



# Joint Programme 2021 Annual Progress Report

## SDG Financing Portfolio - Component 1

### Cover page

**UNCT/MCO:** Tunisia

**Reporting Period:** 1 January - 31 December 2021

**JP title:** Mobilizing Public-Private, Innovative and Alternative Financing as Levers SDG Financing Architecture for Tunisia

**PUNOs:** UNDP, UNICEF

**Government partner:** Ministry of Finance and Economic Planning

**Target SDGs:** SDGs 5, 10, 16, 17

**Gender Marker:** 2

**Approved budget:** USD 872,050

**Co-funding:** USD 214,750

**Total Disbursement by 2021:** USD 436,025

**Total estimated expenditures:** USD NA (est. Delivery rate: NA%)

**Total estimated commitments** (including expenditures): USD 281,999 (est. Committed rate: 64.7%)

**RCO focal point name:** Ilhem Brini

**RCO focal point email:** ilhem.brini@un.org

### Executive Summary

The SDG Investor Map and Impact Investing Ecosystem Study were finalized at the end of the year 2021, after 8 months of desk review, analyses, and interviews with relevant stakeholders from the private and public sectors. The findings were reviewed by UNDP CO and RCO and offer an overall useful image of the current investing ecosystem and the role it can play in financing the SDGs. Partnership with Business Call to Action to promote and scale-up inclusive businesses through different initiatives, Outreach and Innovation Journey. BCtA has managed to involve the private sector in the achievement of the SDGs. Be it through the networking of inclusive businesses or through a partnership with the municipality of Medenine to identify solutions to environmental challenges in the governorate, this programme has put forward the potential of the private sector and public/private partnership in addressing and solving sustainable development challenges. UNICEF also made significant progress in engaging with national partners and the World Bank. A first workshop for enhancing the capacity and skills of key stakeholders, the Ministry of Finance and all line ministries, on SDGs and social budget allocations has been organized by the end of September 2021. A second workshop has been organized in December 2021. The second workshop was the

opportunity to discuss and analyze preliminary findings based on the tagging (SDGs, Gender and Human Capital) of all budget lines and to build the capacity of the national partners how to generate tables and graphs using the online tools. The workshop was an opportunity to develop the capacity of stakeholders to use the BOOST tool, the state budget database established by the Ministry of Finance with the support of the World Bank; and to present some results and trends of state budget allocations and expenditures disaggregated according to their contribution to the achievement of the SDGs, human capital development and gender equity and women's empowerment. The workshop led to a consensus on the approach to follow in order to integrate the SDGs, child and gender dashboards on the public digital platform of the State budget: <http://www.mizaniatouna.gov.tn/>.

## 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, JP progress has been partially satisfactory. Delay was accumulated for the assessment of the national fiscal space as well as the necessary capacity needs and gaps assessment at infra-national level, both objectives in which national partners are involved, and this is due to the overall political context. The work to involve the private sector in the financing of the SDGs is steadily ongoing and has reached expected results by the end of 2021, that are: - Finalization of the SDG Investor Map and Impact Investing Ecosystem Study in Tunisia that provide public and private stakeholders with the knowledge to finance sustainable development. These two studies will help the national public or private institutions access innovative and alternative financing funds; - Ongoing Business Call to Action - BCtA activities. These include the mobilization of inclusive businesses and the private sector through their adhesion to the BCtA network as well as the production of recommendations to promote the inclusive business ecosystem and models and the role of the private sector in financing SDGs. - The ownership and leadership from the Ministry of Finance and its General Director of the Budget for the budget analysis activities have been crucial to enhance the implementation of the activities in partnership with all line ministries and the World Bank. All necessary budget data have been released by the Ministry of Finance (MoF), and the scope, the methodology and the tools for future analysis to be developed by the Tunisian Government have all been approved by the MoF and the line ministries.

