Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 03/24/2020 | Report No: ESRSA00435
### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caribbean</td>
<td>LATIN AMERICA AND CARIBBEAN</td>
<td>P171321</td>
<td></td>
</tr>
</tbody>
</table>

**Project Name**: Caribbean Ocean and Aquaculture Sustainability FaciliTy (COAST) Project

**Practice Area (Lead)**: Environment, Natural Resources & the Blue Economy

**Financing Instrument**: Investment Project Financing

**Estimated Appraisal Date**: 5/25/2020

**B. Borrower(s)**: Caribbean Catastrophe Risk Insurance Facility SPC

**Implementing Agency(ies)**: Caribbean Catastrophe Risk Insurance Facility

**Proposed Development Objective(s)**

*The Project Development Objective is to strengthen financial resilience of Caribbean countries through insuring against climate-related events that impact the fisheries sector.*

**Financing (in USD Million)**

<table>
<thead>
<tr>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Project Cost</td>
</tr>
</tbody>
</table>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The development objective of the project is to strengthen financial resilience of Caribbean countries through insuring against climate-related events that impact the fisheries sector. This will be achieved by financing the COAST capitalization and sovereign insurance premium in participating countries (St Lucia and Grenada). COAST is an innovative climate risk insurance mechanism to promote sustainable fisheries, food security, livelihoods of fisherfolk and disaster risk reduction in the Caribbean. COAST is designed to support governments’ efforts to rapidly put money into the hands of fisherfolk impacted by extreme weather, providing them with immediate economic relief.
D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The proposed project will be implemented in St Lucia and Grenada. As Caribbean countries, both St Lucia and Grenada are highly vulnerable to extreme weather events such as tropical cyclones and excessive rainfall, magnified by climate change. The project does not contemplate any direct physical investments in any specific location and will benefit the fisheries sector in general through parametric insurance pay-outs. The parametric insurance products are insurance contracts that make payments based on the intensity of an event (for example, hurricane wind speed or volume of rainfall) and amount of loss calculated in pre-agreed model caused by these events. This type of insurance is different from traditional or indemnity insurance settlements that require an on-the-ground assessment of individual losses after an event before a payment can be made. Pay-outs can be made very quickly after a hazard event. The project will enable direct support to fisher communities that may be impacted by extreme weather events and payment will be range from US$100 to US$300 per beneficiary. The insurance funds will not be tied or tracked to any specific investments.

The proposed project is expected to have positive direct poverty reduction and social impacts by enhancing the ability of the countries to meet the needs of their fisher communities in the aftermath of major disasters. The project will encourage inclusiveness and participation of women. It is intended to be inclusive of all participants in the fisheries sector, including fish vendors and processors who are mostly women. The list of beneficiaries was predefined by the governments as per the project Operational Manual.

D. 2. Borrower’s Institutional Capacity

The project will be implemented by the CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility), a segregated portfolio company, owned, operated and registered in the Caribbean. The CCRIF SPC is operated through a virtual office with very limited numbers of full time staff. It is the world’s first regional fund utilizing parametric insurance, giving member governments the unique opportunity to purchase disaster risk insurance with lowest possible pricing. CCRIF was developed under the technical leadership of the World Bank and with a grant from the Government of Japan. It was capitalized through contributions to a Multi-Donor Trust Fund (MDTF). 19 Caribbean governments and 1 Central American government (Nicaragua) are currently CCRIF members. CCRIF has experience on bank funded project implementation. It has implemented Central America and Caribbean Catastrophe Risk Insurance Project from mid 2015. CCRIF is also working on the development of a standardized integrated risk management framework for use by all Caribbean countries which includes economic, geopolitical, environmental, social and technical risks.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

| Environmental Risk Rating | Low |

Environmental Risk Rating

Low
The environmental risk classification of the project is low under the World Bank Environmental and Social Framework based on the nature and scale of the project intervention and client capacity. The project will not support any physical works or procurement of goods. The project will provide parametric insurance support to the fishing communities as emergency support in extreme bad weather condition and tropical cyclone. Additionally, the project will cover the payment of participating countries annual insurance premium. The project activities are not expected to have any adverse impact on human population and the environment.

Social Risk Rating

Low

The project social risk rating is considered low. The project does not include any physical works and it is anticipated that projects will have positive impacts on its intended beneficiaries. The project is essentially a pass through financing from the CCRIF to local ministries in Grenada and St Lucia for a risk insurance program for fisherfolk communities in the event of a catastrophic weather event. The current contours of the project do not represent risks to human populations in both of these countries.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

This standard is relevant since this standard sets out the Client’s responsibilities for assessing, managing and monitoring environmental and social risks and impacts associated with each stage of a project in order to achieve environmental and social outcomes consistent with the Environmental and Social Standards (ESSs). During the project concept stage, the project screening included review of the Project Concept Note, cross-checking expected impacts of similar insurance projects in the region or elsewhere, discussions with task team members, and literature review including fisheries assessments in St Lucia and Grenada. These assessments were carried out to gather fisheries and disaster risk management information at the country level and incorporate it into the development of the COAST product. The assessment entailed the collection of data on fisheries assets, management, and beneficiaries, which fed the COAST fisheries model in each of these countries. The information of the beneficiaries also provides the social baseline of the project. Consultations were undertaken with fisher communities, fisher cooperatives, and government to assess their readiness to adopt COAST. The anticipated environmental and social risks and impacts to the project interventions are likely to be negligible. Therefore, consistent with the requirements of ESS1, no further environmental and social assessment was deemed necessary after initial project screening.

