OECD Development Pathways

Production Transformation Policy Review

SPOTLIGHT ON GUADELOUPE'S INTERNATIONALISATION

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Foreword

The global economic landscape is uncertain, complex and fast changing. Governments, businesses and societies are endeavouring to better understand and, ultimately, govern the ongoing reorganisation of global trade with a view to optimising international exchanges, preserving openness and inclusiveness, while achieving an environmental and sustainable transition.

Since 2013, the OECD Development Centre has hosted the OECD Initiative for Policy Dialogue on Global Value Chains, Production Transformation and Development. As of 2017, the Development Centre has implemented a series of Production Transformation Policy Reviews (PTPRs). The PTPRs are a policy assessment and guidance tool to support policy makers in the creation and implementation of better strategies for transforming their economies. They benefit from international peer dialogue and discussions under the aegis of the OECD Initiative for Policy Dialogue on Global Value Chains, Production Transformation and Development. The PTPRs enrich the OECD Development Pathways Series with their perspective on economic transformation and governance for change.

This *Production Transformation Policy Review (PTPR): Spotlight on Guadeloupe's Internationalisation* is one of the key outcomes of the EU-OECD Project on *Transforming Economies in EU ORs: fostering learning, making the most of interconnectedness.* Over more than two years, this project has supported a process of dialogue and knowledge sharing between the European Outermost Regions (EU ORs) and international partners to identify opportunities for sustainable value creation and enhanced participation in global and regional value chains.

The EU ORs are EU member states' territories located in the Atlantic Ocean, Caribbean basin, South America and the Indian Ocean and they are an integral part of the Union. They include Guadeloupe, French Guiana, Martinique, Réunion, Saint Martin and Mayotte (France), the Azores and Madeira (Portugal), and the Canary Islands (Spain). Due to their remoteness, insularity, small size, difficult topography and climate they benefit from targeted support measures. Thanks to their distinctive characteristics and assets, including a rich biodiversity and strategic location, the EU ORs can play an important role in the overarching EU internationalisation and co-operation strategy and policy.

The Spotlight on Guadeloupe involved a nine-month peer review process carried out by the OECD Development Centre with the support and collaboration of the European Commission's Directorate-General for Regional and Urban Policy and the Regional Council of Guadeloupe. The review process included a wide range of consultations and activities with local and foreign stakeholders including the OECD, the European Commission and public and private stakeholders from the nine EU ORs and other countries facing the Caribbean basin and Colombia. The Spotlight provides an analysis of the potential internationalisation opportunities and challenges, with perspectives on key emerging value chains in the bio and circular economy, creative sectors, and renewable energies. It also clarifies future opportunities for increasing internationalisation and co-operation with partners beyond the EU, including Caribbean countries and other developing and emerging economies like Small Island Developing States (SIDS). Furthermore, the report identifies opportunities for future reforms to make the most of the multi-annual planning and resources of the EU, including the Communication on "Putting people first, securing sustainable and inclusive growth, unlocking the potential of the EU's outermost regions" adopted in 2022.

Acknowledgements

The *Production Transformation Policy Review (PTPR): Spotlight on Guadeloupe's Internationalisation* is one of the key outcomes of the Global Outermost Regions EU-OECD Project *Transforming Economies in EU ORs: fostering learning, making the most of interconnectedness*.

The report was produced by the OECD Development Centre under the responsibility of Ragnheiður Elín Árnadóttir, Director, OECD Development Centre. The PTPR process and the report have come together under the co-ordination of Annalisa Primi, Head of the Economic Transformation and Development Division, who provided strategic guidance and oversaw the entire project implementation. Manuel Toselli co-ordinated the project and was the lead economist in the report's elaboration. Daniel Gay, Vasiliki Mavroeidi and Antonio Vicencio contributed to the drafting and research. The report benefited from comments and contributions from several colleagues. From the OECD: Nadim Ahmad, Dorothée Allain-Dupre, Claire Charbit, Stefano Barbieri, Peter Haxton, Michael Flood and Aline Matta from the Centre for Entrepreneurship, SMEs, Regions and Cities (CFE), Claire Jolly from the Directorate for Science, Technology and Innovation (STI), Piera Tortora from the Development Co-operation Directorate (DCD) and Koen Deconinck from the Trade and Agriculture Directorate (TAD). From the European Commission's Directorate-General for Regional and Urban Policy: Paula Duarte Gaspar (Head), Germán Esteban (Deputy Head) and Katherine Fournier-Leroux (Policy Coordinator) of the Outermost Regions Unit, and Catherine Wendt (Head) of the Smart and Sustainable Growth Unit.

We are grateful to Nicola De Michelis, Director of Smart & Sustainable Growth & Programmes Implementation, DG for Regional and Urban Policy and Peter Berkovitz, Director of Policy, DG for Regional and Urban Policy for their strategic guidance during project implementation. We are grateful for the logistic support and continuous availability provided by the Regional Council of Guadeloupe, particularly from Ruddy Blonbou, Chief of Staff, Jean-Louis Bouchard, General Director of Services, Séverine Julan, Director of European Affairs, and Cassandre Gatoux, Head of the Guadeloupe Office in Brussels.

Peer learning and knowledge sharing lie at the heart of the PTPR process. This report has been shaped and enriched by the contributions of domestic and international peers who actively participated in PTPR activities and contributed ideas to the review.

- Valuable input emerged from the three Peer Learning Group (PLG) meetings that took place during 2021 and included the participation of more than 90 high-level participants from 25 countries and regions, four international organisations and four OECD Directorates. We are especially thankful to (in alphabetical order): Mariane Crespolini, Director of the Department of Sustainable Production and Irrigation, Secretariat for Innovation, Rural Development and Irrigation, Ministry of Agriculture, Brazil; Karl-Christian Göthner, Senior Expert, German National Metrology Institute (PTB), Germany; Michael Jones, President, TMA BlueTech, San Diego California, United States; Drishty Ramdenee, Head of Department Ocean & BIO Economy, Economic Development Board (EDB), Mauritius; Ikram Malan Sangadji, Deputy Director, Capture Fisheries Management, Coordinating Ministry for Maritime Affairs and Investment, Indonesia; Thor Sigfusson, Founder, Iceland Ocean Cluster, Iceland; Max Teplitski, Chief Science Officer, International Fresh Produce Association, United States; and Jónas Viðarsson, Director of Division of Value Creation at Matis, Iceland.

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Editorial

Our member countries said it loud and clear at the 60th anniversary of the OECD Development Centre: as multiple local events have increasingly strong ripple effects across the globe, international co-operation has become central to achieving better development at home.

This has been a founding principle of our Production Transformation Policy Reviews (PTPRs) since their start in 2017. By identifying innovative ways to tap into international flows and networks, the PTPRs support governments as they transform their economies into more resilient, sustainable and inclusive models.

Building on its specific assets and policy support, Guadeloupe aspires to cultivate eco-friendly and sustainable economic growth in emerging value chains such as the bio and circular economy, creative sectors, and renewable energies. Multi-annual financing and planning for development, as well as new international partnerships, including a more prominent role within the Caribbean region, are critical ways Guadeloupe can begin to tap into this potential.

I hope that this timely report, built on strong empirical evidence and through a comprehensive, international peer-review process, will help implement the priorities outlined in the European Commission's strategy for its outermost regions: "putting people first", securing sustainable and inclusive growth, and unlocking the potential of the EU's outermost regions. I also believe it can enrich the wider international community's understanding of the variety and uniqueness of development trajectories, including among Small Island Developing States (SIDS).

In our complex, fast-changing times, the PTPR series and this report in particular, illustrate how we can do "strong, shared and green development together".

Ragnheiður Elín Árnadóttir
Director
OECD Development Centre

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Abbreviations and acronyms

ADEME	French Agency for Ecological Transition
AFD	French Development Agency
ANR	French National Research Agency
BRGM	French geological survey
CAP	Common Agricultural Policy
CARICOM	Caribbean Community
CF	Cohesion Fund
CIRAD	French Agricultural Research Centre for International Development
EAFRD	European Agricultural Fund for Rural Development
EAGF	European Agricultural Guarantee Fund
EERA	European Energy Research Alliance
EEZs	Exclusive Economic Zones
EGD	EU Green Deal
EMFAF	European Maritime, Fisheries and Aquaculture Fund
EMFF	(Former) European Maritime and Fisheries Fund
ERDF	European Regional Development Fund
ESF	European Social Fund
ETS	Emissions Trading System
EU	European Union
EV	Electric vehicle
FDI	Foreign direct investment
GDP	Gross domestic product
GHG	Greenhouse gas
GVA	Gross value added
IEDOM	Institut d'émission des départements d'outre-mer
INSEE	National Institute of Statistics and Economic Studies (France)
Interreg	European Territorial Cooperation
IRENA	International Renewable Energy Agency
LNEG	Portuguese National Laboratory for Energy and Geology
MFF	Multiannual Financial Framework
MW	Megawatt
OCTs	Overseas Countries and Territories
POSEI	Options Specific to the Remote and Insular Nature of the Outermost Regions
PV	Photovoltaic
R&D	Research and development
SIDS	Small Island Developing States
SMEs	Small and medium-sized enterprises
SRDEII	Regional Scheme for Economic Development, Innovation, and Internationalisation
STI	Science, Technology, and Innovation
TFEU	Treaty on the Functioning of the European Union

Executive summary

Guadeloupe, a French overseas department in the Caribbean Sea, boasts a population of approximately 371 000, contributing 0.6% to France's total population. GDP per capita in 2020 was EUR 21 100, equivalent to 65% of the EU 27 average, making it one of the 78 EU less developed regions.

The economy of Guadeloupe has undergone significant transformation in the 20th century, driven by large investments from mainland France. Infrastructure development and the extension of French social legislation led to substantial growth. More recently, Guadeloupe's economy experienced dual phases. Between 2000 and 2008, the region's growth outpaced the national average, driven by infrastructure investment, tourism expansion, and real estate development. However, the 2008-09 financial crisis and COVID-19 slowed growth. From 2010 to 2019, the economy grew at an average rate of 1%, marked by decreased domestic consumption, feeble exports, and challenges from extreme weather conditions such as Hurricane Maria, which hit in 2017 destroying 80% of local banana production. High unemployment, standing at 18.5%, remains a major challenge.

Guadeloupe's economic landscape is predominantly service-oriented, with a significant public sector presence. Public administration-related services constitute approximately 40% of gross value added (GVA) and employment. Other essential sectors include business services at 27% and commercial activities at 15% of GVA. Agriculture contributes about 2% of GVA but is on the decline, while industry (including energy and manufacturing) contributes 9% of GVA. Guadeloupe primarily exports agro-food products like bananas, sugar cane, and rum, with major trade partners including mainland France, the United States, Canada, and other EU countries. However, trade with other Caribbean nations remains limited.

Leveraging local assets will be central to the future internationalisation strategy of Guadeloupe. Three areas appear particularly relevant: circular and bioeconomy, renewable energies and cultural and creative sectors:

- Guadeloupe's extensive nature reserves, spanning 77% of its territory, provide a strong foundation for sustainable economic activities. The circular and bioeconomy sectors offer substantial potential to rejuvenate the region's ecosystems and create new business opportunities. Implementing circular economy practices, such as utilising sugarcane and banana waste, can reduce the region's carbon footprint and bolster renewable energy prospects. Promoting organic agriculture can enhance land sustainability and reduce reliance on fertilisers, aligning with global eco-friendly trends.
- Like other EU Outermost Regions, Guadeloupe heavily relies on imported fuels, constituting 90% of its total energy supply and 10% of its GDP. Nevertheless, the region has made commendable progress in renewable energy development, with renewables accounting for 23% of electricity generation in 2020, up from 10% in 2010. This progress aligns with the European average (24%) and surpasses neighbouring Caribbean countries (17%). Exploring biomass energy sources can lead to enhanced energy self-sufficiency while adhering to circular economy principles.
- Guadeloupe's thriving cultural and creative industries, comprising 2.5% to 7% of all establishments and contributing 1.5% to 2.5% of employment, represent an underexplored avenue for economic

growth. Rooted in the region's Creole culture, these industries hold significant regional and international appeal. With the global value of cultural and creative goods exports exceeding USD 524 billion and creative services valued at USD 1.1 trillion, Guadeloupe's culture sector can tap into this expanding global market. The rich Creole heritage, including musical styles like Gwonka and Bouladjel, can inspire local artists and promote festivals, contributing to economic and cultural vibrancy.

Moving ahead to materialise these opportunities, Guadeloupe could increase its global interconnectedness to support regional development. In particular, the region should aim to:

- **Strengthen strategic partnerships in the Caribbean**. Leveraging its strategic location and EU market access, Guadeloupe can enhance partnerships and integration within the Caribbean basin. This includes participation in regional infrastructure projects, intra-regional trade, and the provision of Quality Infrastructure Services (QIS).
- **Better leverage opportunities provided by EU cohesion policy funds.** Guadeloupe can harness opportunities offered by EU sectorial programmes like Horizon Europe for research and innovation. Collaborative R&I projects, partnerships with European institutions and businesses, and capacity building in innovative sectors can strengthen the region's innovation ecosystem.
- **Promote a holistic regional development approach.** To enhance competitiveness, Guadeloupe should adopt a comprehensive policy agenda that aligns EU and national financing and strategies. Engaging private sector representatives in policy discussions, exploring regional autonomy options, and improving co-ordination between funds, such as the National Recovery and Resilience Plan and cohesion policy funds, are vital steps.

