

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

JAMAICA

IMPROVING DISASTER RISK MANAGEMENT

(JA-L1081)

PROJECT PROFILE

This document was prepared by the project team consisting of: Team Leader: Yuri Chakalall (RND/CJA); Co-Team Leader: Sergio Lacambra (CSD/RND); Team Members: Roberto Guerrero Compean, Ivonne Maria Jaimes Castellanos, Lisa Sofia Restrepo (CSD/RND); Fernando De Olloqui (IFD/CMF); Henry Mooney, Sheries Ruddock Simpson (CCB/CJA); Leiska Powell (CCB/CJA); Maricarmen Esquivel Gallegos (CSD/CCS); Javier Jimenez (LEG/SGO); Rene Herrera, Naveen Jainauth-Umrao (FMP/CJA).

Under the Access to Information Policy, this document is subject to Public Disclosure.

PROJECT PROFILE

JAMAICA

I. BASIC DATA

Project Name:	Improving Disaster Risk Management		
Project Number:	JA-L1081		
Project Team:	Team Leader: Yuri Chakalall (RND/CJA); Co-Team Leader: Sergio Lacambra (CSD/RND); Team Members: Roberto Guerrero Compean, Ivonne Maria Jaimes Castellanos, Lisa Sofia Restrepo (CSD/RND); Fernando De Olloqui (IFD/CMF); Henry Mooney, Sheries Ruddock Simpson (CCB/CJA); Leiska Powell (CCB/CJA); Maricarmen Esquivel Gallegos (CSD/CCS); Javier Jimenez (LEG/SGO); Rene Herrera, Naveen Jainauth-Umrao (FMP/CJA)		
Borrower:	Jamaica		
Executing Agency:	Ministry of Finance		
Financial Plan:	IDB (OC):	US\$	25,000,000
	Total:	US\$	25,000,000
Safeguards:	Policies triggered:	B.13	
	Classification:	Not required	

II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 The Government of Jamaica (GoJ) has requested the Bank's support to implement a policy reform to improve the country's governance and financial capacity for Disaster Risk Management (DRM) through a series of two Programmatic Policy Based Loans (PBP).
- 2.2 **Macroeconomic Context.** Jamaica's real gross domestic product (GDP) has increased by an average of 1% per year over the past three decades. This modest performance was driven by several factors, including a history of: poor and inconsistent policies leading to inflation and output volatility; government over-borrowing, resulting in debt as high as 150% of GDP; frequent shocks driven by adverse weather conditions (precipitating natural disasters including droughts); and volatile external demand. Since entering into an International Monetary Fund (IMF) supported program under the Extended Fund Facility (EFF)¹ in May 2013, and a 36-month successor Stand-By Arrangement (SBA) in November 2016, Jamaica's economic policies and related outcomes have improved markedly.

¹ The main objectives of the IMF program are to decrease public debt and improve public financial management, including to accelerate growth. Regarding the financial sector, the IMF programs' structural conditionality focused on the following areas: (i) the regulation of the repurchase note/agreement industry; (ii) a new regulatory and supervisory framework for the banking industry; and (iii) giving the Bank of Jamaica the overall responsibility for financial stability.

