



Joint Programme 2022 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Barbados MCO

Reporting Period: 1 January - 31 December 2022

JP title: Harnessing Blue Economy Finance for SIDS Recovery and Sustainable Development

Stakeholder partner: National Government; Sub-national Governments; IFIs/DFIs; Private sector;

Thematic SDG Areas: Food systems transformation;

PUNOs: UNDP, FAO, UNEP

Top- up received as part of DEM: No

Total estimated expenditures: US\$ \$ 597,414.0

Total estimated commitments (including expenditures): US\$ \$ 776,339.0

Gender Marker: Gender-sensitive (for example, the JP acknowledged and aimed to address gender to enhance the policy/programme, such as undertaking gender analysis to ensure policies/programmes do no harm)

Resident Coordinator: Trebucq, Didier

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Executive Summary

This JP was designed to improve access to finance for the sustainable blue economy (BE) of Barbados, Grenada & St. Vincent & the Grenadines. SDG 14 “Life under Water” targets and indicators are mainly prioritized for national BE sectors including tourism, maritime/shipping, fisheries and aquaculture.

The participating UN organizations (PUNOs) – UNDP, FAO & UNEP/UNEP Finance Initiative (FI) – delivered three (3) key results during 2022 summarized as follows:

1. As part of the INFF, Development Finance Assessments were produced for each of the participating countries. The DFAs indicated that high debt service and limited fiscal space of countries will curtail public investment in BE sectors in the short to medium term therefore acting as a barrier to developing the sustainable BE. The countries’ prevailing economic weaknesses were compounded by the COVID 19 pandemic from 2020, the Soufriere volcanic eruption from December 2020 - April 2021 (St. Vincent and Barbados), storms and hurricanes. Tourism, as the primary driver of economic growth (BRB = 17% of GDP; SVG = 25%; GND = 40%), was severely impacted by the pandemic, which caused an 18% contraction of economic activity in Barbados. The volcanic eruption in SVG displaced 20,000 people and 30 communities, with loss and damage at 18.1% of 2020 GDP, which eroded gains in improved resilience and sustainable development. In Grenada, real GDP contracted by 14% in 2020, with over

14,000 jobs lost (more than 1/4 of the labour force), with the most severe impacts felt in the tourism and education sectors. All countries increased spending to support vulnerable groups which added to debt.

2. Development of BE project screening, pipeline development and monitoring and evaluation tools. The JP delivered key tools for use in BE project design, prioritization, implementation, monitoring & evaluation, as well as for building institutional and individual capacity in BE sectors, and for improving financial sector involvement. This includes identifying a pipeline of 46 projects between the three countries which highlighted fisheries and aquaculture as some of the strongest areas for development.

3. Creation of strategic partnerships in critical areas for BE development. Involvement of the Inter-American Development Bank (IDB) increased the relevance of the JP's BE capacity building, development and project financing activities. This IFI collaborated to strengthen capacity and skills building and helped raise stakeholder awareness of environmental & social risk assessment, the 2030 sustainable development agenda, gender empowerment, and short-to medium term financing opportunities in the BE.

Annual Progress

Overall JP self-assessment of 2022 progress:

Satisfactory (majority of expected annual results achieved; 1 to 3 months delay in implementation)

Overall progress and key developments to date (3 key JP milestones)

The JP's theory of change described Barbados, Grenada and St. Vincent & the Grenadines as being at the vanguard of the Blue Economy "wave" from decades of work in integrated coastal zone and ocean management and resource use. The health and natural disaster emergencies of 2020-2021 created budget setbacks and forced countries to shore up social safety nets and deliver cash transfers to vulnerable and affected populations.

While the countries made strides in drafting new BE strategies and ocean policies, these are not yet fully embedded in long range strategic plans neither are they being fully implemented. Limited coverage of environment, social and governance (ESG) standards in BE policies and regulations and overall low levels of awareness and interest by the private sector are also barriers to a fuller understanding of the benefits and advantages of the "blue economy" for national development and the 2030 sustainable development agenda (ref. JP's 2021 diagnostic assessments).

