

Caribbean Energy Resilience Funding Gap

Island Resilience Action Challenge (IRAC)

April 26, 2023



Problem Statement:

Start with the Need !

- **HOW TO IMPLEMENT THE TRANSITION TOWARDS A STEADY GROWTH AND RESILIENT ECONOMY.**
- Caribbean region's growth is diverging compared to other regions, due to higher impact and frequency of shocks.
- Transition is by essence difficult as it requires the extra effort to move from a stable (but not sustainable) status to another.
- The fuel trap is particularly acute in small economies, the various forces at play driving to inertia and status quo.
- **Resilient Energy in the Caribbean = a driver for steady growth, a basic services provider to the poorest, a leverage for private capital and a catalyst for Climate Finance.**

**Key Obstacle
to Overcome:**

**Address
climate
mitigation and
adaptation
simultaneousl
y**

- **We are the Caribbean...**

- Small and fragmented market(s), fuel dependent, with economic sectors highly dependent from external factors.
- Natural disasters (volcanic region) and climate change events exacerbate fragility.
- Large markets nearby largely drives the economic trends and opportunities.
- Access to Land, Water, Skills is limited.
- Transaction cost of chasing 'cheap' financing sometimes not worth it.

The short-term challenge: How to find the fiscal space for the Energy Transition, while keeping the lights on?!

**Key
Opportunity:
momentum to
think out of
the box is
now!**

- **We are the Caribbean !**

- Regional institutions, enabling policies, guiding plans and roadmaps,...everything is in place already.
- All the Renewable Energy (RE) resources are here.
- Large RE markets nearby will bring competition and skills.
- Innovate: rooftop PV and Agrivoltaics, instead of standard grid-scale PV.
- Pooled and Regional approaches will catalyst concessional and climate finance at scale.

The solutions for a green, inclusive and resilient growth in the Caribbean may not exist yet (e.g., Bridgetown Agenda), so keep innovating!

Final Statement

- A critical, 12-month obstacle to funding the resilience cost gap in the Caribbean energy sector is to design a solid regional framework and mechanism to streamline and accelerate transaction processes, to mobilize private capital in renewable energy.



Additional thoughts:

- The paramount strategic thinking to have within IRAC is to focus on the prize instead of the means: clean and resilient energy is (only) a means to a more sustainable future for the Caribbean, resilience and sustainability of ALL THE REST is equally important.
- A critical, 12-month action towards resilient Caribbean islands is to upgrade their economic model (e.g., digital nomads? High value agri-transformation? Entertainment industry hub?) to be more compatible with their fragile ecosystems (mangroves) and their socioeconomic aspirations.



THANK YOU!

