

# Enhancing competitiveness

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**NICK RISCHBIETH** has been Executive President of the Central American Bank for Economic Integration based in Tegucigalpa, Honduras, since 2008. A graduate of Rice University, Houston, he holds a Master of Business Administration from Washington University in St. Louis, Missouri; and a PhD in Finance from the Institute of Money and Capital Markets of the University of Hamburg in Germany. He was previously successively Treasurer, Chief Financial Officer and Executive Vice President of the bank.

The Central American Bank for Economic Integration (CABEI) was created in 1960 as a multilateral financial institution tailored to promote the development of the Central American region and since its creation has been a key partner in providing strategic support to the Central America countries.

At present, CABEI is implementing its 2010-2014 Institutional Strategy “Competitiveness with Social Integration and Development”. Within the Competitive Axis CABEI seeks to finance infrastructural initiatives that support the countries’ economic activity and promote the mobilisation of capital for investment in the region. CABEI’s search for the improvement of competitiveness within Central America is complimentary to achieving regional integration by fostering the physical integration of our region, contribute to strengthening trade within the Central American countries and promoting trade with extra regional partners.

Renewable energy projects have become one of the main investment sectors within Central America as the region is substituting traditional fossil fuel dependence for renewable energy sources as part of their commitment to reducing their carbon print. In this regard, Central America offers geothermal, wind, hydropower and solar energy sources, with greater potential for their exploitation. As part of this shift towards renewable energy sources, hydroelectric plants are currently the main investment target, even though only 17 per cent of the total hydropower potential is being used. If we consider geothermal, solar and wind potential in the region, the percentage of exploitation is considerably lower, leaving the region with large opportunities for investment within these sectors.

CABEI as the development bank of the region and committed with the competitiveness of its member countries, has placed the financing of renewable energy projects as one of its main investment priorities through the provision of direct loans, co-financing schemes, syndicated loans and BLT’s.

Up to 2013, CABEI has approved more than 2.9 billion in more than 170 interventions within the energy sector that have accounted for 4,505 MW that represent an investment of 38 per cent of the installed capacity in the Central American region and more than 30 million tons of reduction of greenhouse gases. Since 2007, CABEI adopted an Energy Strategy in which all

investments within the sector must be made based on renewable energy sources, in lines with a regional focus on shifting the energy matrix towards these sources. As of result of this change, as of 2013, 64 per cent of CABEI’s investment portfolio within the energy sector is directed at renewable energy projects. Considering the potential the Central American region has, it is safe to say that CABEI will increase its support to renewable energy projects and foster further studies that bring about new projects within the region.

Besides CABEI support of the energy sector, it has traditionally financed the Central American regions’ road infrastructure and other large scale projects that promote investments, such as ports, airports and industrial development. All the more, CABEI is fully committed to the social welfare of the Central American population by financing basic needs projects in healthcare, education, water and sanitation that are complimentary with financial intermediation programs for the development of SME’s.

After four years of implementation of its 2010-2014 Institutional Strategy, CABEI has been able to fulfill the expectations that were laid out by approving more than US\$6.02 billion in multiple development interventions and disbursing around US\$5.4 billion dollars, thus upholding its position as the main multilateral financial institution of the Central American region.

Despite a challenging economic year for countries within the region, during 2013 alone CABEI provided long term financial resources by approving operations worth US\$1.36 billion and disbursements of more than US\$1.44 billion. These contributions are mainly directed to strategic and vital projects within the productive and social sectors and towards large scale infrastructural projects.

The Bank has been able to maintain its committed financial support to the Central American region through its sound financial management, adequate asset quality and track record of self-sustainability, thus enabling the Institution to continue making inroads into the capital markets.

CABEI aims to continuously improve and strengthen its position as the strategic partner of the Central Americans, staying true to its mission, which since 1960, has been to promote the economic integration and balanced economic and social development of Central American countries. **F**