In 2022, the JP validated 3 development finance assessments (DFAs) that assessed the national development planning and macro-economic context against country readiness for attaining the SDGs and with recommendations for enabling the blue economy:

- Barbados' public debt rose to 158% of GDP in 2017, and since 2018 the country has been implementing an IMF Extended Fund Facility as part of the Barbados Economic Recovery and Transformation (BERT) fiscal framework to reach debt levels of 60% of GDP by 2036. In 2020-2021, the fiscal rules were suspended to enable emergency pandemic stimulus payments, which eroded prior debt reduction gains.

- The two OECS member countries (SVG and Grenada) must comply with Eastern Caribbean Central Bank's Fiscal Responsibility Framework (FRF). While economic growth in Grenada of 2.35% (2012-2019) was on par with the Caribbean average of 2.32%, Government's FRF emergency override provisions were triggered by the pandemic in 2020-2021, enabling stimulus investments that increased the country's debt to GDP to 70.3%.

- In St. Vincent & the Grenadines, operations in agriculture, construction and light manufacturing sectors were suspended during the volcanic eruptions, which compounded COVID 19 impacts causing loss of employment earnings and reduced business activity across the economy. In 2020-2021 and guided by its FRF, the SVG Government increased public spending on infrastructure investment by 70%.

High debt levels deteriorated the fiscal outlook for all 3 countries and are driving the priority for debt servicing from primary surpluses. As the countries are also net importers of food and fuel (the goods most affected by inflation), the situation is exacerbated by fallout from the Ukraine war, which has placed additional pressures on national budgets.

The DFAs highlight 4 key sources of development finance for the BE. Historical funding trends serve as a proxy

indicator for future opportunities. This analysis was constrained by limited availability of official statistics in the countries:

- Public finance – domestic: Tax revenues in Grenada are identified as the largest and most stable source of funding, enabled by its FRF spending and revenue provisions. Another identified source is savings from transfers to state enterprises to improve operational performance and for future investment in BE sectors as part of corporate social responsibility.
- Public finance – international: While the 3 countries are no longer ODA eligible, their MDB memberships offer access to concessional and/or grant financing. Of the 3, Grenada is on track to meet the sustainable debt target of 60% of GDP by 2027 and has the fiscal space to finance BE project design and development in the short term and mobilize borrowings in support of an inclusive, BE project pipeline.
- To be manually completed by Maria Berenguer

Main Challenges, adjustments and lessons:

The JP encountered many challenges that began with COVID disruption in 2020 and continued through the 2022 reporting period:

1) External constraints created barriers and delays in stakeholder outreach with consequences for engagement because of:

- Prevailing COVID-19 impacts, limited mobility and border restrictions.
- Electoral changes in government &/or Cabinet reshuffling (Barbados:19 Jan 2022 and Grenada 23 June 2022).
- Other natural disaster emergencies (volcanic eruptions, storms and hurricanes);
- Low levels of awareness on BGE among stakeholders, including lack of a common definition and understanding of its development and investment potential.

The consequence was often slow or no response and feedback from Government and private sector stakeholders on JP outputs and less than ideal participation in virtual meetings.

2) Limited availability or accessibility of national economic data, statistics and business information particularly for the DFAs and development of tools and proper analysis of projects.

3) All 3 co-implementing UN agencies experienced administrative delays with the receipt and disbursement of funds and received the second tranche from the SDG Fund in July 2022, just 5 months before the extended JP grant expiration (January 31, 2023).

