



Joint Programme 2021 Annual Progress Report

SDG Financing Portfolio - Component 1

Cover page

UNCT/MCO: Fiji

Reporting Period: 1 January - 31 December 2021

JP title: Unlocking SDG Financing in the Pacific

PUNOs: UNDP, ESCAP, UNICEF

Government partner: Fiji: Ministry of Youth and Sports Solomon Islands: Ministry of Development Planning and Aid Coordination Vanuatu: Prime Minister's Office Republic of Marshall Islands: Office of the Chief Secretary

Target SDGs: SDGs 1, 3, 4, 5, 10, 1

Gender Marker: 1

Approved budget: USD 999,380

Co-funding: USD 200,000

Total Disbursement by 2021: USD 499,690

Total estimated expenditures: USD 208,097.4 (est. Delivery rate: 41.6%)

Total estimated commitments (including expenditures): USD 495,724.4 (est. Committed rate: 99.2%)

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Executive Summary

Output 1: Strengthen national financing frameworks to better deliver their sustainable development plans. • In Vanuatu the project is undertaking a Development Financing Assessment in Vanuatu to map finance flows from the public and private sectors as well as development and donor partners to better the finance the implementation of the National Development Strategy as well as the COVID 19 economic recovery plans; • In the Solomon Islands, UNDP supported the Government to undertake a DFA in 2018 and also to establish the Solomon Islands Integrated Financing Framework – based on discussions with the Ministry of Development Planning & Aid Coordination further support is needed to review the DFA along the lines of COVID economic recovery and to sensitize the DFA and SIFF across the whole of government and Civil Society. • Regional: Feasibility with PIFS on the use of debt for climate swaps as an innovative financing instrument to provide funds to Pacific SIDS, in support of a greener and resilient COVID-19 pandemic recovery, at the same time, reduce the debt burden exacerbated by the pandemic.

Output 2: Strengthen national capacities to integrated SDGs into national and sector development plans and coordinate implementation across government and development partners. • In Marshall Islands, the project is costing

of National Strategic Plan 2020-2030. Infrastructure pillar costing is completed and validated by the government. Validation process noted high level participation and in depth discussion including heads of government line ministries. The costing of social pillar has progressed to costing stage and expected to be completed in February 2022.

- In the Solomon Islands, the costing of National children's policy has been completed. The validation of National children Policy, costed implementation plan and monitoring& evaluation framework awaiting validation by the government.
- In the Marshall Islands that project is supporting the costing of prioritized sector plan (agriculture) to inform bottom-up financing decisions. Review and update of Economic Policy Statement and Investment Policy/Strategy, with financing aspects integrated.
- In Solomon Islands, Marshall Islands and Vanuatu, the Nutrition Expenditure Analysis has progressed to implementation stage. A three half day virtual workshop was held in December 2021 for Vanuatu to validate the costing tools including capacity building of nutrition expenditure analysis for key government ministries and partners. The virtual workshop for Solomon Islands was planned for December 2021, was postponed due to on-going social unrest and COVID-19 lockdown.
- In Solomon Islands, Marshall Islands and Vanuatu, the Early Childhood Expenditure Analysis has progressed to implementation stage.
- In the Solomon Islands and Vanuatu, the project is providing capacity building for cost-benefit analysis, strengthening planning and budgeting linkages, and strengthening project planning and implementation processes (with risks and costing factored).
- In RMI and Vanuatu, the project is supporting the development of the M&E framework of the national sustainable development plan that incorporates the SDGs. This will include comprehensive consultations with line ministries to identify what data is available and how sector data collection systems can better align to monitoring and reporting of National Sustainable Development Goals.

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 outputs and activities are inline with the vision and objectives of the project. Some of the challenges causing delays in the implementation of the project include: • Difficult for government to focus on policy formulation and research work as all efforts are focused on immediate COVID 19 relief and response needs relating to livelihoods and health and safety measures; • Working remotely is a challenge for both UN and Government agencies. The lack of IT infrastructure is a major challenge for Government counterparts that are working from home (relates to the case of Fiji); • The recent civil unrest in Solomon Islands has adversely affected implementation and delayed the implementation of activities. This is further compounded by COVID-19 break and lockdown.

