

COUNTRY PERSPECTIVES ON PRE-ARRANGED FINANCING

BELIZE, GRENADA AND JAMAICA



REPORT

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ACRONYMS

Cat DDO	Catastrophe Deferred Drawdown Option
CCRIF SPC	Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company
CRDC	Climate Resilient Debt Clause
DRF	Disaster Risk Financing
GDP	Gross Domestic Product
IDB	Inter-American Development Bank
IMF	International Monetary Fund
NGO	Non-Governmental Organisation
PAF	Pre-Arranged Financing
PDNA	Post-Disaster Needs Assessment
SALISES	Sir Arthur Lewis Institute of Social and Economic Studies
SIDS	Small Island Developing States
UK	United Kingdom
USD	United States Dollar
UWI	University of the West Indies
WFP	World Food Programme



EXECUTIVE SUMMARY

Caribbean Small Island Developing States (SIDS) face recurrent and often severe disaster and climate-related shocks, including hurricanes, floods, droughts and other hydro-meteorological hazards, with climate change expected to intensify the frequency and consequences of many of these events over time. These shocks generate immediate humanitarian needs, disrupt economic activity, weaken public revenues, increase contingent liabilities and place additional pressure on already constrained fiscal positions. In this context, pre-arranged financing (PAF) has become an increasingly important component of sovereign disaster risk financing (DRF) and wider financial resilience strategies. For this report, PAF is understood as financing approved in advance of a crisis and guaranteed for release to a specified implementer when a pre-identified trigger condition is met.

This report provides a comparative synthesis of stakeholder preferences for PAF in Belize, Grenada and Jamaica. Rather than beginning with a discussion of instruments alone, the report adopts an innovative attribute-led approach. It asks what governments and other stakeholders value most in PAF arrangements and where these preferences converge or diverge across countries, institutional roles and recent disaster experiences. This framing allows different instruments – including domestic contingency mechanisms, parametric insurance, contingent credit, catastrophe bonds and debt-contingent clauses – to be assessed through a common analytical lens based on the qualities that make financing arrangements appear credible, usable, affordable and fit for purpose.

The central question guiding the report is: which PAF preference attributes are most valued across Belize, Grenada, and Jamaica, and where do these preferences diverge? The report does not seek to identify a single ‘best’ instrument for Caribbean SIDS, nor does it rank countries or instruments. Instead, it clarifies the complex combinations of attributes that stakeholders value most, the trade-offs they recognise, and the reasons these preferences differ across national contexts and stakeholder groups.

The analysis draws on semi-structured key informant interviews and a structured documentary review across the three country cases. A purposive sampling strategy was used to ensure coverage of the principal stakeholder groups relevant to PAF design, interpretation, and use. In total, the study drew on 50 key informant interviews (14 in Belize, 15 in Grenada and 21 in Jamaica). The evidence is organised around six core PAF instrument attributes: reliability and trigger credibility; speed to sovereign liquidity; impact on public debt stock, fiscal space and debt sustainability; affordability and value for money; flexibility; and coverage. Transparency, governance and equity in delivery are treated as important cross-cutting considerations that shape how stakeholders interpret PAF performance, even though they are not themselves treated as core instrument attributes.

The methodology also distinguishes between stated preferences (what stakeholders say they value) and revealed preferences (priorities reflected in actual policy choices and portfolio structures). Stated preferences

refer to the priorities, concerns and trade-offs articulated by stakeholders in interviews. Revealed preferences refer to priorities reflected in observed policy choices, portfolio structures, resource allocations and formal strategies. This distinction is important because the report is concerned not only with what stakeholders say they value, but also with whether those priorities are supported, qualified or complicated by actual financing choices and institutional practice.

The three country cases provide useful comparative variation. Jamaica has one of the more developed sovereign DRF architectures in the Caribbean, including domestic contingency financing, Caribbean Catastrophe Risk Insurance Facility Segregated Portfolio Company (CCRIF SPC) coverage, catastrophe bonds and contingent credit. Its experience highlights questions about payout certainty, basis risk (the mismatch between actual losses and insurance payouts), public communication and the role of high-severity instruments within a layered portfolio, particularly in light of Hurricane Beryl in 2024 and the subsequent triggering of the catastrophe bond after Hurricane Melissa. Grenada provides an important case of debt-linked innovation under conditions of fiscal constraint, particularly through the groundbreaking activation of Climate Resilient Debt Clauses (CRDCs) following Hurricane Beryl. Its experience highlights the importance of debt-sparing fiscal space, rapid liquidity and the challenge of translating sovereign-level relief into timely support for affected communities and sectors. Belize illustrates a country moving towards a more formal, rules-based and layered DRF architecture, with a unique emphasis on trigger trust, local verification, affordability, broad hazard coverage and delivery-linked innovation. This role includes NGO co-management arrangements and efforts to connect insurance-related resources to social protection cash assistance mechanisms.

Across the three cases, the strongest area of convergence is the importance of reliability and trigger credibility. Stakeholders value instruments that are likely to make financing available when required, but they also place considerable weight on whether activation rules are understandable, defensible and aligned with visible impacts. This is particularly important for parametric instruments, where non-trigger outcomes can generate reputational and legitimacy challenges even when the instrument operates as designed. In Jamaica, visible non-trigger outcomes after Hurricane Beryl heightened

concern about basis risk and public communication, while the later triggering of the catastrophe bond after Hurricane Melissa showed that the issue is not simply whether an instrument functions technically, but whether its threshold logic and portfolio role are well understood. In Belize, trust in triggers and confidence in local data are especially important because lower-resolution models may not adequately capture localised hazards and transboundary hydrology. In Grenada, credibility is strengthened when activation pathways are clear, rules-based and institutionally legible, as seen in the CRDC mechanism, where activation was linked to a CCRIF-based trigger pathway.

A second area of convergence is the value placed on the speed of sovereign liquidity. Stakeholders across all three countries regard early liquidity as essential for immediate response, continuity of critical functions and short-term fiscal stabilisation. However, speed is not understood in a single way. Finance actors tend to value speed because it preserves fiscal room and reduces reliance on uncertain or costly emergency financing. Operational actors value speed because it supports immediate response needs. Civil society and community-facing stakeholders are more likely to assess speed by whether resources ultimately reach affected households, communities, sectors and livelihoods in a timely manner. The report, therefore, distinguishes between speed to sovereign liquidity (funds reaching the treasury) and speed to delivery (funds reaching affected households). PAF instruments may provide rapid liquidity to the state, but this does not automatically mean that assistance will reach affected populations quickly.

The report also finds that the impact on public debt stock, fiscal space and debt sustainability is a major consideration, especially in Belize and Grenada. Stakeholders in these countries place strong value on instruments that preserve fiscal space without immediately adding to the public debt stock. Grenada's activation of CRDCs after Hurricane Beryl illustrates the appeal of mechanisms that generate temporary post-disaster fiscal room – providing approximately USD12.5 million in liquidity – without immediate new borrowing, although such mechanisms defer rather than eliminate debt-service obligations. Belize's interest in debt-linked resilience mechanisms – demonstrated by the Blue Bond, which reduced the national debt by approximately 12% of GDP – similarly reflects the importance of protecting fiscal space in a constrained environment. Jamaica presents a more

nuanced picture; loan-based contingent facilities may increase debt, but they can still be attractive when their terms are favourable relative to market borrowing and when they provide rapid, usable liquidity during a crisis. The report, therefore, concludes that stakeholders do not assess debt-based instruments in binary terms; the key issue is whether the cost, timing, terms and strategic role of that debt are defensible within the broader fiscal strategy.

Affordability and value for money also emerge as consistently important attributes. Stakeholders understand affordability not only as the direct costs of premiums and fees, but also as opportunity costs, administrative requirements, transaction costs and the fiscal sustainability of maintaining coverage over time. This is especially important in small economies with limited fiscal space and competing development priorities. Across the three cases, affordability is often assessed at the portfolio level rather than solely at the level of individual instruments. A financing layer may be relatively costly but still judged worthwhile if it provides credible protection against severe shocks. Conversely, an instrument that appears affordable may offer limited value if it does not provide reliable or relevant protection. The comparative lesson is that value for money depends on the relationship among cost, credibility, coverage, fiscal feasibility and expected usefulness.

The attribute of flexibility is also valued, although its meaning varies across stakeholder groups and country contexts. Stakeholders prefer financing arrangements that allow resources to be used to meet evolving post-shock needs without being constrained by rigid earmarks or slow procedures. However, the report finds that flexibility is not understood as discretion without rules; rather, stakeholders value flexibility within a clear, authorised and accountable framework. Formal fungibility has limited practical value if public financial management, procurement, or approval systems prevent the rapid and lawful deployment of resources. Flexibility is therefore shaped not only by instrument design, but also by the administrative and institutional systems through which funds are authorised, allocated and used.

Coverage is another important but context-dependent attribute. Stakeholders value financing arrangements that reflect the hazards, sectors and geographies most

relevant to national risk. In Belize, coverage concerns are linked to evolving hazards, including wildfires, drought, tropical cyclones, and flood risk. In Grenada, coverage is closely linked to the spatial and sectoral distribution of losses, particularly the distinct exposure of Carriacou and Petite Martinique and the vulnerability of agriculture and fisheries. In Jamaica, stakeholders emphasise the need to periodically review the portfolio to identify gaps, including hazards or shocks that may not fit neatly within conventional coverage categories, such as health-related shocks, compounding events and spatially concentrated impacts. The report concludes that coverage should be understood as dynamic rather than fixed; portfolios require regular review to ensure they remain aligned with evolving hazard profiles, sectoral exposures and stakeholder expectations.

The findings also show that stakeholder preferences are strongly shaped by institutional role. Ministry of Finance and central government actors tend to prioritise affordability, debt sustainability, fiscal prudence and the fit of instruments within the wider sovereign financing portfolio. Other government ministries and agencies place greater emphasis on operational usability, sector relevance, and the ability of financing to support practical response needs once activated. Technical and academic actors focus more strongly on data quality, model design, trigger accuracy and interpretability. Civil society and community-facing stakeholders place greater emphasis on legitimacy, transparency, inclusion and whether financing ultimately supports affected households, communities, sectors and livelihoods. These differences suggest that divergence in stakeholder views should not be interpreted as inconsistency, but as a reflection of the different institutional positions from which PAF is assessed.

The findings support the mandate hypothesis, which holds that stakeholder preferences diverge systematically by institutional role. Finance actors consistently attach greater weight to affordability, fiscal prudence, debt sustainability and portfolio fit as they are responsible for the overall management of public finances. Delivery-facing actors, civil society and technical stakeholders assess PAF through different institutional lenses, including operational usefulness, legitimacy, data credibility and the extent to which financing reaches affected communities and sectors.

Country context is also central to how PAF preferences are formed. Belize and Grenada place greater emphasis on debt sustainability and post-shock fiscal space because these are binding constraints on their financing choices. Jamaica's more mature and diversified DRF architecture generates a somewhat different set of concerns, especially around upper-layer instruments, public interpretation and the communication of non-trigger outcomes. Belize's emphasis on local verification reflects the challenge of ensuring credible triggers in contexts where hazards are spatially uneven or difficult to capture through national-level models. These findings support the constraint hypothesis: cross-country divergence is not random but is shaped by fiscal space, hazard structure, institutional context, market access and recent stress-test experiences.

Across all three countries, credibility remains one of the most important cross-cutting themes. Stakeholders do not judge instruments solely on whether they are technically sound; they also assess whether activation outcomes can be understood, explained and defended in relation to observed impacts. Credibility, therefore, depends on the fit among hazard dynamics, data systems, model design, institutional procedures and public communication. This supports the Credibility Hypothesis: where trigger design is perceived as opaque, overly complex, or misaligned with observed impacts, stakeholders attach greater importance to reliability, simplicity, interpretability and trigger credibility.

A major conclusion of the report is that countries adopt layered portfolios not because layering is a universal best practice, but because no single instrument can satisfy all valued attributes simultaneously. Different instruments perform different functions: some provide rapid liquidity; others offer larger backstops; others preserve fiscal space; and others help hedge against basis risk or non-activation. Portfolio approaches can therefore be useful, but they also entail administrative, fiscal and coordination costs. The report, therefore, treats portfolio design as a context-specific response to trade-offs rather than as an end in itself.

The report also broadens the interpretation of innovation within PAF. Innovation is not limited to the creation of complex financial products; it can also include improved local data systems, stronger trigger verification, debt-linked clauses, better alignment of instruments with national fiscal constraints and stronger connections between sovereign financing and delivery systems. Innovation matters when it improves the fit between financing arrangements and the attributes stakeholders value most.

Although downstream delivery is not treated as a core PAF instrument attribute, the evidence shows that it shapes stakeholder perceptions of effectiveness. Civil society actors, some delivery-facing respondents and community-linked stakeholders often judge PAF not only by whether sovereign liquidity is mobilised, but also by whether that liquidity can be converted into timely, visible and legitimate support. The report, therefore, treats delivery-related concerns as interpretive context rather than as irrelevant to PAF analysis. This distinction is important because PAF instruments may perform well at the point of activation yet be perceived as incomplete if public financial management, procurement, registries, targeting systems, or delivery channels prevent timely support from reaching affected populations.

Generally, the report concludes that PAF effectiveness in Caribbean SIDS should be understood as a strategic problem of fit. Effective PAF depends on the fit between trigger design and hazard profile; financing terms and fiscal space; coverage and exposure; flexibility and public financial management systems; and the portfolio and the expectations of those who must justify, use and sustain it. The principal lesson from Belize, Grenada, and Jamaica is that PAF should not be assessed solely by the presence of instruments or by the occurrence of payouts. It should be assessed by the extent to which its core attributes align with the fiscal realities, institutional roles, hazard conditions and stakeholder expectations that shape sovereign disaster financing in practice.



INTRODUCTION

SIDS face recurrent and often severe losses from hydro-meteorological hazards, with climate change expected to intensify both the frequency and the consequences of many of these shocks over time. These small, open economies are highly exposed to hurricanes, floods, drought and related climate threats, and often operate within narrow fiscal space, with limited access to rapid financing on favourable terms, and strong dependence on climate-sensitive sectors such as tourism, agriculture, fisheries and coastal infrastructure. In such settings, a major disaster not only creates immediate humanitarian need; it can also disrupt revenues, increase contingent liabilities, crowd out development expenditure and sharpen already difficult macro-fiscal trade-offs.

Against this background, PAF is increasingly seen as an important component of sovereign financial resilience. Broadly understood, PAF refers to financing instruments and associated arrangements established before a disaster to mobilise liquidity or fiscal space more promptly when a shock occurs. In the terminology of the Centre for Disaster Protection, PAF refers to financing approved in advance of a crisis and guaranteed to be released to a specified implementer when a pre-identified trigger condition is met¹. These arrangements may include domestic contingency mechanisms, parametric insurance, contingent credit, catastrophe bonds and debt-contingent clauses. Yet the comparative significance

of PAF does not lie solely in the existence of these instruments. It lies in the extent to which they embody the qualities that governments and other stakeholders most value when assessing whether a financing arrangement is fit for purpose.

This report, therefore, adopts an attribute-led perspective. Rather than beginning with instruments and then asking what they do, it begins with the question of what stakeholders want PAF to provide. This framing reflects the central research question guiding the comparative synthesis: which PAF preference attributes are most valued across Caribbean SIDS, and where do these preferences diverge? An attribute-led approach enables comparison of different country contexts and financing arrangements using a common analytical language. It shifts attention from a simple inventory of available tools to the characteristics that stakeholders repeatedly emphasise in practice. Across the three country studies, the key PAF attributes include speed, reliability, trigger credibility, affordability, value for money, impact on debt and fiscal space, flexibility and coverage. At the same time, transparency and equity remain important cross-cutting concerns in how stakeholders interpret these financing arrangements in practice. Focusing on attributes is especially important because there is no single, universally shared definition of what constitutes

¹ Centre for Disaster Protection, *Glossary*: Financing that has been approved in advance of a crisis and guaranteed to be released to a specific implementer when a specific pre-identified trigger condition is met. The trigger may be based on data or models related to impact, forecasts, or projections of need, or a declaration of emergency (or similar) by the specified respondent. The funding may be used for anticipatory action or in response to a crisis, either linked to a clear plan for a very specific purpose or as general budget support.

a successful PAF. Different stakeholder groups assess PAF through different institutional lenses.

