementation costs in this pilot group. Upon completion of the implementation phase, the SMEs in the pilot group will then be audited for compliance with the standards. After satisfying the pre-determined criteria, they will be certified as HSE compliant for the relevant activity area and at the relevant competency level. In order to receive their certification, each SME will have to be certified by an accredited entity. Each SME in the pilot group will receive a matching grant of up to 50% of the cost of certification, with the balance being paid by the company itself. The project will consider up to a maximum of US\$2,000/SME for certification fees in this pilot group.
- 3.11 The experiences gained in the implementation and certification of the pilot group of SMEs will be documented and shared with the HSE Steering Committee, HSE Working Committee, HSE service providers and beneficiaries, through a workshop and made available on the project website. Taking into account the lessons learned from the pilot phase, a wider group of 30 SMEs will be selected for implementation

and certification assistance. The SME companies will be selected for the wider group on a first come, first served basis, though efforts will be made to ensure a diverse set of SMEs are included to strengthen the demonstration effect of the project. Companies taking part in the activity will receive a grant of up to 30% of the technical assistance costs of implementing the HSE standards, with the balance of fees being met by the company itself. The project will consider up to a maximum grant of US\$3,000/SME for implementation related costs for this group. Similar to the pilot group, interested SMEs that have implemented the HSE standards will be eligible to solicit project support for obtaining HSE certification from an accredited entity. Each SME in this group will receive a grant of up to 30% of the cost of implementation, with the balance being paid by the company itself. The project will consider up to a maximum grant of US\$1,200/SME for certification costs.

**Component IV: Promotion of HSE standards and dissemination of results (MIF US\$ 24,000; Local Counterpart US\$ 74,000)**

- 3.12 The objective of this component is to promote the opportunities and actions of the project and to disseminate the results. For this, the component includes the following activities: (i) development and update of project related website linked to STCIC's existing website; (ii) development of promotional materials; (iii) organize a launching event for the project that will target media and project stakeholders to increase their knowledge of the project; (iv) periodic events such as luncheons, seminars and workshops designed to promote project goals and activities, as well as disseminate the interim results and accomplishments of the project; and (v) a final conference designed to disseminate the results and accomplishments of the project. The dissemination of the results and lessons learned from this project are expected to be extended to and replicated by other sectors of the economy.

#### **IV. EXECUTING AGENCY AND EXECUTION MECHANISM**

##### **A. Executing Agency**

- 4.1 The South Trinidad Chamber of Industry and Commerce (STCIC) will be the executing agency for this project and responsible for the counterpart resources. The STCIC is based in San Fernando, traditionally seen as the industrial capital of Trinidad & Tobago, and has a wide membership among companies in both the upstream, downstream and energy service sectors. Members comprise approximately 220 local service and production companies, international service companies, State Enterprises, other local support, supply and consultancy companies and multinational operating firms. The STCIC is a non-profit company, incorporated under the Trinidad & Tobago Companies Act. A voluntary Council, elected from among its members, governs it. The Council comprises a President, three Vice Presidents, an Honorary Secretary and Treasurer, all elected for one-year, and nine ordinary Council members elected for three-year terms. Major sources of revenue are member's subscription fees and income generated through events, in particular the annual Petroleum Conference (the premier energy conference in the region).

