

Caribbean Resilience Finance Day 2024



EcoMicro



Session 2

Overcoming Barriers Along the Financial Value Chain Towards a Climate-Resilient Caribbean

Meet the speakers

Moderator



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Specialist, Global Environment
Facility



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Group



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Business Support and Development
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Caribbean Resilience Finance Day



Session 2:

Overcoming barriers along the financial value chain towards a climate-resilient Caribbean

October 11, 2024

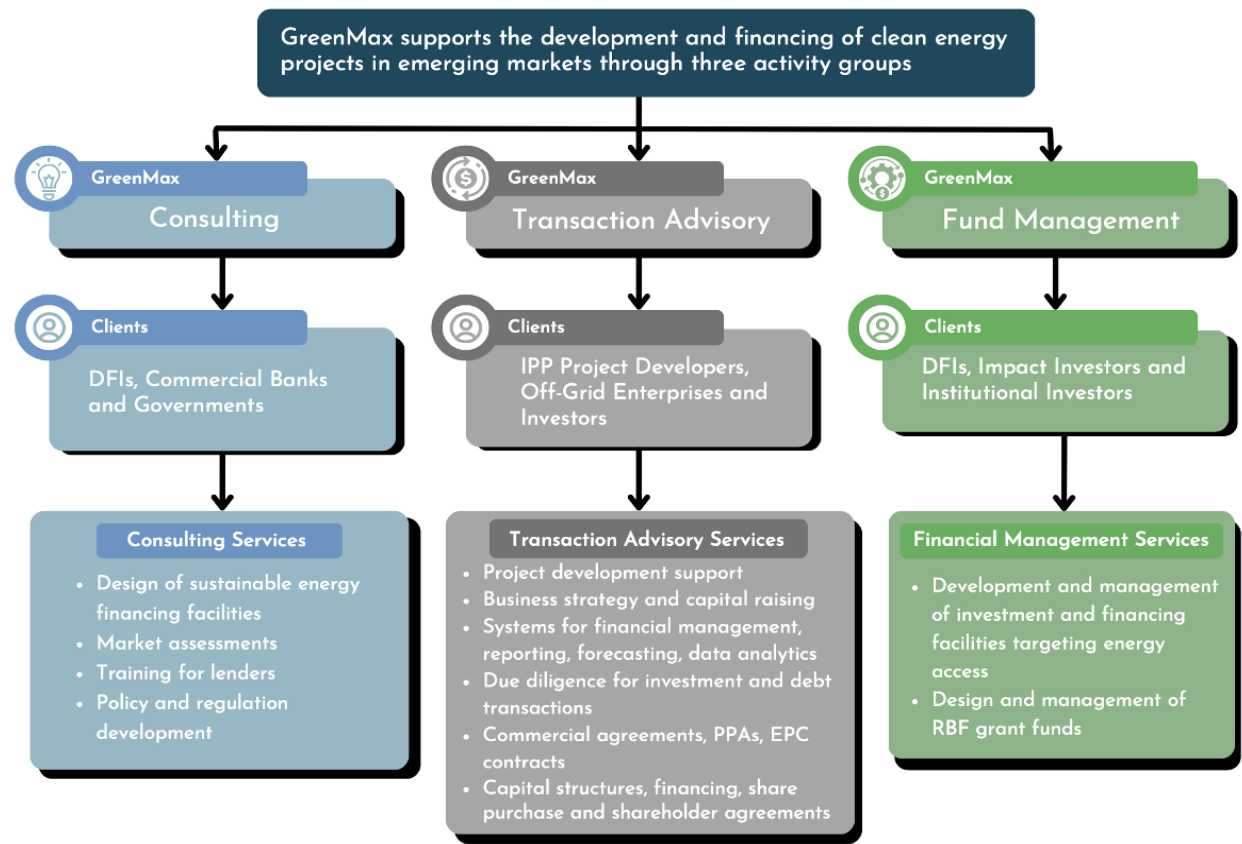


1. Introduction/GreenMax overview
2. IDB Caribbean Eco-Micro Program – National Development Foundation of Dominica
3. Lessons learned

GreenMax Capital Advisors

GreenMax Capital Advisors is a specialized consulting, transaction advisory and fund management firm focused exclusively on the clean energy sector in emerging markets. We have successfully executed projects across five continents, with experience in more than 80 countries globally since 1994. GreenMax supports project developers, renewable energy companies, investors, financial institutions, donor agencies and governments in the analysis, preparation and implementation of a broad range of clean energy investments, policies and regulations. GreenMax has been engaged as a leading advisor in the renewable energy sector in Latin America and the Caribbean since 2007.

