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Linking Disaster Risk Financing to Social Protection in Saint Lucia

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About the World Food Programme

Reaching nearly 150 million people in over 120 countries each year, the World Food Programme is the world's largest humanitarian organization saving lives in emergencies and using food assistance to build a pathway to peace, stability and prosperity, for people recovering from conflict, disasters and the impact of climate change.

The WFP Caribbean Multi-Country Office works with national, regional and international partners to strengthen the region's resilience to the climate crisis, and other risks. WFP adopts a systems-focused approach as part of its capacity strengthening efforts through research and advocacy, digitalization, human resource development, south-south cooperation, and by investing in critical infrastructure and assets. WFP works with partners to provide direct assistance to populations impacted by shocks when events surpass national and regional capacities.

These investments place the most vulnerable people at the centre of efforts to minimize the combined impacts of climate, economic and other shocks on the Caribbean. WFP Caribbean's multi-country strategic plan supports 22 countries and territories across the English- and Dutch-speaking Caribbean through leveraging its expertise in vulnerability analysis and mapping; end-to-end supply chain management; shock-responsive social protection; food systems strengthening and climate risk financing.

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Executive Summary

Saint Lucia, as a small island developing state, faces significant disaster risk, especially from climate-related hazards. Historical data over the past four decades indicate that Saint Lucia experiences a tropical storm or hurricane on average once every three years. With climate change accelerating, the country's exposure to climate hazards is increasing, posing a threat to its development plans. When shocks occur people endure losses to their assets, livelihoods and well being that can deepen poverty and push non-poor households into poverty. Saint Lucia has recognized these growing risks and is actively developing comprehensive disaster risk management approaches to address them.

Social protection systems already play an essential role in poverty reduction. These systems can also improve disaster risk management by facilitating rapid and predictable assistance to the most vulnerable after disasters. During the COVID-19 pandemic, these systems proved essential for delivering support to affected populations across the Caribbean. It is critical that predictable and adequate financing be available for such efforts. This can be promoted by more strongly linking social protection with disaster risk financing strategies, policies and instruments that address the fiscal impacts and losses caused by hazards and shocks.

Under the Social Stabilization Programme and Economic Recovery and Resilience Plan, the Government of Saint Lucia pivoted to provide targeted pandemic relief through in-kind and financial support to affected populations, including expanding the Public Assistance Programme (PAP). Government of Saint Lucia financed 73 percent of its COVID-19 recovery effort by repurposing existing project funds and mobilizing donor funds. This approach, while effective in the short term, diverts resources from other critical development priorities and risks to long-term sustainability. It highligts the importance of having predictable, risk layered financing options to respond to shocks and disasters and support recovery.

Saint Lucia and other countries in the region are working with development partners, including the World Food Programme (WFP) and the World Bank, to develop more predictable financing for disaster response to address this challenge. Recent investments by the government and partners in social protection have created momentum and a solid base to address gaps, institutionalize good practices, and expand the ability of these systems to respond to a range of climate and other shocks. While risk financing instruments linked to social protection and disaster response are nascent in Saint Lucia and elsewhere in the Caribbean, a range of options and capacities already exist.

This paper provides outlines opportunities to strengthen and institutionalize linkages between disaster risk finance and social protection, building on these emerging efforts and lessons from COVID-19.

Recommendations

Strengthening and institutionalizing linkages between disaster risk finance and shock-responsive social protection in Saint Lucia requires tailoring risk financing approaches to the government's

needs. Several strategic entry points exist where connections between disaster risk finance and shock-responsive social protection are already in development and could be built into existing systems, networks, and capacities. Key opportunities to link non-contributory social protection programmes with disaster risk finance instruments are as follows.

Focus Area 1: Link risk and vulnerability analysis with risk layering and disaster risk finance design

Understanding risk is foundational for risk modelling, defining parameters for triggering financing, and determining the timing, scale of needs, and financial requirements to respond. This paper recommends a risk-layered approach that (1) Prioritizes the most frequent and high-impact shocks to develop financial measures linked to national social protection, based on robust risk and vulnerability analysis and information management systems for risk-informed targeting; (2) Ensures that databases like beneficiary and social registries include indicators on risk and vulnerability and near-poor households; (3) Includes the development of a comprehensive, layered financial framework for scaling-up social protection support; and (4) Support alignment of disaster risk finance strategies with multiple response phases.

Focus Area 2: Systematically link disaster risk finance and social protection

Saint Lucia has a disaster risk finance strategy and there is an opportunity make direct and practical links to social protection. Four specific opportunities to explore and test test have been identified:

- **Sovereign risk insurance:** Continue to refine operational processes to link sovereign risk pools (notably CCRIF SPC coverage) with responses through social protection programmes.
- **Forecast-based anticipatory action:** Test and evaluate the effectiveness of forecast-based anticipatory action specific to social protection responses.
- **Microinsurance:** Support direct linkages between microinsurance schemes and social protection programmes for current beneficiaries and near-poor households.
- **Contingency funding:** Explore the feasibility of activating and mobilizing the Emergency Disaster Fund and Distress Fund.

Focus Area 3: Strengthen foundational capacities and partnerships

Targeting, information management, and delivery and payment processes need to be in place to scale up programmes. Building on social protection responses to COVID-19 and a pilot in response to Hurricane Elsa, the Government and development partners should build core capacities to enable disaster risk finance to be disbursed more effectively through existing systems and social protection programmes. These include:

- Strengthening systems, tools, and processes for shock-responsive social protection.

- Reinforcing coordination and planning among key government stakeholders, including district and community-level actors.
- Linking disaster risk finance to ongoing climate adaptation programmes and early warning efforts.

Focus Area 4: Develop strategies to ensure sustainability of risk layering

While risk layering approaches provide a cost-effective pathway, they require reliable financing beyond short-term support to be sustainable. Levels of coverage, financing cost, and affordability need to be carefully examined to ensure the sustainability of disaster risk finance solutions. WFP could consider the following strategies:

- Integrate and monitor cost-effectiveness in any future pilots linking disaster risk finance and social protection.
- Consider cost-sharing approaches for premium payments in meso and microinsurance schemes.
- Actively pursue support for disaster risk finance linked to social protection from development partners.
- Mainstream disaster risk finance linked to shock-responsive social protection in new programmes and initiatives.