- 2.3 Real GDP grew by 1.5% in 2018/2019 and is projected to grow by 1.5% in 2019/2020 and 1.9% in 2020/2021. Inflation remains modest at 4.2 per cent, within the Central Bank's target range. After a sustained primary surplus of 7% over the last three years, the Government of Jamaica, in agreement with the IMF, has lowered the primary target to 6.5% to accommodate local spending. The current account deficit has improved considerably from -13.5% of GDP in 2010/2011 to -2.5% of GDP in 2017/2018, driven largely by the improved fiscal position and stabilization of the exchange rate.
- 2.4 **General Diagnostic.** Progress made in addressing macro-economic and fiscal challenges under the IMF EFF remains fragile and vulnerable due to prevailing natural hazards and climate risks faced by the country. Jamaica ranks 19th in the world in terms of exposure to natural hazards ([Hilft, 2017](#)). According to the country probabilistic risk assessment carried out by the IDB in 2013, average annual losses of US\$30 million and US\$105 million are estimated for earthquake and hurricane hazards, respectively ([IDB, 2013](#)).
- 2.5 Jamaica is also quite vulnerable to the effects of global climate change (CC). Future climate for Jamaica is forecasted to be characterized by increasing temperatures and declining annual average levels of precipitation ([GoJ, 2011](#)), combined with an increase in the number of days with heavy rains, and sea level rise (SLR). Climate modelling by the University of the West Indies projects mean annual temperatures to increase by 1.3^oC by the 2020s and 1.6^oC by the 2030s, with a pronounced drying (mean annual rainfall decrease) trend to occur by the latter half of the 2030s ([Climate Studies Group, 2014](#)). Jamaica is relatively susceptible to CC given its reliance on agriculture and tourism, which account for almost 6.6% and 3.8% of GDP, respectively ([Statistical Institute of Jamaica, 2017](#)). Jamaica's agriculture sector employs approximately 16.5% of the active population (22.5% of men and 9% of women) and plays an important socio-economic role in the country, especially in rural areas, where 44.97% of Jamaicans reside ([Shik, Boyce, De Salvo, \(2017\)](#)). Women represent 30% of registered farmers. Tourism directly employs over 117,000 Jamaicans, while generating indirect jobs for another 250,000 Jamaicans ([Jamaica Information Service, 2019](#)).
- 2.6 Jamaica's economic activity exposed to climate shocks, combined with its weak resilience capacity derived from low income levels and limited fiscal flexibility, highlight its climate vulnerability. This in turn is embedded in key financial and economic outcomes. Evidence suggests that income levels, fiscal balances and sovereign credit profile weaken following a climate-related disaster ([Moody's Investor's Service, 2017](#)). Even three years after the passage of Hurricane Ivan in 2004, observed GDP levels remained 3% below pre-disaster trends. A 2011 study ([Caribbean Catastrophic Risk Insurance Facility, 2011](#)) projected annual economic losses (by 2030) from wind, inland and coastal flooding under moderate and high CC emission scenarios to range between 6.0% and 7.2% of total GDP.
- 2.7 Jamaica's governance for DRM is legislated by the DRM Act, 2015. The Act's principal mandate is to: (a) "advance disaster preparedness and emergency management measures in Jamaica by facilitating & coordinating the development and implementation of Disaster Management Systems and (b) institute measures as maybe necessary for mitigating disasters". The Act makes provision for a National Disaster Risk Management Council (NDRMC) chaired by the Prime

Minister; which is serviced by seven standing committees focusing on: (i) Prevention and Mitigation; (ii) Preparedness and Emergency Operations; (iii) Humanitarian Assistance; (iv) Emergency Health Planning; (v) Public Education & Information; (vi) Recovery Planning; and (vii) Finance and Administration. The NDRMC is made up of Government and Non-Government organizations. The DRM Act also establishes a structure for Parish Disaster and Zonal Committees and a National Disaster Fund (NDF).² The Office of Disaster Preparedness and Emergency Management (ODPEM) is the Board governed statutory body responsible for the day to day operational coordination and provision of disaster management functions in Jamaica.

2.8 Progress in DRM and Climate Change Adaptation (CCA). Jamaica has identified that the priority focus of its national DRM strategy is to enable a change in culture and to build community capacity for resilience. The GoJ has recognized that to be effective in its effort, DRM and CCA must be: (i) integrated and mainstreamed into physical planning and policy formulation processes; (ii) streamlined within development policies and plans of key sectors; and (iii) optimized through capacity strengthening of legislative and institutional frameworks. Thus far the GoJ has moved to both link and anchor DRM and the CCA agenda within the Vision 2030 National Development Strategy being spearheaded by the Planning Institute of Jamaica (PIOJ). The country's Nationally Determined Contribution ([GoJ, 2015](#)) also prioritizes disaster risk reduction as one of the main sectors for the development of CC strategies and action plans, including integration of CC into national policies and sectoral and local development plans and programs, and implementation of high priority adaptation programs.

2.9 As previously indicated (para 2.4) average annual losses and maximum probable loss for hurricane and earthquake events are high. To cover the fiscal risk to the national budget of potential future contingent liability of these probable losses, the country is putting in place a financial protection policy framework that allows for risk layering³ i.e. having ex-ante financial coverage in place for a range of high frequency low impact/loss to low frequency catastrophic impact/loss hazard event scenarios. In the absence of this coverage, the macro-fiscal progress and debt reduction gains achieved under the most recent IMF extended fund facility is in peril. In this regard the country has taken specific steps to strengthen its fiscal resilience to natural hazard shocks by procuring parametric insurance coverage for hurricanes, earthquakes and excess rainfall events under the Caribbean Catastrophe Risk Insurance Facility (CCRIF); and by securing a Contingent Credit Facility (CCF) with the IDB and by establishing a NDF. The Government is also being assisted by the World Bank towards designing a Catastrophe Bond⁴.

