

TC Document

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Structuring of the Caribbean Water Utility Insurance Company (CWUIC SP) as a Segregated Portfolio within CCRIF SPC
▪ TC Number:	RG-T4109
▪ Team Leader/Members:	Cathala, Corinne (INE/WSA) Team Leader; Cayetano, Evan Stephen (INE/WSA) Alternate Team Leader; Acevedo Calle, Daniela (LEG/SGO); Carlos Guiza (INE/WSA); Champi Ticona, Diana Carla (INE/WSA); Crespín Villatoro, Leslie Alexandra (INE/WSA); García Merino, Lucio Javier (INE/WSA); Lewis, Gilroy Francis (INE/WSA); Nicolas Moreno (ORP/GCM); Ogliaro, Claudia (ORP/GCM); Sara Jade Govia (INE/WSA)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A .
▪ Date of TC Abstract authorization:	.
▪ Beneficiary:	Belize. Guyana, Suriname. Dominican Republic, Haiti, Jamaica.
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Cofinancing Special Grants(COF)
▪ IDB Funding Requested:	US\$3,692,036.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	48 months
▪ Required start date:	August 30th, 2022
▪ Types of consultants:	Individual consultants and consulting firms
▪ Prepared by Unit:	INE/WSA-Water & Sanitation
▪ Unit of Disbursement Responsibility:	INE/WSA-Water & Sanitation
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Environmental sustainability; Institutional capacity and rule of law; Productivity and innovation; Social inclusion and equality

II. Objectives and Justification

2.1 **Context.** Jurisdictions in the Caribbean are vulnerable to natural disasters and experience disproportionate losses¹. For instance, Hurricane Ivan resulted in an over 200% loss to GDP for the Cayman Islands and Grenada.² (See Annex for more information). Those events include hurricanes, windstorms, drought, landslides, flooding, tidal waves, volcanic eruptions, and earthquakes. Out of 30 Caribbean jurisdictions, 21 are susceptible to at least 5 of the 8 types of natural disasters. The region has experienced approximately US\$135 billion in losses from 165 extreme

¹ GIZ. 2017, p. 2. Loss and damage in the Caribbean: Climate change realities in Small Island Developing States. Deutsche Gesellschaft für Internationale Zusammenarbeit.

² CCRIF SPC. 2011, P. 11. A collection of papers, articles, and expert notes: volume 2. Caribbean Catastrophe Risk Insurance Facility.

weather events, in which most of the losses were due to storms (60%) and floods (29%)³.

- 2.2 Floods due to heavy rains or hurricanes in the Caribbean particularly have caused significant damage to the infrastructure and the livelihood of people (eg. Haiti with Hurricane Matthew in 2016). In 2019, a category 5 hurricane, Hurricane Dorian, hit The Bahamas and caused several billions of dollars in damage, with losses exceeding 25 percent of The Bahamas' GDP⁴. Total damages from a sample of natural disasters in the Caribbean amounted to US\$92.5 billion between 2015-2019 (See Annex for a subset of natural disasters that have struck the Caribbean in the past 30 years). Climate research projections estimate that windstorms will increase in intensity, enhancing the potential for substantial damage in the Caribbean. The impact of floods is magnified when superficial runoffs in urban areas transport contaminants such as heavy metals, organic loads, suspended solids, oils, and grease.
- 2.3 Water and sanitation utilities are at the forefront of those weather events. Natural disaster-related damages can prevent the water utility from providing services while also causing the utility to incur losses due to a reduction in its revenues. It typically takes a utility at least two months to restore operations following a category 1 hurricane. As an example, for the Jamaican Water Utility Company (NWC), a one-month disruption in its operations would result in USD32 million losses in revenue, based on annual revenues of US\$200 million. Additionally, service disruptions have consequences for sectors that are reliant upon regular services such as hospitals. It is therefore critical for public health reasons, that water utilities restore services to their customers as quickly as possible after a natural disaster strikes.
- 2.4 Water and wastewater infrastructure include assets above and underground. These assets face different levels of vulnerability to natural disasters and experience different types and levels of damage depending on the type and intensity of the natural disaster event. For example, above ground assets such as conventional water treatment plants, desalination plants, wastewater treatment plants, pumping stations, water tanks and intakes are very vulnerable to hurricanes, windstorms, and earthquakes. Ponds and lagoons can be contaminated and are highly vulnerable to flooding. Underground assets such as water pipes and sewage networks and collectors on the other hand are very vulnerable to earthquakes and landslides.
- 2.5 However, most utilities lack the financial capacity to restore services quickly after catastrophes occur, and they often do not have the resources available to fund concerted efforts to improve the resiliency of their systems. It is expected that water utilities will face rising costs to repair damage because of the forecasted increases in the intensity and severity of windstorms. In-depth research and surveys of water utilities indicated that the premiums for natural disaster risk insurance to Caribbean water and sanitation utilities were too expensive and did not provide the level of coverage desired⁵. Therefore, many utilities cover damages caused by natural disasters with their own resources, meaning that they do not obtain insurance to cover potential damages from natural disasters (this is also called self-insurance). These

