Report Number: ICRR0023075

1. Project Data

Project ID	Project Name	
P149670	COSEFIN-CARICOM Risk Insurance	
Country	**Practice Area(Lead)**	
Latin America	Urban, Resilience and Land	
L/C/TF Number(s)	**Closing Date (Original)**	**Total Project Cost (USD)**
TF-A0564,TF-A5343	30-Jun-2019	43,250,000.00
Bank Approval Date	**Closing Date (Actual)**	
30-Jun-2015	31-Dec-2021	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	43,250,000.00	43,250,000.00
Revised Commitment	43,250,000.00	43,250,000.00
Actual	43,250,000.00	43,250,000.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

This project aimed to facilitate access to regional risk insurance to countries in Central America and the Caribbean through membership in the Caribbean Catastrophe Risk Insurance Facility (CCRIF) - Segregated Portfolio Company (SPC). The CCRIF is the first multi-country catastrophe risk pooling and financing facility that transfers partial sovereign risk to the international insurance market and provides immediate liquidity to the participating countries following natural disasters. The facility enables aggregation of natural risk to a larger and more diversified portfolio, the collective build up of risk retention capacity and the provision of cheaper access to international reinsurance markets which in turn would result in more affordable premiums to the participating countries. In 2014, the facility was structured into a SPC to facilitate expansion into new products and geographic areas and since then the facility has been known as CCRIF - SPC.

The Project Development Objective (PDO) as stated in the Multi-Donor Fund Grant Agreement (Schedule 1, page 6) and in the Project Appraisal Document (PAD, page 5) is:

" To improve affordability of high quality sovereign catastrophic risk transfer associated with earthquakes and climate-related events for Caribbean Catastrophe Risk Insurance Facility (CCRIF) participating countries ".

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

19-Jul-2017

c. Will a split evaluation be undertaken?

No

d. Components

The project had three components (PAD, pages 5 - 8)

1. Parametric Insurance associated with risks related to geophysical events for Central America and Dominican Republic (COSEFIN) participating countries. The estimated cost at appraisal was US$7.00 million. With Additional Financing (AF), the actual cost was US$9.50 million. Activities in this component included: (i) payment of reinsurance premia to cover part of the earthquake risk of COSEFIN participating countries; and (ii) payment of Insurance payouts to COSEFIN participating countries in the event of an earthquake, and such occurrence constitutes an insured event.

These activities were added with the AF for the project approved in July 2017; (i) technical Assistance (TA) and training for developing and implementing insurance products associated with risks related to geophysical events in the COSEFIN participating countries; and (ii) financing their participation fee to become a COSEFIN participating country.

2. Parametric Climate Risk Insurance for COSEFIN Participating Countries. The estimated cost at appraisal was US$12.50 million. With AF, the actual cost was US$22.75 million. Activities in this component; (i) payment of reinsurance premia to cover part of the risk related to climate-related events of COSEFIN participating countries insured by the recipient; (ii) payment of insurance payouts to COSEFIN participating countries in the event of a tropical cyclone, excess rainfall or other climate-related events, and the occurrence of such climate event constitutes an insured event; and (iii) TA , including training for developing an excess rainfall insurance product to the COSEFIN participating countries.

These activities were added with the AF in July 2017; (i) TA including training for developing and implementing insurance products associated with risks related to climate-related events to the COSEFIN participating countries; and (ii) financing the participation fee to become a COSEFIN participating country.

3. Parametric Climate Risk Insurance for Caribbean Community (CARICOM) Participating Countries. The estimated cost at appraisal was US$4.00 million. With AF, the actual cost was US$15.00 million. Activities in this component; (i) payment of reinsurance premia to cover part of the risk related to climate-related events of CARICOM participating countries insured by the recipient; (ii) payment of insurance payouts to the countries in the event of excess rainfall or other climate-related events; and (iii) TA including training for developing an excess rainfall insurance product to the participating countries.

These activities were added with the AF: (i) TA and training for developing, modifying and implementing insurance products associated with risks related to climate-related events to the CARICOM countries; and (ii) financing the participation fee to become a CARICOM participating country.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost. The estimated cost at appraisal was US$23.50 million. With AF, the revised estimate was US$47.25 million. The actual cost was US$47.25 million.

