Special Feature

CARICOM DEVELOPMENT FUND

SUPPORTING CSME SINCE 2008

'To lead in providing effective, efficient and sustainable solutions that address the challenges faced by disadvantaged countries, regions and sectors participating in the CSME.'

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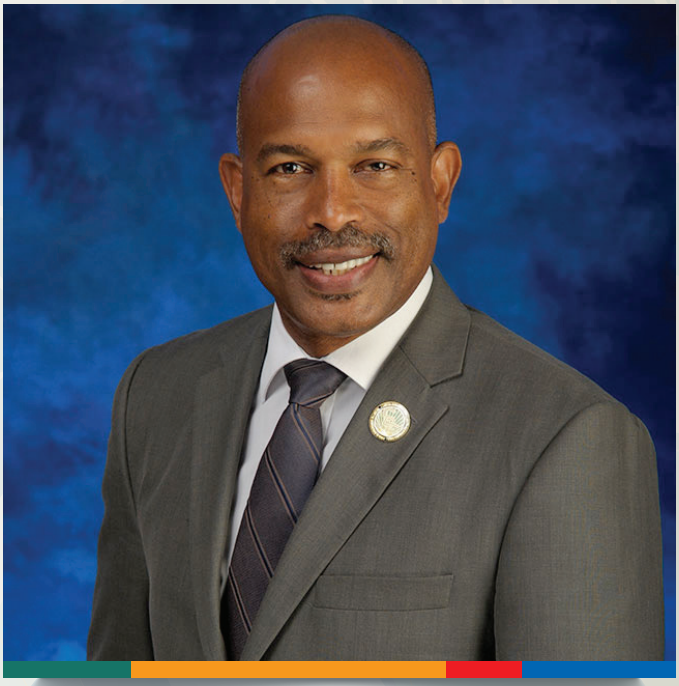
CDF-CELEBRATING 10 YEARS OF SERVICE TO THE CARIBBEAN COMMUNITY



By Mr. Rodinald Soomer
Chief Executive Officer

Why the CDF?

The theory and practice of economic integration point to a tendency towards polarisation when participating countries are at uneven levels of development. In the case of the Caribbean Community (CARICOM), some Member States have 'pre-existing' disadvantages emanating particularly from the small size and structures of their economies, which act as constraints on their capacity to take full advantage of the benefits of integration. In addition, all Member States, but particularly the more vulnerable, may experience temporary economic shocks which negatively affect their performance, and which if left unaddressed may widen existing disparities. Against this background, the need for a Development Fund emerged out of an admission that for the pursuit of deeper integration, in the form of the CARICOM Single Market and Economy (CSME) to be a success, there needed to be a mechanism to enable benefits to be shared equitably among all the participating Member States of CARICOM.

In 2008, the Caribbean Community in support of implementation of the CSME, established the CARICOM Development Fund (CDF) to provide financial and/or technical assistance to disadvantaged countries, regions and sectors, as called for by Article 158, Chapter 7 of the Revised Treaty of Chaguaramas. Disadvantaged countries are defined in the Treaty as Belize, Montserrat plus the six independent members of the Organisation of Eastern Caribbean States (OECS) grouping, and Guyana by virtue of its designation as a Highly Indebted Poor Country (HIPC). The CDF was therefore conceived as a key compensatory and developmental mechanism in the architecture of CARICOM, geared to supporting the strategic integration objectives of Member States and the Community, within the context of advancing the CSME.

The CDF seeks to address any negative impact from economic and social dislocation arising from implementation of the CSME, as well as proactively assist with the region's medium to long term development challenges of structural diversification, infrastructure development and regional investment promotion and mobilization.

36th CARICOM Heads of Government Meeting, July 2015, Bridgetown, Barbados, at which Replenishment of the CDF for the Second Cycle was approved

Specifically, CDF's programmes help to increase business competitiveness, especially of Small and Medium Sized Enterprises (SMEs); strengthen the production and export capacities of regional economies generally, and in key economic sectors, including agriculture, manufacturing, tourism and other services; assist with support measures that help to remedy impairment of

resources resulting from natural disasters; and focus on initiatives that address temporary low levels of economic development. These programmes have the collective and cumulative impact of deepening regional integration and achieving greater cohesion.

These broad thrusts of CDF's development programmes are consistent with the overall CARICOM objective to build resilience (economic, social and environmental) in the Caribbean region. Given the demonstrated acute vulnerability of the region to climate change induced natural disasters, resilience building is becoming a more central feature of CDF's activities, reflected necessarily in the approach to the design and implementation of enterprise competitiveness and infrastructure development projects.

Mandated by Treaty

The Agreement to launch the CARICOM Development Fund was signed by the CARICOM Heads of Government on 4 July 2008. The instrument known as the "Agreement Relating to the Operation of the CARICOM Development Fund" (The CDF Agreement) is rooted in Article 158 of the Revised Treaty of Chaguaramas which provides for the establishment of a "Development Fund for the purpose of providing financial or technical assistance to disadvantaged countries, regions and sectors" in CARICOM. This Agreement confers on CDF its separate and distinct legal and juridical personality.

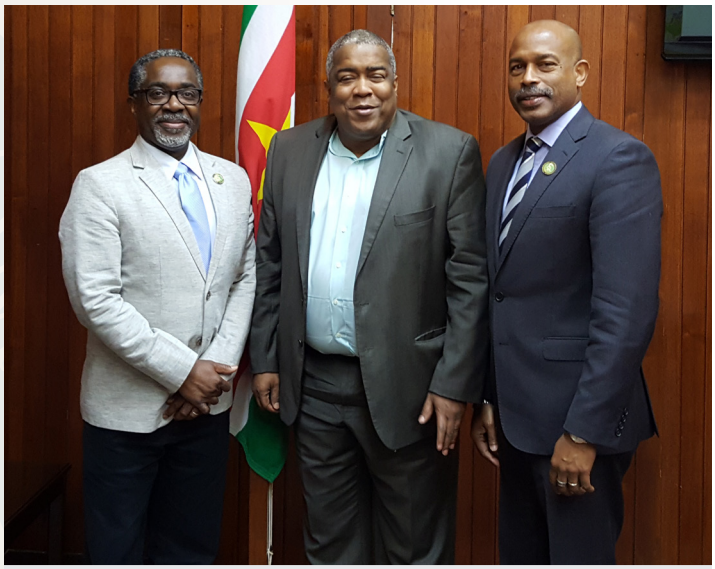
In accordance with the CDF Agreement, the CDF, which is headquartered in Barbados, is mandated to:

(a) address economic dislocation and other adverse economic impact arising from the operations of the CSME; adverse social impact arising from the operations of the CSME; and structural diversification and infrastructural development needs; and
(b) facilitate regional investment promotion and mobilisation; and business development and enterprise competitiveness.

The CDF became effectively operational in November 2008 with the appointment of its first Chief Executive Officer, Ambassador Lorne McDonnough. The stage was set for the design and introduction of a new set of developmental interventions that would directly unlock the benefits of membership of the CSME, particularly for the Least Developed Country (LDC) members, but more broadly for regions and sectors within all CSME-ready Member States, including the More Developed Countries (MDCs).

Governance

The CDF is currently headed by Chief Executive Officer Mr. Rodinald Soomer, who oversees daily administration and reports to a Board of Directors. The CDF is staffed by fourteen persons, ten of whom are at the professional level. Its administrative expenditure is financed from income earned from its investments.



Chairman and CEO CDF Meet Minister of Finance Suriname to discuss a programme of support under CDF Cycle 2, Paramaribo, June 2017

Eight Directors sit on the CDF Board. The Chairperson of the Board, is appointed by CARICOM's Council of Finance and Planning (COFAP) for a term of two years. The other Directors represent groups of Member States rather than individual countries. Two Directors represent the MDCs and two the LDCs. The regional private sector is also represented on the Board and the CARICOM and OECS Secretariats are non-voting Members. Each Director has an Alternate. Directors are not eligible for re-election. The Heads of Government agreed that the Directors would serve for periods of either two or three years. The First meeting of the Board determined the rotation.