³ ECLAC Study, 2010.

⁴ Inter-American Development Bank November 15, 2019 report.

⁵ Surveyed utilities and local insurance providers indicated that the cost of natural disaster insurance that is currently available is beyond the means of most public utilities. Additionally, with respect to insurance that may be available, public and private water utilities indicated that the high insurance deductibles and limitations on what could be claimed meant that the insurance did not meet their needs.

utilities, therefore, need more and better insurance for natural disasters. This suggests that creating a specific risk pool for water utilities to build economies of scale with diversified geographic risk to cover natural disaster risk would be well supported by reinsurers and could provide additional claims capacity than is currently available.

- 2.6 The IDB Group is addressing this issue by leading the support to design a parametric hazard insurance product that could be issued through a segregated portfolio (CWUIC SP) within the Caribbean Catastrophe Risk Insurance Facility (CCRIF) SPC as an alternative for water and sanitation utilities to access hazard insurance on affordable terms. CCRIF SPC⁶ is a multi-country risk pool based on parametric insurance where the ultimate beneficiaries are countries from the Caribbean and a utility company, and it is the only entity in the Caribbean which has the appropriate regulatory authorizations to issue such a product⁷.
- 2.7 To that end, the objective of this TC is to support the design of certain features of a parametric hazard insurance product to be issued by CWUIC SP to mitigate the effects of natural disasters in the water and sanitation sector in the Caribbean region. It is expected that CWUIC SP will be created as an insurance vehicle specifically for insuring water utilities in the Caribbean for natural disasters. The parametric insurance product for natural risk disasters that will be offered to the water utilities is expected to be more affordable than the insurance policies currently purchased by the utilities and be more comprehensive in terms of natural disaster risk coverage. CWUIC SP can result in economies of scale that reduce costs and allow water utilities to obtain reinsurance on improved terms. The design that is proposed by the consultancy products under this operation may be later used as an example for other similar structures in the region or worldwide.
- 2.8 In addition to a TC (ATN/AC-17265-RG) “Advisory Services to Create the Caribbean Water Utilities Mutual Insurance” in the amount of US\$ 1.05 million, which was originally approved by IDB Invest⁸ to conduct feasibility studies for CWUIC, the IDB has been active in coordinating donor support for this particular structure through a US\$739,000 technical cooperation operation (ATN/SX-18842-RG) “Caribbean Water Utilities Insurance Company (CWUIC)” with resources from the Pilot Program for Climate Resilience (PPCR) approved in 2021 for the development of CWUIC, as well as through grant funding (US\$650,000) from the Caribbean Development Bank⁹ (CDB) for the modeling of multiple perils for water and sanitation utilities in the Caribbean (with an estimated cost in the range of US\$0.5 to 1.0 million). Furthermore, INE/WSA is processing a technical cooperation operation “Structuring of the Caribbean Water

⁶ In 2007, the Caribbean Catastrophe Risk Insurance Facility was formed as the first multi-country risk pool in the world and was the first insurance instrument to successfully develop parametric policies backed by both traditional and capital markets. In 2014, the Facility was restructured into a segregated portfolio company (SPC) to facilitate offering new products and expansion into new geographic areas and is now named CCRIF SPC. It is owned, operated, and registered in the Caribbean. CCRIF SPC limits the financial impact of natural hazard events to Caribbean and Central American governments by quickly providing short-term liquidity when a policy is triggered. Parametric insurance policies are offered for tropical cyclones, earthquakes, excess rainfall and the fisheries sector. CCRIF's operations are executed by six service provider companies under the guidance of the Board of Directors, the Chief Executive Officer, Chief Operations Officer, and Chief Risk Management Officer.

