



CARIBBEAN DEVELOPMENT BANK

Sustainable Energy Initiatives

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Climate Resilience Strategy

CDB's Climate Resilience Strategy facilitates

BMCs transition to a path of sustainable low carbon development

Collaboration, Mobilisation of concessionary financial resources

Climate resilient investment

- advancing EE/RE
- regional capacity-building



RE/EE Financing – CDB's Renewed Focus

Energy & Development Banking Imperatives/Issues:

- Competitiveness/Growth
- Climate Resilience
- Fiscal – Government expenditure on energy
- Foreign Exchange – huge oil import bill for most
- Indebtedness
- Energy Security
- Affordability of electricity for consumers+ MSMEs
- RE/EE Potential for economic transformation



Financing for Sustainable Energy Investment in the Caribbean has been slow to materialize, however, CDB is working to change that!



CDB: *An Increased Focus on Sustainable Energy*

RE & EE: Priority for Net Energy Importers given adverse energy situation

As The Caribbean Regional Development Bank

- **Good knowledge of BMCs**
- **Key Implementing Partner for**
 - Regional Framework for Climate Change (CCCCC)
 - CARICOM Energy Policy and C-SERMS (CARICOM)
- **Regional Cooperation & Integration**
- **Intermediary for Green Climate Fund**

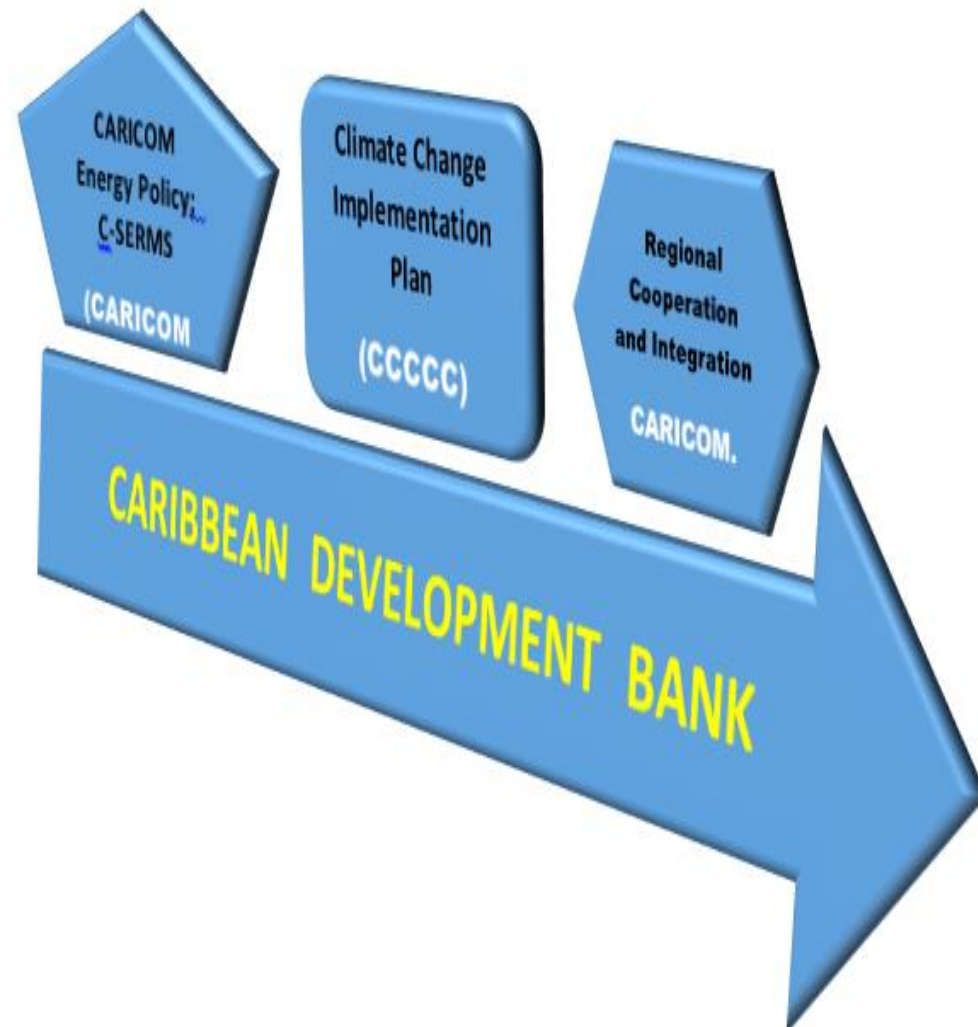
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First Responder in crises

