

Environmental and Social Review Directive



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Environmental and Social Review Directive

Preamble

Canadian companies operate successfully in virtually every industry sector in the global marketplace. Canadian companies have established a reputation, both in Canada and abroad, for conducting business in a fair, open and responsible manner. EDC is committed to helping Canadian companies become internationally recognized as leaders in sustainable and responsible business, giving them the competitive advantage they need to succeed internationally. This Environmental and Social Review Directive (the “Directive”) is one of the processes through which EDC manages environmental and social risks as it pertains to project-related reviews. EDC is required by Section 10.1 of the Export Development Act to make a determination as described below before entering into a transaction related to a project.

General

1. For the purposes of Section 10.1 of the Export Development Act, this Directive sets out the process by which EDC will, before entering into a transaction that is related to a project, determine whether the project is likely to have adverse environmental and/or social effects despite the implementation of mitigation measures and, if so, whether EDC is justified in entering into the transaction.
2. The Directive requires EDC to categorize relevant projects on the basis of their potential adverse environmental and social effects and align such categorization with requirements found in the OECD Common Approaches and the Equator Principles.
3. Where the Directive requires EDC conduct a review of a project, EDC’s due diligence will be informed by the type, scale, and location of the project and international standards. The Directive establishes grounds upon which EDC is justified in entering into a transaction related to a project where that project, despite the implementation of mitigation measures, is likely to have adverse environmental and social effects.
4. The Directive also prescribes those projects in respect of which EDC is not required to conduct a review, and sets out exceptions to the obligation to make the determination referred to above. Finally, the Directive provides, in Annex 1, definitions of various terms used herein.

Scope

5. This Directive applies in all instances in which EDC is considering exercising its powers under section 10 or 23 of the Export Development Act by entering into a transaction that has, as applicable, a repayment term or coverage period of two years or more and (A) a value of more than USD 10 million and that is related to a project; or (B) a value of less than USD 10 million and that is related to a project that is located in or near a sensitive area. A transaction is related to a project if, in EDC’s opinion, more than 50% of EDC’s

support or more than 50% of any purchased goods and services will be used, directly or indirectly, in a particular identified project, including without limitation, if a transaction is:

- (i) a financing transaction (including a financing of an equity investment), a political risk insurance transaction or an equity transaction, in each case where more than 50% of EDC's support will be used, directly or indirectly, in respect of a particular identified project; for greater certainty, this section 5(i) applies to financing transactions consisting of a working capital or general corporate purpose loan, where EDC has determined that more than 50% of EDC's funds will be used, directly or indirectly, in a particular identified project; or
- (ii) entered into by EDC for the purpose of promoting procurement of Canadian goods or services, where more than 50% of which will be used, directly or indirectly, in respect of a particular identified project.

Categorization

6. For each transaction to which this Directive applies, EDC will categorize the related project or projects on the basis of the project's potential adverse environmental and social effects. This categorization will determine the nature and extent of information that will be required by EDC in conducting its review of the project. EDC's categorization of a project into one of the following three categories will reflect EDC's evaluation of the most appropriate category for the project in question. Where an international financial institution (IFI) has categorized a project, EDC may consider such categorization in EDC's own categorization of such project. Where EDC determines that its categorization of any project is inappropriate, EDC will re-categorize the project.

Category A

7. EDC will categorize a project in Category A if EDC considers that the project is likely to have significant adverse environmental and social effects that are sensitive, diverse, or unprecedented. These effects may affect an area broader than the sites or facilities subject to the physical works, and may be irreversible. For illustrative purposes only, Annex 2 provides a list of projects and sensitive sectors and areas that will generally be considered by EDC, for the purposes of categorization, to be Category A projects.
8. The environmental and social impact assessment for a Category A project should address the content outlined in Annex 3, and while normally in the form of an environmental and social impact assessment (EIA), may be comprised of or supplemented by other environmental and social assessment instruments including any of those referred to in Annex 4.

Category B

9. EDC will categorize a project in Category B if EDC considers the project's potential environmental and social effects less adverse than those of Category A projects. Environmental and social effects associated with Category B projects are usually site-

specific; few if any are irreversible; and in most cases mitigation measures can be designed more readily than for Category A projects. For illustrative purposes only, Annex 5 provides a list of sectors and projects that will generally be considered by EDC, for the purposes of categorization, to be Category B projects.