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1. Introduction

Saint Lucia is a small island developing state that is highly exposed to climatic and other risks. Although hurricanes and tropical storms are the most frequently occurring hazards, the island national also faces droughts, floods, and landslides. Over the last four decades, six tropical storms and six hurricanes have impacted Saint Lucia, translating into a probability of impact once every three years. When hurricanes and tropical storms occur, they significantly impact the economy and livelihoods. The annual average loss from hurricanes is estimated at 9.5 million USD or 0.7 percent of the country's Gross Domestic Product (GDP) (World Bank, 2018). However, the average analysis masks the massive burden severe events impose on the economy. For example, in 2010 alone, loss and damage from a single category two hurricane amounted to 43 percent of GDP. On the other hand, the estimated cost from a similar magnitude event in the USA would amount to less than 0.10 percent of its GDP. Climate change is projected to intensify the impacts of climate hazards, impeding development prospects for the country and threatening people's lives and livelihoods.

Shocks, social protection and financing

People living in poverty face disproportionate risks from natural hazards and suffer relatively higher losses. These people tend to depend on lower-quality infrastructure and are vulnerable to food security and health impacts (Hallegatte, 2016). When extreme shocks occur, poor and non-poor households face losses and mpacts, which can push people into poverty who have been living on its margins. Disasters can result in long-lasting and inter-generational adverse welfare outcomes, including reduced incomes, human capital accumulation, and asset accumulation (Caruso, 2017).

BOX 1: IPCC CLIMATE PROJECTIONS FOR A 2-DEGREE CELSIUS WARMING SCENARIO

- Tropical cyclone rainfall rates are projected to increase on the order of 10-15% for rainfall rates averaged within about 100 km of the storm
- Tropical cyclone intensities globally are projected to increase by 1 to 10%
- The global proportion of tropical cyclones that reach very intense (Category 4 and 5) levels is projected to increase

Source: NOAA/GFDL

Strengthening people's ability to meet their immediate needs, quickly recover, and mitigate long-lasting impacts from shocks is critical in the face of risks facing Saint Lucia. Social protection – meaning the public policies and programmes that help address the risks people face throughout their life – already play an essential role in tackling poverty and vulnerability. If these systems are made more shock-responsive, they can reduce the impacts of disasters by facilitating rapid and predictable assistance to those most in need. Governments, international organizations, and development and humanitarian partners are increasingly turning to social protection programmes and the delivery systems underpinning to enable early and rapid response to shocks.

For social protection systems to be shock-responsive, they need predictable resources in order scale up the provision of cash transfers, vouchers, food assistance, services or other support. However, most disaster finance is reactive and mobilized after the onset of the disaster. Post-disaster (or *ex-*

post) finance is more costly than prearranged (or *ex-ante)* disaster risk finance. *Ex-post* finance also limits the ability of government authorities to plan and implement predictable responses to support affected people and communities.

With climate change projected to intensify the frequency and severity of natural hazards and worsen the cost burden of climate shocks, governments need more cost-effective and predictable financing strategies. Recognizing this need, the Government of Saint Lucia adopted a Disaster Risk Finance strategy in 2018, with technical support from the World Bank. While the government has begun implementing this strategy, Saint Lucia's use of risk financing instruments for social protection and disaster response remains nascent. In response, the WFP Caribbean Multi-Country office commissioned Tetra Tech to identify strategies to link disaster risk finance and social protection systems in Saint Lucia.

This report aims to inform dialogue among stakeholders to strengthen and institutionalize linkages between disaster risk finance and social protection. While the term social protection covers both contributory and non-contributory programmes (i.e., social assistance), this paper focuses on non-contributory programmes and the administrative and operational systems that underpin them, given that these are the measures that support the most vulnerable persons.

Methodology

The methodology consisted of a literature review, interviews and analysis. The team conducted key informant interviews using semi-structured inquiry. The parameters were tailored to each informant based on a literature review and initial consultations. Interviews were conducted virtually between with persons from the Ministry of Equity, Social Justice and Empowerment; the Department of Economic Development; the National Emergency Management Organisation (NEMO), Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC), and the World Bank. The literature review covered publically available reports and unpublished documents collated by WFP. Once interviews were completed, the team reviewed feedback and consolidated key themes. The final themes and recommendations in this report were validated through a virtual review session and multiple rounds of document review.

2. Lessons from shock-responsive measures in Saint Lucia and the region

Saint Lucia's social protection system faced significant challenges during the COVID-19 pandemic. The Ministry of Equity, Social Justice and Empowerment administers several non-contributory social protection programmes (see Table 1). Although these programmes cover a limited proportion of the total population, the government introduced several new social assistance programmes to address the impact of the pandemic (see Table 2). For example, under the Social Stabilization Programme and Economic Recovery and Resilience Plan, the government pivoted to provide targeted pandemic relief, utilizing several strategies to deliver in-kind and financial relief to affected populations. As part of these efforts, the Ministry expanded the Public Assistance Programme (PAP) to include approximately 1,000 additional households, an expansion that will continue under the World Bank-supported Human Capital Resilience Project (Government of Saint Lucia, 2020).

TABLE 1: MINISTRY OF EQUITY MAIN SOCIAL ASSISTANCE PROGRAMMES

Programme	Coverage	Target population
Public Assistance Programme (PAP)	3,600 households (approx.)	Proxy Means-Tested Poor & Indigent Households
Child Disability Grant	321 children	Children with moderate to severe disability
Assistance for People Living with HIV	88 People	People living with HIV
Children in Foster Care	183 Children	Need-based

Alongside the health consequences, COVID-19 significantly impacted Saint Lucia's balance of payments. Tourism collapsed, and remittances were reduced. In turn, tax revenues declined while government spending increased to support people who lost income and jobs and to meet increased public health demands. The strain on government resources coupled withincreased expenditures contributed to a significant rise in public debt, from 61.4 percent of general government gross debt to GDP ratio in 2019 to 95.6 percent in 2021 (IMF, 2022). As a result, in the short and medium-term, the economic impacts of COVID-19 will significantly constrain the fiscal space for responding to future disasters.

For the COVID-19 recovery efforts, the government repurposed 73 percent of the funds from existing projects and mobilized donor funds (Government of Saint Lucia, 2020). Repurposing financial resources has put longer-term development plans at risk as resources are reallocated from programmes which are identified as high priority by governments. Limited resources for disaster response means people affected by shocks and disasters may receive less support, which could in turn increase the extend that people need to undertaken measures to meet short term needs that have longer term consequences. For example, a May 2023 CARICOM and WFP survey found that 71 percent of respondents in Saint Lucia had spent savings to meet their food needs in the 30 days before the survey; 54 percent had reduced essential non-food expenditures to meet food needs, and 21 percent sold productive assets/goods to meet food or other requirements (WFP, 2023). These coping strategies could compromise people's future wellbeing, resources and resilience.

Social protection proved to be an essential vehicle for delivering support quickly to populations affected by the COVID-19 pandemic throughout the Caribbean. Across many countries, including Saint Lucia, governments targeted assistance to vulnerable employment sectors such as agriculture, fishing, tourism, and using social protection systems. Governments provided food and direct and indirect income support such as utility relief.

