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Country Financing Roadmap for the SDGs: Saint Lucia

INSIGHT REPORT

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SDIP Sustainable Development Investment Partnership

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Foreword

Claudius Emmanuel
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Saint Lucia, like all other Small Island Developing States (SIDS), has long faced significant challenges inherent in, but not limited to, its history, small size and geography that persistently threaten our efforts to develop sustainably. Our inability to access concessionary financing to build the resilience necessary to face natural and economic shocks beyond our control has resulted in extremely high debt levels.

COVID-19 has exacerbated the already persistent catastrophic consequences of climate change. To secure sustainable and inclusive growth that leaves no one behind requires a rethink of our approach to financing national development. With less than a decade remaining to achieve the United Nations Sustainable Development Goals (SDGs), critical acceleration and scaling up of efforts are needed to meet the developmental demands of our time.

The Country Financing Roadmap (CFR) initiative was born out of this need. It aims to identify and develop strategies to bridge the financing gap for immediate and longer-term national development priorities in line with the SDGs through joint action plans to attract greater investment.

The Government of Saint Lucia is grateful for the meaningful collaboration with the Sustainable Development Investment Partnership (SDIP), which is a joint initiative of the World Economic Forum and the Organisation for Economic Co-operation and Development (OECD). The work, led by Saint Lucia's Department of Economic Development, drew on the Forum's thought leadership, network, existing platforms and multistakeholder collaboration approach to drive the roadmap forward for the SDGs.

The aim of this initiative is not only to catalyse private financing for SDGs at scale, but also to support recovery from the pandemic, particularly via regional cooperation, while focusing on improving the long-term competitiveness and resilience of Saint Lucia.

Moving towards 2030, Saint Lucia understands that there is a critical need for adequate and appropriate scale, scope and quality partnerships in order to unlock innovative and sustainable financing. We are therefore dedicated to the implementation of the CFR's action plan to ensure we build the necessary resilience and create opportunities for all citizens.

I wish to personally applaud all stakeholders who participated in the CFR initiative. This is a flagship initiative for Saint Lucia, which I believe can be replicated throughout the region. I therefore encourage our partners to continue to be engaged as we move forward to implementation.

Executive summary

In 2020 the Government of Saint Lucia, in partnership with the World Economic Forum's Sustainable Development Investment Partnership (SDIP), initiated the Country Financing Roadmap (CFR) for the SDGs, a country-led initiative to formulate an action plan to unlock greater financing towards achieving the Sustainable Development Goals (SDGs) through public-private collaboration. SDIP is a joint initiative of the World Economic Forum and the Organisation for Economic Co-operation and Development (OECD), with a mission to address the systemic challenges to SDG financing by creating the conditions for capital to flow where it is needed most.

The CFR is a government-led initiative that serves to identify and develop strategies to bridge the financing gap for immediate and longer-term national development priorities in line with the SDGs, by formulating joint action plans to attract greater investment. In the context of the COVID-19 pandemic, the CFR has become increasingly important as one of Saint Lucia's key initiatives to address the economic and social impacts of the pandemic. The aim has therefore been broadened to not only catalyse private financing for SDGs at scale, but also to support post-pandemic recovery – particularly via regional cooperation – while improving the long-term competitiveness and resilience of the country.

The CFR's purpose is to:

- Serve as an impartial platform, raising awareness of the conditions needed to unlock greater sustainable financing
- Stimulate dialogue on regional and thematic financing agendas for greater impact
- Create alignment among a diverse set of players and reduce inefficiencies to produce a more supportive ecosystem and mobilize financing towards meeting national sustainable development priorities
- Inspire concrete action and bring forward new sources of capital to the sustainable financing agenda

The value proposition of the CFR is flexibility and adaptability to prioritize country needs and leadership to:

- Facilitate greater private-sector perspectives in shaping national development priority financing discussions and solutions
- Generate a multiplier effect across existing initiatives under a common agenda by encouraging synergies across different sectors and types of stakeholder (public, private, domestic and foreign)
- Create opportunities for replication across other countries, regions and similar markets, e.g. among Small Island Developing States (SIDS)

The CFR is not a comprehensive roadmap, but rather focuses on selected sectors, with the goal of initiating and establishing a public-private, multistakeholder-led approach to formulate financing roadmaps where needed, focusing on Saint Lucia's top priorities first. The hope is to raise awareness and create experience within the country, as well as to develop the necessary ecosystem, by initially piloting this approach in a few key focus sectors. CFR stakeholders acknowledge that Saint Lucia and the SIDS face larger systemic challenges that are not within the scope of the CFR initiative, e.g. the issue of concessional financing, the multidimensional vulnerability index (MVI), etc.

The CFR was managed by the Saint Lucia Country Financing Roadmap Committee, established by the former Prime Minister, together with SDIP and supported by Delivery Associates. As part of the baseline assessment and diagnostic phase of the Saint Lucia CFR, multistakeholder discussions were held in 2020–2021 with experts, thought leaders and representatives from more than 50 institutions, including public-sector institutions, development finance institutions, banks, private-sector investors and others. These discussions centred on the barriers and solutions for Saint Lucia and the SIDS to unlock greater sources of financing to address their SDG financing gaps.

As a result of these discussions, stakeholders identified six main barriers – also common across the SIDS – preventing Saint Lucia from mobilizing additional sources of SDG financing:

- Vulnerability to climate change, natural disasters and external shocks
- Low economic resilience
- Limited access to concessional finance
- Debt burden
- Unrealized regional potential
- Over-reliance on imports

Consensus was then built on nine ways to overcome some of these barriers. These solutions drew on existing initiatives and research, and feedback from the national and international stakeholders that validated them. They were selected in line with the CFR's purpose, including the potential for replication, with the intention that the Saint Lucia CFR would serve as a blueprint for similar efforts across the Caribbean region as well as SIDS globally.

Solutions were divided into three categories: foundational solutions, economic resilience and low-carbon competitiveness. It is important to note that these three categories do not represent an exhaustive list. Instead, they are key areas of focus where Saint Lucia has greater potential leverage to have a multiplier effect, keeping in mind its competitive advantages such as nature-based assets.

Foundational solutions

1. Establishing a finance mobilization team
2. Setting up investment data systems
3. Enhancing Saint Lucia's connectivity infrastructure through digitalization

Economic resilience

4. Labour reskilling through securing private and donor funds to reskill and upskill unemployed workers
5. Exploring the establishment of a Blue Recovery Hub, with Saint Lucia as a potential pilot country
6. Setting up a regional infrastructure fund using proceeds from the Citizenship by Investment Programme (CIP) as seed funding to attract long-term financing for sustainable infrastructure development

Low-carbon competitiveness

7. Improving energy efficiency through initiatives such as phasing out incandescent light bulbs
8. Building up the renewable energy portfolio to lessen dependence on fossil fuels
9. Focusing on sustainable transport (e.g. switching to electric vehicles) to accelerate Saint Lucia's transition to sustainable mobility and tourism

Following the second CFR roundtable held in December 2020, the nine identified solutions were refined further to focus on three solutions that have near-term momentum: **labour reskilling** and **renewable energy**, which can be linked to the **regional infrastructure fund**.

Solutions were refined in light of several considerations, including:

- Alignment with the SDGs and Saint Lucia's Medium-Term Development Strategy (MTDS) for 2020–2023
- Instances where drawing on existing assessments, initiatives and funds via linkages and consensus around innovation(s) is likely to have a multiplier effect or impact on scale for the country, the Caribbean region and/or across the SIDS
- Cases where solid in-country momentum and support already exist in terms of initiatives that could benefit from aggregation and technical/financial support as a result of greater visibility via the CFR platform
- Examples where there is greater potential to improve the balance sheet situation (e.g. energy cost reductions), such as not requiring government to immediately tap into its already constrained fiscal budget to fund needed solutions (e.g. reskilling)

For labour reskilling, the CFR initiative brought together separate but complementary private- and publicly funded reskilling programmes totalling approximately $12 million that support the current recovery efforts of the country. The main outcome of these programmes will be the training of at least 500–600 people in skills related to hospitality, digital work and green or blue jobs by the end of 2022, at no upfront cost to the government. This approach has the potential to be scaled within the country and replicated across the Caribbean region and other SIDS, eventually reaching a much higher number of people.

With regards to renewable energy, several stakeholders are already working along the value chain. The Caribbean Climate Smart Fund initiative plans to target a pipeline of $80 million identified by Saint Lucia's National Energy Transition Strategy (NETS) process by setting up two related but separately managed components: a project preparation fund and a blended finance regional investment fund. Achieving scale, impact and sustainability is the goal and will require greater coordination and synergies across stakeholders and funds to ultimately achieve Saint Lucia's transition to greater energy security.

Next steps

SDIP plans to work with the Government of Saint Lucia and regional organizations to host a series of discussions on the two or three solutions that have near-term momentum, to fulfil the main purposes of the CFR: to inspire further alignment among diverse players; reduce inefficiencies as much as possible to create a more supportive ecosystem; and mobilize financing towards meeting a country's sustainable development priorities.

The CFR has provided an important basis for the government to advance initiatives to meet its SDG financing gap, working collaboratively with private-sector players.

The CFR also serves as a reference point to investors – private and institutional – seeking opportunities in SIDS such as Saint Lucia. Once implemented, the solutions should serve to enhance the positive enabling environment for investment that Saint Lucia is working towards, as well as help reduce the risk perception that investors typically have when investing in similar markets.

Finally, the CFR provides a platform to expand the investable regime that Saint Lucia is seeking to create together with other countries in the Caribbean region. With Saint Lucia as the pilot country, the CFR also serves as an important launchpad for these types of solutions and approaches that can be implemented in other countries and the SIDS.

1 Saint Lucia overview

Population (2020): 183,629[1]

GDP (current $, 2020): $1.703 billion[2]

GDP per capita (current $, 2020): $9,276[3]

Debt-to-GDP ratio (2020, preliminary): 86.5% (Government of Saint Lucia)[4]

Unemployment (2020, preliminary): 24.9% (Government of Saint Lucia)[5]

FIGURE 1

Source: https://www.mapresources.com.

2 Saint Lucia and the SDGs

In September 2015, Saint Lucia, together with other members of the global community, pledged its commitment to the 2030 Agenda for Sustainable Development. With 17 goals and 169 related targets, the agenda provides a shared blueprint for sustainable development. Since this commitment, Saint Lucia, like all other SIDS, has experienced moderate progress towards achieving the SDGs and is currently at a critical juncture on its path towards meaningful sustainable development.

Saint Lucia's Medium-Term Development Strategy (MTDS) for 2020–2023 has been strategically aligned to several SDGs – namely, SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 13 (Climate Action), SDG 16 (Peace, Justice and Strong Institutions) and SDG 17 (Partnerships for the Goals).

However, Saint Lucia and other SIDS face several challenges in meeting and financing the SDG targets. Limitation in size and economic resources, and acute vulnerability to natural disasters continue to hamper Saint Lucia's attempts to meet these ambitious goals. The country's classification as an upper-middle-income country further compounds these challenges. The use of per capita GDP as a primary measure of socioeconomic development by the current global economic system limits Saint Lucia's capacity to access various types of development assistance and concessionary financing.