The three country cases examined here provide analytically useful variation on these issues. These cases are also timely because recent shocks have served as practical stress tests, making Caribbean stakeholder preferences more visible. Hurricane Beryl in Jamaica and Grenada, Hurricane Lisa in Belize and the later experience of Hurricane Melissa in Jamaica highlight a common comparative lesson. Stakeholders do not judge PAF solely by the existence of an instrument, or even by its technical sophistication. They judge a PAF instrument by whether it exhibits the attributes they value most under pressure. In Jamaica, highly visible non-trigger outcomes brought renewed attention to payout certainty, basis risk and communication. In Grenada, the activation of Climate Resilient Debt Clauses (CRDCs) amid severe, spatially concentrated losses highlighted the importance of debt-sparing fiscal space and rapid, credible financing pathways. In Belize, the policy debate placed particular weight on trigger trust, affordability, broad hazard coverage and the role of data and verification in sustaining legitimacy. The comparative issue, therefore, is not whether the same PAF instruments are used in each country, but whether

similar PAF attributes emerge as priorities and how their relative salience changes across national settings and stakeholder groups.

A further reason for focusing on the research question ‘which PAF preference attributes are most valued across countries, and where do these preferences diverge’ is that the same attribute can carry different meanings depending on context. ‘Speed’, for example, may refer to the speed with which sovereign liquidity becomes available. Still, it may also refer to how quickly resources reach households, firms, farmers, fishers, or local communities. ‘Reliability’ may refer to the technical likelihood of payout, but it may also encompass whether trigger outcomes are understandable and publicly defensible. ‘Affordability’ may refer to premium costs, but it may also reflect opportunity costs within constrained budgets. Likewise, ‘coverage’ may be understood in terms of hazards covered, sectors protected, or the spatial distribution of impacts. At the same time ‘equity’ may concern the inclusion of vulnerable groups, geographic fairness, or the minimisation of exclusion errors. The report, therefore, treats these PAF attributes as shared categories whose meaning and weight are shaped by country context and stakeholder position.

1.1 Purpose and comparative focus

This report consolidates evidence from Belize, Grenada and Jamaica to answer one central question: which PAF preference attributes are most valued across countries, and where do these preferences diverge? The country-level studies explored PAF preference profiles and the contextual factors that shape them. This summary report brings those findings together to identify what is shared across the three countries, what differs and how stakeholder perspectives help explain both convergence and divergence.

The comparative focus is therefore on PAF attributes rather than on instruments alone. More specifically, the report seeks to identify: first, which attributes are consistently treated as high priority across the three cases; second, which attributes are more conditional or context-specific; and third, which stakeholder groups appear to assign greatest importance to particular attributes. In this sense, the synthesis is concerned less with ranking instruments than with clarifying the underlying preference structure that shapes how different financing arrangements are interpreted and judged.

A key objective is to distinguish between shared regional patterns and context-dependent priorities. Some attributes recur strongly across all three countries and appear to form part of a broader Caribbean SIDS preference profile. Others are more clearly shaped by fiscal realities, hazard exposure, institutional mandates and recent stress-test experiences. By comparing the three cases on this basis, the report aims to contribute both analytically and practically. Analytically, it offers a more systematic way to compare stakeholder preferences across countries. Practically, it helps explain why certain financing arrangements are more acceptable, more credible, or more contested in different settings.

Its purpose is not to identify a single ‘best’ instrument for Caribbean SIDS, nor to provide a formal ranking of instruments or countries. Rather, it seeks to clarify the combinations of attributes that stakeholders most value, the trade-offs they recognise and the reasons those preferences differ across country cases and institutional roles.

1.2 Rationale for country selection

Belize, Grenada and Jamaica were selected because they demonstrate meaningful differences in the use of PAF instruments, hazard experience and institutional context, while remaining comparable as Caribbean SIDS facing significant disaster and climate risks. Together, they provide a strong basis for examining how PAF preferences are expressed under different conditions of policy maturity, fiscal constraint, recent shock experience and institutional development.

Jamaica was selected as the pilot country because it combines very high multi-hazard exposure with a relatively mature sovereign DRF architecture and practical experience with a wide range of PAF instruments, including domestic contingency financing, regional risk pooling, catastrophe bonds and contingent credit lines. It is especially valuable because its relatively advanced architecture has been tested by highly visible recent events, bringing questions of payout certainty, basis risk and public legitimacy sharply into focus. Specifically, Jamaica's experience highlights the challenges of 'non-trigger outcomes' – instances of basis risk in which a disaster occurs and causes clear damage, but the specific technical parameters (such as wind speed or air pressure thresholds) required for a payout are not met. This makes Jamaica a particularly useful case for analysing how preferences are expressed within a more developed policy framework and how they shape responses during high-salience events.

Grenada was selected because it provides rare empirical evidence on debt-linked innovation under severe fiscal constraints, particularly through the embedding and subsequent activation of CRDCs. It was the first country to embed these clauses into its sovereign debt structure during its 2015 restructuring and the first to activate

them following Hurricane Beryl in 2024. Grenada's recent experience is especially instructive because it highlights how preferences around debt sustainability, liquidity speed and legitimacy are shaped under crisis conditions, particularly where losses are spatially concentrated. Its case, therefore, offers an especially valuable opportunity to examine how debt-contingent instruments align with stakeholder preferences in practice.

Belize was selected because it offers a case of ongoing policy reform. It is formalising a strategic shift away from ad hoc post-disaster financing towards a more explicit, layered, rules-based PAF portfolio, anchored in its Disaster Risk Financing Policy and Implementation Plan (2025–2030), while also demonstrating distinctive institutional features. Notably, Belize's DRF approach is supported by a unique NGO 'co-management' model that addresses key operational gaps in areas such as resource management and emergency services. Belize also draws attention to trust in triggers, the credibility of data systems and delivery-linked innovations that seek to connect financing more directly to household-level support, including links between insurance-related resources and social protection cash assistance mechanisms.

Taken together, the three countries allow for comparative analysis across policy maturity, as seen in Jamaica's more institutionalised layering; debt-linked innovation under fiscal constraint, as exemplified by Grenada's CRDC activation; and policy reform, implementation and delivery-linked experimentation, as reflected in Belize's rules-based shift and operational co-management context. This diversity strengthens the basis for identifying both transferable regional lessons and context-dependent design considerations.

1.3 Structure of report

The remainder of the report is organised as follows. The Methodology section sets out the comparative logic, the evidence base, and the research approach used to identify and compare PAF preference attributes across Belize, Grenada and Jamaica. The Findings section presents the comparative analysis by identifying the PAF attributes most valued across the three countries and explaining where and why stakeholder preferences

diverge. The Conclusion draws together the main comparative insights and relates them to the central analytical question guiding the report. The Annex provides country snapshots for Belize, Grenada and Jamaica, offering concise summaries of country context, stakeholder priorities, principal instruments and key points of divergence.

2

METHODOLOGY

2.1 The analytical framework: an attribute-led approach

This report adopts an attribute-led analytical framework to examine PAF in Belize, Grenada and Jamaica. Rather than evaluating financial instruments in isolation or ranking them solely on technical criteria, the framework identifies the specific attributes that stakeholders prioritise when assessing whether a PAF arrangement is fit for purpose. The analytical purpose is therefore comparative and interpretive: to establish which PAF attributes are most valued across the three cases, how those preferences vary across stakeholder groups and where meaningful divergence can be observed across national contexts.

A central premise of this framework is that assessments of PAF are not uniform across actors. What constitutes a successful PAF arrangement is not a single, objective benchmark. Instead, it is an empirically grounded judgement that varies with institutional mandate, policy responsibility and the type of problem the stakeholder is expected to address. An attribute-led approach is therefore especially suited to the research question guiding this report, as it allows different financing arrangements to be compared through a common conceptual language while preserving the contextual specificity of each country case. In this sense, the framework is designed to illuminate not only cross-country variation but also the patterned ways in which preferences differ across stakeholder groups within each national case.

Disaggregation by stakeholder group

To capture this variation systematically, the methodology disaggregates evidence by stakeholder group. Six stakeholder categories are used consistently throughout the report: (i) Ministry of Finance; (ii) Other Government Ministries and Agencies; (iii) Private Sector; (iv) Academia; (v) Civil Society; and (vi) Regional and International Partners. This disaggregation provides the principal comparative lens for the analysis. It allows the report to distinguish between attributes that are broadly shared across groups and those that are concentrated within particular institutional communities. This grouping also enables clearer comparison between stated preferences and the institutional positions from which those preferences are expressed. Where relevant, differences across phases of the disaster cycle are acknowledged but treated as secondary to the more fundamental distinction between stakeholder groups. This enables the analysis to interpret divergence in preferences primarily in terms of institutional roles rather than abstract temporal categories.

The PAF attribute set

The attribute set used in this report is derived from two main sources. First, it draws on the Centre for Disaster Protection's stocktake of PAF instruments, which assessed such instruments against a set of criteria intended to capture the features most essential to

reducing the human and financial costs of disasters². Second, it was refined through the study’s own interview process and comparative research design so that the final set of attributes reflected both the broader analytical literature on PAF and the specific concerns raised by stakeholders across the three country cases.

- **Reliability and trigger credibility:** the degree of confidence that financing will be available when required, and that activation rules are technically defensible, intelligible and publicly explainable. This definition applies to both parametric and non-parametric triggers, including, where relevant, softer declaration-linked triggers.
- **Speed to sovereign liquidity:** the speed with which a financing instrument can make liquidity or fiscal space available to the sovereign once pre-agreed conditions are satisfied. This refers to the timing of the financing instrument itself rather than to downstream delivery.
- **Impact on public debt stock, fiscal space and debt sustainability:** the extent to which a financing mechanism supports post-shock fiscal room while preserving medium-term debt sustainability. This includes whether instruments add to the public debt stock, on what terms and relative to which alternatives.

- **Affordability and value for money:** the direct and indirect costs of maintaining a financing layer, including premiums, fees, transaction costs, administrative burdens and opportunity costs within constrained public budgets.
- **Flexibility:** the extent to which funds or fiscal space can be used across changing post-shock needs without being constrained by rigid earmarks or slow procedures.
- **Coverage:** the extent to which financing arrangements align with the relevant hazard set, sectoral exposure and spatial distribution of losses, including whether portfolios remain relevant as risks evolve.

Two additional considerations – transparency and governance and equity in delivery – are treated in this report as cross-cutting contextual dimensions rather than as core PAF instrument attributes. Although analytically significant, these considerations often relate to broader delivery arrangements that may be associated with both pre-arranged and ex-post finance, rather than to the design of PAF instruments alone. This distinction is maintained throughout the report to preserve analytical clarity between attributes intrinsic to financing design and the broader contextual conditions that shape stakeholders’ interpretation of financing performance.

2.2 The ‘shock-to-delivery’ decision chain

To connect preferred PAF attributes to observed performance, the study employs a process-tracing framework that follows the path from hazard event to sovereign financing and, more selectively, to downstream execution. The framing is not intended to treat delivery as a core PAF instrument attribute, but to clarify the institutional sequence through which PAF becomes operationally meaningful. This helps distinguish between questions that relate to the design of the financing instrument itself and questions that arise from the wider administrative and implementation context.

The framework, therefore, traces five broad stages. First, a hazard event is observed and assessed against the relevant activation conditions. Second, once those conditions

are met, the relevant instrument is activated, thereby making liquidity or fiscal space available to the sovereign. Third, sovereign authorisation and budgetary recognition occur through the relevant public financial management processes. Fourth, resources move through procurement channels. Fifth, where relevant to stakeholder perceptions, resources are translated into support for affected households, firms, sectors, or communities.

This decision-chain framing serves a limited but important methodological function. It allows the analysis to determine whether stakeholder concerns relate primarily to the properties of the PAF instrument – for example, trigger credibility, speed of sovereign liquidity, affordability, or debt implications – or whether

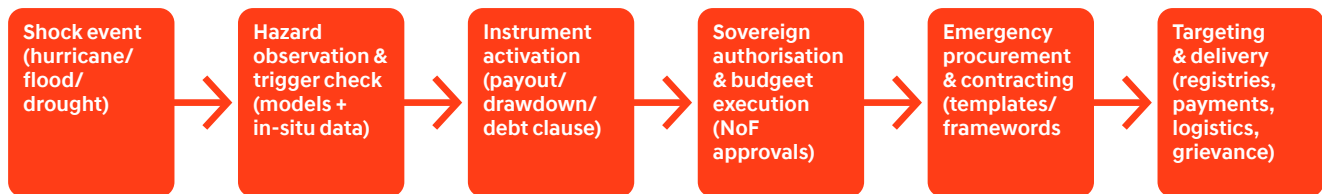
² Centre for Disaster Protection, *Demystifying Pre-Arranged Financing for Governments: A Stocktake of Financial Instruments from International Financial Institutions* (2024). The report assesses pre-arranged financing tools against seven key criteria intended to help ensure that such financing reduces the human and financial costs of disasters.

they arise from wider institutional conditions that shape how financing is used after activation. In this sense, the framework supports interpretive clarity without making downstream delivery the main object of analysis. It also provides a common reference point for distinguishing more clearly between core PAF

instrument attributes and the wider implementation environment in which those attributes are interpreted.

Figure 1 illustrates this simplified shock-to-delivery sequence and provides a common reference point for the comparative analysis that follows.

Figure 1: The ‘shock-to-delivery’ decision chain



Source: Authors' own elaboration based on the analytical framework developed for this study

2.3 Key terms and analytical distinctions

To support clarity and consistency, the methodology employs a small set of key terms used throughout the report.

Risk layering and portfolio approach

‘Risk layering’ is used in its narrower sense to refer to the alignment of different financing instruments with varying event-frequency and severity bands. Lower layers are typically intended for more frequent, lower-severity events, while upper layers are intended for rarer, higher-severity shocks.

‘Portfolio approach’ is used in a broader sense to refer to the use of multiple financing instruments together, including where governments combine instruments partly to hedge against uncertainty, basis risk, or the perceived constraints and limitations of any single layer. This report does not assume that a portfolio approach is inherently desirable. Such an approach may entail significant fiscal, administrative and coordination costs, particularly for smaller economies. The comparative analysis, therefore, distinguishes between cases where portfolio use appears to reflect strategic optimisation and cases where it reflects a practical response to the perceived constraints and limitations of available instruments. The analysis also considers the opportunity cost of the portfolio approach, particularly whether the cost of premiums for upper-layer instruments (such as Cat Bonds) restricts the government’s ability to fund high-frequency, lower-layer contingency reserves.

Stated and revealed preferences

The methodology distinguishes between stated and revealed preferences. Stated preferences refer to the priorities, concerns and trade-offs articulated by stakeholders during interviews. Revealed preferences are the priorities reflected in observed policy choices, including the instruments selected, the structure of national portfolios, the allocation of public resources, and the treatment of trade-offs in official strategies and institutional practice. This distinction is important because the report is concerned not only with what stakeholders say they value, but also with whether those priorities are corroborated, qualified, or contradicted by observed country choices. Used together, these two forms of evidence strengthen the comparative analysis by allowing expressed preferences to be read alongside actual financing decisions and portfolio structures.

Treatment of delivery in the analytical framework

This report draws a clear distinction between PAF instruments and the broader delivery systems through which resources may ultimately be deployed. Accordingly, downstream delivery mechanisms are not treated here as PAF instrument attributes in their own right. While delivery arrangements may shape how some stakeholders perceive the effectiveness of PAF, they may also be linked to both pre-arranged and ex post finance. For that reason, delivery is treated in the methodology as an important contextual consideration rather than as the principal object of comparative analysis.

2.4 Research design and hypotheses

To ensure comparability across Belize, Grenada and Jamaica, the research followed a standardised multi-country case study design. The same broad analytical framework, stakeholder disaggregation and evidence-gathering strategy were applied across all three countries. This consistency is intended to ensure that differences in the final comparative analysis reflect genuine differences in national context, stakeholder composition and institutional practice, rather than inconsistencies in research design.