10. EDC expects that for each Category A and, as determined appropriate by EDC, Category B project, engagement with affected stakeholders, if any, will be undertaken in a structured and culturally appropriate manner in accordance with the requirements of the IFC Performance Standards or other applicable benchmark standard as determined by EDC under 21 below.

Category C

11. EDC will categorize a project in Category C if EDC considers that the project is likely to have minimal or no adverse environmental and social effects. Generally, no environmental and social assessment is required for Category C projects. Examples of Category C projects may include: injection molding equipment; office and retail buildings; telecommunications or electrical equipment without greenfield infrastructure; transportation services and equipment.

Information Requirements

12. The information EDC will require in connection with its review of a project will vary depending on the category classification, type, scale and location of the project as well as the scope of the potential risks and impacts associated with the project.
13. EDC will not distinguish with respect to its informational requirements for projects located in particular countries, however, EDC may take into consideration the strength of local legislation and public institutional oversight on a case-by-case basis when requesting information.
14. In all cases, the submission to EDC of existing documentation is encouraged to improve the efficiency of the review process and minimize duplication of effort. Where an analysis of a project's potential environmental and social effects is has been conducted by an IFI, EDC may consider such analysis of the project in conducting its own review.
15. Where EDC determines that it is unable to obtain sufficient information to conduct its review of a project, EDC will decline to enter into a transaction related to such project.

Category A projects

16. For Category A projects, EDC will require a copy of the EIA or elements thereof in order to assist EDC in identifying and assessing potential adverse environmental and social effects associated with the project.

17. If the environmental and social assessment for a Category A project has been completed by an employee(s) of the project sponsor or project company, or an employee(s) of any affiliate thereof, EDC will require, prior to the time it enters into a transaction related to the project, that independent expertise acceptable to EDC be engaged to review such assessment for potentially significant problems in the analysis.

Category B projects

18. Information provided to EDC for the purposes of a review of a Category B project may be in the form of environmental and social assessment instruments or elements thereof and should examine the project's potential negative and positive environmental and social effects including measures to prevent, minimize or compensate for adverse impacts and improve related performance.

Category C projects

19. The information required by EDC in respect of a Category C project is that which may be required by EDC to categorize the project.

Evaluation and Decision

20. EDC will require that the information provided will demonstrate, to EDC's satisfaction, that the project in respect of which EDC is conducting a review has been designed to comply with host country requirements, such as any applicable provisions for local consultation, licenses, permits and other regulatory approvals.

21. In conducting reviews, EDC will benchmark projects against the relevant aspects of the IFC Performance Standards and any relevant internationally recognized sector specific or issue specific standards not addressed by the IFC Performance Standards. In cases EDC considers appropriate, EDC may benchmark projects against other internationally-recognized standards which EDC is satisfied are comparable to or higher than the IFC Performance Standards. EDC will require any adverse gaps EDC identifies between the standards to which the project has been designed and the international standards selected by EDC to be explained to EDC's satisfaction.

22. On the basis of its review, EDC will conclude whether or not a project is likely to have adverse environmental and social effects despite the implementation of mitigation measures. In the event that EDC has completed its review and is of the view that a project is likely to have adverse environmental and social effects despite the implementation of mitigation measures, EDC will determine whether, despite these effects, EDC is justified in entering into a transaction in respect of such project.

23. Grounds which in EDC's view justify providing support to a project that has adverse environmental and social effects despite mitigation measures include:

- the project is not expected, in EDC's view, to result in significant adverse environmental and social effects, taking into account, if applicable, mitigation measures;
- EDC's satisfaction that the project is designed to meet or exceed internationally recognized good practices, guidelines or standards; or
- the project represents an opportunity to improve environmental conditions in the host country above base-line conditions.

24. Where EDC determines that it is justified in entering into a transaction related to a project that is likely to have adverse environmental and social effects despite the implementation of mitigation measures, EDC may (but need not) enter into the transaction.

25. Where EDC determines that it is not justified in entering into a transaction related to a project that is likely to have adverse environmental and social effects despite the implementation of mitigation measures, EDC will decline to enter into the transaction.

Covenants and Monitoring

26. Compliance by a project with host country laws and regulations will normally be confirmed through warranties and representations.

