



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Costa Rica

Reporting Period: 1 January - 31 December 2021

JP title: Strengthening Costa Rica's SDG Financing Architecture Through Resource Alignment with National Goals and Improved Education Sector Public Spending

PUNOs: UNICEF, UNESCO, UNFPA

Government partner: Ministry of Planning and Economic Policy

Target SDGs: SDGs 4, 17

Gender Marker: 2.6

Approved budget: USD 1,000,000

Co-funding: USD 428,560

Total Disbursement by 2021: USD 1,000,000

Total estimated expenditures: USD 262,563 (est. Delivery rate: 26.3%)

Total estimated commitments (including expenditures): USD 357,832 (est. Committed rate: 35.8%)

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Executive Summary

Outcome 1. Increased understanding and use of innovative SDG financing tools (public and private, domestic and international). Strengthened dialogue and joint advocacy actions with public and private counterparts; research on public-private partnerships and dissemination of findings and recommendations; ongoing pre-feasibility study of four innovative financing mechanisms, including i) three mechanisms for blended financing solutions with different public institutions and ii) a private equity fund. Particularly relevant is the mechanism that will be designed to facilitate the access to climate resilient housing for vulnerable people (including youth). This work is mapping potential investors that could be attracted to participate in such mechanisms, including the National Pension Funds that have shown their willingness to do so.

Outcome 2. Development of a result-based budget proposal for the Ministry of Education (MEP), in collaboration with the IMF.

Outcome 3. Development of a methodology and prototype tool for mainstreaming gender and social inclusion in the budgets of public institutions, developed in coordination with the MEP. The tool will strengthen the Ministry's ability to estimate funding needs to address social exclusion and gender gaps in the education system. In this regard, the JP engaged with IMF to jointly provide technical assistance to the Ministry of Finance on gender sensitive budgeting. In 2022, the methodology and tool will be piloted and fine-tuned to MEP's needs and requirements.

In addition, consensus was reached among high-level decision makers within the Ministry of Education on how to implement the right to quality, inclusive and equitable education. An action agenda, focusing on vulnerable and low-income children and adolescents, was developed.

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: Outcome 1. The four (instead of 2 as initially planned) innovative financing tools being designed will include an analysis of the regulatory framework that limits the use of those new financing instruments together with the potential investors interested in participating in the mechanisms. The JP is expected to provide recommendations to elaborate the second building block on an Integrated National Financing Framework: the financing strategy. This will be handed over to the new administration after the May 2022 elections.

Outcome 2. During the second part of 2021, the JP succeeded in strengthening the commitment of the Ministry of Public Education (MEP) to accelerate the JP activities and embed them in the different departments. MEP has appointed a dedicated group of officials to ensure implementation of the project. A ministerial and multi-stakeholders' workshops jointly defined 1. performance indicators, 2. a strategic roadmap for quality education, and 3. a draft gender and social inclusion budgeting methodologies. It is important to highlight the work done by the JP in terms of partnerships, particularly with the IMF on gender budgeting and with the InterAmerican Development Bank on the Public Expenditure Review for the Education Sector.

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

1- Four new financing tools identified and under development. The JP strengthened dialogue with different stakeholders (public and private, national and international) to advocate for the country's SDG financing architecture, focusing on the following two aspects: i) Finding country-specific solutions to mobilize and align private and development resources in the short- and medium-term with planning processes towards long-term national development goals and, ii) Improving MEP's capacities to develop its SDG-linked, gender responsive and socially inclusive results framework as the basis towards the implementation of results-based budgeting (as an internationally proven tool for improving the efficiency and efficacy of public expenditure).

