



# **GOVERNMENT OF JAMAICA**

## **The Ministry of Finance and the Public Service Jamaica Catastrophe Bond for Increased Financial Resilience to Natural Disaster and Climate Shocks (P173012)**

### **Draft** **Stakeholder Engagement Plan**

**April 5, 2021**

## **Stakeholder Engagement and Information Disclosure Plan**

### **A. INTRODUCTION**

1. *Like many Caribbean countries, Jamaica's location in the Atlantic Hurricane Belt leaves the country extremely vulnerable to natural disasters of varying intensity and severity.* In general, natural hazards pose a significant threat to the small island state of Jamaica, with potentially significant consequences for economic development and poverty reduction efforts. Jamaica is the third most exposed country in the world to multiple hazards, with over 96 percent of the country's GDP and population at risk from two or more hazards. The country is vulnerable to hurricanes, floods, storm surges, earthquakes, and landslides. High exposure is attributed to the country's location in the Atlantic Hurricane Belt, the geophysical orientation of its low-lying coastal zones, and its mountainous topography. The Jamaican territory is also crossed by five major fault lines, including the Plantain Garden Fault Zone, which triggered the 2010 Haitian earthquake.
2. *Natural disasters in Jamaica: impact livelihoods, destroy crops and homes; destroy infrastructure; undermine businesses; compromise tourism revenues and disrupt the provision of essential services.* Such events have significant consequences for economic development and poverty reduction efforts including, but not limited to, reducing foreign exchange reserves, increasing inflation, undermining the country's fiscal program and reducing the standard of living. Climate change models predict Jamaica could be impacted by an increased frequency of catastrophic natural events because of heightened surface temperatures and global sea level rise. Adverse natural events in Jamaica regularly impact livelihoods, destroy infrastructure, and disrupt the provision of essential services. Thus, the project is expected to bring positive environmental outcomes by expanding the country's disaster risk financing for better disaster preparedness and post-disaster recovery and rehabilitation.
3. *Over the years, the country's financial response to natural disasters has been severely constrained given the current trends in the frequency and intensity of natural disasters.* Past financial responses to natural disasters usually included debt financing and reallocation of budgetary resources to natural disaster-related activities. Those responses often increase the debt burden or have a distortionary impact on the budget and the broader economy, as resources are diverted from other essential expenditure, including investments in social and physical infrastructure. The fiscal costs and efficiency losses associated with a natural disaster highlight the urgency of being proactive in advancing financial preparedness for and financial management post natural disasters. It therefore becomes necessary to develop a disaster risk financing framework to reduce fiscal and financial vulnerability to natural disasters. This is also critical to the efforts of the Government in mitigating and minimizing risks to country's macroeconomic stability.

## **B. PROJECT DESCRIPTION**

4. The *project development objective* is to expand Government of Jamaica's financial protection against losses arising from tropical cyclones-wind. The World Bank has approved a US\$16.37 million grant from its Global Risk Financing Facility (GRiF), to support the measures being taken by the Government of Jamaica to mitigate disaster risk and strengthen its financial protection against natural disasters. The implementing agency will be the Ministry of Finance and the Public Service (MoFPS).
5. *The project will enable the government to expand its portfolio of disaster risk finance (DRF) instruments and its financial preparedness for climate and disaster shocks.* The project has one component that will support the Government of Jamaica (GOJ) in designing, structuring and placement of a new risk transfer instrument Catastrophe Bond (CAT Bond). The project will pay the risk premium and transaction costs of the CAT bond, a risk transfer instrument issued by the World Bank through its Treasury for the benefit of Jamaica. Jamaica would enter into an agreement with the Bank to pass the catastrophe risk of Jamaica (the "Risk Transfer Agreement"). Contemporaneously with this, the Bank would intermediate the transfer of Jamaica's catastrophe risk to capital market investors by issuing a CAT bond. It is proposed to implement the Project over a period of two to three years. The duration of project implementation will be dependent on the tenor of the CAT Bond to be finalized based on the CAT modelling exercise, the market sounding and the GoJ. This will be finalized by project negotiations.
6. *Given the limited focus of the project on the payment of the premium and transaction cost, the project's environmental and social risk rating is assessed as Low Risk under the World Bank Environmental and Social Policy.* The project will not support any physical works or the procurement of goods, therefore project activities are not expected to have any adverse risk and impact on the environment and human health.

