

The ALBA Caribe Fund invests in projects that improve Petrocaribe countries' economic and social infrastructures and decrease poverty, but other funds, some of which Venezuela has rolled back, subsidized more than three times as many social projects for nations in need.

Although ALBA Caribe funded just under one fifth of the more than 400 projects supporting Petrocaribe countries in need, the Venezuelan government, as of late 2007, has doubled its initial \$50 million investment into the fund. That number has since increased to \$187 million.

The ALBA Food Fund, which helps feed poor countries, was responsible for just 2 percent of projects.

However beneficial the results, the exact origin of the millions of dollars used to implement these projects is convoluted.

The majority of the more than 400 projects are funded via "social management of joint ventures" and "bilateral funds," according to a June 2015 Petrocaribe management report. These methods financed more than three quarters of social projects to date.

All Petrocaribe members must set up a joint venture that receives oil from Petróleos de Venezuela, S.A., Venezuela's national oil entity, on behalf of the country it represents.

The joint venture has three months to pay back approximately half of the money it owes to PDVSA from a given oil purchase. PDVSA forgives the remaining debt and surplus monies are deposited into a bilateral fund, which can finance social projects.

Some countries have created a separate social development fund to further subsidize such endeavors, but the origin of this money is unknown.

PDV Caribe, a subsidiary of PDVSA, owns more than a 50 percent share of many of these joint ventures, allowing Venezuela to control the company's operations and manage price increases before oil is sold to local buyers and consumers. As a result, consumers enjoy relaxed gas and electricity prices while distributors and companies who buy in bulk are often forced to purchase at a higher rate.

Countries such as Guyana and Saint Lucia have not yet established joint ventures, but still receive Petrocaribe oil.

Venezuela has cut back funding subsidies that finance these projects due to plummeting oil prices that shook its economy in recent months. Some Petrocaribe members, such as Honduras and Guatemala, who rejoined the agreement in 2013, have not yet received any Petrocaribe oil and remain inactive in the program.

Jamaica and the Dominican Republic are the only two countries whose joint ventures involve control of a national refinery. Coincidentally, they and Cuba are the only nations whose mixed companies are owned by their own government or a state-owned oil company.

As co-founders of the ALBA initiative, Cuba and Venezuela have a notoriously close relationship, and Cuba enjoys different, often more significant, benefits than other Petrocaribe members.

SOURCES:

ALBA Caribe background: <http://bit.ly/PCalbacaribe>

Funding sources - Petrocaribe Management Report (June '15): <http://bit.ly/PCmgmtreport15>

THIS EXPLAINS A LOT (USE FOR CONTEXT ON JV'S): <http://bit.ly/PCjvexplain>

ORIGINS OF PC

<http://bit.ly/PCTimeline>

Long-term financing of 30% of the oil invoice is being contemplated when the price is greater than or equal to \$40 per barrel, of 40% if it is \$50 per barrel, and of 50% if the price reaches \$100 per barrel.

<http://petrocaribe.org/interface.en/database/fichero/publicacion/935/21.PDF>

MORE SHORT-TERM FINANCING DETAILS: <http://bit.ly/PCAgreement>