These efforts offer essential opportunities for learning and potential adaptation to a shock-responsive social protection program supported by robust disaster risk finance in the future. Some of the key lessons learned include:

- Utilization of the existing programs and delivery systems was vital for effective response.
- Provision of income support to new target groups most affected by COVID-19 shows the flexibility of the systems.
- Targeting, registration, verification, and enrolment of new and existing recipients based on current processes took longer than anticipated, reinforcing the need for social registry development and harmonization across different programs.
- Robust coordination mechanisms with clear roles and responsibilities are critical for shock-responsive social protection delivery. However, limited coordination between the social protection system and other programmes and government initiatives may have limited the effectiveness of some of the responses.
- Mobilization of resources through the repurposing of projects and coordination with global partners was necessary. However, prearranged financing and triggering mechanisms would be more cost-effective and ensure more timely responses.

TABLE 2: COVID-19 SOCIAL PROTECTION RESPONSES

Shock-responsive Measure	Number Benefic.	Response Type	Phase of Response	Financing Source
Income Support Programme (ISP) for nonNational Insurance Corporation (NIC) contributors who were unemployed due to the impact of COVID-19	4811	Cash transfer	Response	Government
Vertical expansion of the Foster Care, Child Disability Grant and Persons Living with HIV Programmes	583	Cash transfer	Response	UNICEF, WFP
Horizontal expansion of the Public Assistance Programme (PAP) to accommodate up to 1000 households	1000	Cash transfer	Response	WFP and India-UN Development Partnership funded Phase 1
Electricity assistance to poor and vulnerable households for 3- 6 months	6000	In-kind transfer	Response	Government
Educational assistance programme through SSDF targeted students from unemployed families due to COVID-19		Cash transfer	Response	Government through the Saint Lucia Social Development Fund
COVID National Meals Program	19,131 meals	In-kind transfer	Response	Government and Saint Lucia Hotel and Tourism Association (SLHTA)
Distribution of Hygiene Packs/Kits to children in Foster Care and households under the Public Assistance Programme with children	500	In-kind transfer	Response	UNICEF
Distribution of hygiene packages to vulnerable households	4500	In-kind transfer	Response	Republic of Korea
Hurricane Elsa Shock Responsive Social Protection Pilot Project	269	Cash transfer	Response	WFP
Small Grants to Women of the Tourism and Agriculture Sectors: craft vendors and tour guides received cash grants and food vouchers for two months and rural female farmers received a voucher to be redeemed at pre-selected farming equipment stores	110	Cash transfer and in-kind transfers	Recovery	Global Affairs Canada:

Similarly, other Caribbean governments explored innovative means to transfer support to disaster-affected households and individuals using social protection mechanisms and adapting these systems to mitigate the economic impact of shocks on households. Conducting a comprehensive learning review of some of these approaches offers additional insights into maximizing channels available through social protection to deliver assistance. Some of the examples and lessons include:

Pilot top-up of CCRIF Coverage. WFP provided a "top-up" on Dominica's premium for its CCRIF SPC Tropical Cyclone parametric insurance policy. As a result, if the policy is triggered following a tropical cyclone or hurricane, a portion of the parametric insurance payout will be used for immediate cash payments to those directly affected through the national social protection program. The pilot has been implemented in the 2021/22 and 2022/23 policy years and will continue in 2023/24 and 2024/25. The innovative approach promotes a rapid and efficient response by directly linking disaster risk finance with social protection programming.

Flexible Hurricane Protection (FHP). The FHP is a parametric insurance product providing hurricane protection being piloted in Dominica through a mobile wallet. Customers can purchase insurance protection for US$200-$100,000. The wallet also offers a range of financial services, including sending and receiving money, making purchases, and paying bills. The appeal of the FHP approach is its application of technology and digital financial services, which could enable large-scale application, a central requirement for the sustainability of insurance products.

Risk transfer products to support housing and reconstruction. Notable examples of insurance or risk transfer solutions supporting housing and reconstruction exist in the region. For instance, in Trinidad and Tobago, a CCRIF SPC payout went to family assistance through the Social Development Ministry. Assistance was provided in building materials and appliance replacement through a mechanism that moved resources from Social Development and Family Services to selected hardware stores where families could acquire housing materials. The experience in Trinidad and Tobago addressed housing damage, one of the most significant household impacts of tropical storms, especially for poor households.

Catastrophe insurance coverage for microfinance clients. Fonkoze, Haiti's largest microfinance institution, launched mandatory catastrophe insurance coverage for its clients through its Kore W programme in 2011 (Nour & Solana, 2014). The insurance product protected small-scale women traders against the impacts of a large-scale earthquake, flood and wind events. In the event of a shock, clients received an emergency payout of USD125, their loan balances were cancelled, and they could apply for a new loan. The product was suspended in 2012 as it proved to be financially unsustainable due to the very high frequency of payouts. Nevertheless, several lessons can be drawn from this programme, including product design in multi-hazard contexts, the need for multiple layers of financing taking advantage of the benefits of different financial instruments, the role of financial education and training, and equitable premium pricing.

These lessons and experiences can be built upon and advanced in future crises with the help of predictable funding. Appropriate and innovative insurance instruments can provide stable funding for future relief efforts through these mechanisms

3. Opportunities for Financing Shock-Responsive Social Protection

Building on recent lessons, Saint Lucia and other Caribbean states have an important opportunity to strengthen and institutionalize linkages between disaster risk finance and shock-responsive social protection. Saint Lucia already has experience with shock-responsive social protection through its response to COVID-19 and Hurricane Elsa in 2021.

Below, this report outlines recommendations to support Saint Lucia in developing a tailored and strategic approach linking disaster risk finance with social protection. These recommendations aim to help Saint Lucia finance the rapid scale-up of social protection programs more predictably. The report also seeks to help Saint Lucia leverage the capacities of multiple development partners interested in supporting the government with these efforts, including the World Food Programme, other UN agencies, and international financial institutions such as the World Bank.

Focus area 1: Link risk and vulnerability analysis with disaster risk layering and finance design

Since the early 1980s, Saint Lucia has faced disaster losses ranging from USD1.1 million to as high as USD336 million from disaster events (see Figure 2). Carefully planned financial protection strategies are critical to ensure that the government can cover the costs of these events and protect its populations against their impacts. As maintaining cash reserves is neither feasible nor an efficient use of public finance for such a wide range of financial needs, the Government has developed a disaster risk finance strategy. To link this strategy to social protection, we recommend that the government use a social protection-specific risk layering strategy to optimize its disaster risk financing for shock-responsive social protection. Linking risk layering to the in-depth risk and vulnerability analysis will enable the government to design social protection programs that are more effective and predictable to better protect the population from the increasing risks of climate disasters. Building on the existing systems and experiences in Saint Lucia, there are several core building blocks on which to build to further invest in risk and vulnerability analysis, strengthen information management systems to incorporate these risks, and developing a risk layered financing framework for scaling up social protection in response to shock.

