



# ALIDE – IV Roundtable of Chief Economists of Latin America and Caribbean Development Finance Institutions

## CDF's Alignment with Economic Resilience and Climate Financing

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*THOUGHTFUL ENGAGEMENTS...CREATIVE SOLUTIONS*

PRESENTED BY

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# CARICOM Development Fund (CDF) - OVERVIEW



CDF is a regional DFI in the Caribbean with a mission to promote integration among CARICOM Members States and enhance economic development of the most underserved communities to achieve social and economic cohesion in CARICOM

## Key Mandates

- Provide technical and financial assistance to disadvantaged countries, regions and sectors
- Support integration in CARICOM by addressing economic and social cohesion
- Attract investment and new industries to the disadvantaged countries, regions and sectors
- Improve efficiency and competitiveness of industry
- Achieve structural diversification and infrastructure development
- Financial innovation for climate action



# CARICOM Development Fund (CDF) - OVERVIEW



CDF invested over US\$ 100 million in cohesion building projects across 10 Member States addressing disadvantaged.

12 Member States: Antigua & Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago.

## Key Priority Areas for CDF

- I. Regional investment promotion and mobilisation
- II. Human capacity development and enterprise competitiveness
- III. Environmental resilience and climate action
- IV. Infrastructure
- V. Community empowerment
- VI. Transformation of the agriculture sector



# — ENVIRONMENTAL RESILIENCE AND CLIMATE ACTION



## Problems

- Caribbean countries increasingly facing economic, fiscal and social challenges from increasingly frequent and intense adverse weather phenomena
- The resilience financing gap in the Caribbean is estimated at over US \$20 billion
- Regional governments do not have the financial capacity



## Solutions

- Mechanisms to finance climate related loss and damage and build resilience
- Need to develop a market that creates demand for and supply of private sector financed investments in resilience
- Increased flows of concessional financing from development partners to scale up public sector efforts



- THE SOLUTION I:
  - Credit Risk Abatement Facility (CRAF)



