Position Paper: Financing for Disaster Resilience in Jamaica

Emanating from the Panel Discussion "Financing Resilience: Insurance, Risk Bonds, and Infrastructure Grants"

Jamaica Institution of Engineers (JIE) | University of Technology, Jamaica (UTech)

National Resilience Symposium | March 5 – 6, 2026

Prepared by: Dr. Balvin Thorpe, President – Jamaica Institution of Engineers

March2026

Executive Summary

This position paper summarizes the discussions from the panel on "Financing Resilience: Insurance, Risk Bonds, and Infrastructure Grants" and is organized to reflect the moderator's question set. Overall, there was strong agreement that Jamaica's resilience challenge is not just about securing funds after a disaster, but about creating a financing system that accurately prices risk, encourages resilient design and maintenance, and disburses funds transparently and quickly. Panelists agreed on the need to move from choosing the lowest-initial-cost option to considering risk-adjusted lifecycle value, and to connect every financing source (public budgets, insurance and risk transfer, capital markets, and grants) to verified standards and measurable risk-reduction results. A key proposal discussed was using National Housing Trust (NHT) resources as a domestic resilience pillar to finance resilient housing and community-scale infrastructure that minimizes repeated losses.

Purpose and scope

This paper is intended for post-symposium circulation as a practical set of recommendations that can inform policy reform, programme design, and stakeholder commitments. It does not present a single institutional viewpoint; instead, it synthesizes how panelists from public finance, housing finance, insurance, capital markets, development partners, and infrastructure-owners interpreted the moderator's questions and translated them into implementable solutions.

Opening Rapid Round: the single biggest financial barrier

In the opening rapid round, panelists mainly identified the "biggest barrier" as a system issue rather than a lack of funding options. The main theme was that Jamaica under-invests in resilience because the public investment and procurement system still favors the lowest upfront costs, while the future costs of failure (such as service outages, emergency repairs, reconstruction, and social disruption) are not consistently included in project evaluations. Several panelists noted that even when funding is available, it's not always practical to use because projects are not designed, permitted, and packaged in a way that supports blended financing, quick disbursement, and reliable reporting. The shared view was that Jamaica must treat resilience as a measurable fiscal risk and require risk-adjusted lifecycle costing for major projects.

Section I: The Cost of Inaction and Underpriced Risk

Regarding whether Jamaica is underpricing disaster risk, the panel's collective response was "yes, in practice," especially when projects are selected primarily based on initial capital costs and political urgency. Panelists argued that the true cost of standard

infrastructure isn't just its tender price but the entire lifecycle cost, including maintenance, climate stress, failure probability, and the economic and social impacts of downtime. They recommended integrating hazard screening, exposure scoring, and expected loss reduction into the country's public investment decision points, using standardized templates that require designers and agencies to justify a resilience premium with measurable benefits like lower expected annual loss, reduced service interruptions, and faster restoration. The panel also pointed out that the resilience premium is more justifiable to policymakers and taxpayers when transparently linked to reduced fiscal shocks and clear protection of communities and economic corridors.

Section II: Insurance and Risk Transfer

In discussing how insurance markets can foster resilient infrastructure design, panelists emphasized that insurance can function both as a financing tool and a discipline mechanism if underwriting is tied to verifiable engineering standards. The core idea was that premium incentives, deductibles, and coverage terms should transparently reflect proven resilience features such as hazard-informed design, quality-verified construction, and audited maintenance. The panel also maintained that resilience compliance should increasingly be a requirement for insuring critical public assets, implemented through a phased approach beginning with minimum compliance levels and gradually raising standards for high-criticality facilities. Parametric insurance was repeatedly highlighted as an effective solution for providing quick liquidity after an event, especially for restoring essential services, as long as triggers are carefully crafted to reduce basis risk and pre-agreed spending rules and transparency standards accompany payouts. Catastrophe pools and regional risk-sharing arrangements were discussed as complementary mechanisms that can improve pricing stability and diversify risk, but panelists warned that pools only work well when the underlying asset management and compliance culture are strong.