² The NDF is financed through an annual budgetary subvention by the GoJ of J\$50 million. Present NDF resources reportedly stand at J\$500 million. Operationally, use of the NDF is the responsibility of the Office of Disaster Preparedness and Emergency Management (ODPEM) and approval for its disbursement is the responsibility of the Ministry of Finance and the Public Service (MOFPS). The Cabinet of GoJ gave its approval for the transfer of the responsibility for the NDF to ODPEM on June 1, 1996.

³ Risk layering in this instance is the practice of maintaining a range of financial instruments to cover disaster induced probable economic losses associated with a range of natural hazard events.

⁴ A catastrophe bond (CAT) is a high-yield short maturity (3 to 5 years) [debt instrument](#) designed to raise money for companies in the insurance industry in the event of a devastating natural disaster. A CAT bond

- 2.10 Donor coordination in the sector is effective and DRM programming interventions by donors are complimentary. Routine periodic conversations between bilateral and multilateral donors have been ongoing between donor partner heads of agencies and thematic sector leads to ensure duplication avoidance and to ensure synergies. Additionally, the Planning Institute of Jamaica (PIOJ) prioritizes, coordinates and tracks interventions in the sector to ensure alignment with Vision 2030, and the GoJ Medium-Term Economic Framework.
- 2.11 **Challenges.** In 2013, the Bank applied the Index of Governance and Public Policy in DRM (iGOPP)⁵ in Jamaica ([IDB, 2015](#)) as well as an unpublished update in 2018. A side by side comparison of Jamaica’s 2013 and 2018 iGOPP indexes are presented in Figure 1, below for reference. The expected iGOPP score improvement from the reform through this PBP program is 16%. The country is forecasted to move from an iGOPP score of 26% currently, to 42% by 2021. This represents the gap that the program is trying to fill. Jamaica’s comparative position relative to the most recent application of iGOPP for other LAC countries is presented in Figure 2.

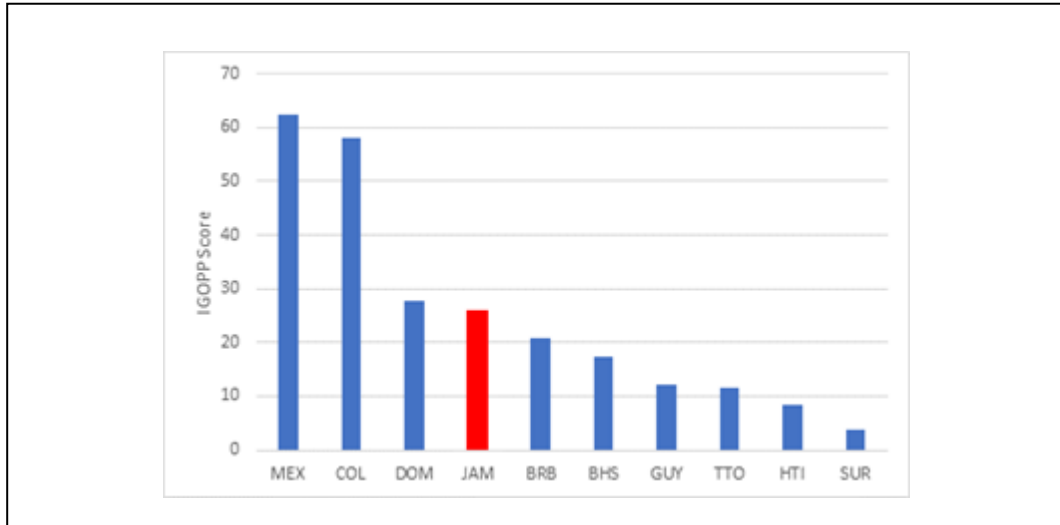
Figure 1: Disaggregated scores for Jamaica from 2013 & 2018 iGOPP Assessments

		2013			2018				
		% of total			% of total				
iGOPP		19.46	/	100.00	17.19%	25.77	/	100.00	25.77%
COMPONENTS OF PUBLIC POLICY REFORM IN DRM									
1	General framework	3.28	/	16.67	20%	7.31	/	16.67	44%
2	Risk identification and knowledge	1.22	/	16.67	7%	1.41	/	16.67	8%
3	Risk reduction	4.02	/	16.67	24%	5.61	/	16.67	34%
4	Disaster preparedness	6.00	/	16.67	36%	6.08	/	16.67	37%
5	Post-disaster recovery planning	2.50	/	16.67	15%	1.67	/	16.67	10%
6	Financial protection	0.17	/	16.67	1%	3.70	/	16.67	22%
PUBLIC POLICY PHASES									
1	Central policy coordination and articulation	6.92	/	20.00	35%	9.92	/	20.00	50%
2	Definition of sectoral responsibilities	1.48	/	20.00	7%	3.61	/	20.00	18%
3	Definition of territorial responsibilities	2.00	/	20.00	10%	3.67	/	20.00	18%
4	Evidence of progress in implementation	3.13	/	20.00	16%	4.63	/	20.00	23%
5	Monitoring, accountability and participation	3.67	/	20.00	18%	3.94	/	20.00	20%