## Credit Risk Abatement Facility (CRAF) - Value Proposition

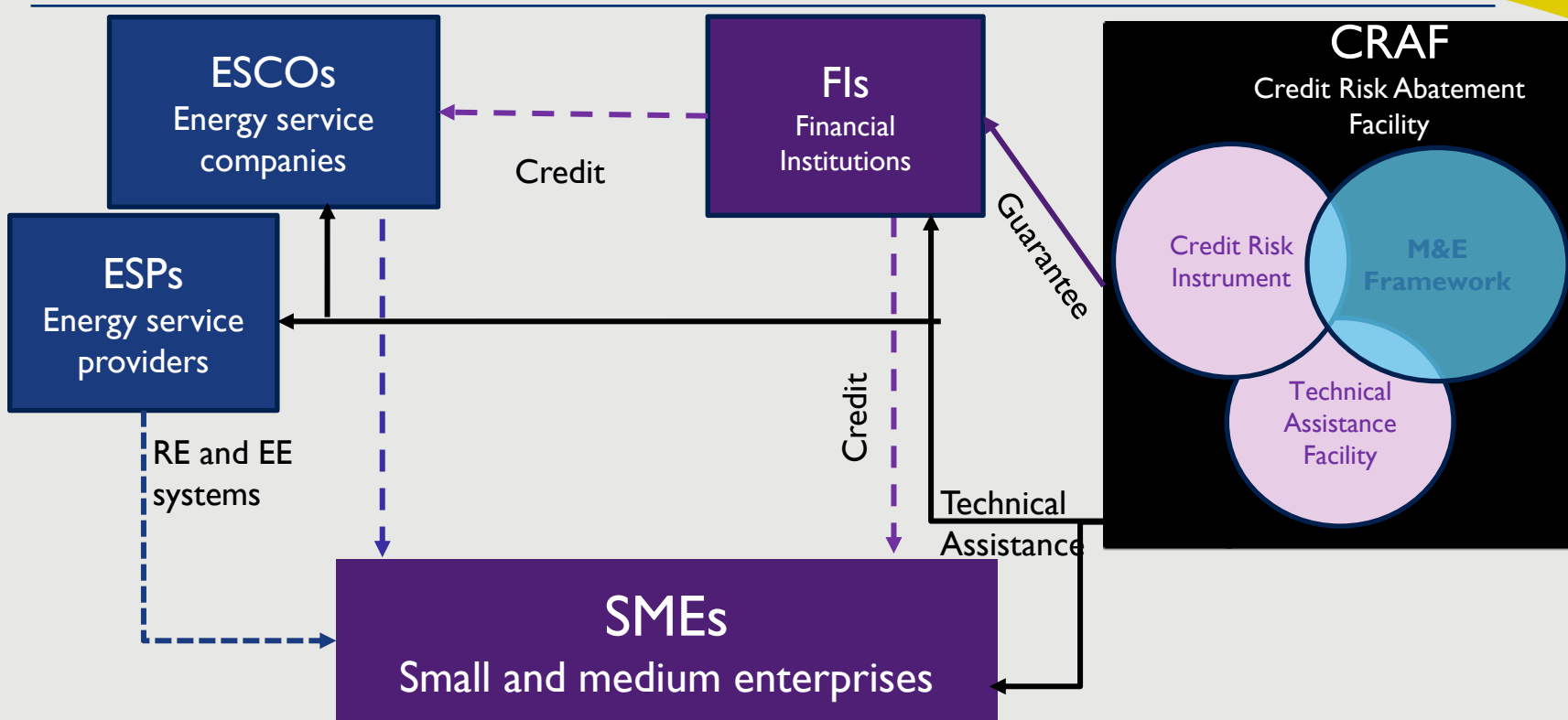


- Assists CARICOM countries in reaching their nationally determined contributions
- Generates demand from SMEs interested in RE/EE projects
- Incentivize financial institutions in promoting economic activity