ESS10 Stakeholder Engagement and Information Disclosure

This standard is relevant. Stakeholder Engagement Plan (SEP) is one of the key factors for project success. The CCRIF SPC in coordination with the Ministry of Finance of St Lucia and the Ministry of Finance of Grenada has prepared and disclosed a SEP that includes the stakeholder engagement activities during implementation and adoption of the grievance redress mechanism prior to appraisal. SEP has been built on the consultations carried out under the fisheries assessments in St Lucia and Grenada. CCRIF SPC is primarily responsible for stakeholder engagement and information disclose as per ESS2. Through these two ministries, CCRIF SPC will provide stakeholders with timely,
relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation. The strategy for information disclosure, consultations and feedback of vulnerable groups have been incorporated in the SEP. The CCRIF SPC will also facilitate meaningful consultations with all stakeholders throughout the project-life cycle, paying attention to the inclusion of vulnerable and disadvantaged groups (the elderly, persons with disabilities, etc.). A Communication Plan has been developed and implemented as part of the SEP. The GRM will enable stakeholders to channel concerns, questions, and complaints from stakeholders and respond to issues related to a broad range of project implementation issues.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

This standard is relevant. According to the proposed project design, the existing staff of the CCRIF SPC, the Ministry of Finance of St Lucia and the Ministry of Finance of Grenada will be responsible for its implementation. It will not require any additional staff, consultant or workers for implementation. However, a Labor Management Plan (LMP) has been prepared as a precautionary measure to set out the way in which project workers (if required during implementation for additional consultations and other project related activities) will be managed, in accordance with the requirements of national law and ESS2.

The parametric insurance contracts make payments based on the intensity of an event (for example, hurricane wind speed or volume of rainfall) and amount of loss calculated in pre-agreed model caused by these events. Therefore extensive field work to assess individual damages on property or other physical structures that is typical for insurance payout is not a feature of this vehicle given that compensation is dispensed based upon extreme weather events. The project however will include provisions in the LMP in the event that any fieldwork workers are needed.

In addition, LMP describes mitigation measures used to manage health and safety risks and ensure that the client does not employ any child labor. It is anticipated that the risks to be low given the nature of the work by the client which is mostly office work and risks are low of any serious health and safety incidents.

ESS3 Resource Efficiency and Pollution Prevention and Management

The standard is not relevant as the project activities will not be associated with any significant use of resources such as water or energy.

ESS4 Community Health and Safety

The standard is not relevant as the project activities will not have any adverse environmental and social impacts on communities.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
This standard is not relevant as there will be no anticipated land acquisition or resettlement.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
This standard is not relevant. The project does not have any physical work and will not cause any impact on biodiversity and living natural resources.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
This standard is not relevant.

ESS8 Cultural Heritage
The standard is not relevant. The proposed operation does not pose any risk to cultural heritage.

ESS9 Financial Intermediaries
The project will not involve Financial Intermediaries.

B.3 Other Relevant Project Risks
No other risk

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways
No

OP 7.60 Projects in Disputed Areas
No

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

<table>
<thead>
<tr>
<th>DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED</th>
<th>TIMELINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESS 1 Assessment and Management of Environmental and Social Risks and Impacts</td>
<td>05/2020</td>
</tr>
<tr>
<td>CCRIF SPC shall maintain qualified staff in adequate numbers and experience, in a manner acceptable to the Bank, to support implementation the ESCP.</td>
<td>05/2020</td>
</tr>
<tr>
<td>ESS 10 Stakeholder Engagement and Information Disclosure</td>
<td>03/2020</td>
</tr>
<tr>
<td>Prepare, disclose, adopt and implement a Stakeholder Engagement Plan (SEP), in a manner acceptable to the Bank.</td>
<td>03/2020</td>
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</table>
Maintain and operate a grievance mechanism, as described in the SEP.  

ESS 2 Labor and Working Conditions

Prepare, adopt, and implement the Labor Management Procedures (LMP) that have been developed for the Project, in a manner acceptable to the Bank.

ESS 3 Resource Efficiency and Pollution Prevention and Management

ESS 4 Community Health and Safety

ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

ESS 8 Cultural Heritage

ESS 9 Financial Intermediaries

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework?  
No

Areas where “Use of Borrower Framework” is being considered:  
No

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Caribbean Catastrophe Risk Insurance Facility SPC

Implementing Agency(ies)
Implementing Agency: Caribbean Catastrophe Risk Insurance Facility

V. FOR MORE INFORMATION CONTACT
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VI. APPROVAL
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Practice Manager (ENR/Social) Maria Gonzalez de Asis Cleared on 24-Mar-2020 at 11:08:6 EDT