1.1 Invest in robust risk and vulnerability analysis and information management systems for risk-informed targeting

Targeting strategies for shock-responsive social protection need to consider how the socio-economic dimensions of poverty and vulnerability interact with the impacts of the shock. In other words, the government needs to identify those most affected and most in need of support because of their limited capacity to weather the impacts. With support from WFP, the Ministry of Equity has developed a vulnerability index inspired by the Dominican Republic's Vulnerability to Climate Hazard Index (IVACC). The index combines the score from the tool used to target PAP eligible households (the SL-NET 3.0) and indicators related to resilience capacities and hazard risks. Further refining this tool will enable the Ministry to identify those households most vulnerable to hazards and in need of assistance when they occur.

Including vulnerability indicators and understanding the impacts of disasters on vulnerability and poverty is critical in developing a targeting approach for response and designing resilience-building measures through social protection. Such data, combined with robust early warning systems, can be used to provide people with assistance before storms hit based on forecasts, triggers and plans. GIS data and livelihoods analysis are also valuable tools for integrating different aspects of risk, exposure and vulnerability into the planning and design of response measures.

Ensure that the social registry includes indicators on risk and vulnerability and near-poor households

While social assistance programs often target persons living in poverty, shocks can result in vulnerable, non-poor households falling below the poverty line. Including in the social registry geo-referenced household information would be valuable for planning response measures to persons not part of programmes and putting appropriate measures in place. It will always be critical to complement such data with data collection following shocks to ensure that all of those who are vulnerable and in need are identified. Social Transformation Officers and District Disaster Committees will continue to be instrumental assessing and identifying impacted people.

1.2 Prioritize the most frequent and high-impact shocks to develop financial measures linked to national social protection

Saint Lucia experiences a range of hazards. Hurricanes, tropical storms, and floods are the most frequent, costly, and impactful shocks. Over the period 1980 to 2021, tropical storms and hurricanes accounted for 75 percent of the major disasters in Saint Lucia. The damage from hurricanes and tropical storms are also more significant by orders of magnitude than other hazards such as landslides, earthquakes, or droughts. For example, in 2010, Hurricane Tomas caused USD336 million in damage, and in 2021, Hurricane Elsa resulted in USD34 million in damage (St. Lucia Times, 2021).

These hazards impact significant numbers of people. Hurricane Tomas affected 148,000 people, approximately 85 percent of the country's population. Beyond damage to property and assets, the

loss of income these hazards cause creates a need for immediate response measures and significant investments in recovery. Immediate response and recovery can be supported through shock-responsive social protection measures alongside broader efforts.

Efforts to link disaster risk finance and shock-responsive social protection should be prioritized for hurricanes, tropical storms, and flood events, given their frequency and magnitude of impact, While there are opportunities to connect disaster risk finance and social protection for other hazards (e.g., droughts, pandemics), focusing first on the most significant will likely yield greater results.

1.3 Develop a comprehensive, layered financial framework for scaling up social protection support

One of the distinctive features of a shock-responsive social protection system is the ability to scale up support based on need, which requires flexibility in implementation. Scale-up scenarios can be predefined for response measures to be predictable and timely. Linking these scenarios to a social protection-specific risk layering strategy allows governments to plan the use of a range of different disaster risk finance strategies to address these scenarios (see Table 3).

Consider risk transfer instruments for “extreme impact” and “high impact” scenarios

Risk transfer instruments are intended to help ensure that large expenditures can be met for infrequent but costly needs. For example, over the past forty-one years, one disaster event caused damage of more than XCD400 million (the threshold used for "extreme impact"), with a probability of 2.5 percent per year. Catastrophe bonds and sovereign insurance may be the most appropriate instruments for this magnitude event. Similarly, risk transfer instruments at the macro, meso, and micro-level (e.g., CCRIF SPC, COAST) and contingent credit (e.g., Development Policy Loan with a Catastrophe Deferred Drawdown Option (Cat DDO) are typical for managing high-impact events. If a risk finance mechanism was designed to trigger during "extreme-impact" and "high-impact" events, it would have been activated four times over the past forty-one years. A catastrophic event of *"extreme-impact" or "high-impact"* magnitude is likely to affect the majority of the population. While some people have adequate resources to cope, many people will need government support for basic needs and to begin the recovery process. An event of this magnitude means a significant expansion of social assistance programmes will be required. In addition, current and already highly vulnerable beneficiaries in social protection programmes are likely to face additional hardships and require additional support.

Experiences in the region help draw assumptions for a scale-up scenario. For instance, in response to the category 5 Hurricane Maria, which qualifies as an "extreme-impact" event, payments to affected households were made in Dominica by horizontally expanding the Public Assistance Programme, adding nearly three times more beneficiaries. Assuming a similar level of expansion of the PAP (i.e., adding three times more household beneficiaries for a period of three months) with a transfer value of XCD340[1] and an XCD200 top-up for current PAP and other social protection programme beneficiaries, the estimated scale-up cost would be approximately XCD13.5 million (see Table 3 for more detail). For a “high impact” event, expanding the PAP by twice the number of

[1] The XCD340 is based on the PAP transfer amount for a three-member household of XCD340 topped up with XCD200

beneficiaries 200 percent with a transfer amount in the range of XCD340- and an XCD200 top-up for existing beneficiaries is estimated to cost approximately between XCD9.8 million.[2]

TABLE 3: RISK LAYERING FRAMEWORK FOR SHOCK RESPONSIVE SCALE-UP

Event Category	Typical Risk Layering Options	Scale-up Scenario				
		Social Protection Programme	Number of benef	Avg monthly transfer (XCD)	Months	Estimated Transfer Costs (XCD)[3]
Extreme impact	Catastrophe Bonds, Sovereign Insurance, Reinsurance, Development partners	PAP Vertical expansion (households)	3,600[4]	200[5]	3	2,160,000
		PAP Horizontal expansion (x3) (households)	10,800	340[6]	3	11,016,000
		Vertical Expansion of the Foster Care, Child Disability Grant, and Persons Living with HIV voucher	583[7]	200	3	349,800
		Extreme impact total estimated scale-up cost				**13,525,800**
High impact	Sovereign Insurance, Meso/Micro insurance, Contingent Credit, Development partners	PAP Vertical expansion (households)	3,600	200	3	2,160,000
		PAP Horizontal expansion (x2) (households)	7,200	340	3	7,344,000
		Vertical Expansion of the Foster Care, Child Disability Grant, and Persons Living with HIV Programmes (households)	583	200	3	349,800
		High impact total estimated scale-up cost				**9,853,800**
Moderat impact	Meso/Micro-insurance, Contingent Credit, Reserves/Disaster Funds	PAP Vertical expansion (households)	3600	200	2	1,440,000
		PAP Horizontal expansion (x0.5) (households)	1800	340	2	1,224,000
		Moderate impact total estimated scale-up cost				**2,664,000**
Low	Contingency Funds, Budget Reallocation	PAP Vertical expansion (households)	3600	200	2	1,440,000
		Low impact total estimated scale-up cost				**1,440,000**