Core research hypotheses

Three hypotheses guide the comparative analysis:

1. **The mandate hypothesis** – Stakeholder preferences diverge systematically by institutional role, with Ministry of Finance actors expected to place greater weight on affordability, debt sustainability and fiscal prudence than other stakeholder groups, given that the Ministry of Finance tends to be responsible for the overall health of public finances and must ensure

that the government can fund its priorities, given available resources.

2. **The constraint hypothesis** – Divergence in preferred PAF attributes across countries reflects differing national constraints, especially fiscal space, hazard profile, market access and confidence in trigger design.
3. **The credibility hypothesis** – Where trigger design is perceived as opaque, overly complex, or misaligned with observed impacts, stakeholders will attach greater importance to reliability, simplicity and trigger credibility.

These hypotheses are not treated as deterministic propositions, but as interpretive guides for the comparative analysis. They provide a structured basis for assessing whether observed patterns of convergence and divergence across the three cases are consistent with broader expectations regarding institutional mandate, national constraints and the political economy of trigger design.

2.5 Data collection instruments and evidence base

The research employed a mixed-method qualitative design combining semi-structured key informant interviews with documentary review. This approach was intended to capture both institutional perceptions and the formal policy and instrument context within which those perceptions are formed.

Stakeholder sampling and engagement

A purposive sampling strategy was used across all three cases to ensure representation from the principal stakeholder groups relevant to PAF design, interpretation and use. Participants were selected based on their institutional role in financing, planning, technical assessment, implementation, or oversight. The purpose of this strategy was not statistical representativeness, but analytic coverage across the stakeholder categories most relevant to the research question.

Table 1 summarises the distribution of key informants by stakeholder group and by country.

Table 1: Distribution of key informants by stakeholder group and country

Stakeholder group	Belize	Grenada	Jamaica
Ministry of Finance	2	3	5
Other government ministries and agencies	7	5	6
Private sector	2	4	4
Academia	1	1	1
Civil society	2	1	4
Regional and international partners	0	1	1
Total	14	15	21

Desk review

To provide an objective baseline for the interview evidence, a structured desk review was conducted for each country. The purpose of the desk review was twofold. First, to establish the formal institutional and policy context within which stakeholder preferences were expressed, and second, to identify evidence of revealed preferences in documented country choices.

The desk review included the following categories of information:

- national DRF and disaster risk management policy frameworks
- legal and public financial management documents, including budget statements and emergency procurement regulations
- post-disaster assessments and relevant performance records, including PDNAs and CCRIF documentation

2.6 Data analysis

The analysis followed a multi-stage thematic coding process. First, interview data and desk review notes were analysed within each country case to identify recurring themes related to preferred PAF attributes, trade-offs and stakeholder differences. Second, these country-specific themes were mapped onto the common attribute framework used in the report. Third, the coded information was synthesised comparatively to identify patterns of convergence and divergence across countries and stakeholder groups.

2.7 Limitations

This methodology is designed to provide a rigorous, triangulated, and attribute-led synthesis of stakeholders' valuations and interpretations of PAF instruments. However, three limitations should be noted.

Qualitative nature and limited generalisability

The findings are qualitative and context-dependent. The interview evidence is based on purposive sampling and is intended to capture perspectives most relevant

- instrument-specific documentation, including catastrophe bond data, contingent credit agreements and debt-related financing arrangements where available.

Evidence triangulation

The study uses triangulation to compare stated and revealed preferences. Stated preferences were identified through interview evidence. Revealed preferences were identified through documentary evidence, including the design of national PAF portfolios, the treatment of financing trade-offs in formal policy and the allocation of resources to specific instruments or layers. This triangulation strengthens the analysis by reducing reliance on perception alone and grounding stakeholder statements in each country's observed institutional and policy record. It also helps distinguish between preferences that are widely expressed and those that appear more concretely embedded in policy or portfolio design.

This coding strategy was designed to preserve the explanatory richness of each national case while ensuring comparability across the three studies. It also enabled the report to distinguish between broad cross-country patterns and more clearly contextual or stakeholder-specific concerns. The analysis, therefore, moves from within-country interpretation to cross-country synthesis, rather than treating the country evidence as interchangeable from the outset.

to PAF decision-making and interpretation, rather than to support statistical generalisation. While the sample groups provide expert verification, their small size means their views are treated as qualitative key-informant insights rather than as a representative cross-section of those sectors. The findings should therefore be read as an evidence-based account of how key institutional actors in these three settings express and prioritise PAF attributes, rather than as survey-based estimates of national preference distributions.

Indicative comparison rather than formal ranking

When instruments and portfolios are discussed in relation to preferred attributes, the comparison remains indicative and qualitative. The purpose is not to produce a formal ranking or cost-benefit analysis, nor to identify a single best instrument. Rather, the analysis clarifies how different arrangements appear to align with stakeholder-valued attributes under different national conditions.

Perception – evidence gaps

Stakeholder perspectives may be influenced by institutional position, recent experience and the salience of particular shocks. As a result, perceptions do not always align perfectly with documented performance metrics. This limitation is mitigated through triangulation with documentary evidence and official sources where available. Nevertheless, some issues – especially those concerning the interpretation of trigger outcomes, the attribution of institutional delay, and the relationship between stated and revealed preferences – remain analytically challenging and cannot always be resolved conclusively.

3

FINDINGS: ATTRIBUTE-BY-ATTRIBUTE COMPARISON

This section compares the core attributes of PAF across Belize, Grenada and Jamaica. The analysis follows a consistent sequence: (i) the preferences expressed by different stakeholder groups; (ii) the reasons these attributes are valued; (iii) the extent to which stated preferences are supported, qualified, or complicated by revealed preferences and observed country experience; and (iv) the implications of these patterns for the interpretation and design of PAF instruments and portfolios. This structure is intended to move the analysis beyond a purely descriptive account of instruments and towards a more systematic comparison of the attributes by which those instruments are assessed in practice. It also enables a clearer distinction between the preferences articulated by respondents and the priorities reflected in actual country choices, thereby strengthening the comparative basis of the discussion that follows.

Consistent with the overall research question, the emphasis here is on those attributes most directly related to the design and choice of PAF instruments. Broader questions of downstream delivery, targeting and distribution are addressed more selectively, insofar as they shape some stakeholders' perceptions of PAF effectiveness. Still, they are not treated as the principal organising framework of this section. This distinction is important because the findings suggest that some attributes are closely tied to the structure of PAF instruments themselves – such as trigger credibility, speed to sovereign liquidity, affordability and the debt implications of financing – whereas wider institutional and implementation settings more strongly condition

others. The analysis, therefore, keeps its primary focus on core PAF attributes while recognising that stakeholder judgements are formed within broader fiscal, administrative and political contexts.

Table 2 shows the six stakeholder categories used in the methodology aggregated into three broader analytical clusters: (i) Finance/Central Government Actors; (ii) Academic, Private Sector and Regional/International Actors; and (iii) Delivery-Facing Government Actors, Civil Society and NGOs. This aggregation is used for presentational clarity in the comparative table and is intended to make broad cross-country patterns more visible. It should not be read as implying that views within each cluster are identical. Rather, the table provides an indicative synthesis of relative salience across stakeholder communities, while the subsections that follow restore greater nuance by distinguishing among stated preferences, country context and observed practice.

The table also serves a methodological purpose. It offers a structured yet non-mechanical way to differentiate among attributes in a qualitative study where precise ranking is neither feasible nor desirable. The ratings, therefore, indicate broad relative prominence rather than a formal quantitative scoring exercise. They are based on the frequency and strength with which attributes appeared in the interview data, the consistency of those priorities across stakeholder groups, and the extent to which revealed preferences in country policy and portfolio choices corroborated them.

Table 2: Cross-country preference attributes

- high salience
- moderate salience
- lower salience

Panel A. Belize

Preference attribute	Finance/central government actors	Academic/private sector/international and regional actors	Delivery actors/ civil society/NGOs
Speed to sovereign liquidity	●	●	●
Speed to delivery (last mile)	●	●	●
Reliability and trigger credibility	●	●	●
Impact on public debt stock, fiscal space and debt sustainability	●	●	●
Affordability and value for money	●	●	●
Flexibility	●	●	●
Coverage	●	●	●
Transparency and governance	●	●	●
Equity in delivery	●	●	●

Panel B. Grenada

Preference attribute	Finance/central government actors	Academic/private sector/international and regional actors	Delivery actors/ civil society/NGOs
Speed to sovereign liquidity	●	●	●
Speed to delivery (last mile)	●	●	●
Reliability and trigger credibility	●	●	●
Impact on public debt stock, fiscal space and debt sustainability	●	●	●
Affordability and value for money	●	●	●
Flexibility	●	●	●
Coverage	●	●	●
Transparency and governance	●	●	●
Equity in delivery	●	●	●

Table 2: Cross-country preference attributes (continued)

● high salience
 ● moderate salience
 ● lower salience

Panel C. Jamaica

Preference attribute	Finance/central government actors	Academic/private sector/international and regional actors	Delivery actors/ civil society/NGOs
Speed to sovereign liquidity	●	●	●
Speed to delivery (last mile)	●	●	●
Reliability and trigger credibility	●	●	●
Impact on public debt stock, fiscal space and debt sustainability	●	●	●
Affordability and value for money	●	●	●
Flexibility	●	●	●
Coverage	●	●	●
Transparency and governance	●	●	●
Equity in delivery	●	●	●

Note: In addition to the six core PAF instrument attributes set out in Section 2.1, this table includes selected cross-cutting contextual dimensions that featured prominently in stakeholder assessments across the three country cases.

Taken together, the stakeholder-grouped ratings suggest an indicative cross-country ordering of core PAF attributes rather than a fixed universal hierarchy. Across the three cases, reliability and trigger credibility, speed to sovereign liquidity, and affordability or fiscal feasibility emerge as the most consistently salient attributes. The impact of instruments on public debt stock, fiscal space and sustainability is especially prominent in Belize and Grenada. At the same time, coverage and flexibility vary more visibly across stakeholder groups and country contexts. The discussion below follows this broad ordering while recognising that relative emphasis shifts across countries and institutional groups. The table also points to two broader comparative observations. First, there is a notable degree of cross-country convergence around a small cluster of highly valued attributes, especially those related to credibility, liquidity timing and fiscal manageability. Second, the points of divergence are analytically significant rather than incidental: they

suggest that stakeholder preferences are shaped not only by institutional role, but also by the specific fiscal, hazard and policy conditions within which national PAF portfolios have evolved.

A further point is that the relative salience of an attribute does not necessarily imply identical meaning across countries. An attribute such as ‘speed’ may be valued in all three cases, but the underlying concern may differ. In one case, it may refer primarily to rapid sovereign liquidity. In another, it may be linked more strongly to perceptions of operational usefulness or to the ability of financing to stabilise public finances quickly after a shock. The same is true of reliability, affordability and coverage. For this reason, the following subsections do not treat the table as self-explanatory. Instead, they use it as a point of departure for a more detailed comparison of how attributes are interpreted, why they matter, and how country experience supports or complicates respondents’ stated preferences.

3.1 Reliability and trigger credibility

What stakeholders prefer

Across all three cases, stated preferences indicate that reliability and trigger credibility are among the most highly valued core PAF attributes. Stakeholders place importance not only on the probability that financing will become available when required, but also on whether activation rules are technically defensible, intelligible and publicly explainable. In comparative terms, this PAF attribute is significant because it sits at the intersection of technical performance and political legitimacy: an instrument may be actuarially or contractually sound, yet still be regarded as weakly credible if stakeholders cannot understand why it did or did not activate in the face of visible impacts. Reliability is therefore valued not only as a property of financial protection but also as a condition of institutional trust in the wider financing architecture.

This concern is not confined to parametric triggers. Interview evidence across the three cases also points to the appeal of softer or declaration-linked activation pathways, including those associated with contingent credit facilities, particularly where stakeholders regard them as more legible within national institutional settings. In such cases, credibility derives not only from technical design but also from the clarity of national procedures governing activation and drawdown. This suggests that the comparative issue is not simply whether a trigger is parametric or non-parametric, but whether its activation logic is regarded as sufficiently transparent, predictable and institutionally intelligible.

The stakeholder evidence suggests that this attribute is weighted differently across institutional groups. Senior finance officials and central agencies are more likely to emphasise payout certainty, the defensibility of activation rules and the strategic fit of reliable instruments within a broader national financing portfolio. Disaster management agencies and operational responders place greater weight on predictability and on whether trigger outcomes support timely action during crises. Technical actors tend to focus especially on trigger credibility, data quality, model calibration and the extent to which instruments reflect local hazard realities. Civil society and community-facing stakeholders are more likely to focus on whether activation outcomes can be clearly explained, appear fair given visible impacts and sustain trust in the financing system. These differences should not be read simply as disagreement; rather, they

reflect differences in institutional mandate, responsibility and exposure across the DRF chain.

The country evidence suggests some variation in emphasis. In Jamaica, stated PAF preferences place particular weight on payout certainty, trigger credibility, and the role of layering in managing trade-offs across cost, speed, coverage and basis risk. In Belize, respondents attach particular importance to the credibility of triggers and to trust in the data used to activate parametric instruments. In Grenada, interview evidence points to two closely related dimensions of credibility: technical credibility, in the sense of whether the trigger reflects the shock and social or political credibility, in the sense of whether activation outcomes can be convincingly explained to affected communities and oversight actors. Taken together, these variations indicate that trigger credibility is a shared cross-country concern, but one whose practical meaning is shaped by different institutional and hazard contexts. These national differences are analytically important because they show that the same broad attribute is interpreted differently in practice. Jamaica brings public legitimacy and basis-risk sensitivity into sharper focus, Grenada highlights the relationship between credibility and clearly legible activation pathways, and Belize places stronger emphasis on local data, verification and trust in the trigger itself.

Why is this attribute particularly salient?

Reliability and trigger credibility are especially salient because non-trigger outcomes may raise legitimacy concerns even where a PAF instrument operates in accordance with its formal design. Belizean respondents emphasise the importance of simplicity in public communication, arguing that legitimacy depends on whether outcomes can be explained clearly during crises. Evidence from Grenada points in a similar direction. When payouts or non-payouts appear misaligned with the severity of lived impacts, particularly in spatially concentrated events, confidence may weaken, and broader support for the financing arrangement may be affected. Jamaican stakeholders likewise indicate that triggers perceived to be externally designed without meaningful local input may face reduced credibility and weaker public acceptance. The salience of this attribute therefore

lies not only in the financial consequences of activation, but also in its implications for trust, institutional acceptance and the longer-term sustainability of the financing arrangement.

At the same time, the cross-country evidence suggests that some stakeholders value the discretion embedded in softer declaration-linked triggers precisely because these may align activation more closely with nationally recognised emergency conditions. However, such discretion appears to support credibility only when embedded in transparent, rules-based procedures that are widely regarded as intelligible and legitimate. In this respect, credibility is not reducible to automaticity. For some actors, highly rules-based sovereign discretion may appear more credible than a technically complex parametric rule whose outcomes are difficult to interpret in relation to observed impacts.

The significance of this attribute also differs somewhat by stakeholder group. For finance and technical actors, credibility matters because it affects whether instruments remain defensible, affordable and strategically usable within the national portfolio. For operational and community-facing actors, credibility matters because it shapes whether the wider system appears trustworthy during a crisis, particularly when visible losses do not align with activation outcomes. Reliability and trigger credibility are therefore salient not only because they affect expected financial performance, but also because they mediate whether different institutional audiences continue to accept the logic of the financing architecture itself.

How instruments and portfolios performed in practice

Observed country experience suggests that the most visible credibility debates have centred on parametric instruments, but also that governments continue to maintain portfolios combining both parametric and non-parametric layers. This indicates that revealed preference does not favour a single trigger type; rather, it reflects an effort to balance speed, objectivity, legibility and hedge value within the wider portfolio. This is an important comparative finding because it suggests that governments do not appear to resolve credibility concerns by abandoning one family of instruments altogether. Instead, they retain multiple trigger types within the portfolio, implying a revealed preference for diversification across different activation-logic forms.