⁷ CCRIF SPC beneficiaries consist of Caribbean and Central American countries as well as one electric utility.

⁸ Private sector institution of the IDB Group

⁹ The Caribbean Development Bank is a financial institution that helps Caribbean nations finance social and economic programs in its member countries. CDB signed a Memorandum of Understanding with the IDB on February 21, 2017 to strengthen their ongoing partnership in addressing the Caribbean development priorities.

Utility Insurance Company (CWUIC SP)” in the amount of US\$300,000 (RG-T4105) to complement the activities of this technical cooperation operation, including the collection of data from additional utilities, training of water utilities and assessment of private sector utilities’ participation in CWUIC SP. In addition to the financing described above, the IDB is exploring funding sources to fund a pilot multi-peril risk model and capitalize CWUIC SP. These efforts have the potential for CWUIC SP to be established and be able to issue the first insurance policies during the 2022 hurricane season¹⁰.

- 2.9 One of the major challenges in the wider uptake of risk insurance coverage in low- and middle-income countries is the lack of affordability. Making insurance more affordable by subsidizing insurance premiums can thus help countries increase insurance coverage, while reducing premium payments¹¹. A separate Investment Grant operation in the amount of US\$ 1,877,264 is expected to complement this operation with resources from FCDO to initially finance premium subsidies for the beneficiaries with the objective of making the insurance premiums more affordable for them. The premium subsidies will be assigned to utilities as needed and based on criteria, which are in the process of being defined.
- 2.10 This TC is consistent with the Second Update to the Institutional Strategy 2020-2023 (AB-3190-2) and is expected to contribute to the Corporate Results Framework 2020-2023 (GN-2727-12) through the priorities of: (i) Social Inclusion and Equality, by contributing to the indicator “Projects incorporating structural and/or non-structural measures that enhance disaster and climate change resilience in the water and sanitation sector;” and (ii) Productivity and Innovation, by contributing to the indicator “Micro, small, medium enterprises financed” and by financing the structuring of an innovative insurance vehicle to provide disaster risk insurance to water utilities. It also aligns to the cross-cutting issues of: (i) Climate Change and Environmental Sustainability, by contributing to the indicator “Beneficiaries of enhanced disaster and climate change resilience” since CWUIC SP will assist water utilities with the design and the development of projects to adapt to climate change and natural disasters; and (ii) Institutional Capacity and Rule of Law, by contributing to the indicator “Development financial institutions with strengthened managerial capacity”, through the technical assistance to be provided to these institutions to assess the disaster risk of the grants and loans to be provided under Component 3 of this TC. In addition, under “Productivity and Innovation”, the TC is particularly noteworthy as being aligned to support Caribbean countries to obtain disaster insurance through an innovative mechanism for environmental sustainability and adaptation to climate change.
- 2.11 The operation is further aligned with the Strategy “Sustainable Infrastructure for Competitiveness and Inclusive Growth” (GN-2710-5), specifically with the priority action area to “support the construction and maintenance of socially and environmentally sustainable infrastructure, thus enhancing quality of life,” through actions that will contribute to safe and more resilient infrastructure. It is also consistent with the Disaster Risk Management Policy (GN-2354-5), by identifying disaster risks, reducing vulnerability and by preventing and mitigating disasters before they occur, and with the Support to SME and Financial Access/Supervision Sector Framework Document (SFD) (GN-2768-7). In addition, the TC operation complies with the

¹⁰ The hurricane season runs from June 1st till November 30th in the Caribbean region.

¹¹ World Bank (2017) Sovereign climate and disaster risk pooling. World Bank Technical Contribution to the G20.

objectives of the FCDO fund, which include the strengthening of resilience and response to crisis. Furthermore, this TC is aligned with the five dimensions defined in the Water and Sanitation SFD (GN-2781-13) approved in December 2021. In the SFD, the dimensions of success and lines of action for the sector were defined, including: (i) developing tools to design projects that take climate change into account in hydrometeorological variables, improving data to forecast the risk, frequency, and intensity of extreme events; (ii) better understanding the physical and economic impact of disaster and climate change risks and the adaptation and mitigation measures by region and economic sector; (iii) incorporating risk management into infrastructure standards, master plans, and design (OECD, 2013); and (iv) implementing nonstructural measures, such as early warning systems, contingency plans and disaster risk management (including for droughts) and institutional strengthening.

