Commonwealth of Dominica

DISASTER RISK FINANCING STRATEGY

MARCH 2022

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1. Background Note

1.1 **The Commonwealth of Dominica is highly vulnerable to natural hazards, climate impacts, pandemics, endemic health concerns, and other exogenous economic shocks which highlight the need for flexible disaster risk financing (DRF) instruments and approaches.** The most common and historically significant natural hazards in Dominica are hurricanes and tropical cyclones. Like most of our Caribbean neighbors, Dominica is exposed to a high level of risk due to multiple hazards arising from meteorological (high wind, excess rainfall, sea-level rise, and hurricanes) and geophysical events (earthquakes, volcanoes, and tsunamis). Due to the island's geographical location within the Atlantic hurricane belt, weather events such as high winds, excess rainfall, and hurricanes have strong negative impacts on the population and economy, often of extreme magnitude with devastating effects. This is confirmed by the Emergency Events Database (EM-DAT), which shows that between 1900 and 2018, losses from hydro-meteorological disasters (mainly tropical storms) were estimated to be over EC$5.98 billion. More recently, total damages and losses from Tropical Storm Erika in 2015 were estimated to be EC$1,312 million (or 90 percent of Dominica's GDP). Similarly, the Post-Disaster Needs Assessment (PDNA) of Hurricane Maria in 2017, concluded that it had resulted in total damages of EC$2,529 million and losses of EC$1,038 million, which amounted to 226 percent of Dominica's GDP.

1.2 **The quantification of fiscal risks linked to disasters is the first step in devising a cost-effective DRF strategy. On average, in the long term, Dominica would need to cover losses of approximately EC$81.5 million annually—5.1 percent of 2019's gross domestic product (GDP)[1]—to address contingent liabilities related to floods and hurricanes.** According to data from the World Bank's 2021 Country Disaster Risk Profile for Dominica, hurricanes and earthquakes cause an average annual loss (AAL) of EC$61 million over the long term, or 3.6 percent of GDP. Hurricane damage to public and private building infrastructure alone will amount to EC$53 million on average for each year over the long run. For any given year, Dominica has about a 1.0 percent probability of government losses exceeding EC$1,236 million, that is, 76 percent of GDP in realized contingent liabilities due to damages, which could take the form of relief expenditures, lost revenue, road and bridge reconstruction, public school and hospital reconstruction, or any other relief or reconstruction expenditure that the government is responsible for after a disaster, in addition to providing financial assistance to citizens who sustained losses of property or livelihood.

1.3 **In addition to predictable losses related to hydrometeorological events and AALs of EC$5.4 million from earthquakes, Dominica faces much less predictable but still catastrophic risks from volcanic impacts, tsunamis, health emergencies, and other exogenous shocks.** This requires any financial response strategy to be flexible and responsive and build on existing robust data systems and financial processes. As of August 2021, hundreds of COVID-19 cases have put a strain on health care and social support, while impacts on tourism triggered a decline in government revenues and increased demand for income support.

1 2019 GDP, US$596 million, The World Bank

2. Objectives of the Strategy for Disaster Risk Financing

2.1 **The primary objective of this DRF Strategy is to strengthen the ability of the Government to assess, reduce and manage fiscal risk associated with disasters.** This objective will be achieved through the short, medium, and long-term development goals and strategic priorities described in Section V and informed by international good practices in DRF. The development goals and strategic priorities have been developed through consideration of national priorities and a multi-year quantitative and qualitative analysis of gaps in (i) the Government's current approach to financing disaster risk; (ii) public financial management (PFM) systems; and (iii) the domestic insurance market. Supported by various international and regional organizations, the Government will work with public entities to implement the development goals, strategic priorities and key activities presented in the following sections. The Strategy is also intended to be a living document that will be updated regularly, as needed.

