



**CABEF**  
FUNDING SUSTAINABILITY

# Caribbean Basin Sustainable Energy Fund (CABEF)

**Sustainable Energy Central America**

Fernando Alvarado, CEO and General Partner

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**Jefferies**

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# Objective & intended impact

## Objective:

- Promote **energy security, environmental sustainability** in the Caribbean Basin
- The Fund serves as a **catalyst for promoting investment and entrepreneurship** in clean energy, renewables, and energy efficiency projects



## Environmental Impact

- Reduction of greenhouse gas emissions
- An increase in the number of firms utilizing clean energy practices



## Socio-Economic Impact

- Direct and Indirect beneficiaries of the project:



30 - 40

small and medium scale energy efficiency and renewable energy projects & managers or developers

200 – 300 MW

Of clean energy in the Caribbean Basin generating almost 800 GWh/year and offsetting 500k – 600k TCO<sub>2</sub>e

420,000

households that will receive power from clean energy generation

# RATIONALE

Caribbean Basin countries are experiencing high oil volatility and **high electricity prices** up to US\$0.37/kWh; clean energy only represents 6% of total energy; energy efficiency projects could represent savings from 0.14 to 0.28 \$/kWh

## In alignment with national policies in the region

- Many Caribbean Basin countries are changing their energy policies to further promote renewable energy



## In alignment with financing gaps

- SME developers lack project finance capital
- Equity and quasi-equity is needed to leverage bank debt



## In alignment with MIF/IDB strategies

- Consistent with IDB's energy objectives for the region and its Updated Institutional Strategy 2016-2019 regarding inclusive infrastructure
- Complement IDB and MIF interventions to support venture capital as well as renewable energy and energy efficiency



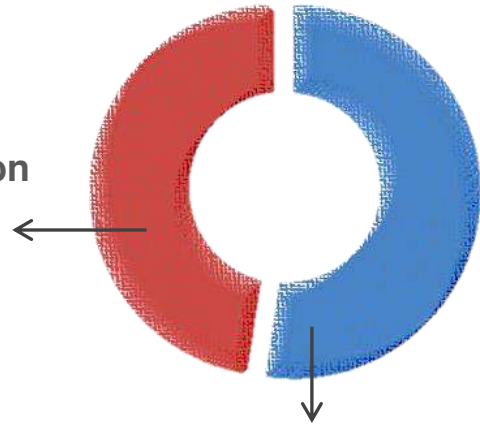
# FUNDING AND INSTRUMENTS

## US\$100 million

Total Target Capitalization (\$63m in commitments)

### CABEF US\$50 million

- MIF: US\$5 million
- Co-investment: US\$45 million



### HREFF US\$50 million

- MIF: US\$4 million
- Co-investment: US\$36 million

## • Instruments:

- Equity and mezzanine financing for project implementation
- Financial Leasing for Energy Efficiency projects; performance-based payments
- Option to provide reimbursable and/or non-reimbursable technical cooperation grants for capacity-building measures







# Investment Strategy



## Size Of Investments:

- Minimum: US\$1,000,000 per project
- Maximum: Currently, US\$6.3 million per project (10% of total capitalization)



## A Diverse Portfolio:

- No more than 10% of committed capital in any single company
- No more than 15% in any economic group composed of two or more related companies, affiliates, or subsidiaries with controlling shareholders in common



## Investment Focus:

- Small and medium scale renewable energy projects either grid connected or off-grid projects
- Energy Efficiency and other energy savings applications (i.e. CCHP)
- Strong initial pipeline of more than 50 prospective renewable energy and energy efficiency projects

# Eligible Technologies

## □ Biomass



## □ Hydropower



## □ Biogas



## □ LPG/LNG



## □ Solar PV, Solar Thermal



## □ Wind



## □ Energy Efficiency



## □ Biogas



# Investment Terms and Eligibility Criteria

- Clean Energy VC Fund for Caribbean basin
- Grid-Connected R.E./Dist. Generation/E. Efficiency
- \$1m – 6.3m (at the moment)
- Sub. Debt/Pref. Shares/Common Shares/Leasing
- Subordinated to Sr. Lenders
- No controlling interest
- Up to 13 years, investment period
- Flexible repayment schedules
- US \$ denominated
- No pre-investment/project development

Projects must be bankable:

- Land rights, permits, contracts
- Solid Fundamentals
- Experienced sponsors
- Social & Environmental System
- IFC Performance Standards
- IDB S&E Guidelines

[www.cabef.net](http://www.cabef.net)

# Contact Information

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Investment  
Representatives coming  
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