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

- The assessment and diagnostics building block is emerging as the ToRs for the realization of a comprehensive financial landscape assessment were published in December, including a financing needs assessment, a fiscal space assessment and the DFA.
- The SDG Investor Map exercise in collaboration with the IICPSD reached its final stage at the end of 2021. In December, UNDP CO received the drafts for both the SDG Investor Map as well as the Impact Investing Ecosystem Study for inputs and review. These two studies are the result of several months of data collection, policies review and a series of interviews that have been conducted with prominent policy and private sector representatives (public institutions, microfinance institutions, private and development banks). In terms of results, 8 sectors and 18 investment opportunity areas (IOAs) have been identified as well as, for each IOA, the business model, user or beneficiary, economic factors, enabling factors, risk factors and impact management. Steps for an action plan were formulated to ensure the development of an enabling environment so as to catalyze impact investments. These two studies will enable all national and international stakeholders to contribute to the financing of SDGs through investment and the involvement of the private sector and favor the creation of new PPPs.
- Through collaboration with BCtA, a study on the inclusive business ecosystem in Tunisia was published and discussed at the BCtA yearly forum in September. The study gave a list of recommendations to develop the ecosystem of inclusive business models as well as to increase its impact, so that the private sector can play its role in sustainable development. Planned to reach objectives in early 2022, an Innovation Journey (IJ) was launched with a pre-identified challenge at regional level (water resources efficiency for agriculture). This IJ was a milestone to forecast partnerships with local partner (Municipality).

- The activities to support the development of an SDGs and Gender and Child sensitive budget allocation tracker and dashboards have been launched by UNICEF, with two successful workshops organized during the last quarters of 2021 with the participation of all stakeholders under the leadership of the Ministry of Finance. A consensus has been reached on the approach to follow in order to integrate the SDGs, child and gender dashboards on the public digital platform of the State budget: <http://www.mizaniatouna.gov.tn/>. The five budget briefs analyzing and reporting on national budget allocation with a human capital and child lenses were drafted, while the two reports analyzing and reporting on the SDGs and gender equality budget allocation are planned to be disseminated in February 2022.

### Changes made to JP:

**Main Challenges:** Due to the national context, several unsuccessful efforts were made to organize a Steering Committee meeting to review and adapt the programme to the national context during 4th Q-2021. The SC meeting is however planned for January 28th, 2022.

Governmental work has been delayed since January 2021, before President Saied’s decision on July 25 to freeze parliament and dismiss then PM Mechichi. On September 29, President Saied appointed a new Prime Minister, who presented her new government, approved by the President, on October 11. The split of our main counterpart, previously Ministry of Economy, Finance and Investment Support into two portfolios – Ministry of Finance and Ministry of Economy and Planification – has also impacted our national partner’s work. Nonetheless, JP teams have remained in close conversation with national focal points. Locally, municipal councils saw their work slowed down due to the pandemic and political instability. This has impacted and postponed to 2022 the project component dedicated to capacity enhancing at the infra-national level on budget allocations for the SDGs. UNDP can capitalize on its ongoing projects and experience with local partners to support them on the elaboration of their LDPs and ensure they’re aligned on SDGs. Managing the COVID-19 crisis (health and socio-economic consequences) has required a lot of time for our local and national partners. The situation has stabilized since September. However, this remains a possible risk as potential new contamination waves may happen. The JP teams should remain close to national partners to reach JP results and objectives.

## Updates on SDG financing framework

Inception phase	Assessment Diagnostics	Financing Strategy	Monitoring Review	Governance Coordination
Emerging (1-49%)	Advancing (50-99%)	Emerging (1-49%)	Planned (0%)	Emerging (1-49%)

### Descriptions on progress by INFF building blocks

**Inception Phase:** Results in the inception phase are emerging as the Terms of Reference for the development of an INFF Roadmap and recommendations within the DFA exercise were initiated by the end of 2021. The roadmap will be developed in 2022.

**Assessment & Diagnostics:** The assessment and diagnostics building block is emerging as the ToRs for the realization of a comprehensive financial landscape assessment were published in December and the firm selection will likely occur in February 2022. This comprehensive assessment will include: - A financing needs assessment; - A fiscal space assessment; - A Development Finance Assessment. With regards to public expenditure analysis, the tagging of all budget lines is finalized and preliminary findings of the budget analysis have been shared with national stakeholders during a workshop in December 2021.