In this regard, and in line with the UN Reform, UNICEF and UNFPA undertook a joint procurement process to recruit the consulting firm to conduct an analysis of the feasibility, opportunities, risks, extent, and relevance of three innovative financing mechanisms aimed at increasing the quality and availability of financing for development. Within this consultancy the JP will provide innovative tools such as blended financing solutions and a private equity fund. The preparatory activities already carried out by the consulting have identified potential partners interested in promoting and participating in such solutions such as: EU Delegation, French Development Agency and the Inter American Development Bank. It is important to highlight the interest shown by institutional investors such as National Pension Funds, one of which is expected to participate in one of the mechanisms. Among the most important activities of the past year was the official launch of the Development Finance Assessment (DFA), and The Roadmap to set up an Integrated National Financing Framework (INFF) organized with the Ministry of Economic Planning. A second presentation targeting the private sector was organized in partnership with the Local Network of the Global Compact – Asociación Empresarial para el Desarrollo (AED) –.

2- 2. Gender and inclusive based budgeting for the Ministry of Education. The JP brought together the Ministry of Education, the Ministry of Economic Planning, Ministry of Finance, Ministry of Women, Ministry of Education and

Ministry of Justice and shared lessons from the SDG Fund project in Colombia. Furthermore, the JP engaged with IMF to coordinate technical assistance to gender budgeting to the Ministry of Finance. 3- A result-based framework for the Ministry of Education. The JP contributed to strengthen the coordination between vice-ministries of education around both the establishment of quality education results, indicators and goals that address the main challenges and impact of the pandemic in the right to education, as well as the identification of policy, regulatory and administrative gaps and constrains that prevent MEP from advancing towards results-based budgeting and management. In this sense, by raising awareness and strengthening the capacities of MEP staff on results-based management and budgeting, the project help to pave the way for rethinking governance and internal coordination towards a more efficient and effective use of education finance around results, indicators and goals established. Finally, it is important to highlight the conversations undertaken by the JP with the Inter American Development Bank to jointly carry out and fund a Review of Public Expending in the Education Sector.

Changes made to JP:

Main Challenges: N/A

Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
N/A	Completed (100%)	Planned (0%)	Planned (0%)	Planned (0%)

Descriptions on progress by INFF building blocks

Inception Phase: N/A

Assessment & Diagnostics: The JP builds on the outcomes of two documents carried out within other UN consultancy i) the Development Finance Assessment and ii) Opportunities to build an Integrated National Financing Framework in Costa Rica. Both documents provide the basis to work on the other INFF 's building blocks: 1) the financing strategy; 2) the monitoring and review and 3) the governance and coordination.

Taking those two documents as a starting point, allowed the JP to support the Government through the design of a set of measures that could be implemented in the short run to tackle the economic effects of the pandemic: i) Financing mechanisms to offer low-cost credit to the private sector to support the exit from the COVID-19 crisis and, ii) Measures to support the Ministry of Finance (MDH) to accelerate the macro-fiscal balance to overcome the COVID-19 crisis. Furthermore, some other ideas have been discussed with the Ministry of Environment in order to increase financial resources through innovative finance mechanism like, for instance, a debt for nature swap. Besides those proposals have not been implemented yet, they are still valid and they will have to be re-evaluated by the new administration after the Presidential elections in April 2022.

Financing Strategy: INFF second building block, the Financing Strategy, has not been developed yet, This JP will provide recommendations on how to prepare it but the Governments needs to identify the National Plan to be financed. There is not a national strategy costed that may be used to that exercise

Monitoring & Review: This building block has not started yet

Governance & Coordination: This building block has not started yet

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

At the beginning of the pandemic, the project focused on identifying short term measures that the Government could implement to tackle the negative effects of the pandemic. The measures identified were aligned with DFA recommendations and took into consideration the following: i) Apply long-term vision to guide urgent actions with key national actors like the Ministry of Economic Planning (MIDEPLAN); ii) Search an exit to the fiscal crisis by building long-term solutions; iii) Identify and eliminate sources of inefficiency in public expenditures; iv) Reflect on how to engage private sector in the financing of national sustainable development through innovative mechanisms

How did the JP apply the Gender Marker

The JP technical committee integrated a gender analysis across all activities, including underlying causes of gender inequality and discrimination in line with SDG priorities (including SDG 5). The JP technical extended committee worked with the Women National Institute (INAMU) and reviewed main national policies (CEDAW's Committee Observations for Costa Rica (2017/C/CRI/CO/7) related to education (Recommendation 27); the PIEG 2018-2030; and the National Policy of equality between men and women in training, employment and the enjoyment of Science, Technology, Telecommunications and Innovation products 2018-2027.)