## **C. PURPOSE OF THE STAKEHOLDER ENGAGEMENT PLAN**

7. *The overall objective of this Stakeholder Engagement Plan (SEP) is to define a program for stakeholder engagement, including public information disclosure and consultation, throughout the entire project cycle.* Stakeholder engagement requires meaningful two-way dialogue where stakeholders receive information and are given the opportunity to provide feedback. The SEP outlines the ways in which the Ministry of Finance and the Public Service (MoFPS) project team will communicate with stakeholders and includes a mechanism by which people can provide feedback and raise queries about the project.
8. Engagement, especially from the launch of the Catastrophe Bond will be through timely disclosure of relevant information to raise awareness about the project and its objectives to potential investors and the general public and to create avenues for investors and the public to raise queries and concerns.
9. *The scope of this Stakeholder Engagement Plan (SEP) seeks to be proportionate to the nature and scale of the project and its minimal potential risks.* Given the nature of the financial

instrument involved in the project, stakeholder engagement will focus on information disclosure and will occur primarily during activities to launch the bond placement. The SEP will be updated, if necessary, throughout the project's life cycle. Relevant information will be placed on the MoFPS website and various social media platforms

10. *Stakeholder engagement and participation will assist in the process of managing risks of limited uptake by providing timely disclosure of relevant information, gaining stakeholder cooperation and interest.* Due to the sensitive elements and details surrounding the proposed Catastrophe Bond (CAT Bond) stakeholder engagement, consultation and information disclosure will primarily be managed by the firm selected to place and manage the Bond during the launch to inform and boost buy-in from targeted parties. The firm will provide a prospectus to potential investors on the CAT Bond. In parallel, the Government of Jamaica through the Ministry of Finance and Public Service disclosed relevant information about the CAT Bond through its 2021 budget preparation process<sup>1</sup> and will continue to do so through various social media platforms (see para. 21 below) leading up to the launch as well as through a post issuance awareness campaign.

#### **D. STAKEHOLDER IDENTIFICATION AND ANALYSIS**

11. The Stakeholder Engagement Plan (SEP) identifies stakeholders with a primary interest the project as well as stakeholders who have a secondary interest in the project. Primary stakeholders who have a direct interest and/or involvement in the project include the Ministry of Finance and Public Service and investment firms in the global bond market.
12. The SEP targets key actors in the Bond market such as hedge fund managers, insurance companies and other relevant institutional actors in global international markets leading up to the launch of the Bond. The SEP is focused on information disclosure to these stakeholders, including methods through which this information will be disclosed but not limited to: the mention of the project in the budget; a virtual roadshow for potential investors preceding the launch; and future social media posts for Jamaican and global stakeholders.

##### **PRIMARY – Interested Parties**

- a) **Government of Jamaica:** The direct beneficiary of the proposed project will be the Ministry of Finance and Public Services which will be the implementing agency for the project and the Government of Jamaica (GoJ).

- b) **International Capital Market (ICM)**

To buy in and participate in the Bond Offering:

- Hedge Fund Managers
- Intermediaries
- Pension Funds

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<sup>1</sup> Opening of the 2021-2022 Budget Debate March 9, 2021 "Preparing Jamaica to Recover Stronger".  
file:///C:/Users/wb21585/Downloads/mofp-opening-budget-debate-2021-22-with-cover-170321.pdf

- Investment Bankers
- Insurance Companies
- Other institutional investors

#### E. **SECONDARY – Other Interested Parties**

13. Secondary stakeholders include investors in the domestic market, government agencies involved in disaster prevention, risk mitigation and emergency response, members of the public, and other institutions with an interest in the project being considered. Stakeholder engagement here will focus on raising awareness within the Domestic Debt Market about what CAT Bonds entail, how they work. Additionally, the Domestic Debt Market will be informed about the contribution of the CAT Bond to the country's Disaster Risk Financing strategy.