**Financing Strategy:** The overall Financing Strategy is planned for 2022 as it will build upon the results provided by the DFA and other assessments carried out during 2021 and 2022. More specifically, the five budget briefs analyzing

and reporting on national budget allocation with a human capital and child lenses are drafted, while the two reports analyzing and reporting on the SDGs and gender equality budget allocation are planned to be disseminated in February 2022. The ToRs for all activities (output 1.3) related to climate change adaptation costs analysis as well as the support for an evidence desk review regarding the social cost of investment and lack thereof in accelerator social sectors have been prepared and will be shared with national partners.

**Monitoring & Review:** - Monitoring and review processes have been included in the expected results from the comprehensive financing landscape assessment planned to be finalized in 2022.

**Governance & Coordination:** Due to the overall political context, there has been delay in establishing the INFF Oversight Committee. This will be defined following the JP Steering Committee in January 2022. Despite contextual difficulties, coordination meetings and discussions were organized between the JP and the national partner, namely the Ministry of Economy and Planification, to move forward with the implementation of the project.

## Priority Cross-cutting Issues

### How did the JP adapt to the COVID-19 context

In terms of implementation, the JP's workplan started to be reviewed to tally with the obstacles and delay brought forward by COVID-19. As some of the major JP milestones were postponed due to the pandemic and the political context, we took the opportunity to progress on the involvement of the private sector, while still adapting to the COVID-19 crisis. Interviews held during the SDG Investor Map process were thus all conducted virtually. Furthermore, the SDG Investor Map and Impact Investing Ecosystem study have helped identify Investment Opportunity Actions aligned with the national priorities necessary for post-COVID recovery, including but not limited to, health-related IOAs. The pandemic has also put forward the necessity and urgency in stabilizing public debt and reforming the tax system, notably through exchange and collaboration with IFIs such as the IMF and the World Bank. This work is at the heart of output 1.1 of the JP.

### How did the JP apply the Gender Marker

- PUNOs have collaborated and engaged with the government on topics related to, or considering, gender equality and the empowerment of women.
- Half of the IOAs (9 out of 18) identified in the SDG Investor Map have women as direct or indirect beneficiaries, particularly rural women, women entrepreneurs and unemployed women, through investments in financial inclusion, education, safer and more sustainable agriculture practices as well as infrastructure (notably wastewater treatment plants).
- Although not yet launched, the INFF diagnostic and assessment bloc integrates and mainstreams gender equality. The DFA and comprehensive financing landscape assessment, for which the procurement process began in December, require a strong gender focus. The result of this assessment, i.e the framework, is also meant to integrate gender.
- The tagging of all budget lines with a gender lens is finalized and a draft report analyzing the national budget allocation and expenditures with a gender focus will be finalized during the first quarter of 2022.

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

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

In partnership with Business Call to Action, work has been carried out to provide evidence on inclusive businesses models in Tunisia as well as recommendations to promote these models and include the people at the bottom of the pyramid into value chains. This, in turn, also contributes to decent work as the inclusion of low-income people can take the form of employment. Through the identification of specific IOAs, the SDG Investor Map also

contributes to these cross-cutting issues. For instance, IOAs related to decent work include sustainable agriculture and aquaculture practices, technical and vocational education and training as well as the development of physical and virtual education. Investments in transportation could contribute to regional inclusion while microfinance solutions for low-income groups and SMEs and digital payment services would help with financial inclusion. These IOAs benefit the most vulnerable populations (the women, youth and rural populations) and are aligned on the LNOB principle.

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

Throughout 2021, the JP has worked towards the appropriation of the programme and its work for long term sustainability through: - The participation of national partners (Ministry of Economy and Planification) in August in a 3-day training workshop on INFFs organized by the United Nations Department of Economic Affairs (DESA), the Economic Commission for Africa (ECA), UNDP, and the United Nations Institute for Training and Research (UNITAR); - In December, training was offered to and attended by the General Director of the Tunis Stock Exchange and representatives from the Ministry of Finance on green bonds. - The ownership and leadership from the Ministry of Finance and its General Director of the Budget for the budget analysis activities have been crucial to enhance the implementation of the activities in partnership with all line ministries and the World Bank. All necessary budget data have been released by the Ministry of Finance (MoF), and the scope, the methodology and the tools for future analysis to be developed by the Tunisian Government have all been approved by the MoF and the line ministries in 2 workshops organized jointly with the MoF.