Use risk-retention instruments for "moderate-impact" and "low-impact" events

Risk retention is a financial strategy of planning for the regular expected costs of smaller, less costly shocks. In Saint Lucia, tropical storms and hurricanes dominate these "moderate-impact" events, with one reported loss caused by landslides. Based on the available historical data, in the aggregate, events in this category occur once every seven years and affect fewer people. These events may be better financed through risk retention mechanisms such as disaster funds or contingent credit,

[2] Note the scale-up costs presented here are conservative estimates for illustrative purposes. Actual scale-up costs could be much higher depending on the transfer amounts, number of beneficiaries, and length of support.
[3] Costs exclude operational costs to manage transfers.
[4] This is the total number of existing PAP beneficiary households
[5] This value is equivalent to the highest top-up amount applied for vertical expansion in COVID-19 response
[6] This is equivalent to the PAP transfer amount for a three-member household
[7] Total current number of beneficiaries across Foster Care, Child Disability Grant, and Persons Living with HIV Programmes

given their relatively low damage (XCD15-100 million). A modest expansion of the PAP by 50 percent with a transfer amount of XCD 400-540 would cost between XCD972,000 and XCD720,000. On the other hand, budgetary reallocation may be best suited for "low impact" events with less than XCD15 million reported damages.

Balance cost, frequency, and household needs in scenario development

Three primary factors determine the cost of scale-up: the number of impacted persons needing support, the duration of support, and the transfer value of cash transfer support. The second two should be based on people's needs, but available resources are also a reality. A typical entry point for establishing the transfer value is a minimum expenditure basket (or the poverty line) or a food basket (or indigence line). For example, the 2016 Survey of Living Conditions established the monthly poverty line of XCD537 and an indigence line of XCD177 per capita (about XCD340 per month for a household of three).

Compare scenarios with current risk finance instruments to assess the gaps

Using this risk layering framework and the scenarios developed here, the government can determine the gaps in disaster risk finance for shock responsive social protection. For instance, the CCRIF SPC policy triggered a payout of USD3.24 million following hurricane Tomas in 2010. Over a period of 3 months, this payout would have covered about 32 percent of the financing needs of a 200 percent scale-up of PAP beneficiary households. Among the financing options outlined in the below table are disaster risk financing measures from international financial institutions and financial support from international development partners, including UN agencies such as WFP and UNICEF. Both channelled financial support through Saint Lucia's social protection programmes in response to COVID-19 and have done so in response to disasters in Saint Vincent (volcanic eruption) and Dominica (Hurricane Maria).

Align disaster risk finance strategies with multiple response phases

In line with the national disaster management policy framework, risk finance instruments should be aligned with multiple response phases or windows to apply disaster risk finance strategies in social protection effectively (Government of Saint Lucia, 2009). Typical risk layering strategies can be unidimensional and only consider the aggregate cost of losses from a disaster event. However, we know that household needs change over time as households first deal with the immediate aftermath of a disaster and then try to recover and return to normal. Response phases provide a structure for linking disaster risk finance with specific responses tailored to the needs of households as they move through this process of response and recovery. This framework can also help practitioners design sequenced triggers for action and finance using different early warning and assessment tools. Table 4 below outlines response phases and illustrates their use to align triggers, finance, and programme actions. Adding this dimension to the risk layering process will also provide a framework to integrate forecast-based anticipatory action finance, ex-ante risk finance (e.g., CCRIF, meso/micro-insurance), and ex-post risk finance (e.g., appeals) in mutually supportive and programmatically effective combinations

TABLE 4: ACTIONS AND INSTRUMENTS BY RESPONSE PHASE

Response Window	Anticipatory Action	Early Action / Response	Response / Short Term Recovery	Longer-term Recovery
Timeframe	Depending on the hazard, several months (drought) to days (hurricanes) before the onset/peak	0 to 1+ month after onset	1-6 months after onset	6-12+ months after onset
Trigger approach	Triggered before impact, based on predefined forecast probabilities or thresholds, taking into consideration, among others, past hazard events and impacts, lead times, actions and forecasting capacity	Triggered by shock/based on rapid assessment (e.g., an insurance payout is triggered if a predefined rainfall amount or wind speed is reached)		Transition shock/based on a detailed assessment
Illustrative finance mechanisms	Anticipatory Action Funds, Contingent Finance	Contingent finance, rapid response funds, insurance (CCRIF, LPP, COAST)	Contingent finance, rapid response funds, insurance (CCRIF, LPP, COAST), Appeals	Contingent finance, rapid response funds, insurance (CCRIF), Appeals
Sample actions	Moving forward payments of existing programmes, vertical top-ups, horizontal expansion, early warning messages, distributing drought-tolerant seeds, , initiating a shock-responsive process	Top-up for people who are part of existing programmes or pre-identified; identification of impacted persons	Horizontal expansion of PAP or similar measures to reach new people with cash transfers	Tailored livelihood support, employment recovery measures, and referrals to existing social assistance programmes

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Focus area 2: Systematically link disaster risk finance and social protection

Saint Lucia's disaster risk finance Strategy developed with the World Bank recommends enhanced management of contingent liabilities related to social protection (World Bank, 2018). However, concrete links have yet to be made between disaster risk finance instruments and social protection responses. Implementing pilots to explore different approaches will help evaluate technical and operational feasibility. Piloting will also inform the design of the risk layering and disaster risk finance instruments and help develop the knowledge base to inform measures elsewhere in the Caribbean. Therefore, we recommend establishing a "proof of concept" linking the following four disaster risk finance instruments with response measures through social protection systems.

2.1 Test and evaluate the effectiveness of anticipatory action

Anticipatory action aims to reduce the impact of disasters by activating actions based on forecasts or early warning information. For example, in 2020, WFP implemented forecast-based cash transfers in Bangladesh four days before a flood. Beneficiaries used the transfers to meet immediate needs like food and medicine, protect assets, and facilitate evacuation for vulnerable family members. An impact evaluation shows that cash transfer recipient households had significantly higher food consumption and child wellbeing three months after the flood than households that did not receive the cash transfer. Similarly, in Ethiopia, an anticipatory action programme for drought was activated following a below-average rainfall forecast for the March-May 2021 rainy season. The analysis shows that 95% of assisted people used the early warning info provided to make decisions on how to cope with the impending drought. Further, over 95% of assisted people used the cash within the first 30 days of receiving each transfer. Most of the cash was spent on food needs, repay loans and livestock. The evaluation also highlighted that a combination of cash and early warning information was more impactful than cash only (WFP, 2022).

