



The World Bank

Caribbean Regional Oceanscape Project (Regional)
(P159653)

Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 20-Apr-2016 | Report No: PIDISDSC17442



BASIC INFORMATION

A. Basic Project Data

Country OECS Countries	Project ID P159653	Parent Project ID (if any)	Project Name Caribbean Regional Oceanscape Project (Regional) (P159653)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Feb 13, 2017	Estimated Board Date Mar 31, 2017	Practice Area (Lead) Environment & Natural Resources
Lending Instrument Investment Project Financing	Sector(s) General agriculture, fishing and forestry sector (25%), Public administration- Agriculture, fishing and forestry (25%), Information technology (25%), Non-compulsory pensions and insurance (25%)	Theme(s) Other economic management (40%);Other environment and natural resources management (60%)	Borrower(s) OECS Commission Ocean Governance Unit,CCRIF SPC
Implementing Agency OECS Commission	GEF Focal Area International waters		

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Financing (in USD Million)

Financing Source	Amount
US: Agency for International Development (USAID)	8.00
Borrowing Agency	1.00
Green Climate Fund	8.50
Global Environment Facility (GEF)	6.30
Borrowing Country's Fin. Intermediary/ies	67.00
Program on Fisheries	5.00
Non-Government Organization (NGO) of Borrowing Country	6.00
Foreign Universities	6.50
Total Project Cost	108.30

Environmental Assessment Category

B-Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

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B. Introduction and Context

Country Context

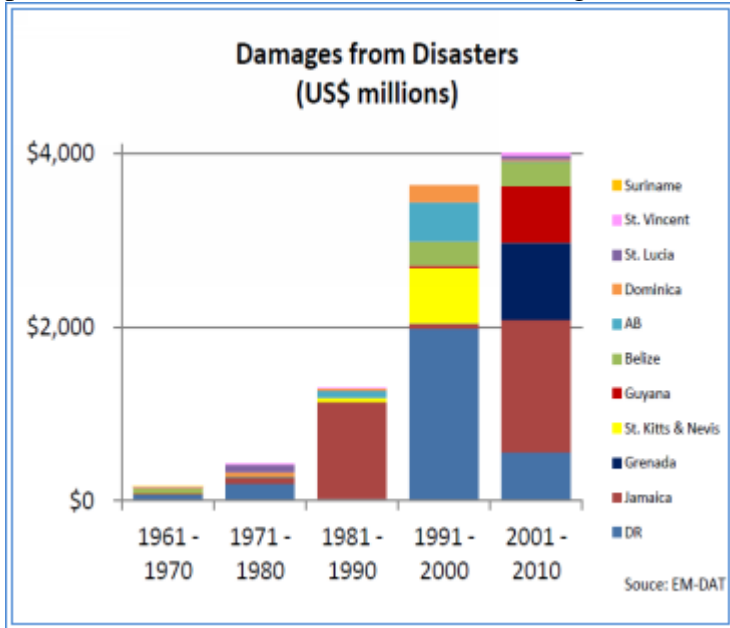
1. **The Caribbean region is one of the most diverse in the world in terms of economic performance and demography.** Economic growth averaging about 2.48% in the last decade (2001-10) includes outliers such as Grenada, Bahamas, Barbados and Haiti with a nearly 0% growth rate, and Dominican Republic and Trinidad and Tobago with about 6% growth. Economies range from GDP of US\$52 billion (current US\$, 2010) in the Dominican Republic to US\$0.46bn (current US\$, 2010) in Dominica, with four countries accounting for about 82% of the regional GDP, and the remaining eleven countries accounting for only 18%.³ Per capita income ranges from a high of US\$21,880 (current US\$, 2010) in the Bahamas to US\$670 (current US\$, 2010) in Haiti. Three of the countries are classified as high-income countries (Trinidad and Tobago, Bahamas and Barbados), nine as upper-middle income countries (Antigua and Barbuda, Dominica, Dominican Republic, Grenada, St. Lucia, St. Vincent and the Grenadines, St. Kitts and Nevis, Jamaica, Suriname) and two as low middle income (Belize and Guyana) and Haiti as a low income country.

2. **The region's diversity, strategic location, small size, and natural endowment present opportunities and challenges in almost equal measure.** The factors behind the high incomes include the establishment of major offshore banking centers, the large nature-based tourism industry, and small populations - a combination that inevitably results in high per capita incomes, wealth creation and social progress within a relatively stable environment. However, the combined impact of small size (total GDP and population of US\$114 billion and 27 million respectively in 2010 compares for example, to Peru, with a GDP of \$157 billion and population of 29 million in 2010), and inadequate economies of scale, high reliance on the service sector, particularly tourism and related construction, increased competition from other tourist destinations, and in a number of cases single source income (e.g., oil in Trinidad and Tobago, apparel in Haiti, and agriculture in Guyana), also present challenges to the Caribbean region in its response to external shocks, such as natural disasters or financial/economic crisis in demand markets, and make it more challenging for the countries to compete in international markets.

3. **Despite the progress, high unemployment and poverty rates still persist.** Although many countries in the region have achieved middle-income status, unemployment rates have stayed persistently high, at over 10% in several countries¹, and above 20% in St. Vincent and the Grenadines, and St. Lucia. Poverty rates are also high, estimated to be 15% or above in most OECS countries, and 50% in the Dominican Republic. Haiti, which alone represents 38% of the total population of the Caribbean region, is the poorest country in the Western Hemisphere, with 77% of the population living under the poverty line and 54% in absolute poverty.