- **Natural disasters**
- **Economic crises**

- **Greater obligation to extend flexibility** (*Within the limit of Risk Management Framework*)

- **Keen for development solution to meet the needs – many solutions have not worked well in past.**





Available and Potential Financial Resources RE/EE

Focus: Increased resilience to Climate Change impacts

CDB's own OCR, SDF Resources

EIB CALC EUR 50 Million + Grant support + interest rate subsidy – up to 75% project cost

CGDRF: EU/CIF; DFID; IDB; JICA;
GCF: Possible Intermediary
Tech. Coop: Germany (BMZ)/GIZ/KfW



CDB Activities

CDB
currently
working on:

- **Energy Sector Policy and Strategy**
- **Roll-out of pilot lines of credit with client DFIs**
- **Technical Assistance to support –CTCS**
- **Assuming Lead FI role for SEEC**
 - **EU-CIF, DFID, CDB**
- **Development of a Geothermal Drill Risk Facility**
- **Accreditation to Green Climate Fund**
- **Developing Pipeline of RE/EE projects for investment loans**
- **Key functions for supporting RE/EE Regional level**



Sustainable Energy for the Eastern Caribbean (SEEC) Proposal: Scope

**Scope
covers 4
Components:**

- **Components I & II:** TA Institutional strengthening/capacity building/Support for RE and EE projects
- **Components III & IV:** Investment and financial mechanisms for EE & RE pilot projects



Proposed SEEC Outputs

- Energy Audits/Business Proposals – CTCS grants, facilitation
- Investment in Energy Efficient Retrofits
 - Public Buildings, MSMEs
- LED Street Lighting
- Investment in Renewable Energy
 - Commercial scale solar PV, SWH, solar cooling
 - Guarantee support leveraging non-programme commercial bank financing
- Trained Technical staff, FI staff, Energy Units, Private sector
 - SEEC collaborating with other partners -CREDP-GIZ, REETA, OECS
- Assessments of adequacy of Legal, regulatory, institutional frameworks



Existing CDB Systems and SEEC

- **CTCS Network support to SEEC**
 - Caribbean Energy Audit Protocol (CEAP)- for Energy Efficiency Lending to MSMEs by Fis drafted
 - Energy Audits, Business Proposals TA
- **Leveraging existing Financial Intermediary relationships to support:**
 - Pilot EE/RE lines of USD 500k in at least 4 BMCs
 - Future expansion in RE/EE lending
- **Existing Microfinance Guarantee Programme**
 - Proposal to adapt for the purpose
 - Leverage commercial bank RE/EE lending
- **CDB Project Cycle Management Capacity and systems leveraged**
 - More investment resources available



SEEC Indicative Financing Terms

CDB Financing:

- **SFR Loans = USD 2.0 mn (€1.504)**
 - Rate 2.5%, tenor 8 years + grace period 2 years
- **OCR Loans = USD 13.0 mn/€10mn**
 - Rate variable, currently 3.95%, tenor public sector investment 10-12 years (relative to payback period), grace period 2 years
- **CDB Guarantee Facility = USD 2.0mn (€1.504mn)**
 - Rate 1.5%, tenor up to 5 years
- **CDB Grant – CTCS TA = USD 1.0 mn (€0.752)**