## **B. Execution mechanism**

- 4.2 For the administration of the activities, STCIC will hire a Project Coordinator and a Project Assistant. The Project Coordinator will be responsible for: (i) managing project activities in accordance with the annual plans; (ii) supervising any consultants; (iii) monitoring the management and handling of the budget; (iv) employing established procedures; (iv) processing requests for disbursement of the Bank's contribution; (v) submitting administrative and technical reports to the Bank; and (vi) coordinating necessary actions with the institutional partners and other entities involved. The Project Coordinator will report to the CEO of the STCIC.
- 4.3 There will be an HSE Project Steering Committee that will oversee the implementation of the project and will comprise representatives of the STCIC, the Association of Trinidad & Tobago Insurance Companies (ATTIC), Point Lisas Energy Association (PLEA), the Trinidad & Tobago Bureau of Standards (TTBS), Ministry of Labour and Small and Micro Enterprise (MoLSME), Ministry of Energy & Energy Industries (MOEEI) and major oil & gas production companies. It is anticipated that this Steering Committee will be transformed into a permanent energy sector HSE Board by the end of the project. An HSE Working Committee will be appointed to report to the Steering Committee and to provide technical advice and assistance to the Steering Committee members.

## **C. Execution and disbursement periods.**

- 4.4 Execution and disbursement periods of 36 and 42 months, respectively, are anticipated. A revolving fund will be set up for 10% of the MIF contribution, which will be disbursed and managed in a separate sub-account. The Executing Agency will submit semi-annual financial reports on the status of the revolving fund to the Country Office in Trinidad & Tobago. Disbursements of grant funds and the purchase of goods and the contracting of services will be done in accordance with Bank and MIF policies and procedures.
- 4.5 **Procurement of goods and services.** For contracting consulting and training services and for the procurement of goods with MIF resources, the executing agency must comply with all the rules, procedures, and policies established by the Bank for that purpose. For contracting consulting services, the executing agency will use the methods of selection described in the policies for selection and contracting of consultants (document GN-2350-4). Similarly, the executing agency will adhere to the Bank's policies and rules for the procurement of goods, as established in document GN-2349-4. The initial draft procurement plan is set out in Annex IX. The executing agency will prepare a more detailed finalized procurement plan to be approved by the Bank.
- 4.6 **Status of project preparation.** The design and budget planned in the project have been prepared and discussed with STCIC. STCIC has already received letters of interest from various of the organizations that are to form the HSE Steering Committee (see Annex VII in the technical files for the letters of interest).

## V. COST AND FINANCING

- 5.1 **Cost and financing.** The total program cost is expected to be US\$590,000. The MIF would contribute US\$ 415,000 on a non-reimbursable basis and STCIC would be responsible for providing US\$ 175,000 as counterpart contribution, of which at least half must be in cash. The following table provides a detailed breakdown of the use of project resources.

| <b>Table 1. BUDGET BY ACTIVITIES</b><br>(IN US\$)                 |                |                          |                |            |
|---|----------------|--------------------------|----------------|------------|
| <b>ACTIVITIES</b>   | <b>MIF</b>     | <b>LOCAL COUNTERPART</b> | <b>TOTAL</b>   | <b>%</b>   |
| Development of uniform health, safety and environmental standards | 9,950          | 25,600                   | 35,550         | 6.0        |
| Development of local capacity for training and certification      | 49,200         | 6,360                    | 55,560         | 9.4        |
| Implementation of HSE standards among SMEs                        | 186,000        | 6,000                    | 192,000        | 32.5       |
| Promotion of HSE standards and dissemination of results           | 24,000         | 74,000                   | 98,000         | 16.6       |
| Administration  | 93,000         | 59,850                   | 152,850        | 25.9       |
| Evaluations   | 20,000         | 0                        | 20,000         | 3.4        |
| Financial Audits  | 11,000         | 0                        | 11,000         | 1.9        |
| Contingencies   | 21,850         | 3,190                    | 25,040         | 4.2        |
| <b>TOTAL</b>  | <b>415,000</b> | <b>175,000</b>           | <b>590,000</b> | <b>100</b> |
| <b>Percentage</b>   | <b>70%</b>     | <b>30%</b>               | <b>100%</b>    |            |

- 5.2 **Sustainability.** The sustainability of the project is closely tied to its ability to promote and expand the new services it offers. For this reason, the expectation is that during project execution, STCIC will succeed in developing and consolidating the future supply of and demand for HSE-related services, in order to ensure market continuity. The project is expected to set in motion activities that will create a growing, sustained market in HSE standards in SMEs. In addition, the project will generate revenue (sale of publications, course and workshop registration fees) that will be used by STCIC to promote, over the long-term, the services needed for the market to function including training and HSE implementation and certification services. A project sustainability fund (PSF) will be established that will be used upon project completion (see Annex IX for the PSF's operational regulations). In addition, the executing agency will organize a sustainability workshop one year before the end of the project execution period to devise a strategy for the project and the HSE Board.