1 A snapshot of Guadeloupe's economy

Guadeloupe, a French overseas territory and an EU Outermost Region nestled in the Caribbean, is in search of a renewed impetus for sustainable development. This chapter offers a concise overview of its economic evolution, showcasing recent progress and identifying key structural vulnerabilities. Addressing these challenges could unlock new prospects for enhanced internationalisation and inclusive growth.

A French and European Union territory in the heart of the Caribbean

Guadeloupe is a French overseas department located in the eastern boundary of the Caribbean Sea, 7 000 km from mainland France, and is part of the Lesser Antilles between Dominica and Antigua and Barbuda. Made up of twelve islands of which four are inhabited: Basse-Terre, Grande-Terre, Marie-Galante and La Désirade, it is the second-most populous French Outermost Region after Réunion, with a population of approximately 371 000 inhabitants (0.6% of the French population). With a GDP per capita of EUR 21 100 (Purchasing Power Standard - PPS in 2020), 65% of the EU 27 average, nine percentage points less than 2011, it is one of the 78 EU less developed regions.[1] At approximately EUR 8.8 billion, the economy contributes to 0.3% of France's total GDP (OECD, 2022[1]; IEDOM, 2022[2]).

Since 1992, Guadeloupe has been designated as one of the EU Outermost Regions (ORs). Due to their geographical location and structural challenges, including remoteness from mainland Europe, small market size and exposure to natural disasters, they benefit from specific support measures, including tailored application of EU law and access to EU programmes as well as ad hoc strategies. The other ORs are the five French overseas department and regions Mayotte, French Guiana, Martinique, Réunion and Saint-Martin; the two Portuguese autonomous regions of the Azores and Madeira; and the Spanish autonomous community of the Canary Islands.

The historical trajectory of Guadeloupe still shapes the current economic and social development context. While the first settlers can be traced back to 3 000 and 1 000 BC, and come from Arawak and Kalina-Carib descent, the modern history of Guadeloupe dates back to the 15th and 16th centuries. The first European to discover its presence was Christopher Columbus in 1493. He named the island after the monastery of Santa Maria de Guadeloupe in Extremadura (Spain). The first Europeans to settle on the island were the French, who formally established a colony on the main island of Basse-Terre in 1674. The first settlers had established sugar cane production in 1635, which became the primary economic activity, together with the slave trade, as the archipelago was used as a temporary staging post between the Caribbean and West Africa (Siegel et al., 2022[3]; Abenon, 1993[4]). After several years of struggle due to the invasion of British forces and the subsequent return to France in the 18th century, the definitive abolishment of slavery in 1848 marked a pivotal moment in the development of the archipelago. Officially an overseas department and region of France from 1946, Guadeloupe is now a culturally rich society combining several ethnicities from the Caribbean, Africa and Europe. Over time, this gave rise to the *Creole culture* that contributes to the creativity, culinary and cultural activities that strongly define the identity of the archipelago and its untapped economic potential (IEDOM, 2022[2]).

During the second half of the 20th century, Guadeloupe transformed significantly. Driven by large investments from mainland France particularly in the construction sector and infrastructure, the economy of Guadeloupe, like the neighbouring region of Martinique, expanded during the first two decades after the Second World War. In the space of fifty years, GDP per capita increased fivefold and average GDP growth stood at 3% (Insee, 2019[5]). This was coupled by the expansion of services activities including the establishment of administrative branches of both public and private French enterprises and the extension of the French social legislation such as a minimum wage. From 1950 to 1961, the total number of jobs in the tertiary and construction sectors increased by almost 64%, while the total and active population increased by 24% and 7% respectively.

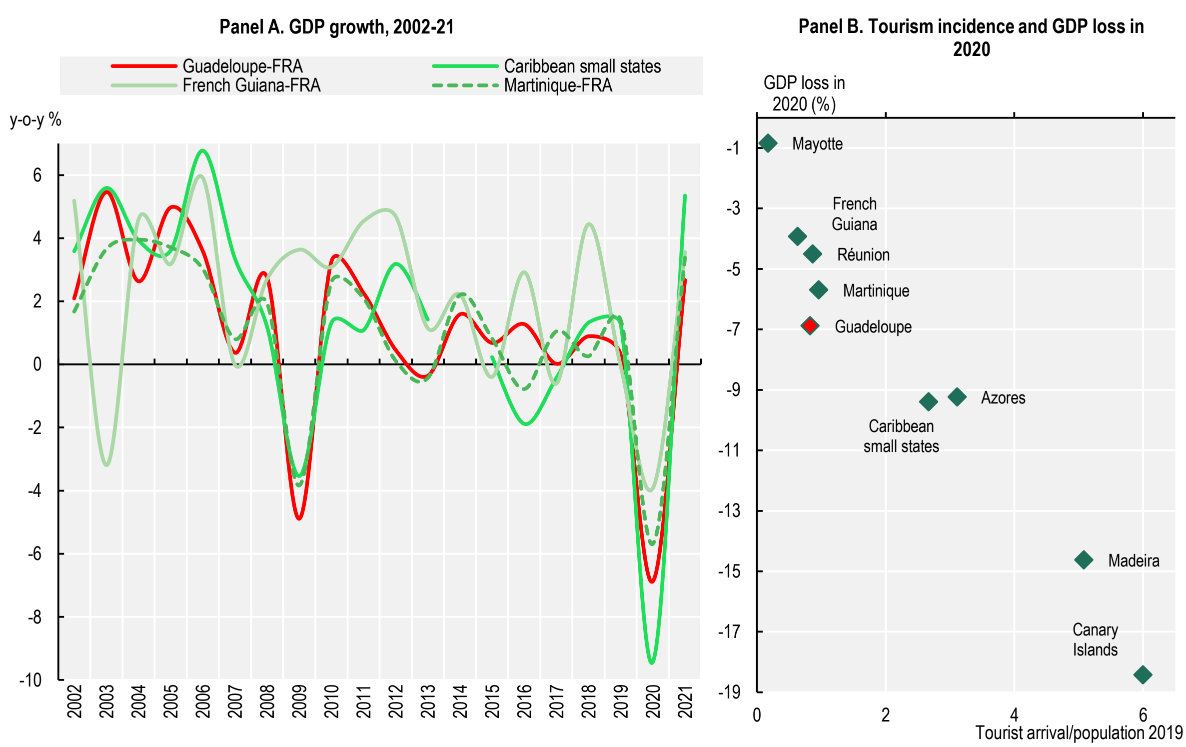
From the 1960s onwards the two main sources of agriculture production, sugar and bananas, faced disruptive changes. Several factors including increasing competition from emerging and developing countries, as well as the increased demand for sugar beet, undermined the development of sugar cane. Total sugar cane production more than halved from an average of 150 000 tonnes in the early 1960s to less than 60 000 on average between 2010-18. The industry currently employs 10 000 workers with only two refineries still active. Likewise, with the start of the European Common Market in 1993 the local banana industry no longer benefited from preferential market access to France and began to face competition from multinational companies from South America at much lower prices. Other challenges such as the use of chlordecone, a pesticide that was used from 1972 to 1993, led to several environmental and health issues. However, both crops can remain competitive due to the subsidies provided by regional, national and EU authorities (DAAF, 2018[6]; Zébus, 1999[7]; Ministère des Outre-mer, 2019[8]; European Commission, 2017[9]).

A small economy in search of new impetus

Over the last 20 years the economy experienced a dual path (Figure 1.1). In 2000-08, the region grew at 3.4%, above the national average, and among the French ORs, it was only surpassed by French Guiana and Mayotte. This was driven by infrastructure investment such as the modernisation of the port and the expansion of tourism and real estate activities. The latter were supported by a real estate tax exemption designed specifically for the overseas regions and departments. The financial crisis of 2008-09, reinforced by a local social crisis, slowed down growth and convergence. In 2010-19, the economy grew on average by 1%, domestic consumption shrank, and exports remained feeble. This was compounded by external factors such as hurricane Maria that destroyed 80% of banana production in 2017 (Insee, 2019[5]).

The upsurge of COVID-19 exacerbated social discontent and further hit the economy, which entered into recession in 2020. However, the lower dependency on tourism compared to other islands in the Caribbean and other EU ORs cushioned the negative effects, as did direct transfers from mainland France and the EU through an additional financial envelope of EUR 185 million from React-EU (Agence Nationale de la Cohésion Sociale, 2020[10]).

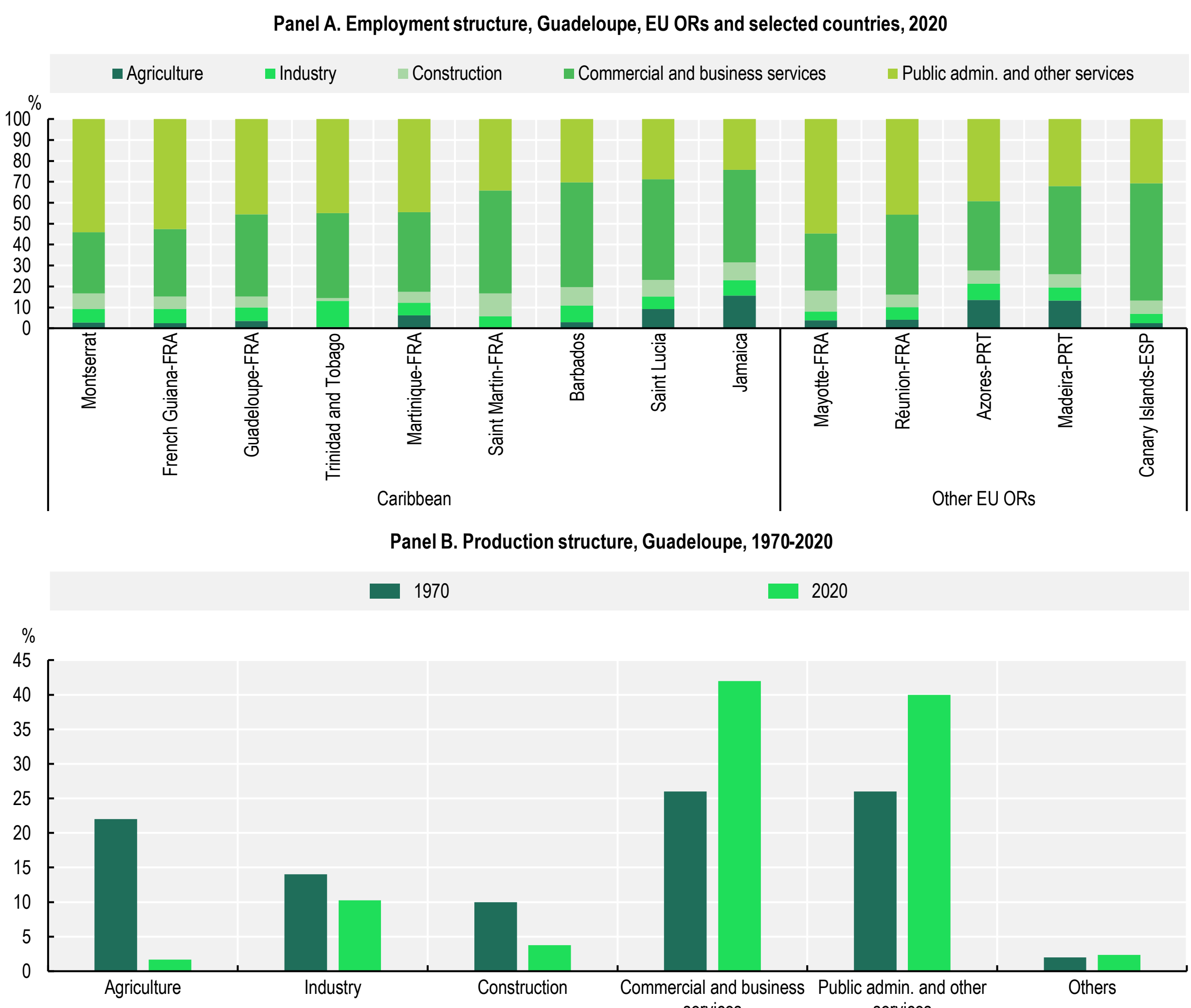
Figure 1.1. In Guadeloupe growth progressively slowed over the 2000s



Note: Caribbean Small States include Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Monserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.
Source: Authors' elaboration based on Eurostat Regional Database and World Bank databank 2022.

