

## Dominican Republic – Strengthening Fiscal Resilience and Disaster Risk Financing Mechanisms

### Country

Dominican Republic

### EUReCa Component

Strengthen Financial Protection

### Amount approved

€650,000 / \$750,000

### Duration

06/2025 – 01/2026

### Context and Objectives

The Dominican Republic is located within the hurricane path of the North Atlantic basin and is frequently affected by hydrometeorological events such as hurricanes and tropical storms, which make landfall every two years on average, but can occur up to twice a year. The country is also regularly affected by floods and droughts, and is exposed to the risk of earthquakes, which are infrequent but may have a devastating impact.

The object of this project is to support the Ministry of Finance and the Ministry of Economy, Planning and Development (MEPyD) in strengthening financial protection, allowing for immediate resource mobilization post-disaster and reduced

fiscal volatility. The technical assistance provided also supports the implementation of the World Bank-financed [Development Policy Loan with a Catastrophe Deferred Drawdown Option](#).

## Main Activities and Expected Results

### **Development and Implementation of a Comprehensive Disaster Risk Financing Approach**

This activity provides technical assistance for the design and implementation of the country's first National Disaster Risk Financing and Insurance Strategy, incorporating both risk retention and risk transfer mechanisms.

#### *Expected Results:*

- Improved disaster risk financing arrangements.
- Enhanced financial preparedness with diversified protection instruments.

### **Strengthening Fiscal Analysis and Risk Integration in Budgeting**

This component aims to enhance the integration of climate and disaster risk considerations into fiscal planning and budgeting frameworks, enabling the government to better estimate contingent liabilities and strengthen fiscal sustainability.

#### *Expected Results:*

- Improved fiscal risk estimation and integration of disaster and climate risks into financial planning.
- Better preparedness, financial stability, and strategic resource allocation for disaster response and recovery.



### **Capacity Building on Disaster Risk Financing and Insurance Solutions**

This activity focuses on capacity building and private sector engagement to enhance risk finance solutions, ensuring greater financial resilience across key economic sectors, including tourism, public assets, housing, and agriculture.

#### *Expected Results:*

- Expanded role of private stakeholders in disaster risk finance.
- Reduced public fiscal exposure to natural hazards.

### **Advancing Adaptive Social Protection for Disaster Preparedness and Fiscal Resilience**

This activity works to ensure that adaptive social protection serves as a contingent liability mechanism to reduce economic vulnerability and enhance disaster preparedness.

#### *Expected Results:*

- Government better positioned to integrate adaptive social protection into its disaster risk financing strategy.
- Reduced economic burden of disaster response.

### **Partnerships and Coordination**

The World Bank implements the project in close coordination with the Ministry of Finance and the MEPyD. The project team coordinates its efforts with the EU Delegation in Dominican Republic and the Inter-American Development Bank.