



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Bosnia and Herzegovina

Reporting Period: 1 January - 31 December 2021

JP title: Towards the SDG Financing Ecosystem in Bosnia and Herzegovina

PUNOs: UNDP, UNICEF, ILO

Government partner: Ministry of Finance and Treasury

Target SDGs: SDGs 17, 3, 4, 5

Gender Marker: 2

Approved budget: USD 999,861

Co-funding: USD 292,000

Total Disbursement by 2021: USD 499,930

Total estimated expenditures: USD 136,304.2 (est. Delivery rate: 27.3%)

Total estimated commitments (including expenditures): USD 280,364.5 (est. Committed rate: 56.1%)

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Executive Summary

Following initial delays in the launch of the JP and despite the challenging operational context, resulting from COVID-19 pandemic and deteriorating political situation, the nationalization of Agenda 2030, including SDG financing, saw important developments in BiH during 2021. In early 2021, the Council of Ministers (BiH CoM) adopted the SDG Framework in BiH, as the first long-term development agenda for the country in the past ten years. The document defines sustainable development pathways, and identifies specific SDG targets and modalities for implementation. In April 2021, an SDG Council was created to steer SDG implementation in the country, including financing, and to support monitoring and reporting.

Building on the adoption of the framework and the establishment of the Council, in May 2021 an inter-governmental SDG financing working group (SDG-F WG) was established to design a gender-responsive SDG Financing Framework for BiH. Recognising the complex federated structure of government in the country, the WG brings together formally appointed representatives of the ministries of finance from the state, entity and cantonal levels of government as well as the members of the SDG Council.

Following approval by the SDG-F WG of a methodological approach to designing an SDG Financing Framework for BIH, the JP launched the DFA processes (comprehensive financial landscape, costing and gaps and a roadmap for preparing a gender responsive SDG Financing Framework), to be finalized by April/May 2022.

To accelerate the SDG implementation in the area of education, a pilot methodology for developing investment cases for children is being designed. Outputs of this process will ultimately serve as inputs into the SDG Financing Framework. Meanwhile, work in improved data collection for SDG-informed policy making and financing is underway.

Annual Progress

Overall JP self-assessment of 2021 progress:

Not-satisfactory (majority of expected results not yet achieved; over 3 months delay in implementation)

Comments on self-assessment: Formal launch of the JP was delayed by 6 months due to the combined impact of the COVID-19 pandemic and the requirement that programme activities be endorsed by state and 13 sub-national governments.

The delays had an adverse impact on timely initiation of activities aimed at enhancing SDG financing in priority areas (reporting, evidence-based policy-making and budget planning for education, social protection and labor).

Following this 6-month delay, the JP established the SDG-F WG and launched the DFA process, which is now on track. However, it is realistic to expect additional delays in early 2022, as a result of COVID-19, particularly in light of the Omicron variant, the low vaccination coverage, and a deteriorating political situation.

For these reasons, the UN BIH intends to submit to the SDG Fund a no-cost extension request to ensure that activities are implemented in a quality manner and intended changes in terms of enhanced SDG financing and partnership mobilization are made.

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

With the adoption of the SDG Framework in BIH in April 2021 and establishment of the SDG-F WG, the process of design of the SDG Financing Framework is now gaining momentum. The ministries of finance at the state and entity level and Brcko District BIH have nominated their representatives and technical work led by sub-groups (e.g. for DFA and SDG Financing Framework), strengthened by ad-hoc thematic groups (e.g. private sector, international donors and IFIs) has started.

In June 2021, a conceptual approach and methodological guidelines for a SDG-related DFA, a rapid SDG-related public expenditure review and identification of financing instruments for the SDGs were prepared and discussed with the SDG-F WG. The SDG-F WG has adopted the guidelines and, with support of the UN JP team, engaged international and national experts to support a participatory DFA process, preparation of a roadmap and the overall gender-responsive SDG Financing Framework in BIH. Subsequently, in September 2021, UNDP contracted a lead international expert and a national expert to technically guide the DFA process, supported by gender and finance experts (international and national) contracted by UN Women.