- a) **Domestic Debt Market.** The major players in the debt markets today typically banks, financial institutions, insurance companies, and mutual funds. The instruments in the market can be broadly categorized as those issued by corporates, banks, financial institutions and those issued by state/central governments.
- b) **Media.** The media plays a critical role in the dissemination of information to the public. Therefore, information disclosure here will focus on the CAT Bond as one strategy of Disaster Risk Financing.
- c) **General Public** The aftermath of disasters affects the general public. Information will be disclosed to the public to make them aware of the CAT Bond and its place in the Government's strategy for disaster risk Financing.
- d) **Office of Disaster Preparedness and Emergency Management (ODPEM)** - operates out of the Ministry of Local Government and Community Development. The role of the agency is to coordinate emergency response when major events occur.
- e) **National Environment and Planning Agency (NEPA) under the Ministry of Economic Growth and Job Creation** as the lead government agency with the mandate for environmental protection, natural resource management, land use and spatial planning in Jamaica.
- f) **National Disaster Committee (NDC) Sub-Committee - Administration, Finance and the Public Service** is the main body within the NDC responsible for coordinating the management of the various types of disasters that affect the nation.
- g) **Other** indirect beneficiaries will include **other Caribbean islands and small states who are interested in sponsoring similar financial instruments.** They will benefit from the experience of Jamaica in testing the international capital market investors' appetite for such type of risk.

#### F. **STAKEHOLDER ENGAGEMENT PROGRAM**

## Proposed Strategy for Information Disclosure

14. *The Minister discussed a raft of financial instruments under the country's disaster risk financing strategy, including the proposed CAT Bond during his opening budget presentation March 2020.* The Ministry of Finance and the Public Service will again communicate details about the CAT Bond through the ongoing budget process which started March 9, 2021. Prior to the launch the MoFPS Debt Management Branch will coordinate key Government actors (Central Bank, Planning Institute of Jamaica) to relay information about the launch in local and global markets through social media. The design, structuring and placement of the CAT Bond will be done primarily by the selected firm who will disclose the relevant information in targeted global investment markets.
15. *The Corporate Communications Manager will lead the communication effort supported by in-house experts concerning the details of the financing process.* MoFPS has multiple channels of communicating with the public, including through twitter, Facebook and Instagram which are very active, public announcements on the Radio and television and newspaper.
16. *Information disclosure would be done through tailored messages geared towards the respective stakeholders and transmitted through several avenues including brochures, prospectus, face-to-face meetings, and Frequently Asked Questions (FAQs) outlining things to know. All messages will be produced in the English language<sup>2</sup>.*
17. The information disclosure strategy is detailed in Table 1 below.

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<sup>2</sup> Any face to face meetings for consultations and/or information disclosure will follow national health regulations relating to COVID-19 and the Bank's Technical Note: Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings March 20, 2020.