To integrate program output indicators to measure changes on gender equality, the JP promoted the use of sex-disaggregated and gender sensitive data consistently as well as a targeted gender analysis of populations furthest behind, in particular young women, indigenous population, Afro descendants, people with disabilities, migrant and refugees, among others.

Estimated % of overall disbursed funds spend on gender: 86%

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

The JP also worked cross-cutting goals such as SDGs with all counterparts especially with MIDEPLAN, MEP, Treasury and INAMU.

The JP worked to strengthen cross-cutting goals such as the leaving no one behind, specifically with MEP, by jointly building knowledge and tools to advance results-based budgeting in the education sector with a social inclusion and gender equality perspective. It is aligned with the goals identified by the Ministries of Education around the world concerning the rethinking of quality education and the prioritization, protection and increase of education finance to mitigate the impact of the COVID-19 pandemic in the access and enjoyment of the right to education, mainly by vulnerable and low-income groups. In order to achieve the SDG-Education 2030 Agenda targets, it is critical that Ministries of Education improve education investment, considering not only the protection and increase of budgets but also an adequate allocation that responds to identified results indicators and goals.

In order to elaborate gender and social inclusion budgeting methodologies, the JP team worked with different MoE departments such as the special supports department (people with disabilities), cultural education department (ethnicity, indigenous people and Afro-descendants) and planning department.

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

The JP governance has three different committees, namely: i) a Technical Committee (comprised of PUNOs); ii) a Technical Extended Committee (comprised of PUNOs and technical representatives from government and non-government counterparts); and iii) a Political Committee with high level participation (comprised government representatives).

Technical work with MEP has required a strong coordination. As a result of the strategies implemented by the PUNOs to advance the planned activities in component 2, MEP has created a working group led by the Vice Minister

in charge of planning and institutional coordination. The joint time framework, joint virtual workshops and coordination with different partners contributed to build ownership and buy-in of key counterparts and stakeholders. Finally, it is important to highlight that the country is holding Presidential elections in 2022. The results achieved by the JP will be presented to new authorities in May 2022.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

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. The gender and social inclusion budgeting methodologies developed with Ministry of Education will contribute to improve education access to the furthest behind, including persons with disabilities, indigenous peoples and children in vulnerable situations.

The quality education logical framework with results, indicators and goals elaborated in consultation with MEP staff, and the identification of the respective strategies and activities to achieve them, include a cross-cutting pillar aimed at ensuring the right to quality education by all people, including a perspective of social inclusion and gender equality which are critical in particular for low-income and vulnerable groups so no one is left behind or out

5.6 By 2030, ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences.

The gender and social inclusion budgeting methodologies developed with Ministry of Education will contribute to fulfill national commitments regarding gender issues, which eventually will have an impact in the access of SRHR.

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Additionally, thanks to the interventions made within the project, MEP requested UNFPA and UNESCO to advance in the review and development of a gender equality policy.

17.17 By 2030, encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships. The research on Public-Private-Partnerships (PPP's) and Public-Private Partnerships for Development (PPPD's) will address national development challenges to the fulfillment of SDGs.