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

Fiji: The JP is supporting the Govt through the provision of TA to strengthen the INFF through alignment of development financing to the key results-based outputs and targets in the 5-Year and 20-Year NDP and the National Sustainable Development Bond Framework; as well as strengthening the institutional capacity of the Govt Innovative Development Financing Machinery called the Drua Incubator to coordinate the identification and formulation of bankable proposals as well as the identification of global, regional and national sustainable financing instruments for submission of these proposals;

Vanuatu: The JP is supporting the Govt through the provision of TA to undertake a DFA. The process will support Govt in developing an INFF to strengthen implementation of the NSDP that links to the MediumTerm Expenditure Framework. The DFA will identify financing solutions and build consensus among a core constituency of actors on priority actions to unlock and mobilise new sources of financing and enhance the alignment of existing financing with national development priorities. Within these overall objectives, the DFA will focus on several key issues, including (i) alignment of the national budget with the NSDP, drawing from UNDP's expertise in SDG budgeting; (ii) digitalisation, including e-fiscalisation; (iii) parliamentary scrutiny over financing; (iv) energy reform; and (v) leveraging remittances for development. The forming of the Vanuatu INFF will play an important role in supporting the country's smooth transition after its LDC graduation, a process that presents its own unique financing challenges.

In addition, to support adopt a common approach to project planning, programming, financing and implementation, capacity building support is being provided to the Govt in associated areas, with practical guidance manual and delivery of targeted training. Several complementary activities are currently underway to support this endeavour. The capacity building includes project planning and programming, cost-benefit analysis for public investment projects, and policy and data analysis. Nutrition Budget and Expenditure Analysis progressed to data collection and consultation phase. Inception meeting was completed in Oct 2021. Stakeholder capacity building was completed in Dec 2021.

RMI: The JP is supporting costing of NDP. Upon request from government, infrastructure pillar was prioritized. The costing is completed, and preliminary findings was presented to the high-level policy makers for validation and feedback. The costing report is validated and approved by National Infrastructure Investment Plan committee which includes Govt Ministers and high-level Officials. The costing exercise also provided platform for 3 half capacity building on costing for key Govt ministries. Costing exercise is implemented in close consultation with ADB. The JP completed an Economic Policy Statement (EPS) for RMI (endorsed by Cabinet in October) and tabled in Parliament in November. The Fiscal Responsibility and Debt Management Act (2021) provides the legislative framework for presenting the EPS, and includes the Govt’s medium-term fiscal strategy, and associated measures to manage fiscal and financing risks. Currently preparing an Investment Policy Statement, to complement the NDP, aimed to support further investment and private financing flows. Solomon Islands: Nutrition Budget and Expenditure Analysis progressed to data collection and consultation phase. Inception meeting was completed in Oct 2021. Stakeholder capacity building was completed in Dec 2021. In collaboration with the Pacific Islands Forum Secretariat, ESCAP is preparing a feasibility study for a debt for climate swap financing instrument is almost complete, which will be considered at a Pacific ministerial level debt conference in Apr 2022. A dedicated session on Leveraging Climate and Disaster Risk Financing, was convened as part of the Pacific Forum on Sustainable Development - Nov 21.

Changes made to JP:

Main Challenges: Delays have been experienced due to the following reasons: • Difficulties in recruiting International Consultants and challenges with working remotely due to boarder closures; • Turn over of project manager within the lead PUNO; • Limited availability of suitable local consultants; • Unable to travel to countries for programming and trouble shooting challenges more efficiently; • Impact of COVID-19 on PUNO staff based in Fiji – given widespread infection from February 2021 to-date, meaning temporary closure of office and current work from home arrangements, but also new safety and health challenges; • Changes in counterparts and government personnel in some countries, including a sudden change of Finance Minister in RMI recently which will impact momentum of programmed work given leadership to-date; • Inability to host in-person training and capacity building events, given COVID-19 restrictions, and virtual means being utilized with mixed effectiveness and lower spending relative to plans; and • Governments priority focus on COVID 19 health and safety measures as well as livelihoods relief efforts and economic recovery efforts.

Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Completed (100%)	Advancing (50-99%)	Emerging (1-49%)	Emerging (1-49%)	Emerging (1-49%)

Descriptions on progress by INFF building blocks

Inception Phase: In the Solomon Islands, the Ministry of Development Planning and Aid Coordination with support of UNDP successfully carried out the DFA in close dialogue with key national stakeholders. The information

and discussion shared during the DFA national consultations assisted the DFA Team to put together the DFA Report and a proposed Solomon Islands Integrated Financing Framework (SIIF). A series of recommendations about steps that can be taken to strengthen the financing of the National Development Strategy have also been developed. These recommendations have been refined through discussions with the NDS Implementation Oversight Committee (NDSIOC) and with stakeholders from across government, development partners, private sector representatives and other actors. On the basis of the DFA, the SIIF was developed. The SIIF links the aspirations of the NDS to the government policies and operations that will mobilize the necessary financing. The SIIF would support the NDS by providing guidance on the kinds of financing and investments that will be needed. It would bring together actors from across government and partners and guide the strategic approach that can be taken to mobilize and effectively invest these public and private flows.

Assessment & Diagnostics: In Vanuatu, the Government has introduced number of major reforms in the last decade including the development of the debt management strategy, to support Vanuatu's national strategy in implementing the 2019 budget and medium-term goals by ensuring that the government's borrowing requirements and payment obligations are met at the lowest cost with a prudent degree of risk. This Strategy is consistent with the principles of responsible, transparent and accountable fiscal management specified in the Public Finance and Economic Management (PFEM) Act of 1998. It also draws upon the Government's commitment to developing and designing a strategy that is evidence-based and feasible in ensuring that public debt levels remain sustainable, while supporting development programs to strengthen Vanuatu in the present and invest in the country's future. The adoption of the new Aid Management Policy in 2019 is a positive move towards aligning with international aid practices and frameworks.

Recent developments in national planning include the implementation of the National Sustainable Development Plan (NSDP) 2016 – 2030, the 15 years plan which localized the SDG's into three pillars, namely Economic, Social and Environment. The NSDP M&E Framework is designed to complement Vanuatu 2030. The framework is results based, and is intended to serve as a guide for implementing, monitoring and reporting on the NSDP. Achieving Vanuatu's long-term development objectives will require significant investments and financing.

In this regard, UNDP is supporting the Government of Vanuatu to undertake a Development Finance Assessment that will culminate in the articulation and agreement of an INFF Roadmap. The substantive analysis is being carried out throughout the process. The key analysis includes: Covid-19 and priorities building back better • Identifying priorities for recovery and building back better from covid-19, and longer-term national sustainable development objectives • Reviewing the impacts of the covid-19 pandemic and government responses to date, including key financing interventions INFF building block 1: assessment and diagnostics • Collating existing estimates of financing needs and costs associated with realizing national development priorities. • Undertaking a comprehensive analysis of historic trends, the current context and future outlook across the financing landscape considering public, private, domestic and international financing resources, flows and instruments. • Mapping and analysing a variety of risks that can affect financing needs, trends and availability of financing for the sustainable development priorities, drawing from available literature and analysis. • Developing simple scenarios of future financing trajectories based on assumptions about covid-19

Financing Strategy: In making this commitment a reality, of achieving 100 percent sustainable management of it's ocean and designation of 30 percent marine protected areas by 2030, the Government of Fiji will issue the first sovereign Blue Bond in the summer of 2022.

This is Fiji's second sustainable bond issuance since the Green Bond was issued in 2017, and will fall under the ambit of Fiji's Sustainable Development Bond Framework which is currently under review. Fiji's blue bond will invest in green shipping, aquaculture, and marine protected areas. This is part of the government financing strategy of developing innovative financing instruments for attracting donor and private capital towards developing the blue economy as well as achieving marine protection goals as articulated in the National Development Strategies as well as the SDGs.

Specific Support that UNDP is providing to the Government of Fiji on the issuance and execution of the blue bond included the following: • Drafting and approving the Blue Bond Framework • Design and delivery of a pipeline of investable blue bond projects - Conducting financial due diligence on the projects under consideration, providing technical assistance to high potential projects to assess and improve investment readiness • Structuring and de-risking the bond • Facilitating and Independent review from a third party on the Blue Bond's prospectus compliance

with the ICMA Sustainable Bond Principles • Marketing and communication - Contracting an external PR firm to develop and execute marketing and communication strategy to promote the Blue Bond • Setting up the monitoring, reporting, and verification system to assess the impact of the projects funded by the bond proceeds

Monitoring & Review: N/A

Governance & Coordination: N/A

Priority Cross-cutting Issues

How did the JP adapt to the COVID-19 context

In Vanuatu, the DFA will also cover the economic impacts of COVID 19 as well as provide recommendations based on a comprehensive consultation process on how the INFF could support the short to medium term economic recovery process.

