Antigua and Barbuda's Experience in Climate Finance

Ezra Christopher

Deputy Coordinator of the Readiness and Enabling Activities Programme

Department of Environment, Antigua and Barbuda

&

Sasha Jattansingh

Commonwealth National Climate Finance Advisor for Antigua and Barbuda

Background – Economy and Climate Baseline 1990 to 2022

THEN

- Antigua and Barbuda had *significant resilience to hurricanes and drought as a small island developing state*
- A&B built its economy and people around tourism, agriculture, fishing, and e-commerce industries
- *Hurricanes were expected every 15 - 20 years* – Strong Building Code for Cat. 3 in place; Banks required insurance for all homes with mortgages
- *Drought expected every 3 years* – The country had a desalination capacity of 40% – 60% to meet its needs. All homes were required to store water as part of the Building Code

NOW

- *High vulnerability to climate change and natural hazards.* Cost of doing business and cost of living is being impacted with 10% of middle to low-income families spending more due to climate change impacts. Migration is once again on the rise.
- *Hurricanes are now occurring 1 in 5 years*. The country experienced its first Cat. 5 in the region in 2017. Insurance rates have increased by over 300% since 1990. Only about 15% of homes can afford insurance.
- *COVID-19 pandemic created fiscal pressures as revenues declined* and spending increased on programmes related to COVID-19, imports of medicines and on medical equipment
- *Droughts occur every 3 years and last for more than 12 months* (loss of livestock and decline in farm yields). A&B needs 100% of water from desalination as drought conditions have led to a decline in ground and surface water sources.

Climate Finance Needs in Antigua & Barbuda

A&B's climate action and finance governance architecture involve:

1. Department of Environment
   - Direct Access Accredited Entity
   - National Designated Authority (NDA)
2. Co-NDA: Ministry of Finance
3. Private Sector
4. Non-governmental organisations (NGOs)

Main areas of Readiness Needs:

1. Institutions and Governance
2. Policy Environment
3. Pipeline Development
4. Information, Data and Knowledge

Financing Opportunities & Challenges for Building Climate Resilience in A&B

- Building climate resilience in SIDS like A&B requires more biodiversity financing for adaptation
- Instead, A&B has increased focus on building climate resilience of the energy, buildings and infrastructure sectors based on available climate finance sources (e.g. GCF)

- **Present:** Need 30 – 60 Million USD per year to make infrastructure and buildings resilient.

Considerations for OECS Climate Finance Strategy

- **For SIDS, the cost of climate action is higher**
  - With the increase intensity and impact of climate events, it is a race from one climate event to another
  - Antigua and Barbuda is not winning this race!
- **CF strategy going forward must consider:**
  - Escalating programme/project transactional costs in SIDS (e.g., higher costs for materials and equipment, higher insurance premiums, etc.) → impact of CF is reduced
  - Supply chain issues have arisen due to external events (e.g., COVID-19, war in Ukraine, etc.)
  - Human and technical capacity limitations in the region
  - Onerous reporting requirements for CF funds
  - Green financing for banks
  - Environmental, social and governance (ESG) criteria and guidelines

Using Climate Finance to Enable NSA and Private Sector Involvement in Climate Resilience

- The CF accessed should be channeled to vulnerable people, communities and MSMEs to build resilience using a targeted approach (e.g., technology focused)
- Using climate finance funds to provide low-cost capital to vulnerable communities
- Polices shifts needed to develop the requisite enabling environment for NSA participation and private finance investment
- All hands-on deck! – Churches, sports clubs and young people, schools, and health care systems, etc. in Antigua and Barbuda and the OECS

Questions

Thank you!