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Remarks

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President

Caribbean Development Bank

Launch of the Integrated Sovereign Risk Management in the Caribbean Project

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Gustarvus Lightbourne Sports Complex, Providenciales,
Turks and Caicos Islands

Ladies and Gentlemen,

Welcome to the launch of the Integrated Sovereign Risk Management in the Caribbean Project, a joint initiative between CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility) and the Caribbean Development Bank (CDB).

We are honoured to be partnering with CCRIF on yet another ground-breaking initiative, geared to advance the sustainability of the small island and coastal states of the Caribbean.

CCRIF, as you know, is the world's first multi-country risk pool based on parametric insurance. It has been providing parametric catastrophe insurance since 2007. The facility has been offering coverage for the Caribbean, and since 2014, for Central American governments. It offers hurricane, earthquake and excess rainfall coverage and also provides, financial liquidity when a country's policy is triggered, making payouts within as little as 14 days after an event.

This parametric insurance tool is the main *ex-ante* financing option available in the Caribbean. Last year, CCRIF made nine payouts totaling over US\$31 million to six member countries which carried its tropical cyclone, and excess rainfall and/or earthquake policies. These countries were affected by four events: - Hurricanes Earl, Matthew and Otto as well as an earthquake that affected Nicaragua in June. Since 2007, CCRIF has made 22 payouts totaling over US\$69 million to 10 member governments.

About a year and a half ago, CCRIF's CEO, Mr. Isaac Anthony, requested that we meet to discuss country risk management in the Caribbean. In that discussion, he lamented that innovative as it was, CCRIF's risk management mechanism for providing cost effective risk transfer was not enough. Member countries still needed to embrace a more proactive approach towards country risk management – one that would take them beyond planning just for disaster risks such as climate change and extreme natural hazard events; and that would recognise the intrinsic linkages between disaster risk and other types of risk such as economic, technological and financial, and their impact on socio-economic development.

He invited CDB to partner with CCRIF in rolling out such a regionwide initiative, focusing on integrated risk management, and looking beyond disaster and climate-related risks.

I was intrigued by the proposal and immediately asked our Chief Risk Officer, Mr. Malcolm Buamah, to work alongside CCRIF to develop the project concept.

In 2016, our two organisations signed a Letter of Intent which anchored our relationship and set out clear rules of engagement. Already, we have prepared and agreed on a work plan that will guide project implementation following this launch and over the next few months.

We at CDB feel that CCRIF is an ideal partner on this project. We have been undertaking work in holistic risk management for a few years and can use the expertise we have developed in-house to advance similar efforts regionwide.

Just about four years ago, CDB adopted an enterprise risk management framework. This framework has not only strengthened CDB's risk management infrastructure but also promises a range of benefits, including reduced losses due to improved controls; increased compliance with international regulatory requirements and standards; more effective mitigation measures; increased transparency; and sound governance.

Today, there are significant shifts in the frequency, impact and very nature of risks that regional governments face. Major global changes over the last 30 years have increased vulnerabilities in most Caribbean countries and created more uncertainty regarding risks, as seemingly distant events cascade into transnational shocks.

We applaud the ongoing efforts of many of our members to take account of the full spectrum of risks that they face and to make the appropriate adjustments to their risk management strategies. And we are pleased that through this project, CDB can support, in a meaningful way, the initiatives that these countries are making.

Both CCRIF and CDB will be contributing resources to finance the implementation of this

project. I am looking forward to the unfolding of activities over the next few months and the involvement of regional governments which are the main beneficiaries and key regional organisations such as CARICOM, CDEMA and the OECS, as well as our international development partners. Their combined roles will be crucial in ensuring that regional and national risk management strategies are comprehensive in nature and promote more integrated and effective forms of risk management.

Thank You.