These challenges were mitigated by:

- Organizing smaller stakeholder virtual sessions by country where freer discussion and consultation was achieved.
- Pressing via multiple follow up calls to government and private sector organizations for senior and/or more knowledgeable representatives to participate in the scheduled meetings and consultations for better JP outcomes and outputs.
- Weekly PUNO coordination meetings which have proven essential for maintaining momentum and progress on implementation and for problem-solving.
- Tapping other contacts from the OECS Commission and the UN resident coordinator’s network of in-country coordinators as interlocutors, where needed.

SDG Acceleration

The JP has not made sufficient progress on accelerating the SDGs because of low awareness of the BE across all sectors.

Updates on SDG financing framework

	Assessment Diagnostics	Monitoring	Governance
Inception phase	Financing Strategy	Review	Coordination

Descriptions on progress by INFF building blocks

Inception Phase:

Assessment & Diagnostics:

Financing Strategy:

Monitoring & Review:

Governance & Coordination:

Annual Reporting on Results

JP contributions to the Joint SDG Fund's global cost of living crisis

Next steps, scaling and sustainability [400 words]

The JP was extended to January 31st, 2023 based on a formal request of the PUNOs. Remaining activities to be completed before the completion date include:

- Final recommendations from UNEP on the proposed BE project pipeline for the private sector.
- Gender mainstreaming inputs for recommended BE strategies, including a cap stone training session on Gender Analysis in Blue Economy Sectors.
- A cap stone training event on Trade and the Blue Economy developed and hosted in collaboration with UWI-SRC.
- Finalization of activities and reporting on the capacity building for Micro, Small and Medium Enterprises' (MSME's) in the fisheries sector for Barbados, Grenada and St. Vincent and the Grenadines.
- Preparation of the Final Joint Programme Narrative Report.
- Final Joint Steering Committee and Donors Meeting

The final Steering Committee and Donors' Meeting will present the implications of the JP findings to the participating Governments and highlight opportunities to advance on the SDG agenda in partnership with the donor community.

The RCO Barbados & the Caribbean established and is coordinating discussions within sub-groups on thematic priorities of relevance to the sub-region with membership from donors and development partners. One of these groups that focuses on the Blue and Green Economy is co-chaired by UNEP and is encouraging donor coordination and collaboration on the theme, including exchange of information. The final JSC and Donors' Meeting provides another opportunity to engage the Governments and development partners on opportunities identified in the JP to continue financing national blue economy.

In terms of sustainability, this C1 JP was expected to be followed by a C2 JP focused on operationalizing recommendations and outputs produced as part of C1. Specifically, it was expected to utilize the BE pipelines of projects produced in C1 to facilitate technical assistance to finalize full project feasibility studies in addition to providing resources for project implementation using various financial instruments made available to both the public and private sectors, with the ultimate objective of mobilizing additional finance from the private and

international sectors.

C2 was approved by the SDG Fund but is still awaiting budget allocation.

Priority Cross-cutting Issues

Cross-cutting results/issues

The DFAs made specific recommendations for attracting gender-inclusive, sustainable blue economy financing, and the JP developed BGE project evaluation tools to support governments in achieving SDGs 5, 6, 7, 8, 9 & 13, with special emphasis on SDG 14 “Life under Water”. JP Outputs were also reviewed by a gender consultant for mainstreaming of gender considerations.

The JP organized a Sustainable Blue Economy Webinar over two days (28-29 November 2022) directed at OECS public sector (day 1), private sector, non-profit and IFI partners. An average of 35 participants on each day heard presentations on financing the inclusive blue economy from featured speakers and panel discussants, who presented inclusive BE public policy priorities, best practices and investment opportunities linked to the 2030 SDGs.

Cross cutting issues such as gender have been applied to the project as a whole. The project will produce additional gender results in Q1 2023 from the remaining activities of the gender consultant reviewing all project outputs to ensure incorporation of gender considerations as a crosscutting issue for the development of a Blue Economy (BE) and conducting an additional training session focused on Gender Analysis in Blue Economy Sectors for relevant Civil Society Organizations and senior public sector from the 3 participating countries. The training will apply a gender lens to illustrate how to identify and analyze the social, economic and political factors underlying gender inequalities, and the potential opportunities for increasing the participation of women in blue economy sectors, as recommended in the DFAs. The training session will also adopt an experiential methodology with participants, who will be encouraged to share experiences, identify solutions and apply in their real life situations, based on participatory approaches.