The Board is accountable to the CARICOM Heads of Government and reports to the Community Council of Ministers, the second highest organ in CARICOM. The Council for Trade and Economic Development (COTED) as well as the Council for Finance and Planning (COFAP) advise the Community Council. The Community Council in turn, in collaboration with COFAP, may give such directions to the Board as are required to give effect to the operations of the CDF, in accordance with Article 158 of the Revised Treaty. The exercise of this prerogative is most critical at the beginning of each contribution and subvention cycle, at which juncture the Community Council in collaboration with COFAP determines the contributions of the Member States to the Development Fund.

The CDF may also accept subventions from public or private sector entities of the Member States, or from other entities

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external to the Community. Indeed, in the design of the CDF, it was anticipated that a significant part of its resources would be garnered from partnerships with external countries and agencies. Resource mobilisation is therefore an important element of the CDF's ongoing programme of work. The challenges associated with this are alluded to in the excerpt below, of remarks delivered on behalf of Dr. the Hon. Ralph Gonsalves, Prime Minister of St. Vincent and the Grenadines to the 4th Meeting of Contributors and Development Partners of the CDF, September 2014.

> ***"It is important to note that the CDF opened its doors when countries were in the throes of the international economic and financial crises of the period. The significance of this is that identified development partners and friendly states from whom it was envisaged that the CDF would mobilise significant amounts of its startup capital, were unable to support the CDF to the extent anticipated. Furthermore, Member States of CARICOM were themselves grappling with the impact of the global crises. At that time too, Caribbean countries were also feeling the impact of the collapse of two major financial institutions. The combined effects of these developments led to narrowed fiscal space and the accompanying economic challenges and this made it much more challenging for them to meet their obligations to the CDF."***

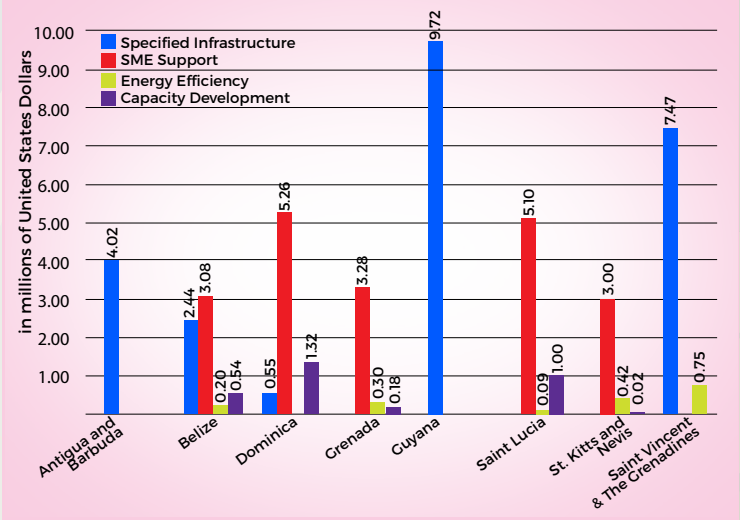
People's Republic of China Ambassador Wei Qiang makes a cheque presentation to Ambassador Lorne McDonnough, CEO of the CDF, Bridgetown, September 2011

Establishing a Track Record- The First Cycle (2008 – 2015)

In fulfilling its mandate, the CDF is required to assess and determine the needs of its stakeholders, select the most appropriate interventions and evaluate the impact of its operations. It is also required to conduct regular scans and strategic analyses of the external and internal environment. This is the approach that informed the formulation of development programmes under the CDF's first cycle of operations, which spanned the period November 2008 to June 30, 2015.

In that period, the CDF Board approved Country Assistance

Distribution of Approved Programmes by Country and Purpose (First Cycle)



Programmes(CAPs) for all eight of the disadvantaged countries within the CSME. Twenty-four projects were executed within the CAPs. At the end of the cycle, an independent evaluation was conducted of these projects to determine their relevance, efficiency, effectiveness, impact and sustainability. These factors were ranked on a scale from 1- 5 with 1 being poor and 5 very good. The weighted average of CDF's performance was 3.58. The result of this evaluation is summarized below:

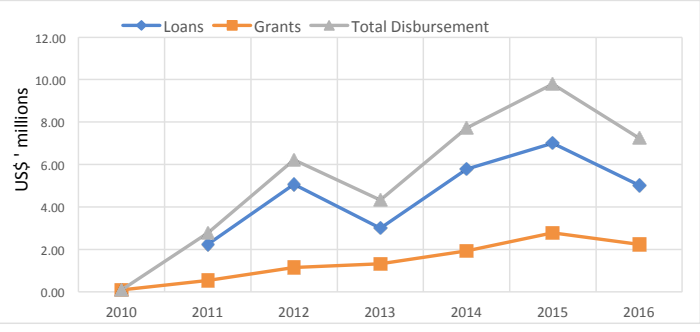
- Relevance (Extent to which objectives are still consistent with beneficiaries' requirements, country needs, global priorities and partners and CDF policies) 4.48
- Efficiency (Achievement of purpose) 3.26
- Effectiveness (Sound management and value for money) 3.13
- Impact (Achievement of wider effects) 3.76
- Sustainability (Likely continuation of achieved results) 3.25

The CAPs for St. Vincent and the Grenadines, and Belize recorded consistently high grades. On the downside, the assessment showed that delays occurred in nine of the projects especially with respect to SME loans. However, the reasons for delays varied across the CAPs and were not attributed to the CDF.

Maturity Assessment of the CDF's Organisational Management and Performance compared to selected peer organisations (taken from the Final Internal Assessment Report of the Independent Evaluation of the First CDF Contribution Cycle, Maxwell Stamp PLC July 2015.)

The overall conclusion was that the CDF made an impressive start in the first cycle operations. Of the Twenty-four projects, twenty scored above average, three recorded an average score below three, while one project scored below average. In instances where the evaluators scored a low grade for sustainability it was recommended that the CDF consider extending further assistance in the second cycle while encouraging the entities to introduce measures to improve the internal efficiencies of the projects.

Loan and Grant Disbursements Trend for Individual years 2010 to 2016



Strategic Thrust of the Second Cycle (2015-2020)

By design, the CDF has an important role to play in the workings of the CARICOM Single Market and Economy, as well as the Region's efforts to build competitiveness and unleash the key economic drivers to transition to sustained growth and generation of gainful employment especially in the disadvantaged countries, regions and sectors in CARICOM. It must therefore plan carefully and strategically to make optimum use of its resources in fulfilment of its mandate. To that end, the CDF prepared a new Strategic Plan to guide its work programme for the second funding cycle, 2015-2020.

The CDF's second and current Strategic Plan was approved by the Council for Trade and Economic Development (COTED) in November 2015. It is an important tool to facilitate the alignment of the organisation's activities with long term goals that meet the aspirations of the Caribbean Community. In that regard, the CDF's attention to the disadvantaged countries, regions and sectors is aimed at contributing towards the promotion of inclusive and sustainable growth of an integrated CARICOM. This is an important pillar in the CARICOM Region's Strategic Plan 2015-2019.

Drawing on the experience of the first funding cycle, in the second cycle the CDF has undertaken to expand the scope of its operations to include new beneficiary CARICOM Member States and to support disadvantaged regions and sectors, including in the MDC countries. The Revised Treaty of Chaguaramus defines disadvantaged countries as the LDCs and Guyana (given its HIPC status) but does not define disadvantaged regions and sectors in a specific enough manner to allow for the development of a transparent and evidence-based regime of support. Therefore, one of the key objectives of the 2015-2020 Strategic Plan is to establish a policy and operational framework to facilitate the development and implementation of assistance programmes geared towards addressing the needs of disadvantaged regions and sectors. This regime will be encapsulated in the development of a CARICOM Cohesion Policy and Implementation Plan.