The DFA process started with kick-off meetings, firstly with the UN JP team and after with the SDG-F WG, and the work plan for phase 1 (DFA + Roadmap) has been presented and endorsed. Between mid-September and mid-November 2021 preliminary data collection and processing was undertaken, and a web-based SDG financing dashboard was set up, allowing for easier data collection/processing and smoother coordination different working groups. Between November and the end of 2021 a technical DFA draft was developed to support future consultative sessions with governments, private sector, IFIs, donors and other stakeholders, scheduled for the first quarter of 2022. In addition, in December 2021, an international expert for SDG financing instruments was engaged to support the identification of financial instruments that could be strengthened to support the acceleration of SDG achievements and to propose new/innovative financial instruments. In the same period, the UN JP team engaged

a national financial expert for SDG to design a methodological approach and tools for the SDG PER. The PER will be piloted at the central government level before it is replicated at other government levels (entities, cantons and Brcko District BiH). In addition, the theme of SDG financing is being incorporated into a training programme on SDGs, targeting public and private sector.

In 2021, UNICEF finalized an institutional consultancy to develop the Investment Cases for Children in BiH. The selected company has started collection of background data, with the actual development of investment cases commencing in 2022.

In late 2021 the ILO launched the capacity building activities aiming to support the three statistical institutions in the country and the BiH Central Bank on Supply and Use Tables and Input Output Tables required for productivity input-out analysis. The analysis is planned to be used to better inform policy decisions to reach the set SDG targets.

By strengthening technical and human capacities of the statistical and educational institutions UNESCO supported policy planning and budget allocation related to education. These activities contributed to the improvement of the statistical reporting system for the education sector and its alignment with the international requirements (EURO-STAT, OECD, UIS). Importantly, it will help sectoral ministries to conduct informed policy planning and budget allocation for achievement of the SDG targets in education. The statistical reporting system in the field of education was strengthened, including through the development of web applications for data collection and processing for all levels of education.

Changes made to JP: The JP document was slightly changed in November 2021, where the activity related to public investment database was replaced by specific SDG budgeting/financing activities in Canton Sarajevo, including design of SDGs-aligned impact strategies. This did not affect the theory of change and budget.

The JP remains relevant and strategic for the country, even more than at the time of its design, since in 2021 the governments at national and subnational level adopted the SDG Framework, committed to securing financing, including through exploring development partnerships and new financing instruments,

Main Challenges: The JP's implementation encountered two major challenges. First of all, the initial delay of the formal launch of the JP reflected on the pace of implementation and financial delivery. COVID-19 pandemic additionally impacted the efforts to accelerate implementation, particularly with respect to availability of national counterparts (infected by the virus or in isolation). Consequently, these delays affected timely release of the funds earmarked for the 2nd Component and delivery of results in effective and timely manner (for UNICEF and WHO). To overcome this challenge, the UN RC initiated the procedure of exceptional transfer of a part of the second instalment with the SDG Fund, while in parallel accelerating implementation of the Component 1, as per the Acceleration Plan submitted to the SDG Fund. Although the political situation in the country has significantly deteriorated in the past months, it has not affected implementation of the JP.

Updates on SDG financing framework

	Assessment	Financing	Monitoring	Governance
Inception phase	Diagnostics	Strategy	Review	Coordination
Previously Completed	Emerging (1-49%)	Planned (0%)	Planned (0%)	Planned (0%)

Descriptions on progress by INFF building blocks

Inception Phase: In the inception phase, the JP engaged participation of relevant national stakeholders (ministries of finance and the SDG Council) through formal nomination of SDG-F WG members by respective governments.

In addition, a methodological approach and guidelines for preparing the SDG-Financing Framework were designed and endorsed by the SDG-F WG.

Moreover, a number of international and national SDG financing and gender experts have been engaged to support the comprehensive DFA process, which is underway.

Assessment & Diagnostics: As indicated, the comprehensive DFA process is underway, focusing on a financial landscape with a macro-fiscal analysis, macro-level SDG financing, SDG-related public expenditure review and a review of existing financing instruments applied in the country as well as those innovative ones that could be applicable for the BIH context, prioritizing for SDG attainment as well as a roadmap for preparing the SDG Financing Framework in BIH. The methodological approach and guidelines designed in the inception phase are used for conducting these processes.

