Context and Objectives

Caribbean countries are exposed to high levels of risk from climate change and geophysical hazards, which have significant negative impacts on their economic and fiscal stability. These natural hazards are being exacerbated by intensifying hazard patterns and increasing stress on water availability, coastal investments and livelihoods. Within the Caribbean, direct damages due to natural disasters have averaged almost US$ 1.6 billion per year over the last 20 years. Many very severe events – including the 2010 earthquake in Haiti – have resulted in annual damages exceeding US$ 8 billion. The high costs of recovery and reconstruction have resulted in increased debt, unsustainable budgetary deficits and unreliable funding streams for many countries in the Caribbean. Absence of macroeconomic stability makes it harder for countries to implement poverty reduction policies.

The Caribbean Disaster Risk Financing Technical Assistance (DRF-TA) Program is supporting Caribbean countries in the understanding and quantification of sovereign contingent liabilities to natural disasters and the development of an integrated disaster risk financing framework for countries, in order to support them in improving their financial resilience. The Program builds on key lessons learned from previous DRF TAs conducted in Belize, Grenada, Jamaica and Saint Lucia, financed by ACP-EU Natural Disaster Risk Reduction (NDRR) Program.

Main Activities

- Analytical work in understanding risk and identifying areas for strengthening financial protection
- Development of shock-response social protection mechanisms in Saint Lucia
- Training of Caribbean Educational Institutions in Mainstreaming DRF into DRM Curricula
- South-South Knowledge Exchange

Results

Under the first component, a regional dialogue with regional and national stakeholders, but also international partners, related to risk quantification has been initiated. Given the current Covid-19 crisis, and demand of the Caribbean countries, the focus has shifted to also include quantifying impact of the tourism sector on government revenues and downstream impact of DRF in selected Caribbean countries. In addition, there is also an activity to better quantify health impact of the Covid-19 crisis.

Under the second component, consultations have been undertaken in Saint Lucia on the topic of adaptive social protection and quantifying contingent liabilities with several government entities, including the Ministry of Finance, Ministry of Economic Planning, Ministry of Equity (Social Protection), the National Integrated Planning and Program Unit and the National Emergency Management Unit.

Under the third and fourth components, collaboration was initiated with the University of West Indies to develop a disaster risk quantification and DRF graduate qualification course which is set to be delivered before end of 2020. The course would be co-facilitated by members of the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC). The target audience of the course would be disaster risk practitioners in the Caribbean region, and options to facilitate this course virtually are
currently being explored. In addition, a video was designed for practitioners and stakeholders in the DRF field, which captures the lessons learned of an interactive game experience that simulates natural disaster financial decision-making in complex environments. The video is accessible here.¹

**Partnerships and Coordination**

Activities in this program are coordinated with those financed by other development partners, including the United Kingdom’s Department for International Development (DFID). Focal points in EU delegations in countries are kept updated.

<table>
<thead>
<tr>
<th>Country</th>
<th>Bahamas, Barbados, Saint Lucia and Trinidad and Tobago</th>
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<tbody>
<tr>
<td>Region</td>
<td>Caribbean</td>
</tr>
<tr>
<td>Caribbean Regional Resilience Building Facility component</td>
<td>Regional Technical Assistance Facility to Mainstream Resilience</td>
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<td>Amount approved</td>
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¹ The video was co-financed by the EU-Funded Technical Assistance Program for Disaster Risk Financing and Insurance in Caribbean Overseas Countries and Territories