Financing. The project was financed by a Multi-Donor Trust Fund (MDTF) Grant of US$23.50 million. AF of US$23.75 million was approved in July 2017. With this, the MDTF financing for the project was US$47.25 million. This amount was disbursed.

Recipient contribution. Counterpart financing of US$4.00 million was planned at appraisal. According to the clarifications provided by the team, counterpart funding was utilized to finance component three of the project.

Dates. The project was approved on June 30, 2015, became effective on October 14, 2015, and was scheduled to close on June 30, 2019. However, the project closed two and half years behind schedule on December 31, 2021.

Changes. The changes made during implementation are listed below sequentially:

These changes were made **with the AF approved in July 2017.**

- Activities were added as discussed above.
- Some new intermediate indicators were added, such as measuring the number of countries subscribing to CCRIF - SPC products and the number of CCRIF - SPC improved products. Some indicators were clarified and the baseline values were updated.

There were three Level 2 restructurings.

Through the first restructuring on June 28, 2019, the closing date was extended by 18 months from June 30, 2019 to December 31, 2020 to continue the ongoing activities and allow time for processing additional contributions to the project from donors.

Through the second restructuring on December 21, 2019, the closing date was extended by four months from December 31, 2020 to April 30, 2021, to allow the task team to discuss with donors the strategic direction of the MDTF.

Through the third restructuring on April 30, 2020, the closing date was extended by eight months from April 30. 2021 to December 31, 2021 to finalize activities under Components One and Two for Central American countries.

Split rating. Given that the PDO was unchanged and the project scope was expanded with the AF, this review is not based on a split rating of objectives.

3. Relevance of Objectives

Rationale

Regional context. Countries in Central America and the Caribbean are vulnerable to earthquakes, tropical cyclones and other major hydro-meteorological events. Estimated losses due to such events were about US$23 billion between 1990 and 2008 in the Caribbean and US$21 billion in Central America. Experience showed that countries experience significant macroeconomic instability and public sector budget shortfalls following such disasters. These in turn lead to reduced coverage of public services especially for the poor, and higher debt levels transferred to future generations. Therefore, cost-effective means such as catastrophe risk pooling at the regional level to enable access to quick liquidity in the face of adverse natural events was important for the countries.

Regional strategy. The PDO was aligned with the regional priorities of the Central America Integration System (SICA) and the CARICOM. In 2010, SICA's XXXV Council of Presidents approved the Comprehensive Central African Disaster Risk Management Policy (PCGIR). This program articulated the need for for integrating Disaster Risk Management (DRM) and climate change adaptation in economic, social and environmental frameworks and committed SICA to invest in fiscal protection against disasters through insurance mechanisms. In 2010, the CARICOM heads of government endorsed the Regional Framework for Achieving Development Resilience to Climate Change, a policy initiative of the Caribbean Community Climate Change Center (CCCCC). This initiative aimed to facilitate a strategic approach to climate change adaptation (CCA) in the Caribbean through integrating CCA and risk management in country planning and resource allocation processes.

Bank strategy. The PDO continues to be well-aligned with the Bank strategy for countries in Central America and the Caribbean. At appraisal, the PDO was consistent with the Country Partnership Strategies (CPS) of Belize (2012 - 2015), the Country Partnership Framework (CPF) of Costa Rica (2016- 2020), the CPS for Dominican Republic (2015-2018), the CPF for El Salvador (2016-2022), the CPF for Guatemala (2013-2016), the Interim Strategy Note for Haiti (2013-2014), the CPS for Honduras (2012-2014), CPS for Jamaica (2014-2017) and Nicaragua (2013-2017) and the Bank's Regional Partnership Strategy for the Organization of Eastern Caribbean States (2015-2019). These documents articulated the need for strengthening the government's capacities for utilizing financial instruments for protecting against the adverse effects of catastrophic events. The project was aligned with Area 2 (Increase Climate Finance) of the Bank's Climate Change Action Plan (CCAP) for 2021-2025.

Previous Bank experience. While this project was under preparation, the Bank had an ongoing Catastrophe Risk Insurance Project in Nicaragua and Honduras. The Bank had also established a MDTF to channel donor resources to support the CCRIF SPC's expansion. This project aimed to provide cost-efficient means to safeguard against extreme events which disproportionately affected the poor, provide affordable insurance premiums and readily available resources that could be mobilized quickly following a natural catastrophe. This was critically important to the disaster-prone countries and fully-aligned with the Bank strategies for the Central America and the Caribbean countries. Therefore, the relevance of PDO is High.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve affordability of high quality sovereign catastrophic risk transfer associated with earthquakes and climate-related events for the CCRIF participating countries .