4. Countries in the Caribbean are highly vulnerable to the adverse effects associated with extreme weather events such as tropical cyclones and excessive rainfall.² Several Caribbean countries have experienced a disaster event with an economic impact above 50 percent of their annual GDP.³ Public and private assets in the health, education, agriculture including fisheries, water, infrastructure, housing and



transport sectors often incur the majority of damages associated with catastrophic events. Natural calamities such as hurricanes, severe storms and rainfall, landslides as well as coastal erosion seriously and negatively impact the fisheries sector, the livelihoods of fisher-folk and the capacity of the sector to contribute to food security. The frequency of these extreme weather events in the Caribbean also seem to be increasing over time. Without adequate fiscal management strategies, major catastrophic events can jeopardize efforts to end extreme poverty and boost shared prosperity and reverse hard-won development gains. Experience has shown that in the immediate aftermath of a disaster, countries experience significant macroeconomic instability and major public sector budget variability, leading to reduced coverage and quality of public services which impacts the poor hardest, and higher debt

levels.

5. Establishing effective measures to protect marine and coastal ecosystems and building resilience to climate change would be an important input in sustaining regional economic growth and livelihoods. Mechanisms for regional risk-pooling offer an opportunity for Caribbean countries to reduce costs for post-disaster recovery. Risk insurance schemes are one such risk-pooling mechanism. They help by transferring part of the disaster risk to capital and reinsurance markets. They can therefore help solve a portion of countries' immediate liquidity needs in the aftermath of a disaster by mobilizing additional capital from external sources. Engaging insurance markets could also influence wider decision-making involving national emergency budget allocation and fiscal planning systems so as to incentivize more disaster and food security resilient planning.

Sectoral and Institutional Context

6. The Caribbean Sea, with its high level of biodiversity, covers less than one percent of the world's ocean area (2.75 million sq. km), nonetheless, it directly supports the economies of 34 coastal and small island countries and territories. It is a large marine ecosystem characterized by coral reefs, mangroves, and sea grasses and also sandy beaches and rocky shores. These tropical ecosystems present high biodiversity associated



with fauna and flora, and has resulted in high rates of national and regional endemism (unique species) and contains the greatest concentration of endemic marine species in the Western Hemisphere.

7. This natural resource base has the potential to make a much greater contribution to poverty reduction and shared prosperity for the region’s growing population of 40 million, as well as increasing their resilience to climate change. However, the natural systems underpinning the health of the Caribbean Sea are changing at an alarming rate and scale, due largely to human action occurring in the context of weak institutions. Despite the value of the goods and services provided by the Caribbean Sea for the region’s economy, there are enormous challenges confronting this natural capital asset, most notably (i) habitat change and loss, (ii) pollution, (iii) overfishing and (iv) climate change.

8. The ocean currently provides food, livelihoods and economic opportunity for a large portion of the world’s population. Yet, recent projections suggest that demand may grow much faster in the coming decades as the global population climbs to 9.6 billion, with greater purchasing power and need for additional supplies of food and energy.⁴ As this new phase of growth begins, more and more the term ‘industrialization’ is being used to describe the scale of economic activity in and around the ocean. Coastal countries are starting to articulate their future development policy objectives based on expansion of the ocean economy, from the European Union to Indonesia, as well as a wide range of small island developing states (SIDS).

9. As more and more countries look to the ocean for new sources of growth, the ecosystems upon which it depends are changing at an unprecedented rate. The global ‘great acceleration’ of economic activity that began in the 1950s has begun to profoundly affect the ocean’s ecosystems, many of which are categorized into ‘large marine ecosystems’ (LMEs). In particular, this time period has seen large-scale conversion or degradation of natural habitats such as reefs, mangroves and sea grasses, land-based pollution in the form of excess nutrients from untreated waste and fertilizer run-off as well as in the form of solid waste, overfishing, and now ocean acidification and other impacts from increasing anthropogenic greenhouse gas emissions. In June 2015 the G7 Science Academies issued a statement of scientific consensus that human activities are leading to changes in the ocean that will significantly impact societies and well-being. This has a direct impact on current and future economic growth of ocean-facing countries and small islands across the region, and indeed the world.

10. The concept of “blue economy” has emerged in the global debate. As consensus emerges that human activities are significantly changing ocean ecosystems which have significant economic implications, and at the same time projections suggest that many of these activities will rapidly accelerate in the coming decades, the concept of the ‘blue economy’ has emerged in policy conversations around the globe. This conversation began in Rio+20 in 2012, as countries articulated the concept of a ‘green economy’ to align their development aspirations to environmental health. From that discussion, the focus shifted seaward to the ‘blue economy’⁵. SIDS have been heavily engaged as leaders in this discussion, looking to the ‘blue economy’ as a conceptual framework for articulating long-term development policies and attracting new sources of sustainable investment for sustainable development and growth, “blue growth” coming from their ocean areas.