Maturity of early warning systems, forecasting tools used, capacities of National Meteorological Services, as well as government disaster risk management structures differ across countries and contexts. The implementation of an anticipatory action mechanism therefore necessitates a thorough analysis of country-specific preconditions and factors. In 2023, a series of discussions and consultations were conducted with the Government of Saint Lucia to explore key elements for anticipatory action, recognizing the specific considerations of a small island state. As a result, WFP is partnering with the government to implement an anticipatory action programme linked to social protection systems to mitigate the impacts of hurricanes during the 2024 Atlantic Hurricane Season.

Depending on the ministry or sector concerned, several pre-disaster activities could be activated before an event onset to minimize the impact of disasters on households and communities. Forecast information provided by the Saint Lucia Meteorological Services on a monthly basis to the Flood and Drought Committee (consisting of government and private sector representatives) could trigger sector-specific preparedness actions to mitigate impacts, such as the activation of community disaster committees, prepositioning of supplies, or safeguarding of assets. Forecast-based triggers could also be used to activate advance payments or voucher assistance, provide top ups to already existing social protection beneficiaries, or expand vertically to persons at high risk but outside of existing systems. This ideally requires a social registry which covers beneficiary and non-beneficiary households alike.

Short lead times for forecasting tropical storms, hurricanes, and trough systems, as well as rapid intensification or change of tracks within hours, present significant technical challenges for integrating forecast-based trigger mechanisms into disaster management and social protection structures. However, there have been improvements in forecasts. For example, the Atlantic basin five-day hurricane forecasts are improving in projecting the intensity and the tracks for these systems (Wilkinson et al., 2021). In 2023, the NOAA National Hurricane Centre expanded their forecast products to include a seven-day outlook and analysis. Regional and international organizations have also strengthened impact-based forecasting and early warning systems for extreme events (Rahat, 2020). In addition, CDEMA has made substantial progress in developing the

Geospatial Component of the Caribbean Risk Information System (GEOCris). Under the World Meteorological Organization's Systematic Observations Financing Facility, WFP has partnered with GeoSphere Austria to strengthen the observation and forecasting capacities of the National Meteorological Service in Saint Lucia These developments provide a vital opportunity to test and evaluate the technical feasibility of forecast-based triggers for hydrometeorological events in Saint Lucia.

In addition to implementing the pilot programme, undertaking cost-benefit analysis would be important to evaluate if the benefits of acting based on forecast information outweigh the costs of inaction and to make the economic case for anticipatory action in Saint Lucia.

2.2 Directly link sovereign risk pools (CCRIF SPC policy) with social protection programmes

Saint Lucia is a Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC) member. CCRIF SPC provides parametric insurance where a payout occurs if specific parameters such as wind speed or rainfall amounts are reached. The Government of Saint Lucia has coverage for high-intensity tropical cyclones, excess rainfall, and earthquake events at an annual premium of 2.42 million USD (World Bank, 2018). The government received $8,249,859 in payouts from CRIFF SPC triggered by an earthquake and tropical cyclone events (see Table 5).

According to the CCRIF SPC annual report, about 63 percent of CCRIF payouts are used for immediate post-event activities by member countries (CCRIF SPC, 2020). The remaining 37 percent is allocated for long-term infrastructure work, risk mitigation, and support to specific sectors like agriculture. There are no specific data on CCRIF SPC payouts for social protection programming in Saint Lucia, though payouts received in 2016 were used to support farmers and the agricultural sectors.[8] CCRIF SPC payouts are allocated to cover different priorities following disasters, with the Ministry of Finance responsible for allocating the funds to other ministries. However, the government is already taking measures to make concrete linkages between disaster risk finance instruments and social protection systems

TABLE 5: PAYOUTS RECEIVED BY THE GOVERNMENT OF SAINT LUCIA

Date	Policy/Event	Payout (USD)
November 2007	Earthquake	418,976
October 2010	Hurricane Tomas	3,241,613
September/October 2016	Hurricane Matthew	3,781,788
September 2017	Hurricane Maria	671,013
July 2021 (Aggregate Deductible Cover[9])	Hurricane Elsa	136,469
Total		8,249,859

SOURCE: CCRIF SPC, 2020

[8] Key informant interviews

[9] ADC is a CCRIF policy feature that is designed to provide a minimum payment that are not sufficiently severe to trigger a CCRIF policy but cause substantial damage

In 2023, WFP provided financial support to the Government of Saint Lucia towards the existing CCRIF SPC Tropical Cyclone coverage. If the policy triggers, a portion of the payout will be allocated to be used to deliver cash assistance to vulnerable impacted populations through social protection systems. The government has also developed procedures which define the flow of funds from CCRIF SPC to the government and from the government to impacted persons. Cash transfers are the chosen modality as they are practical and flexible in supporting people to meet their immediate needs following the impacts of a disaster. A vital component of the partnership is the continued commitment of the government to strengthen preparedness investments as it relates to social protection, which would make them more responsive to shocks.

With technical support from WFP, the Ministry of Equity has developed standard operating procedures (SOPs) for shock-responsive social protection. These procedures will enable more effective and predictable payouts to respond to immediate and short-term recovery needs, whether the interventions used are cash or in-kind. Furthermore evidence on shock-responsive measures and processes implemented in Saint Lucia provides the basis for advocacy by the Ministry of Equity for continued channelling of CCRIF SPC resources for social protection programming. Sharing this evidence could be one element of strengthening ex-ante coordination, planning, and dialogue between government ministries on the use of CCRIF SPC resources.

2.3 Support direct linkages between microinsurance schemes and social protection programmes.

Two microinsurance schemes are operational in Saint Lucia. The first is the Livelihood Protection Policy (LPP), a parametric microinsurance product that protects vulnerable individuals (small farmers, fisherfolk, seasonal tourism workers) against strong winds and excessive rainfall. The Caribbean Ocean and Aquaculture Sustainability Facility (COAST) is the second microinsurance initiative piloted in Saint Lucia. COAST is designed to protect the livelihoods of fisherfolk. COAST provides parametric insurance coverage against adverse weather and tropical cyclone events, protecting both asset losses and livelihoods interruptions. Unlike LPP, the government is COAST's policyholder, and tracking mechanisms are put in place to ensure funds are disbursed directly to beneficiaries (CCRIF SPC & World Bank, 2019). Flexible Hurricane Protection (FHP) is another unique product in the region that protects against hurricanes. More direct linkages between existing meso and microinsurance schemes and social assistance programmes could be created by:

Improving existing products

Key informants indicated that the low uptake for LPP resulted from past basis risk experiences that undermined confidence in the product (Marzi et al., 2020). Exploring improvements and tailoring products for specific livelihood needs would be important for future success. In line with a risk layering framework, meso and microinsurance products could be tailored for the middle layer (higher frequency - lower-intensity disasters). This layer may not be severe enough to trigger a CCRIF SPC payout but still cause substantial damage.

