



Labor Management Procedures
For
Caribbean Oceans and Aquaculture Sustainability Facility
(COAST)

Submitted to:
World Bank



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Background and Introduction

The Caribbean Oceans and Aquaculture Sustainability Facility (COAST) is an innovative climate risk insurance mechanism to promote sustainable fisheries, food security, livelihoods of fisherfolks and disaster risk reduction in the Caribbean. COAST was developed through a partnership with the US State Department (donor), the World Bank (supported the product design, government readiness to adopt COAST), the Caribbean Catastrophe Risk Insurance Facility-CCRIF SPC (developed and issued the insurance policies), Caribbean Regional Fisheries Mechanism-CRFM (support implementation of COAST) and Caribbean governments (pilot phase-Grenada and St. Lucia).

The overall development objective of COAST is to strengthen financial resilience of Caribbean countries through insuring against climate-related events that impact the fisheries sector. A parametric insurance product for the fisheries sector will be an essential tool to help address the impacts of natural hazards on food security and livelihoods of those working in the fisheries sector. Parametric insurance products such as those offered by CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility) are designed to limit the financial impact of devastating hurricanes, earthquakes and excess rainfall events by quickly providing financial liquidity when a policy is triggered. For the fisheries sector, the parametric insurance was designed to provide coverage for losses caused by adverse weather on fisherfolk and for direct damages caused by tropical cyclones to fishing vessels, fishing equipment and fishing infrastructure. Additionally, COAST will differ slightly from the other products offered by CCRIF because while it will be governments that purchase COAST policies, the payout will be passed on from the government to individual fisherfolk, including women employed to the fisheries sector.

Stated support from this initiative came on May 15, 2015 from the 9th Caribbean Regional Fisheries Mechanism Ministerial Council (a CARICOM body), where ten Ministers of Agriculture “welcomed and endorsed the initiative in principle to provide a risk insurance facility to fishers and entities operating in the fisheries sector in the region”. Grenada and Saint Lucia are the first two Caribbean countries to roll out the COAST Product.

The fisheries sector in the CARICOM Region is an important source of livelihoods and contributes significantly to food security, poverty alleviation, employment, foreign exchange earnings, development and stability of rural and coastal communities, culture, recreation and tourism. Caribbean countries face many serious challenges in the interaction between the human population and the natural environment that sustains it, an underlying stress that is being exacerbated by climate change, the projected manifestations of which include rising sea levels and an increased frequency and severity of extreme weather events, especially hurricanes, tropical storms and droughts.

The structure of these economies also makes them particularly vulnerable to natural hazards, which result in widespread destruction of the productive economy and also the capital stock of

their nations. The Region's tourism, agriculture, forestry and fisheries sectors; water resources; and human rights are considered to be most vulnerable to a changing climate.

The pressures faced by the fisheries sector in the Caribbean include:

- Poor fishing practices and poaching
- Invasive species
- Degradation of supporting habitats
- Ocean acidification due to coral bleaching as a result of climate change
- Climate change exacerbating extreme weather events

There are numerous measures available to decision makers to respond to the increasing threat of climate change to all economic sectors. These responses can be clustered into two main groups: (i) risk mitigation measures and (ii) risk transfer instruments. The introduction of parametric insurance products for the fisheries sector will be essential to help address the impacts of natural hazards upon food security and livelihoods of key players as well as the impacts on GDP.

1. Overview of Labor Use on COAST

The intent of the project is to implement a parametric insurance product for the fisheries sector in the Caribbean starting with two countries – Saint Lucia and Grenada. CCRIF SPC has been the designated entity tasked with developing and implementing the project, given its extensive experience in developing parametric insurance products and also because of the overall success of the Facility. CCRIF SPC is a captive insurance company which is owned by a trust with the shares being held by a trustee (a legal firm in Cayman) and was approved as a Class B Licensed Insurer by the Cayman Islands Monetary Authority (CIMA) on 23 May 2007. Its mission is to serve Caribbean and Central American governments and their communities in reducing the economic impact of natural catastrophes, by providing immediate liquidity through a range of affordable insurance products in a way that is financially responsible and responsive to country needs. CCRIF was set up as a captive because of the nature of the service it provides and the insurance products that it sells, which attract risks that are priced too high by the traditional market. As such, a captive for CCRIF provides a bespoke insurance solution that effectively supports the Facility's overall risk management strategy. CCRIF is a virtual company that includes a board, an executive management team made up of a chief executive officer, a chief risk management officer and a chief operations officer and a team of service providers, made up of six companies carrying out a range of core functions including risk management, asset management, insurance manager, reinsurance broker, technical assistance management and corporate communications manager. CCRIF staff are employed on contract generally for three years with the possibility of renewal. CCRIF service providers are hired through a competitive tender process and are subject to a retender. CCRIF does not maintain a physical office.