allows the issuer to receive funding from the bond only if specific conditions occur such as an earthquake or tornado. However, if the special event protected by the bond triggers the payout to the insurance company, the obligation to pay interest and repay the principal is either deferred or completely forgiven. Catastrophe bonds are used by property and casualty insurers as well as [reinsurance](#) companies to transfer risk to investors. In return, institutional investors receive a higher interest rate than most fixed-income securities over the life of the bond.

⁵ The iGOPP measures whether a country has adequate legal, institutional, and budgetary conditions to implement a public DRM policy, based on a scale of 0% (minimum) to 100% (maximum). It was developed by the IDB in 2012-2014 and has been applied since then in 25 countries of the region. This index does not measure DRM performance, but rather whether a country has the governance conditions necessary to implement a public policy on DRM.

Figure 2: Jamaica's comparative position relative to the most recent application of iGOPP for other LAC countries



2.12 Among their key findings are:

- a. **DRM Governance General Framework (GF).** Jamaica has a regulatory and institutional management structure focused mainly on preparation and response. Although the country is making progress in the more comprehensive aspects of DRM, these advances are not comprehensively addressed in national policy, operational planning/workprogramming and/or have not reached the regulatory level. Importantly however, the iGOPP assessment found that DRM and CCA have been included within Outcome #14 of Vision 2030. Although included in this Strategy there is still a need for further development of practical instruments and goals in the short and medium term. Generally, the assessment recommended that policy, plans, workprograms and regulations be developed and adopted for the inclusion of DRM in and across, development decision-making processes. The unpublished 2018 update to the iGOPP preliminary findings confirm that while new DRM legislation was enacted in 2015, updating policy and developing regulations is still required. While the existing national DRM governance framework incorporates national, parish and community level functions and responsibilities, the framework emphasizes response and is inadequate to handle existing and emerging threats. This includes the enhancement of responsibility and accountability structures for prevention, mitigation/adaptation and financial protection (FP) at the sector and parish levels, supported by appropriate capacity and budgetary allocation. From the 2018 assessment under preparation, the DRM governance framework scored 33% on the respective iGOPP sub-index.
- b. **Risk Identification (RI).** The lack of a national framework for the observation, acquisition, analysis, monitoring, management and dissemination of natural hazard and CC risk information has limited the country's ability to engage in: (i) risk-based development planning; (ii) effective public education; and (iii) design of robust risk-informed DRM and CCA sectoral (e.g. tourism, agriculture, education etc.) strategies, plans and programs. Nationally, there is

a need to develop and expand the coverage of: multi-hazard mapping, risk assessment; guidelines, standards and methodological protocols for risk analysis and for risk information dissemination. From the 2018 assessment under preparation, RI scored 11% on the respective iGOPP sub-index.

- c. **Risk Reduction (RR).** Disaster and climate change risks are not routinely analyzed and resilience solutions are rarely applied during pre-investment and other phases of the public-sector administration project cycle. Sector guidance (inclusive of natural capital approaches) for assessment and vulnerability reduction of extant critical infrastructure is limited. From the 2018 assessment under preparation, RR scored 28% on the respective iGOPP sub-index.
 - d. **Disaster Preparedness (DP) and Response.** While good progress has been made, there are gaps in emergency/contingency planning, resources, and coordination at the sector and local levels, and as well as coordination between the local and national government. From the 2018 assessment under preparation DP scored 35% on the respective iGOPP sub-index.
 - e. **Recovery Planning (RP).** Progress on the development of a framework and specification of competencies for the formulation, review and approval of ex ante disaster recovery and continuity of operations plans across key critical sectors has been minimal. From the 2018 iGOPP assessment under preparation RP scored 24% on the respective iGOPP sub-index.
 - f. **Financial Protection (FP).** Although Vision 2030 establishes that transfer instruments must be implemented in the face of disaster risk, the 2013 iGOPP assessment identified that Jamaica lacks a legal and institutional framework that specifically assigns responsibilities to the design and implementation of a financial risk management strategy that would identify appropriate financial instruments for risk retention and transfer. According to the 2018 iGOPP assessment, under preparation, FP scored 27% on the respective iGOPP sub-index.
- 2.13 **Objectives.** The objective of the program is to improve the country's governance and financial capacity for DRM through the strengthening and modernization of the regulatory, institutional and budgetary DRM framework. The specific objectives are to support improvements and governance reforms in public policy relating to: (GF); (RI); (RR); (DP); (RP) and (FP). The program will benefit the entire population of Jamaica exposed to disasters, which amounts to over 2.6 million people, according to its Disaster Risk Profile ([IDB, 2014](#)). The principal aim of the first PBP operation will be to develop: a Comprehensive Disaster Risk Management Policy (CDRMP)⁶, a National DRM Plan and multi-year DRR work program and as well, to improve the ex-ante consideration of DRM in the public investment project management