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

Prefeasibility studies of four (4) innovative financing tools (three blended mechanisms and a private equity fund) are expected to be ready by mid-2022. Estimates of financing that could be leveraged are on-going. The new tools will be an example of the financing that could be leveraged. Joint SDG Fund Output 4: Integrated financing strategies for accelerating SDG progress implemented. 4.1: #of integrated financing strategies that were tested (disaggregated by % successful / unsuccessful). The project aims at setting the conditions to create an Integrated National Financing Framework. 4.2.1: #of integrated financing strategies that have been implemented with government/public partners in lead. 4.2.2 # of integrated financing strategies that have been implemented with civil society partners in lead. Preparing the conditions to implement financing strategies, the National Committee of JP promoted participation and coordination with National women forum. 4.2.3 # of integrated financing strategies that have been implemented with private partners in lead. Preparing the conditions to implement financing strategies, the JP, together with Foundatoin ALIARSE carried out a study to promote the use of Public-Private-Partnerships (PPP's) and Public-Private Partnerships for Development (PPPD's) mechanisms.

Progress against JP-specific outcomes

Outcome 1: By 2022, the Costa Rican government has made progress in building an integrated vision of financing for development, implementing measures to align national planning instruments with available financing flows (public and private) and ensuring the incorporation of the gender perspective. The new financing tools that have been developed will showcase the opportunities that blended finance mechanisms can bring to mobilize resources. The research on Public-Private-Partnerships (PPP's) and Public-Private Partnerships for Development (PPPD's) will address national development challenges to the fulfillment of the SDGs. Outcome 2: By 2022, Costa Rica's government effectively manages the results and impact of its public investment aligning its budgeting decisions and operational processes to SDGs and long-term country goals. The gender and social inclusion budgeting methodologies developed with Ministry of Education can improve outcomes in education in terms of access. The elaboration and adoption by MEP of a quality education logical framework with results, indicators and goals and the identification of the respective strategies and activities to achieve them, including a perspective of social inclusion and gender equality, will allow for increased efficiency and effective allocation of available resources thus improving public investment in education in line with SDG-Education 2030 targets.

Outcome 3: By 2022, the resources of the JP have been fully and efficiently implemented with a focus on value for money and constant consultation with all involved PUNOs.

Progress against JP-specific outputs

? Output 1.1: The JP will provide recommendations on how to prepare the strategy. The JP has already provided a study with recommendations to create the Public-Private-Partnerships and Public-Private Partnerships for Development to address national development challenges and the SDGs. ? Output 1.2: The JP is working to improve the financing ecosystem that will allow to increase resource mobilization. ? Output 2.1 Through the gender and social inclusion budgeting methodologies development with Ministry of Education will count with a gender and social inclusion budgeting methodologies, ready to be implemented in 2022. ? Output 2.2: A Program Expenditure Review (PER) in Education will take place in the coming month to analyze the quantity and quality of public spending over time and improve efficiency. ? Output 2.3: This activity will start on March 2022 ? Output 2.4: Collaboration with MEP to review policy, regulatory and administrative constraints for results based financing and operating models, through the organization of consultation processes which will ultimately lead to the identification of recommendations for their reform. • Output 3.1: From the final quarter of the year, a communication company was hired to design and implement the communications strategy

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

Worth highlighting the SDGs financing alignment with national planning process. The gender and social inclusion budgeting methodologies developed with the Ministry of Education was a process coordinated jointly by the JP agencies through an elaborated joint time framework, joint virtual workshops and the joint coordination with different partners. Also, the JP implemented inter-agencies tools such as the BOS, for developing administrative processes, specifically to the four new innovative financing tools that will be elaborated.

