Disaster Risk Financing in Caribbean Overseas Countries and Territories Technical Assistance Program

The objective of the Technical Assistance Program for Disaster Risk Financing and Insurance (DRFI TA) in Caribbean Overseas Countries and Territories (OCTs) is to enhance long term financial resilience to disasters in Caribbean OCTs, to the benefit of the most vulnerable.

The DRFI TA in Caribbean OCTs, launched in 2019, is a partnership between the European Union (EU), the World Bank Group, and the Global Facility for Disaster Reduction and Recovery (GFDRR). The Program is part of the EU-funded Caribbean OCTs Resilience, Sustainable Energy and Marine Biodiversity Program (RESEMBID), implemented by Expertise France, the World Bank Group and GFDRR.

BENEFICIARY COUNTRIES

Anguilla, Aruba, Bonaire, British Virgin Islands, Cayman Islands, Curaçao, Montserrat, Saba, Sint Maarten, St. Barthelemy, St. Eustatius, Turks and Caicos Islands

The DRFI TA is supporting countries in quantifying financial risk, strengthening financial protection and building financial resilience to disasters. This will involve a two-phased approach that results in an individualized plan that accounts for each OCT's specific risks, vulnerabilities and priorities.

PHASE 1: ANALYSIS

- Analysis of disaster risk management (DRM) related legal and public financial management frameworks
- Market overview of domestic non-life insurance
- Assessment of country's financial protection strategies, including existing DRF instruments

PHASE 2: COUNTRY DIALOGUES

- Quantification of disaster risks
- Capacity building based on country's demands and needs
- Identification of recommendations to reduce fiscal risk
- Grant support to implement select recommendations

Financed by: EUROPEAN UNION

Implemented by: WORLD BANK GROUP Urban, Disaster Risk Management, Resilience & Land — GFDRR Global Facility for Disaster Reduction and Recovery

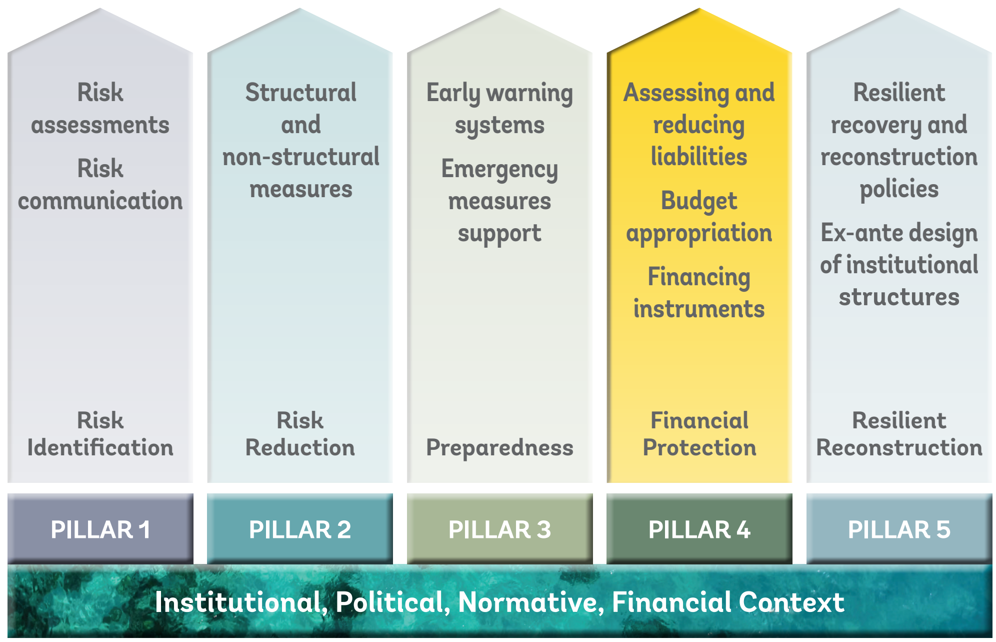
In partnership with: RESEMBID

Disaster Risk Management

Disaster risk management (DRM) is a comprehensive approach that involves identifying threats due to natural hazards and the built environment; analyzing these threats and vulnerabilities; assessing resilience and coping capacities; developing strategies to reduce future risk and disaster losses; and building up capacities and systems to implement proposed measures.*

Within DRM, five strategic pillars guide efforts and ensure that all aspects of risk are addressed. One of these pillars, disaster risk financing (DRF), tackles the financial risk associated with disasters. Through DRM, not every natural hazard has to be a disaster. Through comprehensive DRF, not every disaster has to be an economic shock.

Strategic Pillars of Disaster Risk Management



* Adapted from: Nirupama N. (2013) Disaster Risk Management. In: Bobrowsky P.T. (eds) Encyclopedia of Natural Hazards. Encyclopedia of Earth Sciences Series. Springer, Dordrecht

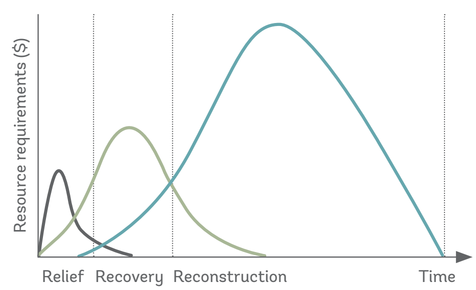
Elements of a Disaster Risk Financing Strategy

The purpose of a DRF strategy is to reduce the economic and fiscal impact caused by natural disasters, whilst being cost-effective. A comprehensive DRF strategy includes the following elements:

1. Adequate legal and institutional frameworks

Comprehensive inventory of public assets	Approved DRF strategy
Collection system for loss and damage data	Streamlined reporting of disaster relief, recovery and reconstruction expenditures

2. Resources that can be made available at various stages of the post-disaster cycle (e.g. relief, recovery and reconstruction)



Source: World Bank

3. Instruments that are complementary, cost-effective and tailored to the types of risks identified in the country