Guadeloupe is now a services-oriented economy with a large public sector. The structure of the economy is similar to the other French EU ORs in which 8 out of 10 jobs are concentrated in services, which also contributes 85% of gross value added (GVA) (Figure 1.2). What distinguishes Guadeloupe's economy, however, is the prevalence of services related to public administration, which account for roughly 40% of GVA and employment, up from 26% in 1970 and 36% in 2000. Other services include business services at 27%, followed by commercial activities at 15% of GVA. Construction, an important engine of growth before 2009, accounted for 3.5% of GVA in 2020, half of the 7.5% seen in 2000. The rest of the economy is accounted for by agriculture, which accounts for roughly 2% of GVA although is declining, and industry including energy and manufacturing, which account for 9% of GVA and 7% of employment. Agricultural production is mainly focused on food processing, and largely depends on imports of intermediate inputs such as powdered milk for diary production. Surrounding neighbouring countries, considered Small Island Developing States (SIDS) also face similar challenges.

Figure 1.2. Services play a key role in Guadeloupe

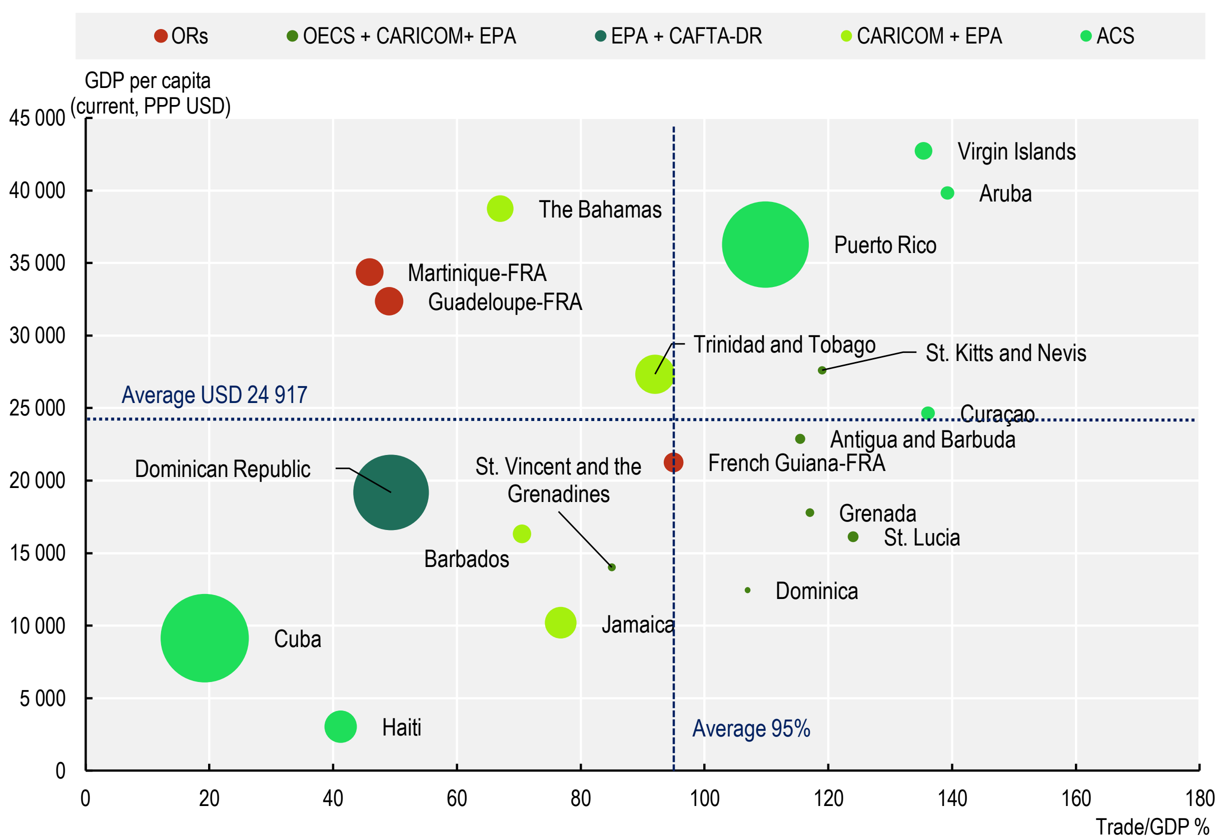


Note: Panel A: Data on Saint-Martin GDP are not available. Caribbean Small States include Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Monserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.
Source: Authors' elaboration based on OECD regional statistics database 2022, INSEE population census 2019 and ILO statistics.

Guadeloupe is more prosperous compared with neighbouring countries, thanks to national and EU support. In particular, the EU OR status allows the region to benefit from specific support mechanisms, including subsidies, fiscal exemptions and advantageous financing mechanisms. As an EU OR, Guadeloupe benefits from targeted resources from the European cohesion policy funds and from higher maximum co-financing rates – up to 85% of total project cost – with respect to other EU regions at 70%. Together, the French Government direct transfers and EU cohesion policy funds, although subject to some variations, finance between 50% to 60% of the operating budget of the region. Other national state measures include minimum income for unemployed people *(Revenu de Solidarité Active - RSA*), which stands at 20% of the work force and is among the highest joblessness rates in France after French Guiana, as well as tax exemptions on fuels and the possibility of mobilising domestic resources through the imposition of a dock duty (*Octroi de mer*) on imports that aims to protect local production from external competition.

Guadeloupe and other EU ORs face a paradox in which while they are wealthier compared with neighbouring countries such as SIDS they remain disadvantaged with respect to other EU regions. Public resources have played an essential countercyclical role in cushioning the effect of the multiple crises over time and in compensating structural handicaps, but they have not been accompanied by adequate incentives to foster local business development and entrepreneurship (Budoc, 2012[11]; IEDOM, 2022[2]). While Guadeloupe, similar to Martinique, is a mid-size economy with a GDP per capita that is 30% higher than the Caribbean average, the relative openness of the region measured by the ratio of trade to GDP is only 40%, well below that of regional counterparts (Figure 1.3).

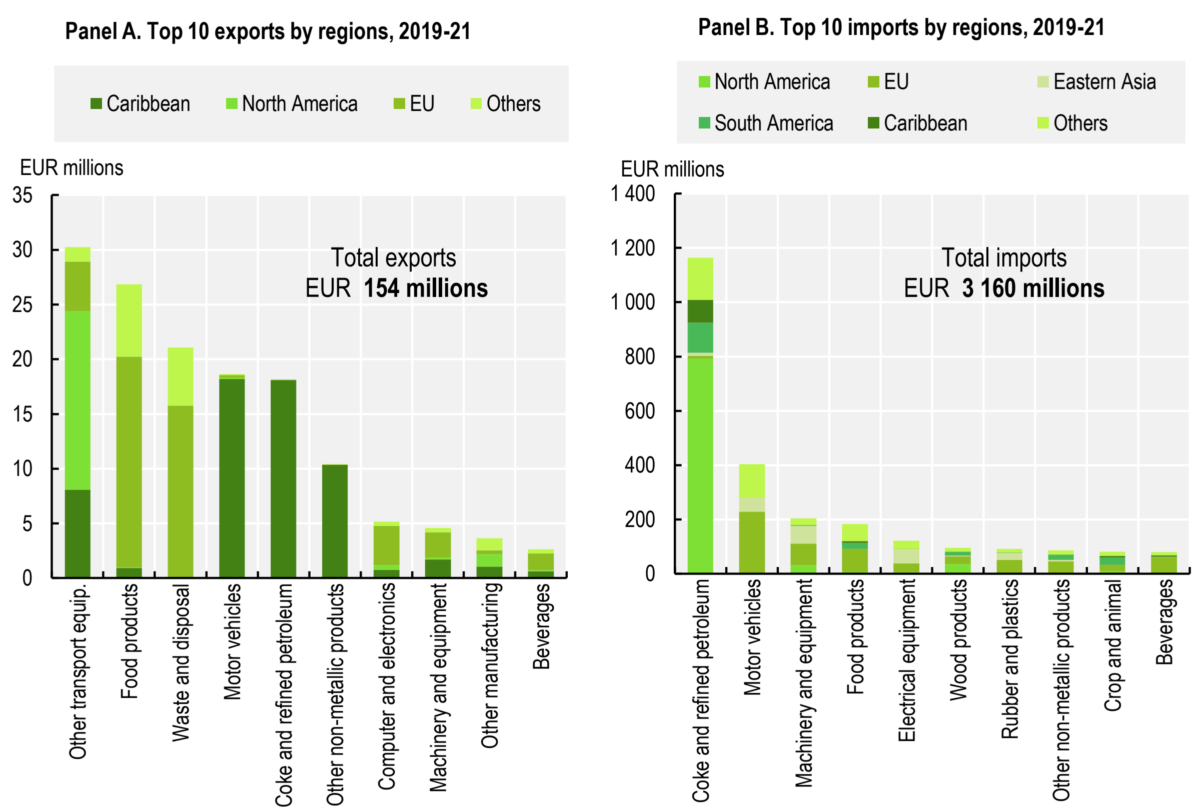
Figure 1.3. Trade is less relevant for Guadeloupe than for nearby countries



Note: Bubble size reflect the GDP of each territory and country.
Source: Authors' elaboration based on French General Directorate of Customs and Taxes, https://lekiosque.finances.gouv.fr/site_fr/regions/Region_index.asp World Bank databank 2022, https://databank.worldbank.org.

Mainland France accounted for 64% of total trade in 2021, up from 59% in 2000. If only exports are considered, mainland France account for 85%, nevertheless represent a tenth of total imports in nominal terms. Guadeloupe mainly exports agro-food products such as bananas, sugar cane and rum, which account for around 15% to 20% of exports. The region also plays an important role in re-exporting capital and consumption goods to other French Outermost Regions, such as Martinique, French Guiana and Saint-Martin, and to the French overseas territory of Saint Barthélemy, all located in the Caribbean basin. Imports are concentrated on energy and food products, with 16% of the total each, followed by vehicles and parts (15%) and pharmaceutical and medical equipment on 10%. Besides trade with France, other major partners are the United States and Canada, from which Guadeloupe imports energy products, other EU countries such as Belgium, Italy, Germany and Portugal from which the region imports motor vehicles and machinery, and to which it exports sugar and liquors. Trade with other Caribbean countries totals 2%, reflecting the limited trade integration in the Caribbean region (OECD/UNCTAD/ECLAC, 2020[12]).

Figure 1.4. Guadeloupe foreign trade excluding Metropolitan France and other French ORs, 2019-21



Note: The original French Nomenclature of Activities (NAF) at 3 digit have been converted to ISIC Rev 4 2 digit (Divisions).
Source: Authors' elaboration based on French Ministry of Finance and Customs data, 2022, https://lekiosque.finances.gouv.fr/site_fr/regions/Region_index.asp

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Note

[1] Less developed regions are defined as regions where the gross domestic product (GDP) per inhabitant is less than 75% of the EU average.

2 Towards a sustainable and inclusive internationalisation for Guadeloupe

This chapter unveils Guadeloupe's sustainable internationalisation potential by examining key emerging value chains in the bio and circular economy, creative sectors, and renewable energies. By leveraging its specific assets and policy support, Guadeloupe aspires to cultivate eco-friendly growth in these important economic domains. It also highlights the significant role of fostering integration with partners in the Caribbean region, to develop collaborative opportunities for mutual growth and sustainable development.

Utilising local assets: Options for circular, creative and renewables value chains

While the region has been able to cushion the effects of multiple crises, including the COVID-19 pandemic, mostly thanks to the support of France and the EU, severe fragilities persist. With an unemployment rate of 18.5% (Insee, 2022[1]), and a migratory deficit due to a large share of young population moving to mainland France, the creation of decent jobs remains a priority. Guadeloupe is also highly vulnerable to exogenous shocks. The region is increasingly exposed to natural disasters, which challenge local social and economic development. In 2001-20, the number of storms and hurricanes in the Caribbean increased by 60% compared with 1980-2000. Like other EU Outermost Regions (ORs), Guadeloupe also relies on imported fuels, which account for 90% of the total energy supply and 10% of GDP. Together these fragilities contributed over time to a social discontent that led to protests and hostility towards public institutions (IEDOM, 2022[2]).

Guadeloupe needs to address its persistent fragilities and shift towards a new development model based on cohesion and innovation. This Production Transformation Policy Review has identified three areas in which enhanced internationalisation could be a game changer for regional development: the bio and circular economy; cultural and creative industries; and renewable energies. Strengthening capacity building and international links throughout these value chains would, in fact, induce changes across the whole economy. This pertains to reshaping tourism, which remains underdeveloped compared to countries and regions in the same ocean basin. These three value chains are also pivotal to achieving a sustainable agro-food industry and preserving the local biodiversity. The following sections provide a snapshot of these industries and the options for Guadeloupe to participate in these value chains.

Sustainable bio and circular economy: Driving economic value, local ecosystem preservation, and reduced dependencies

In Guadeloupe, safeguarding the environment represents an untapped opportunity to develop new business activities in the bio and circular economy and to support value chain participation. Guadeloupe can leverage its untapped bioeconomy potential and reap the benefits of global trends. Recent estimates project the size of the bioeconomy at USD 5 trillion by 2030 (i.e., the equivalent of Japan's economy in 2022) with a projected annual growth rate of 4%, on average, over the next decade (WBCSD, 2021[3]).