27. Where EDC imposes conditions upon its support to a project which require monitoring, EDC will ensure procedures are in place to: (i) conduct such monitoring, and (ii) take such action as it deems appropriate in the event of non-compliance with such conditions.

Exceptions

28. Notwithstanding anything else herein, EDC shall not be required to make a determination for the purposes of section 10.1 of the Export Development Act in respect of:

- a) any transaction related to a project that is in support of a review or study in connection therewith, such as an environmental or feasibility study or preliminary design work;
- b) any transaction related to a Category C project; or
- c) any transaction related to a project in respect of which project EDC has previously made a determination under this Directive where: (1) EDC is satisfied that the project scope and design have not changed in any material respect since the time of such determination and (2) EDC's procedures in place with respect to such project do not indicate non-compliance in any material respect with covenants imposed on such project by EDC related to environmental and social effects.

29. Transactions related to projects described in 28 a) and c) above are entirely exempt from the application of this Directive. EDC will categorize projects referred to under 28 b) above in accordance with this Directive, but EDC is not required to make a determination in respect of same.

Effective Date

30. This amended Directive shall come into effect on May 1, 2019 and shall replace the amended Directive which came into effect on November 1, 2010.

31. A categorization or determination made under the provisions of the Directive prior to this amended Directive coming into effect are deemed to be a categorization or determination (as applicable) properly made under this amended Directive.

Annex 1: Definitions

Definitions

The following terms shall have the meanings ascribed thereto below when used in this Directive:

Terminology	Definition
“adverse environmental and social effect”	means any harmful environmental and social effect.
“considering”	in relation to a transaction and for the purposes only of the Scope of this Directive, means that EDC is prepared, but for the application of the Directive, to enter into the transaction.
“coverage period”	means the time period starting from the day that 1) insurance coverage provided under a policy issued by EDC in a political risk insurance transaction or 2) a financial guarantee provided by EDC commences to apply through to and including the date upon which such coverage or guarantee would normally be expected to terminate in accordance with the terms of such policy or guarantee.
“enter”	in relation to a transaction related to a project, means, in respect of financings or equity, the point of time at which EDC first becomes unconditionally legally obligated to provide funds to its transaction counterparty, or, in respect of guarantees, at which all conditions to effectiveness have been met or, in respect of political risk insurance, at which EDC’s coverage commences to apply or the amount of such coverage is increased.
“environment”	means land, water, air, living organisms and interacting natural systems.
“environmental and social assessment”	means the process of assessing the environmental and social effects of a project in order to evaluate their significance, and may include identifying measures to prevent, minimize, mitigate or compensate for adverse environmental and social effects. Environmental and social assessment is the responsibility of the project sponsor.
“environmental and social assessment instruments”	are tools, including those described in Annex 4, used to assess the environmental and social effects of a project in order to evaluate their significance, which may also identify measures to prevent, minimize, mitigate or compensate for adverse environmental and social effects.
“environmental and social effect”	means any change to the environment, including any social impact, occurring as a result of the normal construction or operation of the project or in the event of a reasonably foreseeable accident or malfunction in relation to the project. “Social impacts” refers solely to those adverse impacts on people defined in the IFC Performance Standards as: labour and working conditions, community health, safety and security, indigenous peoples, land acquisition and involuntary resettlement, and cultural heritage;

Terminology	Definition
“environmental and social impact assessment” or “EIA”	means a tool to identify and assess the potential environmental and social effects of a project, evaluate alternatives, design mitigation, management and monitoring measures and the document or documents which describe the processes, findings and conclusions of the EIA (such as is illustrated in Annex 3) and may be comprised of comparable environmental and social assessment instruments;
“equity transaction”	means the acquisition by EDC, other than by way of the taking or realization of security or recovery, of an interest in an entity in the exercise of its powers under subsection 10(1.1) of the Export Development Act;
“Export Development Act”	means the Export Development Act (R.S.C. 1985, c. E-20), as amended from time to time
“financing transaction”	means a loan, any facility whereby EDC purchases receivables whether or not such receivables are evidenced by debt instruments, any lease or any financing guarantee entered into by EDC pursuant to EDC’s financing program;
“greenfield”	means, in relation to a project, developed on a previously undeveloped site or location
“host country”	means the nation in which a project is located
“host country requirements”	means the requirements of the host country relating to environmental and social effects applicable to the project.
“IFC Performance Standards”	means the International Finance Corporation's Performance Standards on Social and Environmental Sustainability as amended from time to time;
“IFI”	means a recognized international financial institution whose environmental and social procedures are acceptable to EDC;
“international standards”	means the internationally recognized good practices, standards and guidelines with respect to project design and performance that EDC will rely upon as benchmarks in undertaking its review of a project;
“major extension”	means, in relation to a project, additions or modifications intended to result in a substantial change in output or functionality;
“mitigation measures”	means methods to reduce, eliminate or compensate for adverse environmental and social effects;
“particular identified project”	means a project or projects which are occurring or planned at the time EDC enters into the transaction and which EDC intends specifically to support;