3. Alignment with Existing Policies and Government Priorities

3.1 **The DRF Strategy aligns with the Disaster Resilience Strategy (DRS) formulated by the Government with the assistance of the International Monetary Fund (IMF) in 2021.** The DRS is a comprehensive plan that includes policies, costs, and financing to build resilience against disasters, in consultation and collaboration with other development partners. It is integrated within a credible macro-fiscal framework and organized around pillars of structural resilience, financial resilience, and post-disaster resilience. As we know, Dominica is committed to becoming the first disaster-resilient nation following massive devastation caused by Hurricanes Erika and Maria in 2015 and 2017. The DRS found that over a twenty-year period, the cost of transforming our nation into a disaster-resilient state is predicted to be EC$7.6 billion (five times our GDP).[2]

3.2 **The DRF Strategy operationalizes parts of the financial resilience and post-disaster resilience pillars of the DRS.** Specifically, it expounds the priority areas related to the development of a comprehensive financing strategy with a risk layering framework, operationalizing the VRRF, and strengthening the private insurance market. The DRS' Financial Resilience pillar recognizes that in the aftermath of a disaster, fiscal buffers and pre-arranged financial instruments are used to manage recovery and reconstruction expenditures. Even with resilient structures, disasters can be mitigated but not eliminated. Immediate post-disaster funding needs for social support and the restoration of critical services and infrastructure demand a comprehensive strategy that allows for quick access to funds. Additionally, the DRS' Post-Disaster Resilience pillar recommends an emergency response plan aimed at defining institutional arrangements and duties to quickly deploy financial and physical resources and limit disruption of key public services such as water, power, medical care, schools, citizen security, and financial services. Lastly, the DRS recognizes that access to financing from the international community is an imperative, as Dominica would be unable to finance the cost of building resilience

[2] Dominica DRS, IMF 2021: https://www.imf.org/en/Publications/CR/Issues/2021/08/11/Dominica-Disaster-Resilience-Strategy-463663.

without concessional financing from the international community.[3] The DRF Strategy addresses all these aspects by institutionalizing a strategy for cost-effective access to immediate liquidity post disaster, mandating development of plans to deploy funds post-disaster, and building the data management capacities to continually improve the understanding and quantification of hazard risk.

3.3 **The DRF Strategy aligns with the Government's recognition that building financial resilience is a critical cornerstone of any resilience plan.** One of the proposed areas of focus is to develop a diversified portfolio of mechanisms and instruments to finance operations and post-disaster responses to allow faster recovery in the event of a disaster. This comprises a debt portfolio to help guide our borrowings and a risk-layering approach to combine various financial instruments such as the Vulnerability Risk and Resilience Fund (VRRF), CCRIF insurance coverage, a Catastrophe Deferred Drawdown Facility, and insurance for the protection of lives, livelihoods, and properties such as the blockchain parametric insurance product - Flexible Hurricane Protection (FHP). The proposed DRF Strategy will identify preferred capitalization levels of the VRRF and seeks to develop clear guidelines for the use of the resources in this fund. It also proposes to optimize CCRIF coverage, expand social protection systems and financial instruments, explore access to a contingent line of credit, and further develop financial protection products, especially for vulnerable sectors including agriculture, tourism, and fisheries[4].

4. Resilience Goals and Strategic Priorities of the Ministry of Finance in Managing Fiscal Disaster Risk

4.1 **The Government has a legal mandate and responsibility to prepare financially for disasters.** The Government has historically responded to disasters through the Consolidated Fund, which capitalizes the Contingencies Fund to be used in the event of an urgent and unforeseen need for expenditure for which no other provision exists. We have also recently established the Vulnerability, Risk, and Resilience Fund (VRRF) with operational guidelines. Parliament also appropriates monies toward disaster management within the annual budgetary allocations to the Ministry of National Security and Home Affairs, under which the Office of Disaster Management (ODM) falls. Government also intends to enhance the systems supporting risk-based decision-making on asset management to strengthen risk reductions, as well as data coordination and management to strengthen disaster recovery and reconstruction. Furthermore, the existing regulatory frameworks and systems supporting DRF will be reviewed and updated where necessary, to improve their alignment. Most pertinent is improvements in Public Financial Management (PFM), through, for example, the Finance (Administration) Act, and updates in Disaster Risk Management through, for example, the Emergency Powers (Disaster) Act and the National Disaster Plan of 2001 to ensure they complement the approaches laid out in this strategy.

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[3] Attaining resilience with fiscal and external sustainability crucially depends on an increase in donor grants of about US$63 million per year, 3-4 times above recent levels.