The rate of disbursement of resources is expected to accelerate in light of the lessons learnt by the Member States and the CDF in the first cycle. But increasing the pace and efficiency of operations will be critically dependent on the pace of replenishment of the CDF's capital fund. In that respect, the Organisation is aware that there may be downside risks which may arise from challenges in obtaining resources from development partners and Member States in a timely manner, given their growth, debt and fiscal constraints.

In recognition of both the constraints and needs of Member States, CDF's second cycle core programmes goals are to achieve:

- Higher levels of Inter-regional trade and investment between MDCs and LDCs;
- Increased Intra-regional trade within the LDCs;
- Improved competitiveness of the private sector in the disadvantaged countries, regions and sectors; and
- Reduced level of regional and sectoral disparities.

Programme activities are being structured to achieve results across beneficiary countries and communities in one or more of five thematic areas, in accordance with the stated development priorities of Member States, as follows:

1. Renewable Energy and Energy Efficiency/Climate Change & The Environment;
2. Support to local or sector-level Physical Infrastructure to facilitate private sector trade and investment;
3. Enabling SME Development and Competitiveness;
4. Human Resource Development; and
5. Cohesion Policy and Advocacy. ¤

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HISTORICAL OVERVIEW OF THE CDF

Start-Up Phase

The CARICOM Development Fund, 'the CDF', became a reality with the signing of 'the 'Agreement Relating to the Operation of the CARICOM Development Fund' ('the CDF Agreement') in Antigua and Barbuda on July 4th, 2008. The first Chairman of the CDF Board of Directors, Dr. Shelton Nichols was appointed by CARICOM's Council for Finance and Planning (COFAP) to chair the CDF for its first two years. He commenced his tenure in September 2008. A CARICOM Secretariat Executive Director and a Macroeconomist were provisionally seconded from the Secretariat to prepare for the first CDF Board meeting and the CDF Board of Directors held its inaugural meeting on September 30th to October 1st, 2008.

The first CDF Board of Directors comprised: Dr. Carla Barnett and Ambassador Wendell Lawrence (nominated to represent the Least Developed Countries - LDCS); Mr. Neemal Rekha and Ms. Sidjae Robinson (nominated to represent the More Developed Countries - MDCs); Dr. Ronald Ramkissoon (nominated to represent the Private Sector); Mr. Randolph Cato (nominated to represent the OECS Secretariat); Dr. Maurice Odle (nominated to represent the CARICOM Secretariat) and Ms. Juanita Thorington-Powlett (selected on a special non-renewable 3 year appointment by the host country Barbados). This was the beginning of fourteen critical months of preparatory work leading to the start of business operations on August 4th, 2009.


Ambassador
Lorne McDonnough, CD


Shelton Nicholls PhD


Dr. Bernard LaCorbiniere


Carla Barnett, PhD


Dr. Alvin Hilaire


Nigel John

The combined early stewardship of first Chairman Dr. Shelton Nichols (September 2008 to July 2009) and Deputy Chairperson Dr. Carla Barnett (August 2009 to May 2010) brought a dynamic Economic Analysis and Central Banking skills set to the initial Board leadership. In their successive leadership terms, they ensured that the Board's main objective for the start-up period remained focused on ensuring that the CDF was established in accordance with its mandate to address issues of dislocation and disparity and with the solid regulatory framework required to achieve its purpose of 'providing financial and technical assistance to the disadvantaged countries, regions and sectors of CARICOM Member States'.

Guided by the principles of integrity and accountability, the early period of the first funding cycle was devoted to designing, approving and implementing governance rules, regulations and procedures. These were integral to establishing and demonstrating transparency of operations. During this formative period, Project Appraisal Policy and Procedures were prepared and approved while draft Procurement Operating Guidelines, Investment Policy, Financial and Accounting Policies as well as Human Resources Policy Guidelines were considered by the Board. The stage was set for the CDF practice of streamlining internal operations with the continuing development and periodic reviews and updates of its policies and procedures.

CDF convenes its inaugural Regular Board Meeting in 2008

The management dimension of the CDF evolved in tandem with that of the Board. The Board agreed that the initial management structure for staff would comprise: The Chief Executive Officer; a Technical Director; Legal Counsel; Financial Officer; Executive Assistant; and two Seconded Officers from the CARICOM Secretariat (agreed to at the inaugural Board meeting).

Ambassador Lorne T. Mc Donnough was appointed as the first CDF Chief Executive Officer (CEO) and he took up office in November 2008. Thereafter, in the course of 2009, the initial team of the CEO and the two seconded CARICOM Secretariat staff was augmented by the recruitment of the other management staff proposed by the Board. From the outset, Ambassador Mc Donnough was clear in his mission 'Management had to ensure that the organization being created would be credible and transparent, with optimum use of the available resources and with a response capability that would set the CDF apart from other financial institutions.'

Key Operating Principles and Parameters

The Board decided in December 2009 to adopt a Country Assistance Programme approach as the medium through which

CDF Staff 2015

to facilitate interventions to Member States as opposed to the project approach originally contemplated. This change provoked a review of the institutional structure of the CDF to include the recruitment of a full time Accountant to strengthen the financial management and the recruitment of two Programme Specialists to assist with development and management of the Country Assistance Programmes. At present, the CDF is still modestly staffed. The compliment of 14 staff members now also includes a Financial Controller, Senior Economist, Resource Mobilization Officer and an Information Technology Officer.

Fundamental to the CDF's operations is the 'Pay to Play' principle enshrined by Annex III (6) of the CDF Agreement, which means that Member States must pay up their full assessed contributions in order to access the resources of the CDF. From the onset, the Board and management had many difficult decisions to make in balancing the provision of assistance to Member States with the need to avoid compromising on this principle. The decisive and unswerving leadership of Chairman Dr. Shelton Nichols was critical in navigating the early challenges that surrounded the Board and Management's insistence on adherence to it.

The 'CDF Agreement' prescribed a four-year First Contribution Cycle which would have come to an end in December 2012. However, the First Contribution Cycle was extended to July 2015 to, *inter alia*, allow for all Member States who were eligible for CDF interventions to become compliant and to have approved Country Assistance Programmes within the First Cycle.

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HISTORICAL OVERVIEW OF THE CDF
Continued

In the course of the First Contribution Cycle, the CDF steadily evolved under the astute leadership of the following distinguished Chairpersons, successively appointed by the Council of Finance and Planning:

1. Dr. Shelton Nichols – (September 2008 to July 2009)
2. Dr. Bernard La Corbiniere - (June 2010 to June 2012)
3. Dr. Alvin Hilaire – (October 2013 to October 2015)

The target of holding four Board meetings per year, mandated by Article VI (1) of the CDF Agreement, was made possible by the dedicated service of the following Directors who were respectively appointed to act as Deputy Chairpersons for those periods in between the appointments of a substantive Chair. The CDF acknowledges the importance of the contributions of:

i. Dr. Carla Barnett – (August 2009 to May 2010)
ii. Mr. Nigel John – (June 2012 to January 2013)
iii. Ms. Alison Gajadhar- (February 2013 to October 2013)

The Second Cycle of Operations

The Second CDF Contribution Cycle commenced in July 2015 and the Board of Directors and management had, in the course of the year, taken several strategic steps to set the platform for a seamless and guided transition to the second cycle of operations. The Board unanimously approved the appointment of former CDF Director, Mr. Rodinald Soomer to the position of the new CDF Chief Executive Officer, following an independent and transparent recruitment process. Mr. Soomer assumed office in September 2015 and primary amongst the many objectives he outlined was the implementation of the new CDF Strategic Plan covering the period 2015 to 2020.

In the early years of the Second Contribution Cycle, the exemplary service of Deputy Chairpersons: Mr. Martin Cox (October 2015 to April 2016) and Ms. Evelyn Wayne (May 2016 to June 2017) ensured that there was unbroken continuity to the conduct of the business of the Board.

