

PROBLUE

IMPACT STORIES

Innovative Fisheries Insurance: Making the Fisheries Sector in the Caribbean Resilient to Climate Events

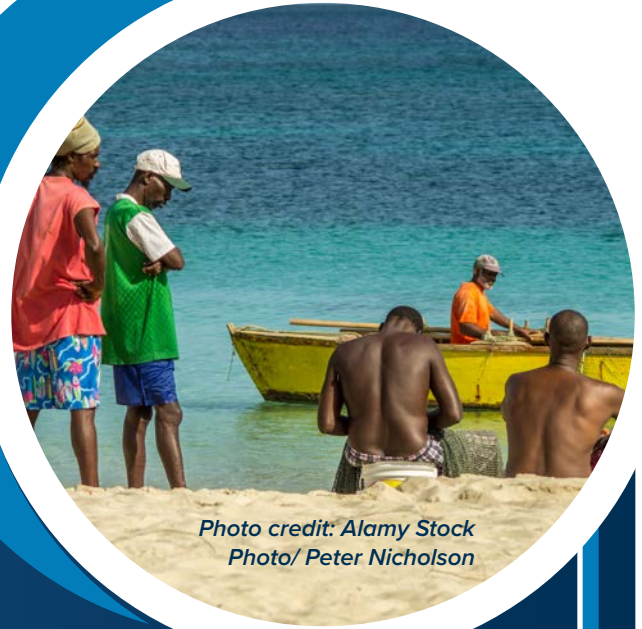


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CHALLENGE

Fisheries in the Caribbean employ over 300,000 people and contribute to food security and tourism, which many islands depend on. Yet, this vital sector is highly susceptible to climate hazards subjecting fishing communities to dire consequences in the aftermath of natural calamities. Each year, during the Atlantic Hurricane Season, tropical cyclones make landfall in Caribbean countries, causing damage and affecting the livelihoods of vulnerable groups such as fishing communities, farmers, and seasonal tourism and construction workers, among others. The Caribbean's fishery sector is also poorly insured which compounds these issues. These losses hamper the potential to catch, preserve, and deliver products to the market disproportionately impacting the poorest communities. For many fisherfolk who reside in rural communities, fishing and farming are their primary economic activity.

APPROACH

To strengthen the financial resilience of Caribbean countries by insuring against climate-related events that impact the fisheries sector, the World Bank, jointly with the Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC), developed the first-ever parametric insurance product designed specifically for the fisherfolk in the Caribbean: the Caribbean Oceans and Aquaculture Sustainability Facility (COAST). This insurance mechanism is designed to support governments' efforts to rapidly put cash in the hands of fishers and fish workers impacted by extreme weather events, providing them with cash payments (payouts) shortly after the event.

COAST was piloted in two countries – **Grenada** and **Saint Lucia** and innovated to cover losses attributed to the fishers due to “bad weather” and “hurricane” events, defined as high waves and heavy rainfall throughout the policy year. Different tiers of the policy are triggered based on whether the adverse weather interrupted the economic fishing activities or caused damage to boating equipment and infrastructure. COAST aims to enhance the resilience of the Caribbean fisheries sector against the impacts of climate-related disasters and foster more sustainable and climate-smart fishing practices.

“It is difficult for the cooperative because right after the storm they want to go out, but they don’t have the finances to recover...”

–Julian Alexis, Manager of the Soufriere Fishermen’s Co-operative in Saint Lucia



Photo credit: The World Bank/Juliana Castaño-Isaza

RESULTS

With PROBLUE funding and support, COAST achieved the following key results:

- The COAST insurance provides incentives to stimulate the registration of new fishers and fish workers and ultimately formalize the sector. During the first two years of implementation:
 - An additional **1,086 new fishers and fish workers formally registered to become COAST beneficiaries** in Saint Lucia and Grenada. This represents a 32% increase in new fish workers registered to become a beneficiary of COAST, exceeding the target by 12%.
 - The **percentage of women formally registered increased from 3% to 12%**.
 - The policy further broadened to **include other value chain workers such as workers involved in fish processing and land-based sales, many of whom are women**.
- Since coming into effect in July 2019, COAST has proven that it works and has been integrated into three World Bank projects.
- The COAST initiative supports the Organisation of Eastern Caribbean States (OECS) Regional Partnership Strategy by building greater resilience and enhanced capacity for disaster risk management. It helps OECS countries better manage natural disasters with a greater focus on risk reduction, planning, and financing.
- Recognizing the strategic value of this insurance, Saint Lucia and Grenada have been renewing their COAST policies and currently have active coverage.¹ After the completion of the PROBLUE-supported project, the countries have continued to pay for the policies themselves which is a testament for its usefulness and impact.
- Given the overwhelming positive acceptance of this insurance scheme, COAST is now in the process of expanding coverage to the participating countries to include more fisherfolk and to expand to other Caribbean countries through a new regional World Bank project.



Photo credit: The World Bank

¹ The COAST policies in Saint Lucia and Grenada had active coverage when this story was published in May 2024.



Photo credits: The World Bank

PARTNERS

This work would not have been possible without partners: The CCRIF-SPC developed the insurance model, the US State Department was the key donor through the World Bank's PROFISH²/PROBLUE trust fund, and the Caribbean Regional Fisheries Mechanism supported for technical implementation.

2 The Global Program on Fisheries (PROFISH) was a series of multi-donor Trust Funds that supported analytics and knowledge on fisheries and ocean issues for 15 years prior to the formation of the PROBLUE Umbrella Trust Fund program. The PROFISH Trust Funds became part of the PROBLUE Umbrella program in November 2018.