**Table 1-Information Disclosure Strategy**

<b>KEY STAKEHOLDERS</b>	<b>DESCRIPTION AND KEY ATTRIBUTES</b>	<b>INFORMATION REQUIRED</b>	<b>COMMUNICATION STRATEGY</b>	<b>TIMING</b>
<b>External – Primary</b>				
International Capital Markets	<ul style="list-style-type: none"> <li>Financial Groups and Intermediaries</li> </ul>	<ul style="list-style-type: none"> <li>Details of the Catastrophe Bond</li> <li>Background information on Disaster Management</li> </ul>	<ul style="list-style-type: none"> <li>Prospectus</li> <li>Virtual social media information packages</li> <li>Website link</li> <li>Dedicated feedback email (To be added when firm is selected).</li> </ul>	<ul style="list-style-type: none"> <li>Prior to launch of bond/ bond issuance</li> </ul>
<b>Secondary Stakeholders Launch and Post execution of Catastrophe Bond</b>				
National Environment and Planning Agency (NEPA) under the Ministry of Economic Growth and Job Creation and Ministry of Health and Wellness as stakeholders.	<p>These entities/committees play a pivotal role in the pre and post disaster management with respect to planning, preparedness and disbursement.</p>	<ul style="list-style-type: none"> <li>Government Risk Financing Strategy</li> <li>Details of project.</li> <li>How is the bond processed and financed?</li> <li>Benefits for the general public</li> <li>What triggers the payments</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder virtual meeting</li> <li>Frequently Asked Questions (FAQs)</li> <li>Brochures</li> <li>Link on Debt Management Branch Website</li> <li>Dedicated feedback email</li> </ul>	<p>After bond issuance is made public</p>
Ministry of Local Government and Community Development				
Office of Disaster Preparedness and Emergency Management				
National Disaster Committee				

KEY STAKEHOLDERS	DESCRIPTION AND KEY ATTRIBUTES	INFORMATION REQUIRED	COMMUNICATION STRATEGY	TIMING
Ministry of Labour and Social Security				
<b>Domestic (Secondary Stakeholders)</b>				
Media	<ul style="list-style-type: none"> <li>The media plays an important role in providing an avenue to disseminate information to the general public</li> <li>The Jamaica Information Service (JIS) is the GoJ's communication and information machinery</li> </ul>	<ul style="list-style-type: none"> <li>Government Risk Financing Strategy</li> <li>Details of project.</li> <li>How is the bond processed and financed?</li> <li>Benefits for the general public</li> <li>What triggers the payments</li> </ul>	<ul style="list-style-type: none"> <li>Media interviews</li> <li>MOFPS Social Media <ul style="list-style-type: none"> <li>-Twitter</li> <li>-Facebook</li> <li>-YouTube</li> </ul> </li> <li>Dedicated feedback email</li> <li>See para 21 below.</li> </ul>	After bond issuance is made public
General Public	<ul style="list-style-type: none"> <li>Disaster risk management and financing to ensure their quality of life is not disrupted post-disaster</li> </ul>			
Other Caribbean islands and small states who are interested in sponsoring similar financial instruments.	Benefit from the experience of Jamaica in testing the international capital market investors' appetite for such type of risk.	Lessons learned Benefit from the data collection and catastrophe risk modelling efforts	<ul style="list-style-type: none"> <li>Media <ul style="list-style-type: none"> <li>-Twitter</li> <li>-Facebook</li> <li>-YouTube</li> </ul> </li> <li>See para 21 below.</li> </ul>	Throughout project life time

## **G. RESOURCES AND RESPONSIBILITIES FOR IMPLEMENTING STAKEHOLDER ENGAGEMENT ACTIVITIES**

18. The MoFPS Debt Management Branch in the Economic Management Division of the Ministry of Finance and the Public Service has a fully functioning Corporate Communications Department. The Manager, Corporate Communications will monitor the implementation of SEP. There is an in-house social media specialist, who monitors the various platforms and addresses any issues and concerns arising in consultation with the manager.

## **H. GRIEVANCE REDRESS MECHANISM**

19. *A Grievance Mechanism is a system by which stakeholders of a project, or a program can seek information and clarifications about the project and are responded to in a timely manner.* The project will maintain a grievance redress mechanism to receive questions or concerns. The delivery mechanism will be through the MoFPS external website and social media platforms. Given the nature of the project, it is expected that queries from the public will be for details about the instruments and its functioning. The Corporate Communications Manager will monitor the SEP implementation and respond to any queries through the Feedback and Grievance Redress Mechanism (GRM).
20. *During the bond preparation phase, a prospectus is prepared by the lead firm selected to issue the bond on the global markets.* Included in the prospectus will be the contact point to whom queries, concerns and additional information should be directed. This Feedback and GRM for international stakeholders will be operational once prospectus document for CAT Bond is completed and disclosed by lead firm. and the lead firm selected to issue and manage the Bond will be the contact point for queries and concerns.