Rationale

Theory of change. The project aimed to improve the disaster risk management of the participating COSEFIN and CARICOM countries through transferring risk from the countries to international markets. The theory of change postulated that: (i) financing the entrance fee of the countries to the CCRIF - SPC would ensure their eligibility for catastrophic risk coverage for earthquakes and other climate-related events; (ii) financing their annual insurance premium would enable the countries to lower their premium than if they were to purchase insurance individually in the market. These outcomes were likely to lead to the outcome of providing affordable sovereign catastrophic risk transfer associated with earthquakes and climate-related events to the countries. The outcomes were likely to aid in the long-term development outcomes of reducing the countries need for diverting scarce resources to disaster response, foster more resilient budget allocation and fiscal planning systems, and reduce the need for countries to increase their public debt for coping with disasters. The theory of change assumes the following: (i) The countries assess the CCRIF - SPC's products as value for money and are willing to acquire the CCRIF - SPC's catastrophic insurance policies; and (ii) The CCRIF - SPC is able to meet its financial obligations and is not impacted by a sharp increase in the number of qualifying claims resulting in payouts in any given coverage period.

Outputs (ICR, pages 13 - 17 and 45 - 46).

- The project provided sovereign risk transfer for earthquakes and climate-related events to twenty two countries and overseas territories in Central America and the Caribbean. Nicaragua was the first COSEFIN country to Join the CCRIF SPC, followed by Guatemala and Panama. Besides tropical cyclone and earthquake products, excess rainfall product was made available to COSEFIN countries through project funding. This product was developed with technical designs credible to third party review and were completed with these technical preconditions: (i) country risk assessment models; (ii) model calibration with national government engagement and verification; (iii) actuarial analyses: and (iv) country-specific insurance design. The total gross premiums for Central America in policy year 2020/2021 were US$3.69 million, a 88% increase from the previous year, while the total coverage increased by 134% from US$15.6 million in policy year 2020/2021 to US$36.6 million in policy year 2021/2022.
- COSEFIN countries had access to earthquake risk policies with increased insurance coverage and/ or lower attachment point (insurance deductibles). For policy year 2021/2022, the earthquake risk policies for COSEFIN countries provided 23% increased risk coverage. The attachment point increased slightly, but the premium was cut in half from US$1,000,000 to US$500.000 due to the discount. The pricing of the earthquake risk policies purchased by the COSEFIN countries was actuarially consistent with CCRIF's survivability and long-term sustainability.
- Two COSEFIN countries subscribed to products for risks relating to geophysical events, short of the target of four.
- Two products were improved risks relating to climate events for COSEFIN countries. Three COSEFIN countries (Nicaragua, Panama and Guatemala) subscribed to products for risks related to climate events as targeted.
- The CARICOM countries and the territories of Montserrat, British Virgin Islands and Sint Maarten joined CCRIF SPC during implementation and 18 countries purchased excess rainfall coverage. One new product was developed to protect the fisheries sector from climate events. Although this product was not directly under this project, CCRIF SPC was able to provide it due to the strength of its existing portfolios supported by this project.
- Climate risk related policies for CARICOM member countries were developed that provided increasing insurance coverage and /or lower attachment point for a given premium amount.
- One new product was developed for CARICOM countries for risks related to climate events as targeted. Eight CARICOM countries subscribed to the product relating to climate events as targeted.
- The project supported capacity building activities in member countries, learning events on disaster risk financing, and the development and implementation of country-level projects to improve members' effectiveness in DRM.
- Complementary TA activities supported by the project included: (i) recommendations and options for disaster risk financing (DRF) strategies, with seven strategies approved (Jamaica, St. Lucia, Grenada, Dominica, Panama, Guatemala and Honduras) and four under review when the project closed (St. Vincent and the Grenadines, Nicaragua, Costa Rica and El Salvador); (ii) conceptualization of DRF operational plans in eight countries (Jamaica, St. Lucia, Dominica, Nicaragua, Guatemala, Panama, Honduras and El Salvador); (iii) assessments of the viability and financial needs of national emergency funds (on Panama and Costa Rica); and (iv) post-disaster financial assessments in all six participating Central American countries, in coordination with the World Bank's Governance Global Practice.