Financing Strategy: Planned to be designed in 2022.

Monitoring & Review: Planned to be designed in 2022.

Governance & Coordination: Planned to be designed in 2022.

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

The JP supports a financing eco-system aimed for accelerated development in priority areas defined within the SDG Framework, by optimizing public finance and mobilizing additional resources and partnerships. Importantly, prior to submission of the SDG Framework for adoption, the SDG Framework was revised in light of the new circumstances and effects of COVID-19, whereby COVID-19 recovery response was incorporated across relevant development pathways and accelerators, and an additional accelerator was created specifically addressing recovery, building back better and resilience. This enables the JP to systemically address the COVID-19 priorities and resilience from future shocks and crises.

How did the JP apply the Gender Marker

A comprehensive DFA is being conducted through a gender lens across different government levels for a total and disaggregated perspective of the financial landscape and financial flows. This will form a basis for gender responsive roadmap and ultimately the SDG Financing Framework planned for 2022.

Estimated % of overall disbursed funds spend on gender: 11%

Alignment with cross-cutting UN issues (e.g. human rights, decent work, inclusion, LNOB)

The JP serves to support implementation of the SDG Framework in BIH, which recognizes the principle of Leave No One Behind as a horizontal principle. This strategic document identifies three development pathways for the country until 2030, one of which is “Creation of a Society of Equal Opportunities”. In addition to supporting the creation of a financing ecosystem for the SDG Framework in BIH, the JP also directly addresses on financing models in domains that strongly support children and their families (early childhood development services in health sector, social protection programmes and preschool education).

How did the JP work to build ownership and buy-in of key stakeholders

The SDG Council is the key body for steering implementation of the SDG Framework in BIH. The Council has provided significant support to the JP by engaging new stakeholders, particularly ministries of finance, high government officials, donors and other international organizations. As an example, in October 2021 the SDG Council with support of the UN organized a meeting with the donor community in the country to present the newly adopted

SDG Framework in BiH, underlying the need for their coordinated contribution to the country's sustainable development priorities, including SDG financing.

Hands-on capacity building interventions by all PUNOs engaged in the JP are designed and implemented in a way to be motivational, indicate benefits and secure continuous engagement and ownership of the stakeholders. The orientation training held in June 2021 that focused on the conceptual approach to designing the SDG Financing Framework proved to be extremely beneficial as it exposed the partners to best practices worldwide and indicated benefits of systemic approach to sustainable development financing and mobilization of external stakeholders.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

Work on contribution to specific SDGs is ongoing. Overall, the JP contributes to the following SDGs: ? SDGs 16 and 17 (targets: 17.14 Enhance policy coherence for sustainable development, also contributing to 16.6. Develop effective, accountable and transparent institutions at all levels; 17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the SDGs; and 17.18 Enhance capacity building support to developing countries, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts. ? SDG 3 (target 3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being and 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all) ? SDG 4 (target 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education and 4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations. Contribution of the JP to the aforementioned SDGs will be reported in 2022, once the financing eco-system is established and work on financing in specific sector is finalized.

JP contributions to the Joint SDG Fund's global results (especially around Outcome 2 & Output 4)

Annex 1 is attached. The JP aims at supporting the governments in BiH in designing an SDG Financing Framework. It will be possible to measure this indicator once the SDG Financing Framework is adopted and governments start its implementation, which will be upon completion of the JP.

Progress against JP-specific outcomes

Work on achieving both outcomes, namely Outcome 1 "SDGs Financing Framework, resulting from a broad-based dialogue, provides long term solutions for more integrated sustainable development financing in BiH" and Outcome 2 "Public finance management is SDG-informed and resource planning in selected priority areas is gender-responsive, more efficient and effective" is gaining speed. As explained above, following the adoption of the SDG Framework in BiH as key national documents that translates Agenda 2030 into country's priorities and establishment of the SDG Council, a DFA process was launched to serve as key analytical input for preparing an SDG financing framework/strategy. Meanwhile, relevant PUNOs have also moved forward with specific analytical work related to SDG-informed policy making and budgeting.