Despite these circumstances, the government has demonstrated its commitment to meeting the SDGs by embarking on several important initiatives to advance progress towards the goals, as well as to ramp up COVID-19 recovery efforts. Some of the most important focus on financing the SDG targets. In partnership with the World Economic Forum's Sustainable Development Investment Partnership (SDIP), the Country Financing Roadmap (CFR) for SDGs initiative is part of the Government of Saint Lucia's efforts to identify and develop strategies to bridge the SDG financing gap in line with immediate and longer-term national development priorities. SDIP is a joint initiative of the World Economic Forum and the Organisation for Economic Co-operation and Development (OECD), with a mission to address the systemic challenges to SDG financing by creating the conditions for capital to flow where it is needed most.

In the context of the COVID-19 pandemic, the CFR initiative has become increasingly important as one of Saint Lucia's key initiatives to address the economic and social impacts of the pandemic, which include:

- An unprecedented and broad-based decline in domestic economic activity. Preliminary GDP estimates from the Central Statistical Office (CSO) suggest that real economic output contracted by 20.4% in 2020[6]
- A debt-to-GDP ratio of 86.5% in 2020 (preliminary estimate) due to a spike in expenditures aimed at curbing the impacts of the pandemic[7]
- Associated job and income losses in tourism-related sectors, which affected employment elsewhere in the private sector, accentuating the economy's dependence on tourism

Cross-cutting themes common to SIDS

Irrespective of the impact of the pandemic, Saint Lucia must contend with many cross-cutting themes that are common to SIDS. These themes are directly related to the challenges that have been identified in financing the SDGs and are listed in Table 1.

TABLE 1 | Saint Lucia, cross-cutting themes

Attractiveness of investment	Real economy
– Regional integration – Access to niche market investors – Small market size – Reforms to increase ease of doing business – Investment facilitation – Special economic zones	– Economic infrastructure, such as roads, ports and airports – Renewable energy – Improving education and healthcare – Improving value addition in goods and services – Green, blue and orange economy – Tourism for sustainable development – Climate resilience
Public debt	**Financial markets**
– Debt for climate adaptation swaps – Debt sustainability – Fiscal rules	– Loss of correspondent banking relationships – Non-performing loans – Mandatory saving rates

Source: CFR baseline assessment and diagnostic.

SWOT (strengths, weaknesses, opportunities and threats) analysis

As part of the CFR process, a SWOT analysis of Saint Lucia's SDG financing landscape was conducted. Traditionally, sources of financing for development in Saint Lucia have largely been found in partnership with the country's usual financing partners (e.g. Caribbean Development Bank, Government of Taiwan, European Union, etc.), though there has long been a desire to increase private-sector financing.

TABLE 2 | **SWOT analysis of Saint Lucia's current development financing landscape**

Strengths	Weaknesses
– New institutional frameworks and focus on coordination of investments (e.g. National Integrated Planning and Programme, Public-Sector Investment Programme) – Reforms in place (solvency and access to credit) – Public investment efforts at integrating resilience into national planning – Stability in rule of law – Citizenship by Investment Programme (CIP)	– Deteriorating fiscal position – Limited access to credit/capital for small-to-medium enterprises (SMEs) – Human capital – Vulnerability to external shocks and natural disasters – Limited data storage and dissemination systems – Inadequate mechanisms for coordination and mutual accountability – High electricity and logistics costs – High youth unemployment – Limited private-sector engagement – Reliance on development grants – Lack of a national central planning framework
Opportunities	**Threats**
– Identification of 65 SDG game changers as per Saint Lucia's Medium-Term Sustainable Development Strategy (MTSD) – Improvement of professional education and training – Potential for renewable energy – Sustainable ocean economy – Infrastructure project pipeline developments – Improvement of resilience mechanisms through the ongoing National Adaptation Plan (NAP) process, which lays the platform for renewable energy and electric vehicle (EV) adaptation – Development of local financial markets – Strengthening of the agro-tourism sector – Greater use of public-private partnerships (PPPs) – Liberalization of trade – Enhanced integration of regional markets	– Decreasing overseas development assistance (ODA) – Dwindling pipeline for foreign direct investment (FDI), e.g. in hotel construction and real estate – Limited fiscal space to respond to shocks – Increasing debt and debt service – Possibility of losing correspondent banking relationships

Source: CFR baseline assessment and diagnostic.

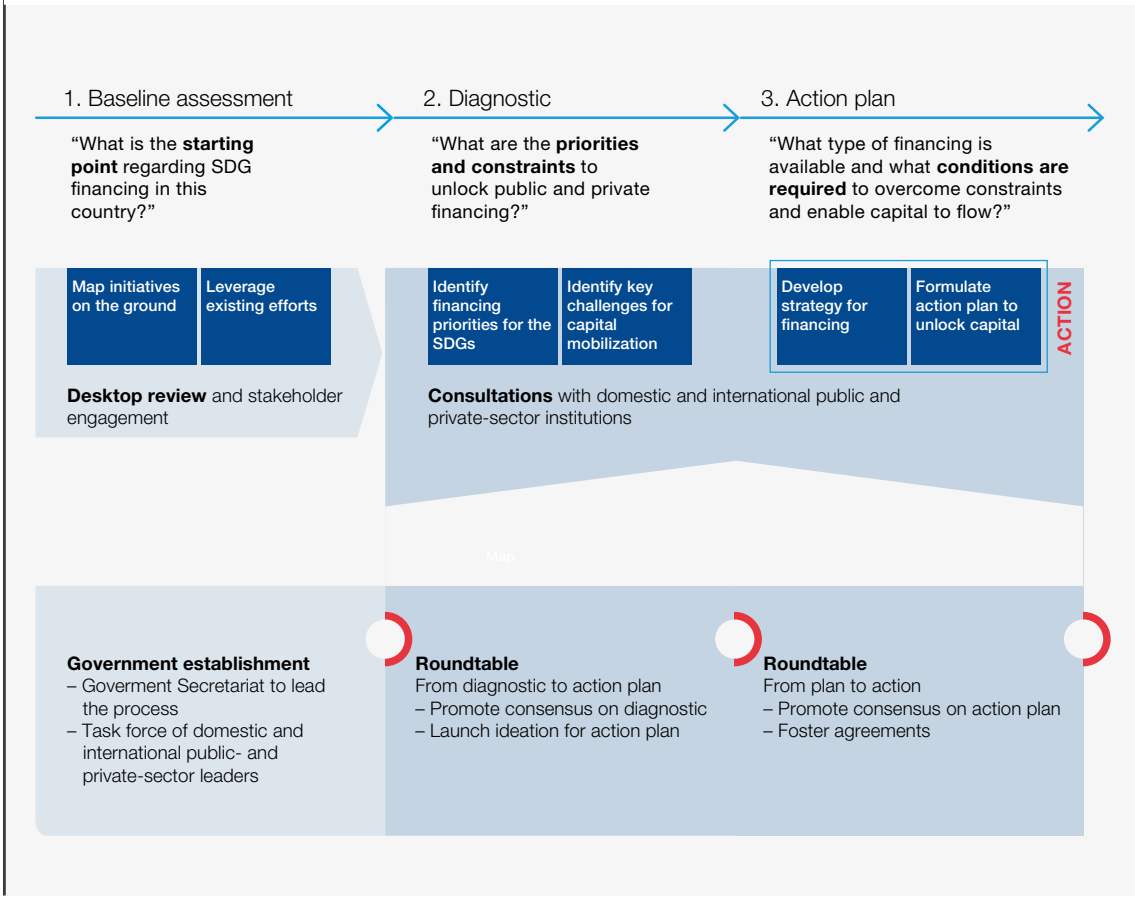
3 Saint Lucia's Country Financing Roadmap (CFR) for the SDGs

3.1 What is the CFR?

The CFR is a country- and private-sector-led platform – developed by the Sustainable Development Investment Partnership (SDIP). The aim is to formulate actions, networks and investment innovations to create and de-risk SDG financing opportunities that are aligned to a country's sustainable development priorities, using an impartial, multistakeholder approach.

The CFR is not a comprehensive roadmap, but rather concentrates on selected sectors with the goal of initiating and establishing a public-private multistakeholder-led approach to formulate financing roadmaps where needed, focusing on a country's top priorities first. The hope is to raise awareness and create experience within the country, as well as the necessary ecosystem, by piloting this approach initially in a few key sectors.

FIGURE 2 | **CFR process**



Source: SDIP.

3.2 Barriers to SDG financing

After conducting a baseline assessment as part of Saint Lucia's CFR process, multistakeholder discussions were held with experts, thought leaders and representatives from more than 50 institutions, including public-sector institutions, development finance institutions, banks, private-sector investors and others. These discussions centred on the specific barriers and solutions for Saint Lucia to unlock greater sources of financing and address its SDG financing gap.

Six key barriers that prevent Saint Lucia from mobilizing additional sources of financing for the SDGs came out of these discussions. They are clearly interconnected, but merit specific attention as they have the potential to significantly impact economic growth and development in Saint Lucia.

The barriers are:

- Vulnerability to climate change, natural disasters and external shocks
- Low economic resilience
- Limited access to concessional finance
- Debt burden
- Unrealized regional potential
- Over-reliance on imports

Vulnerability to climate change, natural disasters and external shocks

Saint Lucia is exposed to high levels of risk, due both to its natural characteristics that cause meteorological and geologic hazards, and to the structure of its economy. Even before the COVID-19 pandemic, Saint Lucia's economic stability was threatened by a shortage of investable resources, limited fiscal capacity, low levels of international reserves, decreasing access to FDI and ODA and high debt-to-GDP ratios.