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11. **The Caribbean region has been at the forefront of this movement towards a blue economy.** The Caribbean region is the home to a growing number of developing states that share the Caribbean Sea LME and have embraced the concept as the centerpiece of future growth strategies. For example, in late 2012 the World Bank hosted the Small States Forum with many of the Ministers of Finance from the region, where the blue economy and blue growth was one of the key topics of the agenda. Within the region, the Organization of Eastern Caribbean States (OECS)⁶ Commission established an Ocean Governance Unit, aiming to support articulation of clear policy frameworks for governing the multiple economic activities of the Caribbean Sea that would incorporate greater consideration of ecosystem functions and services the ocean provides for member states. This proposed project builds off of the Eastern Caribbean Regional Ocean Policy (ECROP) approved by OECS Heads of Government in 2013. Countries are grappling with development and implementation of policies to support their transition to a blue economy, and they have requested support from public, private and civil society organizations, including the World Bank for support. As a first step, in early 2015 the Government of Grenada hosted a meeting of development partners to support a transition to a blue economy, and announced the country's blue growth aspirations, the first in the region to do so.

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12. **Moreover, policies to simultaneously increase economic growth from the ocean while protecting and enhancing natural marine resources and their value or “blue assets” has become an area of focus for finance ministers and central bank governors across the region.** An inaugural Caribbean Region Dialogue with the G20 Development Working Group was held in Washington DC on April 13, 2015 at IMF Headquarters and covered two interrelated themes: Opportunity and Challenges to (1) Developing the Blue Economy in the Caribbean, and (2) Mobilizing Resources in its support. The regional dialogue, attended by the region's finance ministers and central bank governors, also invited finance ministers from non-Caribbean SIDS, and multilateral and international organizations such as Commonwealth Secretariat, The World Bank Group, and International Monetary Fund. The meeting was co-chaired by Ayşe Sinirlioğlu, G20 Sherpa, Turkey and the Central Bank Governor of Trinidad and Tobago. An in-depth analytic report was suggested to serve as an input document for a proposed one-year anniversary meeting and follow-on from the inaugural Caribbean Region Dialogue with the G20 Development Working Group. The proposed report, currently being developed by the Bank, on the state of the blue economy (Moving to a Blue Economy: Caribbean) is underway. This report includes five key chapters, including setting an overarching framework to better understand the economic potential of transitioning to a blue economy and using this framework to present snap-shots of what the blue economy looks like for countries defined by the Caribbean Sea, the OECS, and Grenada, a Caribbean SIDS already considered a global leader in its aspiration to move toward a blue economy.

13. **Nowhere is the realization of a blue economy more fundamental for development and poverty reduction than in the Caribbean, where the ocean space and its accompanying resources far exceeds those of the terrestrial environment.** In particular, a number of the region's goods and services are linked to the functioning of the marine ecosystems, including among others: (i) seafood (per capita consumption of fish in the Caribbean is well above the global average); (ii) tourism and recreation (marine-based tourism represents the largest sector of the region's economy – providing an estimated 15 percent of GDP and almost 2 million direct and indirect jobs in 2011); (iii) coastal protection and resilience from reefs and mangroves (a service valued at between approximately US\$1 to 3 billion per year); (iv) carbon sequestration (coastal vegetated habitats such as the region's mangroves and sea grass beds store significant amounts of carbon); and (v) globally significant biodiversity (the Caribbean Sea LME encompasses a major global marine biodiversity hot spot).



14. Despite the opportunity of a healthy Caribbean Sea LME to drive a sustainable ocean-based economy in the region, the region faces many threats. If current patterns of ecosystem alteration continue and accelerate together with projected increases in economic activity, the countries' development aspirations will not be realized. These current threats to the marine ecosystems include patterns of rapid development of coastal areas that have transformed natural coastal habitats throughout the Caribbean. About 70 percent of the region's beaches are experiencing erosion due to excessive coastal development, exacerbated by degradation of coral reefs and sea-level rise, threatening the region's tourism revenues (e.g., losses to the resorts in the Dominican Republic are estimated at US\$52–\$100 million over the next 10 years). Additionally, the widespread discharge of untreated sewage is a major source of nutrient pollution in coastal waters throughout the region. With some limitations, several studies suggest that roughly 15 percent of sewage generated within the Caribbean region is properly treated (UNEP, 2001; CEP, 2010; CREW 2012). Finally, the region's fisheries are increasingly threatened by overfishing as well as a reduction in coral cover. This has been caused both by unsustainable fishing practices and environmental pollution resulting in the destruction of coral reefs, seagrass beds, and mangrove forests, all of which are important nursery areas for marine life. Consequently, economically important species, including reef fish, pelagics, conch, lobster, and shrimp, are declining in number. Caribbean countries are interested in learning more about the spatial dimensions of these threats, and indeed opportunities that come from their ocean areas. Currently, despite multiple but unfortunately rather fragmented/disconnected investments and efforts, these data and the tools they need to better understand the current status and to make better decisions over the economic use of their ocean areas remain largely elusive to them.

15. Threats to the Caribbean Sea LME have not occurred in isolation, but often overlap and enhance impacts in the same physical space, though governed by different sector-based legal frameworks. Utilizing tools such as marine spatial planning (MSP) to help better understand and then reform governance of the diversity of ocean uses and economic activities in the Caribbean Sea LME, in order to provide a more secure framework for sustained investment in the blue economy, is both a tremendous opportunity and challenge for the region. However, many countries are only now starting to grapple with the difficulties of developing and implementing national strategies and governance reforms for blue growth. More spatially-defined policies that draw upon MSP to recognize the multiple economic uses of ocean space together with ecosystem functions and critical natural habitats, require significant capacity to develop, notably detailed marine geospatial analysis, baseline assessments of resource uses and benefits, as well as the potential under a range of governance reform scenarios. However, these policy frameworks – building upon MSP – will be fundamental to the development of a blue economy in the Caribbean Sea LME, and to the security needed to attract sustainable investment. To achieve blue growth aspirations, the countries in the region need to urgently fill this capacity gap.