In Belize, credibility concerns are concentrated around localised flooding and transboundary hydrology. Cross-border river flooding can cause severe impacts without triggering national rainfall or wind thresholds, creating both reputational and operational concerns. Stakeholders identify flash floods, river overflows and backwater effects as particularly problematic for lower-resolution models. Proposed responses, including independent verification and direct sensor-to-insurer data transmission, reflect an effort to improve both technical reliability and public defensibility. Belize, therefore, illustrates especially clearly how credibility concerns may emerge where the hazard process itself is spatially uneven or insufficiently captured by national-level proxies. Within Belize, these concerns appear especially pronounced among technical, operational and community-facing respondents, who are more directly confronted with the practical and reputational implications of visible local losses that do not align with trigger outcomes. Finance actors also value credibility, but more often in relation to whether instruments remain defensible within the broader portfolio and whether premium expenditure remains justified.

In Jamaica, the fact that the USD150 million catastrophe bond did not trigger after Hurricane Beryl, despite visible damage, became a focal point of public debate. The episode illustrates how credibility concerns can arise when a high-threshold instrument does not trigger during a highly salient event, even when the non-trigger is consistent with the instrument's design and attachment logic. At the same time, the later triggering of the same World Bank-supported catastrophe bond following Hurricane Melissa provides an important counterpoint. It suggests that the central issue is not simply whether the instrument functions as designed, but whether stakeholders and the wider public understand the specific role, threshold logic and portfolio function of a high-severity layer intended for rare events. Interview evidence also points to two perceived routes to greater credibility in Jamaica: improved domestic data systems and clearer public communication regarding the purpose and expected behaviour of parametric instruments. Jamaica's experience is therefore analytically important because it demonstrates both sides of the credibility problem. First, the reputational consequences of a non-trigger during a highly visible event; and second, the extent to which subsequent successful activation may still require interpretation through a broader portfolio logic rather than being self-explanatory. The stakeholder dimension is particularly clear in Jamaica. Finance actors

appear more attentive to payout certainty, attachment logic and the strategic role of the catastrophe bond as an upper-layer instrument. At the same time, technical and public-facing respondents are more sensitive to whether non-trigger outcomes can be explained convincingly in the face of visible damage and public scrutiny.

In Grenada, parametric triggers are sometimes regarded as technically reliable but insufficiently transparent to non-specialist audiences, particularly where observed impacts and modelled outcomes do not appear to align. By contrast, the CRDC mechanism appears to have benefited from the relative clarity of its parametric-based activation conditions. More specifically, the bond-based CRDC trigger was a CCRIF payout, made when modelled losses exceeded the relevant threshold. The CRDC trigger therefore operated within the logic of parametric verification rather than outside it, through a clearly specified activation pathway. In Grenada's case, the trigger conditions for CRDC activation were sufficiently well understood that the mechanism did not rely heavily on ex post explanation to be regarded as legitimate. If anything, the evidence suggests that trust in the CRDC was tied partly to confidence in the CCRIF-based verification embedded within it, and partly to the fact that the activation pathway was clearly specified and institutionally legible. At a wider level, Grenada's experience with debt-linked relief and contingent finance suggests that non-parametric or linked activation pathways may be appealing where the basis for activation is clearly embedded in recognised legal or institutional processes. Grenada thus provides an important contrast case within the comparative analysis: credibility here appears to be strengthened less by rapidity alone than by the perceived clarity and institutional legibility of the activation pathway. Here too, stakeholder-group differences matter. Finance actors appear particularly attentive to the rules-based character of the activation pathway because of its implications for fiscal planning and debt management, while community-facing respondents are more concerned with whether activation outcomes are understandable and consistent with lived experience, especially in the smaller island dependencies.

Implications

The comparative evidence indicates that trigger credibility must satisfy both technical and political tests. It must withstand technical scrutiny and remain intelligible and publicly defensible. Reliability, in this sense, is not only a matter of actuarial or modelling

performance; it is also a matter of communication, interpretability and public understanding. Trigger design, therefore, cannot be treated as a narrowly technical exercise. The social and political intelligibility of activation rules is also central to whether an instrument is regarded as credible in practice.

The evidence also suggests that stakeholders often treat reliability as a property of the portfolio rather than of a single instrument. Where basis risk cannot be eliminated, layered portfolios may be valued for protecting against the possibility that one PAF instrument will not activate when expected. The continued use of parametric insurance, contingent credit, domestic buffers and debt-linked instruments across the three cases is consistent with this broader revealed preference for portfolio-based hedging. Reliability is therefore often sought through complementarity across layers rather than through confidence in a single instrument.

Country context further shapes how credibility is understood. Belize's experience demonstrates that credible trigger design cannot rely exclusively on national averages or low-resolution proxies when localised and cross-border hazards are significant. More generally, the evidence suggests that trigger design and trigger communication are inseparable in practice. The credibility of an instrument depends not only on how it is modelled, but also on how it can be understood and justified in the specific context in which it operates.

Viewed comparatively, the three cases indicate that trigger credibility is relational: it depends on the fit between hazard dynamics, data systems, institutional procedures and public explanation. In that sense, credibility is not a fixed technical property of an instrument, but an outcome shaped by the interaction of design, context and interpretation.

The stakeholder findings point in the same direction. Trigger arrangements that appear technically sound to finance or modelling specialists may still be deemed weakly credible by delivery-facing actors or affected communities if they are not publicly intelligible. Conversely, arrangements that are readily understandable may still raise concern among technical actors if they are seen as insufficiently robust. The design challenge, therefore, is not simply to produce technically valid triggers, but to produce triggers whose logic can be defended across multiple institutional audiences.

3.2 Speed to sovereign liquidity

What stakeholders prefer and why

Across all three cases, stakeholders attach high value to speed, specifically rapid sovereign liquidity. Interview evidence consistently indicates that early liquidity is regarded as essential for immediate response, continuity of vital functions and short-term fiscal stabilisation. In comparative terms, this attribute is valued not simply because it reduces delays in financial mobilisation, but because it is seen as a means of preserving fiscal room at the most acute stage of crisis response, when governments face urgent expenditure pressures but may still lack clarity on the full scale of loss and recovery needs. This preference should not be interpreted as applying only to parametric instruments. Pre-arranged contingent credit facilities (based on soft triggers) may also disburse very rapidly once their activation conditions are met and a drawdown is requested. The cross-country interview evidence, therefore, suggests that stakeholders are concerned less with the PAF instrument's formal classification than with the extent to which it can quickly and predictably make usable liquidity available.

At the stakeholder group level, however, the reasons for valuing speed differ. Senior finance officials and central agencies are more likely to emphasise rapid sovereign liquidity because it supports short-term fiscal stabilisation, helps manage contingent liabilities and reduces the need for more costly or uncertain emergency financing. Disaster management agencies and operational responders tend to place even greater weight on speed as 'first money' for immediate response, continuity of essential services and rapid mobilisation in the early phase of crisis. Technical actors often view speed in conjunction with trigger design and activation certainty, paying attention to whether the pathway to liquidity is sufficiently clear, rules-based and operationally credible. Civil society and community-facing stakeholders generally place less emphasis on speed to the sovereign in the abstract and more on whether early liquidity is likely to translate into timely and visible support in practice. Divergence in emphasis should therefore not be interpreted simply as disagreement; in many cases, it reflects different institutional mandates and different points of engagement along the DRF chain.

At the same time, some instruments may be perceived as faster in practice because their activation sequence is more visible or more automatic. Belizean respondents frequently describe speed as non-negotiable and cite CCRIF and other parametric instruments as valuable sources of rapid liquidity, often within about 14 days. Jamaican interviewees similarly emphasise the importance of "first money" within the first 72 hours of a shock, while also recognising the importance of CCRIF payouts received within 14 days after Hurricane Beryl. Grenada's post-Beryl experience likewise demonstrates the value attached to rapid-disbursing financing, including a historically large CCRIF payout and access to multiple pre-arranged layers within a short period. These country examples suggest that the salience of speed is reinforced where recent experience has demonstrated the practical value of liquidity arriving early enough to support initial response and fiscal management. They also suggest that stated preferences for speed are not abstract: they are rooted in concrete experiences of how quickly resources can become available relative to the immediate demands generated by severe shocks.

The country evidence also indicates that, although speed is valued across all three cases, its practical meaning is conditioned by national context. In Jamaica, speed is closely associated with the idea of immediate 'first money' and with the need to stabilise a relatively sophisticated but highly scrutinised financing architecture during visible shock events. In Grenada, the importance of speed is heightened by fiscal and operational pressures stemming from severe, spatially concentrated losses, making rapid liquidity especially valuable at both the sovereign and recovery-management levels. In Belize, speed is also highly valued, but it is often discussed alongside broader concerns about trigger trust, delivery systems, and whether rapid liquidity can be meaningful within a still-evolving rules-based architecture. These differences do not weaken the comparison; rather, they show how the same broad attribute is interpreted and weighted differently in practice.

How instruments and portfolios performed in practice

Observed performance across the three cases suggests that parametric insurance and other pre-arranged layers generally met expectations regarding the speed of sovereign liquidity. The continued inclusion of both parametric and contingent instruments in country portfolios also indicates that revealed preference attaches value to speed across multiple instrument types, rather than privileging any one category. This is an important comparative point. It suggests that governments do not treat speed as the exclusive property of any one class of PAF instruments. Rather, they retain a mix of instruments that can provide rapid liquidity through multiple activation pathways, implying that speed is pursued alongside other valued attributes such as credibility, fiscal feasibility and protection against the limitations or non-activation of any single layer.

Where differences arise, they appear to relate less to the speed of disbursement once an instrument has been activated than to the institutional pathway required to reach that stage. Parametric instruments may sometimes appear faster because the trigger-to-payout sequence is externally specified and publicly visible. Contingent credit instruments may also disburse quickly once activated, but the overall interval to liquidity may depend on how rapidly national authorities complete the relevant request, approval, or drawdown steps. The comparative lesson is therefore not that one family of instruments is intrinsically fast while another is intrinsically slow, but that the realised speed depends on how fully the activation and access processes have been pre-arranged. In this respect, observed performance indicates that stakeholder perceptions of speed are shaped not only by the PAF instrument's contractual features but also by the procedural burden associated with activation. An instrument may be designed for rapid disbursement, yet still be regarded as slower in practice if domestic procedures introduce uncertainty or delay before drawdown can occur.

The country data also suggests that visibility matters. Parametric payouts may sometimes be perceived as faster, not only because of their contractual structure, but because their activation is easier to observe and communicate. By contrast, facilities that require a national declaration, a drawdown request, or internal authorisation may appear less immediate, even when actual disbursement after activation is similarly rapid.

This may reflect not only procedural steps, but also the possibility that instruments which add to the public debt stock require additional internal deliberation before drawdown. Non-debt instruments, such as CCRIF payouts, may therefore be perceived as more immediately usable in early response, while debt-based facilities may be activated somewhat later, even though they remain important sources of rapid liquidity. This distinction is important because it indicates that perceptions of speed are partly mediated by institutional transparency and public legibility rather than solely by elapsed time.

Stakeholder-group differences are also evident in how observed performance is interpreted. Finance actors appear more likely to view rapid liquidity in terms of its usefulness for fiscal management, reserve preservation and portfolio performance. Operational actors tend to focus more directly on whether liquidity arrives early enough to support response activities and maintain continuity of key functions. Technical respondents are more attentive to the activation pathway itself, including whether the route from trigger to payout or drawdown is sufficiently clear and dependable. Community-facing stakeholders are less likely to assess speed based solely on disbursement mechanics and more likely to judge it by whether rapid sovereign liquidity is likely to make a timely difference on the ground.

The country cases also reveal somewhat different emphases in observed performance. In Belize, the issue is not only that rapid liquidity is valued, but also that speed is assessed alongside confidence in the trigger and in the wider system's ability to make early liquidity usable. In Jamaica, the evidence highlights the importance of highly visible early liquidity layers, particularly in moments when public attention is intense and a rapid fiscal response is expected. In Grenada, observed performance after Beryl highlights the importance of having several instruments capable of generating quick liquidity, especially where severe impacts create immediate fiscal and operational strain. Not all PAF attributes are equally prominent in every country. In the case of speed, national circumstances condition the emphasis placed on automaticity, visibility and the practical route to access.

Implications

The evidence suggests that speed should be interpreted primarily as speed to sovereign liquidity rather than as

a general proxy for overall system performance. Several forms of PAF arrangements can provide rapid liquidity once their respective conditions are met. The more important distinction lies in the visibility, automaticity, and procedural burden associated with activation and access. Comparative evaluation should therefore focus not only on nominal payout timelines, but also on the practical steps required to move from shock to accessible liquidity. Speed, in other words, is best understood as an attribute of the full activation pathway rather than of disbursement alone.

The cross-country evidence also shows that speed should not be treated as synonymous with parametric design. Soft or declaration-linked triggers may also support rapid sovereign liquidity, provided that the relevant national procedures for activation and drawdown are clear and operationally ready. Stakeholders do not value speed in the abstract, but rather in relation to reliability, predictability and the instrument's role within the broader portfolio. Rapid liquidity is most attractive where it is also credible, procedurally clear and fiscally usable. In this sense, speed is not a standalone virtue; it derives its practical significance from its relationship to the wider architecture of sovereign disaster financing.

Differences across stakeholder groups reinforce this point. A financing pathway that appears sufficiently rapid to finance officials, because it preserves fiscal room or avoids costly borrowing, may still be judged inadequate by operational actors if it does not arrive early enough to support an immediate response. Conversely, an activation pathway that appears highly attractive to responders because of its apparent automaticity may still raise concerns among finance officials if its fiscal role, cost, or procedural implications are unclear. The design challenge, therefore, is not simply to maximise nominal speed, but to ensure that rapid liquidity is sufficiently predictable, intelligible and usable across multiple institutional audiences.

The cross-country evidence suggests that speed to sovereign liquidity should be understood as a relational attribute. It depends not only on the instrument's formal terms but also on the fit among activation design, national procedures, stakeholder expectations and the wider financing portfolio. In that sense, speed is not a fixed property of any single instrument type, but an outcome shaped by the interaction of contractual design, institutional process and the purposes for which liquidity is valued.

3.3 Impact on public debt stock, fiscal space and sustainability

What stakeholders prefer

Across the three cases, the impact of PAF instruments on public debt stock, fiscal space and debt sustainability emerges as a core attribute, although its relative salience varies. Interview evidence suggests that this attribute is most strongly emphasised in Belize and Grenada, and somewhat less strongly – though still significantly – in Jamaica. This variation is analytically important because it indicates that debt-related preferences are not uniformly distributed across Caribbean SIDS, but are shaped by differing fiscal positions, recent financing experiences, and the structure of each country's available policy options.

In Belize, Ministry of Finance and central government respondents place particular emphasis on instruments that preserve fiscal stability and reduce reliance on emergency borrowing. Grenada's evidence similarly indicates that debt sustainability is a persistent filter in the selection and interpretation of PAF instruments, with particular value attached to arrangements that

create post-shock fiscal room without immediate new borrowing. In Jamaica, the issue is most evident in relation to loan-based contingent liquidity facilities. Here, stakeholders recognise the value of such facilities as substantial backstops, while also stressing the need to assess their implications within the broader fiscal portfolio. Taken together, these stated preferences suggest that debt-related considerations are not peripheral to PAF design. Rather, they frequently serve as an organising criterion through which financing options are judged, especially by finance-facing actors.

At stakeholder group level, however, the reasons for valuing this attribute differ. Senior finance officials and central agencies are most likely to emphasise debt implications, fiscal space, contingent liabilities and medium-term sustainability, because these directly affect macro-fiscal management and the strategic fit of instruments within the wider national financing portfolio. Disaster management agencies and operational responders tend to assign less direct weight to debt as an

abstract fiscal variable. Still, they remain concerned that debt-related deliberation may delay access to liquidity or constrain the practical usability of funds during crisis response. Technical actors are more likely to focus on the instrument's structure and terms, including whether its activation pathway and financing logic are sufficiently clear and defensible. Civil society and community-facing stakeholders generally engage with debt issues more indirectly, particularly where sovereign borrowing decisions are perceived to shape the speed, scale, or fairness of eventual support. Divergence in emphasis should therefore not be interpreted simply as disagreement; in many cases, it reflects differences in institutional mandate, responsibility and exposure across the DRF chain.