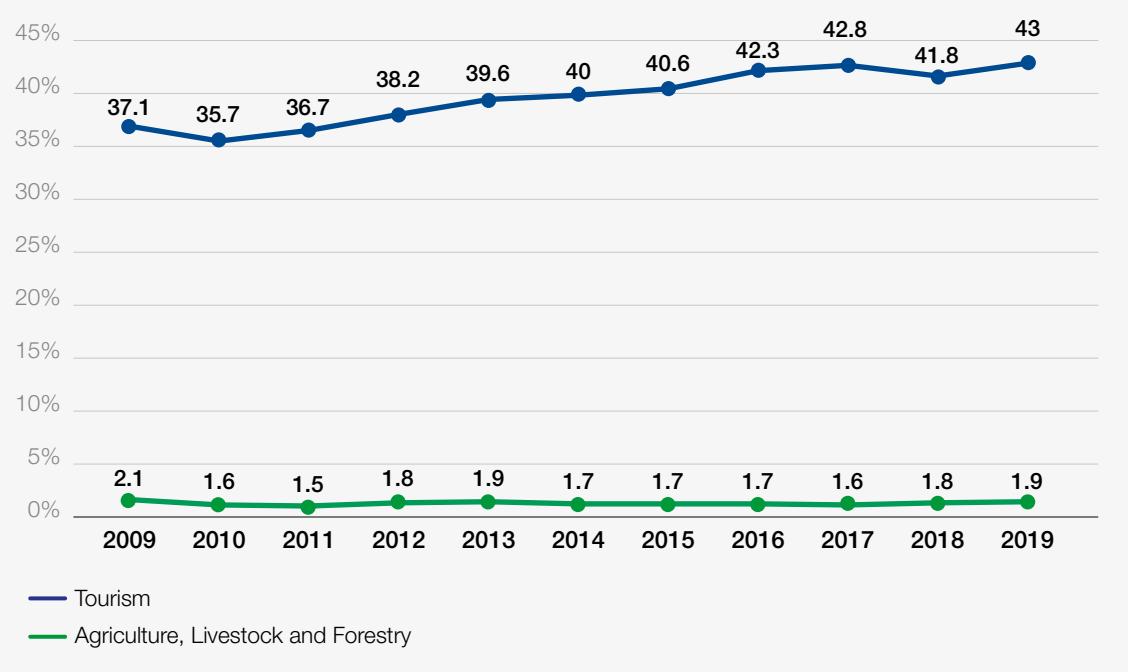
The OECD's vulnerability index notes that upper-middle-income SIDS such as Saint Lucia are 73% more vulnerable than other upper-middle-income countries to natural disasters given their exposure to climate change, as well as their remoteness and size.[8] The Climate Change Policy Assessment (CCPA) by the International Monetary Fund (IMF) and the World Bank ranked Saint Lucia fifth at risk of natural hazards among SIDS, and placed it in the top 10 for losses related to climate hazards experienced from 1997 to 2016.[9]

Recurring natural disasters that hit the country place a further burden on the government's balance sheet. In 2007 Saint Lucia was struck by Hurricane Dean, which caused up to 63.4% of GDP losses in the agriculture sector. In 2010, Hurricane Tomas caused losses of up to 43.4% of GDP. The United Nations Conference on Trade and Development (UNCTAD) has estimated that on average 2% of the GDP in Saint Lucia is lost every year due to extreme natural events.[10]

Low economic resilience

Like other countries in the Caribbean, Saint Lucia is heavily reliant on tourism to finance its development needs. Improved conditions for investment resulted in a tourism boom in 2014, with the sector consistently contributing more than 40% of the country's GDP (see Figure 3) in the years since. In addition to its significant contribution to GDP, the tourism sector provided more than 63,400 jobs, accounting for nearly 80% of the total labour market, in 2019. However, this has exposed Saint Lucia's economy to severe shocks and risk of unemployment when international travel is affected, as seen by the drop in jobs from 63,400 in 2019 to 41,600 in 2020.[11]

FIGURE 3 **Contribution of agriculture and tourism to GDP, 2009–2019**



Source: Department of Finance, Government of Saint Lucia, *Economic and Social Review 2020*, 2021: https://www.finance.gov.lc/resources/index/25, and World Travel & Tourism Council compiled by knoema (links as of 26/7/2021).

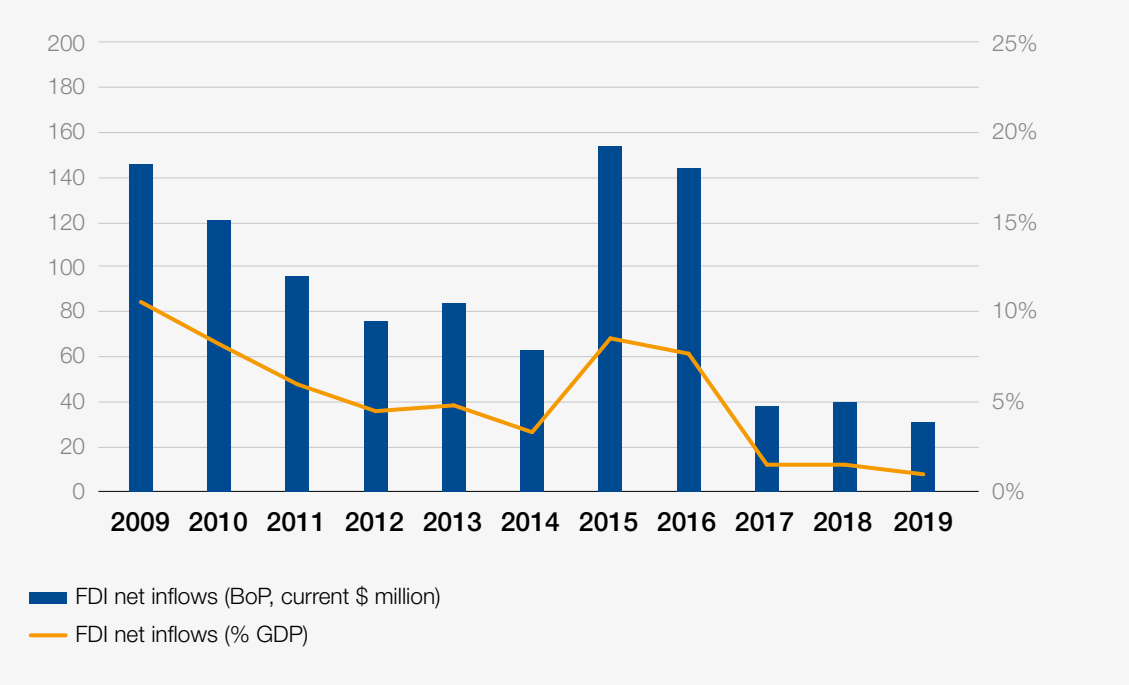
Limited access to concessional finance

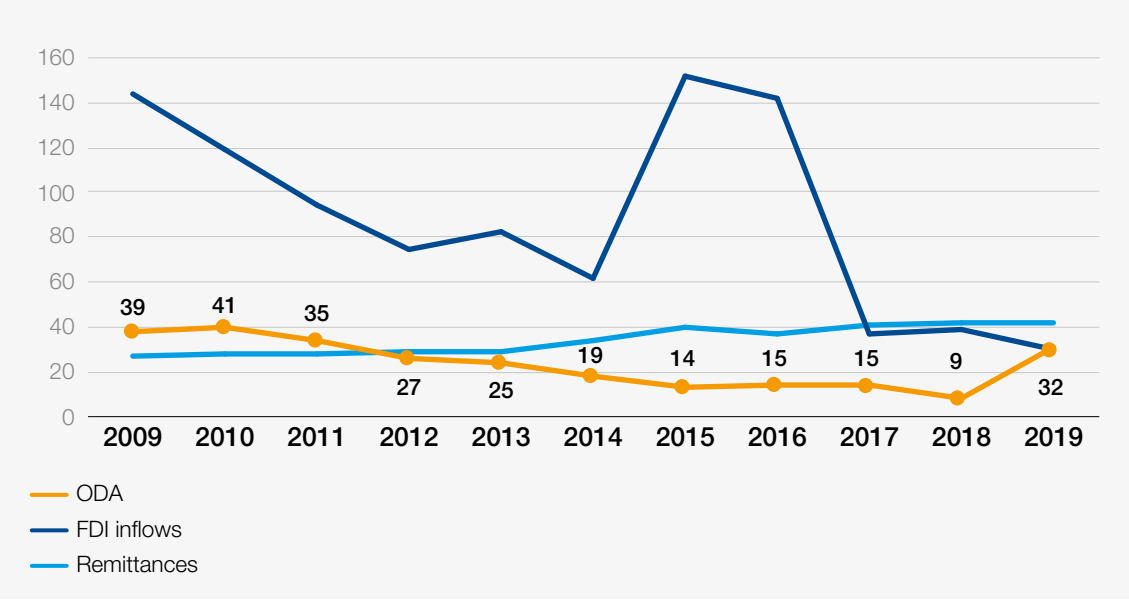
Its status as an upper-middle-income country limits Saint Lucia's capacity to access concessional finance from multilateral organizations and bilateral development agencies. In addition, preferential trade measures granted to least developed countries (LDCs) do not apply to upper-middle-income countries such as Saint Lucia, despite their size and inherent vulnerabilities.[12] In partial recognition of this, the World Bank provides a "small island exception" provision, permitting countries such as Saint Lucia to access some concessional financing via the International Development Association (IDA), even though they have higher income-per-capita levels.[13] Despite this provision, ODA levels remain relatively low, with remittances increasingly becoming more significant in the past several years, as seen in Figure 4.

FDI flows into Saint Lucia have also been volatile, particularly since the 2008 financial crisis. The highest peak in FDI recorded was in 2006, due to investments from the United States and United Kingdom into the tourism sector.[14] The second peak (recorded in 2015) was also concentrated in tourism. That year Saint Lucia was ranked among the top 10 by FDI Magazine for "FDI Strategy and Cost Effectiveness of Doing Business", with Invest Saint Lucia forecasting annual FDI flows of more than $300 million from 2015 onwards to eventually reach $1.5 billion by 2020.[15]

However, FDI has taken a sharp and unprecedented fall in recent years, almost equalling the value of remittances and ODA, due to several factors that were discussed during the CFR multistakeholder consultations. These factors include the impact of hurricanes, Brexit, the global economic downturn and (tourism) market saturation.

FIGURE 4 | **FDI, ODA and remittances, 2009–2019 ($ million)**





Source: World Bank Open Data:

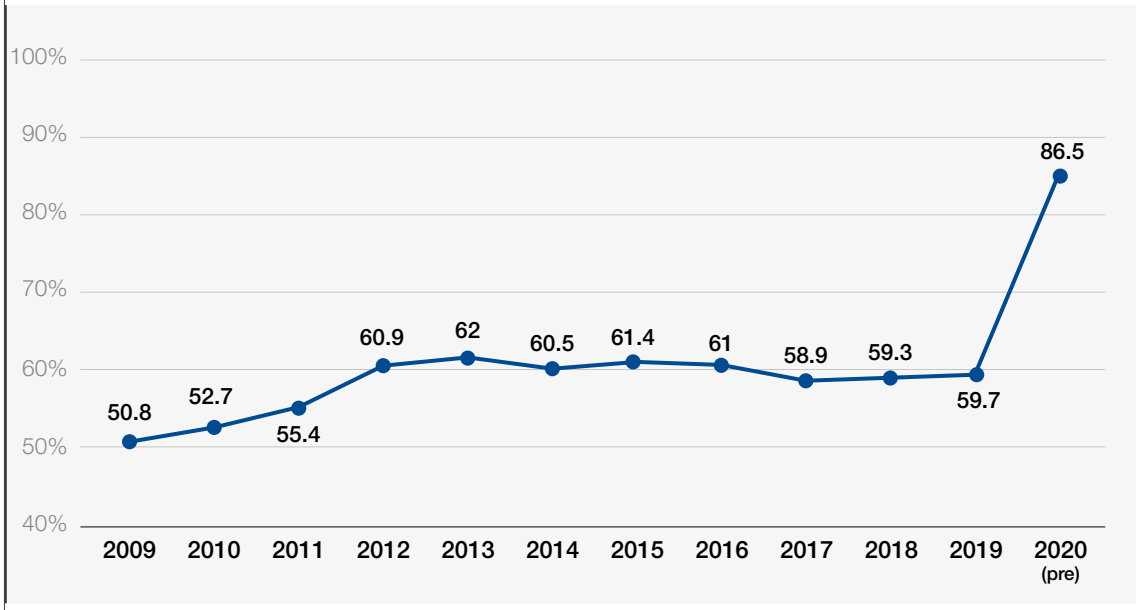
- Foreign direct investment, net inflows (BoP, current $)
- Foreign direct investment, net inflows (% of GDP)
- Net official development assistance received (current $)
- Personal remittances, received (current $)

(links as of 26/7/2021).