The present Chairman of the CDF, Dr. Sherwyn Williams was appointed by the COFAP and commenced his leadership of the CDF in July 2017. Acknowledging that the CDF is relatively small, compared to other regional and international financial institutions, Dr. Williams emphasizes the CDF's advantage of being nimble and in touch with the ground level in a manner that larger institutions cannot replicate. On the flip side, he also strongly advocates the CDF participating in large projects by joining forces with other development agencies such as the CDB and IDB. He is also of the view that in the Fund's relatively new thematic thrust of human capital development the CDF is well positioned to make a significant impact during the second cycle. The human capital needs of the region are likely to change vastly in the near term, reflecting growing knowledge-based jobs, major climate change initiatives particularly in energy, new oil producers in the region, and recent focus on the underexploited potential of the blue economy. The CDF will need to position itself for investments in human capital development for this changing workforce.

Poised for Growth

In charting the journey from 2008 to 2018, the CDF owes a tremendous debt of gratitude to the host Government of Barbados for their steadfast support to its operations. This support has ranged from, inter alia, providing the CDF's offices from inception to date as well as providing some of the requisite CDF administrative staff. Additionally, the CDF formally acknowledges the invaluable institutional support received from the CARICOM Secretariat and the Caribbean Development Bank in its formative years and ongoing, as well as the critical role played by its Development Partners - the European Union and the Governments of Australia, Finland, Luxembourg, China, Turkey and the United Kingdom, in providing tangible funding support for CDF Programme activities.

Current CDF Chairman Dr. Sherwyn Williams addresses CDF's 6th Meeting of Contributors and Development Partners, Bridgetown, September 2017

Ten years later, the CDF has matured from a fledgling organization to a vibrant CARICOM financial institution, anchored by sound corporate governance, validated by a positive report on the thorough external evaluation of its operations undertaken in mid-2015. The CDF is poised to continue to grow into a regional development entity of notable impact, providing concessional loans, grants and other financial products and services that fill certain niche development gaps identified by Member States and the Community as being integral to the success of the regional integration project. ¤

CDF AS A RESPONSE TO ADDRESS DISADVANTAGED COUNTRIES, REGIONS AND SECTORS IN THE CSME

The framers of the Revised Treaty of Chaguaramas establishing the CSME which was signed by Heads of Government of the Caribbean Community on July 5, 2001 at the Twenty-Second Meeting of The Conference of Heads of Government in Nassau, Bahamas adopted the following Mission Statement:

> ***"We envision a Caribbean Community in which every citizen has the opportunity to realise his or her human potential and is guaranteed the full enjoyment of their human rights in every sphere; in which social and economic justice is enshrined in law and embedded in practice; a Community from which poverty, unemployment and social exclusion have been banished; in which all citizens willingly accept a responsibility to contribute to the welfare of their fellow citizens and to the common good; and one which serves as a vehicle for the exercise of the collective strength of the Caribbean region, and the affirmation of the collective identity of the Caribbean people, in the world community."***

The CSME seeks to deepen regional economic integration and establish a single economic space within which business and labour operate; in order to stimulate greater productive efficiency, higher levels of domestic and foreign investment, increased employment, and growth of intra-regional trade and extra-regional exports.

The CSME is a most ambitious undertaking by Regional Heads of the Caribbean Community (CARICOM) and is viewed as an instrument for achieving, in a regional framework, certain development goals that are difficult or impossible for Member States to achieve individually. But popular support for integration requires that economic benefits are spread broadly across countries and social groups; and that it makes a difference to quality of life issues such as crime, health and education.

In the deliberations preceding the establishment of the CSME, it was acknowledged that some Member States, particularly the Less Developed Countries (LDCs) which participate in the CSME, would be at a disadvantage by reason of size, structure and vulnerability of their economies. Disadvantaged countries are defined in the Treaty as the LDCs, plus Guyana by virtue of its designation as a Highly Indebted Poor Country (HIPC). It was also felt that the persistence of disadvantage howsoever arising, may adversely impact the economic and social cohesion in the Community. A commitment was therefore made to establish effective measures, programmes and mechanisms to assist disadvantaged countries, regions and sectors of the Community.
In that vein, in 2008, CARICOM established the CARICOM Development Fund (CDF) to provide financial and/or technical assistance to disadvantaged countries, regions and sectors; as called for by Article 158, Chapter 7 of the Revised Treaty of Chaguaramas. The CDF is a critical instrument in enabling the smooth adjustment of the Community's disadvantaged countries, regions and sectors to the establishment of the CSME and assisting their transformation in line with CARICOM's regional development strategy. The CDF provides both loans and grants to eligible recipients through interventions which are country-developed and implemented.

General eligibility criteria for CDF assistance are set out in the Revised Treaty of Chaguaramas. The underlying rationale is that cohesion within the integration movement requires the minimisation of adjustment costs that are borne by weaker partners and equitable participation by all in the economic benefits. Accordingly, CDF financing is used for providing financial or technical assistance to disadvantaged countries, regions and sectors to redress, to the extent possible, any negative impact of the establishment of the CSME, thereby promoting social and economic cohesion.

From inception, the CDF has undertaken situation and sector analyses to identify some of the underlying causes of economic and social disadvantage in some of its Member States and arising from these insights, included the following areas of focus for many of its developmental interventions:

- Supporting infrastructural projects, both at national-level and sector-specific to facilitate private sector trade and investment
- Enabling policy and legislative reform
- Promoting research and development, along with product innovation
- Improving competitiveness amongst firms
- Training/certification and human and institutional capacity development

More recently, within the context of the current second cycle of its operations, the CDF has also identified Renewable Energy and Energy Efficiency as thematic priorities for support at the country and sector levels, and has necessarily adjusted the approach to the design and implementation of enterprise competitiveness and infrastructure development projects to include elements of adaptation that take account of vulnerabilities to the adverse impacts of climate change. Arising from these insights and imperatives, the CDF has undertaken several Country Assistance Programmes (CAPs) aimed at addressing the identified disadvantages. As at December 31, 2017, the CDF had approved more than US$61M in loans and grants to its disadvantaged country Member States. The support under these CAPs is highlighted in the following section. ¤

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COUNTRY ASSISTANCE PROGRAMMES - OVERVIEW

At the commencement of CDF's operations in 2008, only the designated disadvantaged countries in CARICOM - the Least Developed Countries (LDCs), namely the independent OECS Member States and Belize, and Guyana (as a Highly Indebted Poor Country) were permitted access by the Conference of Heads of Government to support from the CDF; although all Members of the CSME contributing to the CDF were eligible to receive financial and technical assistance support. Subsequently, with the commencement of CDF's second cycle of operations in 2015/2016, all Member States of the CSME, including the More Developed Countries (MDCs) could exercise the prerogative to apply for assistance.