Outcomes.

The outputs were expected to lead to two outcomes: (i) affordability of sovereign catastrophic risk transfer for the participating countries, with affordability measured as lower CCRIF SPC premiums than if the participating countries were to purchase insurance individually through the market; and (ii) high quality insurance for the participating countries, with quality measured in terms of the member receiving payment within a month of the occurrence of an event which triggers an eligible loss.

- The CCRIF SPC premiums were about 50% lower than the simulated price for comparable coverage than if the member country were to purchase insurance individually in the market. This was due to the CCRIF SPC reinvesting the profits for making coverage more affordable for the participating countries. During 2021/2022, the CCRIF SPC provided cumulative premium discounts of up to 26% for Caribbean countries and up to 50% for Central American countries. The countries used the discounts either to reduce their premium or increase their coverage, depending on their needs.
- All the participating countries received payment within a month of the occurrence of an event which triggered an eligible loss every year. In Central America, Nicaragua received a total payout of US$27.7 million against its tropical cyclone policy and US$3.00 million against its excess rainfall policy for the damages caused by a tropical cyclone in November 2020. Panama received a payout of US$2.7 million against its excess rainfall policy in November 2020. In the Caribbean, Jamaica received a payout of US$3.5 million after the passage of a tropical cyclone in October/November 2020. In addition, eight other Caribbean members received small payouts under the aggregate deductible within their tropical cyclone policy (totally US$1.2 million) for the season.

Efficacy of the objective is rated as substantial, as the intended outcomes were realized.

Rating
Substantial

OVERALL EFFICACY

Rationale
Overall efficacy is substantial, as the intended outcomes were realized.

Overall Efficacy Rating

Substantial

5. Efficiency

The economic efficiency at appraisal focused on the benefits to the participating COSEFIN and CARICOM countries from pooling risks. By purchasing catastrophic risk insurance through the CCRIF - SPC, the countries could reduce their premium by 40 to 45%, compared to purchasing insurance individually through the market for the same coverage. Following the same rationale, the economic analysis found that pooling excess rainfall risk would provide significant economic benefits for the countries (ICR, paragraph 41).

In 2017, the economic analysis was updated to reflect the activities financed by the AF. The analysis concluded that an increase of US$23.75 million in grant funding provided by the AF would result in improved sustainability of the Central American and Caribbean Segregated portfolios. The analysis for the COSEFIN countries concluded that the cost of catastrophic risk insurance could be reduced up to 27% when pooling the risk of at least six members of COSEFIN and increasing the CCRIF SPC's retention capacity to US$15.00 million, as compared to approaching the reinsurance market individually.

The analysis conducted at closure in December 2021 found that the cost of protection from the CCRIF - SPC was about 50% less than traditional insurance. Another benefit from risk pooling was that the overall price of coverage did not experience significant fluctuations compared to traditional reinsurance markets. The ICR (paragraph 44) notes that in 2017 -2018, Hurricanes Irma and Maria caused significant damage to many jurisdictions in CARICOM countries. The traditional insurance market saw price increases of approximately 40% for loss-affected reinsurance programs. Under CCRIF SPC, in contrast, a country's selection of attachment points and exhaustion limits allowed pricing to be smoothed from one period to the next.

Administrative and implementation issues. The CCRIF SPC was already licensed and operating with institutional arrangements and service providers in place, and parametric risk instruments were already active when the project began. New members benefitted from joining a mechanism that had been tried and tested. The project's technical strengths included the attractive pricing of the insurance products that the CCRIF SPC offered as a diversified risk pool and the rapidity of its payouts (within a month of the occurrence of an event).

Disbursements were hindered during the first two years of project implementation. The ICR (paragraph 65) notes that disbursements are highly dependent on the number of participating countries and parameters selected under their policies). However, funds were fully disbursed when the project closed.