The COAST project has two components:

Component 1: Capitalization of CCRIF SPC for COAST

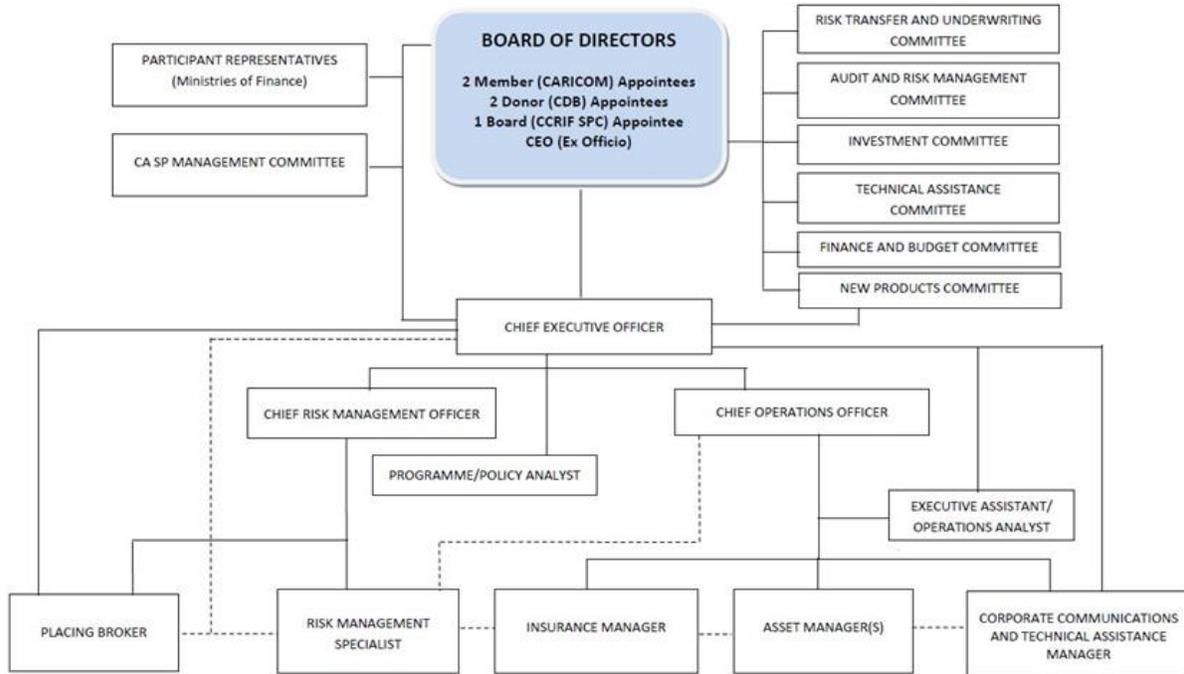
The objective of this Component is to enable the CCRIF SPC to provide the only available catastrophe coverage for the fisheries sector to the participating countries as a measure to increase resilience in the fisheries sector. The capitalization funds under this component will be used to earn investment income and provide insurance payouts if the COAST policy is triggered. The finance for this component will be provided in a one-time basis, and the amounts to be provided will be determined by the actuarial business needs of the CCRIF SPC COAST product. The financing under this component is only for the purposes of enabling the CCRIF SPC to: (i) Invest and generate income for the Facility to finance the COAST operation; (ii) Make quick insurance payouts to the participating countries; and (iii) Provide the ability to retain and manage the risk until a portion of it is passed to the reinsurance markets.

Component 2: Payment of Participating Countries' Annual Insurance Premium

The objective of this Component is to assist the participating countries, Grenada and Saint Lucia, to purchase the COAST parametric insurance coverage for the fisheries sector offered by the CCRIF SPC. Annual premium for each participating country will be covered by the World Bank (PROFISH multi-donor trust fund) with allocation up to \$100,000 per country. Countries will have the choice of selecting the amount of insurance coverage, depending on country risk profile and priority needs. The COAST product is unique as it provides parametric coverage for i) losses experienced by fishing workers caused by *Adverse Weather* (high waves and heavy rainfall) and ii) losses caused by *Tropical Cyclones* (wind and storm surge) that may damage fishing vessels, fishing equipment and fishing infrastructure.