GreenMax has been supporting the IDB Caribbean Eco-Micro program for the last five years, working with partners in Dominica (2019-2022) and Suriname (2021-2024), to build the climate resilience of MSMEs and low-income households in each country through the development of green financial products to finance mitigation and adaptation projects.



- Experience in the Caribbean:**
- ✓ Barbados
 - ✓ Dominica
 - ✓ Dominican Republic
 - ✓ Guyana
 - ✓ Haiti
 - ✓ Jamaica
 - ✓ St. Kitts and Nevis



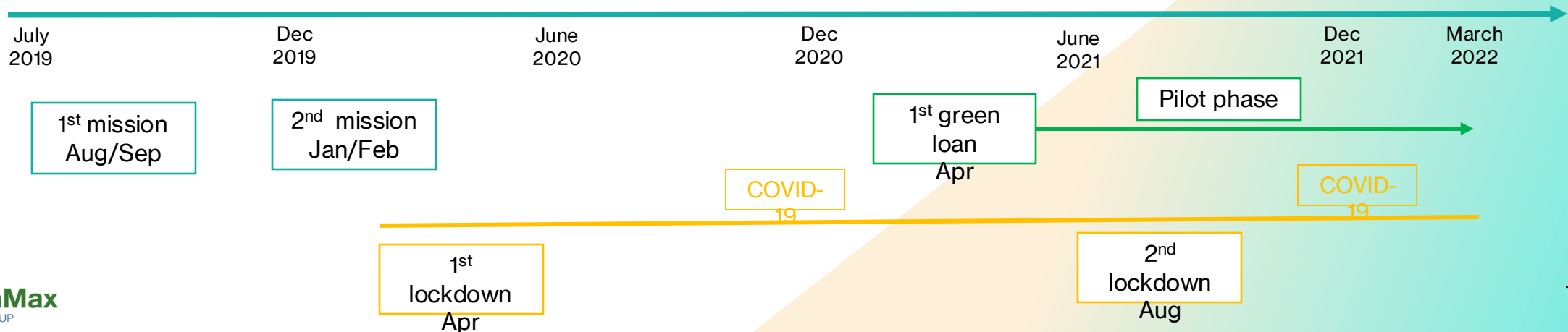
IDB Caribbean Eco-Micro Program

Green Finance for MSMEs and Low-Income Households in Dominica

In 2019, GreenMax, in association with GFA Entec, was retained by the Inter-American Development Bank under the Eco-Micro Program to provide specialized technical assistance services to the National Development Foundation of Dominica (NDFD) to support implementation of green financing in the country. Over the course of three years (2019-2022), the GreenMax team developed green finance products to support access to (i) renewable energy and energy efficiency technologies (mitigation finance); and (ii) adaptation technologies and measures (adaptation finance). The scope of work included a detailed market analysis to identify green finance opportunities, capacity building and training activities, and preparation of an operations manual, a technology guide, a climate risk assessment tool, a gender analysis, an outreach and awareness strategy, and a policy and action plan for NDFD to implement the financial products.