Terminology	Definition
“political risk insurance transaction”	means political risk insurance coverage provided by EDC to protect against political risks such as foreign exchange transfer difficulties, expropriation by a host government, or war, revolution, and insurrection
“project ¹ ”	means a physical development that is or will be greenfield, or a major extension or transformation- conversion thereof, and which in each case is planned or occurring and is industrial-, commercial- or infrastructure- related in nature;
“project company”	means an entity owned in whole or in part by a project sponsor and established for the purpose of the design, development, construction or operation of a particular identified project;
“project sponsor”	means an entity owning, either directly or through an ownership interest in a project company, the assets of a project;
“repayment term”	shall have the meaning given that term in section 8 of the Arrangement on Guidelines for Officially Supported Export Credits.
“review”	means the review by or for EDC of the environmental and social assessment of a project;
“sensitive area”	means, in relation to the location of a project, an area that EDC determines to be of the type described in paragraph 26 of Annex 2 or that is otherwise, in EDC’s determination, a protected area;
“transaction”	means EDC’s support of a project in the form of a financing transaction, political risk insurance transaction or equity transaction, or any combination thereof which support is provided by EDC directly (or indirectly through a financial intermediary) to a project sponsor, project company or other entity with prime responsibility for project design, development and construction;
“transformation/ conversion”	means, in relation to a project, reuse on a previously developed site or a modernization intended to result in a substantial change in output or functionality;
“World Bank Group”	means the group of associated institutions that includes the International Bank for Reconstruction and Development, International Finance Corporation, Multilateral Investment Guarantee Agency, International Development Association and International Centre for Settlement of Investment Disputes.

¹ In any case, the definition of “project” shall not include projects in Canada in respect of transactions entered into under section 23 of the Export Development Act which EDC is directed to enter into by the Government of Canada, provided that the Government of Canada is satisfied that the requirements of the Canadian Environmental Assessment Act have been met.

Annex 2: Illustrative List of Category A Projects and Sensitive Sectors and Areas

The following list² is indicative and the types of projects it contains are examples only.

"A" level projects

This list applies to "greenfield" or major extension projects in the categories listed below.

1. Crude oil refineries (excluding undertakings manufacturing only lubricants from crude oil) and installations for the gasification and liquefaction of 500 tonnes or more of coal or bituminous shale per day.
2. Thermal power stations and other combustion installations with a heat output of 300 megawatts³ or more and nuclear power stations and other nuclear reactors, including the dismantling or decommissioning of such power stations or reactors (except research installations for the production and conversion of fissionable and fertile materials, whose maximum power does not exceed 1 kilowatt continuous thermal load).
3. Installations designed for the production or enrichment of nuclear fuels, the reprocessing, storage or final disposal of irradiated nuclear fuels, or for the storage, disposal or processing of radioactive waste.
4. Integrated works for the initial smelting of cast-iron and steel; installations for the production of nonferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.
5. Installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos: for asbestos-cement products, with an annual production of more than 20,000 tonnes finished product; for friction material, with an annual production of more than 50 tonnes finished product; and for other asbestos utilization of more than 200 tonnes per year.
6. Integrated chemical installations, i.e. those installations for the manufacture on an industrial scale of substances using chemical conversion processes, in which several units are juxtaposed and are functionally linked to one another and which are for the production of: basic organic chemicals; basic

² The source is the revised *Environmental and Social Policy of the European Bank for Reconstruction and Development* applicable as of May 12, 2008.