Guadeloupe's natural endowment is well-suited for the development of sustainable economic activities. With 77% of the territory classified as a nature reserve, the region hosts a biosphere reserve that comprises two geographically distinctive sites. The southern part of the island with a tropical forest and an active volcano hosts 300 species of trees, 270 varieties of fern and 100 varieties of orchid protected by a natural park. The region also has a lagoon – *le Grand Cul-de-Sac marin* – of 15 000 hectares that includes coral reefs, mud flats, sea-grass bed and mangrove forests, freshwater swamps forests and marshes. These two sites together are recognised by UNESCO as among the most important biosphere reserves. Also, together with Martinique, Guadeloupe hosts the Agoa Sanctuary that since 2012 has been designed to ensure the conservation of marine mammals in waters under French sovereignty and jurisdiction in the French West Indies (UNESCO, 2022[4]). However, the natural and biological resources of the archipelago is at risk. The use of chlordecone contaminated the soil and water of the island, an important challenge for the development of the food supply chain and particularly for human health (Rochette et al., 2020[5]). Local and national authorities are engaged in limiting the damage and restoring the environment. In 2022, the 4th chlordecone strategy for 2021-2027 was launched by the French Ministry of Health. With a total budget of EUR 92 million the plan includes important support to research and development (R&D) initiatives with both EU and national resources. The EU Biodiversity Strategy for 2030 explicitly places a "particular focus on protecting and restoring the tropical and sub-tropical marine and terrestrial ecosystems in the EU's Outermost Regions given their exceptionally high biodiversity value" (European Commission, 2020[6]).

The circular and bio economy offers important opportunities for restoring the ecosystems of Guadeloupe while also supporting new businesses opportunities. The EU's circular economy action plan promotes solutions tailored to the ORs and other islands, due to their dependence on resource imports, high waste generation fuelled by tourism and waste exports (European Commission, 2020[7]).

In 2019, the regional governments of Guadeloupe and Martinique in collaboration with the French Agency for Ecological Transition (ADEME) and the French National Research Agency (ANR) launched a call for projects to support research and innovation on the re-use of sargassum, a floating seaweed, which over the last decade has caused severe biological, ecological and economic impacts in the Caribbean. Financed projects include an application of sargassum as activated carbon, limiting the negative effect of chlordecone in the agriculture, from the University of Antilles in Guadeloupe, and supporting innovative enterprises that aim to develop building materials from algae that have a low environmental and energy impact (ADEME, 2021[8]; Francoeur et al., 2021[9]). Sargassum is also currently used as a biomaterial for the production of glasses from a local eyewear designer in collaboration with Phytobôkaz, a Guadeloupean R&D laboratory that leverages local natural assets to produce bio-based innovative products including cosmetics, pharmaceutical fibres and 100% natural dye colours such as blue indigo.

Other circular economy solutions can be applied to traditional value chains, such as sugar cane and bananas. Currently the region hosts a co-generation power plant with an installed capacity of 102 MW that is fuelled with coal and bagasse – a fibrous residue of sugar cane – that supplies 20% of the electricity for the island. Converting the plant's Unit 3 to operate solely on biomass would reduce carbon dioxide emissions by 87% and aid in reaching a 35% renewable energy penetration in the region; however, there's an alternative approach that involves maximising the value of biomaterials such as bagasse before combustion, adhering to the cascading principle. This could entail transforming bagasse into renewable, sustainable cellulosic materials for diverse industrial applications, for instance (Figure 2.1). This will allow the greening of the energy matrix and could enhance the image of the entire value chain, following the cascade principle. Looking ahead, greater support could be provided to green entrepreneurial opportunities to make the value chains of both bananas and sugar more circular. Other regions and countries such as the Canary Islands and Mauritius are already advancing in this respect (Box 2.1) (European Commission, 2020[7]).

Box 2.1. The value of circular economy: Example from the Canary Islands and Mauritius

LIFE BAQUA: A sustainable cycle in the banana value chains in the Canary Islands

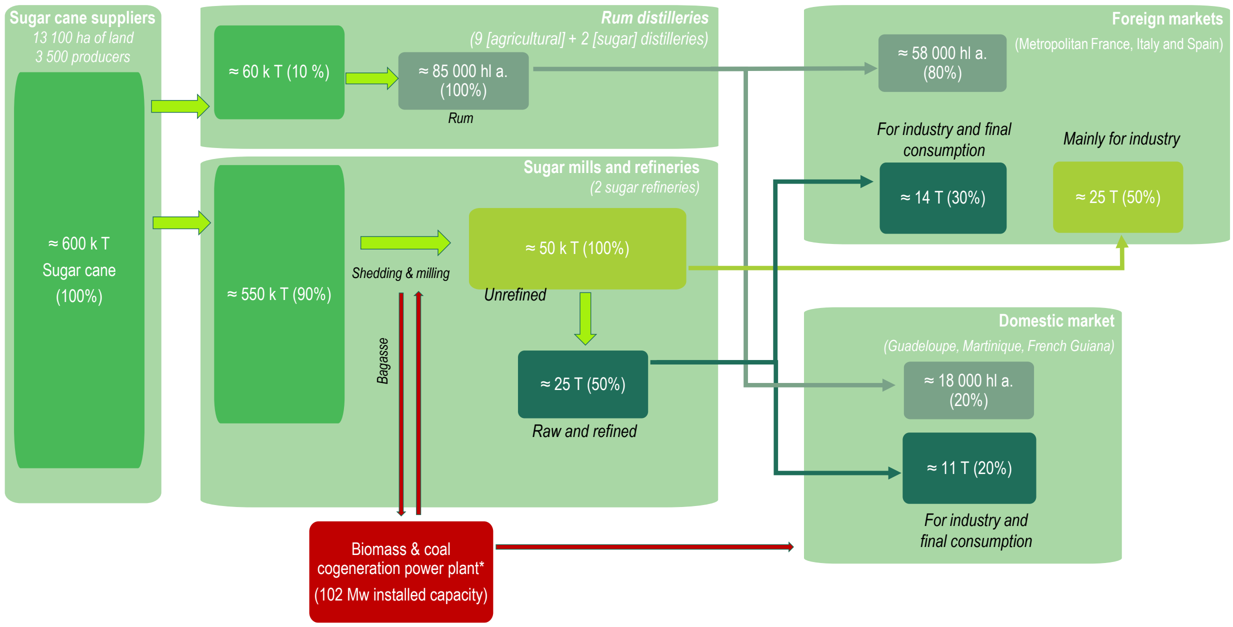
Bananas make up 33% of the agricultural production of the Canary Islands (52% of total EU), with an annual turnover of EUR 280 million. Every year, 400 million kg of bananas are produced on more than 9 000 hectares, providing direct and indirect employment for 27 000 people. A downside of banana production is the organic waste (called "pseudostem") generated from harvesting, which has no nutritional value for the soil and, if left to accumulate, can have damaging environmental effects. Launched in 2016 with the support of EU cohesion policy funds the LIFE BAQUA project optimises the use of organic waste and pulp to produce bio-based and biodegradable plastics as well as antioxidant fish feed. These actions would reduce waste during harvesting and final consumption, eliminating the need for waste transportation and its associated costs. A lifecycle assessment showed that the environmental impacts of BAQUA plastic products were offset by the reduction of agricultural waste and the substitution of corn for banana waste in animal feed. Over the project lifetime, 44 tonnes of agro-waste were extracted, avoiding 150 kg of N_2O emissions. The substitution of polymers by bioplastics and banana fibre also avoided 306 kg/year of CO_2. On an industrial scale, the project could avoid 341 tonnes/year of N_2O emissions and up to 8 220 tonnes/year of CO_2.

Sugarcane in Mauritius

Sugarcane in Mauritius is cultivated on 72 000 hectares, representing 85% of the arable land in the country. With a yearly reduction of 600 000 tonnes, sugar is mainly being exported to the European Union. With the reforms of sugarcane markets in early 2000s, several countries from Africa, the Caribbean and Pacific received preferential market access to the EU but faced several challenges as global market prices dropped by 40% in 2006-09. At the same time, EU trade agreements continue to take into account Outermost Regions' concerns as regards their sensitive products, such as sugar. In order to remain competitive, a local production company, Omnicane, with the support of the European Investment Bank (EIB), explored new options including the development of by-products such as ethanol, organic fertilisers and thermal energy. In particular, the carbon dioxide released during the fermentation of molasses is sold to a neighbouring factory where it is used to produce beverage-grade carbon dioxide. This technology reduces greenhouse gas emissions, because fossil fuels are typically burned to capture carbon dioxide for beverages.

Source: (EIB, 2016[10]; EU Commission, 2020[11]).

Figure 2.1. Sugar value chain in Guadeloupe



Source: Authors' elaboration based on French General Directorate of Customs and Taxes, https://lekiosque.finances.gouv.fr/site_fr/regions/Region_index.asp and Guadeloupe General directorate for food agriculture and forest, https://daaf.guadeloupe.agriculture.gouv.fr.

In order to exploit the full potential of bioeconomy and circular economy in Guadeloupe it would be important to:

- **Strengthen the local research and innovation base**. The region hosts one of the three campuses of the University of Antilles, together with Martinique and French Guiana. The research activities of the Guadeloupe Campus focus on agriculture and biology, which account for 23% of total research output, followed by medicine, environmental science and biochemistry with 11% each. However, Guadeloupe has a low share of scientists and engineers, 2.5% in 2020 compared to 7.5% of the EU average and 4.8% of the average of the Azores and the Canary Islands. To fully exploit the research potential, regional and national authorities should increase their support to established research centres and finance long-term transformative and wide-ranging environmental projects which provide the necessary expertise and know-how for the development of the bioeconomy. These projects would benefit from a stronger regional partnership dynamic in the Caribbean. For example, the Interreg Caribbean programme 2021-2027 supports a specific axis on bioeconomy research, and university curricula that could develop capacity building in the bioeconomy and circular economy fields. In addition, Guadeloupe could leverage its connection with mainland France to become a regional reference hub in the Caribbean for innovation in bioeconomy. Moreover, pro-innovation initiatives, such as the Audacia Technopole, should be supported. This could also be done by strengthening partnerships with national research centres like the French Agricultural Research Centre for International Development (CIRAD) and the Research Institute for Agriculture, Food and Environment (INRAE), which since 2010 have established a Biological Resource Centre in the West Indies (BRC) hosting tropical plant genetic resources that can be shared within international research projects.
- **Support organic agriculture.** Organic agriculture should be fostered to increase the sustainability of land use and self-sufficiency. Intensive agriculture, while it has increased food availability over the last few decades, has had negative environmental impacts such as nitrogen over-supply, eutrophication of land and water bodies (a process which occurs when the environment becomes enriched with nutrients, increasing the amount of plant and algae growth in estuaries and coastal

waters), and GHG emissions. Organic production can help farmers tap into new global demand, and its crop rotation, which is more flexible and less intensive, requires less fertiliser. Reducing the use of fertiliser, which is mostly imported into Guadeloupe, while preserving an ecological balance to protect soil fertility from pest problems is an important issue. Currently, some good practices have already been implemented. However, only 2% of land is devoted to organic production in Guadeloupe, compared to 9% in continental Europe, 4% in Réunion and 5% in the Canary Islands.

Box 2.2. Bio With You: An innovative sustainable project in Guadeloupe

Bio With You, an ambitious and eco-conscious company based in Lamentin, Guadeloupe, demonstrates an innovative and sustainable business approach supported by the European Regional Development Fund (ERDF) through the Guadeloupe Operational Programme 2014-20. This company, operating in a 2 000 m^2 production unit set on a 5 300 m^2 site in the industrial area of Jaula, has embarked on producing 100% plant-based containers – a significant move towards mitigating the environmental impact of petrochemical plastics.

The enterprise's range of products includes bottles, flasks, pots, cups, and even caps, all crafted to specification from plant-based materials such as coconut, clay, and bagasse, which are fully biodegradable, including caps and labels. The production reaches 10 000 bottles per day, with the company aiming to double or even triple this output.

A key feature of this initiative is its alignment with the trend of environmental consciousness and sustainability, particularly given the threats that plastic poses to the environment, wildlife and health. In Guadeloupe alone, hundreds of thousands of plastic bottles are used daily. By offering a plant-based alternative, Bio With You is potentially shifting consumption patterns towards a more sustainable paradigm, contributing to circular economy practices. The raw materials used by the company include locally-sourced sugar cane fibres, embodying the principles of local sourcing and minimising transport-related carbon emissions. This project represents a forward-thinking and innovative approach to waste and resource management, further solidifying Guadeloupe's place in the landscape of sustainable development, and the potential for the internationalisation of its economy.

Source: (Outremers 360, 2023[12]), *Guadeloupe : Inauguration de l'usine du groupe Bio With You, fabricant de contenants 100 % végétal à partir de bagasse de canne à sucre*.