⁶ Comprehensive Disaster Risk Management Policy refers to an over-arching national DRM public policy which identifies current and future priorities for DRM governance in dimensions RI, RR, DP, RP, and FP. In addition to the inclusion of Gender, the development of this Policy is expected to include statements of intent with respect to the optimal utilization of technology and innovation across all facets of disaster risk management including: RI, RR, FP, DP and RP. This Policy is different from the Comprehensive Disaster Risk Management Plan/Program that outlines annual country-defined operational and DRM performance targets over five years, required as a condition for maintaining eligibility of access to the Bank's Contingent Credit Facility for Natural Disaster Emergencies.

cycle. To achieve the objectives, the program will be organized in three components.

- 2.14 **Component I – Macroeconomic stability.** The objective of this component is to maintain a stable macroeconomic environment consistent with the program’s objectives.
- 2.15 **Component II – Strengthening of the general governance and regulatory framework for DRM.** The main policy commitments in this component include drafting of: (i) a (CDRMP) inclusive of Gender and Diversity considerations; (ii) a National DRM Plan; and (iii) an update of the Climate Change Policy Framework that enhances the consideration of comprehensive DRM.
- 2.16 **Component III - Development of legal conditions, institutional arrangements and financial tools for sectors.** This component complements the general governance reforms by developing and strengthening the process of RI, RR, DP, RP and FP. Proposed policy commitments in these areas are respectively disaggregated as follows:
- a. For RI important policy commitments relate to developing and approving Standard Guidelines and Tool for conducting Disaster Risk and Climate Change Screening and Assessment of Public Investments; as well as, the completion of vulnerability/risk assessments for five priority sectors⁷ and for 15 communities⁸.
 - b. For RR policy commitments include developing a Ministry of Finance and the Public Service Directive to sector line ministries to include DRM actions in their annual budgets for Financial Years 2020-2021; and 2021-2022 respectively, as well as a comprehensive DRM policy directive that public services providers⁹ are responsible for disaster risk analysis and risk reduction in the scope of their operations.
 - c. For DP formulation of Drafting Instructions for Regulations on Shelter under the DRM Act; development of a Draft National Disaster Response Coordination Plan; as well as, Guidelines for Parish Disaster Risk Management Plans are envisaged.
 - d. For RP drafting of Continuity of Operations Plans for two Ministries/Departments/Agencies (MDA’s) is envisaged.
 - e. For FP, the commitment to develop and adopt a national financial protection and risk transfer policy, to prepare National Disaster Fund Management

⁷ Priority sectors were identified by the GoJ in its: (i) 2013 Climate Change Policy Framework and Action Plan (Green Paper); and (ii) Second National Communication to the United Nations Framework Convention on Climate Change (UNFCCC). From these priority sectors, the GoJ assigned IDB, water, health, tourism, coastal resources and human settlements for intervention.

⁸ Communities were identified and prioritized on their level of vulnerability to climate risk using a vulnerability assessment tool designed by the Office of Disaster Preparedness and Emergency Management (ODPEM).

⁹ Public services providers refer to entities that provide/generate and distribute water, electricity, telecommunications and other critical utility services.

Guidelines; as well as to approve a risk retention instrument covering emergency response and rehabilitation expenses is also expected.