### **Secondary Stakeholders**

21. The MoFPS Corporate Communication Branch and the DMB Investor Relations and Communications unit will manage this process via the following:
- Facebook – Manager Corporate Communications Ministry of Finance and the Public Service.  
<https://www.facebook.com/MOFJamaica/?pageid=746560758724032&ftentidentifier=2981576658555753&padding=0>
  - Twitter - @MOFJamaica;
  - Email – [Mofps.pr@mof.gov.jm](mailto:Mofps.pr@mof.gov.jm) and [invrelinfo@mof.gov.jm](mailto:invrelinfo@mof.gov.jm).
  - Telephone: 1(876) 932-4732
  - 30 National Heroes Circle, Kingston 4, Jamaica.
22. The process for the Grievance Redress Mechanism for the project is summarized below.

- a. The information above on the Feedback and GRM will be strategically placed on the MoFPS website project page.
  - b. Queries and/or complaints will be received in writing, telephone or email. All grievances in writing can be addressed to the Manager of Corporate Communications.
  - c. All grievance shall be registered in the grievance log. Contact with the aggrieved must be within 10 days).
  - d. If there is no resolution within 10 days, the complainant may lodge a complaint with the relevant Deputy Financial Secretary and a response will be made within fifteen (15) working days. If the complainant is not satisfied, they can lodge a complaint with the Ombudsman”. <https://mof.gov.jm/complaints-procedures.html> “
  - e. Additionally, other grievance systems utilized by the Ministry are the Citizen’s Charter that outlines minimum standards for customer service and the Access to Information Act of 2002 that gives citizens and other persons a general legal right to obtain access to an official government document, other than an exempt document, which would otherwise be inaccessible. This can be accessed via the Ministry’s website at [www.mof.gov.jm](http://www.mof.gov.jm)
  - f. Complaints submitted anonymously will be accepted and can be placed in the suggestion boxes conveniently located in the reception area of the Ministry of Finance 30 National Heroes Circle.
23. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service, please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## **I. Resources**

24. Minimal resources will be required as most of the information will be released through social media. The Ministry of Finance and the Public Service (MoFPS) already has an in-house social media specialist, who monitors the various platforms and addresses any issues and concerns arising. The specialist reports to the Manager, Corporate Communications who develops the

messaging for the MoFP and will be ultimately responsible for oversight of the Feedback and GRM. The bulk of the disclosure costs and reporting will be undertaken by the firm selected to place the premium and report to investors. As a result, a minimalist budget for implementing the stakeholder engagement over the life of the project of United States Five Thousand Dollars only (\$5,000) will be provided as the Government contribution (TBC at appraisal). The Manager, Corporate Communications and the Social Media Specialist are existing positions. See Table One below. Officer

**Table One:**  
Indicative Budget for implementation of the Stakeholder Engagement Plan

	<b>Activity/Item</b>	<b>Additional Cost</b>
1.	Release of information about the bond at launch and key intervals to include development of briefs, statements to post in social media posts and local and international platforms.	\$5,000
2.	Funding of the Social Media Specialist (Existing Staff)	0
3.	Funding of Manager, Corporate Communications (Existing Staff)	0
		\$5,000

**J. MONITORING AND REPORTING**

25. Once the bond is issued, the MoFPS will periodically disclose information about the bond as needed through media briefings, statements to parliament, feeds from its various media channels, press conferences and its social media platforms. This aspect will be overseen by the Manager, Corporate Communications Ministry of Finance and the Public Service. In addition, the Government will be required to provide an annual report on the project activities, including implementation of the SEP.