[4] Dominica Budget Address 2021-2022 - "Building on Our Past, Solidifying Our Present, Securing Our Future": https://finance.gov.dm/budget/budget-addresses/file/39-budget-address-2021-2022-building-on-our-past-solidifying-our-present-securing-our-future-by-hon-dr-roosevelt-skerrit

4.2 **The Government has developed a comprehensive national DRF strategy that supports our capacity to access immediate financial resources in the event of a disaster and is flexible enough to allow for a proportional response based on magnitude of loss, while minimizing reallocations from existing programs and maintaining the fiscal balance.** To do so, we have identified three overarching resilience goals that will enable Dominica to manage the fiscal impact of disasters and to build resilience to strategically reduce fiscal disaster risk from today and beyond:

1. **The Government is financially resilient to disasters** and therefore is able to support long-term rehabilitation and reconstruction needs and to minimize interruptions in ongoing development and disaster risk reduction plans.
2. **Dominica has a cost-effective DRF Strategy** that facilitates immediate liquidity to prioritized sectors and institutions in case of an emergency and makes use of risk transfer instruments for higher layers of risk.
3. **Dominica has reduced the impact of disasters by focusing on developing innovative disaster risk financing instruments for the most vulnerable people and businesses**, necessary for protecting development gains and livelihoods at the individual, community, and national level.

4.3 **To reach these development goals, the Government has identified a set of strategic priority areas:**

Strategic Priority 1: Strengthen data collection and management to encourage evidence-based decision making on prioritization of post disaster expenditures, resilience activities and optimization of financial instruments.

Strategic Priority 2: Strengthen public financial management related to disasters to foster the legal and administrative environment permissible to sound practices in disaster risk financing.

Strategic Priority 3: Improve fiscal protection and financing of post-disaster emergency response and recovery needs through financial instruments including risk retention and risk transfer instruments, optimized to cover low-, middle- and high-risk levels.

Strategic Priority 4: Increase collaboration with private sector to improve availability and affordability of catastrophe risk insurance products for the government, households, and businesses, with specific attention to vulnerable sectors of society.

5. Key activities under the priority areas

These priority areas have been translated into action points or activities to be implemented over the next 4 years.

5.1 Strategic Priority 1: Strengthen data collection and data management to encourage evidence-based decision making on prioritization of post disaster expenditures, resilience activities and optimization of financial instruments.

Collecting and cataloging data on post-disaster damage and loss to physical and non-physical assets for high-frequency and low-intensity events, as well as major disasters with a lower frequency, is critical to improve our fiscal resilience to disasters. Indeed, adequately recording historical events in monetary terms will help us to better understand and quantify our contingent liabilities associated with disasters, both implicit and explicit[5], and allows the Government to plan financially for future impacts. Tying that information to an existing registry of public assets can also assist in risk-based prioritization of resources needed for asset maintenance and hazard risk reduction. These data sets can have a multitude of applications beyond disaster risk financing. Therefore, this strategic priority also advances the need to improve systems for intra-governmental sharing of data and statistics. This Government seeks to strengthen the data collection processes related to damage & loss, and post-disaster expenditure, by:

5.1.1 Streamlining and institutionalizing loss and damage data collection and reporting system for all severities of events.
Dominica has a rudimentary system of collecting and reporting information related to the damage and losses sustained by different sectors for low-frequency, high-intensity events. Information on damage and loss from high-frequency and low-intensity events is not reported in detail across all ministries, especially when it comes to flooding, which is acute in certain parishes. NEPO, the ODM, and MoF have noted that there is room to improve on capturing data associated with low-intensity, high-frequency events and creating a database to house this information. A database in line with the standard Damage and Loss Assessment methodology across ministries will be developed, along with guidelines on how and when to enter information. This would allow our line agencies at national and subnational levels, as well as local authorities, to report damage and losses easily. It would also enable the MoF and other line ministries to access critical information for recovery planning and appeal to donors. This database will be developed by the Government in consultation with NEPO, the ODM, and Ministry of Planning to capture information on high frequency disasters and linked to MoF post-disaster budgeting execution and planning processes.
5.1.2 Developing a risk-based asset management system, based on a comprehensive inventory of public fixed assets
An improved asset registry and asset management system is the answer to maximizing effectiveness of risk transfer instruments. Both the asset management system and the loss reporting system could inform our efforts to prioritize the reconstruction of public works damaged by disasters, as well as prioritize ex-ante risk reduction and maintenance. An inventory of all public assets is also the first step in accounting for the Government's contingent liabilities in budgetary planning and ensuring appropriate risk transfer through insurance. The insurance of key public infrastructure will be part of a medium- to long-term risk transfer strategy to have a more reliable balance between risk retention and risk transfer. A georeferenced inventory of public assets at risk and their attributes (for example, exact location, construction type, and number of stories) is also a key component in building an exposure database, which is integrated with hazard and vulnerability models to establish a fiscal disaster risk profile. Generally, the more accurate the inventory is, the more accurate the fiscal risk assessment.