Donor Resources: EU-CIF, DFID

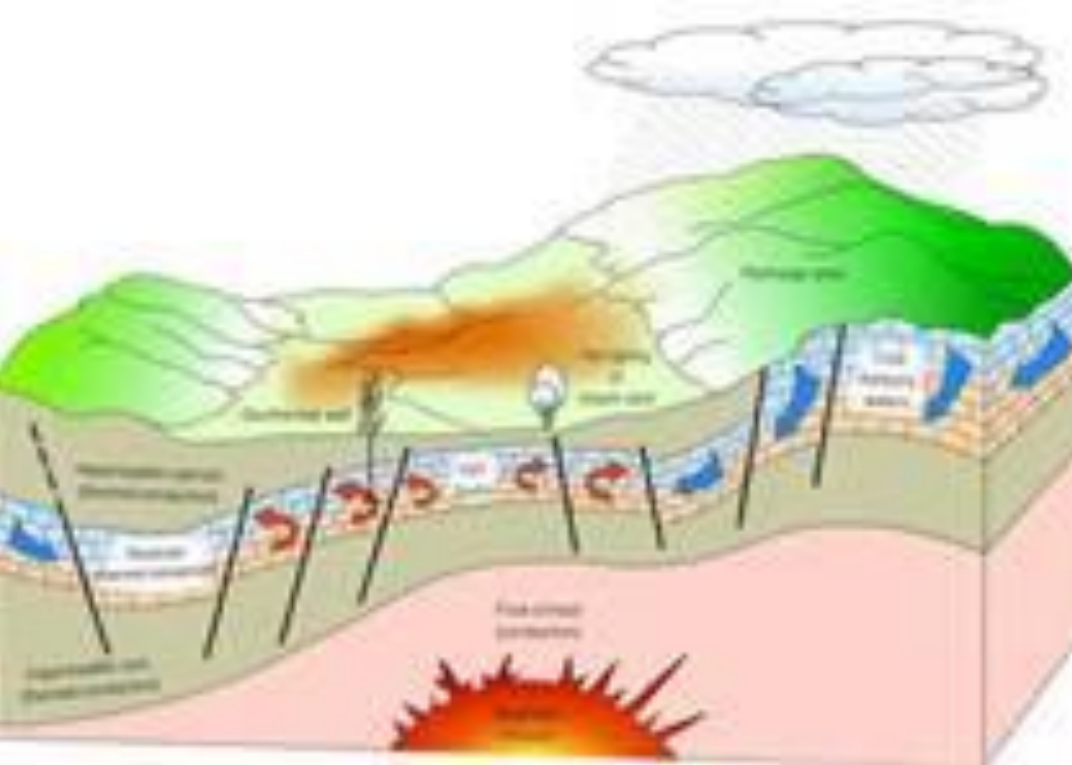
- Grant for TA = USD 1.94 mn (€ 1.46 mn)
- Grant for blending with CDB loans for Investment



Geothermal Development in OECS

The following slides discuss the rationale for:

- the development of a Geothermal Drill Risk Facility
 - CDB involvement





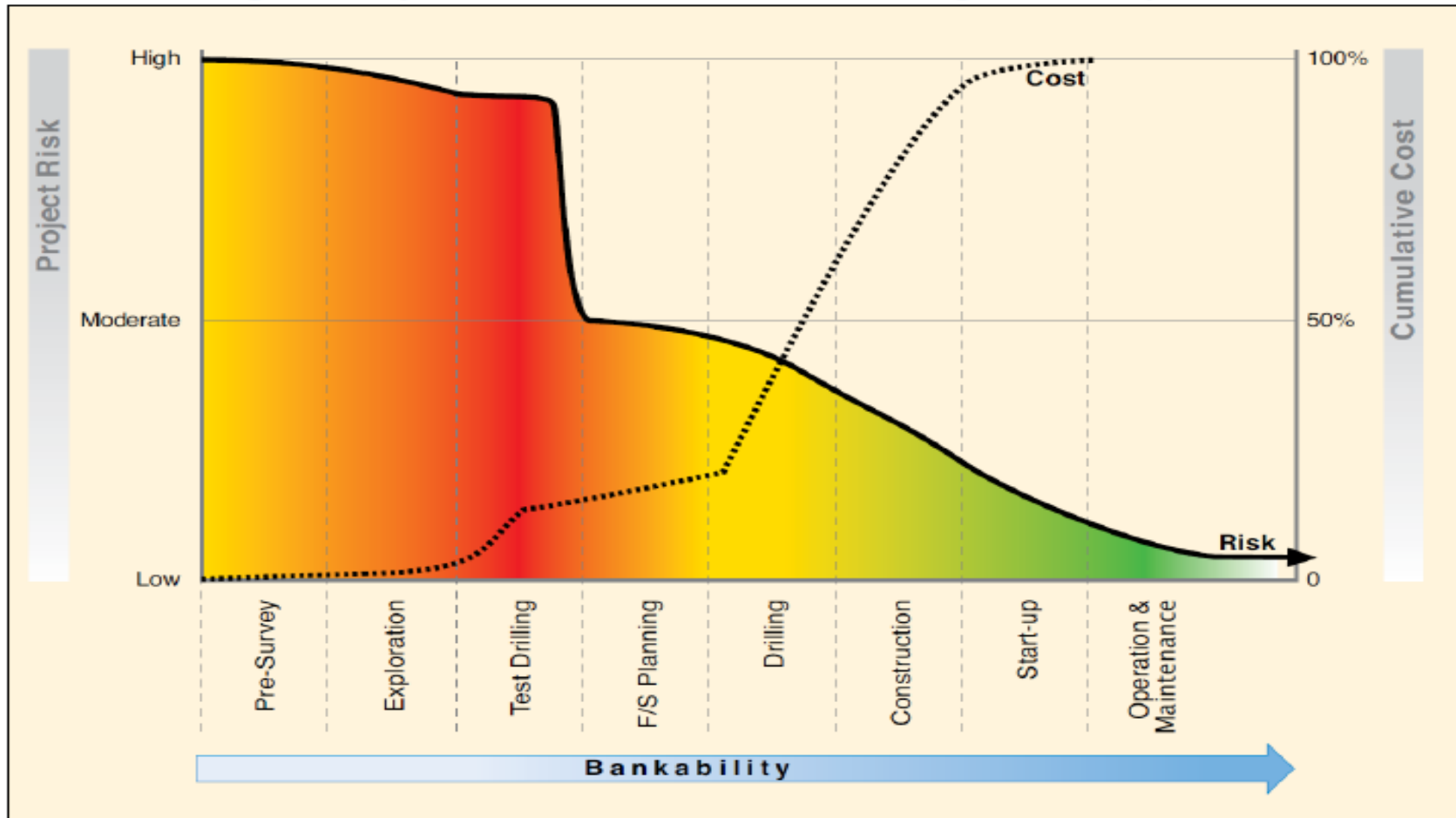
Rationale for establishing Geothermal Drill Risk Facility

