



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Congo DR

Reporting Period: 1 January - 31 December 2021

JP title: Create an Enabling Environment to Leverage Additional Financing to Accelerate SDG Achievement

PUNOs: UNICEF, UNDP, UNCDF, UN-Women

Government partner: Ministry of Planning

Target SDGs: SDGs 1, 17

Gender Marker: 2

Approved budget: USD 1,000,000

Co-funding: USD 200,000

Total Disbursement by 2021: USD 1,000,000

Total estimated expenditures: USD 280,795.7 (est. Delivery rate: 28.1%)

Total estimated commitments (including expenditures): USD 389,595.7 (est. Committed rate: 39%)

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Executive Summary

The conduct of the Public expenditure review and fiscal space analysis study is timely in the context in which the country is engaging with IMF and World Bank to undertake strategic reforms to improve efficiency and effectiveness of public finance. The first results of the study have shown potential niches which can be used by the country increase domestic resource mobilization as recommended in the Addis Abeba Action Agenda. Key niches identified by the study are the following: - DRC's fiscal pressure is at 9% compared to 20% in many countries in Sub-Saharan Africa. The report proposes quick win recommendations which can potentially increase fiscal revenue to 14% in the next 3 years. - An increased efficiency and effectiveness of public expenditure within priority sector can release significant resources

The DFA/INFF process is ongoing and a draft is available. Within the first quarter of 2022, a combined National dialogue (DFA) and Action Dialogue (from a New deal perspective) will be organized that will gather national and international stakeholders. The study aimed at supporting the strengthening of coordination, management and mobilization of aid at the provincial level to support the implementation of the SDGs and Provincial Development

Plans is ongoing. Data collection stage is almost completed in pilot provinces (Haut Katanga and North Kivu) and it is expected that draft reports will be submitted for endorsement of provincial stakeholders and partners no later than end of October. The ongoing study on the development of the potential for additional public, private and community financing will enable the development of strategies to mobilize and explore complementary sources of additional resources to help bridge the gap on the cost of the PNSD, a strategic framework and unifying planning focused on the SDGs, with a focus on gender-sensitive interventions.

Annual Progress

Overall JP self-assessment of 2021 progress:

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

Comments on self-assessment: Overall, the joint programme's execution has been mostly satisfactory. In fact, the PUNO's and Government's engagement has been very good since the formulation to date. It is thanks to this good collaboration that some achievements were made such as the creation of the Steering and technical Committees and the engagement of relevant ministries. At the programmatic level, thanks to the active dialogue with Government, all planned activities have been initiated and some of them are on track against the initial targets. The main activities include (i) the "Public expenditure review and fiscal space analysis", (ii) "the DFA and INFF" process (iii) "the PPP policy framework", and (iv) "the Provincial Aid coordination and management studies". Unfortunately, several challenges linked to the political context and COVID 19 contributed to delays in the joint programme's execution and resulted in the recently submitted request for a no-cost extension.

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

The joint SDG financing programme is led by the Government through the Ministry of Planning including other relevant ministries and the private sector. It aims at strengthening the financing policy and legal framework as well as providing relevant tools and systems that will boost the Government's fiscal space and stimulate public and private sector resource mobilisation at national and provincial level. In spite of the Government ownership and leadership and even if an effort had been made to start main activities, the changes in the sociopolitical context in the first semester of 2021 as well as the waves of COVID 19 in DRC caused several delays in the implementation of the joint programme's workplan. The JP has overcome these challenges with a clear commitment from the government. Despite the delays, some important groundwork has already been done.

Public expenditure review and fiscal space: Inception and methodology reports were received and approved technically by UNICEF and the Ministry of Budget. Preliminary findings from the first draft shows the high potential of DRC in terms of mobilizing additional public and domestic resources to support SDG financing. Also, it is noted that the conduct of the study is timely with the current context where the country has engaged a big programme with IMF. Key objectives of the programme are to undertake public finance and economic reforms to boost economic growth and improve public finance efficiency and effectiveness. From the preliminary reports, 3 key findings are. 1. Low level of fiscal resources mobilization. Hence the fiscal pressure in DRC is very low (9%) compared to most of African countries. 2. Weak diversification of the economic productive activities linked 3. In spite of the efforts to increase allocation in health, education, it is still noted that DRC is below international standards like Abuja Declaration (15% of health expenditure), Global commitment for Education (Education budget to be at least 4-6% of GDP). In 2021, UNICEF engaged discussions with the consultant team to undertake a needs assessment to understand key gaps in terms of budget programming and planning at national and provincial levels. The key findings of the assessment aim to guide the capacity development phasis as well as the development of training materials. The consultants conducted the consultations with a full involvement of Government engaged in the budget process at national and in Lualaba and North Kivu. The needs assessment report as well as training materials are expected to be delivered by February. The series of trainings targets Government ministries in charge of budget planning and execution and is expected to be conducted during the second quarter of 2022. As for DFA the first results coming from the draft report show that the effectiveness of the establishment of an INFF is intended to be holistic and needs to take into account the following:

- The principles of the Action Dialogue of the Global Partnership for Financing for Sustainable Development. The latter requires strong commitment coupled with partnerships between governments, the private sector and civil society (SDG 17); in that respect, UNDP has developed a technical and financial partnership with its New Deal related component to combining the DFA process together with the ND Action dialogue process. - The financing requirements of a green economy and a blue economy for sustainable management of the environment as well as the preservation of biodiversity and ecosystems are considered, while taking into account gender.

Changes made to JP:

Main Challenges: Key challenges faced during the programme implementation are: - The Change in the Government in March 2021 caused major delay in the implementation of the joint programme. From December 2020 to May 2021, almost all activities of the JP were practically stopped due to these changes. - COVID 19 3rd Wave: From May 2021 and August 2021, DRC, similarly to several African countries, was hit by a severe 3rd Wave of COVID 19 causing a second lockdown and slowdown of the JP’s activities. - Difficulties to recruit qualified consultants to provide technical assistance to Government: with the specificity of the work in the JP, PUNOs needed to recruit quality firms with strong experience and reputation to deliver products that can have the expected impact in the DRC. - Lack of relevant data and difficulties to access financial data. The JP has overcome the aforementioned challenges with a clear commitment from the government and the successful recruitment of consultants.

Updates on SDG financing framework

	Assessment		Monitoring	Governance
Inception phase	Diagnostics	Financing Strategy	Review	Coordination
Planned (0%)	N/A	N/A	N/A	N/A

Descriptions on progress by INFF building blocks

Inception Phase: The Inception phase has not started, even if the DAF draft report has shown several axes that could strategically guide the process to developing an INFF.

Assessment & Diagnostics: NA

Financing Strategy: NA

Monitoring & Review: NA

Governance & Coordination: NA

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

COVID 19 pandemic waves constrained the joint programme implementation. From the first to the 3rd Wave, DRC, similarly to several African countries, was hit by the pandemic causing lockdowns and slowing down the JP’s activities. Among the activities affected was the organization of the national dialogue on financing the SDGs and the development of the public expenditure review and fiscal space analysis. Hence key measures taken were to expedite completion of studies during high contamination periods and organize workshops when contaminations are low. Alignment with the SERP is ensured through the integration of the SERP as well as the JP into the elaboration of the UNCT’s joint workplans for 2022-2023 to implement the UNSDCF.

How did the JP apply the Gender Marker

Gender aspects have been integrated into the entire project cycle from design to implementation and monitoring and evaluation. All the studies carried out in the project take into account gender aspects. An identification of pro-GDP and pro-gender projects in sectors with high potential such as energy, health, agriculture, environmental protection that could facilitate investments and boost women's entrepreneurship is underway. A selection of Pro Gender & Pro SDO projects can benefit from financial support to promote women's financial inclusion. The project's indicators are gender sensitive.

Estimated % of overall disbursed funds spend on gender: 10%

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

Overall, the joint programme is human rights and equity sensitive. By unlocking the potential of SDG financing in DRC, the country will be able to invest in greater equity, inclusive development and leaving no one behind. Hence most of the activities including the Public expenditure review, the fiscal space study, the DFA / INFF as well as dialogue and capacity building activities included in the program contribute to this end. More precisely, during the sectoral dialogues, PUNOs ensured that the views of civil society, in particular representing vulnerable groups such as women and youth, were considered. These were also taken into account in the first draft of the public expenditure review and fiscal space analysis. In addition, recent studies have indicated that the traceability, mobilization, management and coordination of aid at the provincial level remains insufficient, fragmented, not aligned with provincial priorities, and without overall coherence and tangible impacts on provincial development. To enhance inclusiveness, a JP dedicated item aims at providing provinces with aid strategies, aligned with national aid policy and backed by international principles. The provincial aid strategy will focus on helping provinces mobilize more aid resources (volume effect), channel them towards provincial development priorities (effectiveness effect), and better use them for more development results (leverage).