Debt burden

Saint Lucia has been in an upwards cycle of increased borrowing and repayments due in a large part to natural disasters. In the wake of every natural disaster that has hit the country, the government has had to borrow to rebuild – and it is further hampered by limited access to concessional finance, as pointed out above. As a result, the country's debt-to-GDP ratio has been growing steadily, limiting the fiscal space to address any additional shocks such as the COVID-19 pandemic (Figure 5).

FIGURE 5 | **Debt-to-GDP ratio, 2009–2020**



Source: Department of Finance, Government of Saint Lucia, *Economic and Social Review 2020*, 2021: https://www.finance.gov.lc/resources/index/25 (link as of 26/7/2021).

Note: Debt-to-GDP ratio for 2020 is a preliminary estimate.

This high level of vulnerability coupled with the rising levels of debt has limited foreign investors to short-term, high-interest bonds, increasing the rollover risk to the government.[16] During the first CFR roundtable held in July 2020, the government raised concerns about the inevitable jump in already high debt levels due to the pandemic. The debt-to-GDP ratio ultimately rose to a record 86.5% in 2020, bringing with it a further downgrading of the country's credit ratings.[17]

Unrealized regional potential

Given its combined population of around 1.4 million, the Organisation of Eastern Caribbean States (OECS) is working towards being more strategic in terms of regional integration.[18] Currently, exports are directed more towards the rest of the world than within the region. In fact, just 20% of Saint Lucia's exports go to other OECS countries while 65% go to the United States. This is common across the OECS: only three of its 11 member countries export more than 40% of their exports within the region. Similarly, intra-Caribbean tourism represents less than 10% of total tourism arrivals, and about 5% of total tourism receipts.[19]

There was strong consensus during the CFR multistakeholder consultations that increased economic and political integration represented a mutually beneficial solution for the region. Banking integration was one suggested way forward, discussed during the first CFR roundtable in July 2020. Although the countries in the Caribbean region have recently made substantial efforts to further integrate, the level of economic cooperation remains substantially lower than for other regions of the world. According to the IMF, the opportunities for regional cooperation have not been fully exploited for several political, economic, structural and capacity reasons – including a lack of supranational decision-making power, a misalignment of incentives to invest in cooperation efforts and governmental capacity constraints.[20]

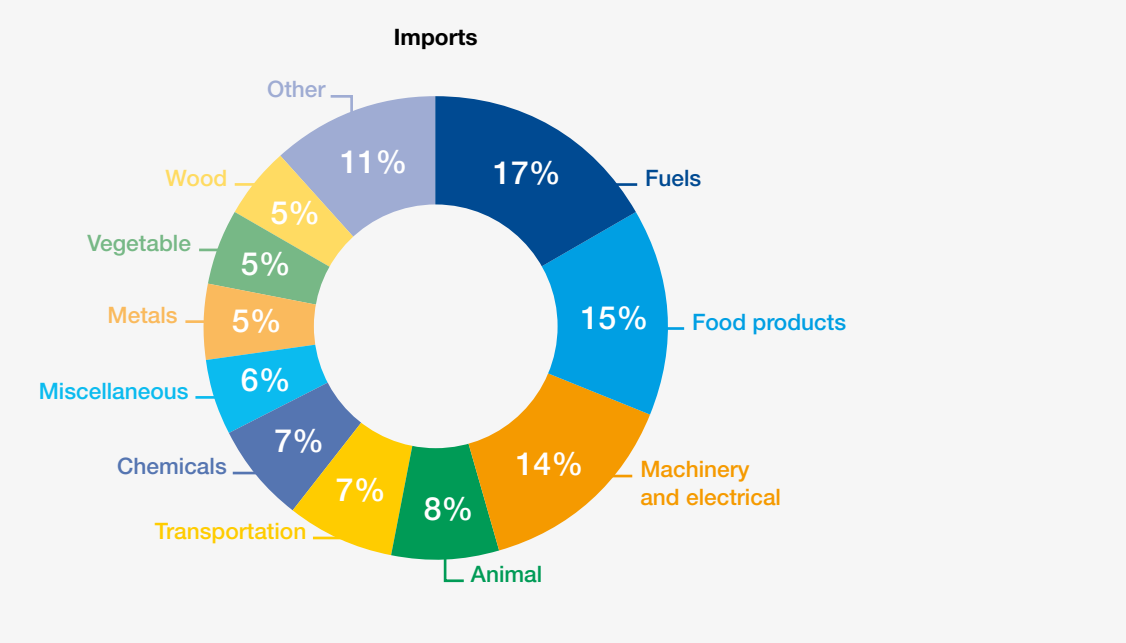
Deepening collaboration among the countries in the region and aligning legal frameworks will go a long way towards curbing internal competition for similar markets and increasing bargaining power with stakeholders outside the region. Additionally, an integrated economic system will help overcome one of the main structural bottlenecks for private international investment in the region – namely, the limitation in scale/investment volumes per individual economy. Scaling market size through increased political, economic and regulatory cooperation will increase the potential for attracting greater private investment.

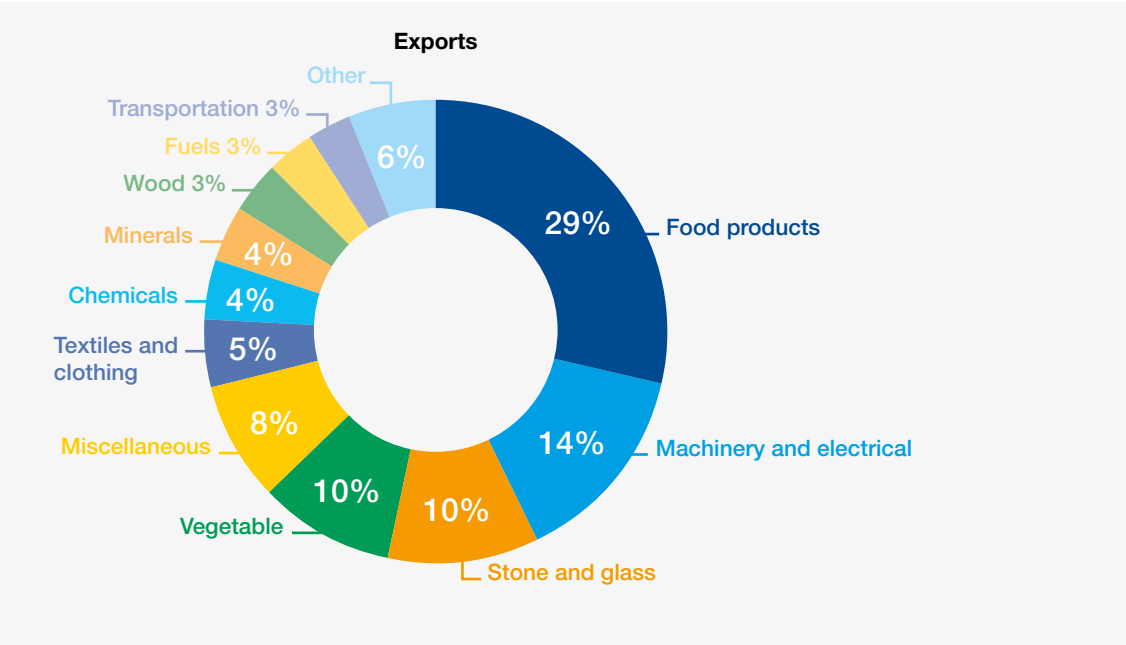
Over-reliance on imports

Saint Lucia relies heavily on imports, particularly for its energy and food supplies. Improving self-reliance in terms of energy and food supply would improve the trade deficit, freeing up capital that can be deployed elsewhere.

In 2019 Saint Lucia had a $527 million negative trade balance in goods, with imports valued at $624 million and exports at $97 million. Approximately 17% of total imports that year were fuels, in large part to meet electricity production demands, with food products constituting around 15% of total imports. While the percentages of various import categories have changed over time, the overall breakdown remains relatively unchanged.[21] In short, the country remains highly dependent on external resources, particularly to meet its energy and food demands. Import costs lead to high electricity costs in Saint Lucia, thus energy bills can take up a significant portion of people's incomes.[22]

FIGURE 6 **Imports and exports, 2019**





Source: World Integrated Trade Solution (WITS), *St. Lucia Product Exports and Imports 2019*: https://wits.worldbank.org/CountryProfile/en/Country/LCA/Year/2019/TradeFlow/EXPIMP/Partner/WLD/Product/All-Groups (link as of 26/7/2021).

Note:
"Other" imports include imports categorized under the product groups of plastic or rubber, textiles and clothing, stone and glass, minerals, footwear, and hides and skins.
"Other" exports include exports categorized under the product groups metals, footwear, plastic or rubber, hides and skins, and animal goods.

3.3 Solutions to improving SDG financing

The next step in the CFR multistakeholder consultation process resulted in building consensus around nine solutions to address some of these barriers. These solutions built on existing initiatives and research, as well as the multistakeholder discussions with more than 50 national and international stakeholders that validated them. Solutions were selected in line with the CFR's purpose – including the possibility for replication, with the intention that the Saint Lucia CFR would serve as a blueprint for similar efforts across the Caribbean region as well as SIDS globally.

Solutions were divided into three categories: foundational solutions, economic resilience and low-carbon competitiveness. It is important to note that these three categories do not represent an exhaustive list. Instead, they are the key areas of focus where Saint Lucia has greater potential leverage to have a multiplier effect, keeping in mind its competitive advantages such as nature-based assets.

Foundational solutions

1. Establishing a finance mobilization team
2. Setting up investment data systems
3. Enhancing Saint Lucia's connectivity infrastructure through digitalization

Economic resilience

4. Labour reskilling through securing private and donor funds to reskill and upskill unemployed workers
5. Exploring the establishment of a Blue Recovery Hub, with Saint Lucia as a potential pilot country
6. Setting up a regional infrastructure fund using proceeds from the Citizenship by Investment Programme (CIP) as seed funding to attract the long-term financing needed for sustainable infrastructure development

Low-carbon competitiveness

7. Improving energy efficiency through initiatives such as phasing out incandescent light bulbs
8. Building up the renewable energy portfolio to lessen dependence on fossil fuels
9. Focusing on sustainable transport (e.g. switching to electric vehicles) to speed up Saint Lucia's transition to sustainable mobility and tourism

Following the second CFR roundtable held in December 2020, the nine identified solutions were honed further to focus on three solutions that already have near-term momentum: **labour reskilling** and **renewable energy**, which can be linked to the **regional infrastructure fund** (see Appendix A for a description of the other six solutions).