16. The World Bank's Caribbean Regional Oceanscape Non-Lending Technical Assistance Program (CROP) was established as a broad program to support development of a blue economy in the region. More specifically, the CROP NLTA is a regional technical assistance program of the World Bank aiming to support 'blue solutions' for sustainable ocean-based economic growth and development across the region. The regional TA Program includes 3 pillars: 1) Blue Solutions: Knowledge, Learning, South-South Exchange; 2) Blue Economy Strategies, Vision to Action; and 3) "Crowding-In" Investment and Innovation, including insurance for fisheries and marine asset users.



17. While CROP provides a regional platform to increase sustainable ocean-based economic growth in the region, the “Catalyzing implementation of the Strategic Action Programme for the Sustainable Management of the Shared Living Marine Resources of the Caribbean and North Brazil Shelf Large Marine Ecosystems” Project (CLME+) is a GEF-funded catalyst and umbrella for initiatives and actions to help implement the region’s Strategic Action Programme (SAP) for enhanced ocean health in the Caribbean. The proposed CROP Project, with support from the GEF therefore seeks to help implement niche areas of the CLME+ SAP framework. Specifically, the proposed Project would directly contribute to component three of the CLME+ Project, providing an additional implementation project in the uptake of ecosystem-based management (EBM) and incorporation of marine ecosystem services into economic policy-making. Additionally, the Project would provide an innovative tool to support the decision-making process for management of marine ecosystems, that could complement the efforts currently planned in component two (output three) and component 5 (output two) of the CLME+. The project would in turn draw upon CLME+ efforts throughout the Caribbean to support national inter-sectoral coordination mechanisms, as part of the MSP process. This project would therefore accelerate the implementation of key actions signed-off on by heads of state across the Caribbean region under the CLME+ SAP. This project will also build on the ongoing “Sustainable Financing and Management of Eastern Caribbean Marine Ecosystem Project” financed by GEF. With the establishment of the regional Caribbean Biodiversity Fund (CBF), the marine spatial plans (MSP) will guide the expansion of ocean economies and attract additional funds to be channeled through the CBF and increase its capitalization. Moreover, the National Protected Area Trust Funds (receiving funds from CBF) will benefit from the identification of critical marine ecosystems through the MSPs to further guide the financing of sustainable management activities in those areas.

18. At a sub-regional level, the Project is aligned with the Eastern Caribbean Regional Oceans Policy and the Three Year Strategic Plan (ECROP) approved in 2013. The first of its kind in the Caribbean, the policy now provides the framework for enhanced coordination and management of ocean resources within the Eastern Caribbean, and the OECS now has a key role to play in regional ocean governance. Led by the OECS Commission, ECROP is an important first step in implementing a more integrated approach to ocean management among its nine member states. The proposed Project would support Policy 4, which highlights the need to adopt multiple-use ocean planning and integrated management techniques for better decision-making over transboundary marine systems in order to achieve the region’s blue economy aspirations. The Project would assist OECS countries with their marine spatial plans, which would help them to clearly identify the current economic uses of their territorial ocean areas and as a result, make better economic decisions over them.

19. The OECS region as a defined economic space and their shared marine resources offer significant opportunities for future economic development. OECS region covers a land area of some 3,500 square kilometers and is home to over 630,000 people. Notwithstanding the small land area, the OECS regional waters cover an area well in excess of 350,000 square kilometers, some 100 times their land area. The Eastern Caribbean itself is among the top five global biodiversity hot spots in the world due to its marine and coastal ecosystems. These ecosystems are essential to the overall economy of the OECS.

20. The Caribbean Oceans and Aquaculture Sustainability Facility (COAST), component of the CROP, will build on the Bank’s successful support for the establishment of the Caribbean Catastrophe Risk Insurance Facility (CCRIF). COAST is intended as a platform for innovative financing to address a combined set of challenges including food and livelihood security and climate change. The aim is to incentivize sustainable fisheries and climate resilience through, among others, a risk insurance product. The risk insurance



product will be provided at a reduced premium to Caribbean governments. This will in turn promote the resilience of their small-scale fisheries sector against the peril of increasing climate-change related disaster risk. Achieving climate resilient fisheries would involve focusing both on healthy fish stocks/habitats as well as healthy local economies. As such, implementation of the risk insurance product will be informed by national level climate-smart food security, disaster risk management plans and the adoption of sustainable and responsible methods of aquatic resources use and management. These would include “ecosystem approaches,” the elimination of illegal, unreported and unregulated-or IUU-fishing, use of unsustainable fishing methods and practices and the reduction and better utilization of bycatch. Mitigation would also include the responsible operation, maintenance and management of fishing vessels, fisheries infrastructure, fish marketing and processing facilities and equipment and improved utilization of catch through elimination of waste and value addition. This will be achieved by defining potential insurance access criteria that make responsible and sustainable practices mandatory for obtaining insurance coverage.