- 2.17 **Strategic Alignment.** This operation is aligned with the priorities of the GoJ in its medium-term socio-economic policy framework 2015-2018, specifically National Outcome #14 – Hazard RR and Adaptation to Climate Change (Vision 2030) According to the joint multilateral development bank approach on climate finance tracking, 100% of total IDB funding for this operation result in CCA activities. This contributes to the IDBG’s climate finance goal of 30% of combined IDB and IDB Invest operational approvals by year’s end 2020.
- 2.18 As part of the reforms to the DRM Governance General Framework, the CDRMP will include strategies that are gender sensitive and that promote gender equity as well as to support resilience building amongst vulnerable populations such as persons with disabilities.
- 2.19 The program is consistent with the Update to the Institutional Strategy - UIS (AB-3008) and is expected to contribute to the Corporate Results Framework 2016-2019 – CRF (GN-2727-6) through: the development challenges of: (i) Social inclusion and Equality; and (ii) Productivity and Innovation, and the cross-cutting issues of: (i) Climate Change and Environmental Sustainability; and (ii) Institutions and Rule of Law, by improving the country development result main indicator “number of beneficiaries of improved management and sustainable use of natural capital” and the auxiliary indicator “countries that have improved DRM. The program is consistent with the strategic objective of the [IDBG Country Strategy with Jamaica 2016-2021](#) (GN-2868) of increasing the efficiency of public sector by introducing risk-layering, implementing disaster management systems and removing fiscal flexibility constraints associated to disasters, which provide opportunities to strengthen the country’s financial management systems and mitigate the negative fiscal impacts of climate shocks. It also consistent with the Climate Change Sector Framework Document (GN-2835-3), by supporting the climate resilience through the identification and implementation of propriety policy-related actions. Lastly, the operation is aligned with the Sustainable Infrastructure for Competitiveness and Inclusive Growth Strategy (document GN-2710-5) since it promotes better governance of critical infrastructure.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 The program will be structured as a PBP series consisting of two individuals but technically-related loan operations that will be financed from IDB’s Ordinary Capital. The first operation, JA-L1081 for US\$25 million, is to be disbursed upon fulfillment of the policy conditions agreed with GoJ and a subsequent operation is planned for 2021. In addition to the PBP series GoJ requested: (i) technical cooperation (JA T1155; ATN/MD-16760-JA; ATN/OC 16761-JA); and (ii) CCF for Natural Disasters (JA-O0004).
- 3.2 The PBP is considered appropriate, as it is an effective mechanism to support complex reforms that require sequenced actions for implementation. It is structured in accordance with the policy-based loans: Guidelines for Preparation and Implementation (document CS-3633-1), because it allows for flexibility to adapt to

changing circumstances that may arise during execution and to revise the scope of the program over time.

- 3.3 Jamaica's projected gross financing requirements for FY2020/2021 are estimated at approximately US\$1.4 billion (using current exchange rates of 135 JMD/USD at end-September 2019), equivalent to 8% of GDP.¹⁰ Over 73% of financing is expected to come from domestic sources while external official sources should contribute the remainder. This operation will contribute to external, official financing.
- 3.4 The CCF was approved in November 2018 for an amount of US\$285 million. The GoJ's securance of a CCF is important in addressing earlier deficits in FP coverage.
- 3.5 The Technical Cooperation "Support for the Formulation and Implementation of the Program for the Strengthening of DRM and CCA Governance" (JA-T1155; ATN/MD-16760-JA; ATN/MD-16761-JA) was approved in June 2018 for US\$750,000 to support the implementation of a number of policy commitments in addition to preparation, monitoring, and evaluation of the PBP series.
- 3.6 Based on the experience of the Bank in similar operations in LAC, the program design emphasizes the evaluation of results and impacts based on the iGOPP. An iGOPP assessment and Disaster Risk Profile were conducted in 2013 and 2014, respectively, and further update assessments were undertaken for each in 2018. These 2018 assessments are completed, and publication process requirements are underway. The iGOPP will be re-evaluated after the disbursement period of the two programmatic loans.
- 3.7 Previous Bank implemented policy-based loans were undertaken in countries with identifiable gaps in the DRM governance framework and in policy conditions for risk identification and risk reduction. The Bank's experience with four prior PBLs confirm that the five areas of: (RI); (RR); (DP); (RP); and (FP) are always necessary to improve DRM governance. These areas are similar to the main commitments the GoJ has also made towards achieving the international DRM Sendai Framework of Action 2015-2030. The framework of past Bank designed PBLs (which includes these five areas) is also applicable to this PBP.
- 3.8 The executing agency for the PBP will be the Ministry of Finance and Public Service (MOFPS), and the technical counterpart will be the ODPEM. Additionally, coordination will be established with other public entities with DRM competencies including but not restricted to the PIOJ, Ministry of Economic Growth & Job Creation, Climate Change Division, Water Resources Authority, National Works Agency, Ministry of Local Government and Community Development, and Meteorological Service of Jamaica; which are relevant for the compliance with the indicators that will be part of the policy matrix.
- 3.9 **Sector Knowledge.** This PBP series will consider the lessons learned in similar reforms supported by the Bank in Bolivia (BO-L1104; 3487/BL-BO), Peru (PE-L1086; 2413/OC-PE), Panama (PN-L1074; 2730/OC-PN) and Colombia

¹⁰ International Monetary Fund Country Report No. 19/105.

