



Presentation to Meeting on Development Banking and Financing of Projects for a Big Environmental Push

**Topic: Articulation and Coordination of Regional
and National Development Banks
as Drivers of Green Projects**

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INTRODUCTION

The Presentation will be in three (3) parts.

- 1. The CARICOM Development Fund (CDF)**
- 2. Support of CDF for RE/EE and Climate Change Projects and Programmes**
- 3. CDF Planned Programmes targeting financing of Green Projects**

Part 1

- About the CARICOM Development Fund



The CDF

The CDF was established to mitigate socio-economic disparities and dislocations among Member States arising from their participation in the CARICOM Single Market and Economy (CSME).

Mandate

Provide technical and financial assistance to Disadvantaged Countries, Regions and Sectors.



Membership of the CDF

MDCs

- Barbados
- Jamaica
- Trinidad and Tobago
- Suriname
- Guyana

LDCs

- Antigua and Barbuda
- Belize
- Dominica
- Grenada
- Saint Lucia
- St Kitts and Nevis
- St Vincent and the Grenadines



CDF Funding

- The Fund operates in four (4) year cycles,
Currently - Second Cycle (ends in 2020).
- Each Subvention Cycle, thematic priorities are determined after consultations with Member States and approved by the Community.
- During each cycle, Country Assistance Programmes (CAP's) are collaboratively designed to position disadvantaged countries, regions and sectors to maximize the benefits of the CSME.



CDF Funding Continued

- **Financial support provided through loans & grants, and TA .**
- **Eligibility restricted to CDF Member States which have paid in contributions ('pay to play' principle)**
- **MDC's, LDC's contributions, along with development partners' support, fund each Cycle's programmes,**



CDF Funding (Continued)

- **The CDF, since commencement of operations, have been offering TA and financial support to productive sectors of LDC's.**
- **Development Banks have been conduits for CDF funds for financing to the private sector.**
- **So far CDF provided funding to Development financial institutions in Belize, St Lucia, Dominica, St Kitts and Nevis and Grenada.**



Development Banks on-lending for Green projects

- **Sub-loans from the Development Banks must be applied inter alia, to the target groups/entrepreneurs in the following areas:**
 - **Environmental Conservation**
 - **Organic farming and “Green” Projects**
 - **Alternative Energy**
 - **Eco-Tourism**



PART 2

Support of CDF to RE/EE and Climate Change Projects and Programmes



CDF SUPPORT FOR RE/EE PROJECTS

- **St Vincent and the Grenadines:** Establishment of a solar farm/PV plant at Argyle International Airport to reduce electricity cost and carbon footprint.
- **Grenada:** Direct Grant Assistance for the Implementation of Energy Plans for the Accommodation Sector. Twenty–six (26) Businesses were assisted in receiving financing for renewable energy and energy efficiency projects
- **Antigua and Barbuda:** Hybrid Diesel/Solar Plant to provide electricity to Barbuda



CDF SUPPORT FOR CLIMATE CHANGE PROJECTS

Guyana: Rural Agriculture Infrastructure
Development Project (RAID) in Small Farming
Communities.

- The aim is to mitigate effects of flooding and droughts in four communities.
- The longer term objective is to improve the livelihoods of farmers in these communities by providing greater opportunities for farming.



PART 3

CDF Planned Programmes Targeting Financing of Green Projects



CDF CREDIT ABATEMENT FACILITY(CRAF)



- working with **CARICOM** and the Gesellschaft für Internationale Zusammenarbeit(**GIZ**) to assist the financial institutions in its member states to engage in lending for renewable energy and energy efficiency

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CDF Proposed Credit Risk Abatement Facility

There are Barriers to SME Take-Up of Renewables and EE

Financial Institutions

- Lack of demand from SMEs
- Concern that SMEs are not creditworthy, on-balance sheet approach with stringent collateral requirements
- Need better understanding of RE/EE



SMEs

- Lack of access to finance
- Limited understanding of RE/EE potential

Aggregators

- Energy Service Company(ESCO) consultants and Original Equipment Manufacturers (OEMs) exist but general lack of ESCOs that fund RE/EE activity



Need to stimulate industry development and boost risk abatement



EXPECTED IMPACTS of the CRAF

- **Unlock the climate, energy and commercial benefits available to SMEs by helping them to adopt commercially attractive RE/EE investments;**
- **Allow additional finance to flow into RE/EE investments, thereby providing extra commercial opportunities for lenders and ESCOs over and above current levels of SME lending;**
- **In time, create a market for credit enhancement and lending in a “new” (RE/EE) asset class; and**
- **Avoid the need for incremental power investments on the part of Caribbean governments**



THANK YOU!

MUCHAS GRACIAS!