## VI. BENEFITS AND RISKS

### A. Benefits

- 6.1 The principal benefits with this proposed project are in terms of increasing access of local small enterprises to work opportunities in the energy sector. By overcoming the barrier of smaller enterprises not having adequate HSE safeguards and standards in place, smaller enterprises should be in a position to compete more effectively, especially among service contracts offered by large companies in the sector. Finally, this project is

expected to have an important demonstration effect in terms of other sectors that may become interested in developing and implementing similar HSE standards among companies.

## **B. Beneficiaries**

- 6.2 The project will directly benefit: (i) 40 small and medium-sized enterprises (SMEs) that implement and are certified to the HSE standards; (ii) some 200 business managers and leaders made aware of the advantages of implementing the HSE standards; and (iii) some 60 local consultants who are trained in the application of the HSE standards as implementers or certifiers.

## **C. Risks**

- 6.3 The following risks have been identified: (i) Possible lack of interest of large companies in having SMEs implement and be certified to HSE standards, *Mitigant*: The executing agency has received letters of interest from several of the principal energy companies in the upstream sector confirming their support for the project; and (ii) Intellectual know-how and experience of the executing agency may not be sufficient for this innovative Program. *Mitigant*: The Program expects to involve several national reference points on HSE standards that should help bolster the knowledge and skills of the Project and executing agency staff.

# **VII. MONITORING AND EVALUATION**

- 7.1 **Monitoring.** The Executing Agency will prepare and submit to the Bank's Country Office (CO) in Trinidad & Tobago project progress reports within thirty (30) days after the completion of each semester and a final report within 30 days from the final disbursement. These reports will follow a format previously agreed with the Country Office and will address project activities and finances (i.e., annual procurement plans), as well as results measured in terms of the indicators and benchmarks identified in the project's logical framework. The CO will utilize these reports to monitor project implementation progress and to prepare a Project Completion Report within three months of the last disbursement. For each project supported in Component II, the MIF/Bank may undertake periodic visits as part of its monitoring efforts.
- 7.2 **Evaluations.** An intermediate and a final evaluation of the Program will be undertaken by external consultants to be contracted directly by the Bank with project funds. The mid-term evaluation will be prepared 18 months after the commencement of Program implementation or when 50% of the resources have been disbursed. A final evaluation will be conducted three months prior to the end of Program disbursement period. For the intermediate evaluation, the consultant will consider, among other items: (i) financial analysis of the implementation; (ii) evaluation of the schedule and of the results obtained; (iii) characterization of progress indicators and of difficulties and limitations encountered; and (iv) a review of the implementation plan for the following phase. For the final evaluation, the consultant will take into account: (i) the quality of the results obtained in technological and business terms; (ii) the identification of measures that can

be incorporated to improve the identification and implementation in replicating the project in other sectors of the economy; and (iii) assess the sustainability of the HSE Board. In addition, the executing agency will organize a completion workshop to discuss the evaluations' findings and other project conclusions with the Bank and the project's key stakeholders. During the Program's execution, the executing agency will compile supervision and project evaluation indicators. These indicators are set forth in the Logical Framework (see Annex I) and will be used by the CO, the MIF Office and the executing agency to gauge the overall impact and to assess the results. The executing agency will provide access to all the information and documentation needed to conduct these evaluations so the IDB/MIF can prepare the Project Completion Report.