³ Equivalent to a gross electrical output of 140 MW for steam and single cycle gas turbine power stations.

inorganic chemicals; phosphorous-, nitrogen- or potassium-based fertilizers (simple or compound fertilizers); basic plant health products and biocides; basic pharmaceutical products using a chemical or biological process; and explosives.

7. Construction of motorways, express roads and lines for long-distance railway traffic; airports with a basic runway length of 2,100 metres or more; new roads of four or more lanes, or realignment and/or widening of existing roads to provide four or more lanes, where such new roads, or realigned and/or widened sections of road would be 10 km or more in a continuous length.
8. Pipelines, terminals, and associated facilities for the large-scale transport of gas, oil, and chemicals.
9. Sea ports and also inland-waterways and ports for inland-waterway traffic which permit the passage of vessels of over 1,350 tonnes; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers) which can take vessels of over 1,350 tonnes.
10. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
11. Large⁴ dams and other impoundments designed for the holding back or permanent storage of water (including for generation of power).*
12. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic metres or more.
13. Industrial plants for the (a) production of pulp from timber or similar fibrous materials; or (b) production of paper and board with a production capacity exceeding 200 air-dried metric tonnes per day.
14. Large-scale peat extraction, quarries and open-cast mining, and processing of metal ores or coal.
15. Extraction of petroleum and natural gas for commercial purposes.
16. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000

⁴ As per the definition of the International Commission on Large Dams (ICOLD). ICOLD defines a large dam as a dam with a height of 15 m or more from the foundation. Dams that are between 5 and 15 meters high and have a reservoir volume of more than 3 million cubic metres are also classified as large dams.

* Bracketed text for clarity; does not appear in source document.

- tonnes or more.
17. Large-scale logging.
 18. Municipal wastewater treatment plants with a capacity exceeding 150,000 population equivalent.
 19. Municipal solid waste processing and disposal facilities.
 20. Large-scale tourism and retail development.
 21. Construction of high-voltage overhead electrical power lines.
 22. Large-scale land reclamation.
 23. Large-scale primary agriculture or forestation involving intensification or conversion of natural habitats.
 24. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tons of finished products per day.
 25. Installations for the intensive rearing of poultry or pigs with more than 40,000 places for poultry; 2,000 places for production pigs (over 30 kg); or 750 places for sows.
 26. Projects⁷ which are planned to be carried out in sensitive locations or are likely to have a perceptible impact on such locations, even if the project category does not appear in this list. Such sensitive locations include, inter alia, national parks and other protected areas identified by national or international law, and other sensitive locations of international, national or regional importance, such as wetlands, forests with high biodiversity value, areas of archaeological or cultural significance, and areas of importance for Indigenous Peoples or other vulnerable groups.
 27. Projects which may result in significant adverse social impacts to local communities or other project affected parties.
 28. Projects which may involve significant involuntary resettlement or economic displacement.

The preceding list is clearly non-exhaustive and the types of projects it contains are examples only.

Annex 3: Illustrative Environmental and Social Impact Assessment

An EIA's scope and level of detail should be commensurate with the project's potential impacts. The EIA should include the following items (not necessarily in the order shown):

Non-technical executive summary. Concisely discusses significant findings and recommended actions in lay language.

Policy, legal, and administrative framework. Discusses the policy, legal, and administrative framework within which the Assessment is carried out, including host country regulations, including obligations implementing relevant international social and environmental treaties, agreements, and conventions, IFC Performance Standards, as well as any additional priorities and objectives for social or environmental performance identified by the client. Explains the environmental requirements of any co-financiers.

Project description. Concisely describes the proposed project and its geographic, ecological, social, health and temporal context, including any related facilities that may be required (e.g., dedicated pipelines, access roads, power plants, water supply, housing, and raw material and product storage facilities). Encompasses facilities and activities by third parties that are essential for the successful operation of the project. Normally includes maps showing the project site and the project's area of influence.

Baseline data. Assesses the dimensions of the study area and describes relevant physical, biological, socioeconomic, health and labor conditions, including any changes anticipated before the project commences. Also takes into account current and proposed development activities within the project area but not directly connected to the project. Data should be relevant to decisions about project location, design, operation, or mitigation measures. The section indicates the accuracy, reliability, and sources of the data.

