

## Joint SDG Fund – Component 2 – SDG Financing

Template for the Joint Programme Final Progress Report (preparatory funding)

**Purpose:** to provide the UN Joint SDG Fund’s donors with evidence that preparatory funding provides good value for money - so that we can continue allocate resources to your programming.

**Instructions:** be succinct and to the point; emphasize only results and issues that you want to bring to the attention of the Fund; do not go over the max number of pages.

**Deadline:** January 31<sup>st</sup>, 2021

### Cover page

**Reporting period: June 30 – December 30, 2020**

**Country:** Barbados, Grenada and St. Vincent and the Grenadines

**Joint Programme (JP) title:** Blue Invest: A Facility for Caribbean SIDS’ Financial Expansion

**Short title:** Blue Invest TAIF

**List of PUNOs:** UNDP, UNEP, FAO

**RC (name):** **Didier Trebucq**

**Representative of Lead PUNO (name and agency):** **Ugo Blanco, UNDP**

**Government JP Focal Point (name and ministry/agency):**

- Barbados: Permanent Secretary, Mr. Annette Weekes, Ministry of Economic Affairs in the Ministry of Finance, Economic Affairs and Investment: [annette.weeke@barbados.gov.bb](mailto:annette.weeke@barbados.gov.bb)
- St Vincent and The Grenadines: Mr. Recardo Frederick, Director of Economic Planning and Sustainable Development Division: [rfrederick@svgcpd.com](mailto:rfrederick@svgcpd.com) ; [recardof@yahoo.com](mailto:recardof@yahoo.com) .
- Grenada: Mr. Titus Antoine, Director of the Department of Economic and Technical Cooperation [titusantoine@detc.gov.gd](mailto:titusantoine@detc.gov.gd)

**RCO JP Focal Point (name):** **Stuart Davis E-mail: [stuart.davies@un.org](mailto:stuart.davies@un.org)**

**Lead Agency JP Focal Point (name):** **Jason LaCorbiniere E-mail: [jason.lacorbiniere@undp.org](mailto:jason.lacorbiniere@undp.org)**

**Budget (Joint SDG Fund contribution):** **\$100,000**

**Budget Expenditures:** **100,000**

**Delivery Rate 100% - Prep Funding Rate (%) =** 
$$\frac{\text{Expenditures PUNO}}{\text{Total transferred funds Jan 2020 to December 2020}}$$
 ;

## Short Description of the Joint Programme (1 paragraph for each section)

*This description will be used to update your country page in our online platform (please scan the website before answering) <https://sdginvest.jointsdgfund.org/proposals>*

The programme will establish The Blue Invest Technical Assistance and Investment Facility (TAIF) to accelerate project implementation of BE projects in Barbados, Grenada and St. Vincent and the Grenadines, in the first instance, and ultimately across the Eastern Caribbean to meet the Agenda 2030 and SDGs. Blue Invest TAIF will tackle financing gaps by supporting the development and financing of a pipeline of existing projects as well as in the future, providing both technical assistance and access to a range of financing options.

*Financial leverage (estimated target in US\$): **USD \$45 million***

### Challenge:

*Explain the key challenge(s) the JP aims to tackle with reference to both development and financing challenges and how they interconnect.*

The project aims to address the following challenges

- Skill and capacity gaps: Limited opportunities for relevant education and training, coupled with major fiscal constraints leads to chronic gaps in the technical capacity of governments to conduct marine research, planning and decision-making.
- Governance and Coordination Challenges: BE initiatives are dispersed and involve different actors in widely diverse sectors. The interrelation between SDG targets in SIDS requires an integrated approach to the BE that strengthens these linkages.
- Limited pipeline of investment-ready initiatives: Shortage of investable projects.
- Financial risk: Investors risk perceptions of BE projects in the Caribbean are high. Country size limits economies of scale and ultimately the returns of BE projects. At the same time, limited experience of public private partnerships (PPPs) reduced the rollout of these investments, and the lack of regulatory capacity deters private investors. Coupled with these, there is a shortage of experience with bond structuring and results-based financing as innovative financing tools is also a constraint.

### Innovation (financial instrument/mechanism/approach):

*Summarize the financial mechanism(s) proposed and why the approach is different from conventional and/or alternative approaches and how it is fit for purpose to address the challenge described above.*

As a leveraging facility, Blue Invest will help governments, development partners and the private sector to have greater access to finance. In the mobilization of additional funds to the BE, the Blue Invest TAIF will place a special emphasis on private commercial funding. Addressing the national skill and capacity gaps and supporting Governance and Coordination, Blue Invest will provide Technical Assistance to originate, incubate and accelerate projects in sustainable fisheries, wastewater management and Marine Protected Areas and advise governments on regulatory aspects. To dismantle the financial barriers and increase the pipeline of investable initiatives, the Facility will deploy a range of de-risking mechanisms for prioritised programmes and projects, including loan guarantees and performance grants, and apply new financial instruments to support investment, including leveraging existing ones and adapting them for the BE project context. Taken together, these elements of the TAIF are unique as it means that there is tailored technical assistance in the phases

before and after the investment, supported by de-risking financial instruments. At the same time, the TAIF will establish a network of funding sources, to include IFIs, DFIs, donors to co-invest in projects or an aggregation of de-risked projects and to crowd-in private commercial debt by contributing to loan guarantee facilities. Applying these solutions at scale, the TAIF will support the establishment of a Robust Blue Economy pipeline of bankable projects in the OECS. The TAIF will create additional financial efficiencies in its role as an aggregator of BE projects, thereby reducing transaction and lowering risks by diversifying the revenue stream profile across three or more projects within a target sector

