



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 11/18/2019 | Report No: ESRSC00946



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Caribbean	LATIN AMERICA AND CARIBBEAN	P171321	
Project Name	Caribbean Ocean and Aquaculture Sustainability Facility (COAST) Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Environment, Natural Resources & the Blue Economy	Investment Project Financing		1/31/2020
Borrower(s)	Implementing Agency(ies)		
Caribbean Catastrophe Risk Insurance Facility SPC	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)	Amount
Total Project Cost	2.00

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 fisherfolks 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. COAST will be adopted by St Lucia and Grenada for the 2019/2020 hurricane season.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES 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. 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.

Public Disclosure

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) Low

Environmental Risk Rating Low



The project environmental risk is assessed low. The project will not support any physical works or procurement of goods. The project will provide parametric insurance support to the fishermen 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:

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 has been determined necessary.

Areas where “Use of Borrower Framework” is being considered:

No

ESS10 Stakeholder Engagement and Information Disclosure

This standard is relevant. Stakeholder Engagement Plan (SEP) is one of the key factors for project success. SEP will be built on the consultations carried out under the fisheries assessments in St Lucia and Grenada. The CCRIF SPC in coordination with the Ministry of Finance of St Lucia and the Ministry of Finance of Grenada will prepare and disclose a SEP that will include the proposed stakeholder engagement activities during implementation and the grievance redress mechanism prior to appraisal. CCRIF SPC will be primary 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 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



will be developed and implemented as part of the SEP. An appropriate grievance and redress mechanism (GRM) will be designed, developed and maintained as part of 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 current design of the proposed COAST Project, 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 simple Labor Management Plan (LMP) will be 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 will describe mitigation measures used to manage health and safety risks and ensure that the borrower does not employ any child labor. It is anticipated that the risks to be low given the nature of the work by the borrower 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. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

None

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

- Preparation of Environmental and Social Commitment Plan (ESCP) by appraisal.
- Preparation of Stakeholder Engagement Plan (SEP) including a communication plan and Grievance. Redress Mechanism (GRM) by appraisal.
- Preparation of a simple Labor Management Plan (LMP).

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Public Disclosure



Timeline for implementation of SEP and LMP.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

16-Dec-2019

IV. CONTACT POINTS

World Bank

Contact: Sylvia Michele Diez Title: Senior Environmental Specialist

Telephone No: 473-3893 Email: sdiez@worldbank.org

Contact: Jose Angel Villalobos Title: Senior Financial Sector Specialist

Telephone No: 458-1829 Email: jvillalobos@worldbank.org

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

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

VI. APPROVAL

Task Team Leader(s): Sylvia Michele Diez, Jose Angel Villalobos

Practice Manager (ENR/Social) Maria Gonzalez de Asis Recommended on 18-Nov-2019 at 22:32:19 EST

Public Disclosure