Strategic Partnerships, Documents and Communications

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

The JP worked jointly with MIDEPLAN and Treasury to review SDG-financing alignment with national planning process. The JP worked jointly with MIDEPLAN, Ministry of Justice and Treasury to draft the gender and social inclusion budgeting methodologies. The Women's National Forum was included as a part in the extended Technical Committee. The research on Public-Private-Partnerships (PPP's) and Public-Private Partnerships for Development (PPPD's) with the Foundation Aliarse. The JP team worked closely with the Ministry of Education which designated

a team of dedicated staff to contribute and follow-up to the project activities. The IIEP-UNESCO | International Institute for Educational Planning collaborated in the elaboration of the matrix of results, indicators and goals, and building on it, the IIEP will support the elaboration of the back casting analysis for the main SDGs target in education. Close collaboration was set with the ICAP-Central American Institute for Public Policy to advance with MEP the identification and analysis of regulatory, policy and administrative constraints for the adoption by MEP of results-based budgeting. Together with the Inter American Development Bank the JP will carry out a Public Expenditure Review in the Education sector The JP has identified potential partners interested in participating in blending instruments such as the European Union, Inter American Development Bank and the French Development Agency

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

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

Comments on additional financing secured: The JP worked jointly with MIDEPLAN and Treasury to review SDG-financing alignment with national planning process. The JP worked jointly with MIDEPLAN, Ministry of Justice and Treasury to draft the gender and social inclusion budgeting methodologies. The Women’s National Forum was included as a part in the extended Technical Committee. The research on Public-Private-Partnerships (PPP’s) and Public-Private Partnerships for Development (PPPD’s) with the Foundation Aliarse. The JP team worked closely with the Ministry of Education which designated a team of dedicated staff to contribute and follow-up to the project activities. The IIEP-UNESCO | International Institute for Educational Planning collaborated in the elaboration of the matrix of results, indicators and goals, and building on it, the IIEP will support the elaboration of the back casting analysis for the main SDGs target in education. Close collaboration was set with the ICAP-Central American Institute for Public Policy to advance with MEP the identification and analysis of regulatory, policy and administrative constraints for the adoption by MEP of results-based budgeting. Together with the Inter American Development Bank the JP will carry out a Public Expenditure Review in the Education sector The JP has identified potential partners interested in participating in blending instruments such as the European Union, Inter American Development Bank and the French Development Agency

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: 4

Number of strategic documents contributed by the JP: 1

Number of communication materials produced: 1

2022 Plans & Way Forward

JP priority activities & expected results for 2022

Output 1.1. Four (4) innovative financing tools (three blended instruments and a private equity fund).

Output 1.2. Recommendations to elaborate the second building block on an Integrated National Financing Framework: the financing strategy that will be presented to the new administration after the May 2022 elections.

Output 2.1. Gender and social inclusion budgeting methodologies for to Ministry of Education and other public institutions.

Output 2.1: Activities: consultation processes are being conducted with high and mid-level authorities to rethink the meaning of quality, inclusive and equitable education in the midst of the pandemic and what results, indicators and goals should be prioritized for its achievement, with a focus on low-income and vulnerable groups. Additionally, a benefit incidence analysis will be elaborated to address how spending may accelerate education deprivation.

Output 2.2: Back casting analysis for the achievement of main SDGs targets in education.

Output 2.3: Conduct, in collaboration with MEP, an analysis of current capabilities and elaboration of recommendations according to the current matrix of results, indicators and goals, and the design of a dashboard that allows for using data to feed planning and decision making.

Output 2.4: Conduct, in collaboration with MEP, an analysis identifying gaps and recommendations for reforms.

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

The JP is expected to contribute to build an Integrated National Financing Framework in Costa Rica.

-The JP will convene key stakeholders in the private, social and financial domains to identify concrete opportunities for strengthened cross-sectoral collaboration in joint financing and operational mechanisms, complemented by capacity building and dialogue strengthening processes.

-The JP will provide 4 innovative instruments to secure additional funding for sustainable development and the SDGs.

-The Ministry of Education authorities and personnel will have the tools, data and knowledge to implement results-based budgeting and management. Thanks to the Public Expenditure Review of the Education Sector undertaken with the support of the Inter-American Development Bank, the Ministry of Education will be able to maximize efficiency and results of its public spending. Access, quality and gender and social inclusivity of education will improve for vulnerable children and adolescents.

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

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