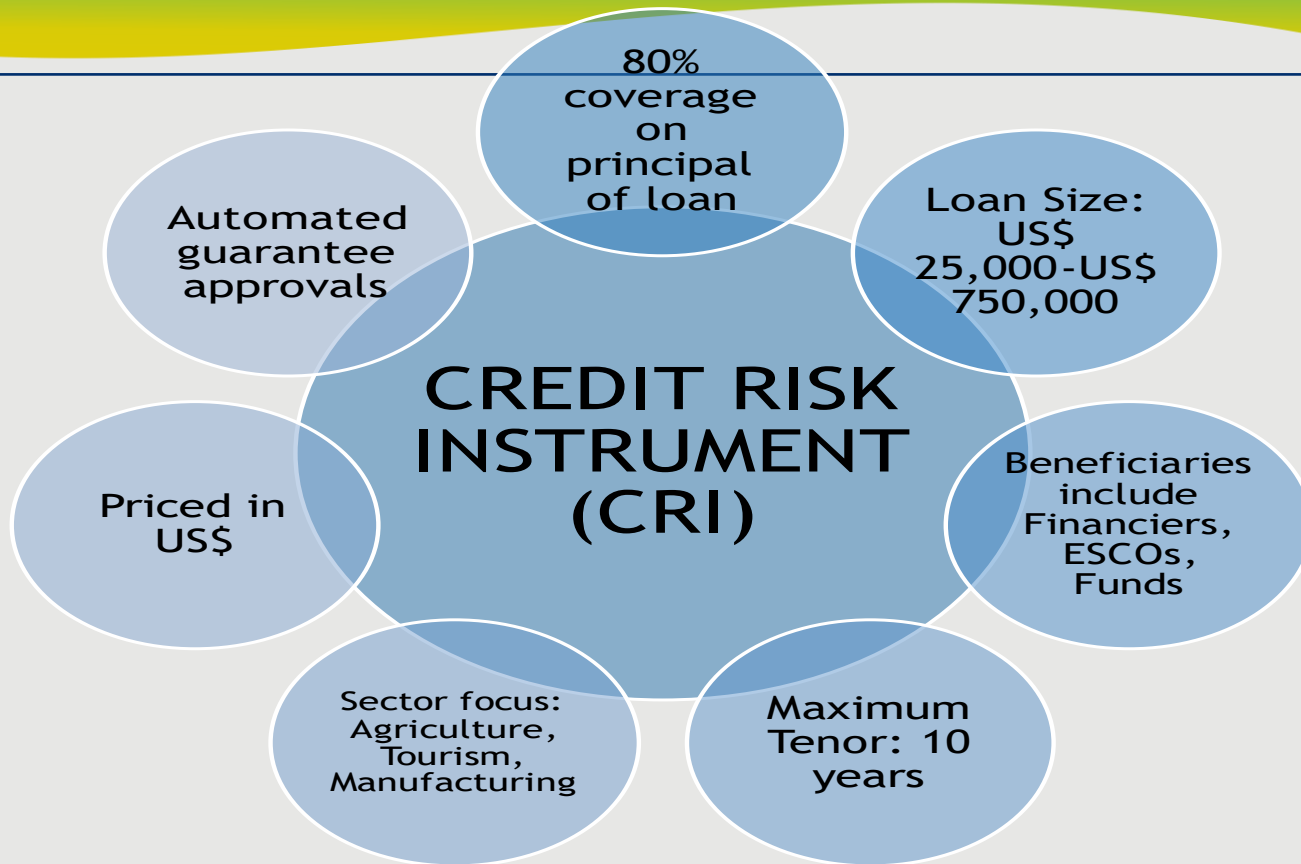


# THE CREDIT RISK ABATEMENT FACILITY (CRAF)



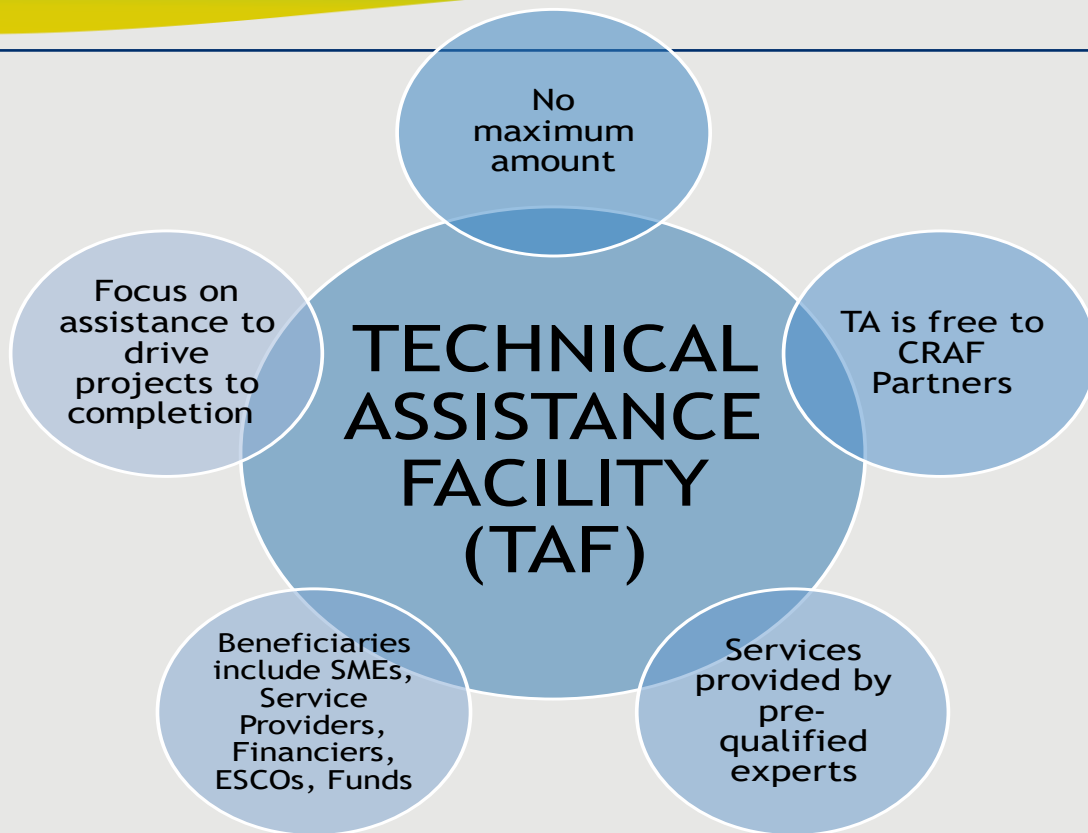


# CRAF – Credit Risk Instrument





# CRAF – Technical Assistance Facility





— SOLUTION 2:  
- CARICOM Resilience Fund (CRF)



# CARICOM Resilience Fund - Overview

## Fund size

US\$100M

## Investments

Debt, mezzanine, and equity

Technical assistance

## Key objectives of the CRF

### Economic robustness



Mitigate and adapt to adverse economic shocks, in particular, related to climate change