21. **Through COAST, the project is also in line with the outcomes of the 2015 G-7 summit at Elmau.** At the summit, leaders committed to “...increase by up to 400 million the number of people in the most vulnerable developing countries who have access to direct or indirect insurance coverage against the negative impact of climate change related hazards by 2020 and support the development of early warning systems in the most vulnerable countries.” COAST has been met with enthusiastic support and endorsement by Caribbean countries which should guarantee a deep sense of ownership. The proposal has been formally endorsed by two CARICOM bodies: the 9th Caribbean Regional Fisheries Mechanism Ministerial Council and the 6th Caribbean Disaster Emergency Management Agency Ministerial Council. A number of Caribbean countries, including Belize, Grenada, Jamaica, and The Bahamas, have expressed their interest in purchasing the insurance product.

22. **At the global level, the Project also supports the Bank’s twin goals of ending extreme poverty and promoting shared prosperity, the global Sustainable Development Goal (SDG) 14, and the Aichi Biodiversity Target 11.** The twin goals of the World Bank will be supported through the development and implementation of policy frameworks for a sustainable blue economy that can leverage increased investment into the region. At the global level, the Project also directly supports the implementation of the proposed Sustainable Development Goal (SDG) 14 to sustainably manage and conserve oceans and coasts, and particularly the target to enhance the benefits that small island developing states (SIDS) receive from sustainable ocean use. Finally, through the implementation of the marine spatial planning, areas of particular importance for biodiversity and ecosystem services will be identified, which will inform the preparation of new policies to effectively managed marine protected areas in line with the Aichi Biodiversity Target 11.

Relationship to CPF

23. **The proposed Project is consistent with the World Bank Group OECS Regional Partnership Strategy (RPS) FY2015-2019 Framework endorsed by the Board of Executive Directors on November 13, 2014.** The RPS aims to support sustainable inclusive growth through three areas of engagement: (i) competitiveness, (ii) public sector modernization, and (iii) resilience. The proposed Project will contribute to the competitiveness and resilience areas. The Project activities are aligned with the RPS pillar of competitiveness, and in particular



outcomes 1 and 2 which respectively are, improved investment climate and increased tourism benefits. Moreover, the Project is also aligned with the resilience pillar, and in particular Outcome 9, which is to increase capacity to manage natural hazards. The RPS notes the devastating effects of extreme weather events with annual losses estimated to range from 1% in St Vincent and the Grenadines to 9% in Grenada. Through more effective ocean management, the project will build the capacity of OECS governments to address environmental threats including climate variability and change.

24. **The project is designed to support achieving the goal of the GEF International Waters (IW⁷) focal area** - to promote collective management for transboundary water systems *and subsequent implementation of a range of policy, legal and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services*. More specifically, the project responds to the GEF IW-3 objective to enhance multi-state cooperation and catalyze investments to foster sustainable fisheries, restore and protect coastal habitats, reduce pollution of coasts and LMEs.

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C. Proposed Development Objective(s)

The Project Development Objective is to support the development and implementation of integrated ocean governance policies to leverage public and private investment in the waters of OECS member states and other participating Caribbean countries. Achieving this objective will assist Caribbean countries transition towards a blue economy, which could provide greater long-term growth for poverty reduction and shared prosperity across the region.

Key Results (From PCN)

25. Three key results will be used to monitor the success of the proposed Project: The project will provide the participating countries with cutting edge tools for MSP and integrated ocean governance, as a fundamental element of a blue economy in their waters. Through skills and technology transfer the project will bring examples and experiences from the U.S. and other regions of the world, to connect good practices to the region. With a focus on building in-house capacity in the Governments, OECS Secretariat and eventually the proposed Blue Growth and Ocean Governance Institute, trained staff and analytical tools would remain in place long after the close of the project. Furthermore, the MSP tools, analyses and policy frameworks developed, would be scalable throughout the Caribbean, beyond the members of the OECS. For the long-term sustainability of these tools, the OECS Secretariat's ocean governance unit would help take these tools and experience to larger scale in the region. Key results targeted by this Project would include:

- (i) Regional and national coastal and marine spatial plans prepared and new strategies, roadmaps and potential policy instruments developed as the basis for a more blue economy in the waters of OECS members;
- (ii) Hands-on and targeted training for staff in the OECS Secretariat as well as national government agencies in marine spatial planning tools and ocean governance, as well as establishment of databases, software and other tools needed for better decision-making; and
- (iii) Parametric Insurance Policies purchased by Caribbean Countries with lower premiums and their effectiveness in better management of marine assets through the integration of climate resilience in disaster risk planning as well as fisheries and food security considerations.

D. Concept Description

26. This proposed regional Project will help support Caribbean countries that inhabit the multi-sector economic ocean space of the Caribbean Sea. This first project seeks to program grant funding from the Global Environmental Facility (GEF) and other grant resources held in Trust by the World Bank (PROFISH TF) to cover incremental costs against significant base funding to achieve the PDO. These incremental costs that GEF would fund enable the proposed project to achieve impacts and results described in this project document without which would not be possible, in absence of alternative funding. The team envisages that Caribbean countries would be able to opt-into the project and specific components based on their interest and need, including requesting IDA/IBRD/Regional IDA to support their participation to broaden and deepen both regional and national impacts set forth by this regional project.



