



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

At the regional level, the dialogue on shock-responsive social protection to support priorities in strengthening social protection has shifted to also include the impacts of COVID-19. This comprises quantifying the impact of the pandemic on the tourism sector and on government revenues, which will feed into an analysis of downstream impact of DRF in selected Caribbean countries.

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 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. These consultations are currently leading to the identification of specific activities related to adaptive social protection and quantifying contingent liabilities.

This project is also enhancing policy dialogue and regional partnerships. A disaster risk quantification and disaster risk financing professional graduate qualification has been developed with the University of West Indies. The pilot course will target disaster risk practitioners in the region, and start in early 2021, from which lessons will be learned and applied to a potential permanent course offering. It will be designed as



a virtual course, with the possibility to deliver in-person as the COVID-19 situation changes. 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.

<p><u>Country</u></p> <ul style="list-style-type: none">• Bahamas, Barbados, Saint Lucia and Trinidad and Tobago
<p><u>Region</u></p> <ul style="list-style-type: none">• Caribbean
<p><u>Caribbean Regional Resilience Building Facility component</u></p> <ul style="list-style-type: none">• Regional Technical Assistance Facility to Mainstream Resilience
<p><u>Amount approved</u></p> <ul style="list-style-type: none">• \$300,000
<p><u>Duration</u></p> <ul style="list-style-type: none">• 01/2020 - 10/2021

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