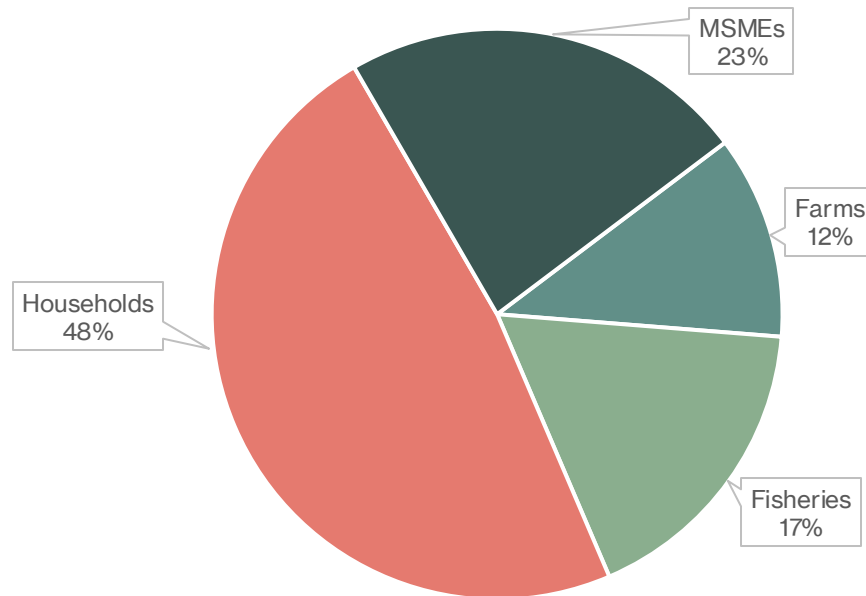
Project Implementation Timeline and Deliverables

- ✓ Market Analysis
- ✓ Market Survey
- ✓ Gender Analysis
- ✓ Operations Manual
- ✓ Financial Products
- ✓ Technology Guide
- ✓ Outreach and Awareness Strategy
- ✓ Carbon Footprint
- ✓ Greening Policy and Action Plan
- ✓ Training Onsite
- ✓ Climate Risks Analysis of Loan Portfolio
- ✓ Climate Risk Assessment Tool and Action Plan
- ✓ Climate Risk Policy approved by the Board
- ✓ Potential Funders' list
- ✓ Financial Model
- ✓ Second Market Survey
- ✓ Training Online
- ✓ Interim Evaluation Report
- ✓ Revision of Operation Manual
- ✓ Scale up Strategy
- ✓ Training Online

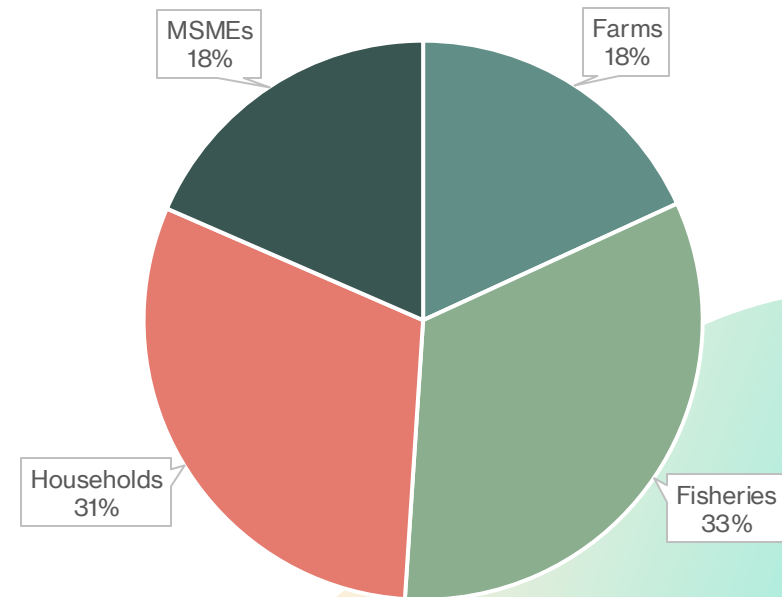


Green Loan Portfolio: Borrowers

Loan Count (52 in total)