Solutions were refined based on several considerations, including:

- Alignment with the SDGs and Saint Lucia's MTDS for 2020–2023
- Instances where drawing on existing assessments, initiatives and funds via linkages and consensus around innovation(s) is likely to have a multiplier effect or impact on scale for the country, the Caribbean region and/or across the SIDS
- Cases where solid in-country momentum and support already exist in terms of initiatives that could benefit from aggregation and technical/financial support as a result of greater visibility via the CFR platform
- Examples where there is greater potential to improve the balance sheet situation (e.g. energy cost reductions), such as not requiring government to immediately tap into its already constrained fiscal budget to fund needed solutions (e.g. reskilling).

3.3.1 Labour reskilling

A scalable approach for reskilling and upskilling labour

Multiple stakeholders are working on reskilling and upskilling workers in Saint Lucia, including the Technical, Vocational Education and Training (TVET) programme, which is operating in partnership with the Performance Management and Delivery Unit (PMDU) within the Department of Economic Development. Through the CFR initiative, these stakeholders have linked together to make their programmes as complementary as possible. See Table 3 for a summary of the CFR discussions on labour reskilling.

TABLE 3 | **Labour reskilling for greater SDG financing**

Barriers addressed	SDG and MTDS alignment	Government stakeholders	Spotlight iniative
Low economic resilience Debt burden Over-reliance on imports	MTDS: Enhancing the labour force through education, training and workforce development SDGs 	Department of Economic Development Department of Finance TVET Council Ministry of Education TVET unit	**Forte:** $5 million reskilling programme initially funded by private foundations, family offices and impact investors. Returns on investment to be paid by government via a portion of future tax revenues generated from reskilled labour force **European Commission:** €6 million performance-based grant as direct budget support to Saint Lucia's Treasury, disbursed in tranches upon meeting certain targets towards the implementation of TVET policy and strategy

Spotlight initiative: Forte and the European Commission

The CFR initiative has brought together separate but complementary private and publicly funded reskilling programmes totalling approximately $12 million that support the current recovery efforts of the country. These include a collaboration between the European Commission and Forte, with the outcome of at least 500–600 people trained in skills related to hospitality, digital skills and green or blue economy jobs by the end of 2022, at no upfront cost to the government. This programme has the potential to be scaled within Saint Lucia and replicated across the Caribbean region and other SIDS, eventually reaching a much higher number of trainees.

The European Commission (EC) will support the Government of Saint Lucia in implementing its National TVET Policy and Strategy 2019–2025. The support is designed to contribute to the development of a dynamic, competitive and resilient workforce, with a particular focus on unemployed workers, young people, women and identified marginalized groups. It is hoped that this support will bring greater alignment of the education and training systems with labour market needs, as the intervention will contribute to the creation of job opportunities, a reduction in structural unemployment and private-sector development.

A €6 million (approx. $7.37 million)[23] performance-based grant – to be disbursed in tranches upon meeting certain targets towards the implementation of TVET policy and strategy – was signed in December 2020 as direct budget support to Saint Lucia's Treasury. Implementation started in January 2021 and is scheduled over a three-year period.

Set targets to be achieved by the end of 2022 include, among others:

- 600 young adults to access an attachment programme
- Virtual and physical workforce development centres established, leading to the certification of 300 additional TVET practitioners in the Caribbean Vocational Qualifications (CVQs) and National Vocational Qualifications (NVQs) by the TVET Council
- Development and roll-out of a TVET knowledge management system to match required skill sets with available industry demand, to be operational by 2022

Forte is a method of financing training at no upfront cost to individuals or governments in a way that aligns incentives. The approach is ideal for countries in which governments and individuals are financially constrained.

Forte has conducted detailed market research and needs assessments to build an implementation plan for both reskilling and upskilling in Saint Lucia. The focus of the Forte programme will be on hospitality training and digital skills, with possible future concentration on jobs aligned with the green and blue economies. The programme will train 500 individuals by the end of 2022, split into four cohorts of 125 participants across digital skills and hospitality management. The focus is on training disadvantaged individuals who are currently paying no or negligible income tax.

These training initiatives will be financed through an innovative public-private partnership model with the objectives of diversifying the economy, establishing Saint Lucia as a tech hub and cementing the country's position as a premier tourist destination while feeding into the SDGs. The initial financing of $5 million will be provided by private foundations, family offices (private wealth management firms specializing in very high net-worth individuals) and impact investors. In return for financing this training, these entities will receive a portion of any increase in income tax revenues attributable to the reskilled individuals for a few years post-training.

Forte is in discussions with the EC to determine if the qualifications achieved by training participants in the programme can qualify towards the CVQ and NVQ targets, thereby ensuring full disbursement of the €6 million performance-based grant to Saint Lucia's Treasury.

High-level action plan

- Sign agreement: Government to sign partnership agreement with Forte to train up to 500– 600 individuals
- Identify training: Forte has already identified suitable high-quality training partners, formed partnership agreements with them and secured investment to finance the training
- Selection: Forte, government and training providers will work to identify the conditions and requirements for individuals to be accepted into this training, including inputs from Saint Lucia's Labour Market Needs Assessment Survey
- Launch: Begin the training and ensure that the reporting of outcome metrics is included as an agreement with the training institutions
- Align targets: Forte and EC to align targets to ensure they feed into the TVET policy and strategy, and endeavour to establish partnerships with other development finance institutions (DFIs), bilaterals and NGOs – e.g. Prince's Trust International, Caribbean Climate Smart Accelerator (CCSA), etc. – working on or funding reskilling or upskilling programmes in Saint Lucia and the Caribbean region
- Secure jobs: Forte is already working to secure good jobs for reskilled individuals and plans to continue doing so over the life of the programme

By supporting these reskilling and upskilling programmes, the government can provide targeted and relevant training opportunities without the need to tap into its own fiscal budget. For example, the Forte model, aligned with the EC performance-based grant to Saint Lucia's Treasury, would allow the government to support training using a portion of future tax revenues it would not have otherwise had. The government would also capture the full benefit of reskilled workers – both their taxes and economic potential – beyond the repayment period. The plan would be for this model to be piloted in Saint Lucia for regional and SIDS-wide expansion.

3.3.2 Renewable energy, linked to the regional infrastructure fund

Solutions for transitioning into greater energy security, improving trade balance and creating job opportunities

SIDS in the Caribbean, including Saint Lucia, are reliant on centralized electricity systems powered predominantly by fossil fuels that deplete their foreign exchange. As noted earlier in this report, Saint Lucia is highly dependent on external resources to meet its energy demands, resulting in relatively high electricity costs for citizens and new and existing businesses, and inhibiting Saint Lucia's sustainable economic growth.[24]

Investing in the shift towards renewable energy for the country will increase energy security, which will bring greater:

- Self-sufficiency, enabling the country to better meet its current and future energy demand
- Equity, through greater affordability, availability and accessibility
- Environmental sustainability, where local renewable energy resources enable affordable energy costs, thereby stimulating socioeconomic development while also ensuring the well-being of the environment

The 20-year National Energy Transition Strategy (NETS), developed by the Saint Lucia Electricity Services (LUCELEC) and the Government of Saint Lucia in 2016, concluded by recommending a portfolio mix of utility-owned solar, distributed solar, wind and diesel, together with energy storage,

as offering the best economics for Saint Lucia. Economic modelling indicated a 10% rate relief for customers within 20 years and greater stability in electricity price volatility. Of the six scenarios run in formulating the NETS, this recommended portfolio mix would require a 20-year incremental capital cost of 630 million Eastern Caribbean dollars (XCD) (approx. $233 million),[25] with overall societal value of XCD 210 million (approx. $78 million).[26]

For Saint Lucia, the Caribbean region and other SIDS, greater investment in renewable energy is an opportunity to improve the trade balance and increase energy security, while also investing in climate-resilient infrastructure. Investing in renewables – and particularly distributed energy resources (DER) – could also be used as an opportunity to recover jobs in the post-pandemic period.[27] See Table 4 for a summary of the CFR discussions on renewable energy.

TABLE 4 **Renewable energy for greater SDG financing**

Barriers addressed	SDG and MTDS alignment	Government stakeholders
Vulnerability to climate change, natural disasters and external shocks Limited access to concessional finance Debt burden Low economic resilience Over-reliance on imports Unrealized regional potential	MTDS: Adaptation for environmental sustainability, climate change and disaster vulnerability SDGs  Nationally determined contributions (NDCs), Paris Agreement S.A.M.O.A pathway	Department of Economic Development Department of Finance Ministry of Infrastructure, Ports, Transport, Physical Development and Urban Renewal National Integrated Planning and Programme (NIPP) Unit Saint Lucia Electricity Services – LUCELEC

Currently, there are several initiatives working towards the expansion of renewable energy development in Saint Lucia and the region – including addressing key bottlenecks to unlock greater investment. CFR multistakeholder consultations have uncovered several recurring themes – mainly, the need to attract private investors with a bankable pipeline of projects and programmes with potential to be scaled; and the role that government, regional entities, development partners and donors can play to encourage and de-risk greater investment at the country and regional level. This links closely with the **regional infrastructure fund** solution, which aims to pool efforts and resources, including from the Citizenship by Investment Programme (CIP), to create scale and efficiencies at the regional level to attract greater investment in infrastructure development across the Caribbean region.

Table 5 highlights the key renewable energy initiatives that came out of CFR discussions and are relevant not only to Saint Lucia but also to the wider Caribbean region.

TABLE 5 | **CFR renewable energy initiatives**

Organization	Initiative
Caribbean Export Development Agency and the Caribbean Association of Investment Promotion Agencies (CAIPA)	The Caribbean Export Development Agency is the only regional trade and investment promotion agency in the African, Caribbean and Pacific (ACP) group, serving the 15 states of the Caribbean Forum (CARIFORUM). It serves as the Secretariat for CAIPA to facilitate the collaboration of regional investment promotion agencies (IPAs), with an emphasis on activities best undertaken at regional or sub-regional rather than national levels. CAIPA supports its members in the execution of their investment promotion mandates and seeks to promote the Caribbean as the place for investment in strategic priority sectors such as outsourcing, high-tech agriculture, renewable energy and hotel and resort development. In collaboration with the Caribbean Export Development Agency, CAIPA is currently developing a **Caribbean Project Preparation and Investment Platform (CPPIP)** to attract equity investment into strategic sectors such as renewable energy. Under the CPPIP, investment opportunities will be packaged together, aggregating opportunities across the Caribbean region into investment deals that will be showcased to global retail, institutional, diaspora and individual investors. This project is being promoted in Saint Lucia to private-sector firms in collaboration with Invest Saint Lucia.
Caribbean Climate-Smart Accelerator (CCSA)	The Caribbean Climate-Smart Accelerator (CCSA) is a non-profit designed to encourage and accelerate priority initiatives towards a Climate-Smart Zone, delivering resilience, social development and broad-based economic growth for the Caribbean. Bringing together Caribbean governments and private impact investment and multilateral financial institutions, it is designed to help transform the region's economy by fast-tracking sound public and private investment opportunities that support climate action and economic growth through sustainable development. The CCSA's work revolves around four core pillars: 1. Creating a clear roadmap to assist the region in shaping, funding and meeting the goal of becoming climate-smart 2. Fostering energy independence by achieving 90% renewable energy for all Caribbean countries by 2035 3. Supporting the Caribbean's implementation of "30 x 30" while maximizing benefits from nature-based solutions and financial instruments 4. Supporting the limiting of warming to below 1.5°C by adding 1.5% new green jobs to transform the region's economy and build its physical and economic resilience The CCSA's Caribbean Blended Finance for Resilience Fund (CBFR) was conceptualized during the 2019 Island Resiliency Action Challenge (IRAC), where it was voted the best solution to address one of the most critical issues impeding the transition to resilient and sustainable energy in the Caribbean region – the lack of access to appropriate financing. As the executing agency of the CBFR, the CCSA is already working on the development of a regional blended financial instrument for sourcing equity, impact investment, mezzanine, debt and a risk mitigation window for climate-resilient infrastructure projects, with a focus on sustainable energy. The purpose of the CBFR will be to promote energy security, resilience, environmental sustainability and social inclusion, and to contribute to stable and sustainable energy prices in the Caribbean by encouraging equitable investment and entrepreneurship in clean energy. It will aim to support both public- and private-sector climate-resilient infrastructure investments and recovery.