The CCRIF Organizational Chart below shows the various members of management and the Service Provider team, providing a context of the strength of the organization to lead the activities to be undertaken under this project. The responsibilities of each are further articulated in “*5 Responsible Staff*” below.

CCRIF SPC Organizational Structure



Additionally, CCRIF will contract a project coordinator to coordinate and strategically guide all activities under COAST on behalf of CCRIF. This coordinator also will work closely with the team at the World Bank. The project coordinator will therefore represent CCRIF on all COAST related discussions with the Bank and stakeholders in the designated countries. He/she also will work closely with the CCRIF Chief Risk Management Officer and the Risk Management Specialist Team especially in the development of the model and the overall design of the fisheries product and provide support for the undertaking of other activities related to underwriting, marketing, and the risk transfer strategy among others. CCRIF also will provide contracts to relevant service provider companies to support the requirements of the project – these contractual arrangements are expected to be primarily with the risk management specialist but may also include the technical assistant and corporate communication managers. Overall CCRIF will provide 3 members of its management team to support the implementation of the project as well as approximately 8 to 10 other persons from its service providers (for product development, marketing and also for communications and stakeholder engagement with countries as well as the intended beneficiaries, plus one project coordinator. The CCRIF Organizational Structure included below provides a quick illustration of how the

2. Assessment of Key Potential Labor Risks

Given that there are no civil works associated with this project, the labor risks are minimal and associated largely with office work and some field work in order to carry out consultations with stakeholders.

Additional risks would be associated with travel to the designated countries. At this time, there is no known political violence, social unrest or high levels of crime and violence in either country that may impact persons working on the project. Notwithstanding all persons participating on missions will be provided with relevant security in the field training and supporting information to reduce any potential risks.

3. Brief Overview of Labor Legislation: Terms and Conditions

CCRIF Guidelines for Labor are embodied in the Facility's Operational Manual. The Facility is led by a Chief Executive Officer (CEO) and is supported by a Chief Operating Officer (COO) who manages the Facility's day-to-day operations, as well as a Chief Risk Management Officer. These three management positions along with an Executive Assistant/Analyst (EA) are the four persons directly employed full-time by the Facility. The Operations Manual provides the terms and conditions of employment and these are then translated into employment contracts that are consistent with the labour requirements and procedures of international development organizations.

The Facility also is supported by the contracted services of six principal separate and independent parties called "the service providers" or individually as "a service provider". Each of these service providers are fully independent of one another, with no shared ownership at any level in the corporate structure of any of the entities (excepting equity interests of less than 1 percent held in investment portfolios.) This Operations Manual provides guidance for operating procedures for the Facility, including those of all of its Service Providers (SPs), regardless of the ownership of those SPs.

The Management Committee, if any, of an individual SP may, however, from time to time establish additional or different operating procedures to accommodate its specific characteristics, products, and operating requirements. Any such modifications must be broadly consistent with the Facility's Operations Manual and, moreover, are subject to the "no objection" of the Facility's Board of Directors, which is legally the Board of Directors for and acts on behalf of all of the SPs, regardless of their ownership. The project does not envisage hiring local staff in either Saint Lucia or Grenada. Notwithstanding, the procedures as contained in the Facility's Operations Manual have been benchmarked against international and regional labor best practices.

4. Brief Overview of Labor Legislation: Occupational Health and Safety

CCRIF will follow World Bank Group's General Occupational Health and Safety (OHS)¹ guidelines as well as ensure that its operational manual and the section focusing on human resources be amended to also reflect issues related to occupational health and safety.