Why it matters

Fiscal room without immediate new borrowing is valued not only for expanding the resources available after a shock, but also because the form of financing affects the public debt stock, medium-term sustainability and the space available for development expenditure. This logic is especially clear in Grenada, where the activation of CRDCs after Hurricane Beryl illustrates the appeal of mechanisms that create fiscal room without immediately adding to debt. A similar logic is visible in Belize's emphasis on debt-linked resilience mechanisms intended to protect fiscal space following a disaster. In both cases, the attractiveness of these arrangements appears to derive from their ability to relieve immediate fiscal pressure precisely when governments may otherwise face the need to borrow on potentially unfavourable terms or to reallocate expenditure away from other priorities.

In Jamaica, however, the issue is more nuanced than simple aversion to borrowing. Loan-based contingent facilities may increase debt, but their attractiveness depends on their terms and conditions, the alternatives available at the time of shock, and the speed with which they can provide usable liquidity. More generally, cross-country evidence suggests that debt-based instruments are not assessed in binary terms. What matters is how they compare to alternative sources of financing, how they are structured and how they fit within the wider fiscal strategy. The comparative evidence, therefore, indicates that this attribute is best understood not as a question of 'debt versus no debt', but as a question of whether financing arrangements preserve fiscal room on acceptable terms and in a manner consistent with the sovereign's broader macro-fiscal strategy.

The importance of this attribute also differs somewhat by stakeholder group. For finance actors, debt sustainability matters because it shapes renewal choices, borrowing space and the long-term credibility of the sovereign financing strategy. For operational actors, it matters more when it affects the timing of drawdown decisions or the extent to which usable liquidity can be mobilised without delay. For community-facing stakeholders, debt is rarely the primary criterion by which instruments are judged. Still, it may become relevant where fiscal strain is seen to affect the adequacy or timeliness of support. In this sense, the significance of debt-related PAF attributes lies not only in their direct macro-fiscal effects but also in how those effects filter through different institutional perspectives.

How instruments and portfolios performed in practice

Observed country experience confirms that this attribute is reflected in different ways across the three portfolios. In Grenada, the activation of the climate-resilient debt clause with bondholders deferring debt service, generated temporary post-disaster fiscal room of approximately USD12.5 million. For senior finance stakeholders, this appears to have been especially important, and in some cases, it was described in terms that emphasised the centrality of debt sustainability to instrument choice. At the same time, the mechanism did not eliminate debt service; it deferred it. Its short-term fiscal value, therefore, coexists with the need to consider future refinancing or rollover implications. Grenada thus illustrates both the appeal and the limits of such arrangements: they can create meaningful near-term fiscal space, but their medium-term implications remain relevant to any full assessment of sustainability. At the same time, Grenada's experience after Hurricane Beryl also suggests that the value of these mechanisms may be amplified when they operate alongside other rapid-disbursing layers. In this case, the triggering of the debt clause, the CCRIF payout, and the World Bank Cat DDO drawdown helped support the response while allowing the dedicated domestic contingency fund to continue accumulating, which reached 1.6% of GDP at end-September 2025, thereby preserving additional protection against future shocks.

In Belize, debt-linked approaches such as debt pause clauses and the Blue Bond's embedded parametric features are regarded as appealing because they can create fiscal space without immediately increasing the

debt stock. The Blue Bond transaction is also cited as having reduced Belize's debt by approximately 12% of GDP, reinforcing the attractiveness of resilience-linked debt operations in a fiscally constrained environment. Belize, therefore, provides an example of how debt-related innovation may be valued not only for post-shock relief but also for its broader contribution to sovereign balance sheet management and fiscal resilience.

In Jamaica, the treatment of debt-based PAF is more explicitly conditioned by relative financing costs and practical utility. The Ministry of Finance and related respondents appear less concerned with debt in the abstract than with the comparative terms under which liquidity can be secured. In this regard, contingent credit may remain attractive where it is less costly than market borrowing and can provide rapid support in a crisis. The post-Melissa use of Jamaica's debt-based PAF instruments suggests that, in practice, the stabilising value of rapid liquidity may outweigh immediate concern about debt accumulation where borrowing space exists and financing terms remain favourable relative to alternatives. Jamaica is therefore particularly important in demonstrating that debt-based instruments may remain entirely compatible with prudent fiscal management when assessed in relative rather than absolute terms. The key issue is not simply whether debt is incurred, but whether the terms, timing and purpose of that debt are judged acceptable within the broader financing strategy.

More broadly, the country evidence suggests that revealed preferences do not support a categorical rejection of debt-based instruments. Instead, they indicate differentiated use according to fiscal condition, available market alternatives and the perceived value of immediate liquidity. In this respect, the portfolios of the three countries reflect a pragmatic rather than doctrinal approach to debt-related financing choices.

Stakeholder-group differences are also evident in how observed performance is interpreted. In Grenada, finance actors appear particularly attentive to the value of debt clauses as rules-based mechanisms for generating fiscal room without immediate new borrowing, whereas community-facing respondents are more likely to judge performance by whether that fiscal space is eventually felt in affected areas, especially the dependencies. In Belize, debt-linked innovation appears particularly salient to finance and central government respondents

because of its contribution to broader fiscal resilience. By contrast, other stakeholders tend to interpret it more indirectly through its implications for system credibility and the room it may create for support. In Jamaica, finance actors are more likely to evaluate contingent borrowing in comparative cost terms. At the same time, operational and public-facing respondents are more attentive to whether debt-based facilities are likely to be drawn quickly enough to matter in practice.

The country cases also show that this attribute is conditioned differently by national context. Grenada's experience makes debt sustainability and debt-sparing fiscal space especially salient, given the acute fiscal constraint and the CRDC activation, which provided a visible test of how debt-linked relief operates under severe shock. Belize similarly places a strong emphasis on preserving fiscal space, but does so in a context where debt-linked innovation is more explicitly tied to broader resilience-oriented debt operations and policy reform. Jamaica, by contrast, illustrates a more qualified position in which debt-based PAF can remain attractive, provided that terms are favourable and the financing plays a useful role within the broader portfolio. These differences do not weaken the comparison; rather, they show how similar broad categories of preference are weighted differently across countries and stakeholder groups in practice.

Implications

The comparative evidence suggests that mechanisms which create fiscal space without immediate new borrowing align closely with stakeholder preferences where debt sustainability is a binding constraint. At the same time, the evidence does not support a simple opposition between debt-based and non-debt-based instruments. Stakeholders appear to assess debt-related instruments in relation to their terms, alternatives and portfolio role. The debt attribute should therefore be understood in relational terms: the significance of any financing instrument depends not only on whether it generates debt, but also on the cost, timing and strategic necessity of that debt relative to other available options.

Debt-linked arrangements are best understood primarily as sovereign fiscal instruments. Their value lies in the fiscal room they create at the point of shock. At the same time, the sustainability implications of debt-based financing cannot be considered entirely separately from how resources are used in practice. Where borrowed funds are deployed efficiently to stabilise the economy

and accelerate recovery, their contribution to resilience may strengthen the case for their use; where they are delayed or used ineffectively, debt sustainability concerns may become more acute. In contexts where multiple debt and non-debt instruments are activated together, fungibility also matters: what matters most is not always attributing each expenditure to a specific instrument, but whether the financing system as a whole uses available resources as efficiently and effectively as possible.

The wider relevance of debt-linked mechanisms also depends on how clearly their terms and implications are understood. Where replication is contemplated, activation conditions, repayment obligations and medium-term fiscal implications must be clearly specified and transparent. Debt-related PAF instruments are most likely to be regarded as credible and attractive where their short-term fiscal benefits and longer-term obligations are both clearly understood. Transparency in this respect is not only a governance requirement but also a condition for policy transferability and sustained stakeholder acceptance.

The stakeholder evidence illustrates the same point from another angle. An instrument that appears attractive to

finance officials because it preserves fiscal room or offers better terms than market borrowing may still be judged less favourably by operational actors if it is expected to require additional internal deliberation before drawdown. Conversely, a non-debt mechanism may appear especially attractive to community-facing actors because it avoids that decision point, even if finance officials view it as less significant in portfolio terms. The design challenge, therefore, is not simply to minimise debt, but to structure financing in ways that are fiscally defensible, operationally usable and institutionally intelligible across multiple audiences.

From a cross-country perspective, the debt dimension should also be understood as relational. Its significance depends not only on the formal characteristics of the financing instrument, but also on the fit between fiscal conditions, financing alternatives, stakeholder expectations and the wider sovereign strategy. In that sense, the impact of a PAF instrument on public debt stock, fiscal space and sustainability is not a fixed property of the instrument alone, but an outcome shaped by the interaction of financing terms, national context and institutional interpretation.

3.4 Affordability and value for money

What stakeholders prefer

Across all three cases, affordability is understood to encompass both the recurring costs of maintaining coverage and the broader administrative and transactional burdens associated with sustaining and operating instruments. In Belize, affordability within limited fiscal space is a particularly pressing concern, with recurring premium costs shaping the feasible scale and composition of risk transfer. In Jamaica, the Ministry of Finance and related respondents place substantial weight on premium affordability, opportunity costs and the potential fiscal implications of instruments that may create future repayment obligations or other liabilities if activated. In Grenada, recurring premiums and fees are balanced against other pressing fiscal demands, while indirect administrative costs are also recognised as consequential. This indicates that affordability is not interpreted narrowly as a question of price alone. Rather, it is treated as a broader judgement about whether the financial and administrative burden of maintaining a PAF arrangement is proportionate to the protection it is expected to provide.

Across the three countries, interview evidence suggests that affordability and value for money are often assessed at the portfolio level rather than at the individual instrument level. The use of lower-cost domestic retention for routine needs, combined with more expensive layers for severe events, appears to reflect a broader concern with the cost-effective management of different tiers of risk. Value for money is also closely related to perceived reliability. Where non-trigger outcomes or basis-risk concerns become highly visible, stakeholders may question whether premium expenditure is delivering credible protection. In this respect, stated preferences suggest that value for money is not an isolated financial metric but a composite assessment that links cost, reliability, expected usefulness and the instrument's credibility within the wider financing architecture.

At stakeholder group level, however, the reasons for valuing affordability differ. Senior finance officials and central agencies are most likely to emphasise premiums, fees, contingent liabilities, opportunity costs and the

fiscal sustainability of maintaining particular layers over time. Disaster management agencies and operational responders tend to place less weight on affordability in the abstract, but become highly attentive to it when cost constraints narrow coverage, weaken readiness, or reduce the portfolio's practical usability during crises. Technical actors are more likely to focus on the administrative and design burdens associated with maintaining instruments, including whether transaction costs and reporting requirements are proportionate to expected benefits. Civil society, private sector and community-facing stakeholders often engage with affordability through its distributive consequences, particularly where high sovereign costs appear to coexist with protection gaps affecting households, small businesses, or exposed sectors. Divergence in emphasis should therefore not be interpreted simply as disagreement; in many cases, it reflects differences in institutional mandate, responsibility and exposure across the DRF chain.

Why it matters

Affordability matters not only as a budget constraint, but also as a structuring influence on portfolio design and renewal. In Belize, official policy frames risk layering as a means of managing cost by reserving more expensive instruments for severe shocks while relying on lower-cost arrangements for more frequent events. Grenada appears similarly to evaluate cost in portfolio terms, emphasising the need to preserve coverage across layers without committing to recurring financial obligations that unduly constrain wider resilience investment. Jamaica's experience points in the same direction: affordability and opportunity cost are especially salient in budgeting and renewal processes, highlighting the importance of reviewing whether premium expenditure remains aligned with risk appetite and intended portfolio function. The significance of this attribute, therefore, lies in its role as a gatekeeping consideration. Affordability shapes not only whether a given instrument is viewed favourably, but also whether it is politically and fiscally sustainable to maintain over time within the national portfolio.

The comparative evidence also suggests that affordability is closely linked to the opportunity cost of public expenditure in highly constrained settings. Premium expenditure competes with other urgent claims on scarce fiscal resources, including social spending, infrastructure and resilience investment. As a result, stakeholders may assess affordability not only in absolute terms but also

relative to what must be forgone or deferred to maintain a given financing layer. This helps explain why some respondents appear to value instruments that are not necessarily the cheapest on paper, but are judged to offer more dependable or strategically useful protection relative to cost.

The salience of this attribute also varies by stakeholder group. For finance actors, affordability matters because it shapes whether instruments remain defensible in budget negotiations and whether the portfolio can be sustained without undermining other fiscal priorities. For operational actors, affordability becomes salient when cost-related choices affect the availability, breadth or practicality of financing during response. For civil society and private sector respondents, affordability may matter less as a sovereign budget variable than as a signal of whether scarce public expenditure is translating into meaningful and credible protection. In this sense, affordability and value for money matter not only because they affect what governments can purchase, but also because they influence whether different institutional audiences continue to regard the financing architecture as justified and workable.

How instruments and portfolios performed in practice

Observed country experience suggests a consistent pattern of affordability-related tension. In Belize, the administrative and transactional burden of maintaining instruments may be significant for a small administration, which helps explain the appeal of standardised instruments, pooled arrangements and simplified activation processes. In Jamaica, affordability concerns are expressed most strongly by finance-facing respondents during budgeting and renewal. In contrast, other stakeholder groups tend to assign relatively greater weight to reliability and liquidity once a shock occurs. In Grenada, private-sector respondents highlight affordability constraints and associated protection gaps for households and small businesses, suggesting that sovereign affordability decisions may have broader distributive consequences. This pattern is important because it shows that affordability is experienced differently across stakeholder groups. For finance actors, it is often a question of budgetary sustainability and portfolio composition; for other respondents, it may manifest in the indirect consequences of constrained coverage, thinner protection, or gaps in who ultimately benefits from the financing architecture.

The country evidence also suggests that revealed preferences are broadly consistent with these stated concerns. None of the three countries appears to have pursued an unconstrained expansion of costly upper-layer instruments. Instead, portfolio choices point to a continuing effort to balance protection with fiscal feasibility, whether through risk layering, the retention of domestic buffers, or the selective use of contingent instruments alongside insurance-based arrangements. This indicates that affordability is not merely discussed in interviews as an abstract concern; it is reflected in the structure and composition of country portfolios.

Stakeholder-group differences are also evident in how observed performance is interpreted. In Jamaica, financial actors appear especially attentive to premium affordability, contingent liabilities and the justification for maintaining upper-layer instruments, whereas operational and public-facing respondents are more likely to accept higher costs when rapid liquidity and predictable support are seen as valuable. In Belize, cost concerns appear especially acute among finance and central government respondents because of the administrative and fiscal burden of maintaining multiple instruments in a relatively small system. In contrast, technical and community-facing respondents are more likely to interpret affordability through the lens of trust, coverage and usability. In Grenada, affordability takes on a somewhat different character: finance actors remain concerned with recurring costs, but private-sector and community-facing respondents draw greater attention to the fact that sovereign cost decisions may coexist with protection gaps affecting households and small enterprises.

The country cases also show that this attribute is conditioned differently by national context. Belize places particular emphasis on affordability because fiscal constraints, administrative scale and policy reform heighten attention to whether the portfolio remains manageable over time. Grenada similarly treats cost as important, but often within the broader context of preserving coverage and fiscal room without crowding out resilience investment. Jamaica, by contrast, illustrates a context in which affordability remains central, but is often evaluated alongside the strategic value of maintaining a relatively diversified and mature financing architecture. These differences do not weaken the comparison; rather, they show how the same broad attribute is weighted differently across countries and stakeholder groups in practice.

Implications

The evidence indicates that affordability should be interpreted in multidimensional terms. Premium cost alone does not capture the full burden of a financing layer. Administrative costs, compliance requirements and the opportunity cost of scarce public resources also shape how value for money is judged. A narrow focus on headline premium values would therefore risk obscuring the wider fiscal and institutional costs of maintaining PAF arrangements, especially in smaller administrations where transaction costs may be proportionally higher.

The comparative evidence also indicates that affordability is best assessed at the portfolio level rather than by simply comparing individual layers. Stakeholders value cost structures that remain politically and fiscally sustainable while still providing credible protection across different types of risk. Regular review of the portfolio, therefore, remains important to ensure that limited premium expenditure continues to align with both risk exposure and stakeholder expectations. Affordability and value for money are inseparable from the question of fit. A financing arrangement may appear inexpensive in isolation, yet offer limited value if it provides weak, unreliable, or politically contested protection. Conversely, a more costly arrangement may still be regarded as worthwhile where it is seen as credible, strategically important and appropriately matched to the country's risk profile. The comparative lesson, therefore, is that affordability is not simply a matter of minimising cost, but of securing protection that is fiscally manageable and substantively defensible within the wider portfolio.