### **VIII. ENVIRONMENTAL AND SOCIAL IMPACTS**

- 8.1 Given the nature of the proposed program, adverse environmental impacts are not expected. The program expects to lead towards positive social and environmental impacts through broadening the use of internationally acceptable occupational health, safety and environmental standards among the energy sector. By incorporating such standards, firms can reduce the onsite accident and injury rate among their workers.
- 8.2 The Committee on Environment and Social Impact (CESI) reviewed this project document in its meeting CESI 15-05 on April 15, 2005, and recommended that the team consider the inclusion of environment related standards as part of the safety and health standards to be developed, as this area was not considered in the original project document (see paragraph 2.10). As a result of this recommendation, environment related standards have been included.

### **IX. SPECIAL CONTRACTUAL CONDITIONS**

- 9.1 As a condition prior to the first disbursement of the contribution, STCIC must select the Project Coordinator.

**IMPROVING HEALTH, SAFETY AND ENVIRONMENTAL STANDARDS AMONG SMALLER ENTERPRISES IN THE ENERGY SECTOR  
(TT-M1001)  
LOGICAL FRAMEWORK**

| NARRATIVE SUMMARY  | INDICATORS  | MEANS OF VERIFICATION  | ASSUMPTIONS  |
|--|---|--|--|
| <b>GOAL</b>  |   |  |  |
| To increase market opportunities for small and medium enterprises in Trinidad & Tobago, especially in the energy sector.   | One year after project ends:<br>- At least 20% increase in number of invitations to tender made to SMEs in the energy sector.   | - Reports submitted by participating companies to STCIC.   | The macroeconomic conditions in the country remain stable.   |
| <b>PURPOSE</b>   |   |  |  |
| The purpose of the program is to develop and promote the widespread use of internationally acceptable industry-wide health, safety and environmental standards and performance among SMEs. | - By 18 months into project execution, at least eight SMEs achieve HSE certification.<br>- By the end of the project, at least 32 SMEs achieve HSE certification.<br>- At least 40% reduction in total recordable incident frequency reported in participating companies by the end of the project.   | - HSE certifications issued by certifier.<br>- Reports submitted by participating companies to STCIC.<br>- Final evaluation<br>- PCR<br>- PPMR<br>- Minutes from Completion Workshop | Interest and demand for HSE standards is maintained throughout the life of the project.  |
| <b>COMPONENTS</b>  |   |  |  |
| 1. Development of uniform health, safety and environmental standards   | By month 10 after project commencement, uniform HSE standards and certification scheme developed, documented and agreed upon by key stakeholders.   | - HSE standards available on website.<br>- Final evaluation<br>- Mid-term evaluation<br>- PCR<br>- PPMR<br>- Semi-annual progress reports  | Continued interest and motivation by stakeholders in the energy sector to undertake the necessary steps in implementing HSE standards.<br>Government continues to support voluntary industry standards approach. |
| 2. Development of local capacity for training and certification  | By the end of the second year of the project, at least 60 potential HSE implementation service providers trained.<br><br>By the end of the project, at least 60 potential HSE certification service providers trained.<br><br>By the end of the project at least 18 service providers actively providing support for implementation of HSE standards and/or certification in companies. | - Final evaluation<br>- Mid-term evaluation<br>- PCR<br>- PPMR<br>- Semi-annual progress reports.  | Local agencies possess the required institutional capacity and competencies to become trainers and certifiers.   |

|  |   |  |   |
|--|---|--|---|
| 3. Implementation of HSE standards among SMEs              | By the end of year two, at least 20 SMEs with HSE standards implemented.<br>By the end of year three, 20 SMEs with HSE standards implemented. | - Contracts signed with SME beneficiary.   | The domestic legal machinery exists to support implementation of the HSE standards in the energy sector and executives of the respective companies endorse the HSE efforts. |
| 4. Promotion of HSE standards and dissemination of results | By the end of the project, at least 250 - 350 people made aware of the HSE standards and benefits.  | - Quarterly survey of STCIC among members. | The relevant audience is targeted and information dissemination efforts reach the widest possible audience.   |