- 2.12 The TC is also consistent with the Climate Change SFD (GN-2835-8) as this TC will support the improvement of infrastructure for disaster resilience. These resources contribute to the IDB's climate financing goal (30% of the annual approval volume). This operation is consistent with Vision 2025 in that it will strengthen water utilities' resiliency against climate change through the support of the design of a parametric hazard insurance product to be provided by a regional vehicle that will issue insurance policies to water utilities in the Caribbean region at affordable rates and financing to invest in climate resilient infrastructure (CWUIC SP). The TC will also promote the IDB's sub-regional efforts to promote smart and resilient investments in the Caribbean.

III. Description of Activities/Components and Budget

- 3.1 **Component I: Parametric hazard insurance product Response Program (US \$756,210).** Resources from this Component will finance support for post-disaster assistance and coordination between utilities to restore and rebuild water utilities post disaster, including: (i) the preparation of guidelines and provision of assistance to utilities for emergency preparedness plans; (ii) the development of procedures for the implementation of a parametric hazard insurance product response program; (iii) an emergency toolbox for participating utilities; (iv) the development and support of the implementation of agreements to pre-purchase equipment and materials required for emergencies (this TC operation will not finance the material or equipment purchased under such agreements); and (v) the preparation and delivery of training to water utilities on participation in the CWUIC SP response program. Products to be delivered under this Component will include sets of guidelines and procedures for the implementation of a Response Program, the design of agreements to pre-purchase material and/or equipment as well as the preparation and delivery of training courses for water utilities.
- 3.2 **Component II: Multi-peril risk modeling for natural disasters to design insurance policies (US\$256,224).** The exact terms of the insurance policies CWUIC SP will issue will be determined through CWUIC SP's risk modeling exercise and will be based on the amount of insurance that a participating water utility wishes to carry and on CWUIC SP's and CCRIF's internal approval mechanisms. Resources allocated to this Component will finance: (i) updating of water utilities major assets data, natural disaster events that have impacted water utilities, estimated losses, description of the areas impacted and damage incurred as well as measures taken to restore services and current risk insurance coverage if any; (ii) data collection and standardization for risk modeling; and (iii) inputs for updating of the risk model for a parametric hazard insurance product in the second and third year of operations. Products to be delivered

under this Component will include updating of data sets for water utilities and the inputs necessary for updating of the multiperil risk model.

- 3.3 **Component III: Technical assistance to water utilities for proposals for resilient infrastructure projects (US\$665,000).** Resources from this Component will finance: (i) technical assistance to identify resilient infrastructure projects for the utilities; (ii) technical assistance and training to the utilities for the preparation of proposals for the financing of resilient infrastructure projects by financial institutions; and (iii) the assessment of projects submitted for financing. Products to be delivered under this Component will include consultants' reports and technical proposals for resilient infrastructure projects as well as material on training courses for the water utilities.
- 3.4 **Component IV: CWUIC SP structuring (US\$1,800,000).** Resources allocated to this Component will finance the following consulting contracts: (i) technical specialists to manage each Component, as well as a project coordinator and financial, administrative and procurement specialists to execute the TC operation; and (ii) consulting services to prepare a report that evaluates the performance of the above three Components with recommendations for any needed improvements. Products to be delivered under this Component will include periodic reports and evaluations from the consultants as well as a performance evaluation report for the 3 components of CWUIC SP.
- 3.5 **Other costs and IDB Lead Fees (US\$214,602).** TC resources will also finance consulting services related to the preparation of progress reports and a final evaluation (US\$30,000), as well as an administrative fee of 5% of the contribution (US\$184,602) as IDB lead fees.
- 3.6 **Beneficiaries:** Beneficiaries will include public water and sanitation utilities in the Caribbean region as well as their customers. Component 2 will provide water utilities in the Caribbean with a sustainable and affordable insurance alternative that will increase resilience to natural disasters. Since it is expected that CWUIC SP will issue a parametric hazard insurance product, water utilities will receive cash payments within a short period of time (about 14 days maximum) after incurring damage. This will enable the utilities to take the measures and investments needed to restore service quickly. Today, in the absence of this insurance, water utilities do not usually have access to needed cash and, therefore, it may take them substantial time to restore service. Restoring service quickly will likely reduce fatalities and economic costs caused by natural disasters. In addition, Component 3 of CWUIC SP will finance technical assistance to water utilities so that they can prepare resilient infrastructure projects. The implementation of those projects is expected to lower the insurance premiums for water utilities over time.
- 3.7 The water utilities of Jamaica (NWC), Belize (BWS), Guyana and Suriname have expressed interest in becoming a member of a structure such as CWUIC SP which may ultimately issue a parametric hazard insurance product. A technical cooperation operation is being processed (RG-T4105), which will assess private water utilities' participation in CWUIC SP.
- 3.8 **Budget.** The Government of the United Kingdom of Great Britain and Northern Ireland, represented by the Foreign, Commonwealth and Development Office (FCDO) will finance the total TC cost of US\$3,692,036 through Non-Reimbursable Financing for Specific Projects (PSG). The TC does not contemplate any local counterpart. The funds will not be utilized to supplement the Bank's administrative budget.

