

From projects to markets

Building a bankable ESCO ecosystem in the Caribbean

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Market maturity

How an ESCO connects technical savings with a financeable transaction

Client / asset owner	ESCO	Independent M&V	Payment + repayment
Agrees baseline, scope and a credible payment obligation.	Designs, installs and maintains the efficiency measures.	Checks savings against the agreed baseline.	Client pays under the contract; debt service still needs cash.

PROJECT-LED

Bespoke audits and contracts
Small tickets; costly due diligence
Savings estimates alone do not secure payment

A REPEATABLE MARKET

Common contracts and performance data
Capable ESCOs and lenders
Explicit allocation of payment and technical risk

Financing may sit with the client or ESCO; the allocation is contract-specific.

Conceptual ESCO transaction: allocation depends on the contract. EPC = energy performance contract; M&V = measurement and verification.

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The Caribbean’s existing platforms

Regional capability and an active utility-based financing route

Existing regional capability

CCREEE: project preparation and capacity

CARICOM building code: common reference

CDB + national institutions: finance and local priorities

An existing route: Integrated Utility Services



Utility pre-financing and on-bill recovery connect equipment delivery with an existing billing relationship.

≈ US$27m

GCF grants and loans

> US$68m

Total investment envisaged

IUS programme: Barbados, Belize and Jamaica • EE and distributed energy resources

Sources: CDB, 2026 Annual News Conference (12 March 2026); CDB IUS programme overview. Financing is envisaged, not disbursed.

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KfW intervention logic

What turns projects into a market?



KfW / German Cooperation toolbox

Diagnostics + studies • technical assistance • investment finance • credit lines • risk-sharing / guarantees • performance-linked incentives

Market-building logic synthesised from KfW / German Cooperation experience and energy-efficiency programme practice.

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A recipe that can travel

Under German Cooperation, KfW has deployed this market-building combination across regions with features relevant to the Caribbean.

MARKET ARCHITECTURE

- Market diagnostics + transaction standards
- EPC / M&V / procurement frameworks
- Pipeline preparation + institutional capacity

FINANCE + DE-RISKING

- Credit lines + investment finance
- Guarantees / risk-sharing
- Grant blending + performance-linked incentives
- Transaction-focused TA

LOCAL PARTNER ECOSYSTEM

- Government / regulators / utilities
- CDB / CCREEE / local banks / ESCOs
- Technical-cooperation partners — including GIZ where relevant

Recurring recipe — never a fixed blueprint

KfW brings financing and structuring; partners bring local policy and delivery capacity. Roles follow local institutions.

Illustrative synthesis of KfW / German Cooperation energy-efficiency market-building practice across regions.

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What makes an EE transaction bankable?

Appraisal evidence connects each risk with a possible response

Bank concern	Evidence that helps appraisal	Possible response — subject to design
Will savings persist?	Baseline, operating hours, maintenance and a clear M&V method	Performance obligations; independent verification
Will the client pay?	Budget authority, collection history and payment timing	Payment security; reserves or guarantees where feasible
Can the ESCO deliver?	Track record, working capital and maintenance capability	Milestone disbursement; proportionate security
Is the portfolio financeable?	Similar assets, adequate volume, tenor and currency match	Aggregation; standard documents; suitable credit terms

A guarantee can reallocate an identified risk; it cannot make an unviable transaction viable.

Illustrative appraisal framework informed by the EESL evaluation and REEP experience; instruments depend on local feasibility.

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India / EESL — a qualified warning case

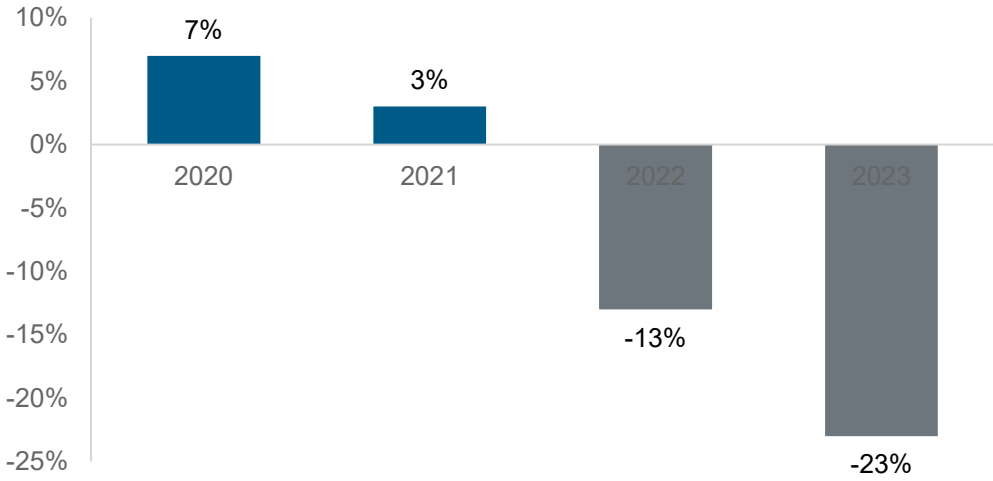
LED scale did not resolve payment risk or establish a universal model

WHY THE LED CASE WAS DISTINCT

LED streetlighting: a simple technology jump.
Other ideas did not scale similarly.
Cash-strained municipalities did not pay their share.
Competing financiers offered differing terms.

KfW evaluation: phase I successful; phase II rather unsuccessful.

EESL ESCO net return



Municipal payment arrears → **EESL liquidity pressure** → **Debt service / delivery strain**

Technical savings did not guarantee cash collection or successful wider expansion.

Sources: KfW EESL ex-post evaluation, report year 2024, pp. 9–10 and 18; internal energy-efficiency colleague feedback.

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Western Balkans — REEP / REEP Plus

Policy support, project preparation and finance work through complementary routes

Policy dialogue + ESCO support + project preparation

Legislation, tender preparation and technical assistance support both financing routes.

Local financial institutions

Credit lines reach smaller EE / RE investments; bank capability develops alongside lending.

€297m

signed credit lines

>30

partner financial institutions

Direct private / public finance

Project and corporate finance can serve larger investments and public infrastructure.

€143m

signed direct lending

Source: EBRD / KfW, REEP presentation to Energy Efficiency Coordination Group, November 2022, pp. 3–4. Regional totals at that date.

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What can be adapted for the Caribbean?

Lessons from the cases and broader KfW experience — for discussion with regional partners

Experience to draw on	Possible Caribbean adaptation	Boundary for local discussion
India / EESL Aggregation	Bundling similar assets; reusing procurement specifications.	LED scale does not establish suitability for complex retrofits.
India / EESL Payment and financing	Early assessment of payer capacity and financing terms.	Who carries arrears, liquidity needs and refinancing risk?
Western Balkans Banks + preparation	Project preparation linked with local lender appraisal.	Which lenders and legal arrangements fit each market?
Broader KfW + local platforms	Existing CDB, CCREEE, IUS and national platforms.	Country ownership; maintenance, currency and resilience needs.

Mechanisms to adapt with partners — no general replication of the EESL model.

Synthesis for discussion: KfW EESL evaluation; EBRD / KfW REEP; CDB IUS. These are adaptation questions, not an agreed programme.

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FROM FINANCING PROJECTS TO FINANCING PERFORMANCE TO FINANCING A MARKET

STANDARDISE • DE-RISK • SCALE

The ambition: repeatable local finance, with viable technology and credible payment arrangements.

Thank you.

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