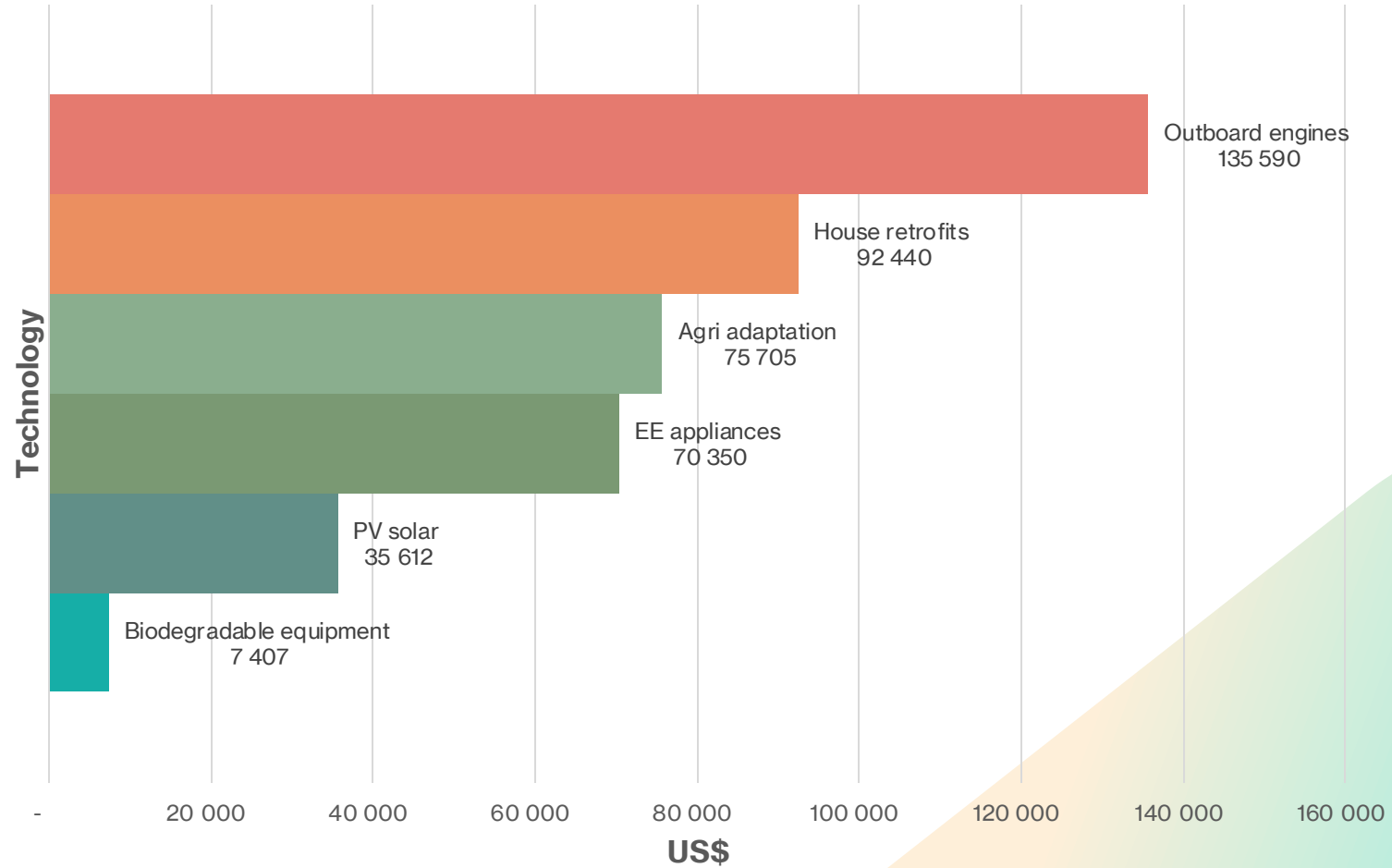
Loan Amount (US\$ 417,000 in total)



Average loan
in US\$

Households	MSMEs	Farms	Fisheries
\$ 5,089	\$ 6,417	\$ 12,618	\$ 15,243

Green Loan Portfolio: Technologies



Climate Change Mitigation: 60%

Climate Change Adaptation: 40%

Lessons Learned

1. Target market
2. Technical know-how
3. Cost of funding
4. Feasibility of projects
5. Climate risk assessment

❑ Low-income households and microenterprises (most vulnerable to climate change impacts)

- Bankability
 - Credit assessment
 - Innovation
 - Cash flow vs Asset-based lending
 - KYC techniques
 - Micro-finance know-how in character-based lending