Section III: Risk Bonds and Innovative Finance

Regarding whether catastrophe or resilience bonds are realistic for Jamaica, panelists generally saw them as feasible but conditional. The conditions they mentioned included credible risk models and exposure data, a transparent and investable project pipeline, strong governance over proceeds, and a disclosure framework that builds investor confidence. Perspectives from capital markets emphasized that investors consider governance risk as important as hazard risk; therefore, poor procurement integrity or lack of clear accountability can quickly offset the advantages of innovative instruments. A common suggested approach was to treat bond financing as a journey toward maturity: Jamaica should first develop "bond readiness" by standardizing risk analytics, establishing a capable issuer or special-purpose vehicle, defining triggers or performance metrics, and setting up independent evaluation and audit processes. Only after this should

a small pilot issuance be carried out, linked to a limited set of clearly defined risk- reduction projects that can show measurable results. The panel also discussed public- private partnerships as a way to distribute resilience risk more effectively, provided that contracts include explicit resilience performance obligations, lifecycle maintenance responsibilities, and straightforward risk-sharing terms that prevent costs from shifting back to the public sector in the event of failures.

Section IV: Infrastructure Grants and Development Funding

In discussions about international climate and resilience grants, the key message was that access depends on readiness and credibility. Panelists highlighted that Jamaica's ability to secure grants is influenced by the quality of its project pipeline, the thoroughness of project preparation, the existence of safeguards and monitoring frameworks, and the capacity to demonstrate co-financing and effective implementation. After securing grants, panelists questioned whether institutional systems are consistently prepared to disburse funds efficiently and transparently, noting that ineffective contract management, fragmented coordination, and limited monitoring can delay progress and undermine confidence. They recommended creating a standardized "grant readiness and execution system" that continuously cultivates bankable projects, enhances programme management offices, employs milestone-based disbursement tied to verification, and publishes public dashboards tracking spending, progress, and measurable resilience outcomes at the community level.

Cross-panel Engagement: Governance versus Financing

When asked whether governance and enforcement might be more significant constraints than financing, most panelists believed that financing and governance are closely connected, but that governance often becomes the main obstacle once new funds are available. The panel's "unlimited capital tomorrow" test revealed a common point: Jamaica would not fully use additional capital unless it has a portfolio of pre-designed and pre-permitted projects, improves procurement integrity, enhances supervision and certification, and clarifies institutional responsibilities for delivery and maintenance. Therefore, the discussion focused on governance reforms, such as enforcing standards, independent verification, procurement transparency, and funding discipline for maintenance, as essential steps to make any financing tool truly effective.

The NHT Proposal: A Domestic Resilience Pillar for Housing and Protective Infrastructure

A key outcome of the panel discussion was the strong recommendation to leverage National Housing Trust (NHT) resources to finance resilience on a broad scale, especially in housing and community-level protective measures that reduce repeated losses.

Panelists argued that disasters often impose significant national fiscal costs through damage to the housing stock and the failure of infrastructure such as drainage systems, slope stabilization, access routes, and localized flood defenses. Therefore, the panel proposed an NHT "Resilient Housing and Community Infrastructure Window" to fund resilient new constructions and retrofits, finance protective community projects that safeguard housing schemes and nearby settlements, and support targeted upgrades in vulnerable legacy or informal communities. The discussions emphasized that this approach must include governance safeguards such as ring-fenced funds, transparent selection criteria prioritizing risk-prone areas, independent review of design and construction quality, and post-completion audits. Panelists further recommended phased disbursements linked to verified milestones and the establishment of maintenance arrangements, ensuring that NHT funding results in real risk reduction, not just construction outputs.

Closing Round: Action Commitments for the Next 12 Months

In the closing action commitments, the panel's recommendations clustered around reforms that can be initiated quickly while building toward longer-term market maturity. The near-term agenda emphasized institutionalizing hazard screening and risk-adjusted lifecycle costing for major projects, establishing the NHT resilience window, selecting a pilot portfolio in high-risk communities, and expanding parametric insurance pilots to provide rapid liquidity to restore lifeline services. Panelists also supported creating a dedicated coordination function for resilience finance to align budgets, insurance, bond readiness, and grant pipelines, and to establish a transparent reporting mechanism that publishes an annual resilience investment scorecard. The overall intent of these commitments was to demonstrate early-stage implementation, build trust among citizens and investors, and reduce the time between policy intent and community-level protection.

Conclusion

The panel's discussions emphasized that Jamaica's resilience goals will only be met when financing tools are combined with enforceable standards, credible verification, transparent governance, and funded maintenance. Insurance incentives, risk bonds, and grants can each have a transformative impact, but they need to be connected to a disciplined national system for assessing risk, selecting projects, ensuring quality, and tracking outcomes. The suggested use of NHT resources as a domestic pillar provides a practical way to reduce repeated housing losses while funding protective infrastructure that keeps communities safe. Therefore, this position paper recommends that Jamaica adopt resilience financing as a national operating model, one that invests before disasters, acts with integrity, and assesses success through decreased losses and quicker recovery.