| NARRATIVE SUMMARY  | INDICATORS   | MEANS OF VERIFICATION  |
|--|--|--|
| <b>ACTIVITIES</b>  |  |  |
| 1.1 Undertake gap analysis of existing industry HSE standards            | Agreed gap analysis document prepared four months after project commencement.  | - Minutes of HSE Board meeting.  |
| 1.2 Defining priority HSE standards                                      | At least ten HSE standards defined eight months after project commencement.  | - Documented standards published on project website.   |
| 1.3 Defining tier system certification structure and supervision process | By end of the first year of project execution, developed methodology and defined structure.                                | - Document prepared and available.   |
| 1.4 Undertake stakeholder consultation                                   | A 30 day consultation period for stakeholder comments completed by the end of the first year of project execution.         | - Record of public consultation process issued (website, invitations and comments received). |
| 1.5 Prepare and publish HSE standards                                    | Publication of standards disseminated to at least 150 potential beneficiaries by the end of month 15 of project execution. | - Publication of standards available on website.   |
|  |  |  |
| 2.1 Develop training methodology and materials                           | Methodology developed.   | - Materials published and available  |
| 2.2 Train HSE implementation service providers                           | At least 4 training courses held by the end of year two, each one with at least 15 participants.                           | - Minutes of the training meetings, list of participants.                                    |
| 2.3 Train HSE certification service providers                            | At least 4 training courses held by the end of year two, each one with at least 15 participants.                           | - Minutes of the training meetings, list of participants.                                    |
| 2.4 Certification of HSE service providers                               | At least 25 certification exams or process carried out by the end of year two.   | - List of certified service providers indicated on website.                                  |

|   |  |   |
|---|--|---|
|   |  |   |
| 3.1 Implementation of HSE standards among pilot group of SMEs | At least ten SMEs in the pilot group with HSE standards implemented.   | Contracts signed with SME beneficiary.                  |
| 3.2 Certification of pilot group of SMEs                      | At least eight SMEs in the pilot group with HSE standards certification.                                     | Certification issued to SMEs.                           |
| 3.3 Organize “Lessons Learnt” Workshop                        | Event held with at least 150 participants within one month of completion of 3.2                              | Minutes of events, list of participants                 |
| 3.4 Implementation of HSE standards among wider group of SMEs | By the end of month 30, at least 30 SMEs with HSE standards implemented.                                     | Contracts signed with SME beneficiary.                  |
| 3.5 Certification of SMEs                                     | By the end of month 30, at least 24 SMEs with HSE standards certified.                                       | Certification issued to SMEs.                           |
|   |  |   |
| 4.1 Develop and maintain a website for the project            | A website operating and updated periodically.  | Project materials available on website.                 |
| 4.2 Organize project launching event                          | Event held with at least 150 participants within four months of project commencement.                        | Minutes of the training meetings, list of participants. |
| 4.3 Develop promotional materials                             | Produce 200 brochures, handouts, flyers, bulletins on a six-month basis.                                     | Publications available on website                       |
| 4.4 Organize promotional events                               | At least five events held with at least 200 participants by the end of the second year of project execution. | Minutes of events, list of participants.                |
| 4.5 Organize conference to disseminate project results        | Conference held with at least 100-150 participants by the end of the project.                                | Minutes of event, list of participants.                 |
|   |  |   |