Renewable energies have the potential to increase sustainability and create jobs

Renewable energies are expanding rapidly globally. In 2010-21, global renewable energy installed capacity increased threefold, reaching roughly 3 000 Giga watts (GW). The share of renewables in total capacity expansion reached 80% in 2021, compared to 38% in 2010. This increase has been driven by several factors including technological innovation and targeted policies that reduced installation costs. These factors also raised foreign direct investment (FDI). In 2018-22, with USD 620 billion, renewable energies have been the top world greenfield FDI sector, accounting for 15% of new investments. The largest global investors are from the United States with 18%, followed by Germany with 8%, France, the People's Republic of China (hereafter "China"), and the United Kingdom with 6% each. According to the most recent estimates, under a 1.5°C target scenario, direct jobs will reach 38.2 million in 2030, more than three times the level in 2021. Together with an additional 58 million indirect extra jobs in energy efficiency, power grids and hydrogen could offset losses of 12 million jobs in the fossil fuel and nuclear industries (IRENA, 2022[13]).

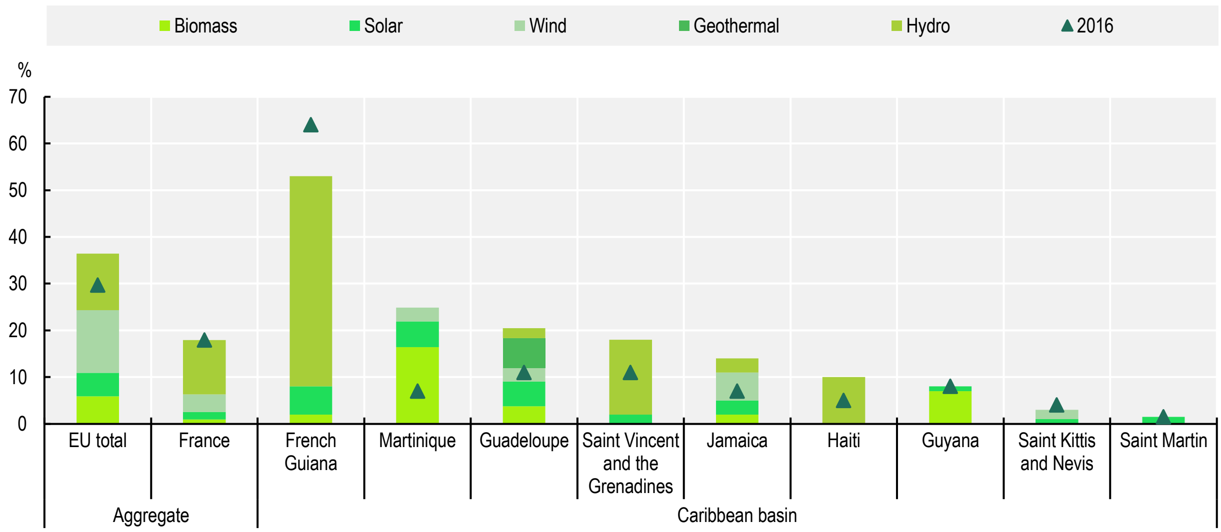
The Latin American and Caribbean (LAC) region is striving for sustainable development through a diverse and renewable energy matrix, reducing emissions and ensuring universal energy access. With renewables constituting 33% of the energy supply (compared to 13% globally), LAC has made significant strides in renewable energy markets, generating 61% of regional electricity from hydro, solar, wind, biomass, and geothermal sources in 2020. The green transition also presents a valuable opportunity for creating green jobs, potentially adding 10.5% more net jobs in the region by 2030. However, this transition demands additional investments in green sectors, alongside the development of active labour market policies and targeted social support for impacted workers and households. LAC's strategic advantage in low-cost renewable energy positions it to become a green hydrogen hub, supporting decarbonisation efforts in hard-to-abate sectors such as heavy industries and transportation, where viable alternatives to fossil fuels are limited. A just and inclusive green transition can unleash LAC's renewable energy potential, driving economic growth, job creation, and a sustainable future for the region (OECD et al., 2022[14]).

Guadeloupe is advancing in the development of renewable energies. Renewables account for 23% of electricity generation, up from 10% in 2010. This is in line with the average in France (24%), below the EU level of 37% and above neighbouring countries in the Caribbean at 17%. Moreover, the total renewable installed capacity increased five times over the last 20 years, reaching 200 MW in 2021 (Figure 2.2). Geothermal is the main source of renewable electricity, with 115 GWh and 104 GWh, respectively, in 2021. The Bouillante geothermal plant, active since 1986, provides 11% of the region's electricity. An extension plan, currently under study, could increase the plant's total production to 45 MW, which would cover 20% of the region's electricity demand. The eastern Caribbean boasts strong, consistent winds that, combined with high solar irradiation due to its tropical location, make the region a favourable area for renewable energy generation. From 2010-21, solar PV installation increased six-fold. In 2019, a 15 MW wind power plant opened, with a production capacity of 33 GW and the potential to provide electricity to 17 000 people (IRENA, 2023[15]). However, like other EU ORs and Small Island Developing States (SIDS) more than 90% of energy is imported in the form of fossil fuels.

Potential biomass opportunities could lead to more energy self-sufficiency and induce a circular economy effect. Guadeloupe has a net primary production score of 8.5tC/ha/yr, the aggregate impact of land use on biomass available each year in ecosystems, more than double the global average of ~3-4tC/ha/yr. This untapped potential could be further used to diversify the current energy matrix with energy produced through biomass. Likewise, there are also possibilities to develop intra-regional renewable opportunities in terms of infrastructure development to expand market size. This is the case with the planned undersea cable between Dominica, Guadeloupe and Martinique, which aims to pool the electricity grids to create a large enough demand base for the cost-effective development of geothermal power.

Figure 2.2. The deployment of renewable energies increased in Guadeloupe

Change in the percentage of total primary electricity produced by technology, 2016-22



Note: Data for Saint Vincent and the Grenadines, Jamaica, Haiti, Guyana, Saint Kitts and Nevis are from 2020.
Source: Authors' elaboration based on (IRENA[16]), energy profiles, https://www.irena.org/Data/Energy-Profiles; (Interreg[17]), Joint Regional Analysis; (OREC[18]), Energy Bulletin.

Guadeloupe, like other EU ORs, aims to implement the EU Green Deal (EGD) to further deploy renewable energies. Following the guidelines of the EGD, the region aims to reduce emissions by at least 55% by 2030 compared to 1990. In doing so, the region is currently undergoing a revision of the Regional Multiannual Energy Program (PPE) for the period 2024-33. The main axis of intervention will be: i) increasing energy efficiency and supply with a more diversified energy mix and increase of renewables and, ii) developing infrastructure resilient to natural disasters together with increased battery storage. Renewable energies, if properly exploited, have the potential to reshape local development in Guadeloupe and in other EU ORs impacting all economic activities in these regions and creating more investment, innovation, and entrepreneurship.

The decreasing cost of renewable energy generation, alongside the advancements in battery storage and energy smart management software, offers new opportunities to the region. While the EU institutions and Member States are discussing new targets to reduce CO_2 emissions for cars and commercial vehicles, Guadeloupe would benefit from prioritising the electrification of its energy matrix. The increasingly competitive costs in renewable energy (RE) generation, matched with battery storage and new energy smart management software, are opening up new opportunities for the region.

Policy actions and instruments need to be framed within the national and EU contexts, while local authorities must carefully take into account the trade-off between subsidised fuels and the deployment of new renewables in the long run. Moving ahead, other policy actions related to the deployment of renewable energies should be considered. These include for example the piloting of Ocean Thermal Energy Conversion (OTEC). An OTEC pilot launched in Martinique, which was scheduled to be operational in 2018, was interrupted due to technical issues and a lack of financing (Ecosources, 2018[19]; Observatoire des la Mer, 2020[20]). As the technology is becoming mature and fixed costs are decreasing, Guadeloupe could consider positioning itself together with Martinique as a possible pilot spot. Marine energy is still considered too expensive, owing to its limited economies of scale with most projects being limited to demonstration scale. However, countries from the EU as well as China, South Korea and the United Kingdom are planning to establish new projects particularly in the Caribbean, Indian and Pacific oceans (IRENA, 2023[15]).

Regional integration in the Caribbean holds immense potential for accelerating the deployment of renewable energies. Collaborative efforts should be directed towards pooling expertise, establishing concrete knowledge transfer mechanisms, and promoting scientific exchanges not only within the Caribbean basin but also throughout the broader Latin American continent. Additionally, fostering integrated regional grids through interconnections offers a compelling option for scaling up renewable energy diffusion. In the eastern Caribbean, the partnership between Martinique, Guadeloupe, and Saint Martin could significantly bolster the energy transition of OECS countries, provided essential reforms are implemented (Box 2.3).

Box 2.3. Towards regional energy integration in the Eastern Caribbean

Renewables are becoming cost-competitive in the Eastern Caribbean. For wind, solar PV, and geothermal the combined costs of operation, maintenance and capital are lower than the combination of operation, maintenance and fuel costs for generators running on non-renewables. However, actual deployment of renewables is still limited despite their strong potential in the region. The majority of these countries continue to rely on imported energy products, which account on average for 93% of electricity generation, similar to the EU ORs in the region.

Regional energy integration in the eastern Caribbean is an option to scale-up the potential of renewables. To do so, countries and territories need to work together on several fronts – backed by strong political will and long-term sustainable financial resources. In this respect, intra-Caribbean connections working to integrate electricity systems could help to increase the size of the market and make renewables more profitable. At present, the small individual size of the countries of the Eastern Caribbean, including the EU ORs, leads to low levels of demand for energy and fragmented electricity grids. This prevents many renewable projects from generating the economies of scale needed to be economically feasible. This is particularly true of geothermal energy. Regional inter-connections via undersea cables could create an integrated regional electricity system, enhancing the possibility of electricity imports and exports and pooling financial resources and expertise. Some important steps that the OECS countries, along with the EU ORs in the region, should consider in order to foster this regional integration are to:

- **Increase access to finance for long-term renewables projects**. Currently in most countries, energy ministries have a one-year budget cycle, forcing them to focus mainly on the short term.
- **Adopt regulatory frameworks to channel private investment**. The majority of electrical utilities in the region are integrated monopolies in power generation, transmission and distribution and the regulatory frameworks do not include provisions for private investment in the electricity sector.
- **Reduce red-tape to fast-track operations**. Even where third party power producers are allowed there are significant restrictions on their operations, such as onerous, long, and unclear application procedures. Furthermore, access and exploitation rights for geothermal resources are not clearly delineated in most OECS countries.
- **Improve incentive schemes for renewable energy**. In most of the countries there are either tax credits, reductions, or exemptions for renewables. However, net metering or billing schemes are not sufficiently diffused.
- **Harmonise standards and norms**. Renewable portfolio standards, which are regulatory mandates that require utility companies to increase electricity generation from renewables, are also absent in Eastern Caribbean states while several countries lack interconnection standards.

Source: (OECD, 2022[21]).

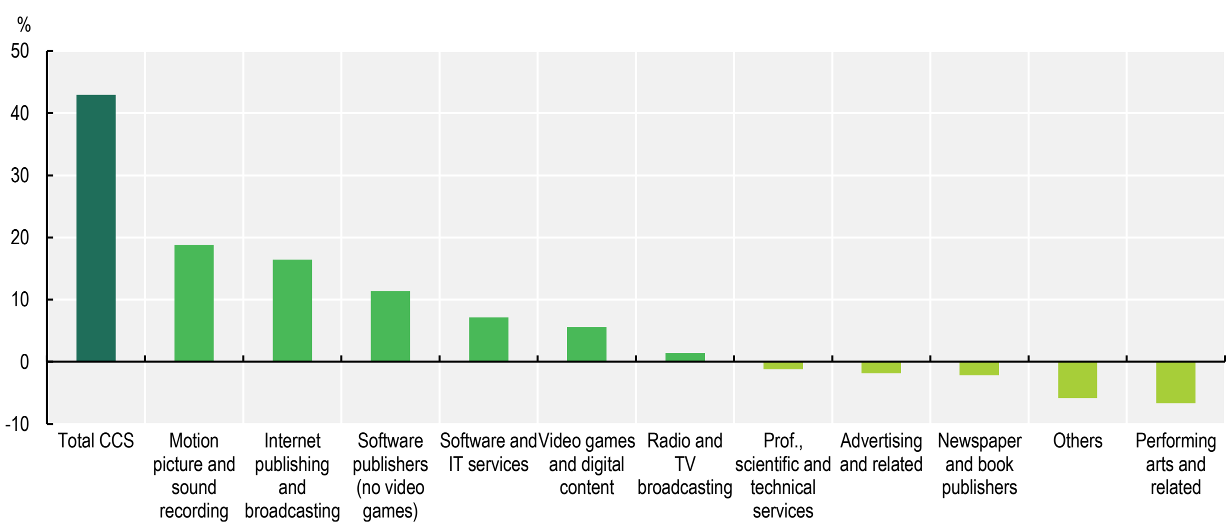
Cultural and creative industries to attract investment and promote local identity

Cultural and creative sectors (CCS) are an important driver of job creation and entrepreneurial activities. These sectors generate economic wealth, create jobs, support innovation while at the same time nurturing more inclusive societies. Over 2011 and 2019, cultural and creative employment grew by 13.4%, compared to 9.1% across OECD countries, outpacing total employment growth also in Portugal, Spain and France. In the European Union, 3.7% of all employment was related to cultural and creative sectors in 2021. Likewise, from 2011 to 2018, the number of enterprises in these sectors grew by 18% across OECD countries, outpacing the total business economy, which grew at about 12%. Moreover, GVA generated through cultural and creative sectors in Europe is estimated to be larger than the total food services and accommodation sector (OECD, 2022[22]).