(CO-L1103; 2616/OC-CO). These reforms had significant impacts on DRM governance as measured by the iGOPP. For instance, Bolivia improved its iGOPP score from 35% to 53% in 2015-2016. The Disaster Risk Profile for Jamaica and the iGOPP studies in 2013 have analyzed the fiscal risk to natural disasters as well as identification of budgetary, legal and institutional reforms required to strengthen DRM framework in Jamaica, respectively. Both studies were updated in 2018 and will feed into the design of this PBP series. The 2013 Disaster Risk Profile study will be updated to include considerations of CC.

IV. ENVIRONMENTAL SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 Directive B-13 of the Environmental and Safeguards Compliance Policy (OP-703) is applicable, for which no classification is necessary. The policy changes contemplated in this operation will have no negative environmental impacts and integrates environmental sustainability as an intrinsic requirement of the program.
- 4.2 The program risks include: (i) a lack of institutional capacity within the executing agency that could delay the accomplishment of activities related to policy commitments; (ii) lack of collaboration among the various sectors; and (iii) risk that the first PBP in the series reforms supported by JA-T1155 are not satisfactorily achieved in time or to the level of quality required to trigger the PBP disbursement in the first quarter of 2020 as a result of contracting delays from: (i) un-timely client country responsiveness; and (ii) natural disaster induced disruption.

V. RESOURCES AND TIMETABLE

- 5.1 The project team aims to distribute the Proposal for Operation Development (POD) to QRR on November 15, 2019 and consideration for approval by the Loan Proposal (LP) by the Board of Directors is expected by February 19, 2020. An administrative budget of US\$31,788 is required to finance three missions and two short consultancies. Program preparation is also being supported by Technical Cooperations RG-T2787 (ATN/MD-15712-RG) and RG-T3133 (ATN/MD-16396-RG) for US\$37,400 and US\$120,000 respectively.

CONFIDENTIAL

¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.



Safeguard Policy Filter Report

Operation Information

Operation		
JA-L1081 Improving Disaster Risk Management		
Environmental and Social Impact Category	High Risk Rating	
B13		
Country	Executing Agency	
JAMAICA	JA-MF - MINISTRY OF FINANCE	
Organizational Unit	IDB Sector/Subsector	
Env, Rural Dev & Disaster Risk	INTEGRATED DISASTER RISK MANAGEMENT	
Team Leader	ESG Primary Team Member	
YURI CHAKALALL		
Type of Operation	Original IDB Amount	% Disbursed
Loan Operation	\$25,000,000	0.000 %
Assessment Date	Author	
14 Feb 2019	lisar Project Assistant	
Operation Cycle Stage	Completion Date	
ERM (Estimated)	11 Sep 2019	
QRR (Estimated)	15 Nov 2019	
Board Approval (Estimated)	19 Feb 2020	
Safeguard Performance Rating		
Rationale		

Safeguard Policy Items Identified

[B.1 Bank Policies \(Access to Information Policy– OP-102\)](#)

The Bank will make the relevant project documents available to the public.

[B.1 Bank Policies \(Disaster Risk Management Policy– OP-704\)](#)

The operation is in a geographical area exposed to [natural hazards \(Type 1 Disaster Risk Scenario\)](#). Climate change may increase the frequency and/or intensity of some hazards.



Safeguard Policy Filter Report

B.1 Bank Policies (Disaster Risk Management Policy– OP-704)

The sector of the operation is vulnerable to natural hazards. Climate change may increase the frequency and/or intensity of some hazards.

B.1 Bank Policies (Disaster Risk Management Policy– OP-704)

The operation includes activities related to climate change adaptation, but these are not the primary objective of the operation.

B.1 Bank Policies (Gender Equality Policy– OP-761)

The operation will offer opportunities to promote [gender equality](#) or [women's empowerment](#).

B.2 Country Laws and Regulations

The operation is expected to be in compliance with laws and regulations of the country regarding specific women's rights, the environment, gender and indigenous peoples (including national obligations established under ratified multilateral environmental agreements).

B.3 Screening and Classification

The operation (including [associated facilities](#)) is screened and classified according to its potential environmental impacts.

B.6 Consultations

Consultations with affected parties will be performed equitably and inclusively with the views of all stakeholders taken into account, including in particular: (a) equal participation by women and men, (b) socio-culturally appropriate participation of indigenous peoples and (c) mechanisms for equitable participation by vulnerable groups.

B.13. Noninvestment Lending and Flexible Lending Instruments

Ex-ante impact classification may not be feasible for this type of operation. This includes: policy-based loans, Financial Intermediaries (FIs) or loans that are based on performance criteria, sector-based approaches, and conditional credit lines for investment operations.

