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Remarks

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Island Resilience Action Challenge Workshop
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Honorable ministers and other government officials
Ladies and gentlemen

Good afternoon.

The Caribbean Development Bank (CDB) is pleased to co-sponsor this gathering of leaders for the second consecutive year. Our sponsorship of this event has been made possible with the generous support of the Government of Canada through the Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C).

CSES-C is a CAD5 million technical assistance fund established in 2016 which the Bank uses to support interventions in the energy sector in our Borrowing Member Countries (BMCs) aimed at:

- Promoting the enhancement of legislative and regulatory frameworks;
- assisting governments to prepare and plan for investments in sustainable energy projects; and
- building public and private sector knowledge and expertise in the sector.

Last year, the focus of this Workshop was on grid modernisation to meet the evolving demands of the energy sector. Since then CDB has financed from

the fund a number of consultancies to support initiatives in grid modernisation across our BMCs.

This year, we are shifting the focus to building the resilience of electricity systems in the Region, which as you know is highly prone to multiple natural hazards. The devastation caused in several BMCs during the 2017 hurricane season has reinforced the importance of building resilience in our countries.

The energy sector, and in particular electricity, is a critical element of the modern economy, and assumes a central role in every country's goal to achieving sustainable development.

This is why there is growing concern about the adverse impact that climate change can have on the electricity systems of the Caribbean. It is also why the Region has identified improving the resilience of electricity systems and by extension, the energy sector, as a key component of its energy matrix transformation.

Any plan for improving the resilience of our electricity systems must be seen as part of the overall strategy for building economic resilience. In fact, it must now be seen as an imperative linked to the very sustainability and survival of our Region.

Electricity systems are extremely vulnerable to the effects of hurricanes. Vulnerabilities exist along the entire value chain – from fuel-supply infrastructure, generation assets, transmission and distribution networks, to the end users.

As an early responder in the aftermath of natural disasters in our BMCs, CDB knows from experience that tackling the impacts of climate change on the electricity sector requires urgent action. Our strategy, therefore, fully supports our BMCs' heavy emphasis on building resilient energy sectors.

Caribbean countries are pursuing renewable energy options for electricity generation, mainly to improve energy security, and to meet their ambitious Nationally Determined Contributions towards the reduction of carbon emissions globally. This focus is expected to sharpen, given the recent findings outlined in the *IPCC Special Report on 1.5 Degrees*, which point to the need for scaled-up global mitigation efforts. There can, therefore, be no retreat from the pursuit of renewable energy development. Furthermore, electricity systems in the Caribbean must be made as resilient as possible, in light of the increasing climate change impacts.

Increasing the resilience of renewable energy systems represents a convergence of the two areas of response to climate change, namely, mitigation *and* adaptation. given that the main solutions for renewable energy in the region– solar PV and wind power systems – have larger geographic footprints compared with conventional diesel generation

systems, is critical that our mitigation and adaptation efforts are aligned., This also implies that funding of renewable energy projects, will require both climate mitigation and adaptation resources.

The decisions to make the energy systems more resilient must also be underpinned by careful analysis of the associated costs and benefits. This would be in keeping with the other aims of renewable energy development, that is, energy security and affordability.

Affordability and price competitiveness will affect the decision of end users who ultimately will be expected to bear the additional cost of resilience-building. In addition, an increase in electricity costs pushes up input costs to the productive sectors, thereby negatively impacting economic competitiveness of the countries. Thus it is critical that highly concessional resources such as those available through the Green Climate Fund and the Adaptation Fund are leveraged in resilience-building endeavours.

The actual level of resilience that is adequate, therefore, is an important question to be asked when countries are considering investments in resilience-building.

Arriving at the correct answer will involve an iterative process of discovery and learning, informed by national, regional and international experiences. This, in turn, provides opportunities for innovation, collaboration and sharing of information among countries, and the key actors in the Region.

In addition, there is need for more in-depth analysis to better understand the dimensions and additional costs of resilience-building in the energy sector.

Finally, in order to ensure fair allocation of the costs to be absorbed by consumers, the right regulatory framework must be in place.

Given this context, Let me, this afternoon, propose five points which can contribute to building the resilience of our Region's energy sector.

The First, **is the sharing of information on the performance of the Region's systems and using collaborative approaches to solutions.** Inputs will be needed from designers, developers, operators, regulators, financiers , planners, and academia;

Second, the private sector and academia **need to play a bigger role in innovating and developing better resilience-building solutions;**

Third, it's important to **accept and acknowledge that successful resilience-building requires a process of continuous learning and improvement.** The CARILEC Renewable Energy Community and the CARICOM Sustainable Energy Roadmap and Strategy could become useful platforms for supporting this information exchange and consensus-building;

Fourth, it is important that there is **adequate regulatory oversight** to ensure fair allocation of the cost burden.

And finally, we must **increase access to resources**, especially concessionary funding from our global partners.

These are some of the most critical areas where funding, resources and attention should be directed if we are to realise positive outcomes and successfully transform the energy sector for resilience and sustainability.

CDB remains committed to mobilising appropriate financing to support interventions in the energy sector. In this regard, we have contracted the services of a consultant to develop guidelines for the design and installation of climate-resilient PV systems. This work will build on ongoing research and innovation in this area, including that done by the Rocky Mountain Institute. As part of today's programme, our consultant will share with you some highlights of his ongoing work. Your frank and honest feedback will be important in ensuring that we have a robust set of outputs.

For CDB, addressing the resilience of solar PV systems is an important starting point that promises good outcomes, given that solar insolation is a resource in abundant supply in all Caribbean countries."

we will continue to work with our partners to address the issue of resilience in the energy system through, for example, the CARICOM Regional Task Force on Climate and Disaster Resilient Energy Supply, which was established earlier this year.

In addition, we will continue to integrate resilience into our operations by requiring, *inter alia*, the completion of climate vulnerability assessments for all CDB-financed infrastructure projects and mobilising concessional funding such as our Climate Action Line of Credit from the European Investment Bank and resources from the Green Climate Fund and Adaptation Fund to support resiliency efforts.

Building successful partnerships is an integral component of CDB's strategy for assisting our BMCs to build a resilient energy sector. Our Region's needs are enormous. No one organisation or institution involved in the electricity sector has all of the requisite tools, skills, perspectives and funding to take on this challenge unilaterally.

We, therefore, view fora like this Island Resilience Action Challenge Workshop as important vehicles for dialogue and critical launching pads for developing and designing appropriate responses to the energy challenge.

I encourage you to take advantage of this opportunity by participating fully in the discussions, sharing your expertise and experience, and allowing

your ideas to be put under the microscope. At the end of today, we should all leave this room satisfied that the objectives of the workshop have been met, and motivated to continue our work in building resilient and sustainable Caribbean societies.

Thank you.