CCS entails increasing the international dimension. In 2002-20, global exports of cultural and creative goods more than doubled in value, moving from USD 208 to 524 billion, growing on average at 3.5% a year compared to total exports at 2.4% (UNCTAD, 2022[23]). This does not take into account creative services that in 2020 were estimated to be worth USD 1.1 trillion, more than double the level in 2010. The global value of FDI has also increased by 40% over the last decade. The largest contribution has been driven by the motion picture and sound recording sectors, followed by video games, applications and digital content, whereas more traditional activities such as the performing arts and book publishing shrank (Figure 2.3). Measured by foreign direct investment (FDI) flows, the United States and the United Kingdom are leading investors in culture, while France and Spain are among the top twenty global investors, and recipients more broadly distributed.

Figure 2.3. Global FDI in cultural and creative sectors increased by 40% in a decade

Total FDI increase and sub-sector contribution, 2008-11 and 2018-21



Source: Authors' elaboration based on Financial Times FDI Market database, https://www.fdimarkets.com/.

Guadeloupe has an important culture industry, which could, however, be promoted better. Depending on their measurement[1] CCS in Guadeloupe cover between 2.5% and 7% of all establishments and contribute to between 1.5% and 2.5% of employment. These figures are above the French national average and above other overseas territories, such as Martinique and Réunion. The leading sub-sector is the music industry with 920 organisations, followed by art design and fashion and multimedia with 830 and 560 each. Like in other French ORs and in Mainland France, CCS are characterised by a large proportion of selfemployment. While across the OECD around one-third of individuals active in cultural employment are self-employed, in Guadeloupe it reaches 45% (OECD, 2022[22]; Maurin, 2016[24]).

CCS in Guadeloupe are strongly related to the creole culture, which has a strong regional component. The colonisation process in the Caribbean over the centuries, which brought and merged together different ethnicities and peoples from Caribbean, Africa and Europe, led to a creation of a wholly new culture with a transnational space that covers the entire basin, from Louisiana in the United States to French Guiana including all of the French and British lesser Antilles (Bolland, 1998[25]). From the region, relevant musical styles such as Gwonka and Bouladjel emerged, inspiring multiple artists such as the Kassav group or entire activities such as carnival and festival activities. Guadeloupe, together with Trinidad and Tobago, hosts the largest number of festivals in the Caribbean (Maurin and Watson, 2020[26]).

Several public policy initiatives are developed to support CCS in Guadeloupe. In its most recent regional plan for economic development, innovation and internationalisation (SRDEII), Guadeloupe envisioned CCS activities such as festivals and film production as particular areas to promote in the region's public communications (Guadeloupe Region, 2016[27]). As in other EU ORs, Guadeloupe also recognises the potential of CCS for tourism attractiveness as stated in both 2014-20 and 2021-27 ERDF and ESF programmes. In 2015, with the support of ERDF, the ACTe museum on the heritage of slavery period was inaugurated in Pointe-à-Pitre. Moreover, for the programming period 2021-27 the Regional Council envisages mobilising EUR 32 million in activities related to CCS. Also France Relance, through a targeted initiative, is supporting CCS in the region, including the EUR 3 million earmarked in 2020-21 for the restoration of historical buildings and modernisation of libraries (Ministry of Culture, 2022[28]).

While the region is mobilising resources with enhanced partnerships with both EU and national stakeholders, some challenges persist. The creative industry, despite some success, has broad potential but is weighed down by a cautious approach, in which the commitment of public and private sectors limits the effective promotion of the cultural and creative heritage of the territory (Maurin and Watson, 2020[26]). A proactive and pragmatic attitude towards promoting local cultural specificities can support new business and economic activities in other sectors, including tourism, manufacturing and digital, but also foster a sense of identity and regeneration of the local community while enhancing wellbeing.

Culture and creative industries have the potential to contribute massively to Guadeloupe's development and foster social cohesion and innovation. Several regions and countries are actually increasingly recognising the role of culture and creativity in fostering development (Box 2.4). While some crosscutting key takeaways can be drawn for all the EU ORs (Box 2.5), in the case of Guadeloupe some important actions bear mentioning with a view to ensuring future progress:

- **Scale-up existing national, regional and cross-regional projects**. Guadeloupe should leverage and reinforce its past experiences and scale them such as the crosscutting EU OR pilot project Archipel.eu. Launched in 2021, and concluded in June 2023, it provided financial support to cultural projects and initiatives through a series of thematic calls for projects in order to safeguard, promote and support intangible cultural heritage, local knowledge, popular arts and practices as well as ancestral and indigenous cultures to safeguard and promote culture in the ORs and Overseas Countries and Territories (OTCs) (European Commission, 2020[29]). Guadeloupe can also build on other national initiatives such La French Touch programme run by Bpi France that provides a dedicated work stream for internationalisation of CCS through mentoring and financing instruments. This is carried out with the support of Business France, the French agency responsible for fostering export growth by SMEs and mid-sized companies.
- **Make the most of new available funding mechanisms**. With the renewed Creative Europe programme, the European Commission is supporting CCS by allocating EUR 2.4 billion for 2021-27. The programme is based on financing projects that safeguard, develop or promote Europe's cultural-linguistic heritage, as well as those that strengthen the economic dimension of CCS. Guadeloupe like other ORs can benefit from the three financing pillars: (1) a culture strand,

financing artistic and cultural projects; (2) a media strand, supporting competitiveness, innovation and sustainability of the audio-visual sector; and (3) a cross-sectoral stream, which encourages collaboration between the audio-visual sector and other sub-sectors of CCS. An important initiative related to the EU Creative Europe programme, the Culture Moves Europe scheme, supports artists' mobility. It specifically tackles the needs of the ORs, including Guadeloupe, by offering a top-up to the mobility grant, thus targeting artists travelling from and to ORs and Overseas Countries and Territories (OCTs). From 2022 to 2025, the scheme has a total budget of EUR 21 million, aiming to support around 7 000 artists, creators, and cultural professionals to travel abroad for professional development or international collaborations, co-produce, co-create and present their works to new audiences (European Commission, 2022[30]).

Box 2.4. Advancing cultural and creative sectors in EU Outermost Regions: Insights from peer learning

As EU ORs strive to harness their unique cultural potential, the following insights serve as a guiding compass to foster economic prosperity, enhance external dependencies, and preserve the rich local ecosystems. By fostering collaboration and leveraging data-driven approaches, the EU ORs are poised to unlock unprecedented opportunities for growth and sustainability within the CCS landscape.

- Innovation and funding support in the Caribbean: To unlock the renewable energy potential of EU ORs in the Caribbean, innovation is critical. Cutting-edge technologies can enhance innovation ecosystems, supply chain participation, and sustainability goals. Collaboration with global industries and multilateral organisations will provide the needed capital and expertise. Access to French and EU funding will boost financial capacity, supporting Caribbean CCS ecosystem growth.
- Addressing gender inequality in the Caribbean: Focus on promoting female employment in CCS to narrow the gender gap. Support for women artists and entrepreneurs, along with training and networking, fosters a diverse creative industry.
- Strengthening ties with CARICOM and EU for CCS in the Caribbean: Leverage involvement in CARICOM to enhance co-operation and create synergies between EU ORs and CARICOM organisations, fostering CCS growth.
- Strategic partnerships in the Indian Ocean: Utilise international organisations like the Indian Ocean Commission to support CCS development. Collaborate with the Association of the Vanilla Islands' tourism work to promote synergies between tourism and CCS. Establish artist networks and international exchange programmes for capacity building and international promotion.
- Enhancing linkages between tourism and CCS: Promote synergies between the tourism sector and CCS to drive higher value-added tourism, preserve heritage, stimulate innovation, and support skill development. Co-ordinated cultural tourism policies make the ORs attractive destinations for tourists and CCS professionals. Use local creative content in branding and supply chain linkages to reinforce positive impacts.
- Addressing data gaps and encouraging Peer Learning: Overcome data gaps through granular reporting and local mapping studies. Harmonise CCS data definitions with Eurostat standards, document the economic and social impact of CCS, and encourage peer learning to make informed decisions.

Source: (OECD, 2023[31])

Box 2.5. A comprehensive policy strategy for CCS: The orange economy in Colombia

Countries and regions are increasingly paying attention to cultural heritage as a vector of economic transformation with intra-sectoral synergies. With the nature of CCS changing rapidly and its many linkages with other economic activities, policies in this area are taking a broader view and ensuring coherence with other important agendas, such as digitalisation.

Since 2017, Colombia has developed the cultural and orange economy policy that aims to leverage cultural diversity and creativity as pillars of social and economic transformation. It covers several areas including traditional cultural strands as well as digital media and software development. The policy is co-ordinated by the National Council for the Orange Economy, that involves multiple ministries and implementation agencies, including regional and municipal stakeholders.

In 2020-22, total public support for CCS amounted to USD 6 billion, through multiple instruments for different beneficiaries. These include measures such as investment in public goods infrastructure such as broadband or direct and indirect measures such as tax incentives, awards and non-refundable grants and loan financing through the national development bank (Bancóldex), among others. The policy aims also to foster the development of local communities that aim to leverage CSS to support the urban economic and social transformation. In 2022, there were 94 cultural districts across the country that have developed community-related cultural activities and the country entered the top 20 global recipients of FDI related to CCS.

The success of Colombia's Orange Economy policy offers valuable insights for Guadeloupe. With similar geographic areas, collaboration in the Caribbean basin is plausible. Guadeloupe can benefit from the government's strong commitment, and multiple instruments available to address cultural and creative strands of the sector, fostering growth and development.

Source: Adriana Padilla Leal, Vice Minister for Orange Economy and Creative Industries, Ministry of Culture, Colombia, presentation at the Peer Learning Group (PLG) Meeting "Creative Futures", 31 March 2023.

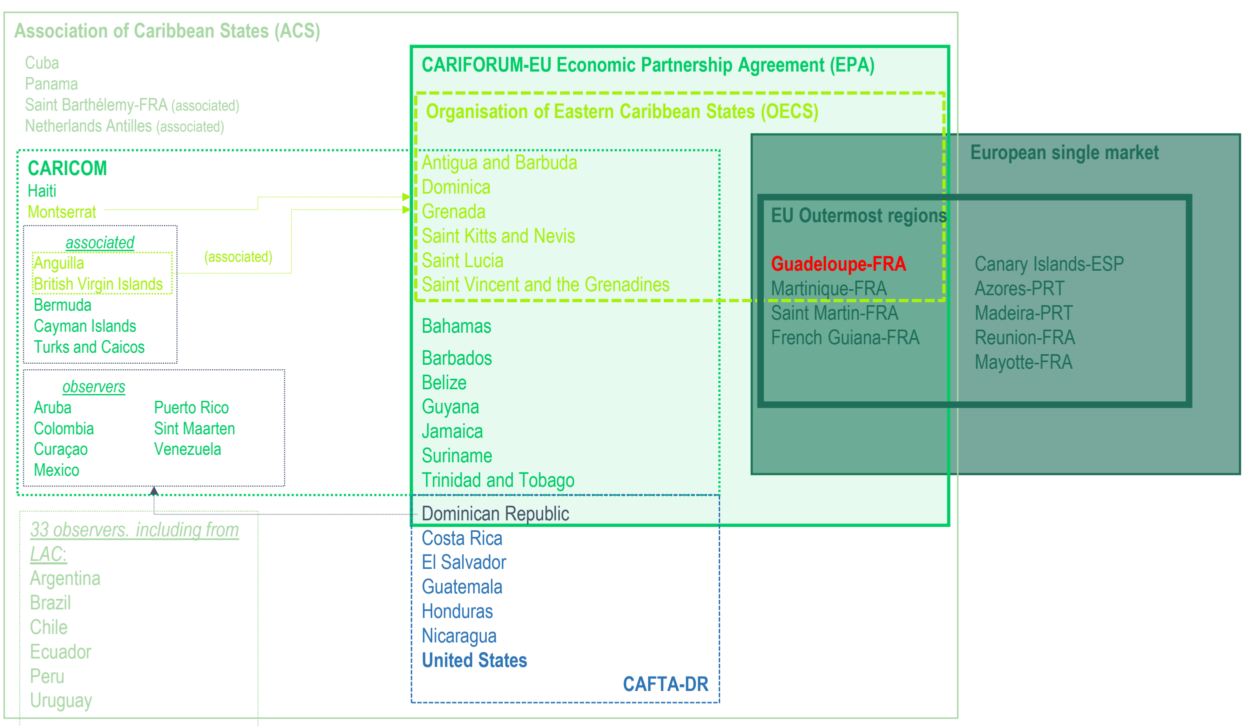
Caribbean partnerships are key to unlocking sustainable transformation

Guadeloupe's future is interlinked with other Caribbean countries. Like many other EU ORs in the Caribbean and in other locations, the relatively small market size and limited human capital require pooling resources and expertise. Next to traditional national and EU partners, the natural candidates for further collaboration are the countries and territories that share similar challenges and opportunities in the Caribbean (Figure 2.4). Since 2019, Guadeloupe and Martinique have been associate members of the Organisation of Eastern Caribbean States (OECS), an international inter-governmental organisation dedicated to regional integration in the Eastern Caribbean. While their similar production structures with limited complementarities restricts the margin for intra-regional trade in goods, the potential for enhanced co-operation is still manifold. Two areas stand out as the most important for further regional integration.