How did the JP apply the Gender Marker

The JP is Gender-sensitive (for example, the JP acknowledged and aimed to address gender to enhance the policy/programme, such as undertaking gender analysis to ensure policies/programmes do no harm). Policy dialogues, advocacy (e.g. direct inputs to national policies, strategies, laws, including women’s and girls’ rights groups in coordination mechanisms); Adaptation of existing programmes (e.g. revision of eligibility criteria, removal of conditionalities); Capacity development (e.g. training of social workers, local governments, local communities);

Focus on LNOB cross cutting principles

Human Rights	Persons with disabilities	Youth	Environmental and social standards
No	No	No	Yes

Strategic Partnerships, Documents and Communications

How did the JP facilitate collaboration with diverse stakeholders in the SDG financing space

The JP built an important partnership with the IDB who partnered with UNEP FI to deliver BE courses to the financial sector, and to encourage increased awareness and information sharing, synergies with the IDB’s Blue Economy Strategy that was approved by the Barbados Cabinet including potential funding for the BE project

pipeline via IDB Invest, and post-JP.

Discussions are also being held with the Caribbean Development Bank (CDB) about leveraging blue economy resources for Grenada & SVG, which is also a bank priority. Collaboration with the OECS Commission on the November 2022 webinars cemented their commitment to support their member states in financing projects and developing their ocean economies. Other IFIs participating in the webinars signaled interest in collaborating on limited opportunities for grant support (in view of high fiscal debt) to develop the BE in the OECS.

A partnership has been established with the University of West Indies – Shridath Ramphal Centre (UWI-SRC) and UNCTAD as part of the design and hosting of a training course on the Blue Economy and Trade.

Donor and Strategic events attended by JP in 2022

JP steering committee/ programme board meeting	Strategic partners/ donors event	Closing meeting/event
No	No	No

JP contribution to SDG Financing

Drafted a bill, strategy, and/or approved a law increasing the fiscal space for the policy focus	Produced financing, costing, diagnostic and feasibility analyses as a basis to invest or increase spending on the SDGs	Improved efficiency (cost savings) in management programmes/schemes	Improved effectiveness of (value for money; i.e. social impact of \$1 spent) sector investment on the SDGs	Drafted policies/regulatory frameworks or developed tools to incentivize private sector investment on the SDGs	Structured new financial instruments (public, private or blended) to leverage additional funding
No	Yes	No	No	No	No

Main capacity building activities supported by the JP that allowed people to expand their knowledge on SDG Financing and INFFs

In 2022, financial institutions and Governments participated in three trainings: Social and Environmental Risk Analysis (74 participants, 65% female), Climate Change and TCFD: risks and Opportunities (24 participants, 95% female) and Sustainable Finance Opportunities/Financial mechanisms (35 participants, 65% female). Participants had low levels of knowledge about climate risk, and on environmental and social issues. The training integrated theoretical knowledge with practical approaches and participants expressed a desire to learn more on the impact of environmental and social issues on their businesses and institutions; how to minimize risks, identify and capitalize on opportunities. They also acknowledged that climate risks were often latent in their country. Participants shared that their countries faced other key challenges in the short-term, such as public indebtedness. The training courses were conducted virtually because of COVID restrictions and participants advocated for future, in-person courses to boost participation.

The two-day webinars of November 2022 organized for OECS countries on “Financing the Sustainable Blue Economy” featured an average of 35 participants each day from the public, private and non-profit sectors. Participants demonstrated interest in the BE concept, links to sources of climate and green financing that depend according to the IFIs on good project proposals.