*SDG Impact:*

*Please describe the development impact the JP aims to achieve. Do not list the SDGs.*

By targeting the Blue Economy which is essential to sustainable development in the Caribbean, the TAIF will improve capabilities across several SDGs. Through its focus on strengthening fisheries and aquaculture, the TAIF will support attainment of targets under SDG2 related to food security and access to adequate nutrition. Supporting programmes in establishing, strengthening and expanding marine protected areas will support achievement of SDG14 targets, contributing significantly to the conservation of key marine biodiversity. Through investments in effective and efficient waste management, water resources management and sustainable use of marine resources, the TAIF will catalyse attainment of SDGs 6 and 12, improving access to potable water and supporting sustainable consumption. The TAIF will also de-risk and support investments in energy production and making tourism – the region’s export engine – more inclusive and sustainable. These investments will help to improve access to sustainable livelihoods and enhance growth prospects, contributing to targets under SDG 8.

*Partners:*

*Please list key partners involved in implementation as well as secured investors. Do not mention more than 4-5 partners. Do not mention generic stakeholders (e.g. Government, private sector), but only specific institutions/partners.*

Caribbean Development Bank  
European Investment Bank,  
Inter-American Development Bank IDB-Lab/Invest  
World Bank  
International Finance Corporation

## Final Progress Report (MAX 3 PAGES)

### 1.1. Progress achieved

Provide brief description of the project's developments, results and achievements during the preparatory phase including 1) financial vehicle design; 2) market assessment; 3) feasibility study; 4) pipeline assessment; 5) legal assessment; 6) investor mapping and matching; 7) others. Please list the names of strategic documents developed (if any).

#### **Financial Vehicle Design**

The project was able to launch the process of assessing and conceptualising the design of the financial vehicle. Through partner engagement with IFI and DFIs, the project was able to formulate and propose a structure for the TAIF, including the institutional arrangements and suggested de-risking tools. This analysis also produced projections for leverage, based on proposed de-risking mechanisms, and disaggregated by investor type.

#### **Market Assessment**

A survey of the prevailing financing mechanisms and available investment opportunities available through the main regional institutions was undertaken to identify market gaps and opportunities.

#### **Feasibility Study**

None

#### **Pipeline**

The project was able to identify, assess and categorise a long-list of projects eligible for the pipeline, some of which are near to be ready-to-invest ones (including 3 with LOIs signed with private investors). The exercise identified an initial pipeline of 15 projects across the three countries and covering fisheries, waste management, marine protected areas and tourism.

#### **Investor Mapping and Matching**

The project completed an assessment of potential partner institutions both private and development agents, identifying already seven development partners (Caribbean Development Bank, European Investment Bank, World Bank, Inter-American Development Bank, New Zealand High Commission, Canadian High Commission and the European Commission) and securing their interest in partnering with Blue Invest TAIF. Other private stakeholders have also expressed their interest on supporting Blue Invest TAIF, including Mirova/Althelia.

#### **Legal Assessment**

The key legal outcome of the project was the articulation of a sustainability framework to ensure the legal status of Blue Invest after project closure. Specifically, the project defined how the TAIF would ensure transition would be facilitated by the establishment of lender agreements as well as agreements with co-guarantors for transfer of risk.

### 1.2. Challenges faced

Did the UNCT face any major challenges in the preparatory phase? Briefly explain the challenges, their impacts, and how you overcame those.

Blue Invest will span three countries – Barbados, Grenada and St. Vincent and the Grenadines. COVID-19 travel restrictions, shifting national priorities and stretched local capacities made it a challenge to engage with Government counterparts. This was partially mitigated by establishing a highly flexible team who worked with national counterparts to ensure key inputs throughout the design process. Additionally, the UNCT leveraged the technical team responsible for coordinating Component 1 to formulate the design of Component 2. Through the technical team, each UNCT provided direct input to the drafts and worked together to refine the pipeline and to design the TAIF structure.

1.3 Partnerships leveraged

Did you leverage new partnerships during the preparatory phase (e.g. government, private investors, IFIs, bilateral/multilateral banks, etc.)?

- Yes  
 No

Provide in bullet points the main highlights on strategic partnerships and with whom.

A strategic partnership has been established with the European Investment Bank for identification of regional pipelines and collaborative opportunities for contributing to improve project design to make projects/programmes more attractive to financiers.

1.4. Co-funding mobilized

Did you secure additional funding or in kind support for the proposal during the preparatory phase?

- Yes  
 No

If yes, please include amounts committed during the prep-phase.

Source of funding	Yes	No	Type? (\$ or in kind support)	Name of organization	Amount (USD)	Comments
Government	<input type="checkbox"/>	<input type="checkbox"/>				
Donors/IFIs	<input type="checkbox"/>	<input type="checkbox"/>				
Private sector	<input type="checkbox"/>	<input type="checkbox"/>				
UN/PUNOs	<input type="checkbox"/>	<input type="checkbox"/>				
Other partners	<input type="checkbox"/>	<input type="checkbox"/>				

1.5. Budget changes (if relevant)

If there were changes in the actual budget from the one shared as part of the Fund Transfer Request, please briefly justify these changes.

Please, explain briefly:

**N/A**