**Budget Summary**  
**Improving Health, Safety and Environment Standards Among Smaller**  
**Enterprises in the Energy Sector**  
**(TT-M1001)**

| Item       |   | Total          |               |               |                |
|------------|---|----------------|---------------|---------------|----------------|
|            |   |                | Counterpart   |               |                |
|            |   | MIF            | Cash          | In kind       | TOTAL          |
|            |   |                |               |               |                |
| <b>I</b>   | <b>Component I: Development of health, safety and environmental standards</b> | <b>9,950</b>   | <b>12,000</b> | <b>2,800</b>  | <b>24,750</b>  |
| I.1        | Undertake gap analysis of existing industry HSE standards                     | 0              | 8,900         | 2,700         | 11,600         |
| I.2        | Defining priority HSE standards   | 0              | 10,400        | 1,200         | 11,600         |
| I.3        | Defining tier system certification structure and supervision process          | 8,000          | 0             | 0             | 8,000          |
| I.4        | Undertake stakeholder consultation  | 1,950          | 0             | 800           | 2,750          |
| I.5        | Prepare and publish HSE standards   | 0              | 1,600         | 800           | 2,400          |
| <b>II</b>  | <b>Training in HSE standards</b>  | <b>49,200</b>  | <b>3,360</b>  | <b>3,000</b>  | <b>55,560</b>  |
| II.1       | Develop training methodology and materials                                    | 12,300         | 2,000         | 0             | 14,300         |
| II.2       | Train HSE implementation service providers                                    | 6,900          | 680           | 1,500         | 9,080          |
| II.3       | Train HSE certification service providers                                     | 6,900          | 680           | 1,500         | 9,080          |
| II.4       | Certification of HSE service providers  | 23,100         | 0             | 0             | 23,100         |
| <b>III</b> | <b>Implementation of HSE measures among SMEs</b>                              | <b>186,000</b> | <b>6,000</b>  | <b>0</b>      | <b>192,000</b> |
| III.1      | Implementation of HSE standards among pilot group of SMEs                     | 50,000         | 0             | 0             | 50,000         |
| III.2      | Certification of pilot group of SMEs  | 16,000         | 0             | 0             | 16,000         |
| III.3      | Implementation of HSE standards among wider group of SMEs                     | 90,000         | 0             | 0             | 90,000         |
| III.4      | Certification of SMEs   | 30,000         | 0             | 0             | 30,000         |
|            | Legal counsel   | 0              | 6,000         | 0             | 6,000          |
| <b>IV</b>  | <b>Promotion of HSE standards and dissemination of results</b>                | <b>24,000</b>  | <b>64,200</b> | <b>9,800</b>  | <b>98,000</b>  |
| IV.1       | Expand & maintain STCIC website for the project                               | 0              | 8,200         | 7,700         | 15,900         |
| IV.2       | Organize project launching event  | 0              | 11,300        | 600           | 11,900         |
| IV.3       | Develop promotional materials   | 24,000         | 0             | 0             | 24,000         |
| IV.4       | Organize promotional events (5 events X 50 participants)                      | 0              | 26,000        | 600           | 26,600         |
| IV.5       | Organize conference to disseminate project results (200 participants)         | 0              | 18,700        | 900           | 19,600         |
| <b>V.</b>  | <b>Administration</b>   | <b>93,000</b>  | <b>37,650</b> | <b>22,200</b> | <b>152,850</b> |
|            |   |                |               |               |                |
| <b>VI.</b> | <b>Evaluations</b>  | <b>20,000</b>  | <b>0</b>      | <b>0</b>      | <b>20,000</b>  |

|              |                         |                |                |               |                |
|--------------|-------------------------|----------------|----------------|---------------|----------------|
|              |                         |                |                |               |                |
| <b>VII.</b>  | <b>Financial Audits</b> | <b>11,000</b>  | <b>0</b>       | <b>0</b>      | <b>11,000</b>  |
|              |                         |                |                |               |                |
| <b>VIII.</b> | <b>Contingencies</b>    | <b>21,850</b>  | <b>3,190</b>   | <b>0</b>      | <b>25,040</b>  |
|              |                         |                |                |               |                |
|              | <b>GENERAL TOTAL</b>    | <b>415,000</b> | <b>126,400</b> | <b>37,800</b> | <b>579,200</b> |

