



SAINT LUCIA: Climate Adaptation Financing Facility

“In the Saint Lucia set up, you have certain people that have insurance and protection...and the rest of us, have our feet in the mud.”

~ Saint Lucia (Men’s Focus Group Discussion post Christmas Trough 2013) | June 2014

Photo Credit: Caribbean Clean Water

THE PROGRAM:

Given the country’s high vulnerability to climate change, the Government of Saint Lucia has embarked on creating the Climate Adaptation Finance Facility (CAFF), a US\$5 million line of credit under the Saint Lucia Disaster Vulnerability Reduction Project. Stemming from recommendations provided during private sector and civil society consultations under the Pilot Program for Climate Resilience, the CAFF will offer concessional climate change adaptation loans, through the Saint Lucia Development Bank, to individual households and businesses.

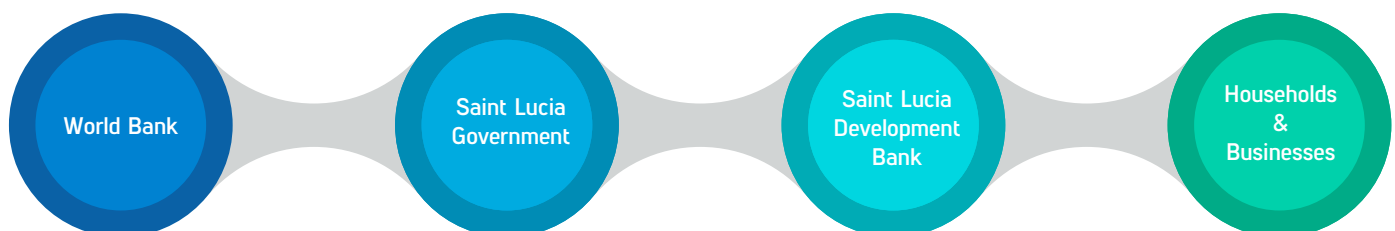
These loans will be **affordable, accessible**, and provide **incentives for pre-emptive disaster vulnerability reduction**. The Government is also working to ensure that the CAFF is gender-sensitive, serving the specific needs of both women and men in Saint Lucia.

To better understand the specific financial needs of Saint Lucians and the constraints they face in accessing finance, a mixed methods (qualitative and quantitative) data collection approach was designed and implemented to generate the information needed to inform the design and marketing of the CAFF.

Unique CAFF Characteristics:

- ▶ **Bundled retrofitting packages** that allows households to select optimal interventions tailored to their needs and budget
- ▶ **Collaboration with experts** from the national Sustainable Development team to provide advisory services on intervention options
- ▶ **Data-informed solutions** through interviews, focus group discussions and nationwide household, structural and business surveys

CAFF Transfer of Funds



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QUALITATIVE AND QUANTITATIVE STUDIES

These studies aimed to inform the lending terms and marketing strategy of the CAFF by:

- Determining the climate adaptation needs of households and businesses
- Generating data on the vulnerability of structures
- Estimating demand for climate adaptation financing
- Identifying specific measures needed to target underserved groups

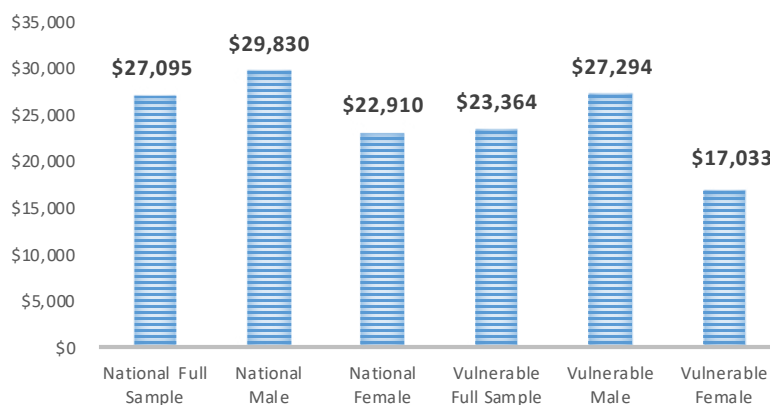
KEY FINDINGS

Household and Structural Surveys

Findings obtained through surveys of 1,500 households and 500 structures include:

- The perceived cost of retrofitting homes and businesses was higher than the actual costs of the improvements.
- A significant percentage of people were generating incomes in their homes, thus increasing the need for financial protection.

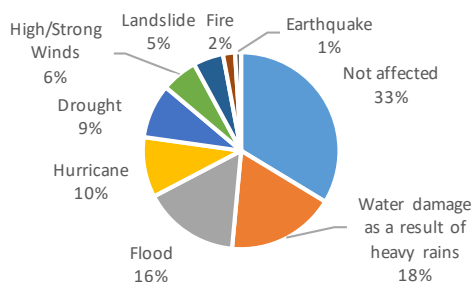
Average minimum amount respondents would be interested in borrowing for a climate adaptation loan.



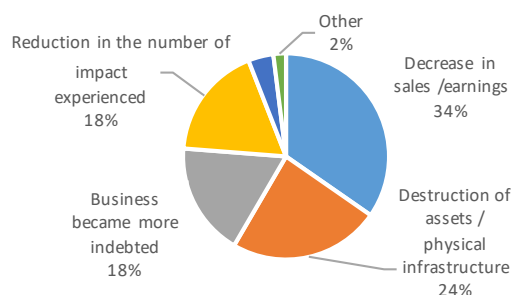
Business Survey

Findings obtained through surveys of 500 businesses include:

Percent of businesses affected by natural disasters



Effect of hazards on businesses



- 66% of businesses surveyed were affected by disasters and natural catastrophes with heavy rains and flooding being the most frequent disasters.
- Two of the most damaging disasters were the 2013 December Trough, and 2010 Hurricane Tomas. The majority of businesses took over a month to recover from these two events.
- Decrease in sales and earnings was the most common effect of these hazards. Other effects included destruction of assets and infrastructure, and the increasing indebtedness of businesses.
- Findings show that female-owned businesses are better prepared for natural hazards and they seem to be taking measures to secure themselves against future disasters, despite some drawbacks.