Indicative Budget

Activity/Component	FCDO/GBP	IDB/USD	Total/USD
Component I: Parametric Hazard Insurance Product Response Program	622,421.81	765,210	765,210
Component II: Multi-peril Risk modelling for Natural Disasters	208,412.60	256,224	256,224
Component III: Technical assistance to water utilities for proposals for resilient infrastructure projects	540,911.00	665,000	665,000
Component IV: CWUIC SP structuring	1,464,120.00	1,800,000	1,800,000
Progress reports and final evaluation	24,402.00	30,000	30,000
Administration Fee (5%)	150,155.26	184,602	184,602
TOTAL	3,010,422.67	3,692,036	3,692,036

- 3.9 FCDO will contribute 3,010,422.67 GBP (US\$3,692,036) to this Project, based on the exchange rate defined on August 4th, 2022.¹² The final amount of the resources in US dollars will depend on the exchange rate at the time that the Bank receives the funds from the donor and converts them into US dollars. In the event of an adverse fluctuation in the exchange rate that would reduce the amount in US dollars reflected in the budget, the project team will adjust the budget accordingly.
- 3.10 The Bank administers PSGs in accordance with the "Report on COFABS, Ad-Hoes and CLFGS and a Proposal to Unify Them as Project Specific Grants (PSG)" (Document SC-114). The Bank will administer the resources of this Project and will charge a non-reimbursable administration commission of 5% of the FCDO contribution. The commission will be distributed to the Bank's offices that support the administration of the contribution and the execution of the project, through a cost center.

IV. Executing Agency and Execution Structure

- 4.1 As this is a "Research and Dissemination" TC, it will be administered and executed by the Bank through the Water and Sanitation Division (INE/WSA) in coordination with the Country Department Caribbean Group (CCB), the Country Department Central America, Haiti, Mexico, Panama, and the Dominican Republic (CID), as well as the relevant IDB Country Offices, Departments and Divisions of the IDB Group. The project team will also coordinate with IDB Invest as appropriate. The project team will request non objection letters from the respective country's government prior to initiating work with the water utility.