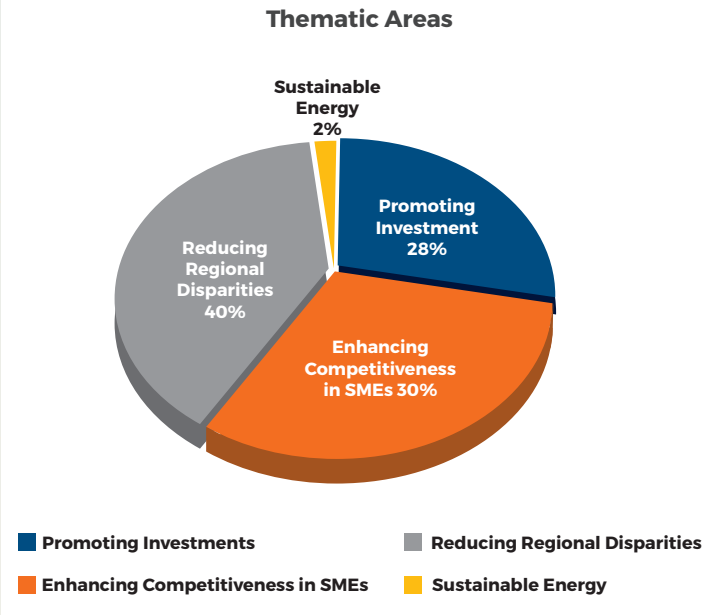
The initial set of CDF's interventions in the LDCs were guided by Needs Assessments/Consultations and international best practices. The Consultations identified the priorities of the eligible Member States while the best practices guided the process for delivery. Following the 2011 High Level Forum on Aid Effectiveness in Busan, South Korea, the CDF adopted the programming approach to the provision of assistance as well as implemented systems for beneficiaries to take ownership of their projects. The details of the criteria for project selection, design, monitoring and evaluation could be found in the CDF's Appraisal and Disbursement Guidelines on its website www.caricomdevelopmentfund.org

The CDF financed interventions through concessionary loans mainly for small-to-medium sized projects with short implementation periods and grants for several technical assistance requests. In general, the size of loans was set to range between US$0.5 million and US$4.0 million and the minimum size of grants at US$20,000. In addition, subject to the limit of its funding, up to US$10 million was earmarked to finance private sector regional or sub-regional projects. The CDF was also committed to work with its development partners to leverage external resources for both financial and technical assistance.

> "The Grant Funding from CARICOM enabled hotels to implement various energy saving methods that resulted in lower energy use and ultimately lower energy bills."
> ***Pancy Cross, Executive Director***
> ***Grenada Hotel & Tourism Association***

At the end of 2017, the CDF had approved a total of US$61.73 million (EC$166.67 million) of programme funding. This comprised US$50.85 million (EC$137.41 million) in support of the eight beneficiary Member States during Cycle 1 and US$10.88 million (EC$29.38 million) for Cycle 2. Loans for the First Cycle were 65.0 per cent of the approvals, while grants accounted for 35.0 per cent. During the First Cycle, 50.0 per cent of approved financial assistance was committed to supporting the Micro, Small and Medium Sized Enterprises (MSME) sector's competitiveness through concessionary financing mainly in Saint Lucia, Dominica, Belize, St. Kitts and Nevis and Grenada.

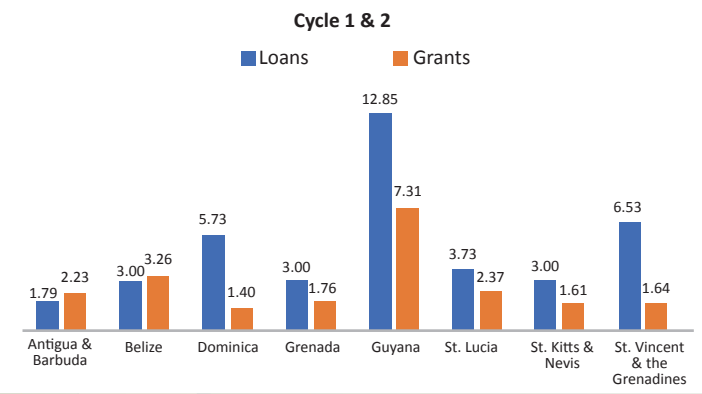
Distribution of Programmes by Thematic Area To End 2017



The resources allocated to reducing regional disparities were the second largest allocation at 28.2 per cent, while the remaining 22.1 per cent was allotted to projects that could promote investment such as the assistance provided for Guyana, which has already resulted in increased private investment in agriculture production, and that provided to St. Vincent and the Grenadines and Antigua and Barbuda which has boosted the services sector. Capacity development was supported in Dominica, Grenada, Saint Lucia, Belize and St. Kitts and Nevis, while energy efficiency initiatives were financed in St. Kitts and Nevis, Grenada, Belize, Saint Lucia and St. Vincent and the Grenadines. During the Second Cycle, infrastructure and technical assistance projects are being undertaken to stimulate investment in Guyana and Saint Lucia, in the agriculture and tourism sectors respectively.

The total loan portfolio as at the end-2017 was US$39.68 million (EC$107.14 million) while grants totalled US$22.06 million (EC$59.56 million). Overall, for both Cycles 1 and 2, loans were 1.80 times the value of grants. Put differently, Member States on average received almost three times as much as they contributed to the CDF. Dominica maintained the highest loan to grant ratio of 4.09:1, followed by St. Vincent and the Grenadines at 3.98:1. Antigua and Barbuda as well as Belize had ratios at 0.80:1 and 0.92:1, respectively. The disbursements during 2017 brought the cumulative amount to US$46.49 million (EC$125.52 million) or 75% of the US$61.73 million (EC$166.70 million) that was approved since inception.

Loans and Grants to Member States in US$ Millions



An analysis of the distribution of CDF resources by Sector shows that the public sector was the dominant recipient. The public sector managed interventions in the First Cycle were allocated 75.0 per cent of the approvals (US$38.14 million or EC$102.97 million). In contrast, for the second cycle to end-2017, 100.0 per cent (US$10.88 million or EC$29.38 million) of the approvals was made to the public sector in support of Guyana and Saint Lucia.

COUNTRY PROGRAMMES SUMMARY

ANTIGUA AND BARBUDA:

Antigua and Barbuda's first Country Assistance Programme (CAP) which was approved in 2014, was designed to enhance export revenue from the tourism sector and contribute to lowering youth unemployment. The programme consisted of two components: the Redevelopment of the Lower St. John's Cruise Ship Terminal which was financed by a concessionary loan of US$1.79 million (EC$4.80 million) to refurbish selected landside facilities of the cruise ship terminal; and, the completion of The Learning Resource Centre at the Antigua State College (ASC) which was financed by a grant of US$2.23 million (EC$6.02 million) to complete the structure and expand the available classroom and library areas.

Antigua and Barbuda: Collage of selected activities of the Antigua and Barbuda CAP. Clockwise – repaired walkway, completed security hut for the planned upgraded taxi hub, vendors mall works and the status of completion of the LRC. **Photo credit (Sheik Kadir)**

BELIZE:

The Belize Cycle One CAP consists of six components with a total value of US$6.25 million (EC$16.88 million). The CAP components include: Support of small and medium sized enterprise (SME) development including Support to the Development Finance Corporation (DFC) through a technical assistance grant for the design and implementation of a Loans Management Information System; Support for energy efficiency/environmentally friendly initiatives; Design and Implementation of the Management Information System (MIS) services for the Public Sector Investment Programme (PSIP); The development of a Micro, Small and Medium Sized Enterprises (MSMEs) Policy; and, The replacement of the Haulover Bridge. The CAP was designed to enhance the competitiveness of Small and Medium Enterprises (SMEs) through the supply of low cost financing as well as supporting retrofitting of enterprises with renewable energy solutions. The CAP also included projects in the public sector for the provision of specific infrastructure and capacity support for the investment strategy. Several elements were completed prior to 2017.

Support for Renewable Energy Project at Yok Ha Resort, Waterfoot Caye, Belize

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DOMINICA

Dominica's first CAP was designed to enhance the competitiveness of its SME sector and contribute to the reduction of disparities which hinder its participation in the CARICOM Single Market and Economy (CSME). The CAP has four components: Support of small and medium sized enterprise development through the provision of a concessionary loan of US$4.0 million (EC$10.8 million) made to the Dominica Agriculture Industrial Development Bank (AID Bank) for onlending to SMEs as well as grant support of US$150,000 (EC$405,000) for staff capacity building; Support to the Portsmouth and Roseau Multi-Purpose Packhouses was provided by the CDF through a combination of concessionary loan of US$0.78 million (EC$2.1 million) and grant of US$0.52 million (EC$1.4 million) to the Dominica Export Import Agency (DEXIA). The financial assistance was used to procure sorting and grading equipment as well as management at start-up for Multi-Purpose Packhouses at Portsmouth and Roseau; Support for the National Centre for Testing Excellence (NCTE) through a concessionary loan of US$0.95 million (EC$2.57 million) was made to finance capacity building and the procurement of testing equipment and chemicals; and, Support for the Douglas-Charles Airport in 2015 was provided through a grant of US$0.55 million (EC$1.49 million) to finance critical night landing navigational equipment. Following Tropical Storm Erika in August 2015, CDF approved a request to revise the original equipment list to prioritise the replacement of damaged equipment. CDF also agreed to reallocate an additional US$150,000 (EC$405,000) of grant resources to the purpose. The replacements were received and successfully installed by October, 2016 and the commissioning ceremony took place in April 2017. However, Hurricane Maria in September 2017 and the subsequent floods, rendered the equipment dysfunctional. CDF was again requested to assist with replacement of the damaged equipment.