Organization	Initiative
	The Caribbean Development Bank, via the Canadian Support to the Energy Sector in the Caribbean (CSES-C) fund – and as a participant and co-sponsor of the IRAC challenges within the Caribbean Renewable Energy Forum (CREF) – has committed to funding the development and investor roadshows of the CBFR. The procurement process to develop the CBFR structure was launched in June 2021.
NIPP and the United Nations Office for Project Services (UNOPS)	Housed within Saint Lucia's Ministry of Finance, the NIPP unit was established in August 2018 and is responsible for defining the overarching vision and strategy for the development of the national infrastructure agenda. UNOPS provides technical support to the NIPP unit, together with the University of Oxford. Among other outputs, this team has co-developed the **National Infrastructure Financing Strategy (**NIFS**)** for Saint Lucia. Central to NIFS is the **Sustainable Infrastructure Financing Tool (SIFT)**. SIFT includes a process designed to assess a country's national infrastructure pipeline and identify potential infrastructure financiers for projects filtered using sustainability criteria to ensure alignment with national priorities and the SDGs. Through extensive consultations with the Government of Saint Lucia, and guided by the in-depth analysis conducted with SIFT, a final list of six focus projects were selected, including one for "Distributed Small-Scale Solar PV". The NIFS is set to be launched in 2021 and will form the basis for work to accelerate the financing of sustainable infrastructure in Saint Lucia. Following cross-ministerial capacity development, SIFT is being used by government officials to continue the legacy of work in this area and respond to emerging needs.
Rocky Mountain Institute (RMI), Islands Energy Program	The RMI's Islands Energy Program is partnering with island nations to transition to resilient, distributed clean energy sources that benefit all. To date, it has facilitated 12 clean energy projects, representing close to $200 million in leveraged public-private sector financing, from conception to commissioning in the region. Currently, RMI is putting together a targeted strategy to finance distributed smart energy companies and create lasting change in project development and access to capital markets in the **Caribbean via the Caribbean Climate Smart Fund (CCSF)** initiative, with two related but separately managed components: – **CCSF development facility** (managed by RMI): Creating a financially sustainable project preparation facility with multiyear funding and a permanent development team to build a strong project pipeline – **CCSF investment fund** (managed by Lion's Head Global Partners – LHGP): Specialist debt fund to invest in projects coming out of the CCSF development facility across utility, independent power producer (IPP), community and other projects and catalysing third-party investment RMI/CCSF has identified an approximately **$1 billion pipeline** in clean energy investments for the region – of which **$650 million** has been prioritized to bring to market. Remaining projects are still at concept stage. Approximately **$80 million** of these near-term investments are solar, battery storage and wind projects in Saint Lucia that were identified in the NETS process.

Organization	Initiative
International Renewable Energy Agency (IRENA)	The **SIDS Lighthouses Initiative (LHI)** is a framework for action to support SIDS in the transformation from dependence on predominantly fossil fuels to renewables-based and resilient energy systems, including: nationally determined contribution (NDC) enhancement and implementation support; policy, regulatory and technical advisory services; capacity-building for local policy-makers, utilities and private-sector financing institutions; support on grid stability, resource assessment, roadmap analyses as well as on project facilitation; support for access to affordable finance; and a platform to share information, knowledge, lessons learned and best practices. SIDS LHI is currently undertaking several initiatives relevant to the country and region: A rooftop solar simulation analysis that evaluates the prospects for generating electricity using rooftop-mounted solar photovoltaic (PV) systems in Saint Lucia. The findings will serve as the basis for energy planning and provide input for the enhancement and implementation of the country's NDC – and can be used to create actionable and realistic policy and economic solutions for planned solar interventions in Saint Lucia that consist of utility scale and distributed systems – IRENA also plans to assess the deployment conditions, monitor progress and identify areas where targeted assistance could accelerate the transition to renewables in Saint Lucia – In the region, SIDS LHI has prioritized support for building the capacities of and sharing knowledge with stakeholders in accelerating energy transition and climate action through development of bankable projects, fostering access to finance, closer cooperation with the private sector and strengthening climate resilience and disaster recovery efforts – The Renewable Energy Project Finance and Power Purchase Agreements (PPAs) for Small Island Developing States (SIDS) workshop will be conducted to target government representatives, regulators and utilities and ensure that participants are equipped to negotiate bankable renewable energy PPAs that facilitate private-sector investment in renewable energy and secure good value for power consumers – The Climate Investment Platform (CIP), launched by IRENA together with Sustainability for All (SEforAll) and UNDP, in cooperation with the Green Climate Fund, aims to draw on partnerships to provide integrated and streamlined support to scale climate action and translate the energy component of national climate targets in their NDCs into concrete investments – The "IRENA for CIP" component is demand-driven to facilitate the development and scale of renewable energy projects through tailored technical assistance to member states of IRENA. To benefit from this assistance, project proponents can register their projects on the platform to be considered for technical assistance and project facilitation support to reach commercial feasibility readiness for financial matchmaking – A Caribbean Investment Forum is being planned together with the CIP to leverage both the ability of decision-makers to produce robust enabling environments for energy transition investments and the capacity of developers to prepare bankable projects and access to sustainable finance. It will provide an opportunity for matchmaking project ideas and proposals with the technical support required to attract private investment and capital

Table 5 provides a snapshot of several initiatives along the renewable energy enabling environment and investment value chain that stakeholders in Saint Lucia and the region could consider supporting and coordinating.

FIGURE 7 **Renewable energy investment value chain**

Strategy: Assessment and support of national and regional energy transition strategies, including cost/benefit and technical analysis. This is currently being supported by entities such as IRENA, RMI and UNOPS.

Project preparation: Address some of the key bottlenecks in identifying and preparing bankable projects to build a robust and commercially attractive pipeline. Currently, entities such as the Caribbean Export Development Agency, CAIPA, RMI and UNOPS are providing this support.

Capacity-building and funding: Support in capacity-building and fund identification to get opportunities to the bankable/implementable stage. IRENA, RMI and UNOPS conduct capacity-building of various stakeholders.

Pipeline aggregation: Aggregation of potential pipeline/investments across the region to attract new sources of financing, particularly from the private sector. Large commercial banks exploring investing in the Caribbean region's energy transition would be seeking both financial and non-financial de-risking support, e.g. aggregation of portfolios across countries, rather than on a country-by-country basis – something that regional entities such as CAIPA can support/coordinate – as well as financial mechanisms or structures (e.g. with credit guarantees or first loss) provided by development partners and donors active in the region.

Financing: Several regional (blended) investment fund proposals identified during the CFR process are being structured to bring together concessional DFI and donor funds with private financing to boost clean energy investments. Funds include the CCSA Caribbean Blended Finance for Resilience Fund and the Caribbean Climate Smart Investment Fund, to be managed by LHGP.

Next steps

Currently, a pipeline of $80 million for Saint Lucia identified by the NETS process is to be targeted by the Caribbean Climate Smart Fund (CCSF) initiative (see Table 5, under RMI Islands Energy Program). Achieving scale, impact and sustainability is the goal and will require greater coordination and finding synergies across stakeholders and funds to ultimately achieve the transition into greater energy security.

A more in-depth mapping via a follow-up investigation to identify gaps, overlaps and areas of alignment – in particular among DFIs and donors to ensure that proposed regional investment funds are implemented and coordinated to successfully expand this niche market – would be a much-needed initiative for the country and region, and serve as a blueprint for SIDS.

Putting together a successful and scalable regional investment fund for renewable energy could also serve as a blueprint for investments in the other key low-carbon competitiveness solutions identified by the CFR: phasing out incandescent light bulbs and nurturing sustainable transport (e.g. switching to electric vehicles) to speed up Saint Lucia's transition to sustainable mobility and tourism.

4 Conclusion

The CFR has provided an important basis for the Government of Saint Lucia to advance initiatives to meet its SDG financing gap, working collaboratively with private-sector players.

Importantly, the CFR also serves as a reference point to investors – private and institutional – seeking opportunities in SIDS such as Saint Lucia. Once implemented, the solutions proposed should serve to enhance the positive enabling environment for investment that Saint Lucia is working towards, as well as help reduce the risk perception that investors typically have when investing in similar markets.

The CFR presents a unique opportunity for the government to lay down a clear marker of its key priorities in meeting the SDG targets, as well as provide a concise roadmap of efforts to unlock private-sector finance at scale. Achieving this will require collaboration between the government and key players, including the private sector, development partners and other domestic, regional and international organizations. Such collaboration will help crystallize the solutions further into concrete action plans and institutional arrangements.

SDIP, in partnership with the Government of Saint Lucia, aims to further propel forward the solutions identified so far as part of the CFR process – to expand the investable foundation that Saint Lucia is seeking to create together with other countries in the Caribbean region. With Saint Lucia as the pilot country, the CFR also serves as an important launchpad to apply these types of solutions and approaches to other countries in the Caribbean region as well as SIDS throughout the world.

To that end, as the next steps, SDIP plans to work with the Government of Saint Lucia and regional organizations to host a series of discussions on the two or three solutions that have near-term momentum, to fulfil the main purposes of the CFR: foster further alignment among the diverse set of players identified; reduce inefficiencies as far as possible to produce a more supportive ecosystem; and mobilize financing towards meeting Saint Lucia's sustainable development priorities.

Appendix A

Details of the solutions presented at the second CFR roundtable in December 2020

Foundational solutions

1. Finance mobilization team
Establish a team in charge of fast-tracking prioritized investments through to completion to respond to the lack of a centralized planning function for attracting and prioritizing investment opportunities that have a focus on implementation.

The absence of an integrated effort on national development planning and coordination between different ministries has resulted in compartmentalized efforts to address the environmental, social and economic challenges. Saint Lucia has started to address this issue, establishing a Performance Management and Delivery Unit (PMDU) within the Office of the Prime Minister, with the express mandate of ensuring targets established under the Medium-Term Development Strategy (MTDS) are ultimately achieved. A centralized planning process unit specifically focused on attracting investment that will also monitor progress towards targets will enable stakeholders to focus on implementation instead of reporting performance individually. This team would, ideally, work closely with various ministries, Invest Saint Lucia and Saint Lucia's Chamber of Commerce.