27. The World Bank intends to mobilize significant and diverse resources and collaborate with Caribbean nations and development partners, including the private sector to support a **Caribbean Regional Oceanscape Project (CROP); (\$6.3 million GEF⁸; \$102 million base cost co-financing); Total \$ 108.3 million.**

28. *Component 1. Comprehensive Marine Spatial Plans in support of improving ocean governance implementation (GEF \$4 million⁹; Base Co-financing \$15 million). This component would be executed by the OECS Commission.*

The objective of this component is to provide comprehensive marine and coastal spatial plans and associated training to Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines and Dominica to develop and/or help implement ocean policies and strategic plans for better oceans governance. Component 1 will support the implementation of ECROP's *Priority 3 (policy goal 4.3): Promote Sustainable Economic Development* and the *CLME+ Strategic Action Plan Strategy 4(4A, 4B)* to enhance the governance arrangements by implementing ecosystem-based management approach of reefs and associated ecosystems. Specific areas of support include: i) development of five marine spatial plans; ii) preparation of national blue growth coastal master plans; iii) capacity building, and training; and iv) formulation of new policies based on marine and coastal spatial plans prepared under the project.

Subcomponent 1: Develop static and dynamic Marine Spatial Plans for better decision making over use of participating countries (Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Dominica) EEZs (200 nautical miles from the coastal zone). This would include the following activities: (a) collection of temporal and dynamic data (including fixed natural marine assets, wind and current data, migratory species) and creation of marine spatial data infrastructure at OECS Commission and each participating country, (b) inventory current and future/planned economic use patterns of ocean areas, (c) geospatial analysis and (d) national/regional consultations of marine spatial plans.

Subcomponent 2: Develop national coastal blue growth master plans in three stages, which would support Grenada, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Dominica to better plan for investment, development and growth of their coastal areas/economies. This subcomponent would support (i) Stage 1: data gathering and multi-stakeholder consultations to develop a national vision for coastal growth, (ii) Stage 2: identify blue growth focus areas and planning options, and (iii) Stage 3: National Blue Growth Coastal Master Plan finalization, including confirming and refining planning concepts for high priority projects, developing an implementation schedule, presenting to Government and key stakeholders.

Subcomponent 3: Capacity building and training would support the following: (i) providing targeted training in marine spatial planning and ocean governance for staff and decision-makers in the OECS Secretariat as well as national government agencies of the participating countries; (ii) building the core capacity for the OECS Oceans Governance Unit to provide ongoing implementation support to member countries, as well as to replicate blue growth strategies throughout the Caribbean; (iii) south-south exchanges to address integrated ocean governance and crowd-in investments to implement needed reforms, building a network of ocean governance skills in the region.



Subcomponent 4: The development and implementation of more effective regional and sectoral policies and strategies will build upon the marine spatial planning to support blue growth. More specifically, this subcomponent will include the following activities: (i) development of national ocean policies reflecting national priorities, and consistent with the regional policy framework; (ii) preparation of new and more effective regional and sectoral policies (fisheries, transportation, energy, sustainable tourism, conservation); and (iii) establishment of policy, legal and planning arrangements in each OECS country, and cabinet approval if necessary, to advance the implementation of ECROP.

29. Component 2: Innovative Ocean Wealth Tools, Institutional Strengthening and Capacity Building to support better decision-making over transitions to a blue economy (GEF \$1.73¹⁰ million; Base co-financing \$15 million). *This component would be executed by the World Bank.*

The objective of this component is to democratize data access with innovative tools, develop capacity in their effective use for better decision-making over marine assets, and secure sustainable finance in support of blue economic growth. Specific areas of support include (i) to upscale the development of the collaborative regional mapping ocean wealth platform and associated marine spatial agent app being developed by the Bank to provide timely information for better decision-making, (ii) to support the capacity building of public, private and civil society stakeholders in the use of these innovative platforms and tools, (iii) to collaborate with UN to help support more effective GEF-supported CLME+ SAP implementation across OECS and throughout the Caribbean, and (iv) to assist the region in facilitating the “crowding in” of private investment opportunities for participating OECS+ nations across the region’s ocean space.

Sub-Component 1: Expand development of innovative tools that aggregate data for better decision-making would include the following activities: (a) expand and maintain the Mapping Ocean Wealth website, (b) further develop and deploy marine spatial agent app to provide mobile access to multi-layered GIS and environmental economic data, (c) develop and/or deploy other tools/apps for users of natural marine assets such as safety at sea, to reduce risk to livelihoods etc.

Sub-Component 2: Institutional strengthening from improved knowledge and capacity to deliver would include the following activities: (a) develop and implement an Open Learning Blue Solution Campus that builds skills in the use and application of innovative tools, (b) development of a regional inventory/database of existing “blue solutions” which will serve as an input into country roadmaps for sustainable blue growth and integration into ocean policy planning process, (c) development of knowledge products such as good practice “how to” guides, (d) support for hands-on short courses at leading universities supporting project implementation.

Sub-Component 3: Support existing regional collaboration and forge new partnerships would include the following activities: (a) support for World Bank participation in CLME+ and SAP Implementation; (b) support OECS Commission and OECS+ countries in forging new partnerships in support of ECROP implementation.

Sub-Component 4: Leverage sustainable investment to support Caribbean nation’s transition to a blue economy. This sub-component will support the identification of initial investment opportunities in the blue economy of OECS+ countries, based on the marine spatial planning and policy frameworks developed in

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Component one. The sub-component would include the following activities: (a) preparation of materials and convening of potential investors around blue economy investment opportunities in the region; and (b) technical assistance and facilitation with investors, including impact investors, to develop at least two proposed opportunities in the region's waters where environment outcomes can be measured alongside financial returns, with the security provided by improved policies. Particular options to be explored could include marine renewable energy for example.