Countries with existing INFFs are repurposing the coordination and mobilization of development financing from identified revenue flows towards COVID 19 response and recovery efforts.

In Fiji, the innovative sustainable development financing facility known as the Drua incubator which the project is developing will support projects and proposals that focus on implementing the immediate and medium term COVID 19 recovery efforts.

How did the JP apply the Gender Marker

The project looks at undertaking the DFA in Vanuatu as well as strengthening INFFs in the participating countries through a Gender lens to strengthen opportunities for mainstreaming gender equality and women's empowerment in planning, financing, monitoring and reporting phases of the development programme cycle.

Estimated % of overall disbursed funds spend on gender: 20%

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

The INFFs will strengthen the identification and coordination of sustainable development financing revenue flows for the implementation of National Sustainable Development Strategies that include the promotion of human rights, decent work and the concept of leaving no one behind – reaching the most vulnerable first.

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

To ensure the SDG financing strategy will be sustainable over time an oversight committee will be established to guide the implementation of the INFF roadmap including updating the DFA and INFF Roadmap to keep it relevant and practical towards the implementation of the National Sustainable Development Strategy as well as the SDGs.

Annual Reporting on Results

Results achieved in promoting the priority thematic SDG agendas

N/A

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

N/A

Progress against JP-specific outcomes

Already provided under 17.

Progress against JP-specific outputs

Already provided under 17.

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

The JP has allowed three key agencies supporting INFFs including supporting Governments allocate financing for development, to provide a joint UN system support and response to the 4 Governments rather than a fragmented approach. Agencies in concern have worked together as much as possible to deliver joint activities and advisory support to Governments across the key pillars of assistance under the work plan allowing for cost efficiency and reduced duplication of interventions.

Strategic Partnerships, Documents and Communications

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

Partnerships with key regional institutions such as the Pacific Islands Forum Secretariat was noted as a success, whereby UN complemented their actions on debt for climate swabs initiative through technical policy advisory and other support through this joint programme, hence, the JP contributed to regional efforts on financing strategies.

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

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

Comments on additional financing secured: Partnerships with key regional institutions such as the Pacific Islands Forum Secretariat was noted as a success, whereby UN complemented their actions on debt for climate swabs initiative through technical policy advisory and other support through this joint programme, hence, the JP contributed to regional efforts on financing strategies.

JP organized events in 2021

JP Launch Event	Annual Donor Event	Partners Event
No	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

• Formulate the DFA for Vanuatu and established oversight committee to oversee the INFF road map; • Complete the costing of the Marshall Islands National Sustainable Development Plan; • Complete and launch RMI's Investment Policy; • Complete project planning and cost benefit manuals and capacity building for Solomon Islands and Vanuatu and a regional knowledge product on the same; • Complete debt for climate swap feasibility study, and support background study on debt sustainability, and support the Regional Debt Conference planned for April 2022, in collaboration with Pacific Islands Forum Secretariat; • Support specific planning and monitoring support to Fiji, in the lead-up to the Voluntary National Review in 2023; • Develop and implement a communications strategy for the Solomon Islands INFF; and • Operationalize the Sustainable Development Financing Facility (Drua Incubator) within the Fiji Ministry of Finance.

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

• INFF in Vanuatu Strengthened; • RMI National Sustainable Development Plan costed and government capacity to coordinate development finance for the acceleration of the SDGs strengthened, supported by the Economic Policy Statement and the Investment Policy to support broader macroeconomic and financing considerations; • Feasibility study and capacity building on the application of debt for climate swaps in Pacific SIDS, and a regional political declaration (involving major debtors and creditors in the Pacific region) on sustainably managing and financing through debt instruments. • Fiji Innovative Sustainable Development Financing Facility (Drua Incubator) Operational

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

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