5.2 Strategic Priority 2: Strengthen public financial management related to disasters to foster the legal and administrative environment conducive to sound practices in disaster risk financing.

The Government has a responsibility to fiscally prepare for disasters at both the budget planning and execution stages, allowing for rapid post-disaster disbursement to ministries and agencies that need it most. The Government seeks to ensure the sound management of post-disaster financing by:

[5] Explicit contingent liabilities are specific obligations, created by law or contract, that governments must settle. Implicit contingent liabilities represent moral obligations or burdens that, although not legally binding, are likely to be borne by governments because of public expectations or political pressures.

5.2.1 Ensuring complementarity in comprehensive DRM, PFM, and FR legislation to include DRF provisions and climate change and disaster risk considerations

Our medium-term fiscal sustainability is affected by disaster recovery and reconstruction efforts and managing disaster risk is critical for long-term fiscal sustainability. The Government will be enabled by individual Fiscal Responsibility, the PFM Bill and the Comprehensive Disaster Management Bill that are complementary in nature and agree on the definition of key terms and share common objectives.

For example, there are various funds in existing and proposed legislation, including the Contingencies Fund, a Reserve Fund and the Vulnerability, Risk and Resilience Fund. To institutionalize a framework for cost-effective and strategic use of the funds for disaster response, their administration and governance should be well-articulated.

5.2.2 Developing a general operational framework or procurement policy for the procurement of insurance by the public sector

The Government understands that insurance of key public infrastructure has to be part of a medium to long term risk transfer strategy to have a more reliable balance between risk retention and risk transfer. Therefore, a national property catastrophe insurance program for public assets will be pursued to create economies of scale and diversification benefits and thus lower insurance premiums. Such a program will support standardized templates of risk assessment and management as well as centralized purchasing of insurance of public assets, and guidance on self-insurance or risk retention. Regular condition assessments that take place with insurance pricing will also contribute to ex ante risk reduction.

5.2.3 Implementing capacity-building exercises to address knowledge and skills gaps in PFM, damage evaluation development, and PDNAs

Strengthening the capacity of our government institutions, through the implementation of policies and enactment of laws and regulations, to guide administrative actions that improve budgeting, financial management, and procurement systems is critical. Along with our institutional capacity and enabling environment, it is critical to ensure that the skills and competencies of public officers are built to mainstream key DRF principles into government operations and lead further policy development and implementation. Equally important for this exercise is ensuring that the necessary capacity to undertake damage evaluation also exists within relevant government agencies and institutions given that these also inform budgetary decisions critical to ensuring fiscal sustainability and resilience.

5.2.4 Developing and institutionalizing disaster-responsive Post-Disaster Budget Execution Guidelines

Such a system should include the ability to track disaster expenditure through the budget and improve public disclosure of financial reporting documents, which will inform fiscal planning and management of disasters. Tracking of disaster expenditure through the supplementary budget should ensure that other mechanisms for post-disaster financing are included in the mix of fiscal response measures to result in a more accurate view of the government's fiscal response.

Implementing a disaster-friendly classification system for the Charter of Accounts (COA), for example by including activity numbers that identify the disaster-related activity, will ensure that the various funds are traceable, using COA SOCs, so that going forward disaster financing expenditure can be better tracked and quantified. Any amendments to the COA will be used uniformly and consistently across the government to ensure that all post-disaster expenditures are coded and traceable.