- Government role in proving GE resources for optimal development
 - Appropriately priced funding for each phase of exploration/development
 - Ability to ensure ownership of resources,
 - Proper framework in place
 - Perception of transparency achieved
 - Contribute to competitive price for GE power
- Facility to support Government directly/PPP arrangement with Strategic Investor
- CDB is guided by:
 - BMCs' recommendation: Early Set-up/Simple access/Sustainable Model/Availability of Concessional Resources: Grant/Contingent Grant/Loan for investment phase



Need for a GDRF

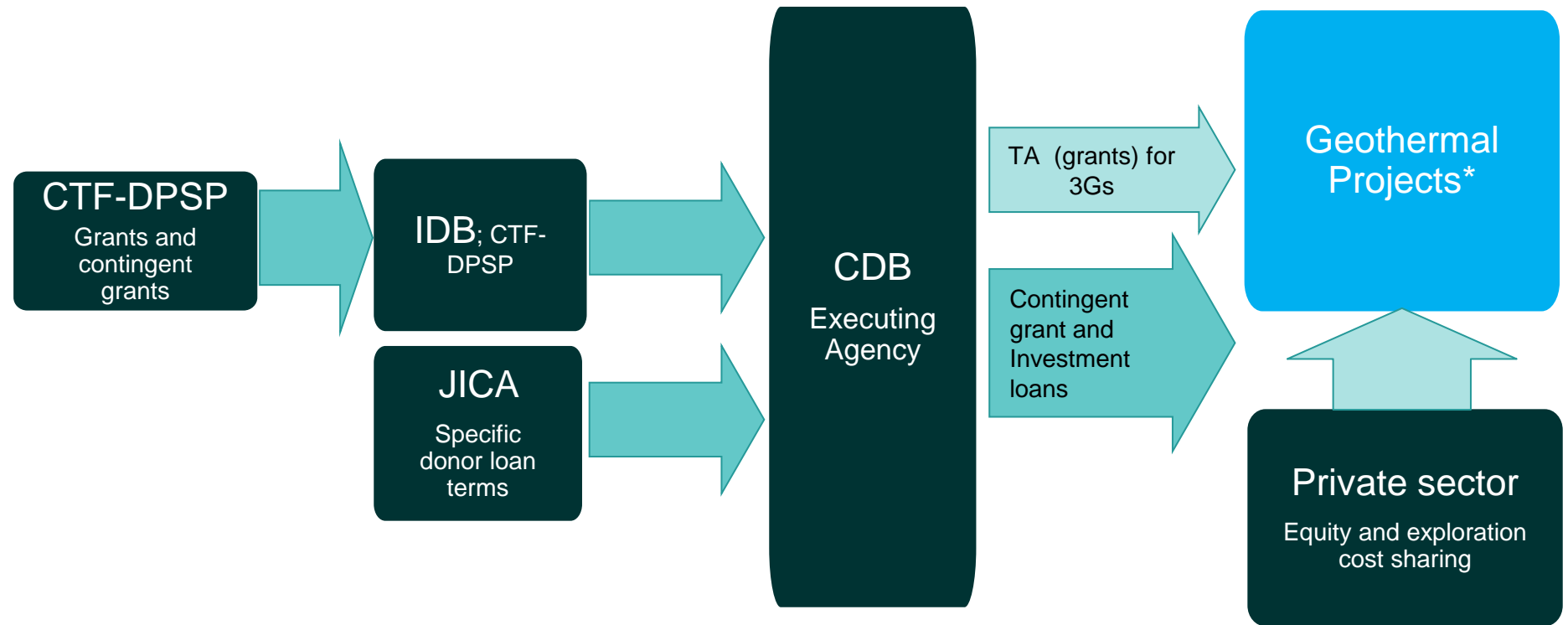
Figure : Project Cost and Risk Profile at Various Stages of Development