### Structural diversification



Achieve economic diversification and infrastructure development

### Capital accessibility



Leverage concessional capital to attract commercial investors

### Regional impact exposure



Offer investors exposure to impact investments in the CARICOM region

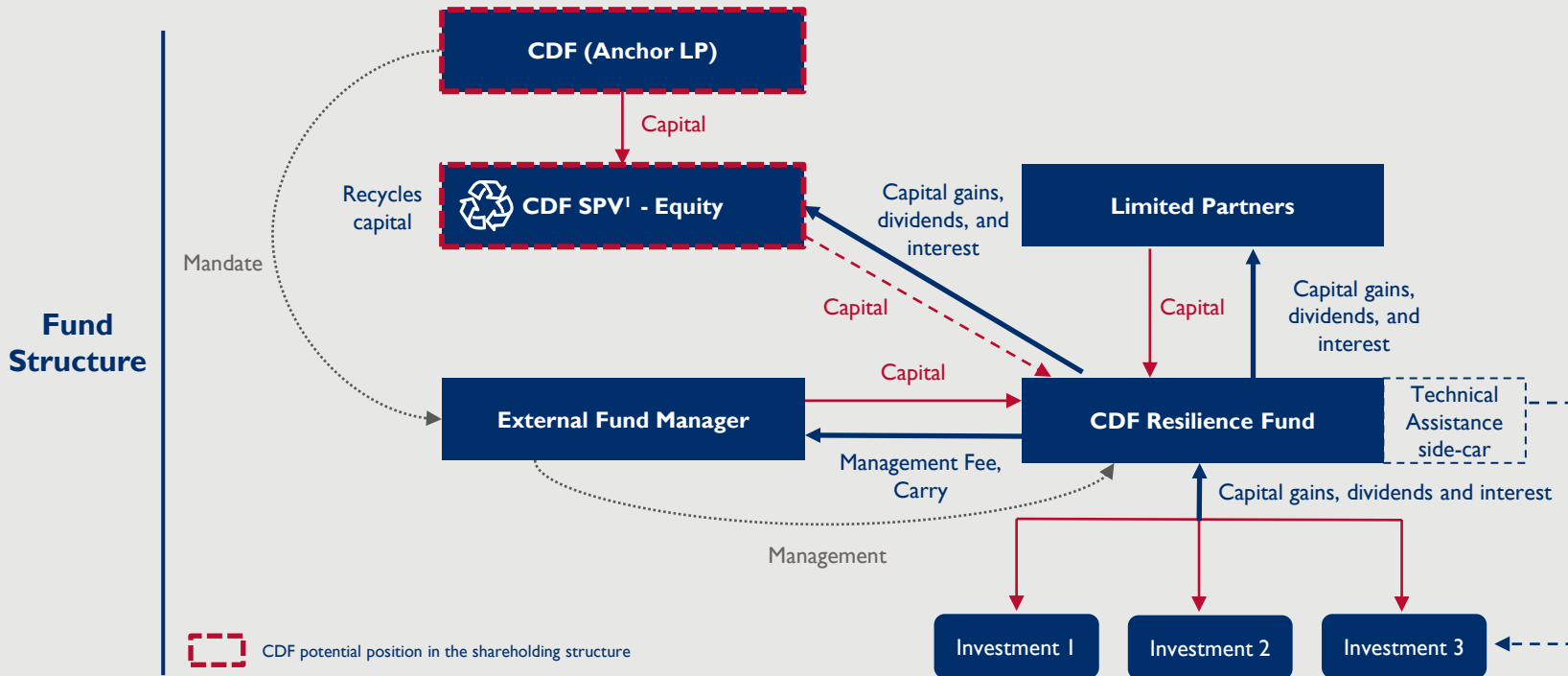
### Capacity building



Provide **~US\$5M** of technical assistance to increase investment readiness of investees