5. Responsible Staff

- CCRIF Chief Executive Officer – Overall management, and strategic direction of the COAST Project, ensuring alignment with CCRIF strategic objectives and overall thrust of the Facility
- CCRIF Chief Operations Officer – Responsible for contract management, financial management of the COAST Project, as well as providing timely progress reports including meeting other reporting requirements to the World Bank and playing a key role in overall monitoring and evaluation
- CCRIF Chief Management Risk Officer – Responsible for working with the risk management specialist in the design of the insurance product as well as ensuring that all other requirements such as underwriting and risk transfer activities are undertaken in a timely manner to ensure that COAST is available to the designated countries as of July 1, 2019
- COAST Project Coordinator – Responsible for coordinating and strategically guiding all of the activities under COAST on behalf of CCRIF in close collaboration with the team at the World Bank. The coordinator will essentially be CCRIF's principal representative on the project and will therefore participate on all COAST related discussions with the Bank and stakeholders. He/she also will work closely with the CCRIF Chief Risk Management Officer and the Risk Management Specialist Team especially in the development of the model and other deliverables related to underwriting, marketing, and the risk transfer strategy among others.
- CCRIF Service Provider for Risk Management - the CCRIF Risk Management Specialist will continue to work on all technical aspects of COAST model development and also will design the product to be consistent with CCRIF's new model SPHERA that will underpin all CCRIF's parametric insurance policies
- CCRIF Service Provider for Corporate Communications and Technical Assistance will be utilized at various points on the project for communications and stakeholder consultations related to COAST activities, to support missions and also to assist the CEO and COO on areas of the project related to reporting, monitoring and evaluation as well as stakeholder engagement.

¹ The General EHS Guidelines contain information on cross-cutting environmental, health, and safety issues potentially applicable to all industry sectors.

6. Policies and Procedures

Policies and procedures for labor are included in the operations manual under various sections. Issues related to Code of Conduct also are spelled out in the Facility's Operations Manual which is founded on the highest ethical standards and is followed by Directors and employees of the Facility, as well as by its service providers. This Code is also applicable to the Facility's SPs and, as such, any Management Committee that an SP may constitute is required by contract to follow the Code. The following principles are fundamental to the Code and all persons that are employed to CCRIF or are working with CCRIF through their SP are required to:

- Avoid putting themselves in a position of conflict;
- Conduct themselves honestly and with integrity;
- Ensure confidentiality and accuracy of communication and transactions with member governments, providers and suppliers;
- Ensure fair and equitable treatment of all members, suppliers and all others who rely on the Facility or are associated with it.

All persons are provided with a copy of the Code and required to commit to it at the commencement of their association with the Facility and/or its constituent SPs. Such commitment is expressed in a written acknowledgement of receipt of the Code and agreement with it and are retained as part of the Facility's records.

7. Age of Employment

All CCRIF Staff and members of its service provider teams have completed tertiary level education and therefore are at minimum in their mid-to late twenties. Notwithstanding, CCRIF will ensure that service providers do not engage in either forced or child labor and will include relevant guidelines in its Operations Manual.

8. Terms and Conditions

The project will not support any physical works or procurement of goods; and therefore provision of details of individual contracts including hours per deliverable are not applicable.

9. Grievance Mechanism

CCRIF will utilize its existing procedures for conflict resolution and grievances as laid out in its Operations Manual, its Complaints Policy and Complaints Protocol. CCRIF's Complaints Policy provides guidelines for ensuring that the Facility responds in a timely manner to, and deals with complaints fairly, efficiently, effectively and consistently where a response is expected or legally required. Complaints in this policy are defined as an expression of dissatisfaction about CCRIF or its programs and services and directly related to complaints received by external parties, member governments etc. As an organization dedicated to continuous improvement, CCRIF uses feedback on its programs, products and services, including complaints, to constructively inform and improve its services and to maintain public confidence in the organization and its overall

mission and strategic objectives. With respect to organizations that CCRIF is engaged with contractually as well as service providers, the Operations Manual states inter alia that any relevant matter or any controversy between CCRIF and another party shall be settled by negotiation between the Parties. Should any disagreement arise that cannot be resolved at the operating level the area(s) of disagreement are to be stated in writing by each Party and presented to the other Party for consideration. If agreement on interpretation is not reached within thirty (30) days, the points of contact are to forward the written presentation of the disagreement to the respective higher officials for appropriate resolution; and any dispute relating to the interpretation or execution of a project, which cannot be settled amicably will be settled by binding arbitration. The United Nations Commission on International Trade Law (UNCITRAL) arbitration rules will apply. Binding arbitration must in all cases be preceded by a conciliatory procedure under UNCITRAL rules. With respect to its own staff, CCRIF is in the process of developing a human resource policy to guide grievances that may arise.

10. Contractor Management

CCRIF Service Provider for Corporate Communications and Technical Assistance is already in place. CCRIF will ensure that sufficient personnel are allocated to the project to ensure its efficiency and effectiveness, for example in the implementation of the stakeholder engagement plan or monitoring of project, and will employ its guidelines for procurement of contractors as well as management of contractors and their associated deliverables.

11. Community Workers

Not applicable to this project

12. Primary Supply Workers

Not applicable to this project