



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SECOND CENTRAL AMERICA AND CARIBBEAN CATASTROPHE RISK INSURANCE PROJECT
APPROVED ON JUNE 25, 2021
TO

CARIBBEAN CATASTROPHE RISK INSURANCE FACILITY – SEGREGATED PORTFOLIO COMPANY (CCRIF SPC)

URBAN, RESILIENCE AND LAND GLOBAL PRACTICE

LATIN AMERICA AND CARIBBEAN REGION

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ABBREVIATIONS AND ACRONYMS

CARICOM	Caribbean Community
CCRIF SPC	Caribbean Catastrophe Risk Insurance Facility – Segregated Portfolio Company
COSEFIN	Council of Ministers of Finance of Central America, Panama, and the Dominican Republic
DFPTF	Trust Funds and Partnerships Department
EDD	End Disbursement Date
ESCP	Environmental and Social Commitment Plan
ESS	Environmental and Social Standard
GFDRR	Global Facility for Disaster Reduction and Recovery
LMP	Labor Management Procedures
MDTF	Central America and Caribbean Catastrophe Risk Insurance Program Multi-Donor Trust Fund
OCT	Overseas Countries and Territories
PDO	Project Development Objective
SEP	Stakeholder Engagement Plan



BASIC DATA

Product Information

Project ID P175616	Financing Instrument Investment Project Financing
Environmental and Social Risk Classification (ESRC) Low	
Approval Date 25-Jun-2021	Current Closing Date 30-Jun-2022

Organizations

Borrower Caribbean Catastrophe Risk Insurance Facility – Segregated Portfolio Company (CCRIF SPC)	Responsible Agency Caribbean Catastrophe Risk Insurance Facility – Segregated Portfolio Company (CCRIF SPC)
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Project Development Objective (PDO)

Original PDO

The Project Development Objective (PDO) is to improve the affordability of high-quality sovereign catastrophe risk transfer associated with earthquakes and climate-related events for CCRIF SPC participating countries.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF-B6010	02-Jul-2021	08-Jul-2021	24-Sep-2021	30-Jun-2022	.31	0	.31
TF-B6011	02-Jul-2021	08-Jul-2021	24-Sep-2021	31-Dec-2021	11.00	0	11.00
TF-B6121	02-Jul-2021	08-Jul-2021	24-Sep-2021	30-Jun-2022	11.66	11.48	.17



Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

BACKGROUND

1. The Second CCRIF SPC project was approved by the Bank on June 25, 2021, for US\$ 23.24 million¹ financed by three recipient-executed grants to the Caribbean Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC) and was declared effective on September 24, 2021, with a closing date of June 30, 2022.
2. The project is financed by a US\$11 million grant (TF0B6011) made available through the Central America and Caribbean Catastrophe Risk Insurance Program Multi-Donor Trust Fund (MDTF) together with a EUR 10 million grant (TF0B6121) from the European Union's Caribbean Regional Resilience Building Facility and a EUR 261,800 grant (TF0B6010) from the Global Facility for Disaster Reduction and Recovery (GFDRR) Technical Assistance (TA) Program for the Caribbean Overseas Countries and Territories (OCT).
3. The project was preceded by the Central America & Caribbean Catastrophe Risk Insurance Project (P149670), approved by the LCRVP on June 30, 2015, also financed by from the World Bank-administered MDTF in the amount of US\$43.25 million. The first project is set to close on December 31, 2021 and is expected to reach 100% disbursement with a rating of Satisfactory.
4. The MDTF currently channels resources from the European Union (EUR 14 million or US\$ 14.8 million), Canada (CAD 16.5 million or US\$ 13.8 million), the United States (US\$ 10 million) and the Federal Republic of Germany represented through the BMZ (EUR 22 million or US\$ 23.8 million) and its Development Bank (KfW) (EUR 15 million or US\$ 16.9 million) for a total of US\$79.3 million in contributions. This partnership builds on regional coordination between the CCRIF SPC, the Caribbean Community (CARICOM), and the Council of Ministers of Finance of Central America, Panama, and the Dominican Republic (COSEFIN) to strengthen their sustainable development agenda and mitigating the fiscal vulnerability by improving access to disaster risk financing instruments and foster political dialogue on disaster risk management. The current end disbursement date (EDD) of the MDTF is June 30, 2022.

PROJECT STATUS

5. The Project Development Objective (PDO) of the Second CCRIF SPC project is to improve the affordability of high-quality sovereign catastrophe risk transfer associated with earthquakes and climate-related events for the CCRIF SPC participating countries. The project includes three components: (i) Component 1: Parametric Geophysical risk insurance for COSEFIN Participating Countries (US\$1.50 million); (ii) Component 2: Parametric Climate Risk Insurance for COSEFIN

¹ As two of the three grants are denominated in euro, the total US dollar amount for the project is subject to change due to exchange rate fluctuations.



