

The EIB in the Caribbean:

priorities and projects





Our **priorities**

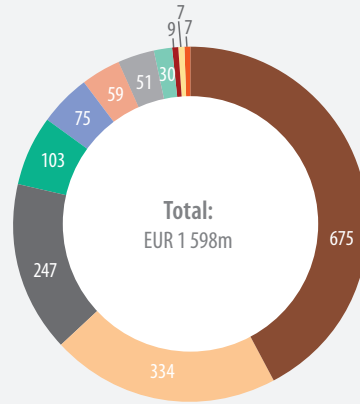
Our priorities in the 15 Caribbean nations and 13 Overseas Countries and Territories are private sector development, including the financial sector and micro, small and medium-sized enterprises (MSMEs); basic infrastructure, such as power, water, transport and telecommunications; and climate action, comprising both climate change mitigation and adaptation.

As things stand, the Caribbean region is made up of fairly isolated economies which are very dependent on tourism, and therefore the global economy has a huge impact on their well-being. Growth rates are quite heterogeneous, reflecting the fact that some countries lack economic diversification. Regional integration remains a key challenge and is therefore to be taken into account when delivering EIB support.

Caribbean countries are very vulnerable to the adverse effects of climate change. In late 2015, the EIB pledged to increase the share of climate action investment outside the EU from 25% to 35% of total lending volumes by the year 2020. As one of the largest climate action financiers in the world, we are well placed to do this, and to collaborate on climate projects across all sectors.

... some **figures**

The EIB has invested around EUR 1.6bn in the Caribbean since 1978, when the first operation was signed, and EUR 515m since the beginning of the Cotonou Agreement in 2004. Historically, this amounts to 165 projects in Caribbean countries and 46 in the Caribbean OCTs. This investment comes from the ACP Investment Facility, EIB own resources and the Impact Financing Envelope for higher risk, higher impact projects.



Lending in the Caribbean since 1978 (all mandates)

(Breakdown by sector – in EUR m)

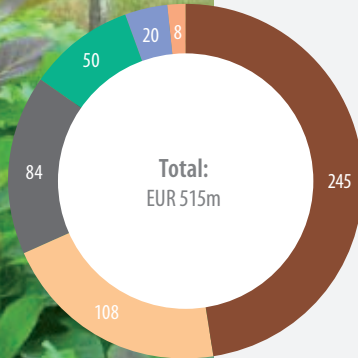
- Credit lines
- Energy
- Transport
- Financial services
- Water, sewerage
- Industry
- Telecommunications
- Services, incl. tourism
- Agriculture, fisheries, forestry
- Composite infrastructure
- Solid waste



Total lending in the Caribbean region since 1978 stands at **EUR 1.6bn** (10% of investment in ACP and OCT), comprising **211 projects**.



Under the Cotonou mandate (2004),
30 projects have been financed
in the Caribbean region, totalling
EUR 515m (6% of investment
in ACP and OCT).



Lending in the Caribbean under the Cotonou mandate (2004)

(Breakdown by sector – in EUR m)

- Credit lines
- Transport
- Financial services
- Energy
- Services, incl. tourism
- Telecommunications

Securing energy

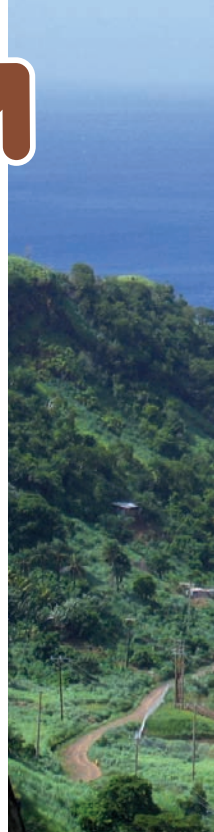
supplies in the Dominican Republic



The EIB has supported a range of projects in the Dominican Republic since 1992. Our most recent one is also our largest in terms of financial volume. This USD 100m loan agreement with the government will improve electricity distribution systems and power supply availability, significantly cutting losses throughout the network.

The project is timely, as poor electricity supply has been identified as a significant obstacle to economic growth in the country. Over three years, the Corporación Dominicana de Empresas Eléctricas Estatales (CDEEE) aims to normalise power supplies for 285 000 households.

The EIB loan has enabled the overall project to benefit from a EUR 9.3m grant from the European Commission through the Caribbean Investment Facility. These funds will be used to carry out necessary power supply investment in the municipality of Santo Domingo Este, home to some of the nation's poorest neighbourhoods.





On a practical level, this programme will contribute towards stabilising the power market, ensuring the replacement of over 4 000 km of older lines with new ones, cutting illegal and unsafe electricity use and improvised network connections, and formalising metering systems. This will enable adequate billing and reduce losses faced by power providers, in turn improving their capacity to play a part in improving living standards and ultimately the business environment in the Dominican Republic.

Supporting private equity



to benefit Caribbean consumers

Portland Private Equity has been instrumental in developing the private capital markets in the Caribbean since the 2007 launch of its inaugural vehicle, the AIC Caribbean Fund, in which the EIB invested EUR 25m. The core elements are sustainable development, scalable businesses and regional integration.

The impact of the AIC Caribbean Fund can be seen in two of its portfolio companies. Columbus International has gone from providing cable services in the Bahamas to being a regional player in ICT, increasing competition, introducing rational pricing and improving the quality of services in 34 countries.