Saint Lucia is working towards improving its investment environment to provide clarity for investors and funders on their returns and impact, so they have confidence that returns will be both secure and attractive. A proposed finance mobilization team could work with investors and across the government (including closely with Invest Saint Lucia) to help investors navigate the process.

2. Investment data systems
Participants from the private sector and development finance community agree on the importance of enhanced quantitative data and information management capabilities, and the development of an integrated management-information system for key sectors of the economy.

Investments are required not only to deliver an interoperable management information system, but also to develop common interfaces for data-sharing and procedures to maintain, store and protect digital data, along with securing the necessary human and technical resources.[28]

Currently, Saint Lucia shares various types of government data through an online portal managed by the Department of Public Service. Saint Lucia will eventually need a centralized web platform management system that goes beyond what is currently available. This platform would need to incorporate budget data and comprehensive statistics, including disaggregated data on direct and indirect contributions of trade in tourism services, as well as environmental and social costs and benefits.

Providing open access to reliable and timely data will help investors and financiers find information that enables them to have confidence in their investment planning and due diligence.

Improvements in investment data systems could also significantly enhance the government's planning capabilities.

3. Digitalization
Digitalization entails significant investments in resilient digital infrastructure to help Saint Lucia leap ahead in its technological development.

Investment in information and communication technologies (ICTs) has discernible impacts on sustainable development and the economy in SIDS and can help to improve healthcare, monitor the climate, enhance disaster management, expand online learning opportunities, extend financial inclusion and more.

Saint Lucia already has high mobile penetration and the private sector invests $30–50 million each year in network improvements.[29] The government is focused on improving access to its services through digital channels and improving trade data availability through the Digital Government Integrated Services Platform (digiGov) programme. Greater digitalization would attract further investment and help address gaps in infrastructure, which would improve capacity and access to higher-speed mobile and data services across the country.

Investments in connectivity directly contribute to gross domestic product (GDP) in many SIDS and produce indirect impacts that enable innovation and entrepreneurship.[30] While mobile penetration in Saint Lucia is already greater than 100% (meaning some have more than one cell phone), fixed broadband penetration is low – less than one-quarter of the total population.[31]

Improving connectivity for consumers and businesses is a foundational part of unlocking the transition to a green knowledge economy. Improvements to broadband internet penetration and data coverage across the country would support more communities to access the digital economy, expand the areas suitable for tourism infrastructure and help government to collect data more reliably across the country.

Economic resilience

4. Labour reskilling
(See section 3.3.1 for in-depth elaboration.)

5. Blue Recovery Hub
Tourism, fisheries and other ocean economy sectors are the backbone of most SIDS economies and have been acutely affected by the COVID-19 crisis. Restarting these sectors on a more sustainable and resilient footing will need to be a priority in post-pandemic recovery efforts. Access to fast and effective support from the international development community will be vital to ensure a sustainable recovery.

One solution put forward during the CFR process was to explore Saint Lucia as a pilot country for an OECD-Friends of the Ocean Action Blue Recovery Hub (BRH) initiative to support and accelerate blue economy growth in a sustainable and resilient way.

BRHs would aim to mobilize support from the international community and ocean economy stakeholders around a common investment framework comprised of capital investment, technical assistance and partnership generation. It would include:

- Supporting the government in implementing a resilient recovery that can enhance the long-term sustainability of existing ocean economy sectors, as well as generating new, sustainable opportunities for economic diversification that act as an SDG multiplier across economic and social areas
- Promoting innovations and piloting solutions in areas such as sustainable tourism, biotechnology and waste management, renewable energy, sustainable and traceable fisheries, and ways to integrate ocean conservation with revenue-generating activities
- Encouraging the development and implementation of innovative financing mechanisms and instruments, including climate and ocean debt relief schemes, blue bonds and blue social impact bonds, and insurance schemes and international cost-sharing mechanisms for the conservation of ocean assets
- Providing opportunities for mutual learning, exchange and support across the Caribbean and SIDS globally

6. Regional infrastructure fund
(See section 3.3.2 for in-depth elaboration.)

Low-carbon competitiveness

7. Energy efficiency through initiatives such as phasing out incandescent light bulbs
Saint Lucia remains highly dependent on external resources, particularly to meet its energy demands. Import costs lead to relatively high electricity costs in Saint Lucia, and energy bills are a large portion of Saint Lucians' average incomes and a significant cost for business owners.

The government has developed a strategy to reduce energy imports. The National Energy Transition Strategy (NETS) suggests investing in a portfolio mix of utility-owned solar, distributed solar and wind, while relying on existing diesel generation together with energy storage to eventually phase out Saint Lucia's predominant reliance on diesel electricity generators.[32] The country's long

dependence on imported fossil fuels has significant implications for its socioeconomic and physical environment and exposes Saint Lucia to energy market volatilities.

Investments in energy efficiency would reduce Saint Lucia's emissions and provide cheaper electricity, which would reduce operational costs for local businesses by lowering fixed expenses and improve household spending power through reduced residential electricity costs. This would cascade benefits through the economy. For example, Saint Lucians would have greater purchasing power, and hotels and resorts could offer more attractive pricing relative to competitor destinations. Improved pricing, along with Saint Lucia's efficient response to COVID-19 in protecting tourists, could become the cornerstones of Saint Lucia's tourism marketing strategy.

In the Philippines, replacing 1 million incandescent bulbs with compact fluorescent lamps (CFLs) at a cost of about $1 million saved up to 50 megawatts (MW) of power – or the equivalent of building a $50 million power station. The Philippines was the first Asian country to phase out incandescent bulbs – which it achieved by 2010. The Asian Development Bank (ADB) financed part of a $46 million project to distribute more than 10 million CFLs and change most traffic lights to light-emitting diodes (LEDs). According to the Department of Energy of the Philippines, this strategy alone saved about 200MW of power in 2009–2015.[33]

8. Renewable energy
(See section 3.3.2 for in-depth elaboration.)

9. Sustainable transport
As Saint Lucia's energy portfolio moves towards greater renewable generation, the government may consider specific solutions to meet its sustainability goals. Electrifying government-owned fleets and public transport is one such measure that can demonstrate feasibility and encourage further development in the private sector as detailed in a recent assessment conducted by the Rocky Mountain Institute in Saint Lucia.[34]

Investments in electrifying public transport have high impacts relative to private vehicles, and public transport vehicles are operational for 12–15 hours each day, ensuring much greater use than private vehicles.

By spearheading and incentivizing the use of electric vehicles, the government can encourage private-sector uptake. The government, along with private investors, can play a critical role in developing infrastructure – such as charging networks – and attracting low-cost financing for capital investments into new vehicles.

B

Appendix B

Cost calculations of the solutions presented at the second CFR roundtable in December 2020

As part of the CFR initiative diagnostic phase, it was estimated by Delivery Associates that the nine solutions would require total capital investment of $120–390 million, covering multiple specific projects over the next 10 years, with more (unsized) investment opportunities available for major flagship investments:

- Investable projects in labour reskilling, energy efficiency, and blue and ocean economy solutions offer near-term opportunities
- These estimates do not include projects such as expanding broadband or energy infrastructure

It was noted that once these projects reach scale, they could generate direct economic contributions to Saint Lucia in the range of $32–85 million per year through to 2030, with magnitudes more in indirect economic contributions:

- Direct economic benefits, of around $20–45 million per year, include reduced debt burden, increased tax revenues and fuel savings, plus $12–39 million in annualized investment inflows
- This does not include potential returns to investors, which are not sized
- In addition, (unsized) indirect benefits would accrue from increased foreign investment, improved connectivity and a reskilled workforce

It was also noted that the solutions would require $5–12 million in incremental operating expenditures from the government:

- While Saint Lucia's government budget is constrained, this expenditure could unlock major investments
- Many solutions would have no incremental operating costs to government

There figures were high-level estimates based on preliminary research and interviews with stakeholders to give a sense of magnitude for the level of investment required and facilitate a dialogue for action. Preliminary assumptions used to calculate figures are noted in Appendix C.

TABLE B1 | **Estimated investment need and potential economic opportunities through 2030**

Foundational solutions Saint Lucia's efforts to attract investments and implement the solutions identified require solid foundations to encourage an enabling environment	**Finance mobilization team** CapEx: $300,000-–400,000 OpEx: $2.5–4.9 million	**Investment data systems** CapEx: $300,000–500,000 OpEx: $1.7–3.4 million	**Digitalization** CapEx: more than $10 million* OpEx: minimal
	Opportunity: Delivering the three foundational solutions can generate increased FDI. A 10% increase could be worth more than $10 million per year*		
Economic resilience Increasing Saint Lucia's economic sources, promoting gender inclusion and building long-term sustainable economic resilience	**Labour reskilling** CapEx: $15–105 million OpEx: $1.5–3 million Opportunity: $7–18 million per year by 2030		**Regional infrastructure fund** CapEx: $1–5 million+* OpEx: minimal Opportunity: $10 million+ p.a. by 2030*
Low-carbon competitiveness Increasing competitiveness and creating the fiscal space for new investments through the reduction of energy and operational costs	**Energy efficiency** CapEx: $20–25 million OpEx: $250,000–600,000 Opportunity: $7–9 million per year by 2030	**Renewable energy** CapEx: $67–192 million OpEx: minimal Opportunity: $4–6 million per year by 2030	**Sustainable transport** CapEx: $20–65 million OpEx: minimal Opportunity: $3–14 million per year by 2030

* Directional estimate of magnitude only, not included in totals.

Appendix C

Cost calculations, detailed methdology

TABLE C1 **Summary of cost calculations**

	Low	Mid	High
Total CapEx	$122,526,626	$257,876,400	$393,226,173
Total OpEx	$5,888,853	$8,861,598	$11,834,343

Formula
Input

		Estimate $			Calculations				
		Low estimate	Mid estimate	High estimate	Formula to estimate cost	Inputs	Low value $	High value $	Notes/sources
Foundational solutions									
Finance mobilization team	CapEx	$280,846	**$327,653**	$374,461	CapEx: FDU set up costs	FDU one-off set-up costs	$280,846	$374,461	"Classified as CapEx. High: PMDU set-up costs (XCD 1,012,000) Low: 0.75 PMDU set-up costs"
	OpEx	$2,447,175	**$3,670,763**	$4,894,350	Incremental OpEx to government: annual FDU operating cost *years of operation)	FDU annual operating costs	$244,718	$489,435	"Classfied as OpEx. High: PMDU operating costs (XCD 1,322,725) Low: 0.5 PMDU operating costs"
						Years	10	10	
Investment data systems	CapEx	$287,231	**$384,038**	$480,846	CapEx: data system CapEx set-up costs	Data system CapEx set-up costs	$287,231	$480,846	"Classified as CapEx: High: 0.75 PMDU set-up costs (smaller unit) plus $200k in CapEx (internal DA estimate) Low: 0.5 PMDU set-up costs (much smaller unit) plus $100k in CapEx costs (internal DA estimate)"
	OpEx	$1,718,305	**$2,577,458**	$3,436,610	Incremental OpEx to government: (annual staff operating costs + non-staff operating costs) * years of operation	Annual staff operating costs	$146,831	$293,661	"High: 0.6 PMDU operating costs (0.3 x XCD 1,322,725) Low: 0.3 PMDU operating costs"
						Annual non-staff operating costs	$25,000	$50,000	Estimate based on subscriptions, maintenance, server costs for a simple national data dashboard based on delivery associates' experience
						Years	10	10	
Digitalization	CapEx	$10m+							Annual private-sector network investments were $30–50 million in 2015–2018 (per ECTEL Annual Electronic Communication Sector Review 2019). We estimate that digitalization for Saint Lucia would include, at minimum, $10 million+ CapEx
	OpEx	–	–	–					No incremental OpEx required to government budgets