Progress against JP-specific outputs

Outcome 1 “SDGs Financing Framework, resulting from a broad-based dialogue, provides long term solutions for more integrated sustainable development financing in BiH” • Output 1.1. Meaningful dialogue instigated and evidence for SDG Financing Framework generated In the reporting period, extensive data collection and processing was launched for a comprehensive and gender-responsive DFA to support the forthcoming process of designing an SDG Financing Framework. It is expected that the DFA will be finalized by April/May 2022, which will be preceded by consultations with a wide range of stakeholders to be led by the SDG Financing Working Group. • Output 1.2: SDGs Financing Framework developed, offering key financing solutions for accelerated sustainable development NTR. The process of design of an SDG Financing Framework is expected to start in mid-2022, following the completion of the DFA and related diagnostics.

Outcome 2 “Public finance management is SDG-informed and resource planning in selected priority areas is gender-responsive, more efficient and effective” • Output 2.1. Budgets embed SDG commitments and enable targeted planning and monitoring for SDG financing Activities under Output 2.1. are closely related to the process of designing an SDG Financing Framework. Specific results are expected to achieve in 2022.

• Output 2.2 Enhanced capabilities of sectoral ministries enable optimization and strategic re-channeling of public resources in selected sectoral priority areas for accelerated achievement of SDG commitments In 2021, UNICEF finalized preparatory activities and contracting procedure for institutional consultancy to develop the Investment Cases for Children in BiH. The selected company started preparing methodology and collection of background data. However, the actual development of investment cases will commence in 2022, pending the 2nd tranche funds disbursement needed for implementation of this activity under the 2nd component of the project. By strengthening technical and human capacities of the statistical and educational institutions UNESCO activities supported informed policy planning and budget allocation for achievement of the SDG’s related to education. These activities contributed to the improvement of statistical reporting system for the education sector and its alignment with the international requirements (EUROSTAT, OECD, UIS). Importantly, it will help sectoral ministries to conduct informed policy planning and budget allocation for achievement of the SDG’s related to education. Overall, this will improve reporting for SDG 4, and additionally targets 17.14, and 17.18. More concretely, statistical reporting system in the field of education was advanced by revision of statistical reporting forms in the field of education for all levels of education, and development of web applications for data collection and processing for all levels of education. This includes capacity building activities for the representatives of statistical institutions for designing an application for data collection and processing in the area of education. Web applications for the collection of administrative and statistical data for SDG monitoring in the area of education have been designed and are in use by the education institutions on all levels of government. The ILO has completed one week tailored technical training online, on Supply and Use Tables and Input Output Tables, for staff members of all three statistical agencies and the Central Bank.

JP contributions to strengthening UN coherence, partnerships and reducing duplications of efforts

The SDG joint project has created an epicentre of collaboration between UN in BiH agencies to support policy coherence and partnerships in the area of support to implementation of the SDGs in BiH. The physical incarnation of this has been the SDG Council and the SDG Framework in BiH, which provide single entry points for UN agencies working on the SDGs for engagement with authorities, and for partners wishing to invest in the SDGs in the country. The SDG Council is co-chaired by the Resident Coordinator, and a number of public advocacy events have been clearly and jointly branded under a chapeau of the SDG programme, including outreach across the country, and unified outreach both by the UN and by the SDG council directly to international partners. As such, the joint programme has been a crucial instrument catalyzing UN coherence in country, and allowed both the technical and advocacy work on the SDGs in BiH to be elevated to the level of a UN priority championed by the Resident Coordinator.

Strategic Partnerships, Documents and Communications

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

As part of the preparation for strengthening collaboration with diverse stakeholders in the SDG financing space in BiH, the SDG-F WG and the UN JP envisaged the establishment of the three thematic groups (government, private sector and international organizations). Thematic groups will be rather massive in number of stakeholders and will entail most relevant actors for SDG financing in BiH. It will serve as a country wide participatory consultation platform for the SDG Financing Framework preparation. In 2021, all relevant participants, key themes for discussion and working modalities and agendas for each thematic group were defined for the first circle of thematic groups consultations to be organized in the first quarter of 2022. These groups will be organized under the SDG-F WG auspices and with support of the UN JP. Recommendations from the thematic groups will be shared with all the three groups and the SDG-F WG to allow “demand – supply” information and exchange on possible solutions of among the major decision makers in governments – private sector – international organizations relevant for SDGs financing in BiH.