30. Component 3: Caribbean's Oceans and Aquaculture Sustainability Facility (COAST)'s Climate Insurance for Vulnerable Fishers and Users of Marine Assets (GEF \$300,000¹¹, Base co-financing \$67 million CCRIF capitalization (including \$10m IBRD), plus \$5 million from Bank-executed PROFISH Trust Fund). This component will support the development and deployment of a parametric risk insurance products targeting the fisheries and aquaculture sectors first, and next, people and MSMEs dependent on marine assets for their livelihoods; This will allow Caribbean countries to access natural catastrophe risk insurance at affordable rates. This component will be executed by the CCRIF SPC —formerly known as the Caribbean Catastrophe Risk Insurance Facility—which is the world's first multi-country catastrophe risk pooling mechanism. CCRIF SPC has provided risk insurance cover to CARICOM states for tropical cyclones, earthquakes and excess rainfall. CCRIF is the first multi-country facility that transfers sovereign disaster risk to the international reinsurance market and provides governments with liquidity immediately after disaster events. CCRIF enables the aggregation of national risk into larger, more diversified portfolios, collectively building up risk retention capacity, and cheaper access to international reinsurance markets resulting in more affordable premiums. A typical CCRIF policy in the Caribbean will cover 10-15 percent of expected government losses for disaster events that occur less than once every 10 to 20 years and provide the cheapest possible option for quick liquidity immediately after an eligible disaster.

This component will focus on the establishment of a fisheries insurance product and on lowering insurance premiums for Caribbean countries. These will contribute to the overall goal of reducing the beneficiary countries' vulnerability to natural disasters coupled with incentivizing the uptake of climate-resilient disaster risk and food security planning processes. The aim of the parametric risk insurance product is to incentivize sustainable fisheries and climate resilience at a reduced premium to Caribbean governments. Payouts are linked to the uptake of climate-smart food security and disaster risk practices based on localized conditions in the fisheries sector and geography. This will in turn promote the resilience of their small-scale fisheries sector against the peril of increasing climate-change related disaster risk. Achieving climate resilient fisheries would involve focusing both on healthy transboundary fish stocks/habitats as well as healthy local economies. As such, implementation of the risk insurance product will be informed by regional and national level climate-smart food security as well as disaster risk management plans. The project will comprise the following three sub-components:

Sub-component 1: Establishment and financing of a parametric disaster risk insurance product within CCRIF for Caribbean countries focused on the fisheries sector. By funding the main costs associated with providing the countries with disaster risk coverage, this will enable CCRIF to retain more of the capital it generates from premium payments. This in turn, will help in building CCRIF's reserves to underwrite such coverage more

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quickly. As CCRIF builds its risk-bearing capacity for the countries during Project implementation, lower risk premiums for the trigger events product will be offered.

Sub-component 2: COAST Operations will support: (i) professional service fees, banking initiation fees, as well as registration fees and travel; (ii) administrative fees, professional fees, audit costs, exchange rate costs, banking fees, reinsurance premia; (iii) insurance payouts to the extent that such payouts are not covered by any reinsurance purchased by the recipient; and (iv) some operational expenses. By funding the main costs associated with providing disaster risk coverage for the fisheries sector, this component will enable the CCRIF to retain more of the capital generated from premium payments, thereby generating a reserve base, which contributes to the goal of providing participating countries with efficient access insurance for trigger events.

Sub-component 3: Technical assistance in developing country-led climate smart food security and disaster risk management plans. This subcomponent will support the development of key elements of climate smart food security and disaster risk management plans and the preparation of such plans for an initial group of two or three pilot countries, and based on proof of concept scale across the Caribbean (and beyond).

31. **Component 4: Project Management, Monitoring and Assessment** (GEF \$0.27 million)

This component is aimed at supporting (a) project management and implementation support including technical, administrative and fiduciary support and compliance with environmental and social safeguards; and (b) monitoring and evaluation, data collection, and stakeholder involvement and coordination. This component will include one percent of amount of the GEF grant to support stakeholders' active participation in IW-Learn activities. Such activities include producing a webpage following IWLEARN guidelines, production of 2 experience notes, 1 results note and participation in all IWCs during the project implementation with a Project Manager (or equivalent as well as country representatives.)

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SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

This Project would primarily extend across the eastern Caribbean sea, covering shared coastal and marine ecosystems of approximately 3.5 million hectares (350,000 square kilometers) and location of OECS member states. The entirety of the Caribbean Sea is a 2.7 million square kilometer seascape of the Atlantic Ocean located in the topics of the Western Hemisphere. The project location is characterized by a seascape that includes hundreds of small islands and dozens of coastal-nations across the West Indies and adjacent coasts. It is bounded by the Yucatan Peninsula of Mexico and Central America to the west and southwest, to the north by the Greater Antilles, to the east by the Lesser Antilles and to the south by the north coast of South America. The second largest barrier reef in the world, the Mesoamerican Barrier reef is within the waters of the Caribbean Sea. This reef system runs 1,000km along the coasts of Mexico, Belize, Guatemala and Honduras.

B. Borrower's Institutional Capacity for Safeguard Policies

The Project will be executed by existing institutions with clear mandates to best achieve component objectives and as a result, achieve the overall project development objective. Organization of Eastern Caribbean States Commission (OECS Commission), Caribbean Catastrophe Risk Insurance Facility (CCRIF-SPC), and the World Bank will be the principle institutions responsible for project execution. Specifically, Component 1 will be executed by OECS Commission; Component 2 by the World Bank, and Component 3 by CCRIF-SPC.