Produce being prepared for export at Portsmouth Packhouse, Dominica

CO-OPERATIVE REPUBLIC OF GUYANA

The first CAP of US$9.77 million (EC$26.38 million) for the Co-operative Republic of Guyana which was aimed at the upgrading of four (4) farm to market access roads to increase investment in agriculture was successfully completed in 2016. During 2016, the CDF approved a second CAP for the Co-operative Republic of Guyana from the resources of the Second Cycle. The second CAP of US$10.43 million (EC$28.16 million) was aimed at rural agricultural drainage and irrigation infrastructure development in four (4) small scale farming communities anticipated to result in greater investment in the sector.

Equipment financed under CDF's US$10.4 million concessionary loan to Guyana at work in the village of Ithaca

"I have experienced a major decline in spoilage of produce since the road was paved. I need less labor now to transport the produce and faster delivery to customers is achieved."
Mrs Omandai Narine, Cash Crop Farmer, Parika Guyana

GRENADA

The first CAP for Grenada was designed primarily to enhance the competitiveness of the SME sector. At December 31, 2016, the US$4.82 million (EC$13.01 million) CAP consisted of one concessionary loan valued at US$3.0 million (EC$8.10 million) and six grants totalling US$1.82 million (EC$4.91 million). The seven elements of the programme included: Support of small and medium sized enterprise (SME) development through the provision of a concessionary loan of US$3.0 million (EC$8.10 million) made to the Grenada Development Bank (GDB) for onlending to the private sector; Support for the Grenada Development Bank (GDB) through a technical assistance grant of US$0.18 million (EC$0.49 million) for the revision of the Act establishing the GDB and a Change Management Consultancy for the GDB in addition to technical assistance for SMEs to develop business plans; Strengthening and facilitating the certification of the Grenada Bureau of Standards through a grant of US$0.28 million (EC$0.75 million);

Initiative to promote energy efficiency in the tourism sector through a grant of US$0.3 million (EC$0.78 million) in the accommodation sector was completed in 2015. The initiative

which provided grants to twenty-five firms to retrofit to energy efficient consumption and promote the use of renewable energy sources was based on a successful collaboration with the Grenada Hotel & Tourism Association (GHTA), GDB and the CDF; A Grant of US$0.26 million (EC$0.70 million) and US$ 0.25 million (EC$0.68 million) for Institutional support for the modernisation of the Customs and Excise Department and the procurement of a boat, respectively to assist with increasing the volume of traded goods that are taxed. The Agreement was signed on December 5, 2016. Procurement was initiated in the last quarter of 2017; A Grant of US$0.25 million (EC$0.68 million) for the creation of a Management Information System public sector database in collaboration with a complementary World Bank financed project; and, the Provision of a Drying Facility and Marketing Support with a grant of US$0.24 million (EC$0.65 million) was made to the nutmeg industry to improve quality and increase exports.

Grenada – Collage of some of the testing equipment at the Grenada Bureau of Standards financed by the CDF. Photo credit (CDF Staff)

"the Grenada Bureau of Standards (GBS) has enhanced the analytical capabilities to support Grenadian manufacturers and exporters. The CDF programme has played a critical role in the further development of Grenada's National Quality Infrastructure."

Robert Medford, Director, Grenada Bureau of Standards

SAINT LUCIA

The first Saint Lucia CAP valued at US$6.1 million (EC$16.74 million) was designed to enhance private sector competitiveness including youth entrepreneurship. The programme had four components: Support of small and medium sized enterprise (SME) development through a concessional loan of US$3.72 million (EC$10.0 million) was provided to the Saint Lucia Development Bank (SLDB) for on-lending to the private sector; Establishment of the Trade Export Promotion Agency (TEPA) which was financed by a CDF grant of US$1.0 million (EC$2.7 million) to promote increased exports in Saint Lucia; Support for the Youth Agri-Entrepreneurship Project (YAEP) was financed by a CDF grant of US$1.37 million (EC$3.70 million). The grant provided training, tools, land preparation and infrastructure development support to empower 150 young entrepreneurs to become full time self-employed farmers. At end-2017, there were 75 trained young entrepreneurs. Many were already actively involved in greenhouse, aquaponics and open-field farming. During 2017, it was determined that several entrepreneurs were being constrained by lack of working capital and US$150,000 (EC$405,000) saved from other project lines was reallocated to establish a revolving working capital support fund; and, Support for the reduction of the carbon footprint at the Pigeon Island was funded by a grant to the Saint Lucia National Trust of €0.07 million (EC$0.21 million) from resources contributed by the Government of Finland.

CDF staff on farm of a youth Agri-Entrepreneurship Project (YAEP) beneficiary. . Photo credit (CDF Staff)

"It has been CDF which has allowed Saint Lucia to establish its trade export promotion framework."

Jacqueline Emmanuelle-Flood – CEO (Former)
Saint Lucia Trade Export Promotion Agency

"The availability of the CDF funding has made it possible to grant funding to approximately 100 small businesses to invest in retooling and increasing their competitiveness which ushered in immediate employment opportunities for approximately 400 persons. This support has ensured the relevance of the Bank in the context of St. Lucia's development."

Dorn Lafeuillee-Simon – Deputy Managing Director
Saint Lucia Development Bank

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ST. KITTS AND NEVIS

The first cycle CAP for St. Kitts and Nevis of US$4.80 million (EC$12.9 million) was designed to support the private sector to enhance competitiveness. It consisted of seven components financed by one concessionary loan and five grants: Support of small and medium sized enterprise (SME) development through a concessionary loan of US$3.0 million (EC$8.1 million); Support for the agriculture sector in Nevis was provided through a CDF grant of US$0.54 million (EC$1.46 million) for the irrigation of farmlands at Indian Castle and the procurement of a dehydrator for drying of fruits at the Nevis Agro-processing Centre; Support for energy efficiency/environmentally friendly initiatives in the manufacturing sector through a grant of US$0.42 million (EC$1.13 million) to the St. Kitts Investment Promotion Agency (SKIPA) for the promotion of energy management; Support for the Ministry of Trade through a grant of US$0.22 million (EC$0.59 million) for an Agro-Industry Market Opportunity and Trade Study; Support for the Ministry of Trade through two grants over the period June 2014 - May 2016 totaling US$0.17 million (EC$0.46 million) for the recruitment of a Trade Advisor to assist in the development of national capacity to *inter alia* develop industry programmes to exploit signed bilateral trade agreements including the Partial Scope Trade Agreement with Brazil. In addition, the trade advisor was expected to work with the national manufacturers and farmers to expand exports; and Enhancement of the South Frigate Bay Area through a grant of US$0.45 million (EC$1.22 million) was approved by the Board on December 10, 2015.

