



## Caribbean Green Economy Action Learning Group

Triple bottom line methods for assessing public investment:  
the case of Invest Saint Lucia  
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Discussion paper  
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### Green Economy

#### Introduction

Foreign investment, particularly foreign direct investment (FDI), is an important driver of economic growth and development in any country. In addition to the inflows of capital, other potential benefits include employment generation, the stimulation of competition and the transfer of technology, know-how and managerial skills. These benefits can result in research and development spillovers, the growth of export trade, and the enhancement of a country's overall international competitiveness.

However, the many examples in Saint Lucia and the Caribbean region of the deleterious effects of uncontrolled FDI make it imperative that traditional approaches to assessing the successes of FDI inflows be reviewed if a more sustainable green economy (GE) approach to development is to be realised. Indeed what is now at stake is the need to urgently repair, through effective action learning and other complementary methods, the long held, if extremely myopic, general view of development as one-dimensional economic advancement.

This paper provides a quick scan of Invest Saint Lucia's new approach to investment attraction, facilitation and promotion, which could possibly provide a basis for action learning, not only

The Caribbean Green Economy Action Learning Group (GE ALG) is made up of development professionals and academics from the region, with a range of expertise including development economics, planning, tourism, agriculture, social development, public administration, rural development, environmental management, disaster management, gender and climate change.

The Caribbean Natural Resources Institute (CANARI) serves as convenor for the Group. The purpose of the GE ALG is to identify and promote ways in which "green economy" can advance sustainable development in the Caribbean through shaping visions, perspectives, positions and actions. The GE ALG collectively plans research actions and draws lessons and recommendations for policy and practice.

The GE ALG produces Discussion Papers to inform reflection and analysis on key topics relevant to transforming economic development in the Caribbean. Please see

<http://www.canari.org/greeneconomy.asp> for more information.

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by the Green Economy Action Learning Group but within the region's investment assessment and monitoring discipline, including for infrastructure projects.

The paper also posits that one of the key lessons from the lethargic economic performance of tourism dependent Caribbean economies since the global economic recession in late 2008 is the need to embrace a more holistic development approach that places equal emphasis on the economic, social and ecological aspects of development. Thus, a green economy approach would be predicated on greater regard for social welfare, by putting people at the centre of development. Of course, such a thrust must necessarily be based on a steadfast adherence to the principles of enlightened sustainable development including ecological conservation and preservation of a pristine environment for future generations. The economic imperatives of efficiency, value for money propositions and providing a framework conducive for facilitating a reasonable rate of return on investment are also recognised.

### **Invest Saint Lucia's approach**

Invest Saint Lucia is the official investment arm of the Government of Saint Lucia and lead agency to promote and facilitate inward investment in order to spur sustained economic growth and development. In functioning as a fully fledged investment promotion agency (IPA), Invest Saint Lucia's primary focus is on offering guidance and direction to potential investors, and on identifying, targeting, promoting and facilitating foreign direct investments that contribute to the sustainable development of Saint Lucia while enhancing the wellbeing of its people.

Notwithstanding the institution's investment facilitation efforts over the past thirty years, which witnessed an estimated direct

investment (both local and foreign investment) of EC\$ 990 million (US\$ 400 million) and an estimated 10,000 jobs created in the process; much of the effort, time and resources of the corporation have been inefficiently expended on physical asset management. Further, investment facilitation thus far has mostly been conducted in a passive mode, characterised by simply waiting for investors to turn up, rather than actively and purposefully pursuing investments that match the country's development imperatives and assist in enhancing its overall welfare and competitiveness.

This is not to say that inward investments over the period have not assisted in economic transformation. Indeed, throughout the four decades of facilitation an estimated 215 investors (local and foreign) from as many as three continents and 25 countries have contributed and continue to contribute to the sustainable development of Saint Lucia. What is missing, however, is a focused effort at realising specific investments that promote the economic, technological, social and environmental pillars that are critical to the island's growth as a nation.