## **Annual Reporting on Results**

### **Results achieved in promoting the priority thematic SDG agendas**

- Goal 10: Reduced Inequalities Through recommendations to promote and strengthen the impact investing ecosystem and an actionable, evidence-based list of investment opportunity areas that answer development challenges, the Impact Investing Ecosystem study and the SDG Investor Map, produced in collaboration with the IICPSD, contribute to the development and promotion of private investments aligned with national sustainable and inclusive development priorities.
- Goal 17: Partnership

Through collaboration between UNDP CO and BCtA, partnerships with the private sector have been encouraged and strengthened. The BCtA Outreach programme, which offers inclusive businesses access to the BCtA network, has been successful in Tunisia with at least 5 businesses entering the network. The Innovation Journey initiative which was launched in the last quarter of the year also acts as a promotion of public-private and civil society partnerships with the involvement of the Medenine municipality and the Arid Regions Institute (a national entity). Partnerships have also been strengthened with the SDG Investor Map which will help mobilize additional financial resources, domestic and international, from the private sector to achieve SDGs. Furthermore, the map also includes possible PPPs and multipartite partnerships, contributing further to SDG 17.

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

The SDG Investor Map, which will be embedded on the SDG Investor Platform in early 2022, serves as a path to the overall integrated financing instruments that the JP aims at testing and implementing. Furthermore, the partnerships with BCtA and Tadamon contribute to Output 4.3 and the building of partnership frameworks to accelerate SDG progress.

## **Progress against JP-specific outcomes**

Results have not yet been reached, however steps have been taken in 2021 to achieve outcome results. The initiation of the DFA exercise by the end of 2021 will contribute to the realization and later institutionalization of the gender sensitive INFF.

## **Progress against JP-specific outputs**

Output 1.1: The key Tunisian institutions have the capacity and tools to optimize the national fiscal space based on gender sensitive evidence and estimation of investment needs for the achievement of the SDGs. The scope of the DFA exercise was defined in order to provide the most complete assessment of the Tunisian financing landscape possible. In addition to the initial DFA evaluations, the study will also assess financing needs and the fiscal space with a gender sensitive focus. It will also look at possible solutions for specific areas such as subsidy reform, taxation, social protection, and the priority SDGs defined by the Tunisian government. Output 1.2: The government of Tunisia has the capacities and tools to mobilize domestic, public and private financing for the achievement of the SDGs : The activities to support the development of an SDGs and Gender and Child sensitive budget allocation tracker and dashboards have been launched with two successful workshops organized during the last quarters of 2021 with the participation of all stakeholders under the leadership of the Ministry of Finance. A consensus has been reached on the approach to follow in order to integrate the SDGs, child and gender dashboards on the public digital platform of the State budget: <http://www.mizaniatouna.gov.tn/>. The five budget briefs analyzing and reporting on national budget allocation with human capital and child lenses are drafted, while the two reports analyzing and reporting on the SDGs and gender equality budget allocation are planned to be disseminated in February 2022. Output 1.3 The government of Tunisia has the capacities and tools to mobilize innovative and alternative financing for the achievement of the SDGs. The SDG Investor Map, which was finalized at the end of 2021, will act as an innovative tool to mobilize financing for the achievement of the SDGs through private investments which are financially profitable for the private sector while contributing to solutions or beneficiary stakeholders.

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

The JP's PUNOs have made an effort to complement each other's work: for instance, UNICEF's work on budget tagging and tracking will feed part of UNDP's work on financing landscape assessments and avoid duplication of efforts. To that effect, UNDP has attended UNICEF-organized workshop and both PUNOs are integrating each other into their activities.

Through this overarching work, the JP has been establishing solid partnerships, in particular with the private sector, that are part of the UN wide objectives regarding the financing of the SDGs as well as the achievement of socio-economic equality and resilience. In addition, the work realized with the SDG Investor Map on Investment Opportunity Areas, which will be completed and reinforced with the DFA, will help other UN agencies identify priority sectors of action in relation to the private sector and investing needs and opportunities.

## **Strategic Partnerships, Documents and Communications**

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

Collaboration with the private sector has been strengthened and facilitated through the ongoing partnership between UNDP and BCtA which, at its core, aims to involving the private sector and strengthening its contribution to the achievement of the SDGs. BCtA acts as a mediator between businesses and the SDGs by giving them the tools and the added value to measure, monitor and enhance their contribution to sustainable development.