Social and environmental impacts. Predicts and assesses the project's likely positive and negative impacts, in quantitative terms to the extent possible. Identifies mitigation measures and any residual negative impacts that cannot be mitigated. Explores opportunities for enhancement. Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions, and specifies topics that do not require further attention. Evaluates impacts and risks from associated facilities and other third party activities. Examines global, trans-boundary, and cumulative impacts as appropriate.

Analysis of alternatives. Compares reasonable alternatives to the proposed project site, technology, design, and operation in terms of their potential environmental impacts; the feasibility of mitigating these impacts; their capital

and recurrent costs; their suitability under local conditions; and their institutional, training, and monitoring requirements. States the basis for selecting the particular project design proposed and justifies recommended emission levels and approaches to pollution prevention and abatement.

Management program. Consists of the set of mitigation and management measures to be taken during implementation of the project to avoid, reduce, mitigate, or compensate for adverse social and environmental impacts, in the order of priority, and their timelines. May include multiple policies, procedures, practices, and management plans and actions. Describes the desired outcomes as measurable events to the extent possible, such as performance indicators, targets or acceptance criteria that can be tracked over defined time periods, and indicates the resources, including budget, and responsibilities required for implementation. Where the client identifies measures and actions necessary for the project to comply with applicable laws and regulations and to meet the Performance Standards, the management program will include an Action Plan, which is subject to disclosure to the affected communities and ongoing reporting and updating.

Appendices:

- List of SEIA report preparers – individuals and organizations.
- References – written materials, both published and unpublished, used in study preparation.
- Record of interagency and consultation meetings, including consultations for obtaining the informed views of the affected communities and other stakeholders. The record specifies any means other than consultations (e.g., surveys) that were used to obtain the views of affected groups.
- Tables presenting the relevant data referred to or summarized in the main text.
- Associated reports, audits, and plans (e.g., Resettlement Action Plan or Indigenous Peoples/ Natural Resource Dependent Community plan, community health plan).
- Action Plan that (i) describes the actions necessary to implement the various sets of mitigation measures or corrective actions to be undertaken, (ii) prioritizes these actions, (iii) includes the time-line for their implementation, and (iv) describes the schedule for communicating with affected communities when on-going disclosure or consultation is expected.

Annex 4: Other Environmental and Social Assessment Instruments

environmental and social audit – An instrument to determine the nature and extent of all environmental and social areas of concern at an existing facility. The audit identifies and justifies appropriate measures to mitigate the areas of concern, estimates the cost of the measures, and recommends a schedule for implementing them. For certain projects, the environmental and social assessment report may consist of an environmental and social audit alone; in other cases, the audit is part of the environmental and social assessment documentation;

environmental and social management plan (EMP) - An instrument that details (a) the measures to be taken during the implementation and operation of a project to eliminate or offset adverse environmental and social effects, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures. The EMP is an integral part of Category A environmental and social assessments (irrespective of other instruments used). Environmental and social assessments for Category B projects may also result in an EMP;

hazard assessment - An instrument for identifying, analyzing, and controlling hazards associated with the presence of dangerous materials and conditions at a project site;

environmental risk assessment - An instrument for estimating the probability of harm occurring from the presence of dangerous conditions or materials at a project site;

corrective action plan (CAP) - An instrument which, in the case of existing operations, plant modernizations, privatizations and corporate investment programs, may be required to address remediation or corrective action to bring facilities into compliance with international standards. The CAP should also provide details of an implementation schedule and costs;

resettlement action plan (RAP) - - An instrument specifying the procedures to be followed and actions to be taken by a project sponsor or other responsible entity to mitigate adverse effects, compensate losses, and provide development benefits to persons and communities affected by a project;

permit - An instrument consisting of a permit, license or authorization issued in connection with a project by authorities the standards of which are satisfactory to EDC, provided that the permit is only used as an environmental and social assessment instrument in association with an existing EIA report for a project.

Annex 5: Illustrative List of Category B Projects

Examples of projects categorized by EDC as Category B projects may include:

- Agri-industry and aquaculture
- Housing and real estate
- Irrigation, rural water supply, and sanitation projects
- General manufacturing
- Manufacture of structural iron and steel products
- Textiles
- Electrical transmission and distribution
- Tourism (including hotels)
- Automotive plant conversion
- Thermal power stations with capacities less than 300 MWt (~140 MWe)

(provided the above are not in or near sensitive areas)