The Saint Lucian economy is defined by innovative small and medium-sized enterprises along with dynamic developments in key economic sectors, which are invariably marked by increasing levels of professionalism, productivity and corporate social responsibility. In keeping with the national quest towards excellence, Invest Saint Lucia aims to uphold the values of integrity, efficiency and transparency, which are vital in burnishing "Brand Saint Lucia". To this end, Invest Saint Lucia has adopted a new strategic approach that moves from a passive to more proactive mode, seeking out good, or "green", investments rather than being at the mercy of economic speculators and irresponsible developers. All new investments facilitated by Invest Saint Lucia must

therefore contribute to the economic, technological, social and environmental pillars of national development.

### Targeted investment sectors

Invest Saint Lucia has focused on three key sectors for investment promotion:

- **Tourism**, including high-end branded hotels and resorts; health and wellness facilities; specialty restaurants; art galleries; chic boutiques and shopping establishments; eco-lodges, environmental and leisure parks; animation centres; cruise ports and marinas;
- **Manufacturing**, such as agro-processing; dairy production; ‘smart technology’ manufacturing; high-end furniture; high fashion; processed foods; pharmaceutical products; processing of industrial and household wastes; production of household products and light industrial tools and materials; production of packing materials; and electronic assembly;
- **Sustainable natural products**, such as herbal medicines, spices and condiments;
- **Other services**, including call centre operations; business and knowledge process outsourcing operations; healthcare and medical tourism niche products; offshore financial services; reputable offshore universities; technology and hospitality training institutions; and alternative energy products.

In promoting these sectors, factors that need to be considered include access to finance, quality of infrastructure (roads, transportation, telecommunications, water, power, etc.), the correlation between the skills taught and the market demands, labour productivity and ever important

environmental concerns. These have implications for the cost of doing business in Saint Lucia given the high operating cost in



**Photo 1** The iconic Pitons attract tourism investment that needs to also bring socio-economic benefits to the town of Soufriere and wider Saint Lucia while ensuring that the ecological integrity of the World Heritage Site is maintained. Credit: CANARI

relation to other competing locations. The efficiency of these factors is important in making an investment decision when it comes to the traditional bottom line, but is even more crucial to satisfying triple bottom line criteria.

### Key strategic issues

The following key considerations informed Invest Saint in developing its new approach that seeks to embrace the principles of sustainable development and green economy while remaining relevant to the urgent contemporary economic imperatives:

- The understanding that investment, as one of the main vehicles for implementing the national development strategy, must maintain a proactive investment identification, promotion and facilitation outlook and approach.
- The realisation that ultimately, it is the business environment and attractiveness of the destination to potential investors

that will dictate the quantum and quality of investments.

- The need to maintain the flow of investments to assist in the quest for genuine economic transformation with its resultant employment generation, technical and technology transfer and advancement in the country's wealth and overall welfare.
- The need to always maintain a professional, transparent and responsible approach that upholds the values of integrity, efficiency and transparency and assists in burnishing the image of Brand Saint Lucia, promoting her best attributes and adding to her overall wealth and responsible job creation, social equity and environmental integrity mandates.
- Positioning Invest Saint Lucia as the gateway linking Saint Lucia to the global business world and the agency for facilitating domestic, regional and international entrepreneurs' access to business development and investment opportunities on the island.
- The need to acknowledge the importance to any investment strategy, of its natural beauty, and the warmth, friendliness and enterprise of its people as Saint Lucia's most important resources.
- The limiting of wastage and resource conservation at all levels of operations through efficient practice and the use of the new and existing technologies.
- The necessity of some core competencies within the IPA, including an appetite for action learning and openness to accepting that there is a more sustainable way to realising genuine development.