- As an integral part of the European single market, Guadeloupe can benefit from the Cariforum and EU Economic Partnership Agreement (EPA), which provides duty-free, quota-free access for 14 Caribbean States to the EU. The EPA includes a chapter related to trade in services, including culture and entertainment, as well as a dedicated protocol for co-operation. Guadeloupe in this respect could enhance its role in several areas. These include the provision of Quality Infrastructure Services (QIS) to nearby countries that aim to access EU markets, as well as participation in regional infrastructure investment such as critical energy grids and storage facilities that aim to connect several islands. Another option for value chain integration is maximising the full potential of multiple trade agreements with regional preference clauses. For example, Guadeloupe can export intermediate products to the Dominican Republic. In turn, the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR) would facilitate these products' access to US markets.

- Caribbean countries have been significant development and co-operation partners of the EU. In the period from 2014 to 2020, the European Commission provided more than EUR 340 million for co-operation with Cariforum countries. Moving forward, the total resources are projected to more than double under the Global Gateway strategy for the period 2021-27. The main priorities of co-operation will be centred around i) increasing the resilience of the region to the impact of climate change and natural hazards and green transition, ii) promoting economic resilience and private sector development, and iii) supporting human development and more inclusive societies. These priorities coincide with already established programmes such as the Interreg Caribbean managed by the Regional Council of Guadeloupe. Specific projects and actions could be aligned among the different programmes to create synergies and capitalise on local knowledge.

Figure 2.4. The internationalisation space of Guadeloupe



Source: Authors' elaboration.

Guadeloupe's strategic location in the Caribbean together with its access to a wide range of natural resources are the pivotal factors for a renewed internationalisation strategy and participation in global value chains. From the further development of renewable energies to the proper and safe use of natural assets, the region has the opportunity to update its development model by developing sustainable business amid increased social inclusion.

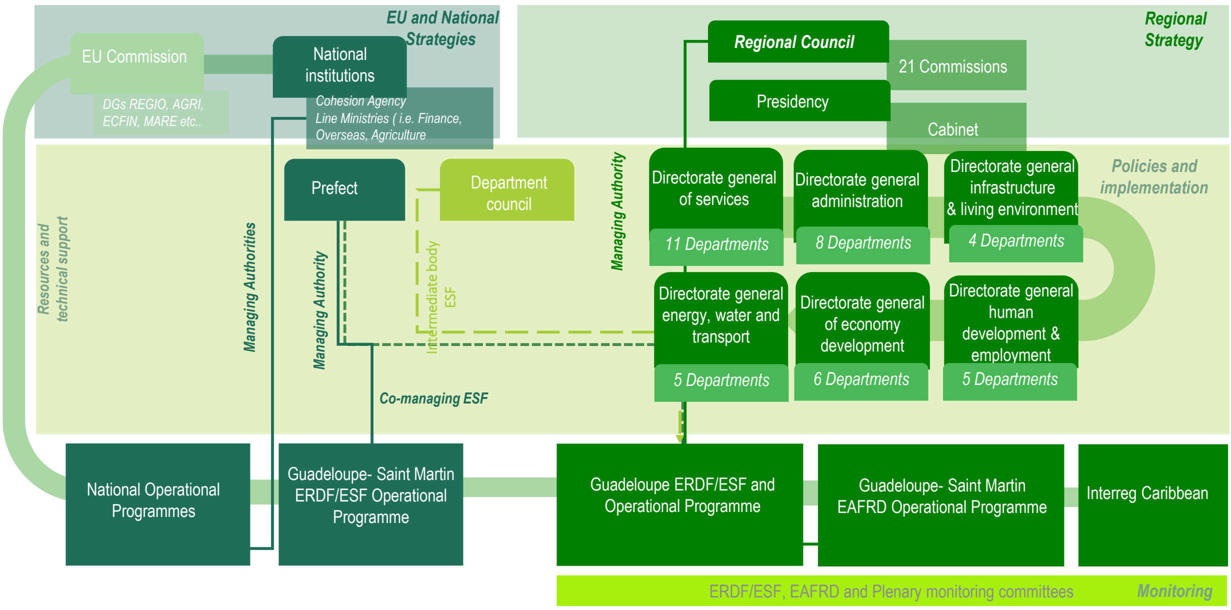
Leveraging EU and national multi-annual financing to transform the economy

The EU funds since 1989 have not only sustained economic growth and modernisation but have also enabled Guadeloupe to increase local institutional capacity to plan and manage long-term projects with an international dimension.

Since January 2014, following the French reform on the modernisation and increased autonomy of regions and departments, the Guadeloupe Regional Council became the authority in charge of managing and implementing some European programmes. Concretely, the Regional Council is now the managing authority of three programmes: the European Regional Development Fund, European Social Fund and the Youth Employment Initiative (ERDF/ESF), the European Agricultural Fund for Rural Development (EAFRD) and Interreg Caribbean, which involves four French ORs (Guadeloupe, French Guiana, Martinique, Saint Martin) as well as other 40 other countries and territories that are members of the Association of Caribbean States (ACS), the Organization of Eastern Caribbean States (OECS) as well as the Caribbean Community (CARICOM). Other programmes include the European Maritime Fisheries and Aquaculture Fund (EMFAF), the Guadeloupe-Saint Martin ERDF/ESF or the programme of options specifically relating to remoteness and insularity of the Outermost Regions (POSEI), which replaces the measures of the first pillar of the CAP. These programmes remain a prerogative of national institutions such as the French Ministry for Agriculture, the Ministry of Overseas Territories or delegated to the Prefect, the higher state's representative in the department (Figure 2.5). Other programmes and associated funds provided for 2014-20 EUR 1.3 billion of earmarked contributions.

The process of increased autonomy has led to an update of the governance and institutional setting while some challenges persist. Following the subsidiary principle of the European Union, the increased autonomy has led to some institutional reforms to cope with more responsibilities. For example, the regional council has created a dedicated unit in charge of overseeing EU projects under the supervision of the Directorate General of Services as well as a cross-funds monitoring body in charge of overseeing the implementation of European regional programmes composed of representatives of the managing authorities, the European Commission, intermediary bodies, and local stakeholders involved in the development of programmes. Still, some challenges remain in co-ordinating, designing and implementing complex projects with specific conditionalities. For example, the resources spent for the ERDF/ESF and EAFRD 2014-20 programmes stood at 45% and 50% in 2022 whereas the EU average was roughly 70% over the same period. Also, other ORs such as the Azores showed a higher level of implementation at around 65% (European Commission, 2022[32]).

Figure 2.5. Institutional governance for European cohesion policy funds, Guadeloupe, 2022



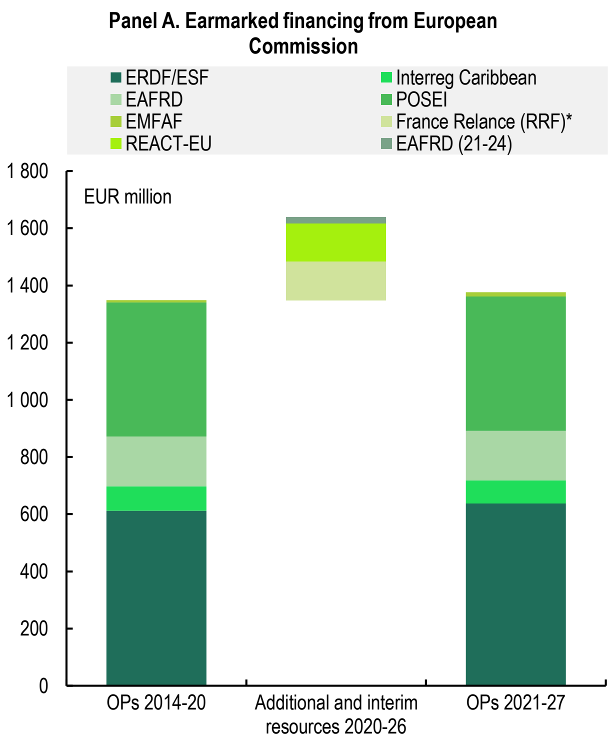
Note: The representation is not meant to be exhaustive. Rather it is intended to provide an overarching governance structure of the Guadeloupe Regional Government related to economic transformation.
Source: Authors' elaboration.

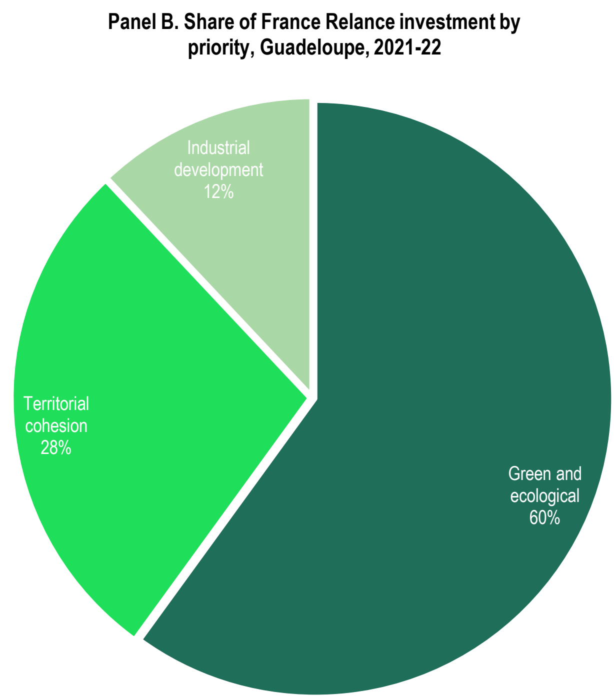
Competitiveness and internationalisation support are mainly associated with infrastructure development and compensating measures for remoteness and insularity. An analysis of the 2014-20 ERDF and ESF operational programme on priority actions for business competitiveness and innovation shows that more than 50% of the resources were associated with investment in roads, energy and water infrastructure followed by the modernisation of port and airports to improve connectivity. Productive sectors including manufacturing, commercial and business services absorbed one-third of the resources. In particular, manufacturing received EUR 34 million in grants, 50% of which were in agro-food processing as compensation for the higher costs of transport of both imports and exports. Other measures include co-financing support for the installation of solar panels or other capital goods for production. Co-financing for commercial activities for hotel and restaurants received EUR 31 million including the first five-star hotel. Recipients of higher value added services include BPI France, which established guarantee funds for private sector development but also EUR 18 million for public research institutions such as the French Agricultural Research Centre for International Development (CIRAD), the Research Institute for Agriculture, Food and Environment (INRA) and the National Center for Scientific Research (CNRS) for specific research projects on biology, natural and medical science, which also include local and national universities.

The new EU programming period 2021-27, matched with additional resources from the Recovery and Resilience Facility (RRF), provides a long-term transformative opportunity for Guadeloupe. On top of the additional resources from the REACT-EU facility (which were disbursed to address the aftermath of the COVID-19 pandemic), the European Commission will provide an additional 3% in earmarked funding through regional and national programmes for an estimated EUR 1.4 billion in 2021-27.

ERDF/ESF total financing will increase by 4% and EMFAF will double – up to EUR 16 million – whereas EAFRD and POSEI should maintain the same nominal levels.[2] The French Recovery and Resilience Plan *(France Relance)* will also provide a new source of financing for ad hoc projects that are structured around three main pillars: the green and ecological transition, territorial cohesion, and industrial development. These resources, part of an ambitious national plan of EUR 100 billion (40% co-financed by the RRF), are managed by national ministries and have a time horizon of up to 2026. By 2022 in Guadeloupe, *France Relance* mobilised EUR 62 million out of the 135 initially agreed. Of these more than 60% have been used to support the renovation and energy efficiency of public buildings, 26% for local community projects including small infrastructure arrangements, 10% to industrial and smart mobility and 4% to cultural projects (Figure 2.6).

Figure 2.6. EU earmarked financing mechanisms for Guadeloupe and France Relance





Note: ERDF - European Regional Development Fund, ESF - European Social Fund, POSEI - Special Agricultural Programme, EAFRD - European Agricultural Fund for Rural Development, EMFAF - European Maritime Fisheries and Aquaculture Fund, REACT-EU - Recovery Assistance for Cohesion and the Territories of Europe, RRF - Recovery and Resilience Fund. The figures for 2021-27 are preliminary until approval of ERDF/ESF and EARDF Programmes.
Source: Authors' elaboration based on Guadeloupe OPs 2014-20 and 2021-27, https://www.europe-guadeloupe.fr/; National Recovery and Resilience Plan; Rural Development Plan, https://www.economie.gouv.fr/plan-de-relance; and 2022 Renewed Strategy for the EU's Outermost Regions, https://ec.europa.eu/commission/presscorner/detail/en/IP_22_2727.