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

In all its components, the PUNOs work towards strengthening the ownership and leadership capacities of the relevant Ministries, e.g., Ministries in charge of Budget, Finance and Plan to champion the covered aspects. For instance, regarding the JP component related to strengthening efficiency and effectiveness in public budget, in light of the newly signed IMF programme with GoDRC, the PUNOs are supporting the Ministry of Budget to champion the programme-based budgeting (PBB) agenda. In this regard the conduct of the Public expenditure review, the fiscal space analysis, and the capacity building of Government staffs on key programming and budgeting tools is timely and highly appreciated by Government. In 2022, the conduct of capacity building as well as the advocacy activities will contribute to achieve this goal. In relation with the component on Provincial aid coordination, mobilization and management, along with the central Ministry of Plan, the JP is closely working with provincial stakeholders, mainly the Provincial Ministry of Plan and Assembly, and all relevant civil society actors.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

The joint programme is contributing directly to at least two of the SDG targets (SDGs 1 and 17) by supporting the DRC to create conditions and the environment to catalyze public and private investment/financing towards the priority sectors of the PNSD. The elaboration of a draft public expenditure (PER) review and fiscal space analysis as well as a national capacity assessment on budget planning and programming at national and provincial level have contributed to creating the conditions to catalyze public and private investment to priority sectors. Key objectives of the PER are to analyze and understand budget efficiency, effectiveness, efficacy and equity including in the 4 priority sectors. The fiscal space analysis aimed at showing potential rooms to increase financing of SDG

acceleration priority sectors. From the preliminary reports, 5 key findings are. 1. Low level of fiscal mobilization. Hence the fiscal pressure in DRC is very low, 9%, compared to most of African countries. 2. Weak diversification of the economy 3. In spite of the efforts to increase allocation in health, education, it is still noted that DRC is below international standards like Abuja Declaration (15% of health expenditure), Global commitment for Education (Education budget to be at least 4-6% of GDP). 4. Low budget execution in the priority sector and the high proportion of salaries compared to investment budget which is generally very low. 5. Weak coherence between policies and programme priorities within the budget

Regarding the national DFA study, we have to date the preliminary results and conclusions (not yet validated) contained in the report of the sectorial dialogues, as a preparatory step to mark the way for the adoption of a roadmap for the establishment of an INFF. The INFF should complement sectoral and global strategies to make them effectively operational. Indeed, the National Strategic Development Plan (PNSD), which focuses on the SDGs, has neither a strategy that completes its full financing, nor multi-year and annual sectoral and global budgeting tools. The same applies to the Government's Programme of Action (PAG) and the sectoral programmes of some ministries. Hence, the following results are expected from the development of an INFF: 1. Better ownership of sectoral and global development strategies, taking up the needs of inclusive, resilient and sustainable development, selected following a participatory approach closely involving public administrations, technical and financial partners, civil society organization, etc. 2. An ideal framework for the implementation of sectoral strategies including (i) well-evaluated programmes and projects, having been the subject of technical, physical and financial feasibility studies as well as environmental impact; (ii) sectoral frameworks for multiannual and annual budgeting consistent with the requirements of sustainable macroeconomic stability; 3. A strategic financing tool of the critical development needs involving public and private sources of funding, internal and external, aligned with national priorities and procedures for the use of resources, offering guarantees of predictability, traceability, credibility, transparency and efficiency.

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

Due to delays in the implementation, the JP hasn't completely achieved any specific Outcomes last year.

Progress against JP-specific outcomes

While the JP hasn't completely achieved any specific Outcome last year, several significant advances were made.

Progress against JP-specific outputs

While the JP hasn't completely achieved any specific Output last year, several significant advances were made: 1. Partnerships: this stage has not yet fully started as it mainly depends on the completion of the other activities. However, PUNOs are in advanced discussions with the Equity Bank Foundation for financing a pilot project based on the innovative funding instruments. 2. DFA and INFF study: The team of consultants recruited by UNDP and Ministry of Planning are currently conducting consultations with key stakeholders including private sector, banking systems and civil society as part of the sectorial dialogues. Outcomes of these consultations will feed into the high-level national dialogue to be chaired by the President during T1 2022. 3. Public expenditure review and fiscal space: Draft reports were submitted. 4. PWC consultants' team has been deployed to focused provinces to conduct a study for the development of additional public, private and community funding for acceleration of the SDG implementation. 5. Monitoring gender mainstreaming throughout the project: Under UNWOMEN's leadership, a consultant has been recruited to develop a work plan on gender mainstreaming. The consultant has been involved in key discussions and the workplan will ease inclusion and mainstreaming of gender in SDG financing

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

The JP is composed of 4 UN contributing Agencies with the support of the RCO. Several coordination meetings were organized between PUNOs and the RCO to discuss how to jointly work together and to develop synergies and

to leverage our respective comparative advantages. Meetings of the technical committee with participation from different Ministries (Plan, Budget, etc.) helped share information about ongoing processes as well as upcoming priorities. The collaboration between the four PUNOs also helped build on each other's results (e.g. UNICEF studies inform the UNDP implemented DFA process).