InterEnergy, once an independent power producer in the Dominican Republic, now also operates in Jamaica and Panama. It is a community leader in each of its markets, providing reliable, well-priced power with an increasing emphasis on renewables. Portland launched its second investment vehicle in 2014. The EIB is again on-board as an investor, targeting sectors such as ICT, wind energy and financial services, and supporting local businesses with crucial regional aspirations.



Providing vital communications infrastructure in Sint Maarten



Sint Maarten, the Dutch part of the island of Saint Martin (the Caribbean territory shared by the Netherlands and France and dubbed the Friendly Island) has broken new ground as the recipient of the first EIB loan to a Caribbean OCT to be carried out since the beginning of the Cotonou Agreement.

The Bank is investing EUR 8m in a programme to roll out an optical fibre network on Sint Maarten.

The cables will pass by 14 500 households in the territory, and all of its 35 000 or so inhabitants will be able to benefit from improved broadband speeds. The network will be extended to all businesses and local authorities, which is vital to developing the economy. Hospitals, schools and libraries will have free access to ultra-high speed internet services, providing a boost for healthcare and education, with an additional benefit being that it enables the use of smart meters to manage water and electricity resources.





Addressing financing gaps

in the Caribbean and Pacific



The Bank has invested EUR 40m in the Caribbean and Pacific Impact Financing Facility (CPIFF), which is the first Impact Financing Envelope operation of its kind in these regions. Credit from the facility has been drawn by Banco Adopem in the Dominican Republic and the Development Bank of Jamaica to boost funding for microfinanciers in these countries.

Credit through financial intermediaries will be available to the following groups: micro, small and medium-sized enterprises, including self-employed individuals, low-income households, and community-based organisations. The latter include non-profit associations and cooperatives of members with common interests. They could be smallholder farmers, for example, or people of the same gender, or perhaps a group representing one single village.

What they have in common is difficulty in accessing finance. This facility will address that issue, providing longer-tenor microfinance loans and allowing initial steps to be taken by small businesses in the target countries. The facility is especially geared towards women, and it can be expected that the small loans will sustain more than 600 000 jobs over the CPIFF's life cycle.





Our approach

to Caribbean **operations**



As an institution, we are evolving to meet the needs of people across the world, and are doing our best to tackle the issues they face. The EIB has an office in Santo Domingo in the Dominican Republic and will also be establishing a local presence in Barbados. These bring us closer to our clients and prospective clients in the region.

We are responding to demand by keeping our traditional operations such as credit lines and infrastructure investment, creating new instruments, and actively seeking to work with more partners who can bring expertise to good quality initiatives.

In addition, interest rate subsidies can ease the burden of getting a green light from a financial perspective, while funding is also available for technical assistance throughout the life cycle of a project. This can build capacity on the part of the promoter, increase expertise for project delivery, and also bring best practices to the end users of EIB funding.





Caribbean signatories

of the Cotonou Agreement

- Antigua and Barbuda
- Bahamas
- Barbados
- Belize
- Dominica
- Dominican Republic
- Grenada
- Guyana
- Haiti
- Jamaica
- Saint Kitts and Nevis
- Saint Lucia
- Saint Vincent and the Grenadines
- Suriname
- Trinidad and Tobago





Caribbean **OCTs**

- Aruba
- Anguilla
- Bermuda
- Bonaire
- British Virgin Islands
- Cayman Islands
- Curaçao
- Montserrat
- Saba
- Sint-Eustatsius
- Saint Barthélemy
- Sint-Maarten
- Turks and Caicos Islands

Partnerships for development



It is vital for us to work together with our regional and international partners in the Caribbean. We have a longstanding relationship with the Caribbean Development Bank (CDB) going back more than two decades. We have collaborated with it on several lines of credit, which have evolved over time in terms of whom they target.

The latest line of credit we established together with CDB was launched in 2011 for an amount of EUR 50m, and is focused on smaller-scale climate action projects across the Caribbean region. This is timely, as by and large the Caribbean is very vulnerable to the effects of extreme weather events, but there are financial difficulties in creating resilience. The Climate Action Line of Credit to CDB addresses this by providing funds for small-scale climate change mitigation and adaptation projects in the public and private sectors, as well as adding technical assistance to support capacity building and improve project preparation.





Guided by the SDGs

Our priorities in the ACP countries are private sector development, basic infrastructure and climate action. In line with the EU Agenda for Change, we believe that small businesses are the key to sustainable development in emerging economies.

The EIB is supportive of the Sustainable Development Goals (SDGs), and we see particular synergies in several of them for the Caribbean. In the interest of clarity, and to fine tune our approach, the EIB is working on a set of indicators to see which SDGs our projects can contribute to. On a wider level, we are continuing to work with our partners to support economic development and create the conditions necessary to promote sustainable growth and jobs.



The EIB stands behind all 17 goals. Some we can support directly; others can be achieved through a joint approach involving all stakeholders.

About the EIB



The EIB is the bank of the European Union, and is owned by its shareholders, the 28 EU Member States. In a typical year, we invest around EUR 75bn in over 400 sound, good quality projects around the world.

The EIB is committed to supporting European Union development policies outside the European Union. Under the Cotonou Agreement and the Overseas Association Decision, our priorities for Africa, the Caribbean and the Pacific are set out in line with the EU Agenda for Change.

The Bank deploys several funding sources in the Caribbean. These are the ACP Investment Facility, including an Impact Financing Envelope for highly developmental projects, and our own resources. This also applies to the Caribbean OCTs, which are covered by the Cotonou Agreement.





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