❑ Reliable and affordable green mitigation and adaptation technologies

- Transfer of the know-how to FI to certain extent
 - FI as a source of knowledge for the clients
 - Internal capacity building (EcoMicro)
 - Partnership with technology providers, engineering companies, professional associations, NGOs/CSOs
 - Sharing the know-how and market knowledge, and costs of doing business

☐ Sustainability vs affordability

- Commercial approach is preferred but...
 - Fully commercial terms are often a critical access to finance barrier for the most vulnerable market segments
 - Access to low-cost (below the market) funding is critical for scaling up of green lending to the market segment
 - Access to international sources of climate financing is often difficult because of funding needs scale (too small) and level of FI's sophistication, status, and a lack of track-record

❑ Other external factors

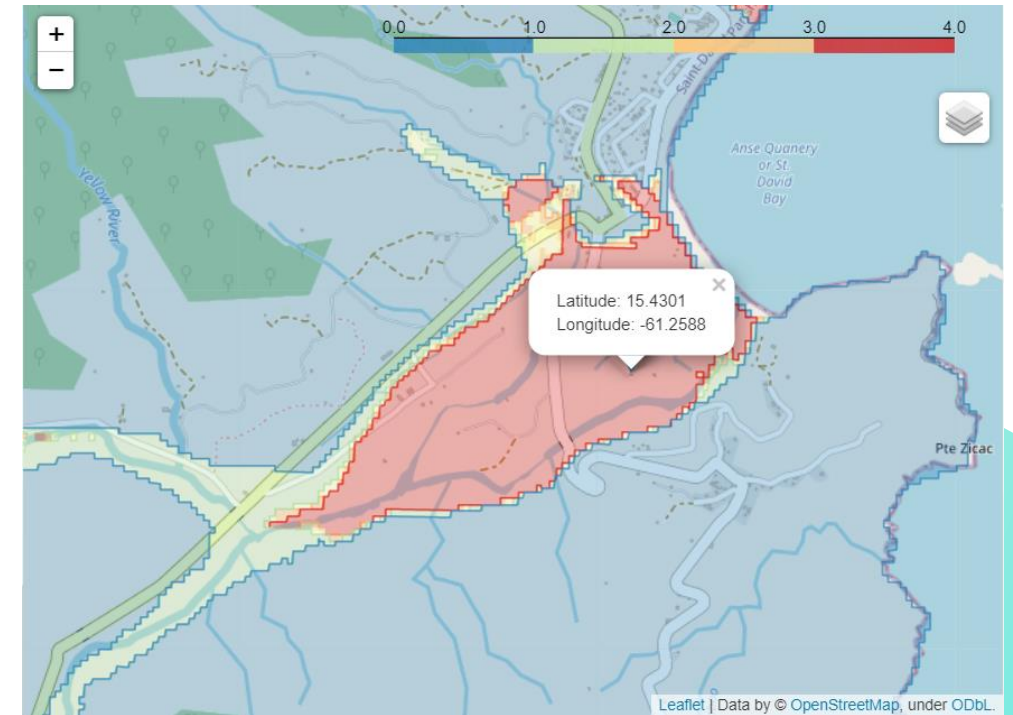
- Regulatory framework
 - Market-based energy prices vs fossil-fuel subsidies
 - Incentives for introduction of green technologies (import duties, tax exemptions, direct subsidies, etc.)
 - Role of the central bank in greening the financial sector and climate risk assessment

☐ Integral part of credit decision and loan portfolio risk management

- Purpose: avoiding FI's financial losses as well as losses to the borrowers
 - Assessing natural hazard risks for the individual projects for risks of flash floods and landslides
 - Based on spatial information from two existing geographical information system (GIS) databases, one related to flash flood risks, the second related to landslide risk
 - Importance of free access to the both databases and resulting maps from the Caribbean Handbook on Risk Information Management (CHARIM) project

❑ Assessing flood and landslide risk of a specific location

- Risks for flash floods and landslides at any point in Dominica
 - Specific locations are identified by entering GPS coordinates of investment site or by identifying coordinates on a map
 - Overlay of the flood- with the landslide map
 - Users can zoom in at any location, click on any point to determine the coordinates
 - Provides the following results



Risk ID	Flood Risk	Landslide risk
0	No risk	Low risk
1	Low risk	Moderate risk
2	Moderate risk	High risk
3	High risk	
4	Very high risk	