		Estimate $			Calculations				
		Low estimate	Mid estimate	High estimate	Formula to estimate cost	Inputs	Low value $	High value $	Notes/sources
Economic resilience									
Labour reskilling	CapEx	$15,281,250	**$60,328,125**	$105,375,000	CapEx: average funding per student * no. of new students per year * % of funding from investors * % of students funded by investors * years) + one-off upfront costs) Incremental OpEx to government: (annual operating costs * years)	Average funding per student (govt. + fees)	$3,000	$4,000	Classified as CapEx. SALCC receives XCD 7,889 per student from govt; Education Statistical Digest, 2019; students pay up to XCD 3,000 in fees
	OpEx	$1,468,500	**$2,202,750**	$2,937,000		No. of new students per year	2,000	3,500	Estimate based on Education Statistical Digest, 2019
						% of per-student funding from investors	50%	75%	Estimate range
						% students funded by investors	50%	100%	Estimate range
						One-off upfront costs	$281,250	$375,000	Classified as CapEx. Set-up costs based on 8–10 person government department
						Annual operating costs	$146,850	$293,700	Classified as OpEx. Operating costs based on 8–10 person government department
						Years	10	10	
Regional infrastructure fund		$1,000,000	**$3,000,000**	$5,000,000	CapEx: data system CapEx set-up costs Incremental OpEx to government: (annual staff operating costs + non-staff operating costs) * years of operation				Set-up cost estimated in professional fees for set-up, assuming these are not paid for based on later fund returns. For context of fund size, ASEAN Infrastructure Fund has paid equity of ~$480 million from member countries, with a further $2.5 billion from investors

		Estimate $				Calculations			
		Low estimate	Mid estimate	High estimate	Formula to estimate cost	Inputs	Low value $	High value $	Notes/sources
Low-carbon competitiveness									
Energy efficiency	CapEx	$20,389,800	**$22,655,333**	$24,920,867	CapEx: residential CapEx + commercial CapEx + hotel CapEx + streetlights CapEx OpEx: administration, marketing, and other costs	Residential efficiency cost	$13,986,000	$17,094,000	"Saint Lucia National Energy Transition Strategy XCD 63 million CapEx over 15 years * 10/15 years +/-10% range"
	OpEx	$254,873	**$410,628**	$566,383		Commercial efficiency cost	$2,599,800	$3,177,533	XCD 11.7 million CapEx over 15 years * 10/15 years +/-10% range
						Hotel efficiency cost	$1,608,000	$1,965,333	XCD 7.25 million CapEx over 15 years * 10/15 years +/-10% range
						Streetlight efficiency cost	$2,196,000	$2,684,000	XCD 6.6 million p.a. for four years, +/- 10% range
						Proportion of programme allocated to programmme costs	1%	3%	Per NETS estimate of 7.5% of programme costs, with government assumed to cover 25% and the rest covered by LUCELEC
Sustainable transport		$1,000,000	**$3,000,000**	$5,000,000	CapEx: data system CapEx set-up costs Incremental OpEx to government: (annual staff operating costs + non-staff operating costs) * years of operation	Cost of electric vehicle	$73,500	$98,000	"High: cost of new electric minibus ($50k) plus import costs ($3k) and taxes (import duty, excise tax, VAT, service charge) ($45k) Low: 0.75 of above"
						Total no. of public transport vehicles	1,000	1,300	Performance Management and Delivery Unit
						Proportion of vehicles replaced in timeframe	25%	50%	Estimate range
						Average charger infra cost per new vehicle	$1,250	$1,500	Government of Saint Lucia Electric Vehicle Report
						number of new vehicles	250	650	
Renewable energy	CapEx	$66,600,000	**$129,500,000**	$192,400,000	Estimated cost range for optimal DER solutions, according to National Energy Transition Strategy (2017)		$66,600,000	$192,400,000	Saint Lucia National Energy Transition Strategy
	OpEx								

Source: Delivery Associates.

D

Appendix D

Country Financing Roadmaps: country-led and action-oriented

The consequences of the COVID-19 pandemic for developing countries and emerging markets have been far-reaching. Since March 2020, 100 million more people have been pushed into extreme poverty, with many countries facing increased pressure on their social infrastructure and economies. Moreover, there is an increased burden of debt distress due to credit-rating implications and reduced access to sources of capital such as foreign direct investments (FDI).

The Country Financing Roadmap (CFR) platform - devised and managed by the Sustainable Development Investment Partnership, a joint initiative between the World Economic Forum and the Organisation for Economic Co-operation and Development (OECD) - is a joint country- and private sector-led initiative to formulate actions and innovations needed to create and de-risk opportunities for financing for sustainable development priorities using an impartial, multistakeholder approach.

CFRs leverages a strong network of key players across the investment value chain. In addition to expert and industry networks at the World Economic Forum, they convene knowledge and insights from private investors, financiers, asset managers, pension funds, donor organizations, development finance institutions and philanthropic foundations to deliver and mobilize an action plan for finance and investment.

The primary power of the CFR is in facilitating cooperation between mainstream investors, domestic decision-makers, innovators, donors and country leadership to unlock financing opportunities at scale, generate and accelerate regional opportunities for sustainable investments, and serve as a blueprint to replicate and scale across regions.

Turning recommendations into action

The CFR framework builds on recommendations advanced by international fora such as the Inter-Agency Task Force on Financing for Development, the G20 Eminent Persons Group and the World Economic Forum's Global Future Council on Development Finance.

Five pillars of the Country Financing Roadmaps

1. **Country-led:** An impartial platform raising awareness of the conditions needed for ground-level, in-country investments.

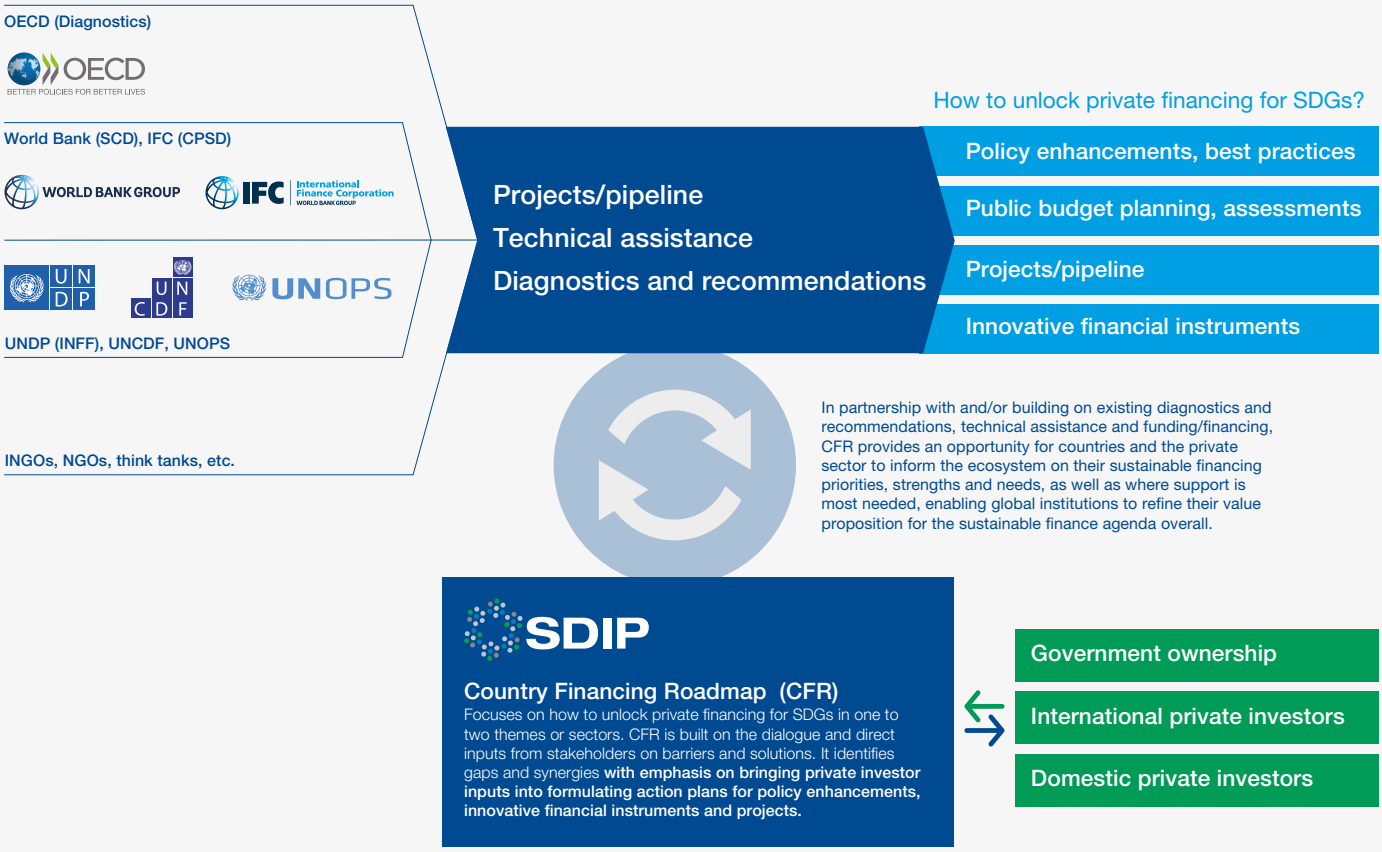
2. **Systems-change approach:** Foundation for scaling up regional and thematic financing agendas for greater impact, creating alignment for a diverse and supportive network and ecosystem to mobilize national development priorities.

3. **Private capital:** Inspires greater private-sector participation in sustainable development, building public-private consensus on the way forward, by involving the foreign and domestic private sector in shaping financing opportunities.

4. **Action orientation:** Catalyses concrete action and merges diverse voices to unlock sources of capital, reduce inefficiencies and break down silos.

5. **Replicable:** Serves as a blueprint for replication across other countries and regions; flexible and adaptable to prioritize country needs and leadership.

FIGURE D1 | How the CFR contributes to the broader SDG financing ecosystem



Source: SDIP.

About SDIP

Launched in 2015, SDIP is a global platform of 43 public, private and philanthropic institutions with the shared ambition to scale finance for meeting the sustainable development goals in developing countries and emerging markets. As a joint initiative of the World Economic Forum and the Organisation for Economic Co-operation and Development (OECD), SDIP's mission is to address the systemic challenges to SDG financing by creating the conditions for capital to flow where it is needed most. SDIP membership encompasses governments, multilateral development banks, development finance institutions, foundations, asset managers, investment funds and pension funds. SDIP is financially supported by the European Union and DANIDA.

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