**Related Projects and MIF Portfolio**  
**Trinidad and Tobago: Improving Health, Safety and Environment Standards Among Smaller Enterprises in the Energy Sector**  
**(TT-M1001)**

**A. Similar or related MIF projects.**

None

**B. Similar or related Bank projects.**

None

**C. Projects related to the same sector or beneficiary group.**

| <b>Project number and date of approval</b> | <b>Project name, executing agency, and amount</b>  | <b>Date of signature and disbursement period in months</b>                                     | <b>Percentage disbursed</b> | <b>Comments</b>   |
|--|--|--|-----------------------------|---|
| ATN/MT-6575-TT<br>7 July 1999              | Institutional Development of the Regulated Industries Commission<br><br>Ministry of Public Utilities<br><br>US\$900,000 MIF contribution | 26 August 99<br><br>30 months (original)<br><br>46 months (actual with 16 month extension)     | 100%                        | The project concluded satisfactorily.   |
| ATN/MT-7511-EC<br>13 July 2001             | Divestment of tourism assets program<br><br>Ministry of Tourism<br><br>US\$500,000 MIF contribution                                      | 13 February 2003<br><br>30 months (original)<br><br>46 months<br><br>(with 16 month extension) | 75%                         | The project was to have concluded on 31 December 2004, and the final disbursement was scheduled for 31 March 2005. However, in light of the POP risk analysis, a decision was made to extend the execution period so that the indicators in each component could be met. Project implementation has been classified as unsatisfactory for the following reasons: (i) A fund that operates properly has yet to be set up, and the Operating Regulations should be amended; (ii) A model for the sale |

| Project number and date of approval | Project name, executing agency, and amount  | Date of signature and disbursement period in months | Percentage disbursed | Comments   |
|-------------------------------------|---|---|----------------------|--|
|                                     |   |   |                      | of public fixed assets has yet to be established; (iii) Only 19% of assets have been sold or divested; (iv) In May 2005, the legal reform activities initiated by the company VELNEC were completed; (v) During the first half of 2005, a question was posed to the Attorney General about the validity of the valuations required for sale of assets, but no response has been given.                 |
| ATN/MH-8542-EC<br>10 December 2003  | Job competencies certification system in the tourism sector<br><br>Federación Nacional de Cámaras Provinciales de Turismo [National Federation of Provincial Chambers of Tourism] (FENACAPTUR)<br><br>US\$778,385 MIF contribution          | 2 April 2004<br><br>42 months                       | 6%                   | As of 30 June 2005, FENACAPTUR had finally met the conditions precedent to the first disbursement, and is now ready to begin implementing the program. This means that no component activities have been initiated in the 14 months since the contract was signed, basically due to the executing agency's institutional weakness. Thus, program implementation has been classified as unsatisfactory. |
| ATN/ME-9271-EC<br>30 June 2005      | Cooperative SME operations in the floriculture value chain<br><br>Asociación Nacional de Productores y/o Exportadores de Flores del Ecuador [Ecuadoran Association of Flower Producers and Exporters]<br><br>US\$1,643,628 MIF contribution | Contract pending signature<br><br>48 months         | 0%                   |  |