Participating Countries (US\$9.50 million); and (iii) Component 3: Parametric Climate Risk Insurance for CARICOM Participating Countries and selected OCTs (US\$12.24 million).

6. Progress towards achievement of the PDO and Implementation Progress in the last Implementation Status and Results Report dated October 5, 2021, are both Satisfactory. Progress under each component is rated Satisfactory. El Salvador and Honduras have joined the CCRIF SPC (El Salvador signed Participation Agreement in June 2021, Honduras – in September 2021, as of December 2021, they are still finalizing their purchase of CCRIF SPC policies) increasing the total number of members to 24 - five Central American countries (El Salvador, Honduras, Nicaragua, Panama, and Guatemala) and 19 Caribbean countries. The steady increase in country participation indicates that the CCRIF SPC is a mechanism that works, helping countries at their most vulnerable period, and continuing to offer new products to meet countries' demands for innovation to reduce disaster and climate risks.

7. As of December 15, 2021, US\$11.48 million (49 percent) of total grant amount have been disbursed, consistent with the number of insurance policies purchased by member countries and accounts for expenditures related to reinsurance costs. In addition to reinsurance costs, the grants support participation fees, insurance payouts, and technical assistance. The financing of insurance payouts falls outside the project's control as disbursement can only be made when an event is triggered.

8. Financial management and procurement are rated satisfactory.

9. The Environmental and Social Standard (ESS) performance of the Project is Satisfactory. The project has developed and disclosed the Environmental and Social Commitment Plan (ESCP). Consistent with paragraph 13, footnote 3 of ESS10, elements of the Stakeholder Engagement are included as part of the ESCP, and preparation of a stand-alone Stakeholder Engagement Plan (SEP) was not necessary.

RATIONALE FOR RESTRUCTURING

10. The grant is financed by a MDTF that channels resources from various donors and has an End Disbursement Date (EDD) of June 30, 2022. The MDTF's EDD will be extended to December 31, 2024 to allow for sufficient time to allocate and additional contribution of EUR 10 million received from Germany in November 2021. The EDD would allow the grant to be extended to June 30, 2024. While the extension is well advanced, some donors are not yet accepting electronic signature of legal documents, so it is likely that the extension will be finalized in January 2022.

11. The current request for the extension of the closing date of the TFOB6011 from December 31, 2021 until February 28, 2022 will ensure that the activities financed by the grant can be implemented without interruption while the end disbursement date (EDD) of the MDTF is being extended. The new EDD will be December 31, 2024, which would enable the grant to be further extended to June 30, 2024 and to process the additional funding for the project.

12. Through the MDTF, donor support of the CCRIF SPC has been essential in ensuring its financial viability and long-term sustainability. In addition to financing operating expenditures, donor funds have allowed the facility to retain some of the risk ceded by participating countries and access the reinsurance market. By supporting the CCRIF SPC's capitalization, donors' efforts have extended the impact and benefits of their funding beyond the duration of the initiative. Based on recent discussions with donors, their interest and commitment to the initiative remains strong and aligned with regional and country priorities to strengthen their fiscal resilience.

13. For member countries, the CCRIF SPC has been instrumental in helping them reduce the negative impacts of natural hazards where losses and damages associated with these hazards are compounded by the impacts of COVID-19. During policy years 2020/21 and 2021/22, the CCRIF SPC provided premium discounts worth up to 26 percent (cumulative for 2020 – 22) for Caribbean countries and up to 50 percent for Central American countries. Countries have used the



discounts to reduce their premium or increase coverage, depending on each member country’s needs. In addition, through technical assistance activities, the World Bank continues supporting countries to reassess their financial needs and to provide tools that help decision making.

II. DESCRIPTION OF PROPOSED CHANGES

14. The closing date of TF0B6011 is proposed to be extended from December 31, 2021 to February 28, 2022. The Disbursement Deadline specified in the Disbursement Letter dated July 2, 2021 would also be amended to be two months after this date, effectively April 28, 2022. The extension of the MDTF’s EDD would enable the grant to be extended up to June 30, 2024 in a subsequent restructuring.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Loan Closing Date(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Legal Covenants		✓



Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-B6010	Effective	30-Jun-2022		30-Jun-2022	28-Oct-2022
TF-B6011	Effective	31-Dec-2021		28-Feb-2022	28-Apr-2022
TF-B6121	Effective	30-Jun-2022		30-Jun-2022	28-Oct-2022