The government has experienced several disasters in recent history, which have tested our capacity to respond. Over the years, we have built up knowledge, capacity, and expertise in various areas of post-disaster budgeting and financial management but unfortunately the experiences and competencies that have been built up have not necessarily been documented. This presents a challenge for sustainability and business continuity, especially in the aftermath of a disaster where public officers may be new to the responsibilities, not as experienced, or in a transitional stage as they move from other positions to fill more senior gaps in the public service.

5.3 Strategic Priority 3: Improve fiscal protection and financing of post-disaster emergency response and recovery needs through financial instruments including risk retention and risk transfer instruments, optimized to cover low-, medium- and high-risk levels.

Government has a responsibility to financially plan for disasters by increasing access to immediate liquidity following a disaster or public health emergency, as well as to medium-term financing that can serve as bridge financing to begin recovery operations and reconstruction of public assets and infrastructure. Following international good practices relying on cost-benefit arguments, a risk-layering approach to combine the various instruments will be adopted (see figure below).

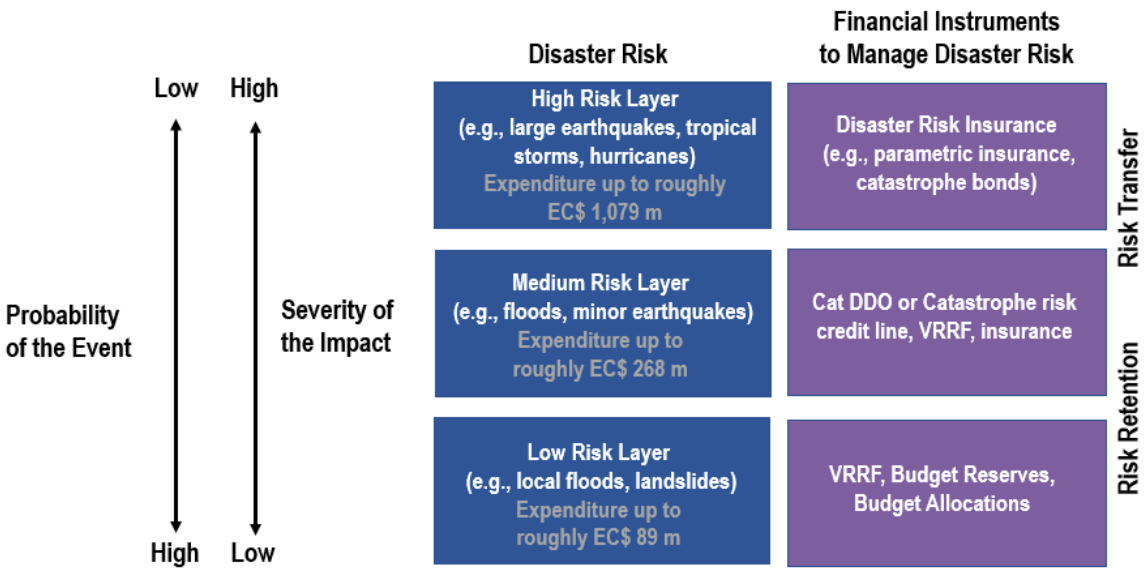

Figure 1: Layering approach to combine disaster risk financing instruments based on cost-effectiveness.

The Government seeks to achieve this by:

5.3.1 Developing clear guidelines to define usage of the VRRF, thresholds for accessing the fund, eligibility and prioritization criteria for DRM (response and preparedness/resilience), activities to be financed, etc.
Part of our long-term strategy must be to build up reserves to balance debt accumulation. The VRRF has preliminary rules of capitalization and investment and indicative guidelines that define its usage, thresholds for access, eligibility and prioritization criteria for DRM activities (response and preparedness/resilience) to be financed, *inter alia*. If our finalized guidelines are to place the VRRF as the primary source of immediate liquidity held in reserve, we must ensure the capitalization target is high enough to meaningfully address projected costs. An estimate of EC$81.5 million is being proposed based on the estimated AAL for public contingent liabilities from hydrometeorological events. These funds may be used for disaster risk reduction but only once the target capitalization level is reached. This also allows the Government to present to donors and creditors a more welcoming environment for international assistance by showcasing a well-managed, transparent fund set aside specifically for disasters.
5.3.2 Optimizing sovereign parametric insurance (CCRIF SPC) coverage to cover existing immediate liquidity gaps
The CCRIF SPC offers us parametric insurance that relies on a payout disbursement contingent on the