The OECS Commission, Bank and CCRIF will be responsible for procurement and financial management for execution of their respective



components, as well as preparation of audits, financial and progress reports. The focal points at the OECS Secretariat will ensure Project M&E and communication of results for component 1 with CCRF responsible for component 3 and the Bank, component 2. The OECS Secretariat with support from the Bank will coordinate activities with a number of other Projects and programs in the Caribbean, in order to enhance impact and promote collaboration and exchange of information. The World Bank will be responsible for overall supervision of the proposed regional project.

The proposed Borrowers/Recipients have proven experience and expertise in managing World Bank funded operations. The World Bank Environmental and Social Specialists will provide support where needed to strengthen the capacity of Borrower/Recipients in ensuring compliance with Safeguard policies.

C. Environmental and Social Safeguards Specialists on the Team

Ramon E. Anria, M. Yaa Pokua Afriyie Oppong, Shafick Hoossein

D. Policies that might apply

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Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>This project is classified as a Category B project. Since the explicit goal is to promote and support the development of innovative integrated ocean governance tools and policies (including fisheries insurance) and their implementation, while leveraging sustainable public and private investment to support, there are some downstream consultation and associated projects resulting from this process that pose safety and health risks and impacts. The project does not include investments that entail civil works or construction however the principal economy-wide risk from the project would arise in the event that the strategic options fail to achieve their objectives thereby creating unexpected indirect adverse impacts through the unintended creation of incentives to unsustainably use the ocean. In the absence of civil works or construction in project preparation and implementation, consideration of safeguard aspects must be carried out to ensure the application of best environmental and social practice. OP 4.01 is considered to be applicable to the proposed activities. Since the project intends to support spatial planning and facilitate investments in a specific geographical area it would be prudent to conduct a review of TORs as well as conduct a Strategic Environmental Assessment (SEA) of the project area to ensure it is clear how the intended interventions would impact directly and cumulatively. Thereafter, a project area Environmental Impact Assessment (EIA) and its associated Environmental and Social Management Plan (ESMP) should be prepared to screen, identify, manage and mitigate any potential environmental and social risks and impacts during the implementation phase. The EIA should assess the various social aspects of proposed project activities, such as marine spatial planning, which may have potential positive and negative impacts on communities who depend on oceans and marine areas for their livelihood (fisheries, tourism, marine transportation) and may also have cultural ties to such marine areas. In this context, the EIA should also analyze the conflict of uses of the marine areas and impacts on the communities. During project preparation and implementation, holistic meaningful stakeholder engagement considering safeguard aspects will be undertaken especially citizen</p>



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		engagement and opportunity for community participation with transparent feedback and grievance mechanisms to ensure an inclusive approach during the consultation process.
Natural Habitats OP/BP 4.04	Yes	Through Component 1, the project will finance marine spatial plans (MSPs) and will work on strategic documents only to promote economic activity in both existing protected areas like coral reefs along the Caribbean coast as well as unprotected areas of varying significance. To ensure that the preparation of such plans take into account the identification of potential risks and impacts on marine natural habitats, which are highly likely to be present in the project's area of intervention, OP 4.04 will apply. If the project strategic options are successful, the impacts on critical coral reef habitats and biodiversity are expected to be positive. During the formulation of the project and throughout its implementation consultations will be carried out with key stakeholders to identify potential issues of concern associated with natural habitats and their constituent ecological function, flora and fauna species and genetic resources pool. The EIA and ESMP will include procedures, principles and provisions to assess and mitigate possible impacts prior to any actions being undertaken on the ground.
Forests OP/BP 4.36	No	This policy is not triggered as the project will not involve work in forests or their rehabilitation nor will it support other investments which rely on services of forests.
Pest Management OP 4.09	No	This policy is not triggered as the project will neither support the use nor involve invests in Pesticides.
Physical Cultural Resources OP/BP 4.11	Yes	Given the existence of Mayan civilizations in the region, the coast may have sites like shell middens and other sites potentially of cultural and historic importance. The policy is therefore triggered. Implications of this will be assessed as part of the EIA and associated ESMP and appropriate measures to mitigate those impacts will be included.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered since neither the project nor any of its components will be implemented in areas where Indigenous Peoples are present or have a collective attachment to as defined by the Bank.
Involuntary Resettlement OP/BP 4.12	No	This policy is not triggered as the type of investments anticipated by the project will not require the acquisition of land or finance construction or civil works of any type.
Safety of Dams OP/BP 4.37	No	This policy is not triggered as the project will neither support the construction or rehabilitation of dams nor will it support other investments which rely on services of existing dams.
Projects on International Waterways OP/BP 7.50	No	The project finances the preparation of comprehensive marine spatial plans, technical assistance to support better decision-making over transitions to a blue economy and a risk insurance product. None of these activities will involve the use or potential pollution of international waterways in any of the beneficiary countries.
Projects in Disputed Areas OP/BP 7.60	TBD	While project activities will not be undertaken in disputed areas, this policy has been triggered in earlier Bank financed projects in Belize. During the preparation, guidance from Bank's legal department will be sought to determine whether to trigger this policy in this project.



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Caribbean Regional Oceanscape Project (Regional)
(P159653)

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Feb 08, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Safeguard-related studies will be completed by appraisal stage. Furthermore, safeguard specialists during project preparation will reassess the initial EA (Category) classification of the proposed project.

CONTACT POINT

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APPROVAL

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