In sum, based on the cost-effectiveness and savings achieved through the insurance products supported by the project, as well as the timely payouts, efficiency is rated as substantial.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the PDO to the Bank and country client strategies for countries in Central America and the Caribbean is High. Overall efficacy of the singular PDO is substantial. Efficiency is also substantial. These ratings lead to an overall outcome rating of satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

Sustainability risk. This project aided in providing affordable catastrophe risk transfer associated with earthquakes and climate-related events of the participating countries. The sustainability of development outcomes depends on factors such as the CCRIF SPC's continuous operation, the demand for its products, and on whether the participating countries are able to afford the insurance coverage. The risk to development outcomes for Caribbean countries is low, given CCRIF SPC's established reputation in the region. There is moderate risk to the development outcome for Central American countries, given the challenges faced in this project of expanding CCRIF SPC membership to these countries.

8. Assessment of Bank Performance

a. Quality-at-Entry

The Bank prepared this project based on lessons and operational performance of the CCRIF SPC from the Caribbean Catastrophe Risk Insurance Project (which closed on January 2012) and was assessed by the Independent Evaluation Group (IEG) as Highly Satisfactory (ICR, paragraph 64). The project design drew on the experiences from the Organization of Eastern Caribbean States (OECS) project, the Haiti Catastrophe Risk Insurance Project, the Pacific Disaster Risk Financing and Insurance Pilot, and the Pacific Catastrophe Risk Assessment and Financing initiative.

Lessons incorporated at design included: (i) regular consultations with stakeholders for developing an instrument that could continue beyond project closing; this contributed to 16 countries joining the CCRIF SPC from the outset; (ii) since affordability and quality of CCRIF SPC products were key concerns of the participating members, CCRIF SPC made efforts to reduce the premium by securing the most competitive pricing from the reinsurance market; and (iii) seeking local and private sector expertise for guiding geographical and product expansion (PAD, paragraph 24). The project was prepared based on early consultations with decision makers and the design included TA under the MDTF to ensure understanding of the CCRIF SPC to the participating countries.

The implementation arrangements made at appraisal were appropriate. CCRIF SPC, domiciled in the Cayman Islands was in charge of implementation. CCRIF SPC had eight years of experience in securing reinsurance contracts and making timely payouts to participating countries in the event of an eligible catastrophe (PAD, paragraph 33).

Several risks were identified at appraisal, including substantial risks with stakeholder commitment and that political considerations and fiscal pressures could undermine the COSEFIN countries to join and maintain the membership with the CCRIF SPC. Mitigation measures incorporated at design, included maintaining a close high-level dialogue with COSEFIN countries to continue building their understanding of the vital role of insurance as part of a broader disaster risk management strategy. Even with mitigation measures, the overall risk was rated as substantial at appraisal (PAD, paragraph 39). The arrangements made at appraisal for fiduciary compliance were appropriate (discussed in section 10).

There were minor shortcomings. The adequacy of government commitment and readiness for implementation were underestimated at design. This led to low participation of Central American countries, which hindered disbursements during the first two years of the project (since disbursements were dependent on the number of participating countries and parameters selected under their policies).

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The Bank conducted supervision missions twice a year. As parametric insurance was new to many countries, the supervision team worked closely with the CCRIF SPC to ensure that coordination and messaging were properly executed considering specific country contexts (ICR, paragraph 68). The Task Team Leaders (TTLs) for the project were selected on the basis of their familiarity with the insurance sector. During implementation, the Bank mobilized insurance sector external experts to assess the CCRIF SPC's trajectory in light of its growing membership and product offerings. The Bank processed AF to expand product offerings to CARICOM countries and provide incentives to the participating countries to renew their CCRIF SPC policies. In the wake of the COVID 19 pandemic, the Bank recommended the CCRIF SPC to discount premiums for existing members and provide discounts to potential new members in Central America.

In sum, overall Bank performance is rated as satisfactory.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The project's objective was clearly specified and the causal links in the theory of change were valid and logical. The two outcome indicators were: (i) CCRIF - SPC premiums are lower than the simulated price for a comparable coverage than any member country could purchase individually in the market; and (ii) any CCRIF - SPC country with catastrophe risk coverage receives received payments within a month of the occurrence of an event. These indicators were measurable and appropriate for monitoring project performance. Specific indicators measured multiple dimensions of affordability and quality of the CCRIF SPC's reinsurance products. The ICR (paragraph 71) notes that one indicator pertaining to CCRIF SPC's key value proposition - its lower premium cost - was difficult to quantify due to constantly changing market conditions and lack of real-life examples of equivalent charge. The CCRIF SPC was responsible for submitting event reports to the World Bank for which payouts were financed under the project.