predefined loss threshold of an event. We recently renewed our CCRIF policy but coverage for tropical cyclones, earthquakes, and excess rainfall is moderate with a maximum payout of EC$109 million (2021/22 policy year) for qualifying events. The ceding percentage, attachment point and exhaustion point (that is, the amount of risk ceded to the international market) selected for each hazard can be optimized and adjusted annually to cover existing liquidity gaps when the VRRF is not fully capitalized. Once capitalized, then CCRIF coverage levels can be adjusted to cost-effectively cover catastrophic events. This underscores our need to optimize current CCRIF coverage while also introducing new and flexible financial instruments so the Government can get better value for money.

5.3.3 Seeking access to a catastrophe risk credit line that covers contingent liabilities of prominent events of at least a 10-year return period

Engaging international development partners to continue accessing contingent credit instruments addresses not only reconstruction but also relief and recovery at a time when liquidity constraints are usually highest. Having a menu of options to address DRF and access to a contingent line of credit that facilitates rapid disbursement of funds for medium- to high-intensity disasters after the Contingencies Fund has been depleted will give the Government the necessary instruments and flexibility to fulfill its mandate to provide financial protection for our nation. The estimate of a 10-year return period is based on a range of probable maximum losses (PML) for public contingent liabilities in a range of moderate to severe events. This would also be complemented by Contingent Emergency Response Components (CERC) within existing project financing.

5.3.4 Developing risk finance instruments and defining financing sources for scalable social protection systems to support affected populations

Flexible social protection systems that are disaster triggered and linked to DRM systems and contingent financing have the potential to reduce the administrative and financial burden on the Government when responding to disasters. Post-disaster transfer mechanisms can be administratively and logistically cumbersome, identifying affected people is time-consuming and often inefficient - particularly in the aftermath of a disaster, and funds can take too long to reach those with immediate needs. Scalable programs with built-in risk mitigation and risk financing mechanisms can respond quickly to beneficiary needs within existing systems. These programs provide immediate assistance to poor people, protect development gains by preventing people from falling back into poverty after a disaster, and promote shared prosperity through better targeting by focusing on underlying factors affecting inequality such as gender.

The Government has already taken initial steps to identify and pre-arrange financing mechanisms for social protection, thereby reducing its own implicit contingent liabilities. We will continue to strengthen the functioning of these systems by improving targeting, testing payment systems, and developing new sustainable financing instruments.

5.3.5 Preparing a manual for post-disaster financing to accurately capture the actors, the systems, the various sources of financing, and the process to disburse to the government

The MoF will develop a post-disaster manual and procedures on behalf of the Government, in collaboration with all the key agencies including NEPO, ODM and CREAD, with a view to define Standard Operating Procedures for decision making on when and how to access the various financing instruments and shortening the time it takes to approve and disburse expenditure. This will allow a better, faster and more efficient financial response in the aftermath of a disaster. It will reduce uncertainty about what actions can be taken to access reserve resources or contingent lines of credit, based on what insurance payouts were received after an event, thereby supporting cost-effective decision making.

5.4 Strategic Priority 4: Increase collaboration with the private sector to improve availability and affordability of catastrophe risk insurance products for the government, households, and businesses, with specific attention to vulnerable sectors of society.

It is important that we join forces with the private insurance industry to tackle together the issues of expanding penetration of catastrophe insurance, at the individual level and making insurance accessible to vulnerable populations. This Government is already taking important steps towards this priority through a partnership between CREAD and the Dominica Cooperative Societies League (DCSL) to develop the Flexible Hurricane Protection, a parametric windspeed cover for vulnerable populations. The Government seeks to further achieve this priority by:

5.4.1 Further developing financial protection products for vulnerable sectors including agriculture, tourism, and fisheries
Acting alone, the insurance industry may focus on short-term profitability and shield itself from hard-to-address risks in vulnerable populations. On the other hand, if the public sector worked alone, products might not be as efficient, and protection could be costly. This Government also faces the risk of implementing policies that compete with or reduce the incentives to purchase insurance. A partnership with the domestic and regional insurance sector will be formalized and, helping to reduce and manage *ex ante* risks, adapt to the needs of different sectors of society, and lead to sound policy making and DRF decisions. Under this approach we will further explore livelihood protection insurance products such as COAST (the Caribbean Oceans and Aquaculture Sustainability Facility) and other innovative insurance products such as the housing insurance product underdevelopment with CCRIF SPC and World Bank. In line with this proposed action, one of the most recent and successfully launched initiatives by CREAD is the Flexible Hurricane Protection (FHP) parametric insurance product which provides protection against damage caused by tropical storms and hurricanes based on a triggering event.
5.4.2 Helping consumers buy insurance through greater transparency about providers and products
The Financial Services Unit (FSU) will publish key facts statements—short, easy-to-read documents of typically two to four pages where all the facts that characterize and distinguish an insurance product are presented in a prescribed template and format. The FSU will also consistently publish aggregated market statistics, as well as more detailed information, for example, on claims ratios by insurers. If brought to the attention of consumers, publication of such detailed data supports informed purchasing decisions and directs consumers toward better performing providers—rewarding their efforts—and away from insurers that perform poorly—motivating them to improve. Information published by supervisors in other jurisdictions includes expense ratios, solvency indicators, insurance premium rates for standard products, or complaints statistics. Insurers' quarterly returns already provide the FSU with a wealth of data in a standardized template, so the incremental effort to make it public to consumers in an appropriate way (and track utilization) and seems sufficiently justified.
5.4.3 Strengthening government-supported efforts to increase uptake of voluntary insurance
The transparency enhancing measures suggested above will be made known by the Government to consumers, and that will be a good opportunity to not only raise awareness of insurance, its benefits, its role in DRF for households and businesses but also improve understanding of underinsurance and deductibles. Any measure implemented by the FSU to facilitate the introduction of innovative instruments, and strengthen insurance regulation, supervision and consumer protection will be an opportunity to inform the public that Dominica has a strong and competent arbiter defending the justified interests both of consumers and insurers. Another great example of our efforts to support an increased uptake of insurance is the recent proposal to

allow individuals an income tax deduction of up to $8,000 for premiums paid to insure their homes. To have the desired impact, this measure will need to be properly communicated, providing another opportunity to strengthen Dominicans' understanding and embracing of insurance.

5.4.4 Assessing the barriers to—and potential of—inclusive and other sector-specific insurance.

Microinsurance and inclusive insurance are well developed elsewhere, and there is a wealth of lessons and case studies to help make insurance work for more Dominicans. The Government will undertake an assessment of supply, and especially of demand, with guidance based on international good practices and tools such as self-assessments to help identify regulatory obstacles that should be addressed. The FSU will also undertake an assessment of its compliance with the Insurance Core Principles (ICP), towards the goal of assessing weaknesses and ensuring a fair, safe and stable market. There is a considerable amount of documented knowledge of livelihood protection insurance, agriculture insurance, livestock insurance or the protection of fisheries that can help us develop the enabling environment for suitable products and still reach scale and sustainability in product offerings.

6. Implementation

The Government intends to fully implement these strategic priorities by 2030. Shortly after approval of the Strategy for Disaster Risk Financing, key focal points will convene to lay out a comprehensive implementation plan with the involvement of relevant stakeholders responsible for each recommended action. Several of the actions have already been implemented or are currently under implementation, so with assistance from external development partners as needed, we believe implementation by 2030 is a feasible goal.

A Technical Working Group (TWG) will be formed to finalize and guide the implementation of the strategy. Members will include the representatives of relevant departments such as the FSU, private sector representatives, insurance companies and other NGOs and community development organization. A Terms of Reference (ToR) for the TWG will be prepared and signed by each member to detail expectations of members' contributions and to solidify cooperative partnerships amongst the various sectors. The ToR will also highlight the importance of ensuring, throughout the implementation phase and beyond, that mechanisms for coordination and monitoring are established across all levels of Government, to ensure the transparent use of post disaster funds for their intended purpose.

Capacity building is a key and cross-cutting component of the strategy and will be addressed across the strategic priorities. Government will continue to prioritize the education and professional development of our staff through organization of internal trainings and cooperation with external partners for regional and customized workshops and training that addresses the priority areas identified in the proposed DRF strategy.