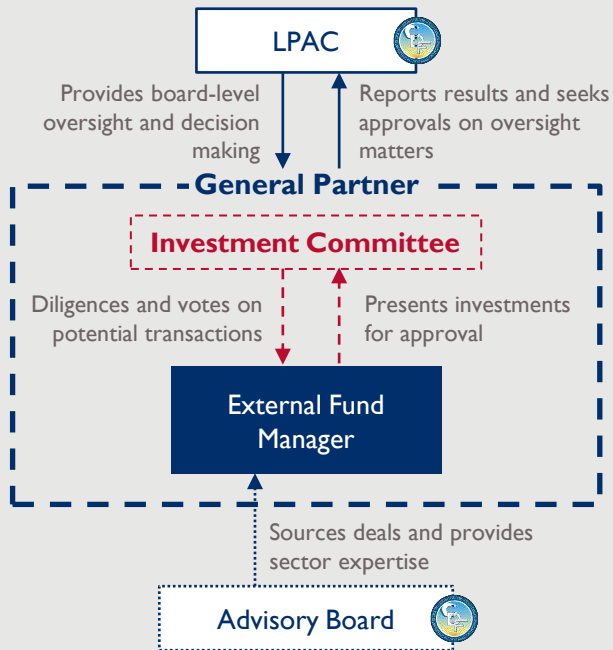
# CARICOM Resilience Fund - Overview





# CDF will remain highly involved in oversight and operations of the fund through chairing the LPAC and participating on the Advisory Board

## Sample flow of information



## Key decision-making and consulting roles within the fund



### External Fund Manager

Will manage all activities and operations, including investment and divestment-related decisions. **The fund manager will be selected based on past performance and knowledge of regional ecosystem**



### Investment Committee (IC)

Will be composed of three, five or seven members and scrutinizes all potential transactions (acquisitions as well as exits)



### Limited Partner Advisory Committee (LPAC)

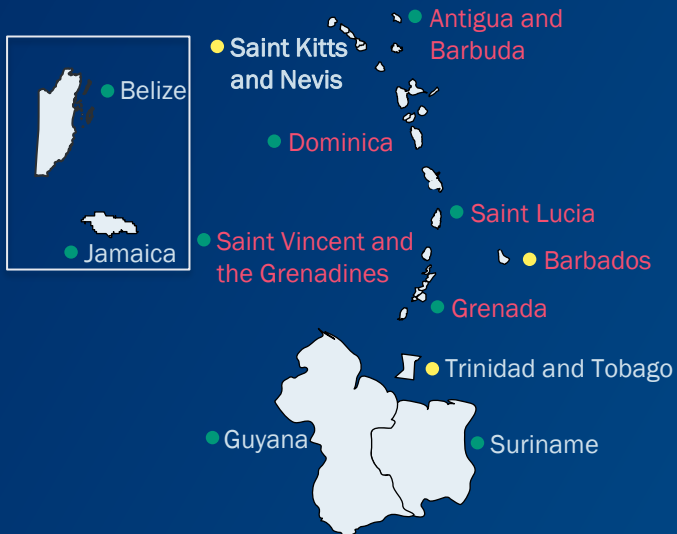
Will provide **board of directors-level guidance** and **handle sensitive matters that the GP faces**, such as conflicts of interest, waivers of LPA restrictions and general oversight





### Advisory Board











Will be composed of investment advisors and industry experts (such as PE experts, DFI directors) to **provide informed guidance and facilitate deal flow & sourcing opportunities**

# CRF's strategy aims to maximize sustainable impact across industries and geographies



 Official Development Assistance (ODA) countries (~70% allocation)

 Non-Official Development Assistance (ODA) countries (~30% allocation)

	Key resilience sectors	Example resilience priorities
<b>Essential Physical Assets</b>	Housing	<ul style="list-style-type: none"> <li>Affordable housing</li> <li>Sustainable building materials</li> </ul>
	Energy	<ul style="list-style-type: none"> <li>Distributed energy resources</li> <li>Waste-to-energy projects</li> </ul>
	Blue Economy	<ul style="list-style-type: none"> <li>Treat and manage wastewater</li> <li>Sargassum upcycling</li> </ul>
	ICT	<ul style="list-style-type: none"> <li>Broadband expansion</li> <li>GIS information systems and IT training</li> </ul>
	Transport	<ul style="list-style-type: none"> <li>Efficient port, airport, or dry dock infrastructure</li> <li>Solar EV charging stations</li> </ul>
<b>Essential Services</b>	Financial Services	<ul style="list-style-type: none"> <li>Fintech and microfinance</li> <li>Receivables financing and factoring</li> </ul>
	<b>Essential Goods</b>	Agriculture
<b>Targeted SDGs</b>		
         		





# CDF : THOUGHTFUL ENGAGEMENT... CREATIVE SOLUTIONS

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**Thank You!**