Signing ceremony in St. Kitts and Nevis for the Enhancement of the South Frigate Bay Area – Phase 1. R-L Mr. Rodinald Soomer, CEO, Prime Minister Timothy Harris, Mr. Andrew Skerritt and Mrs. Carlene Henry-Morton Photo credit (CDF Staff)

ST. VINCENT AND THE GRENADINES

Support for the completion of the Argyle International Airport (AIA); a programme of financial assistance totaling US$7.47 million (EC$20.17 million) was made to the International Airport Development Company (IADC) as the executing agency at the end of 2016. The assistance comprised an initial concessionary loan of US$2.57 million (EC$6.94 million) and grant of US$1.64 million (EC$4.43 million) to procure trucks, earth moving equipment, a stone crusher plant as well as to install runway lighting and base placing equipment for the runway and taxiway of the Argyle International Airport (AIA), which was officially opened on February 14, 2017. An additional US$3.26 million (EC$8.80 million) was approved by the CDF to procure additional paving equipment.; and A solar photovoltaic farm was established at the Argyle International Airport. In January 2015, the CDF through funding provided by the Government of Finland approved an additional concessionary loan of US$0.75 million (EC$2.02 million) to finance a 300 Kva solar photovoltaic renewable energy plant for the AIA. ¤

February 14, 2017: Front View of the Argyle International Airport (AIA) which was officially opened on Valentine's Day. Photo credit (AIA)

"The absence of direct flights to St. Vincent and the Grenadines from major tourism destinations was, for many years, one of the greatest obstacles to the growth and development of St Vincent and the Grenadines.
Our country's economic prospects today are much better than they were in 2005, thanks in a large part to the financial and moral support provided by the CDF."

Rudolph Matthias Chairman/CEO, International Airport Development Company Ltd.

10 YEARS OF SUPPORTING THE CSME

SUCCESS STORIES

Through the construction of all-weather roads granting continuous access to and from farms in the Interior, CDF has supported Guyana's agricultural sector in a major way benefitting some 1200 farmers. The resulting impact includes reduced travel time to market, and increased livestock and crop production.

In St. Vincent & the Grenadines, CDF was the only regional development institution to provide financing in the form of concessional loans and grants, for the Argyle International Airport. CDF funded critical earth-moving and construction equipment, a stone crushing plant, asphalt paving equipment, runway lighting and fully equipped the air traffic control unit. CDF therefore assisted in the completion of a modern international airport capable of handling some 2 million passengers.

In Belize, CDF's intervention spawned legislation shaping the country's framework for addressing the needs of SMEs by bringing disparate institutions together and streamlining the institutional arrangements for collaboration. This resulted in a number of new SME organisations being formed, MoUs signed and increased funding to SMEs.

OTHER HIGHLIGHTS

In Saint Lucia, the establishment of the Trade and Export Promotion Agency (TEPA) was a critical intervention in the country's successful export promotion strategy.

In Grenada, CDF's support to the tourism sector resulted in substantial reductions in energy expenditure in 26 hotels.

One of the key successes on the developmental front has been the effect of CDF's support on several Development Banks in the region. Through the provision of capital, CDF augmented the sustainability prospects of some of the banks, as well as raised their profile to the extent that other development partners have been attracted to and have provided additional capital to those local Development Banks. Lines of credit have been provided to Development Banks in Belize, St. Kitts and Nevis, Grenada, Dominica and Saint Lucia. ¤

CARICOM DEVELOPMENT FUND
SUPPORTING CSME SINCE 2008

INITIATIVES UNDER DEVELOPMENT

Green House Under Construction, YAEP St. Lucia

The CARICOM Development Fund (CDF) is the primary institution in CARICOM responsible for addressing the disparities among and within Member States, which may result from the implementation of the CSME. In a bid to fulfill its mandate, the CDF over the years has been instrumental in various development initiatives. Two current and ongoing initiatives seek to (i) formalise a policy framework to address disparities among and within Member States – a regional Policy on Cohesion; and (ii) to develop a financial product to better serve Small and Medium Sized Enterprises (SMEs) – a Credit Risk Abatement Facility.

Cohesion Policy

Cohesion in CARICOM is the complementary process to integration that targets disadvantaged countries, regions and sectors. Without interventions to promote cohesion, the economic integration process of establishing the CSME could accentuate uneven rates of development. The preamble to the Revised Treaty of Chaguaramas acknowledges that "some Member States, particularly the Less Developed Countries, are entering the CSME at a disadvantage by reason of the size, structure and vulnerability of their economies" and "that the persistence of disadvantage, however arising, may impact adversely on the economic and social cohesion in the Community". The Treaty notes that the Member States of CARICOM are "conscious that disadvantaged countries, regions and sectors will require a transitional period to facilitate adjustment to competition in the CSME" and is "Committed to establish effective measures, programmes and mechanisms to assist disadvantaged countries, regions and sectors of the Community".

The main such mechanism established by CARICOM for this purpose is the CARICOM Development Fund (CDF) which was established under Article 158 of the Treaty "for the purpose of providing financial or technical assistance to disadvantaged countries, regions and sectors." While the Treaty provides a clear legal basis for a Cohesion Policy for CARICOM and establishes an instrument specifically intended to promote cohesion (the CDF), it does not provide detailed operational guidance on such a policy or how it should be implemented.

Work within the CDF on formulating empirical-based evidence to identify and measure disparities and disadvantages among and within Member States began in 2013 with the development of a Cohesion Index. The development of the Cohesion Index applied the New Economic Geography model to CSME Member States to devise a CARICOM Integration Index to be used as an objective measure to predict agglomeration or dispersion within CSME as well as identify disadvantaged regions and sectors. Fast forward to 2017, work continued on broadening the Cohesion framework with the formulation of a CARICOM Cohesion Policy.

The overall objective of CARICOM's Cohesion Policy is to promote

The Argyle International Airportt (AIA) is the newest gateway to St. Vincent & the Grenadines and the newest International Airport in the Eastern Caribbean following the commencement of operations on February 14, 2017. Equipped with modern amenities and an extremely high marketing potential for local, regional and international entities. AIA is set to facilitate more visitors to SVG as well as direct foreign investors. With just 1 ½ years in existence, AIA has seen the addition of international airlines including American Airlines, Air Canada, Sunwing Airlines and Caribbean Airlines.

Ground Handling & Cargo Services

The AIA's Ground Handling and Services Department is responsible for a wide range of services that enhance the experience for both travelers and airlines. These services include private aircraft handling, passenger check-in & boarding, baggage delivery, ticketing, special passenger assistance, aircraft grooming, flight clearance/loading, cargo loading/planning/unloading, aircraft offload/loading and LAV servicing. Authority.

Business at AIA

It is AIA's intention to become a vital business center and catalyst for economic growth here in St. Vincent & the Grenadines. There are currently fourteen (14) operating concessions that cover food & beverage, liquor, souvenir & local craft, jewelry, apparel & fashion accessories, car rentals, telecommunication and other services.

Advertising Opportunities

There are various advertising opportunities available at AIA that can enhance brand awareness of existing businesses. These advertising avenues include wall, luggage, billboard, digital screen, bench, banner, lawn and website advertising. For more information, contact our Marketing Department at marketing@svg-airport.com or 784-453-9496.

"Whatever your reason for travelling, we'll connect you with a smile."

AIA Contact Information
Website www.svg-airport.com
Contact Number: 784-456-5555
Email address: aiainfo@svg-airport.com

AIA
Argyle International Airport Inc.

INITIATIVES UNDER DEVELOPMENT Continued

CRAF Stakeholder Validation Meeting, July 2018, Paramaribo, Suriname

balanced economic and social development within and across its Member States. The policy aims to promote three dimensions of cohesion:

- first, economic efficiency, by helping all regions and social groups achieve their full potential and so contribute to the development of not only the Member State concerned but also the Community as a whole;
- second, political stability, by helping limit the potential for economic and social inequality to threaten the political direction of the Community and its Member States;
- third, social equity, by helping ensure that all citizens are given the opportunity to enjoy certain living standards or opportunities, regardless of where they live.