### **A possible way forward**

There are a number of additional steps that Saint Lucia can take to move towards a green

economy, such as investment in renewable energy initiatives and exploration of energy efficient business opportunities. However, it is perhaps at the national policy level that the greatest impact can be made. This must begin with an acknowledgement by Government of the prudence of developing a green economy and society. This broader vision of development must permeate all aspects of development programming and would hopefully be embraced by the society as a whole.

At the outset, the Development Control Authority should be mandated to insist on efficient energy and water-use fixtures and installations, adequate water storage facilities, ample reserved green spaces and clear evidence of a net contribution to the greening of Saint Lucia in all new building applications, particularly for large projects in the tourism sector. Priority should be given to fiscal incentives and legislative reforms to facilitate the retrofitting of energy and water-use efficient installations in existing structures and to encourage an organised linking of renewable energy sources to the national power grid.

The media has a crucial role to play in the sensitisation process and this could begin with every media establishment in Saint Lucia, whether print or electronic, donating a weekly slot for highlighting good environmental practices and cementing the thrust towards greening the island in the minds of all and sundry.

Additionally, appropriate partnerships with investors, donors and the international community could see the development of a green economy predicated on re-using waste for generating energy, and introducing efficient recycling businesses that can propel a new manufacturing thrust to meet the demands of both the domestic and export markets. A green economy would be

supported by targeted development of the cultural industries, a focus on responsible agriculture for food security, agro-processing and expansion of indigenous culinary businesses that can meet the demands of the expanded local population of citizens, residents and visitors.

Invest Saint Lucia determined from the outset of its new mandate in 2012 that the triple bottom line of economic efficiency, social equity and environmental sustainability would be used as a major yardstick in advising Government on the efficacy of unsolicited investments while also being employed as an assessor of planned investments. The above suggestions are not at all exhaustive but simply a few possible small steps towards realisation of the much-desired goal of greening Saint Lucia. It is not at all a stretch to imagine that we could one day eat, breathe and live green. As, the famous English Poet William Blake, once said, "*What is now proved was once only imagined.*"

### **Opportunities for action learning**

Analysis of the effect of Invest Saint Lucia's adoption of a triple bottom line approach on the overall success of the country's national sustainable development strategy offers a major opportunity for action learning on green economy. It could also be expanded to include an assessment of regional and international best practices in responsible investment attraction, monitoring, assessment and facilitation.

The most salient lesson of the recent international economic crisis is that a uni-dimensional focus on development through a narrow profit-oriented "bottom line" has not

worked. What we do not yet know is precisely how to spur Governments and key development partners within the public and private sectors, NGOs and regional and international institutions to embrace the relatively untested triple bottom line approach. Conducting more detailed research through action learning and sharing of best practices could possibly provide a sound basis for more effective and successful action towards the goal of achieving a truly green economy in the region.

However, there is an urgent imperative to do it efficiently and simply if one expects this new way to be widely and popularly embraced. There are action learning opportunities within enterprises, countries and regions. Action learning and targeted research could possibly result in mainstreaming of those ideas and approaches. However, a Caribbean response cannot be a reaction to externally imposed concepts or models – the new economy needs to be based on the region's reality, innate attributes, indigenous talents and specific conditions. There is already consensus that a new approach is needed, but no one seems to know what to do. The need now is for some consistent, enlightened leadership that can help pull together a coherent vision.

Governments are unlikely to drive that initiative, but governments must step up with more strategic implementation of policies and strategies aimed at making a transition. So far, change has only come out of adversity; if change is to be proactive, there is a need for more creative thinking and purposeful, knowledge driven action learning.

### Caribbean Natural Resources Institute

The Caribbean Natural Resources Institute (CANARI) is a regional technical non-profit organisation which has been working in the islands of the Caribbean for over 20 years.

Our mission is to promote and facilitate equitable participation and effective collaboration in the management of natural resources critical to development in the Caribbean islands, so that people will have a better quality of life and natural resources will be conserved, through action learning and research, capacity building and fostering partnerships.

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