#### D. MIF Portfolio in Trinidad and Tobago

| No.                     | Memo #     | Project # | ATN #          | Name   | Exec. Agency | FAC  | Approval  | Status       | MIF Amount        | % Disb |
|-------------------------|------------|-----------|----------------|--|--------------|------|-----------|--------------|-------------------|--------|
| 1                       | MIF/AT-21  | TC9405350 | ATN/MH-4739-TT | Development of High - Tech Training Centers                      | SERVOL       | II   | 7-Dec-94  | Completed    | 3,583,481         | 100.00 |
| 2                       | MIF/AT-55  | TC9502445 | ATN/MH-5024-TT | Industry-Driven Training for the Tourism Sector                  | TTHTA        | II   | 27-Sep-95 | Completed    | 1,774,042         | 100.00 |
| 3                       | MIF/AT-54  | TC9504475 | ATN/MT-5023-TT | Privatization Non-Pareil Estates                                 | MAMR         | I    | 27-Sep-95 | Cancelled    | 0                 | 0.00   |
| 4                       | MIF/AT-60  | TC9408172 | ATN/MT-5055-TT | Institutional Strengthening of the Credit Union System           | ULTT         | IIIa | 1-Nov-95  | In execution | 337,850           | 94.34  |
| 5                       | MIF/AT-60  | TC9408172 | ATN/ME-5054-TT | Institutional Strengthening of the Credit Union System           | ULTT         | IIIa | 1-Nov-95  | In execution | 945,610           | 89.86  |
| 6                       | MIF/AT-181 | TC9802332 | ATN/MT-6025-TT | Strengthening Banking Supervision                                | CBTT         | I    | 26-Jun-98 | Completed    | 540,319           | 100.00 |
| 7                       | MIF/AT-261 | TC9711393 | ATN/MT-6575-TT | Institutional Development of the Regulated Industries Commission | MPU          | I    | 7-Jul-99  | Completed    | 614,166           | 100.00 |
| 8                       | MIF/AT-267 | TC9905065 | ATN/MT-6578-TT | Competition in Telecommunications                                | MPU          | I    | 9-Jul-99  | Completed    | 271,210           | 100.00 |
| 9                       | MIF/AT-317 | TC9711400 | ATN/MT-6914-TT | Mediation and Arbitration Center                                 | CICTT        | I    | 17-Mar-00 | In execution | 383,500           | 29.91  |
| 10                      | MIF/AT-327 | TC0001003 | ATN/MT-6983-TT | Consolidated Financial Sector Supervision                        | CBTT         | I    | 31-May-00 | In execution | 1,186,000         | 97.06  |
| 11                      | MIF/AT-339 | TC9908028 | ATN/MT-7064-TT | Secured Transactions Program                                     | CICTT        | I    | 26-Jul-00 | In execution | 650,000           | 44.46  |
| 12                      | MIF/AT-382 | TC0010021 | EQU/MS-7256-TT | Dynamic Equity Venture Fund                                      | DEL          | IIIb | 6-Dec-00  | In execution | 3,372,000         | 23.59  |
| 13                      |            | TT0051    | 50/MS-TT       | Caribbean Microfinance Bonds Purchase                            | CML          | IIIb | 16-May-01 | Completed    | 2,855,000         | 100.00 |
| 14                      | MIF/AT-428 | TC9911046 | ATN/MT-7537-TT | Modernization of Telecommunications                              | DPTDPM       | I    | 1-Aug-01  | In execution | 990,000           | 15.10  |
| 15                      | MIF/AT-499 | TC0203035 | ATN/MT-8045-TT | Strengthening Airport Security                                   | CAA          | I    | 4-Oct-02  | In execution | 500,000           | 17.06  |
| 16                      | MIF/AT-513 | TC0206014 | ATN/MT-8114-TT | Supporting Improvement Accountancy Profession                    | ICATT        | I    | 20-Nov-02 | In execution | 665,000           | 10.00  |
| <b>Total MIF Amount</b> |            |           |                |  |              |      |           |              | <b>18,668,178</b> |        |

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-\_\_\_/05

Trinidad and Tobago. Nonreimbursable Technical Cooperation ATN/ME-\_\_\_\_-TT  
Improving Health, Safety and Environmental Standards Among  
Smaller Enterprises in the Energy Sector

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the South Trinidad Chamber of Industry and Commerce (STCIC), and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-\_\_\_\_ with respect to technical cooperation for improving health, safety and environmental standards among smaller enterprises in the energy sector.

2. That up to the amount of US\$415,000, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

LEGIII/TT-622606-05  
TT-M1001