The stakeholder findings reinforce this conclusion. A financing layer that appears to offer good value to finance officials because it is relatively cheap or fiscally manageable may still be judged weak by operational, technical, or community-facing actors if it provides limited, unreliable, or poorly targeted protection. Conversely, a more expensive layer may still be defended where different stakeholders regard it as credible, strategically important, or necessary to offset the limitations of other instruments. The design challenge, therefore, is not simply to minimise cost, but to ensure that expenditure on PAF remains intelligible and defensible across multiple institutional audiences.

Collectively, the three cases suggest that affordability and value for money should also be understood as

relational. Their significance depends not only on the instrument's direct cost but also on the fit between fiscal conditions, expected protection, stakeholder expectations and the structure of the wider portfolio.

3.5 Flexibility

What stakeholders prefer

Flexibility refers to the extent to which financing can be used to meet changing post-shock needs without being constrained by rigid earmarks or slow procedures. Across the three cases, stakeholders value PAF instruments or financing arrangements that enable governments to reallocate or deploy resources as circumstances evolve. In comparative terms, flexibility is valued because it addresses a central uncertainty in disaster response and recovery: governments cannot always predict *ex ante* which sectors, localities, or categories of expenditure will prove most urgent once the shock unfolds. In Belize, respondents value fungible resources that can be directed toward a range of urgent post-disaster needs, and contingent credit is often regarded as attractive precisely because it can function as flexible budget support, subject to public financial management requirements. In Grenada, government respondents link flexibility to the capacity to reprioritise quickly within clear and defensible rules. In Jamaica, flexibility is also regarded as important, particularly in the immediate aftermath of a shock, where stakeholders emphasise the value of arrangements that support rapid redeployment of resources while maintaining accountability. These stated preferences suggest that flexibility is not regarded as a marginal or secondary consideration, but as an important attribute, given that needs are expected to evolve rapidly during the response and recovery period.

At the level of stakeholder groups, however, the reasons for valuing flexibility are not identical. Senior finance officials and central agencies are more likely to emphasise flexibility because it allows fiscal reprioritisation within the national budget while preserving discipline and oversight. In practice, disaster management agencies and operational responders place greater weight on whether resources can be redirected quickly enough to support changing response and recovery needs. Technical actors tend to focus on whether formal rules, public financial management procedures and implementation systems permit flexibility without undue friction. Civil society

In that sense, affordability is not a fixed property of any single financing layer, but an outcome shaped by the interaction of cost, context, credibility and institutional interpretation.

and community-facing stakeholders are more likely to value flexibility where it increases the likelihood that support can adapt to the differing needs of households, livelihoods and local communities as conditions evolve. Divergence in emphasis should therefore not be interpreted simply as disagreement; in many cases, it reflects differences in institutional mandate, responsibility and exposure across the DRF chain.

Why it matters

The value of flexibility appears to derive from the changing character of post-disaster need. Immediate response, service continuity, livelihood support and reconstruction do not necessarily require the same types of expenditure at the same time. Instruments perceived to be overly rigid may therefore be regarded as less useful, even if they are technically sound or fiscally attractive. In this sense, flexibility is closely related to temporal uncertainty: the greater the uncertainty regarding the sequence and composition of expenditure needs, the greater the value of financing arrangements that do not overly constrain the sovereign's ability to reallocate resources.

At the same time, cross-country evidence indicates that flexibility is not understood as the absence of rules. Rather, stakeholders appear to value flexibility within a clearly authorised framework. In this sense, flexibility and accountability are not necessarily opposing values; the preferred arrangements are those that allow governments to reallocate resources rapidly without creating uncertainty about legality, oversight, or auditability. The evidence, therefore, suggests that stakeholders are not seeking unfettered discretion. Instead, they appear to prefer financing arrangements that permit adaptability while remaining consistent with established public financial management and oversight requirements.

The salience of this attribute also differs by stakeholder group. For finance actors, flexibility matters because it affects whether resources can be steered efficiently across changing fiscal pressures without undermining accountability or macro-fiscal control. For operational

actors, flexibility matters because post-shock needs change quickly and often do not align neatly with pre-specified expenditure categories. For technical and implementation-focused respondents, the issue is whether legal, administrative and procurement systems enable formal flexibility to translate into usable flexibility. For community-facing actors, flexibility becomes salient when rigid financing arrangements risk leaving important needs unmet because support cannot adapt to shifting realities on the ground. In this sense, flexibility matters not only because it affects how funds may be used, but also because it influences whether different institutional audiences regard the financing system as practically useful.

How instruments and portfolios performed in practice

Observed experience suggests that flexibility is shaped not only by instrument design, but also by the fiscal and administrative environment in which the instrument operates. In Belize, flexible budget support appears most useful where public financial management and execution arrangements allow rapid allocation. In Grenada, practical flexibility may be constrained when procurement rules and administrative procedures are ill-suited to emergency reprioritisation. In Jamaica, interview evidence similarly suggests that nominally flexible resources may still be slowed by internal approval and budget execution processes. This indicates that observed performance does not support an understanding of flexibility as a purely contractual attribute. Rather, the practical value of fungibility depends on whether the surrounding institutional system can translate formal discretion into timely, usable fiscal action.

The comparative evidence also suggests that revealed preferences broadly support the value attached to flexibility in interview material. The continued use of contingent credit, budget-support arrangements and other instruments that can support broader post-shock expenditure indicates that governments value instruments that preserve some room for reprioritisation. At the same time, observed country experience shows that such formal flexibility may be weakened in practice by procurement rules, approval processes and other administrative constraints. Flexibility is therefore both a property of the financing arrangement and a function of the institutional setting in which it operates.

Stakeholder-group differences are also evident in how observed performance is interpreted. In Belize, finance

and central government respondents appear particularly attentive to the value of flexible budget support in a constrained fiscal setting, while delivery-facing respondents are more likely to judge flexibility by whether it can be translated into timely action through existing systems. In Grenada, the contrast is especially clear between the formal attractiveness of reprioritisation and the operational frictions that may slow its use, particularly where procurement and administrative systems are ill-suited to emergency conditions. In Jamaica, finance actors appear more attentive to the budgetary and accountability dimensions of flexibility. At the same time, operational and community-facing respondents are more sensitive to whether internal approval processes reduce the practical usefulness of formally fungible resources.

The country cases also show that this attribute is conditioned differently by national context. In Belize, flexibility is often discussed alongside delivery arrangements and the question of whether sovereign resources can be directed toward a changing range of urgent needs. In Grenada, flexibility is closely tied to the challenge of responding to severe and spatially concentrated impacts under conditions in which implementation systems may still constrain rapid reprioritisation. In Jamaica, flexibility matters within a more developed financing architecture, but its practical value remains shaped by internal approval and execution processes. These differences do not weaken the comparison; rather, they show how the same broad attribute is interpreted and weighted differently across countries and stakeholder groups in practice.

Implications

The comparative evidence suggests that flexibility is best understood as a property of PAF operating within enabling fiscal and administrative rules, rather than as a feature of instruments alone. Instruments that are formally fungible may have limited practical value if authorisation and execution arrangements remain slow or uncertain. Flexibility should therefore be interpreted in both operational and financial terms. Formal budgetary support, or fungibility, is most valuable where the broader institutional setting permits the rapid and lawful redeployment of resources.

The evidence also shows that flexibility is highly valued, but not as an unconditional attribute. Stakeholders appear to prefer arrangements that combine adaptability with institutional clarity, rather than discretion without rules.

Flexibility derives its significance from its relationship to other valued attributes. It is attractive not in isolation, but insofar as it enhances the practical usefulness of financing while remaining compatible with accountability, fiscal discipline and public justification. In this sense, flexibility is best understood as a conditional strength: it is most highly valued when embedded in PAF arrangements that are both adaptable and institutionally credible.

The stakeholder findings further show that flexibility cannot be evaluated from a single institutional standpoint. A financing arrangement that appears suitably flexible to finance officials because it permits lawful budgetary reprioritisation may still be judged insufficiently flexible by operational actors if procedures slow its practical use. Conversely, arrangements that appear highly attractive to responders because they permit broad redeployment

may still raise concerns among finance or technical actors if their governance boundaries are unclear. The design challenge, therefore, is not simply to maximise fungibility, but to ensure that flexibility is structured in ways that remain fiscally defensible, operationally usable and institutionally intelligible across multiple audiences.

From a comparative perspective, the three cases suggest that flexibility should also be understood as relational. Its significance depends not only on the formal terms of the financing instrument, but also on the fit between public financial management rules, procurement systems, stakeholder expectations and the wider financing portfolio. In that sense, flexibility is not a fixed property of the instrument alone, but an outcome shaped by the interaction of financing design, administrative process and institutional interpretation.

3.6 Coverage

What stakeholders prefer

Across the three countries, stakeholders express a clear preference for broad and appropriate coverage, although the specific emphasis varies according to national risk profile and recent shock experience. In comparative terms, coverage is valued not only by the number of hazards included in a financing architecture, but also by whether the portfolio reflects the pattern of risks that stakeholders regard as most fiscally, socially and politically consequential. In Belize, respondents attach particular importance to ensuring that financing arrangements remain relevant as hazards evolve, including emerging concerns such as wildfire alongside more established cyclone and flood risks. In Jamaica, stakeholders emphasise the need for periodic portfolio reviews to identify and address gaps, including hazards or shocks that do not fit neatly within conventional coverage categories. In Grenada, coverage is often discussed in relation to the spatial and sectoral distribution of impacts, especially in agriculture and fisheries, and to the distinct exposure of the dependencies³. The stated preferences, therefore, suggest that coverage is not interpreted in purely technical terms. Rather, it is understood as an attribute that must remain responsive to changing national exposure, sectoral vulnerability and the lived geography of disaster loss.

At stakeholder group level, however, the reasons for valuing coverage differ. Senior finance officials and central agencies are more likely to emphasise whether the portfolio covers the risks most relevant to fiscal exposure and whether scarce premium expenditure is being directed towards the most consequential hazard layers. Disaster management agencies and operational responders tend to place greater weight on whether coverage aligns with the hazards and sectors they confront in practice, especially where gaps complicate response planning or leave important needs unsupported. Technical actors often focus on whether coverage is appropriately calibrated to local hazard realities, including spatial concentration, multi-hazard interaction and evolving risk patterns. Civil society and community-facing stakeholders are more likely to value coverage in terms of whether the architecture recognises the sectors, territories and vulnerable groups that experience disaster impacts most directly. Divergence in emphasis should therefore not be interpreted simply as disagreement; in many cases, it reflects differences in institutional mandate, responsibility and exposure across the DRF chain.

3 In the Grenadian context, 'the dependencies' refers to Carriacou and Petite Martinique, whose exposure, economic structure, and post-disaster needs may differ significantly from those of mainland Grenada.

Why it matters

Coverage matters because a financing arrangement that performs well for a narrow set of perils may still be considered incomplete if it does not align with the evolving national risk profile. Belize provides the clearest illustration of this dynamic, with respondents emphasising the need for PAF arrangements that remain relevant to drought and wildfire as well as to tropical cyclone and flood risk. Grenada's evidence indicates that coverage is also spatial and sectoral: stakeholders are concerned about whether national arrangements adequately reflect concentrated losses in the dependencies and the exposure of livelihood sectors. Jamaica similarly emphasises the importance of revisiting coverage gaps over time, including those related to compounding events and non-traditional shocks. In this respect, the significance of coverage lies in its relationship to perceived fit. Stakeholders appear to attach greatest value to financing arrangements that correspond not only to the dominant hazard categories recognised in formal policy, but also to the shocks and impact patterns experienced as materially important within each country.

The cross-country evidence also suggests that coverage matters because it shapes perceptions of the portfolio's overall adequacy. An arrangement may be regarded as technically sound in relation to covered perils, yet still be assessed as incomplete if important hazards, sectors, or territories remain exposed. Coverage therefore functions as both a substantive and symbolic attribute: substantively, because it affects the range of shocks for which financing may be available; and symbolically, because it signals whose risks are recognised within the architecture of sovereign protection.

The salience of this attribute also varies by stakeholder group. For finance actors, coverage matters because it affects whether the portfolio is strategically targeted and fiscally defensible. For operational actors, coverage matters because uncovered or only weakly covered hazards complicate planning and reduce the system's usefulness in practice. For technical respondents, coverage matters because the architecture may appear misaligned if it does not adequately reflect local hazard patterns, spatial concentration, or evolving exposure. For community-facing stakeholders, coverage becomes especially salient where important livelihood sectors, geographic areas, or vulnerable populations appear insufficiently recognised within the sovereign financing

framework. In this sense, coverage matters not only because it determines which risks are formally included, but also because it influences whether different institutional audiences regard the portfolio as credible, relevant and fair.

How instruments and portfolios performed in practice

Observed country experience suggests that coverage-related tensions arise when hazard profiles evolve more quickly than financing structures, or when national-level parameters obscure localised patterns of impact. In Belize, multi-hazard coverage is increasingly treated as an operational requirement rather than an optional extension. In Jamaica, stakeholders point to both thematic gaps and the limits of national-level parameters in settings where impacts are spatially concentrated. In Grenada, coverage debates are closely linked to dependencies, where national-average triggers and mainland-centred monitoring may not adequately reflect extreme local losses. Taken together, these cases indicate that observed performance depends not only on whether an instrument exists for a given peril but also on whether the instrument's scope and calibration remain aligned with the actual distribution of risk.

Belize is especially important in this regard because it shows how coverage concerns may extend beyond conventional hydro-meteorological framing. The growing salience of wildfire suggests that stakeholders are attentive not only to existing gaps but also to the need for the financing architecture to adapt as the hazard landscape changes. Jamaica provides a somewhat different illustration, in that the concern is not limited to adding new perils, but also extends to whether existing arrangements adequately capture health-related shocks, compounding effects and spatially concentrated damage patterns. Grenada, by contrast, highlights most clearly the territorial dimension of coverage: financing arrangements may appear adequate at the national level yet be perceived as insufficiently responsive to the concentrated exposure of particular sectors and places, especially Carriacou and Petite Martinique.

The country evidence also suggests that revealed preferences only partially resolve these tensions. While all three countries maintain portfolios that address major categories of disaster risk, observed stakeholder concerns indicate that these portfolios may lag behind changing hazard realities or fail to capture sub-national variation.

In this sense, coverage emerges not as a settled feature of the existing architecture, but as an attribute that remains under continuous pressure from evolving patterns of exposure and expectation. It is therefore better understood as a dynamic property of portfolio fit than as a fixed design characteristic that can be resolved once and for all.

Stakeholder-group differences are also evident in how observed performance is interpreted. In Belize, finance and central government respondents appear particularly attentive to whether expanding coverage remains affordable and strategically justified, whereas technical and community-facing respondents are more likely to focus on whether emerging hazards and localised impacts are credibly captured. In Jamaica, financial actors seem more concerned with how broadening coverage fits within an already diversified portfolio, whereas operational and public-facing respondents place greater emphasis on the practical significance of gaps in coverage related to health shocks, compounding effects and spatial concentration. In Grenada, coverage is interpreted especially differently across groups: finance actors remain attentive to national portfolio logic, while community-facing and livelihood respondents are more likely to judge adequacy by whether the dependencies and exposed sectors are meaningfully reflected in the architecture.

The country cases also show that this attribute is conditioned differently by national context. Belize places particular emphasis on evolving hazard relevance and the need for the portfolio to adapt to wildfires and other changing risks. Grenada makes sectoral and sub-national fit especially salient because of the concentration of impacts in the dependencies and in livelihood sectors such as agriculture and fisheries. Jamaica, by contrast, places somewhat greater emphasis on reviewing thematic gaps within a more mature financing architecture, including those associated with health-related shocks and compounding events. These differences do not weaken the comparison; rather, they show how the same broad attribute is interpreted and weighted differently across countries and stakeholder groups in practice.