In addition to this partnership, the collaborative work with the IICPSD has enabled, beyond the studies realized, interviews, discussions and getting in contact with various actors from the private sector, as well as relevant public actors. The Tadamon initiative has also helped work on the JP's collaboration with civil society and IFIs. The

programme, which is funded by the IsDB and ISFD aims at helping CSOs and NGOs explore alternative financing models, more particularly crowdfunding with capacity building and effort to operationalize a crowdfunding platform. UNICEF activities build on the existing the BOOST tool, the state budget database established by the Ministry of Finance with the support of the World Bank. A triparty, MoF, WB and UNICEF, consensus has been reached on the approach to follow in order to integrate the SDGs, child and gender dashboards on the public digital platform of the State budget: <http://www.mizaniatouna.gov.tn/>

**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:** Collaboration with the private sector has been strengthened and facilitated through the ongoing partnership between UNDP and BCtA which, at its core, aims to involving the private sector and strengthening its contribution to the achievement of the SDGs. BCtA acts as a mediator between businesses and the SDGs by giving them the tools and the added value to measure, monitor and enhance their contribution to sustainable development.

In addition to this partnership, the collaborative work with the IICPSD has enabled, beyond the studies realized, interviews, discussions and getting in contact with various actors from the private sector, as well as relevant public actors. The Tadamon initiative has also helped work on the JP’s collaboration with civil society and IFIs. The programme, which is funded by the IsDB and ISFD aims at helping CSOs and NGOs explore alternative financing models, more particularly crowdfunding with capacity building and effort to operationalize a crowdfunding platform. UNICEF activities build on the existing the BOOST tool, the state budget database established by the Ministry of Finance with the support of the World Bank. A triparty, MoF, WB and UNICEF, consensus has been reached on the approach to follow in order to integrate the SDGs, child and gender dashboards on the public digital platform of the State budget: <http://www.mizaniatouna.gov.tn/>

**JP organized events in 2021**

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

*Number of strategic documents produced by the JP: 1*

*Number of strategic documents contributed by the JP: 2*

*Number of communication materials produced: 2*

**2022 Plans & Way Forward**

**JP priority activities & expected results for 2022**

For 2022, the JP’s priority activities are: - Assessments and diagnostics for the setting up and operationalization of the INFF, comprising a DFA, a financing needs assessment, fiscal space assessment as well as eventually the INFF Roadmap and an integrated financing strategy. These activities will contribute to and help achieve output 1.1 and outcome 1 as the integrated national financing strategy should be finalized and the framework set up;

- Support to municipalities to enhance local capacities in mobilizing and allocating financing for local development priorities and SDGs through assessments, tools and capacity building programmes. This contributes to output 1.2. - Integrating the SDGs, child and gender dashboards on the public digital platform of the State budget: <http://www.mizaniatouna.gov.tn/> by May 2022. Disseminating the five budget briefs analyzing and reporting on national budget allocation with a human capital and child lenses, while the two reports analyzing and reporting on the SDGs and gender equality budget allocation by end of February 2022. This will contribute to output 1.2. - Strengthening of the role and implication of the private sector in the achievement and financing of Agenda 2030. Update of the SDG Investor Platform to include data for Tunisia and the restitution events with relevant stakeholders; the continuation of BCTA's work with private inclusive businesses and its Innovation Journey initiative; the setting up and operationalization of the crowdfunding platform through Tadamon project. This will contribute to output 1.3. - Launch of the activities 1/Support a desk review of evidence regarding the social cost of investment and lack thereof in accelerator social sectors (Youth/ employment/social inclusion), 2/ Analyze the cost of climate change adaptation for the social sectors in Tunisia, 3/ Support the identification of innovative and alternative financing mechanisms including climate change adaptation. This will contribute to output 1.3.

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

- The key Tunisian institutions have the capacity and tools to optimize the national fiscal space based on gender sensitive evidence and estimation of investment needs for the achievement of the SDGs.
- The government of Tunisia has the capacities and tools to mobilize domestic public and private financing for the achievement of the SDGs.
- The government of Tunisia has the capacities and tools to mobilize innovative and alternative financing for the achievement of the SDGs.

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

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