B.17. Procurement

Suitable safeguard provisions for the procurement of goods and services in Bank financed operations may be incorporated into project-specific loan agreements, operating regulations and bidding documents, as appropriate, to ensure environmentally responsible procurement.

Potential Safeguard Policy Items

B.5 Environmental Assessment Requirements

An environmental assessment is required.

Recommended Actions

Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR.



Safeguard Policy Filter Report

Additional Comments

The policy changes contemplated in this operation will have no negative environmental impacts.

ENVIRONMENTAL AND SOCIAL STRATEGY (ESS)

- 1.1 Improving Disaster Risk Management (JA-L1081) is the first operation of a series of two Programmatic Policy Based Loans (PBP). The operation has a modality where disbursements are activated upon compliance with pre-identified policy conditions and commitments. As it is not an investment program, its environmental safeguards guidelines are governed by Directive B.13 of the Environment Policy (OP-703). Operations under Directive B.13 do not require classification of environmental impacts. However, as part of the preparation of the loan, the potential environmental implications of the operation will be analyzed and a strategy that guarantees its environmental sustainability will be agreed with the government.
- 1.2 The objective of the operation is to improve the country's governance and financial capacity for Disaster Risk Management (DRM) through the strengthening and modernization of the regulatory, institutional and budgetary DRM framework. The specific objectives are to support improvements and governance reforms in public policy relating to: DRM governance general framework (GF); risk identification (RI); risk reduction (RR); disaster preparedness and response (DP); disaster recovery planning (RP) and financial protection (FP). The program will benefit the entire population of Jamaica exposed to disasters, which amounts to over 2.6 million people, according to its Disaster Risk Profile ([IDB, 2014](#)). The principal aim of the first PBP operation will be to develop: a Comprehensive Disaster Risk Management Policy (CDRMP)¹, a National DRM Plan and multi-year DRR work program and as well, to improve the ex-ante consideration of DRM in the public investment project management cycle. The PBP is expected to comprise three components: I. Macroeconomic stability; II. Strengthening of the general governance and regulatory framework for DRM; III. Development of legal conditions, institutional arrangements and financial tools for sectors and specifically achieve a series of reforms aimed at improving public policy conditions in the areas of: (i) GF; (ii) (RI); (iii) (RR); (iv) (DP); (v) (RP); and (vi) (FP). A description of the components, and an analysis of the status and gaps in public policy conditions are provided in paragraphs 2.13 through 2.15; and in, paragraphs 2.11 through 2.12 of the project profile (PP); respectively.
- 1.3 The PBP does not entail negative environmental and social impacts. On the contrary, their actions will contribute to strengthening a legal, institutional and budgetary framework that will contribute directly and indirectly to better environmental and disaster risk management in the country.

¹ Comprehensive Disaster Risk Management Policy refers to an over-arching national DRM public policy which identifies current and future priorities for DRM governance in dimensions RI, RR, DP, RP, and FP. In addition to the inclusion of Gender, the development of this Policy is expected to include statements of intent with respect to the optimal utilization of technology and innovation across all facets of disaster risk management including: RI, RR, FP, DP and RP. This Policy is different from the Comprehensive Disaster Risk Management Plan/Program that outlines annual country-defined operational and DRM performance targets over five years, required as a condition for maintaining eligibility of access to the Bank's Contingent Credit Facility for Natural Disaster Emergencies.

INDEX OF COMPLETED AND PROPOSED SECTOR WORK

Topic	Studies	Date	References and Links
Technical options and design aspects	Disaster Risk Profile for Jamaica	2014	https://publications.iadb.org/handle/11319/6382
	Governability Index and Public Policies in Disaster Risk Management (iGOPP): National Report of Jamaica	2014	https://publications.iadb.org/handle/11319/7346
	Status of Incorporation of Disaster Risk Management and Climate Change Adaptation in National Public Investment Systems: Results for the Bahamas, Guyana, and Jamaica and Comparative Analysis for Five Caribbean Countries	2016	https://publications.iadb.org/handle/11319/7729
	Disaster Risk Management Policy Matrix and Updated Index of Governance and Public Policy for Disaster Risk Management (2018)	April 2019	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHAREEZSHARE-1945316313-18
	Jamaica Disaster Risk Profile (2018)	February 2019	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHAREEZSHARE-1945316313-17

CONFIDENTIAL

¹ The information contained in this Annex is confidential and will not be disclosed. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Access to Information Policy (GN-1831-28) at the Inter-American Development Bank.