Did the JP secured additional financing (co-funding/co-financing) from the following stakeholders:

Government	Donors & IFIs	Private Sector	PUNOs	Other Partners
No	No	No	No	No

Comments on additional financing secured: As part of the preparation for strengthening collaboration with diverse stakeholders in the SDG financing space in BiH, the SDG-F WG and the UN JP envisaged the establishment of the three thematic groups (government, private sector and international organizations). Thematic groups will be rather massive in number of stakeholders and will entail most relevant actors for SDG financing in BiH. It will serve as a country wide participatory consultation platform for the SDG Financing Framework preparation. In 2021, all relevant participants, key themes for discussion and working modalities and agendas for each thematic group were defined for the first circle of thematic groups consultations to be organized in the first quarter of 2022. These groups will be organized under the SDG-F WG auspices and with support of the UN JP. Recommendations from the thematic groups will be shared with all the three groups and the SDG-F WG to allow “demand – supply” information and exchange on possible solutions of among the major decision makers in governments – private sector – international organizations relevant for SDGs financing in BiH.

JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
Yes in 2021	No	Yes in 2021

Number of strategic documents produced by the JP: 2

Number of strategic documents contributed by the JP: 0

Number of communication materials produced: 1

2022 Plans & Way Forward

JP priority activities & expected results for 2022

The workplan for 2022 envisages finalising the participatory process of development of the comprehensive DFA Report + Roadmap for BiH, which will also include wide consultations with a number of stakeholders organised into thematic working groups (e.g. with private sector, donors and IFI's, line ministries, etc). Results of this process will be utilised as critical inputs for the design of the gender-responsive SDG Financing Framework in BiH. In the first part of 2022, focus will be on the broad DFA diagnostic processes (including SDG related PER and the SDG financial instruments review) to be followed by participatory process of design of the BiH SDG Financing Framework in BiH. In preparing the SDG Financing Framework, priority areas for SDGs acceleration will be identified, along with actions and financing instruments for acceleration of achievements.

In parallel, activities on strengthening policy planning and financing for SDGs will continue in 2022, also including UNICEF's work on development of investments case in early childhood development of children (0-6 age) focusing on early childhood development services in health sector, social protection programmes and preschool education and WHO's work on cost-benefits analysis in the area of health. The ILO will continue working on supporting the counterparts in incorporating Input-Output Analysis for productivity. UN Women will provide support to development, data migration and maintenance of the Canton Sarajevo MOF Integration Platform which will serve as a model for a systemic SDG-linked and gender responsive planning and monitoring of public funds via simplified budget tagging. Furthermore, UN Women will support the Canton Sarajevo MOF in development of a preliminary assessment of the MOF internal organization, provide guidance on how to improve public administration efficiency and human resources policy and planning, as well as support to strengthen governance in the MOF by identifying SDGs in policies, strategies and plans of the MOF and by integrating SDG targets into budget formulation and reporting processes.

3 major transformative results that will be achieved by the end of the JP

- New systemic solutions for government for more effective financial planning and arrangements, including more optimized existing financial instruments and new and innovative financial instruments, will contribute to accelerated achievement of the country's SDG targets and overall sustainable development in a long run.
- Targeted financing for selected 2-3 SDG priorities to be determined through the SDG Financing Framework will not only contribute to solution for urging challenges but will also free-up finance towards other sectors, thus having overall spillover effects on sustainable development.
- Use of the selected new and innovative financial instruments determined by SDG Financing Framework will not only provide financial leverage for additional financing to SDG accelerated achievements but will also contribute to the building conducive, transparent and investment friendly environment, bringing BiH closer to practice/ambient of more developed countries.

Estimated rate of completion for each result as of 31 Dec 2021

Result.1	Result.2	Result.3
Advancing (50-99%)	Planned (0%)	Emerging (1-49%)