

# Caribbean Multi-Country Office



## WFP's Disaster Risk Finance Strategy for the Caribbean

### ADVOCACY

Partnerships to advocate for holistic, risk-layered financing approaches in countries' risk finance portfolios that consider social protection needs



### ACTION

Technical assistance to governments to make social protection systems more shock-responsive through sustainable risk financing instruments



## Partnership with the Governments of the Commonwealth of Dominica and Belize to link parametric insurance to social protection

Preparedness



Investments in national social protection systems:

- Information management, targeting, delivery mechanisms, coordination, legislation/policy, finance



Subsidize insurance premium in exchange for preparedness investments:

- Policy under the Caribbean Catastrophe Risk Insurance Facility is "topped up"
- One layer of risk financing



Response



Portion of Insurance payouts go to cash transfers to impacted populations:

- Activation of response protocols



Shock occurs:

- Insurance policy is triggered

# Forecast-based Financing in the Caribbean



An innovative approach that uses **weather forecasts to trigger anticipatory actions** and release humanitarian funds **PRIOR** to an extreme event **to reduce the impact** of the impending hazard **on the population**

## KEY ELEMENTS



### Forecast trigger

indicating high probability of extreme weather event; based on multiple factors, including forecasting capacity, hazard type, and the time and cost of AA



### Anticipatory Action(s) (AA)

to be implemented in the window between a forecast and a potential hazard event



### Pre-arranged financing

funds set aside to be used exclusively for the implementation of AA once a trigger is reached, such as emergency/contingency funds and budget lines



### SOP/ AA Plan

outlining the actions, along with the actors, costs, thresholds, triggers, and predetermined funds to be mobilized in anticipation of an extreme weather event

## PRACTICAL STEPS

1

Agree on forecast trigger(s) for tropical cyclones, taking into consideration wind speed, lead time, probability, already existing warning levels

2

Establish cash disbursement mechanism via social protection system; sign letters & agreements beforehand

3

Design and approve AA Plan to access WFP contingency funds prior to a hazard event

4



Monitor forecasts ... trigger reached ... cash disbursement to people at risk ... hazard impact ... lives & livelihoods protected

Preparedness