Source: Gehringer & Loksha 2012



Fund sources for Geothermal Projects

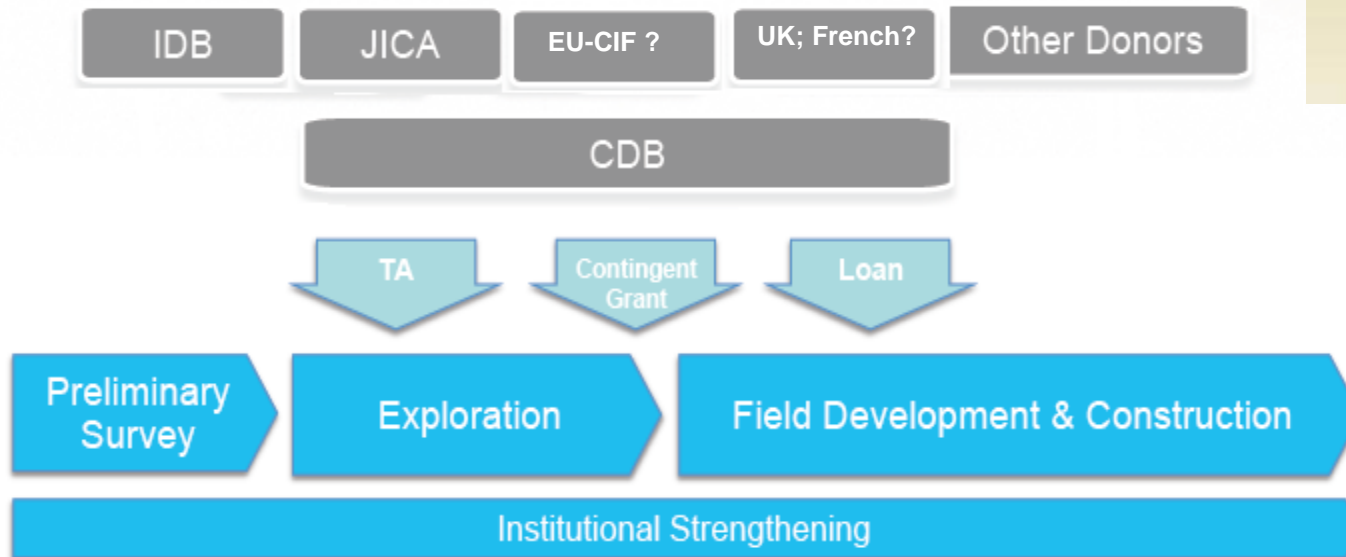
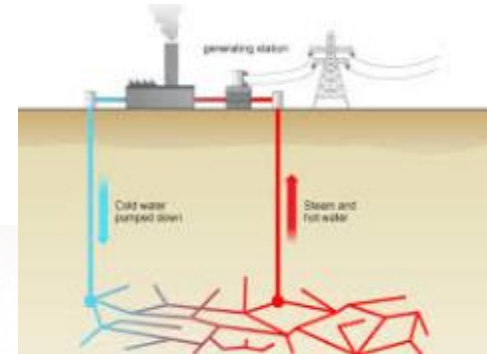


DPSP = Dedicated Private Sector Program, 3Gs = Geology, Geochemistry and Geophysics



Support for GE Development in Eastern Caribbean

- Emphasis on Exploratory Phase - grants
- Also support other phase - loans to developers





CGDRF: Where are we?

CDB has over the last two months:

1. Communicated willingness to lead on this matter in the region widely: with support for this position from relevant BMCs, Government of Germany, EU, DFID, IDB, JICA.
2. With facilitation by KfW:
 - CDB is participating in working group on Latin American GDF as observer
 - CDB participating in GEOLAC to explore how we can benefit from experience
 - Exploring opportunities ahead of Phase 2 of KfW LAC
3. IDB/JICA/CDB Proposal under serious discussion – MOC July 28 ,2014
4. Early discussion with INTERREG IVb Programme (Govt. of France) on their own proposal for a regional facility
5. All cooperation options are open and under discussion



**This is our Region
Let us protect it for our future!
Thank You!**