Strategic Partnerships, Documents and Communications

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

Several strategic partnerships were developed through the joint SDG programme: • The strategic partnership with the Ministry of budget on strengthening budget efficiency and effectiveness. The joint programme contributed to strengthening the relationship between UNICEF and the Ministry of Budget and as a result, an MOU has been signed between the two organisations focusing on promotion of budget efficiency and effectiveness. • The newly signed IMF programme with GoDRC has opened strong partnership opportunities between PNUOs and IMF, ADB and world bank on PFM reforms focusing on budget efficiency and effectiveness. As part of the 2022 workplan, the PUNOs plan to strengthen the collaboration with the 3 IFIs.

• With regard to DFA, all related documents (Concept note, ToRs, etc) have been shared with the UN and Partners Group of Economists, and have been endorsed.

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	Yes	No

Comments on additional financing secured: Several strategic partnerships were developed through the joint SDG programme: • The strategic partnership with the Ministry of budget on strengthening budget efficiency and effectiveness. The joint programme contributed to strengthening the relationship between UNICEF and the Ministry of Budget and as a result, an MOU has been signed between the two organisations focusing on promotion of budget efficiency and effectiveness. • The newly signed IMF programme with GoDRC has opened strong partnership opportunities between PNUOs and IMF, ADB and world bank on PFM reforms focusing on budget efficiency and effectiveness. As part of the 2022 workplan, the PUNOs plan to strengthen the collaboration with the 3 IFIs.

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JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
Organized in 2020	No	No

Number of strategic documents produced by the JP: 0

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

Output 1: By 2022, A strategic policy framework, evidence and enabling tools to increase the financing potential of the SDGs in place. 1. Develop tools and instruments to support the PPP and accelerate financing of catalytic projects at national and provincial level. The draft of the policy and advocacy framework for the promotion of private and community investments oriented towards female entrepreneurship, accompanied by an available communication strategy is under evaluation. The validated version expected on March 20, 2022. 2. Finalize the DFA study, to formulate an INFF as an SDG's financial strategy ; 3. Develop tools and instruments to facilitate aid coordination at national and provincial levels 4. Support policy dialogue and advocacy to promote entrepreneurship at the community level with a focus on women's entrepreneurship. Output 2: By 2022, the national and provincial fiscal space expanded through improved and strengthened the effectiveness and efficiency of local and national public spending 1. Launch of the study on Public expenditure review, fiscal space analysis and conduct public advocacy targeting Government, parliaments 2. Conduct of a needs assessment on budget planning and programming including MTEF, PBB and develop training tools 3. Conduct training of Government officials at province levels on budgeting tools, PBB, MTEF

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

At the end of the joint programme, Government and PUNOs aim at contributing to unlock the SDG financing potentials in DRC. To achieve this outcome, the three below transformative results are expected 1. An improved budget and expenditure efficacy, efficiency, and equity at national and provincial levels: Through the PER and fiscal space analysis, the PUNOs provide national and provincial Governments with strategic evidence and quick win recommendations to improve budget efficiency and effectiveness and equity. For example, preliminary results have shown that (i) there is a high potential to increase public resources through a fiscal reform (ii) an improved efficiency Government expenditure can release significant resources that can be allocated into priority sectors, (iii) a strengthened linkage between budget and policy priority is critical to improve impact on Government budget. In addition, the government capacity building towards a systematic use of budget programming and planning tools such as PBB, MTEF, etc. will significantly improve budget efficiency, execution and impact.

2. On the other hand, in supporting the development of an INFF, the JP will contribute to enabling a better ownership of sectoral and global development strategies, taking up the needs of inclusive, resilient and sustainable development, selected following a participatory approach closely involving public administrations, technical and financial partners, civil society organizations, non-profit associations and the private sector. As well, the INFF will offer a technical and institutional monitoring and evaluation system focused on results and impacts, including tools for collecting quantitative and qualitative data, publishing results and impacts to allow possible adjustments; - Very close management of sectoral and global development strategies, transparent mechanisms for technical and financial management of development actions and accountability. 3. Regarding the provincial aid component, it will focus on helping provinces mobilize more aid resources (volume effect), channel them towards provincial development priorities (effectiveness), and better use them for more development results (leverage).

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

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