Implications

The evidence indicates that coverage should be treated as dynamic rather than fixed. Portfolios require periodic review to remain aligned with changing hazard profiles, evolving sectoral exposure and new forms of compounding risk. Coverage is therefore best understood

as an adaptive attribute rather than a once-and-for-all design choice. A financing arrangement that is well matched to the national risk profile at one point in time may become progressively less adequate as hazard patterns, exposure and stakeholder expectations change.

The cases also show that coverage has both thematic and spatial dimensions. Geography matters as much as hazard type. Where losses are spatially concentrated, more localised calibration may strengthen both the substantive adequacy and the perceived legitimacy of coverage. Stakeholders value coverage not only for breadth, but also for relevance: they attach greatest value to PAF that reflects the actual risk structure of the country concerned. Coverage is therefore most meaningful when it combines breadth with specificity. Portfolios are not judged simply by how many perils they notionally encompass, but by whether the hazards, sectors and territories that matter most in practice are recognisably incorporated within the financing architecture. In this sense, the coverage attribute is closely connected to both credibility and portfolio fit, since stakeholders are more likely to regard financing arrangements as legitimate when they reflect the real contours of national and sub-national vulnerability.

The stakeholder findings point to the same conclusion from a different angle. A portfolio that appears adequately broad to finance officials because it addresses the largest sources of sovereign fiscal risk may still be judged insufficient by operational or community-facing actors if important sectors, territories, or vulnerable groups remain weakly protected. Conversely, demands for wider or more localised coverage may raise concerns among finance actors if they are not seen as fiscally manageable or strategically targeted. The design challenge, therefore, is not simply to broaden coverage as far as possible, but to ensure that what is covered remains defensible, relevant and intelligible across multiple institutional audiences.

Across the three, coverage should also be understood as relational. Its significance depends not only on the formal scope of the portfolio, but also on the fit between hazard realities, sectoral and geographic exposure, stakeholder expectations and the wider financing architecture. In that sense, coverage is not a fixed property of the instrument set alone, but an outcome shaped by the interaction of portfolio design, national context and institutional interpretation.

4

CONCLUSION

This report set out to examine which attributes of PAF are most valued across Belize, Grenada and Jamaica, and where these preferences converge or diverge across stakeholder groups and national contexts. The findings confirm the value of an attribute-led analytical approach. Rather than treating PAF principally as a menu of instruments, the comparative evidence shows that stakeholders assess financing arrangements against a relatively stable set of preferred attributes, while assigning differing weights to those attributes according to their institutional role, national constraints and recent shock experience. In this sense, the report's central contribution is to show that meaningful comparison across country cases is best achieved not by asking which instrument is inherently superior, but by examining which attributes stakeholders value most and how those valuations differ across contexts. The report, therefore, contributes to the broader understanding of DRF by shifting the comparative focus from instrument typologies alone to the preference structures through which instruments are judged, justified and sustained in practice.

A clear area of convergence across the three cases is the salience of reliability and trigger credibility, speed to sovereign liquidity and affordability or fiscal feasibility. These attributes recur consistently in interview evidence and are also reflected, in different ways, in the structure of observed country portfolios. At the same time, the comparative analysis makes clear that these attributes are not valued identically across all groups or countries. The impact of financing on public debt stock, fiscal space and debt sustainability is especially pronounced in Belize

and Grenada. At the same time, coverage and flexibility vary more visibly across institutional roles and national settings. The evidence, therefore, supports the conclusion that common regional patterns exist but are refracted through different fiscal realities, hazard profiles and policy histories. What emerges, therefore, is not a single Caribbean SIDS preference hierarchy in any rigid sense, but a recognisable set of core concerns that are weighted differently according to circumstance. At the same time, the findings also show that transparency, governance and equity remain important cross-cutting considerations in how stakeholders interpret financing performance, even where these are not treated in the report as core PAF instrument attributes in their own right.

The findings also indicate that preferences diverge systematically by stakeholder group. Across the attribute-by-attribute analysis, Ministry of Finance respondents consistently place greater weight on affordability, debt sustainability, fiscal prudence and the strategic fit of instruments within a broader portfolio. Other Government Ministries and Agencies tend to emphasise practical usability, sector relevance and the operational value of financing once activated. Academic respondents place particular emphasis on data quality, the design and intelligibility of triggers, and the interpretation of modelled activation rules. Civil society actors place relatively greater weight on legitimacy, transparency and the social consequences of financing design. Private Sector and Regional or International respondents often combine concern with value for money, design feasibility and comparative experience across countries. These

differences are not incidental; they recur across the findings and show that PAF preferences are shaped by institutional role rather than being uniform across actors. This is an important conclusion because it indicates that divergence in stakeholder views should not be interpreted as evidence of conceptual confusion, but as a reflection of distinct institutional locations of evaluation criteria.

The findings also support the constraint hypothesis. Divergence across countries is closely related to differing national constraints. In Belize and Grenada, debt sustainability and post-shock fiscal space are especially salient because they operate as binding constraints on feasible financing choices. Jamaica's experience illustrates how a more developed architecture can generate a different set of concerns, especially around the role and public reception of upper-layer market instruments, where country context is not merely background to preference formation; it is constitutive of it. Belize's distinctive concern with trust in triggers and local verification reflects the salience of data credibility in a context where localised hazards and transboundary hydrology complicate trigger fit. Grenada's experience highlights the appeal of debt-linked instruments, where preserving fiscal space is a central priority. Jamaica's experience, by contrast, illustrates how a more developed and diversified architecture can generate a different set of concerns, especially around the role, interpretation and public reception of upper-layer market instruments. The evidence, therefore, indicates that cross-country divergence is not random. It is shaped systematically by fiscal space, hazard structure, institutional context and the experience of recent stress events. Taken together, these findings suggest that country context is not merely background to stakeholder preference formation; it is constitutive of it. Preferences are shaped through concrete exposure to particular risks, financing options and policy histories, rather than existing independently of them.

The evidence further supports the credibility hypothesis. Across the three countries, reliability and trigger credibility emerge as among the most consistently valued PAF attributes. Stakeholders attach importance not only to whether an instrument is likely to pay, but also to whether the basis for activation is understandable, defensible and sufficiently aligned with observed impacts. Belize illustrates the importance of locally credible data and verification, where lower-resolution models may fail to capture localised and cross-border effects. Grenada shows that confidence may be strengthened

when activation pathways are relatively well understood and institutionally legible, as with climate-resilient debt clauses. Jamaica demonstrates the reputational sensitivity of non-trigger outcomes in highly visible events, but also shows through the later triggering of the catastrophe bond after Hurricane Melissa that the issue is not simply one of technical functionality. Rather, it concerns whether stakeholders and the wider public understand the PAF instrument's purpose, threshold logic and portfolio role. The comparative lesson is therefore that credibility is not reducible to technical design alone. It is also shaped by simplicity, interpretability and communication. In this respect, the report points to a broader conclusion: trigger credibility is relational. It depends on the interaction among data systems, hazard dynamics, institutional procedures and public explanation, rather than on modelling precision alone.

Regarding instrument choice, the evidence suggests that countries adopt a portfolio approach not because it is a universal 'best practice', but because no single instrument can satisfy all valued attributes simultaneously. Portfolios are used, in part, to hedge against the limitations of individual instruments, including non-trigger risk, liquidity timing, affordability constraints and the fiscal implications of borrowing. At the same time, the analysis also indicates that portfolio approaches may entail administrative, fiscal and coordination costs. The more defensible conclusion is therefore that the use of multiple instruments should be understood as a context-specific response to trade-offs, not as a universal model of good practice. This conclusion is especially important because it cautions against treating portfolio diversification as self-evidently optimal. In the cases examined here, portfolio construction appears less as an abstract design ideal than as a practical strategy for managing competing constraints under uncertainty. The evidence thus supports a view of the portfolio approach as a pragmatic response to trade-offs, rather than as an end in itself.

The debt dimension is especially important in this regard. The comparative evidence does not support a simple contrast between debt-based and non-debt-based instruments. Stakeholders are concerned with how financing affects the public debt stock, the terms on which liquidity is accessed, what alternatives are available at the time of shock, and what broader fiscal room is created in practice. Mechanisms that preserve fiscal space without immediate new borrowing align closely with stakeholder preferences in settings where debt sustainability is a

binding concern. At the same time, loan-based contingent facilities may remain attractive and rational where their terms are favourable relative to market alternatives and where rapid access to liquidity is judged essential. The evidence, therefore, suggests that the debt attribute is assessed in relation to context, terms and portfolio role, rather than through any categorical preference either for or against borrowing. The comparative implication is that debt-related PAF instruments should be understood in relational rather than binary terms: their significance lies in how they compare with other available financing routes and how well they fit within the sovereign's broader macro-fiscal strategy. This is especially evident in the contrast between Grenada, where debt-sparing fiscal space is particularly highly valued, and Jamaica, where the relative terms and utility of contingent borrowing are more central to stakeholder assessment.

The findings also invite a broader interpretation of innovation in PAF. Innovation is not limited to the introduction of increasingly complex financial products. In the cases examined here, it is also evident in the strengthening of local verification systems, the use of debt-linked clauses, and efforts to improve the fit between instrument design and national constraints. What matters, analytically, is not novelty for its own sake, but whether a financing arrangement improves alignment between stakeholder-valued attributes and the portfolio's structure. In this respect, the report suggests that innovation should be understood in relational terms: it is meaningful when it enhances credibility, preserves fiscal room, improves coverage, or addresses a constraint that would otherwise weaken the acceptability of the financing mix. This interpretation is significant because it broadens the meaning of innovation beyond financial engineering alone and directs attention to the institutional and informational conditions that make financing arrangements workable and legitimate.

Although this report has not treated downstream delivery as a core PAF instrument attribute, cross-country evidence indicates that some stakeholder groups interpret PAF effectiveness in part through broader systemic conditions. In particular, civil society actors, some delivery-facing respondents and community-linked stakeholders sometimes judge PAF not only by the properties of the

instrument itself but also by whether sovereign liquidity can provide timely and legitimate support in practice. This does not displace the report's core analytical focus on instrument attributes. It does, however, signal that stakeholder perceptions are formed within wider institutional settings and that the distinction between instrument design and implementation contexts, while analytically necessary, is not always experienced sharply by all actors. This is especially important for interpreting the limits of the attribute-led approach: while analytically useful, it does not alter the fact that, in practice, some actors evaluate financing arrangements through the wider systems in which they are embedded. For that reason, the report treats delivery-related concerns as interpretive context rather than as irrelevant to the comparative analysis.

Taken together, the findings do not point to a single ideal PAF model for Caribbean SIDS. Rather, they show that stakeholder-valued attributes must be interpreted in relation to institutional role, national constraints and the practical trade-offs embedded in different financing choices. The comparative evidence supports an understanding of PAF design as a problem of fit: fit between trigger design and risk profile, between financing terms and fiscal space, between coverage and exposure, and between the structure of the portfolio and the preferences of those who must justify, use and sustain it. The principal analytical lesson from Belize, Grenada and Jamaica is therefore that PAF should be assessed not simply by the presence of instruments, or by payout occurrence alone, but by the extent to which its core attributes align with the priorities, constraints, and expectations that shape sovereign disaster financing in practice. Understood in this way, the report's broader conclusion is that PAF effectiveness is best judged not by abstract instrument characteristics in isolation, but by the degree of alignment between financing design and the institutional, fiscal and hazard realities within which sovereign decisions are made. This, in turn, suggests that the comparative value of PAF analysis lies not in identifying a universally transferable model, but in clarifying the conditions under which particular combinations of attributes, instruments and institutional arrangements are likely to be regarded as credible, feasible and fit for purpose.

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ANNEX 1

COUNTRY SNAPSHOTS: PRE-ARRANGED FINANCING FOR DISASTER RISK

This annex presents short, standardised country snapshots for Jamaica, Grenada and Belize. Each snapshot follows the same structure to make similarities and differences more clearly visible across the three cases. The snapshots retain the central findings from the country studies, including country rationale, stakeholder perspectives, key instruments, institutional frictions

and major gaps, while presenting them in a concise and comparable format. Consistent with the wider report, the emphasis remains on how different stakeholder groups value PAF attributes and how those preferences relate to instrument design, implementation and the wider institutional context through which financing is interpreted and used.

Jamaica country snapshot: pre-arranged financing for disaster risk

1. Rationale for selecting Jamaica?

Jamaica is a key case for understanding how governments and other stakeholders assess the trade-offs involved in pre-arranged disaster financing. It combines very high multi-hazard exposure with one of the most developed sovereign DRF architectures in the Caribbean. The country's 2019 National Natural Disaster Risk Financing Policy formalised a layered approach that includes domestic contingency financing, CCRIF parametric insurance, catastrophe bonds and contingent credit lines. Jamaica is also especially valuable because

Hurricane Beryl in July 2024 exposed the strengths and tensions of this architecture in practice: rapid liquidity arrived through some layers, while the non-trigger of a high-threshold layer sharpened debate about reliability, basis risk, communication and public legitimacy. The roles of the Ministry of Finance, the Public Service, and the Office of Disaster Preparedness and Emergency Management also make Jamaica particularly useful for understanding how stakeholder preferences differ between fiscal and operational actors.

2. Core stakeholder groups and their criteria for assessing PAF success

The Jamaica pilot showed that stakeholder groups assess PAF instruments through different institutional lenses. Fiscal actors focus most heavily on debt sustainability, contingent liabilities and value for money, while operational actors emphasise whether cash is available quickly enough to support response activities. Sectoral ministries, technical experts, civil society and private-sector respondents add distinct concerns linked to sector relevance, credibility, equity and market viability. The table below summarises these broad differences.

This table makes it clear that Jamaica lacks a single definition of PAF success. Instead, success depends on where a stakeholder sits in the system and the problem they are trying to solve. Jamaica, therefore, illustrates why stakeholder disaggregation is essential to understanding how PAF performs in practice

Table J1: Core stakeholder groups and their different definitions of PAF success in Jamaica

Stakeholder group	Primary mandate	What a 'successful' PAF instrument looks like
Finance officials	Fiscal sustainability, contingent liabilities, actuarial fairness	Preserves debt sustainability, avoids ad hoc borrowing, offers value for money, limits fiscal exposure
Operational responders	Logistics, resource mobilisation, life safety	Delivers rapid, predictable cash for the first 72 hours and supports immediate response needs
Sectoral ministries	Sector-specific resilience	Addresses sector-relevant risks with limited bureaucratic friction
Technical experts	Data integrity, trigger accuracy, scientific validity	Reflects local data, reduces basis risk and incorporates domestic expertise
Civil society and communities	Equity, community-level impact, inclusion	Reaches vulnerable and unregistered households and allows flexible support
Private sector	Market viability, risk transfer efficiency	Keeps premiums affordable and instruments transparent

3. How stakeholder groups prioritise PAF attributes differently

The Jamaica case also showed that preferences shift according to both stakeholder role and stage of the disaster cycle. During renewal and appropriation, fiscal actors place greater emphasis on cost and value for money. During emergency response, speed and predictability become far more prominent. Community-facing actors, meanwhile, place strong emphasis on inclusion and on whether support is felt on the ground.

The table shows that Jamaica’s PAF trade-offs are not static. Cost tends to weigh most heavily in the lead-up to disaster, while speed and predictability dominate once the response begins. The case, therefore, demonstrates how the timing of evaluation shapes which attributes matter most.

Table J2: Relative stakeholder priorities across key PAF attributes in Jamaica

PAF attribute	Finance officials	Operational responders	Civil society / communities
Cost	High priority	Lower priority during a crisis	Moderate priority
Speed	Moderate priority	Very high priority	High priority
Predictability	Very high priority	Very high priority	High priority
Coverage	High priority, but budget-constrained	Medium priority	High priority
Basis risk	Very high priority	Moderate priority	Lower priority as a technical concept

Note: Relative priority is expressed using a four-point qualitative scale: very high priority, high priority, moderate priority and lower priority. The scale is indicative and reflects comparative prominence in stakeholder discussions rather than a formal quantitative ranking

4. Institutional frictions that shape PAF effectiveness

A recurring finding from the Jamaica case study is that institutional frictions can undermine even well-designed financial instruments. These frictions arise not only from funding gaps but also from the relationships among fiscal agencies, technical experts, operational responders and end users.