Subsidizing or incentivizing products and link to resilience support

Linkages with LPP, COAST, or a Flexible Hurricane Protection scheme could be developed through direct premium subsidies for existing beneficiaries of social assistance programmes. For a more

substantial impact, premium top-ups could complement resilience-building activities. For instance, the government could pilot an "emergency preparedness for insurance" programme where premium support is conditioned on beneficiaries completing an emergency preparedness plan for their household or combined with livelihood support tailored to risks (e.g., related to agriculture).

2.4 Explore the feasibility of activating and mobilizing the Emergency Disaster Fund and Distress Fund

Since the 1980s, Saint Lucia has experienced seven disasters with less than USD 5 million in damage. Although these disasters have limited impact compared to intensive (high severity, medium-to-low frequency) risks, their impacts can be substantial for those affected. Evidence suggests that accumulated losses from small and recurrent events are as high as 42 percent of total economic losses in low- and middle-income countries (UNISDR, 2015).

Using risk transfer instruments like insurance for lower intensity, more frequent risks can be expensive. Other risk finance tools such as contingency or reserve funds are typically more cost-effective. However, a contingency or reserve fund for disaster risk management is not functional in Saint Lucia. The Disaster Risk Management policy framework includes a dedicated Emergency Disaster Fund (EDF), which has yet to be operationalized (Government of Saint Lucia, 2009). To take a layered approach to disaster risk finance, we recommend activating and mobilizing the EDF, including using it as a vehicle to support response actions through social protection.

Similarly, a new "distress fund" equalling USD 1 million per year is proposed in the government budget for capital project recommendations. The purpose of the distress fund is to provide support to citizens on a need-by-need basis. One opportunity is creating linkages to the distress fund through a social protection referral process where individuals facing idiosyncratic shocks (e.g., house burning down) are referred to the fund.

Focus area 3: Strengthen foundational capacities, systems, and partnerships

Fundamentally, disaster risk finance tools provide resources at a predefined time when pre-set conditions occur, maximizing the speed and efficacy of measures to deliver assistance when disasters occur. However, for the delivery of these resources to be impactful, they must be disbursed through an effective operational system and a realistic, collaborative pathway to sustainability. As highlighted in the WFP and Oxford Policy Management (OPM) case study for Saint Lucia, social protection systems need to be prepared to respond to shocks.[10] Specifically, the systems need to be strengthened by tailoring targeting, registration, delivery, and payment mechanisms to scale up and respond to disasters.

3.1 Strengthen systems, tools and processes for shock-responsive social protection

Areas for strengthening and preparing for effective shock responsive measures, coordination, and programming are outlined in detail in the SOPs for shock responsive social protection to standardise the process and close any operational gaps in its shock responsive social protection system. The document presents mechanisms and procedures to facilitate coordinated, coherent and complementary support from multiple government agencies for strengthening systems and programs for shock-responsive social protection. IThere are multiple practical entry points for strengthening systems and processes related to disaster risk finance.

One area is building on the shock-responsive social protection SOPs through annual reviews and potentially simulations. This would enable the document to be up to date on roles and responsibilities, tools and processes to operationalize social assistance programmes, particularly cash transfers to respond to shocks. In addition, as noted earlier, including risk-related indicators in when collecting data for inclusion in social assistance would be extremely valuable for the planning and targeting of future responses through social protection. The vulnerability index devleoped by the Ministry of Equity with the support of WFP provides a foundation for integrating risk indicators into the registry process. An important next step is refining it and including functionality in the future social registry to enable analysis that combines poverty, vulnerability and exposure to hazards.

The Ministry of Equity should engage with the Met Services and NEMO to generate triggers for shock-responsive action, based on existing early warning systems. Working together on early warning systems and linked activities strengthens coordination across this critical area. The data and analysis from these systems can also be used to map hazards and identify the most vulnerable households. The government and development partners could develop risk quantification strategies that can be used to determine the most appropriate disaster risk finance instruments and define triggers for action.

3.2 Reinforce coordination and planning at national, district and community levels

Key informants highlighted the importance of strengthening coordination among the critical institutional stakeholders for social protection, disaster risk finance and disaster preparedness and response. The reinforcement of coordination and communication between NEMO, Ministry of Equity and Ministry of Finance is critical, specifically in strengthening operational processes and decision-support inputs for expanding social protection in response to shocks, setting targeting criteria and quantifying the financial need to be covered by disaster risk finance instruments.

In addition, coordination can be strengthened between various ministries and bodies involved in the wide range of social protection measures used in response to shocks (e.g., subsidies, social security), including the Ministry of Equity, the Ministry of Education, the Ministry of Planning, the Ministries of Agriculture and Tourism, and the NIC. These institutions participated in various relief activities in response to the COVID-19 pandemic. In addition, the involvement of livelihood and infrastructure-focused institutions, such as the Department of Agriculture, Fisheries, or Housing, is essential,

particularly when creating linkages with meso- and micro-insurance mechanisms. One potential opportunity would be convening a discussion on lessons learned from the COVID-19 response measures to encourage exchange and identify synergies.

3.3 Link disaster risk finance to ongoing climate adaptation programmes and early warning efforts

There is significant technical overlap between the systems requirements and data components of early warning systems and disaster risk finance mechanisms. For example, parametric insurance mechanisms need robust climate data sets, and seasonal agricultural monitoring requires reliable seasonal climate forecasts. Strengthening the foundation for climate services is critical to enabling anticipatory or forecast-based early action mechanisms to be developed. Development partners can invest in creating specific linkages to disaster risk finance and shock responsive social protection efforts through climate-oriented capacity building and technical support. Much of this work is already integrated into national adaptation planning and climate finance processes, creating opportunities to accelerate the implementation of improved shock responsive social protection and disaster risk finance mechanism. Some recommendations include:

The government and development partners should work together to harmonize and integrate national climate change policies and plans (e.g., National Determined Contributions, National Adaptation Plan) with the disaster risk financing strategy. These links will provide significant policy coherence benefits and facilitate better connections between climate finance sources and the implementation of the strategy.