Caribbean Climate Resilience Finance Day

Grenada Development Bank

*Overcoming Financial Value Chain Barriers
Towards a Climate-Resilient Caribbean*






GDB's Case for Climate Finance

- Grenada – SIDS with a population of approx. 117K
- Grenada is highly vulnerable to **climate risks** such as sea level rise, landslides, flooding, droughts and hurricanes
- GDB is a Statutory Body wholly owned by the Government of Grenada
- Climate-related disasters have become **more frequent and intense** due to climate change
- GDB's clients in key sectors such as residential housing, tourism, fishing, and agriculture are at **high risk**
- Increasing **climate resilience** of the bank and its clients is critical to the bank's sustainable operation
- **Greening the GDB's operation** and implementing more sustainable practices is an important strategy



Green and Resilient Lending Strategy


- Position the GDB as a leading provider of climate finance in Grenada
- Collaborate with regional and global stakeholders to mobilize climate finance investments
- Focus on Adaptation
- Promote renewable energy, and energy efficiency solutions in Grenada
- Increase the climate resilience of property owners






Grenada Development Bank offers 2% loans for Climate Adaptation

- Renewable Energy Systems
- Energy Efficient Solutions
- Erosion and Flood Control
- Health & Vector Control
- Water Management & Efficiency
- Climate-Smart Building Solutions
- Structural Adjustments for Climate Resilience

For residential buildings and MSME's.
Financed by the Green Climate Fund as part of the Enhanced Direct Access project.



For further info, contact the
Grenada Development Bank
Tel: 405-3242 Email: communications@gdbbank.com
Melville Street, St. George's



Green Financial Products Developed



Basic Loan - Climate Resilient Residential Property



New Loan – Climate Resilient Residential Property



RE/EE for Residential and Commercial Buildings



New Loan – Climate Resilient MSME



Premium (Future State) – Climate Resilient Insurance Rebate

GRENADA DEVELOPMENT BANK

Did you know
that you can **save money and protect the environment** at the same time?

BUSINESS OWNERS
CONTACT US TODAY FOR MORE INFORMATION.

SAVE MONEY
GO GREEN

It is possible with a **Renewable Energy and Energy Efficiency Loan** from the Grenada Development Bank.



Climate Change Mitigation Strategies



Energy efficiency



Renewable energy



E-vehicles



Waste Management

Climate Change Adaptation Strategies



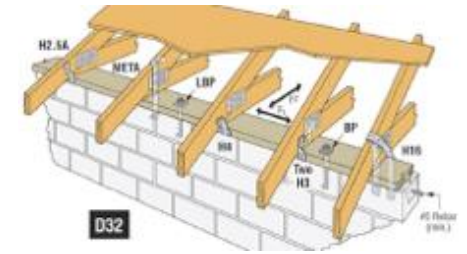
Rainwater Harvesting



Crop Diversification



Irrigation Systems



Building Works



Challenges and Lessons Learned

Challenges

1. Alignment not only with the high-level policy objective but also with measurable interim targets
 2. Bridging the gap between beneficiary awareness and tangible climate action
 3. Need for improved awareness by local service providers
 4. Concessional financing
 5. Operationalization of internal climate policy changes
-

Strategies Employed

1. Early buy-in of the Board of Directors and orientation of activities around national policy documents.
 2. Various communication channels utilized – Effectiveness of social media.
 3. Support and facilitate ongoing capacity building of the local private sector
 4. Collaborate with other agencies and intermediaries for funding through project development
 5. Plan for phased ESMS implementation developed
-

Future Initiatives

- Implementation of a comprehensive Environmental and Social Management System (ESMS)
- Implementation of climate risk assessment and portfolio vulnerability reduction plan to reduce portfolio vulnerability to climate change
- Extend staff training on climate change mitigation and adaptation solutions, climate risk, and institutional greening
- Continued awareness raising on the implications of climate change in key economic sectors
- Complete Accreditation to the Green Climate Fund
- Implementation of the approved scale strategy





**Thank you for
Your
Attention**



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**CENTRAL
FINANCE
FACILITY**