In implementing CARICOM's Cohesion Policy, the CDF will ensure that it's actions are coherent with: first, its own Strategic Plan; and second, the Strategic Plan for CARICOM as a whole. In relation to the latter, the Cohesion Policy is most immediately related to CARICOM's strategic priority of "building economic resilience – stabilisation and sustainable economic growth and development".
The CDF will also take due account of relevant Community-wide policies (for example the Human Resource Development Strategy that was adopted in July 2017) and coordinate activities with other development institutions within CARICOM, where appropriate.

The programming of interventions under the Policy will make detailed provision for coordinating the related activities of the CDF with those of each Member State so that there is also a clear coherence between the targeting and delivery of this Community-wide policy, on the one hand, and the efforts of the Member States to promote cohesion, on the other.

Credit Risk Abatement Facility (CRAF)

With the advent of climate change and the difficulty of mitigating greenhouse-gas emissions, the energy sector must play a critical role if efforts to reduce emissions are to succeed. CARICOM recognised the need to develop a coordinated approach to addressing regional energy challenges and commenced developing its Energy Policy in 2002. In 2008, the CARICOM Secretariat established the Energy Programme as one of the areas of work within the Directorate of Trade and Economic Integration. The CARICOM Energy Unit manages the Energy Programme

and was mandated to coordinate the finalisation of the regional energy policy and given responsibility for the strategic management of a programmatic approach to the region's energy issues.

Funding gaps have been identified in the energy sector and potential financial solutions that are necessary for CARICOM to support the investment requirements for meeting the Region's energy objectives and targets. One such deficiency is the absence of sufficient and adequately-tailored financing instruments for SMEs. However, SME financing issues have been identified not solely on the supply side, but also on the demand-side, both in terms of the reluctance of SMEs to take advantage of external finance and the 'investment readiness' of many SMEs. Demand-side issues apart, it is a well-established fact that businesses face challenges in obtaining the financial resources needed to undertake necessary energy investments that enhance their competitive advantage. Indeed, one of the most glaring deficiencies that contributes to stagnation of regional economic growth is insufficiency of access to productive sector finance from the commercial banking sector.

The provision of financing from commercial and development banks, especially to SMEs, is an imperative to sustainably reaping the benefits of a vibrant energy sector. One of the critical impediments to the participation of these financial institutions is the high risks involved in servicing SME credit. The key objective of the proposed credit risk abatement initiative is therefore to encourage financial institutions to lend to small businesses with viable projects and good prospects of success, but which are unable to provide adequate collateral, or which do not have a suitable record of financial transactions to prove that they are creditworthy. Furthermore, there are only few Renewable Energy (RE) and Energy Efficiency (EE) financing mechanisms available.

The CDF has been instrumental in the establishment of the Credit Risk Abatement Facility (CRAF) aimed at encouraging commercial banking activity in the energy space. The CRAF is being developed in collaboration with the CARICOM Energy Program and the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), an international cooperation agency of the German Government. The idea is to provide partial guarantee of loans on behalf of qualified SMEs to directly reduce credit risk. At the same time, the CDF intends to leverage Energy Service Companies (ESCOs), as well as channel direct technical assistance to enhance the design and successful implementation of SME projects.

At inception, the CRAF will serve SMEs in the energy sector. The facility will be used to encourage domestic investment in CDF Member States and improve competitiveness of firms. The focus is on already established institutions operating in CARICOM States. CDF is proposing that the facility be supported by donations from development partners through a fund arrangement. ¤

CARICOM DEVELOPMENT FUND
SUPPORTING CSME SINCE 2008

THE CDF: A MAJOR PLANK IN THE CSME

By Dr. The Hon. Ralph E. Gonsalves, Prime Minister of St. Vincent and the Grenadines

The CARICOM Development Fund (CDF) is a major plank in the design of the CARICOM Single Market and Economy (CSME), the central economic integration pillar of the Caribbean Community (CARICOM). St. Vincent and the Grenadines, a Less Developed Country (LDC) in CARICOM, has benefitted significantly from the CDF.

The CDF is established, under and by virtue of Article 158 of the Revised Treaty of Chaguaramas, for the purpose of providing financial or technical assistance to disadvantaged countries, regions and sectors. The CDF forms a vital part of the regime for disadvantaged countries, region and sectors under the Revised Treaty.

The founding fathers of the CSME acknowledged that some Member States, particularly Less Developed Countries, enter the CSME at a disadvantage by reason of the size, structure and vulnerability of their economies; further, they firmly believed that the persistence of disadvantage, however arising, may impact adversely the economic and social cohesion of the Caribbean Community; and they were deeply conscious of the reality that disadvantaged countries, regions and sectors required a transitional period to facilitate adjustment to competition in the CSME.

It is thus self-evident that if the Member States in the CSME are unequally yoked, the integration enterprise is likely to fracture beyond reasonable repair. The CDF, and other compensatory mechanisms for disadvantaged countries, regions, and sectors, are critical in ensuring a sufficient spread of the benefits of economic integration to all member states of the CSME.

St. Vincent and the Grenadines, a Member State in good-standing with the CDF, has received commendable assistance from the CDF particularly in respect of the construction of the Argyle International Airport (AIA), the largest capital project ever in our country, and solar energy.

The CDF relies on its funding primarily from the Member States of the CSME and secondarily from overseas sources. Unless there are funds in the CDF of a level consistent with its mandated obligations to its potential beneficiaries, the CSME would weaken.

Accordingly, in the current second cycle of funding, it is imperative that the CDF be endowed with a sufficiency of funds; as such Member States are being urged to make their contributions in a sum no less than in the first cycle. In ancient Greece, Aristotle advanced a sage maxim: Equity among equals, proportionality among unequals. Let us follow Aristotle's wisdom in this second cycle. I urge our overseas friends and allies to make worthwhile contributions. ¤

FEATURED MESSAGES

Dr. the Honourable Ralph E. Gonsalves, Prime Minister of St. Vincent and the Grenadines – September 2014, CDF 4th Meeting of Contributors and Development Partners:

"Undoubtedly as I have taken the pains to point out, the CDF has a critical and a unique role in the region's development agenda. It is a vital institution, necessary and relevant particularly to those countries which experience disparities or development challenges consequent upon the implementation of the CSME; CDF is relevant too, for all of us small island developing states which continue to be adversely affected by the impact of climate change. Climate change is real and it is an existential risk for Caribbean countries. Indeed, understanding the risks that our countries in the Caribbean face as a result of climate change has taken on additional urgency, and this must be placed centrally, on the agenda of the CDF as we move forward." ¤

Dr. the Right Hon. Keith C. Mitchell, Prime Minister and Minister of Finance and Energy, September 2017, CDF 6th Meeting of Contributors and Development Partners

"Now more than ever, we in the CARICOM are seeing the imperative of regional integration, and the virtues of solidarity and collective action. In the past weeks, we have witnessed the countries in the region, whether or not we were affected by the ravages of Hurricanes Irma and Maria, rallying together and collectively confronting as one family of nations, the severe adversity that has befallen our brothers and sisters in the affected Caribbean. The monster storms that have impacted the Caribbean will aggravate the social and economic disparities in our region. The CDF was established explicitly to guard against such potential negative outcomes…I must, therefore, strongly urge all member countries of the CDF…to honour their financial obligations to the CDF for this second funding cycle and beyond. The urgent need to complete the replenishment of the CDF in this current period is also important to our wider efforts to mobilise external financing for the development, and in many cases, the literal reconstruction, of the region." ¤

Honourable Claude E S Hogan Minister of Agriculture, Trade, Lands, Housing and the Environment of Montserrat and Chairman of the CARICOM Council for Trade and Economic Development (COTED) – September 2015, CDF 5th Meeting of Contributors and Development Partners:

"The CDF is to be lauded for its deliberate focus on human and social development in our region by building market and economy around the innovation and deliberate efforts of people acting both as natural and legal persons. The CDF is the real lynchpin… and … it means we must empower our people at all levels to develop, prosper, build sustainable livelihoods and protect our heritage for our future generations." ¤