The main lesson from Jamaica is that the problem is not only choosing the right instruments but also ensuring that the institutions around them are coordinated. Jamaica, therefore, shows that PAF effectiveness depends as much on system alignment as on financial design.

Table J3: Main institutional frictions affecting PAF effectiveness in Jamaica

Friction point	Finance view	Operational / technical view	Practical consequence
Inclusion in procurement and design	Finance leads; others consulted selectively	Technical and sector actors feel insufficiently included	Instruments may miss sector-specific risks
Data and local expertise	External models may seem efficient	Domestic data and expertise are underused	Trigger design may feel misaligned with local realities
Project approval speed	Protects fiscal discipline	Delays make projects obsolete or ill-timed	Slow implementation reduces readiness
Post-payout delivery	Success can be judged by disbursement	Success depends on whether support reaches the intended groups quickly	In-kind support and bureaucracy have a slow impact

5. Jamaica’s main PAF instruments and their relevance

Jamaica’s financing architecture is layered and deliberately diversified. Domestic buffers, CCRIF, catastrophe bonds and contingent credit lines each play different roles within the portfolio.

This table shows that Jamaica’s PAF system is built on complementarity rather than substitution. No single layer is expected to do everything, which is precisely why Jamaica remains a useful case for wider comparative analysis.

Table J4: Main PAF instruments in Jamaica and their relevance across stakeholder groups

Instrument	Main relevance for fiscal actors	Main relevance for operational actors	Key note
CCRIF parametric insurance	Cost-effective risk transfer; rapid sovereign liquidity	Useful for early liquidity if triggered	Basis risk remains a concern
CAT bond	Diversifies portfolio and provides high-severity coverage	Less visible to frontline responders	Non-trigger outcomes can create reputational pressure
Contingent credit lines	Major backstop that can preserve reserves where terms are acceptable	Can support broader response and recovery liquidity, though not always the first source used for immediate response when non-debt instruments are available	Drawdown may follow after initial use of non-debt instruments such as CCRIF, depending on borrowing decisions, internal approvals and drawdown procedures
Domestic contingency fund	Supports fiscal discipline and early response if available	Valuable if pre-positioned and deployable	Can still be constrained by execution rules
Proposed Loss and Damage-type instruments	Attractive because non-debt-creating	Potentially flexible for uncovered risks	Seen as promising for health, drought and compounding shocks

6. Overall takeaway

Jamaica demonstrates that PAF cannot be adequately understood without disaggregating stakeholder perspectives and paying attention to timing within the disaster cycle. Fiscal actors, operational responders, technical experts and communities do not apply the same criteria when judging instruments and their priorities shift between pre-disaster planning, emergency response and recovery. Jamaica’s experience also confirms

that a layered portfolio is necessary but not sufficient. Instruments may be well chosen on paper, but their perceived effectiveness depends on whether triggers are credible, whether financing is communicated clearly and whether domestic systems can move support from sovereign accounts to affected households, firms and sectors without undue delay.

Grenada country snapshot: pre-arranged financing for disaster risk

1. Rationale for selecting Grenada?

Grenada is a particularly important case for understanding how PAF is assessed in a highly exposed, fiscally constrained small island state. It is widely recognised as a leading innovation case because it was the first country to embed Climate-Resilient Debt Clauses into its sovereign debt structure and, later, the first to activate them following Hurricane Beryl in 2024. The

case is especially instructive because Beryl caused severe, spatially concentrated losses in Carriacou and Petite Martinique, sharply illustrating the links among debt sustainability, rapid liquidity, sub-national equity and the challenge of converting sovereign financing into timely support. Grenada, therefore, offers rare evidence on how debt-linked relief performs under real stress conditions.

2. Core stakeholder groups and their criteria for assessing PAF success

The Grenada case shows that different stakeholders do not evaluate PAF through a single shared standard. Finance actors focus primarily on preserving fiscal space, limiting new borrowing and ensuring that instruments align with a sustainable debt strategy. Delivery actors emphasise whether sovereign liquidity can actually be translated into timely support for affected households and livelihoods. Civil society and community-facing actors add strong concerns about transparency, fairness and whether dependencies are treated equitably.

The table clearly shows that Grenada’s PAF system is assessed at both the macro-fiscal level and at the point of community impact. A mechanism can be highly successful from the perspective of sovereign finance while still leaving delivery and equity concerns unresolved.

Table G1: Core stakeholder groups and their different definitions of PAF success in Grenada

Stakeholder group	Primary mandate	What a ‘successful’ PAF instrument looks like
Finance officials	Fiscal stability, debt sustainability and rapid sovereign liquidity	Creates fiscal space quickly, avoids destabilising debt dynamics and operates through clear pre-agreed rules
Disaster management and delivery actors	Response coordination, execution and support to affected people	Converts sovereign liquidity into timely assistance with limited administrative friction
Sectoral and livelihood actors	Agriculture, fisheries, local recovery and technical implementation	Reaches affected producers and sectors quickly and reflects livelihood and geographic realities
Technical experts	Data integrity, trigger credibility and implementation feasibility	Uses credible triggers, clear operating rules and supports effective execution
Civil society and community stakeholders	Equity, legitimacy, transparency	Reaches affected communities fairly, especially in Carriacou and Petite Martinique

3. How stakeholder groups prioritise PAF attributes differently

Grenada’s evidence points to a strong hierarchy of attributes, but one that varies by stakeholder role and by stage of response and recovery. Debt sustainability and rapid sovereign liquidity dominate among finance actors, while delivery speed, equity and implementation readiness become more prominent among operational and community-facing stakeholders.

This pattern shows that Grenada’s PAF preferences are not reducible to a single national ranking. Debt and fiscal space matter greatly, but delivery, equity and sub-national fit matter just as much in the practical judgement of performance.

Table G.: Relative stakeholder priorities across key PAF attributes in Grenada

PAF attribute	Finance officials	Delivery / operational actors	Civil society / communities
Impact on public debt and fiscal space	Very high priority	Moderate priority	Lower priority
Speed to sovereign liquidity	High priority	High priority	Moderate priority
Speed to delivery	Moderate priority	Very high priority	Very high priority
Flexibility in use	High priority	High priority	Moderate priority
Coverage across sectors and geography	Moderate priority	High priority	High priority
Transparency and legitimacy	Moderate priority	High priority	Very high priority

Note: Relative priority is expressed using a four-point qualitative scale: very high priority, high priority, moderate priority and lower priority. The scale is indicative and reflects comparative prominence in stakeholder discussions rather than a formal quantitative ranking.

4. Institutional frictions that shape PAF effectiveness

Grenada’s case shows that institutional and operational constraints shape how PAF is ultimately experienced. Even when instruments provide rapid sovereign liquidity, bottlenecks in public financial management, procurement, registries and inter-agency coordination can slow the movement of support to affected populations.

This table highlights that the principal challenge in Grenada is not only how to mobilise money, but also how to translate sovereign liquidity into timely, equitable relief and recovery.. It therefore brings the gap between financial readiness and implementation readiness into sharp focus.

Table G3: Main institutional frictions affecting PAF effectiveness in Grenada

Friction point	Finance view	Operational / community view	Practical consequence
Debt relief versus delivery	Debt clauses and fiscal relief are highly valuable	Freed fiscal space does not automatically translate into support	Strong sovereign outcomes can coexist with slow local delivery
Public financial management and procurement	Rules and authorisations protect accountability	Emergency execution can still be administratively slow	Delays in using funds after activation
Registries and verification	Important but often treated as downstream issues	Weak registries are a major bottleneck, especially for agriculture and fisheries	Administrative scrambling and delayed assistance
Mainland-centric systems	National systems appear coherent	Dependencies may feel overlooked	Geographic inequity in perceived and actual outcomes

5. Grenada's main PAF instruments and their relevance

Grenada's architecture is explicitly layered. It combines domestic contingency arrangements, parametric insurance, contingent credit and debt-contingent clauses, each playing a distinct role.

The table shows that Grenada's architecture is best understood as a portfolio rather than a set of substitutes. The system's strength lies in the interaction of its layers, not in the dominance of any single instrument.

Table G4: Main PAF instruments in Grenada and their relevance across stakeholder groups

Instrument	Main relevance for fiscal actors	Main relevance for operational actors	Key note
CCRIF parametric insurance	Rapid sovereign liquidity without increasing debt stock	Useful for early response financing if delivery systems are ready	Large post-Beryl payout demonstrated speed
World Bank Cat DDO	Important contingent backstop	Supports broader response and recovery financing	Valuable for liquidity, but still requires effective execution pathways
Climate-Resilient Debt Clauses	Highly attractive because they create fiscal space without immediate new borrowing	Indirect operational benefit through budget space	Strongly aligned with fiscal preferences and rules-based relief
Domestic contingency arrangements / National Transformation Fund	Supports smaller and more frequent financing needs	Can support early operational response if balances and rules permit	Effectiveness depends on resources and execution capacity

6. Overall takeaway

Grenada demonstrates that PAF can be highly effective in creating rapid sovereign liquidity and temporary fiscal space, especially under severe shocks. At the same time, the case shows that these strengths do not remove the need for stronger delivery systems, better livelihood registries and more explicit attention to geographic equity.

The wider lesson is that layered financing remains the most practical way to manage trade-offs in highly exposed SIDS. Still, its full value depends on whether fiscal space can be converted into timely, credible, and equitable support for affected households and sectors, including those in the dependencies.

Belize country snapshot: pre-arranged financing for disaster risk

1. Rationale for selecting Grenada?

Belize is a valuable case because it illustrates a country moving from more ad hoc post-disaster financing towards a rules-based, layered PAF portfolio anchored in its Disaster Risk Financing Policy and Implementation Plan 2025–2030. It also stands out for its distinctive institutional features and innovation pathway. Belize combines parametric insurance, contingent credit, domestic retention and debt-linked resilience

mechanisms, while placing unusual emphasis on trust in triggers, locally relevant data, and the challenge of converting sovereign liquidity into support at the household level. Its NGO co-management model and the effort to connect insurance-related resources to social protection systems make Belize especially useful for understanding how PAF can be linked more directly to delivery.

2. Core stakeholder groups and their criteria for assessing PAF success

The Belize evidence suggests that stakeholder groups judge PAF success through three broad lenses: fiscal resilience, operational usability and community legitimacy. Finance and central government actors are highly concerned with affordability, debt implications and the portfolio’s overall fit. Disaster management and delivery actors focus on whether resources can be mobilised and distributed quickly. Civil society and technical actors place particular weight on trigger credibility, transparency, and whether support reaches vulnerable households and affected businesses in a defensible way.

The table shows that Belize’s PAF system is judged not only on whether funds can be mobilised quickly, but also on whether triggers are trusted and whether delivery pathways are seen as fair and transparent. Legitimacy and technical credibility are especially closely linked in this case.

Table B1. Core stakeholder groups and their different definitions of PAF success in Belize

Stakeholder group	Primary mandate	What a ‘successful’ PAF instrument looks like
Finance and central government actors	Fiscal stability, affordability and debt management	Preserves fiscal space, fits within a layered portfolio and remains affordable over time
Disaster management and delivery actors	Emergency coordination, execution and last-mile support	Provides rapid liquidity and can be translated into timely assistance through usable systems
Technical experts	Data integrity, verification, trigger accuracy	Uses locally credible data and verification arrangements that reduce mistrust and basis risk
Civil society and community-facing actors	Transparency, accountability, inclusion	Reaches vulnerable households and businesses fairly and through clear, trusted rules

3. How stakeholder groups prioritise PAF attributes differently

Belize’s stakeholder profile suggests a strong emphasis on speed and predictability, with particular attention to trigger credibility, affordability and broad hazard coverage. Finance actors are especially focused on affordability and debt implications. In contrast, delivery and community-facing actors place more weight on execution readiness, legitimacy and the practical conversion of liquidity into support.

The table suggests that Belize’s PAF preferences are shaped by both by fiscal constraints and implementation concerns. Affordability matters greatly, but it is not sufficient. Stakeholders also want triggers that are locally credible and delivery channels that can make sovereign liquidity meaningful for households and livelihoods.

Table B2: Relative stakeholder priorities across key PAF attributes in Belize

PAF attribute	Finance / central government actors	Delivery / operational actors	Civil society / technical actors
Speed to sovereign liquidity	High priority	High priority	Moderate priority
Speed to delivery	Moderate priority	Very high priority	High priority
Trigger credibility and trust in data	High priority	High priority	Very high priority
Affordability/value for money	Very high priority	Moderate priority	Moderate priority
Coverage, including evolving hazards	Moderate priority	High priority	High priority
Transparency and accountability	Moderate priority	High priority	Very high priority

Note: Relative priority is expressed using a four-point qualitative scale: very high priority, high priority, moderate priority and lower priority. The scale is indicative and reflects comparative prominence in stakeholder discussions rather than a formal quantitative ranking.

4. Institutional frictions that shape PAF effectiveness

Belize’s main frictions arise less from a lack of financing options and more from the challenge of connecting financing to delivery. These include the credibility of triggers for localised hazards, the readiness of registries and verification systems, and the relationship between formal state systems and NGO co-management arrangements.

This table highlights Belize’s main challenge: making the system both trusted and usable. The country has made notable progress towards a structured, layered architecture, but stakeholders clearly regard trigger credibility and last-mile readiness as decisive to whether PAF performs effectively in practice.

Table B3: Main institutional frictions affecting PAF effectiveness in Belize

Friction point	Finance view	Operational / community view	Practical consequence
Trigger design for localised hazards	National instruments and pooled arrangements offer efficiency	Local floods and transboundary hydrology may not be well captured	Mistrust or reputational pressure when visible losses do not trigger payouts
Delivery readiness	Sovereign liquidity is necessary	Registries, procurement and verification determine whether support reaches people	Fast liquidity may not mean fast support.
Affordability versus breadth of coverage	Premium costs and fiscal constraints are binding	Communities and sectors still expect meaningful support	Pressure to layer instruments carefully and manage trade-offs
Role of civil society and co-management	State coordination remains central	NGOs can fill operational gaps and improve reach	Delivery can improve when formal and non-state channels are better integrated

5. Belize's main PAF instruments and their relevance

Belize's architecture is built around a layered approach that combines insurance, contingent credit, debt-linked resilience mechanisms and domestic retention. The relevance of each layer varies depending on whether the concern is rapid liquidity, affordability, fiscal space, or household-level support.

The table shows that Belize's innovation lies not only in the range of instruments used, but also in the effort to connect financing to delivery. Belize, therefore, stands out as the clearest example of a case pursuing both debt-linked and delivery-linked approaches simultaneously.

Table B4: Main PAF instruments in Belize and their relevance across stakeholder groups

Instrument	Main relevance for fiscal actors	Main relevance for operational actors	Key note
CCRIF parametric insurance	Rapid liquidity and pooled risk transfer	An important source of early financing is triggered	Credibility depends heavily on trust in triggers and local verification
World Bank Cat DDO and IDB Contingent Credit Facility	Major contingent backstops	Can support response and recovery financing	Usefulness depends on drawdown and delivery pathways
Blue Bond embedded protections / debt-linked resilience mechanisms	Preserves fiscal space and supports debt management objectives	Indirect operational benefit through budget space	Shows how debt operations can be linked to resilience goals
Proposed National Disaster Relief Fund / domestic retention	Supports more routine and lower-severity needs	Potentially useful for early national response	Effectiveness depends on operationalisation and governance
WFP-linked delivery mechanism	Supports more visible household-level impact	Directly relevant to last-mile delivery	Connects insurance-related resources to social protection channels

6. Overall takeaway

Belize demonstrates how a Caribbean SIDS can move towards a more formal, rules-based PAF system while grappling with the practical and political issues that determine whether such a system is trusted and effective. The case shows that rapid sovereign liquidity is not enough on its own. Stakeholders place exceptional weight on trigger credibility, transparency, and the operational systems required to deliver resources

to households and affected sectors in a timely and legitimate manner. Belize, therefore, reinforces a wider regional lesson: PAF performs best when financial layering is accompanied by investments in local data, verification, registries, and delivery pathways that make the system credible not only to finance ministries but also to communities and end users.

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Cover photo: Two women stand outside
a roadside variety shop, one waiting for a bus,
in the Blue Mountains National Park, Jamaica.
(Joesboy / Getty Images)

