



## Small Island Developing States (SIDS) & energy aid: Impacts on the energy sector in the Caribbean and Pacific

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### ARTICLE INFO

#### Article history:

Received 6 April 2012

Revised 25 July 2013

Accepted 27 July 2013

Available online 4 September 2013

#### Keywords:

Islands  
Dependence  
Energy  
Aid  
Caribbean  
Pacific

### ABSTRACT

Small Island Developing States (SIDS) in the Caribbean and Pacific have gone from a place of self-sufficiency and energy independence, during pre-colonial times, to a position, in more recent times, of being (often heavily) dependent on both imported capital (loans and aid) and imported sources of energy. This paper asserts that the current dependence of Caribbean and Pacific SIDS on both development assistance from donor agencies and imported fossil fuels is not coincidental, but rather, it was due to the transition of these islands from subsistence agriculture to export-oriented economies, primarily to serve the interests of more developed metropolitan countries. These interests have included the provision of cheap raw materials and agricultural produce to imperial nations; which has meant that SIDS needed to develop export orientated economies requiring both financial capital and energy supply usually over and above that available locally.

The impact of colonisation on domestic energy use and demand in SIDS is thus briefly outlined so as to make clear how these nations transitioned from self-sufficiency to dependence on foreign capital and energy. It is upon this backdrop that the current dependence of SIDS on international aid, particularly with regards to the energy sector, has been analysed, along with its influence on energy policy in SIDS.

This paper suggests that while imported finance and energy have been crucial to the past development of SIDS, the extent of reliance upon external financial assistance and energy imports at present is a cause for concern not only due to long term energy security issues but also because of the climate change implications of fossil fuel use. The concern is also pressing within the context of long term debt accumulation. It is argued herein that closer attention should be paid to local capacity building, training and institutional strengthening to enable a transition to renewable energy in place of fossil fuel based power. In terms of long term resilience such capacity building could eventually include the means for the production of renewable energy technology components.

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### Introduction

Small Island Developing States (SIDS) in the Caribbean and Pacific have gone from a place of self-sufficiency and energy independence, during pre-colonial times, to a position, in more recent times, of being (often heavily) dependent on both imported capital (loans and aid) and imported sources of energy. This paper aims to briefly outline the impact of colonisation on domestic energy use and demand in SIDS in order to make clear how these nations transitioned from self-sufficiency to dependence on foreign capital and energy. It is upon this backdrop that the current dependence of SIDS on international aid, particularly with regards to the energy sector, has been analysed, along with the influence of donor entities on energy policy in SIDS.

This paper therefore seeks to examine the degree of the reliance of Caribbean and Pacific SIDS on aid, particularly as it relates to the energy sector. Further, the link, if any, between high oil prices, debt accumulation and resource depletion in SIDS will be investigated. Moreover, the

overall impact of international aid on the energy sector in SIDS will be assessed, particularly as it relates to the deployment of technologies and the formulation of policies. This paper will then conclude with recommendations geared toward improving the efficacy of energy aid to the Caribbean and Pacific regions.

#### *The Caribbean & Pacific: Geography and climate*

While the Caribbean and the Pacific are geographically separate these two groups of tropical islands have much in common. The term Caribbean, for the purposes of this paper, is used to refer to the primarily English-speaking archipelago nestled in the Caribbean Sea – see Fig. 1 (approximately 2.7 million square kilometres) that forms the regional grouping known as the Caribbean Community (CARICOM).<sup>1</sup> The region

<sup>1</sup> According to Article 3 of the Revised Treaty of Chaguaramas, 2001 (establishing the Caribbean Community including the CARICOM Single Market and Economy), the Caribbean Community (CARICOM) comprises Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago. Haiti later gained membership in 2002.

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