Guadeloupe is increasing the role of regional authorities in strategic planning and policy implementation. While it is important to take into account the structural challenges of the region and the associated need to provide compensating measures through subsidies for established economic activities, in the long run it will be important to define new measures to foster the internationalisation and competitiveness of the economy to fully benefit from multi-annual resources (OECD, 2020[33]). This will require private co-funding of transformative regional projects and identifying pivotal game changers with larger possible spillover effects on both public and private stakeholders. At the same time, the design of policies and instruments may require more synergies and co-ordination in different areas and between funds. Moving forward, it would be important to:

- **Increase synergies between EU and national financing and strategies.** Regional authorities are often embedded in complex negotiations with the national government and the EU that may undermine the coherence and effectiveness of policies. The relationship between regional and national authorities is defined by the transformation and convergence contract (*Contrat de Convergence et de Transformation-CCT*),[3] the financing framework that defines the priority investments in the region through the transfer of national resources. This results from the renewed overseas strategy of the French government, la "*Trajectoire 5.0*" *pour les Outre-mer* of 2018. Moreover, the region is involved in the preparation of specific strategic documents such as Regional Scheme for Economic Development, Innovation and Internationalization (SRDEII), the Tourism and Leisure Development Scheme (SRDTL) the Regional Plan Contract for the Development of Training and Vocational Guidance (CPRDFOP) and the Regional Plan for Higher Education, Research and Innovation (SRESRI). Specific strategic documents that are ex-ante conditionalities for the disbursement of cohesion policy funds are often prerequisites for receiving EU cohesion policy funds. These include for example the Smart Specialisation Strategy (S3) and other comprehensive plans for digital, transport or vocational training. While all these strategic documents and exercises help identify a more effective and structured deployment of resources around the needs of the region (European Commission, 2016[34]), they can at times exhibit some elements of similarity and parallelism. This necessitates a considerable time commitment, especially for smaller regions where human resources may be limited. More synergies between programme-related documents, if not their rationalisation, should be considered. Another possible option for the future could be aligning the next Convergence and Transformation Contract (CCT) with the timeline of the programmes. While this is already happening in the case of mainland regions, the timeline and priority actions of the next wave of CCT remain unclear (Cour des comptes, 2019[35]).

- **Consolidate the capacity for autonomy and embed private sector representatives.** *De facto* regional autonomy in managing EU cohesion policy funds dates back to less than ten years ago. The 2014-20 programming was the first testbed for local authorities in dealing with sometimes complex and lengthy bureaucratic procedures. The new multiannual financial framework period 2021-27 with the new and simplified rules for programmes defined by the European Commission (EC) should support regional streamlining of procedures. At the same time, while local public authorities launched a process of public consultation for the definition of the priority actions for the current cycle, the region should consider a more proactive role for business associations such as the Chamber of Commerce and Industries so they can participate in a follow-up discussion of policy programming. For example, the Monitoring Committee of the ERDF/ESF+ programme in the Azores includes representatives from the local business association. These institutions often represent the prime window of communication with private sector beneficiaries that are not necessarily aware of all possible co-financing options (Mélot, 2019[36]).
- **Invest in capacity-building in the regional government**. Supporting the local authorities with ad hoc technical capacity-building will be an important area of intervention that could involve authorities at national and EU level (OECD, 2022[37]). In Guadeloupe, like in other EU regions, the lack of skilled and professional staff is a perceived barrier in the design and implementation of policies associated with funds. Actions could include tailored capacity-building programmes with peers from EU ORs that have more experience as managing authorities. This could also take place with the French Cohesion Agency, which could provide knowledge transfer and targeted support. Capacity building can be designed to support both design and implementation, to speed up procedures and impact. For example Guadeloupe does not make use of the simplified cost option that makes it easier for beneficiaries, particularly SMEs, to submit claims, saving time during administrative checks as suggested by the European Court of Auditors[4] (European Court if Auditors, 2018[38]).
- **Improve synergies between funds and update the regional policy mix**. The National Recovery and Resilience Plan (RRP) under the Recovery and Resilience Facility (RRF), France Relance and cohesion policy funds provide room for complementarities between policy actions and coherence in project definitions and implementation. For example, the RRF supports areas that are no longer

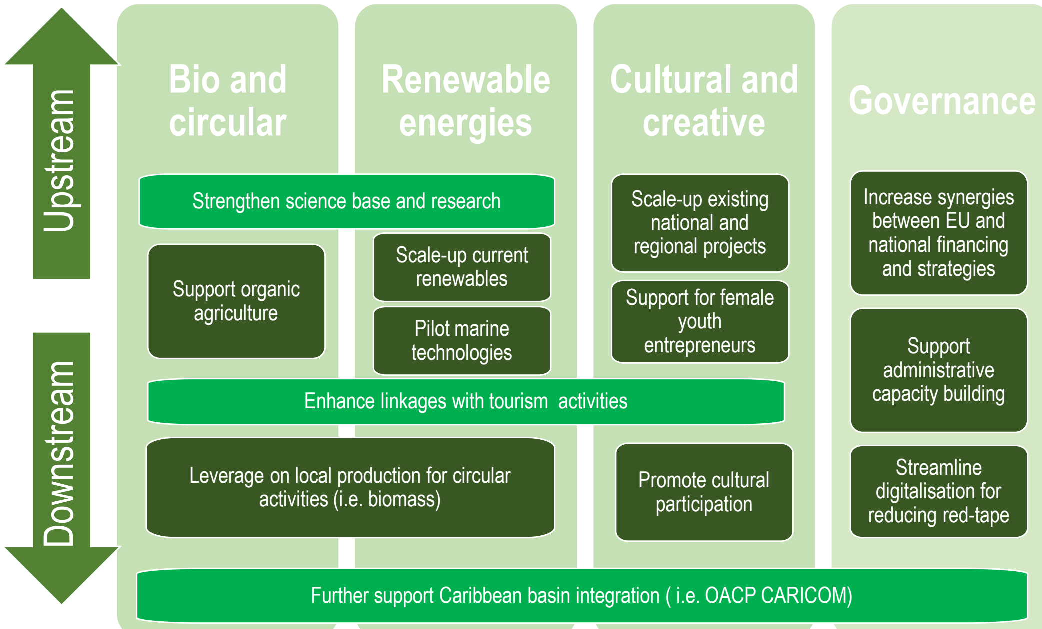
eligible under the ERDF and ESF 2014-2020 and provides continuity of actions. The two funds could also address different beneficiaries, with the RRF targeting public beneficiaries and the ERDF targeting private ones. At the same time, the different timeframes of the funds could expand the life of projects. The shorter timeframes for the results of the RRF, which must be achieved by 2026, could be complemented with further actions financed by the cohesion policy since the eligibility horizon extends until 2029. In the case of the ERDF/ESF+ Programme, for example, few measures show complementarity and could be strengthened, particularly in the case of innovation activities under S3 in which, for example, the improvement of research infrastructures and equipment funded under the ERDF could be supported by ad hoc initiatives for training and networking via the ESF+ (European Institute of Public Administration (EIPA), 2022[39]). It is crucial to incorporate the opportunities provided by EU sectorial programmes, like Horizon Europe for research and innovation, alongside existing funds. Horizon Europe can bolster Guadeloupe's innovation ecosystem through collaborative R&I projects, enabling partnerships with European research institutions and enterprises, and strengthening capacity in innovative sectors. By aligning with Horizon Europe's thematic priorities, Guadeloupe can optimise these additional funding streams to further drive its economic transformation. Moreover, the availability of the additional resources through the RRF can create more space for developing new innovative instruments that can facilitate business environment and bureaucracy. For example, the regional authorities could envisage to adopt a digital platform to facilitate the administrative requirements for registration, payments and exemption of customs duties including the *octroi de mer* that is currently conducted manually and printed.

Conclusions

Guadeloupe is continuing to work with the national and EU authorities to promote the internationalisation of its economy. The new long-term strategies and funding under the umbrellas of the EU multiannual framework and France Relance provide opportunities to support economic transformation and openness. However, a change in the current policy definition and implementation will require shared responsibilities between local, national and EU authorities together with the private sector. In addition to the necessary compensation schemes linked to remoteness, environmental vulnerabilities and biodiversity preservation, it is important to engender a systemic shift that identifies mechanisms that focus on and promote local entrepreneurial development and innovation. The active participation of the private sector with an entrepreneurial mindset and stronger partnership with the local institutions will be essential to make the most of the EU resources, develop new businesses and create jobs.

Future success will require a renewed social pact grounded on the promotion and respect of local culture, and a recognition of multiple identities. Enhanced partnerships with the Caribbean and an effective use of the EU multi-annual planning and financing mechanisms are major assets that can enable Guadeloupe to fulfil its potential as a laboratory for innovative solutions to global challenges, turning remoteness from the European continent into an advantage and developing international partnerships grounded on mutually-reinforcing benefits (Figure 2.7).

Figure 2.7. Summary of priorities and actions for enhanced internationalisation and GVC participation



Source: Authors' elaboration.

In particular, the following key areas would be increasingly relevant to enhance value chain participation and foster territorial development for all.

- Guadeloupe's bio and circular economy, underpinned by its rich biodiversity, presents opportunities for sustainable development. This includes expanding organic agriculture and supporting renewable energy initiatives. Enhanced research and innovation, regional partnerships, and pro-innovation investments are vital to fully exploit these potentials.
- Guadeloupe is making progress in renewable energy use, particularly geothermal and solar, with scope for further growth to meet EU levels. Advancements in energy technology and a commitment to the EU Green Deal offer opportunities for local development and energy self-sufficiency.
- Cultural and creative sectors in Guadeloupe have shown growth with significant potential for youth and female employment. Greater proactive engagement is needed to capitalise on the rich local culture for CCS development and to boost the local economy and promote community identity.
- Guadeloupe's future hinges on enhancing Caribbean partnerships. Leveraging its strategic location and natural resources, Guadeloupe has potential for growth in sustainable business and increased social inclusion through aligning regional projects and harnessing local knowledge. For example, using its EU market access to provide Quality Infrastructure Services (QIS) and engaging in regional infrastructure projects could be a parallel action next to traditional trade-based collaboration.
- Guadeloupe can enhance its regional development and competitiveness through a holistic policy agenda. Increasing synergies between EU and national financing and strategies will foster a more effective and structured deployment of resources. Leveraging regional autonomy opportunities and involving private sector representatives in policy discussions will create better communication and co-financing options. Investing in capacity-building for the regional government, supported by

experienced peers, will expedite policy design and implementation. Improving synergies between funds, such as the National Recovery and Resilience Plan and cohesion policy funds, will ensure complementarity and coherence in project implementation. Incorporating opportunities from EU sectorial programmes like Horizon Europe can boost the innovation ecosystem and drive economic transformation. Embracing digital platforms can streamline administrative requirements and foster business environment development.

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Notes

[1]Assessing cultural and creative sectors in ORs is challenging, due to differences in definitions and availability of regional data. Defining cultural and creative sectors (CCS) is not straightforward and many countries use slightly different definitions. Both UNESCO and Eurostat provide definitions of CCS to be used for statistical purposes. However, many national definitions of CCS include or exclude slightly different sectors meaning comparing between different national level definitions is problematic. Moreover, even when countries use a definition of CCS consistent with UNESCO or Eurostat, statistics are often not available at the subnational level. This is particularly the case for ORs, where their small size makes it difficult to disaggregate from national level data.

[2] As the new Common Agricultural Policy (CAP) will enter into force from 2023 onwards, for 2021-22 Guadeloupe has been earmarked with EUR 44 million the same amount of yearly resources for the EAFRD provided for the previous cycle, plus an additional amount of EUR 44 million as part of European recovery policy.

[3] CCTs are the Outermost Regions equivalent of the State-Region Contract Plans (Contrats de plan État-Région - CPER) that apply for mainland regions. They define the actions that the state and each region undertake jointly to promote the planning and development of the territories and carry out over a period of six to seven years.

[4] Simplified Cost Options (SCOs) is an accounting method that consists in reimbursing grants and repayable assistance under the cohesion funds instead of reimbursing *real costs*, the reimbursement of expenditures according to predefined methods based on process, outputs or results. SCOs can take the form of flat rate financing, standard scales of unit costs, and lump sums.

OECD Development Pathways

Production Transformation Policy Review

SPOTLIGHT ON GUADELOUPE'S INTERNATIONALISATION

Located in the Caribbean Sea, Guadeloupe is a French Overseas Department and a European Outermost Region in search of a more sustainable economic development pathway. In support of that endeavour, this *Production Transformation Policy Review (PTPR) Spotlight* looks at the region's opportunities and challenges, identifying priority actions in several areas, including the bio- and circular economy, creative sectors and renewable energies. The Spotlight enriches our understanding of the diversity of development pathways, including those of Small Island Developing States (SIDS). It is the result of an extensive peer-review process involving public and private stakeholders from Colombia, Caribbean countries and other EU Outermost Regions.

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