Saint Lucia is among the first countries with a functional five-year pathway for resilience, guided by key policy frameworks and approaches to reduce vulnerability. The pathways include adaptation measures for eight sectors, tourism; water; agriculture; fisheries; infrastructure and spatial planning; natural resources management; education; and health. Strategies to link disaster risk finance to social protection should align, reinforce, and leverage opportunities presented within these frameworks and sector-specific policies to connect shock responsive social protection to climate vulnerability and industry-specific adaptation and resilience measures.

Momentum is growing globally and in the Caribbean on how SIDS and other countries impacted by climate change and access funds to address loss and damages. Social protection could be a key instruments for governments to support persons to whose livelihooods have been impacted. The government and development partners should advociate for social protection to be part of the loss and damange agenda and for Saint Lucia to have access to climate finance to reduce loss and damage in line with the UNFCCC Loss and Damage Work Programme.

Focus area 4: Ensure the sustainability of the risk layered approach

There is a trade-off between developing a risk financing approach linked to comprehensive social protection and the cost of sustaining it. While risk layering approaches provide a cost-effective pathway, they require reliable financing beyond short-term support to be sustainable. Risk transfer

options can require high premiums to offer comprehensive coverage for frequent events. At the same time, unaffordable products suppress demand and limit insurance uptake. Levels of coverage, financing cost, and affordability need to be carefully examined to ensure the sustainability of disaster risk finance solutions.

4.1 Integrate and monitor cost-effectiveness in any future pilots linking disaster risk finance and social protection

Saint Lucia is on the forefront of linking disaster risk financing and social protection. There is a great opportunity on how learning, documentation and monitoring of these experiences can inform their evolution in Saint Lucia and the efforts of other governments and development partners in the Caribbean. Key areas to document are lessons on systems/processes, value for money, speed of responses, the effectiveness of different instruments, sustainability, and monitoring outcomes and processes related to the provision of support to persons. The research agenda could be structured across response phases and risk layers to generate a compelling body of policy-relevant evidence more quickly. For example, a thorough actuarial analysis is vital to model the risk and assess risk transfer instruments' short, medium, and long-term financial viability. Specific cost-benefit analyses need to be conducted that take into account the particular circumstances of Saint Lucia. A cost-benefit analysis is essential for making the case that disaster risk finance is cost-effective and more affordable, given the tight fiscal constraints of government budgets of small island states. Finally, improved cost-benefit and cost-effectiveness analyses can provide evidence to help secure financing through climate finance and other facilities.

4.2 Consider cost-sharing approaches for premium payments in meso and microinsurance schemes

While premium financing may be considered for the poorest households, a cost-share approach could be appropriate for highly exposed, better-off households. Experiences in other countries suggest vulnerable but non-poor families reap the highest benefit in microinsurance schemes. Theoretical models also indicate that targeting vulnerable households that absorb a portion of the premium costs minimizes poverty in future generations (World Bank, 2015). The LPP offers an individual or group policy where beneficiaries or institutions bear the premium cost. In theory a group policy structure can be linked with social protection programmes by using livelihood analysis to identify vulnerable groups, which could be informed my livelihoods analysis WFP supported. Investment in product design and close collaboration with the insurance industry is vital to ensure the affordability of products as co-financing is phased out. Another approach could be to create incentives for the private sector (SMEs, cooperatives, creditors) to finance premiums, for instance, by guaranteeing loan repayments in their portfolio in the event of a shock.

4.3 Actively pursue support for Disaster Risk Financing linked to social protection from development partners

The government should continue working with development partners to strengthen its capacity to access climate finance resources, including premium subsidies through global commitments. The Green Climate Fund (GCF) is one of the primary sources for funding climate adaptation

programmes. In addition, several facilities are dedicated to supporting risk financing-related programmes. For instance, the German Government's InsuResilience Solutions Fund provides grant-based co-funding of up to Euro 2.5M to develop innovative and sustainable risk insurance products.

Similarly, InsuResilience Investment Fund (IIF) Premium Support Facility and IIF's Technical Assistance Facility support catalyse meso and microinsurance uptake. World Bank's Global Risk Financing (GRiF) facility is a fund dedicated to strengthening existing disaster risk finance initiatives or catalysing new ones. Support through GRiF includes premium financing, contingency financing, and technical assistance. The government can work with development partners to pursue these and similar facilities' resources by co-designing eligible programmes and building capacity and systems.

4.4 Advocate to mainstream disaster risk finance linked shock responsive social protection into new national programmes and initiatives

New programmes and initiatives related to climate, resilience and early warning should make links to social protection where opportunities exist. Mainstreaming is more realistic in new initiatives at the proposal or start-up phase. For instance, the "Green Affordable Housing for All" project, which was under development for GCF for funding, has components that could link to disater risk and social protection. Similarly, the Country Financing Roadmap, an initiative of the government and the World Economic Forum, identified piloting the Blue Recovery Hub among its strategies, including developing and implementing innovative financing mechanisms and instruments for effective and fast recovery (World Economic Forum, 2021). New strategies, policies, programmes and roadmaps will be developed over time related to economic development, climate finance, climate adaptation, social protection, early warning systems, disaster risk management, resilience and similar areas, the Ministry of Equity should advocate for incorporating an appropriate role for shock-social protection and financing so that these strategies ultimately can benefit persons most vulnerable to the impacts of disasters and climate change.

4. Conclusion

It is anticipated that the frequency of intense disasters in the Caribbean will increase due to the effects of climate change. To assist the most vulnerable and impacted populations in meeting their daily needs during crises, governments should prioritise predictable financing mechanisms. Access to adequate and predictable financing, coupled with robust national systems and processes capable of translating financial resources into effective support to those who are impacted is imperative.

The Government of Saint Lucia and WFP have been exploring these linkages since the 2023 Atlantic Hurricane Season. They have adopted an innovative approach by enhancing the coverage of the existing CCRIF SPC Tropical Cyclone Policy. A portion of the payout from this policy is designated for cash transfers through national social protection systems.

The government's commitment to establishing an Anticipatory Action Programme linked to national social protection systems in place by the 2024 Atlantic Hurricane Season, is further evidence of the importance of linking disaster risk financing to social protection. Strengthening both areas are critical for effective and efficient preparedness.

The finalization of the vulnerability index and strengthening of the preparedness investments related to social protection (targeting, coordination, delivery mechanisms, policy and information management) will allow for the social protection processes to function effectively both under normal circumstances and during shocks. More closely aligning disaster risk finance instruments with social protection as part of a risk-layered approach is critical to ensure timely and targeted support to those most in need when shocks and disasters of various scales occur.

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World Food Programme

Caribbean Multi-Country Office

UN House, Marine Gardens, Christ Church Barbados – T +1 246 467 6000

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