b. M&E Implementation

The ICR (paragraph 72) notes that during implementation, CCRIF SPC successfully collected the necessary data and reported to the Bank on a semiannual basis on the use of grant proceeds and project performance. The CCRIF SPC provided externally audited annual financial statements to the Bank based on information provided by the participating countries.

c. M&E Utilization

The reports furnished by the CCRIF SPC were utilized by the Bank in ways that positively impacted on the course of the project. Disbursement reports were useful in highlighting areas of disbursement, and these reports were used by the Bank to direct technical assistance to address the gaps.

In sum, overall M&E is rated as substantial, despite the minor shortcomings in design.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as a Category C project under the Bank's safeguard policies. As the project only financed parametric insurance payouts and the costs of access to reinsurance and capital markets, no safeguards policies were triggered. The ICR (paragraph 75) notes that there were no environmental and social impacts during project execution.

b. Fiduciary Compliance

Financial Assessment. A review of CCRIF SPC's financial arrangements conducted by the Bank at appraisal, concluded that the arrangements were satisfactory (PAD, paragraph 48). The ICR (paragraph 77) notes that the financial management during implementation was satisfactory. As a regulated entity, the CCRIF SPC compiled with the reporting and audit requirements of the Cayman Island Monetary Authority (CIMA). The CCRIF SPC reported on the use of funds through its externally audited annual financial statements. For project purposes, the annual financial statements included a schedule detailing the costs incurred and paid under the MDTF classified by project component and eligible expenditures.

Procurement. An assessment of the procurement arrangements of CCRIF SPC conducted by the Bank at appraisal, concluded that they were acceptable to the Bank. The catastrophic risk transfers procured by CCRIF SPC from the Risk Transfer Providers (RTPs) were industry-specific and could not be modified to include provisions of the Bank's procurement guidelines relating to its right to inspect and audit the members. Therefore, a a request to waive paragraph six of the Bank's Anti-Corruption Guidelines was approved by Bank management on June 7, 2017. The ICR reports of no procurement issue during implementation.

c. Unintended impacts (Positive or Negative)

At the onset of COVID-19, the project pivoted resources and leveraged nearly US$11.00 million in financing to reduce premiums for CCRIF SPC countries. For the 2020 hurricane season, when many Caribbean governments experienced intense fiscal strain in responding to the direct and indirect impacts of COVID-19, all Caribbean member countries renewed their parametric insurance coverage for tropical cyclones, excess rainfall, earthquakes and damage to fisheries, ceding more than US$1 billion in risk to the CCRIF SPC and increasing overall coverage by 8% (ICR, paragraph 60).

d. Other

There were no adverse impacts.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR draws the following main lessons from the experience of implementing this project, with some adaptation of language.

1. Early consultations with decision makers and provision of technical assistance are useful for ensuring ownership of complex regional initiatives. These factors helped in drawing new Central American countries to the CCRIF SPC in this project.

2. While donor commitment and financing are essential in establishing a facility, it would help to have a follow-on project and an exit strategy. Donor support for the initial operating expenses and claims payout made it possible for the CCRIF SPC to build its own reserves at an accelerated pace. While the results in Central America were satisfactory, there continued to be a need for donor financing. The ICR (paragraph 85) noted that there is an ongoing second CCRIF SPC project and that this project will help in developing an exit strategy.

3. The design needs to take into account country-specific features to avoid delays during implementation. In this project, the Bank and the CCRIF SPC assumed that the process for cultivating CARICOM countries could be replicated for COSEFIN countries. However, Caribbean countries largely follow the common law by precedent, while the civil law system in Central American is based on rules and ordinances. The failure to take this into account at design led to project delays as the CCRIF SPC had to adjust to the demands of the COSEFIN countries.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is well-written and for the most part, concise. The theory of change provided in the ICR clearly articulates the logical links between project activities, outputs and intended outcomes. The theory of change explicitly states the assumptions underlying the intended outcomes. The ICR acknowledges the failure to take into account the regional-specific factors which contributed to project delays. The ICR provides ample evidence to assess project performance and draws good lessons from the experience of implementing this project.

a. Quality of ICR Rating

Substantial