¹² Exchange rate US\$/GBP on June 12th: 1US\$=0.8134GBP

- 4.2 The TC activities will be carried out by a team responsible for carrying out the program's procurement, management, and supervision processes. The team will comprise a Project Coordinator as well as procurement, financial and administrative specialists. Additional consultants will be contracted to perform and develop specific tasks associated with Components 1, 2 and 3 and will be supervised by the project coordinator. Oversight will be conducted by INE/WSA staff, which will receive support from the IDB's Operations Financial Management and Procurement Services Office (VPC/FMP).
- 4.3 The monitoring of the TC will be carried out by the project team. The INE/WSA Country Office staff, in those countries where project activities are undertaken, will support execution by liaising with and monitoring the progress of consultants hired under the project. The TC is expected to be disbursed over a period of 48 months.
- 4.4 The IDB will follow its procurement policies and guidelines related to contracting processes: (i) individual consultants will be hired according to the guidelines established in policy AM-650; (ii) consulting firms of an intellectual nature will be hired according to the "Policy for the selection and contracting of consulting firms for operational work carried out by the Bank" (GN 2765-4) and its Operational Guidelines (OP-1155-4); and (iii) other non-consulting services in accordance with the "IDB Institutional Procurement Policy" (GN 2303 28). As shown in the Procurement Plan, the IDB will conduct procurement activities and will contract the necessary technical specialists for the development of the activities described hereinunder consulting contracts. In addition, all products under this TC operation will be owned by the IDB.
- 4.5 Direct hiring of the Caribbean Water and Wastewater Association (CWWA) and the Caribbean Water and Sewerage Association (CAWASA) have been identified during the preparation of the TC. Those two associations are uniquely positioned to coordinate activities under Component I and have already well-established relationships with the water utilities. In addition, direct hiring of the consulting firm K&M Advisors has been identified to complete data collection for CWUIC SP risk modeling and Component III. K&M Advisors have been supporting the IDB with the definition of the Components and data collection from the water utilities since the initiation of CWUIC SP.
- 4.6 **Reporting Requirements.** INE/WSA will prepare progress reports on the project activities to FCDO. INE/WSA will conduct a final evaluation at the end of the project. FCDO will review the terms of reference for the contracting of this evaluation. The content of the progress reports will be agreed upon with FCDO. In principle, they will include: (i) activities carried out during the period, progress with execution, issues that have arisen and how they were resolved; and (ii) evaluation of the results matrix, annual operational plan, procurement plan, pluriannual execution plan and risk analysis. In addition, INE/WSA will provide FCDO with a reporting schedule for six monthly payments, which will include a report on progress and a financial report on overall spending and commitments and expense projections for the next six months.
- 4.7 The Bank will apply the requirements of the environmental and Social Policy Framework (ESPF) and its Environmental and Social Performance Standards (ESPS), which include, but are not limited to, matters concerning sexual abuse and harassment (see the requirements of ESPS 9 of the ESPF).

- 4.8 The project team will be responsible for the preparation and submission to the donor of the project reporting, in compliance with the stipulations of the Administration Agreement.

V. Major issues

- 5.1 The main risks associated with this TC include: (i) Water operators' low financial capacity to cover policy premiums once CWUIC SP is issuing its parametric hazard insurance product. The team will mitigate this risk by creating financial mechanisms to alleviate the financial burden on water utilities interested in joining CWUIC SP through a parallel operation; and (ii) CWUIC SP's long-term sustainability as during the first years, there is a risk that CWUIC SP's capital base may not be sufficient to withstand losses caused by natural disasters. The team has already identified several potential donors whose contributions will mitigate this risk and, which focus on supporting the water utility sector in the Caribbean and/or have interests in conservation projects that complement utility resiliency efforts and have referred them to CCRIF SPC for purposes of establishing CWUIC SP. Preliminary discussions have taken place with donors to provide an initial capital contribution to CWUIC SP in 2022. Additional mitigation measures include the use of rigorous risk modelling when determining the probability of risks and the required premiums. Furthermore, CWUIC SP is expected to have solid governance and a lean and efficient structure, similar to CCRIF SPC.
- 5.2 Preliminary discussions with natural disaster insurers and reinsurers suggest that CWUIC SP would garner the greatest amount of support from insurers and reinsurers if there are many members from throughout the Caribbean. That diversity would help sustain CWUIC SP, enabling it, for example, to pay losses whilst also receiving premiums from members who had minimal or no losses. Limiting participation in CWUIC SP to utilities that meet various criteria (for example, location, minimum annual revenues, and only government owned) would be counterproductive to efforts to assure CWUIC's sustainability. To that end, the team has been keeping all water utilities from the region engaged by organizing webinars and workshops to inform them about the status of CWUIC SP and the insurance products. Additional events with water utilities will be taking place in the second semester of 2022 within the framework of the CWWA congress. Lastly, the premiums CWUIC SP can charge will be a key factor for its success. Initially, it is contemplated that insurance premiums will be subsidized based on a set of criteria that are currently being defined.

VI. Exceptions to Bank policy

- 6.1 This TC operation does not include any exception to Bank policies.

VII. Environmental and Social Strategy

- 7.1 Following ESG's project classification Results Matrix, this Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects, or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (MPAS).

Required Annexes:

[Results Matrix - RG-T4109](#)

[Terms of Reference - RG-T4109](#)

[Procurement Plan - RG-T4109](#)

Required Electronic Links:

Required Electronic Link I - [Terms of Reference](#)

Optional Electronic Links:

Optional Electronic Link I: [Natural disasters in the Caribbean region](#)

Optional Electronic Link II: [Sovereignty and membership of the jurisdictions in the Caribbean](#)

Optional Electronic Link III: [Gender and Diversity Checklist](#)