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Opening Remarks

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Let me first thank the organisers of the CREF 2015 for inviting the Caribbean Development Bank (CDB) to be a part of this important regional event. The popularity of CREF is, no doubt, due to the value placed on the CREF experience by participants. For CDB, it provides an excellent opportunity to meet with a wide cross-section of our clients, potential suppliers, and development partners.

It is for this reason that we are again happy to associate ourselves with the staging of CREF. We have no doubt that CREF 2015 will be as successful as the previous six have been.

Much has been accomplished since the early days of CREF. The development of a Climate Change Regional Implementation Plan for execution by the Caribbean Community Climate Change Centre (5Cs); the approval of CDB's own Climate Resilience Strategy in 2012; and the approval of the Regional Energy Policy and the adoption of the Caribbean Sustainable Energy Roadmap and Strategy (C-SERMS) in 2013 were all regional events that, together served to focus the region's attention.

We are not looking back!

By January 2014, CDB had successfully reoriented its energy focus towards sustainable energy. Based on our work in the energy sector, we were satisfied that energy security needed to be given strategic prominence and to be mainstreamed across **all** sectors of the Bank's work. CDB's Strategic Plan 2015-2019, therefore, reflects this decision, which is further elaborated in the Energy Sector Policy and Strategy, for the same period.

Energy security is a critical dimension of economic development in CDB's

borrowing member countries (BMCs). For each of them, economic vulnerability represents an overarching challenge that is linked to the structure of these economies.

In the case of the Eastern Caribbean countries, several of these economies rely on tourism. Tourism is an energy intensive sector, primarily due to the need for air-conditioning services, which makes the energy cost an important factor affecting competitiveness of the sector. The sector is, therefore, quite vulnerable to volatility in oil prices.

Since I spoke to a CREF audience a year ago, oil prices have fallen by more than 40%. We are still encouraged by the commitment being shown to a sustainable energy future by our region, in spite of a prolonged period of relatively low oil prices. We can, therefore, show no less commitment in our support to the energy sector and our member countries.

The envisaged transformation of our economies, away from fossil fuel dependence and associated electricity price instability, increased debt burden, foreign reserve depletion and fiscal stress has been slower than we all would have liked.

In just one week, CDB has signed four agreements that will make concessional resources available for sustainable energy! Last Thursday, we signed with the United Kingdom through the Department for International Development (DFID), an agreement for a £2.5 million grant for the Sustainable Energy for the Eastern Caribbean (SEEC) Programme. These DFID resources supplement European Union-Caribbean Investment Facility grant resources of €4.45 million

already agreed in June for the same purpose.

This morning, President Moreno and I signed one IDB loan and two grant agreements - one for Clean Technology Fund resources and one for Global Environment Facility resources towards a Sustainable Energy Facility (SEF) Programme. These are also to benefit the Eastern Caribbean countries.

With CDB's contribution of its own loan resources, SEF will provide approximately USD71 million in new resources for sustainable energy.

You may agree with me that concluding the contracting of the equivalent of about USD46 million in new resources to support the transformation of the energy sector in six member states of the Organisation of the Eastern Caribbean is not a bad week's work!

This is a sure sign that the drought is over; and that our work to catalyse resources for the region is starting to bear fruit.

We must now focus our attention on implementation. We must also intensify efforts to address capacity constraints that could slow us down. Grant resources could be available for capacity building and addressing institutional weaknesses. Legislative and regulatory framework weaknesses have to be addressed if we are to attract the type of private investment that is desirable.

CDB was instrumental in the corporatisation of several of the utilities that were government departments of energy, not so long ago. We must take another look at government-owned utilities; a check-up as it were. The electric utility is a

critical stakeholder in the development of renewable energy, both as supplier and off-taker in any Power Purchase Agreement. CDB stands ready to provide this assistance.

The recent announcement by the Prime Minister of the United Kingdom of the agreement to provide the equivalent of £300 million in grant resources to eight countries of the region for infrastructure, with CDB as the executing agency, is yet another welcomed development. This initiative could potentially see additional resources being made available to governments for energy investment. The details for the programming of these resources are still being worked out.

CDB is also seeking accreditation from the Adaptation Fund and the Green Climate Fund. We anticipate that this process could be completed very soon. Once concluded we will have another potential source of concessional resources which could be tapped for support of the sustainable energy sector.

We continue to rely on support from existing partners, such as the European Investment Bank (EIB). EIB has already provided us with a Climate Action Line of Credit which we utilised successfully for a small utility scale solar PV plant in one of our member countries.

Fortunately, all of CDB's borrowing member countries are endowed with renewable energy resources, which if properly developed, can address the challenge of over-dependence on imported fossil fuels. In the case of the Eastern Caribbean, geothermal energy can provide stable base-load generation, directly displacing imported diesel, unlike other renewable energy options, like solar and wind.

Over the medium term, the cost of the electricity associated with the introduction of geothermal will enhance the economic competitiveness of the tourism sector, while opening up the prospects of the emergence of a new industries.

We have been aware of the geothermal potential of some of our islands in the Eastern Caribbean for decades. We probably now have the best opportunity to realise that potential in the context of heightened sensitivity to the realities of climate change; the need for mitigation action; and the availability of highly concessional resources for the purpose.

In this regard, we intend to continue our efforts to mobilise additional resources for the GeoSmart Facility by seeking parallel financing from Japan International Cooperation Agency, the Green Climate Fund through IDB and the EU-Caribbean Investment Facility. Initial funding for the GeoSmart Facility is also included in SEF.

A positive outcome at COP21 in Paris could also be complementary to our region's sustainable energy thrust. CDB is sponsoring a regional booth at that event.

CDB's borrowing members are, for the most part, low-lying coastal countries. Their attendant vulnerabilities have been well elaborated, and are understood by this audience. These countries are also on the frontline for adverse impacts of climate change. Affordable and sustainable energy will be critical to addressing water shortages (using desalination) and food production deficits arising from climate change.

Sustainable development of the energy sector will require the availability of

additional concessional financial support given the small size and isolated nature of domestic markets and the consequential absence of economies of scale of operations.

CDB will continue to play its part in seeking to “end poverty, protect the planet and ensure prosperity for all” as enshrined in the 2015 Sustainable Development Goals (SDGs). Our successful and timely implementation of various programmes will contribute directly to SDG #7 “Affordable and Clean Energy”, and SDG #13 “Climate Action”, and indirectly to other SDGs.

Ladies and Gentlemen, I thank you.