

CLIMATE INVESTMENT FUNDS

May 16, 2017

[Approved by mail]: Caribbean-Saint Lucia- Supporting climate resilient investments in the agricultural sector in Saint Lucia- (PPCR, PSSA) (IDB) (PPCRLC506A) – UK Comments

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Thanks for sharing the Saint Lucia project proposal with us. Working with the cooperatives and credit unions to take forward resilient improvements in agriculture is a good idea and they are important brokers on the islands. Further potential rollout of the innovative livelihood disaster insurance scheme developed a few years ago, and combining this with new loan products for climate smart investment is an interesting approach.

We have a few questions for which we would appreciate a response:

- The original concept for this PSSA project was for ~\$6m but this has been significantly scaled down to ~\$1m. Could you provide some explanation for this decision? The revised budget is certainly proportionate for the scale of the initiative proposed but it would be useful to have some information explaining the downward revision in ambition.
- Could you expand further on the reasons for low appetite for loans from the producers? The mitigation measures provided suggest that the main obstacle is a lack of markets to justify the cost of taking a loan and investing in new production practices. Is this the only reason for the low appetite?
- Affordability issues and applying lessons learnt to date regarding uptake of the livelihood insurance scheme (or sustainability from disaster insurance schemes like those trialled in Haiti) will be important to consider. What is the likelihood of uptake of loans and insurance products by small producers and subsistence fisher folk? Can any lessons from the existing scheme be provided?
- Given the Gender focus set out – it would be helpful to have some analysis of any gender related barriers to accessing finance, and the inclusion of sex disaggregated targets for the finance related indicators.

Many thanks and best wishes

Gaia