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Caribbean Disaster Risk Financing Technical Assistance Program

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

A disaster risk quantification and DRF professional graduate qualification course titled “*Disaster risk financing and analytics: a practitioner’s guide*” has been developed with the University of West Indies. The pilot course was held between September and November 2021, which was attended by 18 people including 8 women from various Caribbean governments, financing institutions, donors, and other regional entities. One of the objectives of the pilot workshop was to orient participants to the World Bank course on DRF for DRM Practitioners. The pilot also served to assess the demand for such a course. In addition, the team updated in August 2021 the previously developed game entitled *Hurricane Hurry – a virtual “board game”*.¹ Hurricane Hurry is a virtual board game that confronts the audience with the individual and collective challenges of balancing investments in disaster risk management and financing. An introductory video about the game was also developed in December 2021 (see link below).

In **Saint Lucia**, several consultations were undertaken on adaptive social protection and quantifying contingent liabilities with the Ministry of Finance, the Ministry of Economic Planning, the Ministry of

¹ Both the course and the board game were co-financed by the EU-funded Technical Assistance Program for disaster risk financing and insurance in Caribbean Overseas Countries and Territories

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Equity covering social protection, the National Integrated Planning and Program Unit and National Emergency Management units, as well as with external partners such as World Food Programme and Food and Agriculture Organization.

Furthermore, activities have focused on Risk-Based Asset Management Systems (RBAMS) in the region, which are critical for strengthening DRM and DRR activities while also strengthening public financial management. A virtual workshop on RBAMS was held on 3-4 August 2021, bringing together 14 stakeholders including 5 women from the governments of **Anguilla, Grenada, Montserrat, and Saint Lucia**, representing Ministries of Finance, Ministries of Infrastructure/Planning, and Disaster Management Agencies. The objective was to share experiences, questions, and challenges around asset management and encourage learning between neighboring governments and experts through participatory sessions. As a result, there has been an increasing interest in the design, implementation, and management of these systems from different Caribbean counterparts, including in Overseas Countries and Territories to develop and scale-up RBAMS in Grenada and Saint Lucia. Following this workshop, draft terms of reference were developed to support the national building maintenance plan by assisting in the development and scale-up of RBAMS in **Saint Lucia** and **Grenada**; additional financing from the Caribbean RRB Facility was granted for this purpose in December 2021.

In **Barbados**, a customized Country Disaster Risk Profile (CDRP) has been developed for the government that provides future probabilistic loss estimates for earthquake and tropical cyclone hazards. On 7 December 2021, a workshop was organized on risk analytics and for supporting the stress testing activities and further risk analytics related to modeling insured losses. It was attended by domestic insurance industry stakeholders, and brought together 49 people including 20 women.

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.

Useful links

The *Hurricane Hurry* – a virtual “board game” is accessible at <https://bit.ly/3DTzAH4>.

The video designed for practitioners and stakeholders in the DRF field is accessible [here](#).²

A GFDRR Results in Resilience story has been developed, accessible at: <https://bit.ly/3lx33cV>.

Country

Bahamas, Barbados, Saint Lucia and Trinidad and Tobago

Caribbean Regional Resilience Building Facility component

Regional Technical Assistance Facility to Mainstream Resilience

Amount approved

EUR 658,220 / \$751,708

Duration

01/2020 - 02/2023

² The video was co-financed by the EU-Funded Technical Assistance Program for Disaster Risk Financing and Insurance in Caribbean Overseas Countries and Territories