RATIONALE FOR THE FORMATION OF A CENTRAL FINANCE FACILITY

- A Trinidad and Tobago Financial Cooperative, the Central Finance Facility was formed in 2001. It is a secondary body in the Cooperative Movement
- The thinking at the time was that the movement needed collective business activities.
- The CFF was formed to conduct and, where necessary, lead business activities on behalf of its members that would best be done collectively rather than individually.
- Often cited as a Credit Unions for Credit Unions, but also focused on market development, project design and implementation and Cooperative Development





VISION

- To be the premier financial intermediary and developmental institution for Cooperatives

MISSION

- Facilitating Financing, Innovation, Market Leverage and Thought Leadership through Cooperation among Cooperatives



WHY GREEN FINANCING

There is a **demonstrated need and demand** throughout Latin America and the Caribbean (LAC) in general, and Trinidad and Tobago in particular

Many MSMEs and low-income households are not able to access clean energy, energy efficiency technologies, and adaptation products.

Need to present green products and services to consumers as viable options

Lack of **appropriate tools and know-how** to develop and offer **sustainable green financial products** to facilitate the acquisition of mitigation or adaptation technologies.

CU-GREEN

- What is CU-Green?
 - Prior to Eco Micro Programme, CFF developed a policy focusing on the development of the green economy
 - Increased awareness and, ultimately, demand for green products and services
 - Support of economic diversification through demand for and supply of green products and services
 - Creation of new entrepreneurship opportunities
 - Access to sector targeted financing
 - Increased awareness of climate resilience and possible solutions
 - Position the Movement to be a leader in the development of the Green Economy

CU-GREEN GREEN ECONOMY SUPPORT FRAMEWORK

Creation and adoption of green financing initiatives to improve access to financing for consumers and businesses

Establishment of Programme Funding to support the initiatives of CU-GREEN including a Green Innovation Fund and Green Enterprise Financing that can supplement CU financing

Partnerships with the right international and local agencies involved in green enterprise development, including alliances with Ministries and other public sector agencies.

A system of promotion and public awareness highlighting opportunities for green entrepreneurs and enterprises.

Development of a green enterprise ecosystem which will create a support network to build, strengthen and maintain the sector.

Green Network System to support access to and acquisition of innovation and green technology for the Programme's participants.

Establishment of or Access to Green Certification to support the formalization and maintenance of the systems to ensure that green sector agents and enterprises are recognised and certified.

CU-GREEN LOCAL ENTREPRENEURSHIP OPPORTUNITIES

- **Energy & Transportation**
 - Improve opportunities for conservation and energy efficiency
 - Minimize use of fossil fuel vehicles
- **Waste Management**
 - Reduce waste creation
 - Utilize strategies to reuse waste
- **Agriculture**
 - Support financing of small commercial organic and sustainable farming activities
- **Construction**
 - Encourage use of environmentally friendly materials
 - Facilitate more energy efficient construction



Target Group



Credit Union members
(including loans for consumer
items, vehicles, construction,
renovations, home repairs, etc)



Credit Union members with
micro, small, medium and large
businesses.

CU-GREEN Expected Outputs



Green Economy is inevitable! The country cannot continue to subsidize energy



Credit Unions can do more than prepare its membership

Encourage conservation
Seize the economic opportunities



Opportunities for cooperatives and credit unions

Encourage establishment and ownership of green enterprises
Create an ecosystem that would support members
Ultimately, one of the avenues for wealth creation



The Movement has improved capacity to support the Green Economy



Credit Unions and the Cooperative Movement will be significant players in the much-needed economic diversification, sustainable development and transformation of our nation.

CU-GREEN

Expected Outcomes

- The green economy would:
 - Create new employment
 - Encourage investment in non-traditional sectors, ideally using indigenous, local-content goods and services related to sustainability.
 - Facilitate support services, such as technical officers involved in resource efficiency training, audit and certification.
 - Support economic diversification
 - Encourage new areas of entrepreneurship
 - Support innovation in existing and new businesses
 - Reduce long run economic costs for businesses and government
 - Transition to better revenue opportunities to supplement oil and gas revenue

Discussion and Q&A



Thank you!

