



Joint Programme 2023 Annual Progress Report

Building Resilience & Ending Vulnerabilities in Small Island Developing States

Cover page

UNCT/MCO: Cuba

Reporting Period: 1 January - 31 December 2023

JP title: Building Resilience & Ending Vulnerabilities in Small Island Developing States

Thematic SDG Areas: Food systems transformation; Digital transformation; Climate change, biodiversity loss and pollution;

Gender Marker: Gender-responsive (for example, the JP aimed to respond to specific gender needs, such as linking social assistance with GBV response services or maternal health support)

Engine Room Activities: Shift in policy and regulatory frameworks; Building capacity at scale;

Total estimated expenditures: USD \$135,318.25

Total estimated commitments (including expenditures): \$3,400,693.76

Executive Summary

This project is aimed at developing a process of marked innovative nature, since for the first time the country is committed to developing a framework that integrates the country's environmental and climate financing. This framework is expected to integrate environmental investment, contributions from the state budget to its management, financing through national and international projects, and others. At the same time, and for the first time, a roadmap and action plan is being built to support the country's gradual implementation of this framework at the national and territorial level.

The proposal sets an important precedent for integrating environmental and climate financing into development financing, and promoting the creation of a structure that integrates environmental financing from macro structures to the territorial level. The government authorities are participating in the entire process of dialogue and consultation and have recognized the proposal's relevance, which will result in the establishment of an enabling framework for environmental and climate financing in Cuba.

In the second half of 2023, the first draft of the Enabling Framework for Environmental Financing has been prepared and completed with the participation of actors from key organizations. This inter-institutional mechanism will have a structure with functions and a regulatory framework that will contribute to the definition of policies leading to the mobilization of resources for investments in biodiversity, adaptation and mitigation of climate change and environmental quality, and contributing to the progress of the SDGs. This framework will allow the financial dimension to be integrated into environmental management and the national development financing strategy.

During 2023, work was carried out to promote the actions planned in the Work Plan, so both implementing agencies had to overlap activities to comply with the 10-month delays in the approval of the project by national counterparts and ensure that all objectives are achieved within the approved 6-month project extension. This has represented a challenge in the time foreseen by the project, and added to the current complex economic context, exacerbated by a fuel and energy crisis, which directly impact the implementation of some activities. In response to these factors, both implementing agencies are closely monitoring implementation of all activities to accelerate their execution and prevent any further delays.

Significant progress has been made in the design process of a digital platform, which will support management of the Enabling Framework. This tool will enable the collection of information on existing environmental and climate financing in the country, which until now was very dispersed in the institutions. This will ensure that such information can be accessed in one place to support decision-making and the submission of national and international reports. The diagnosis of information flows between the Ministry of Science, Technology and Environment (CITMA) and the National Office of Statistics and Information (ONEI) has been completed. The gaps in information flows identified in the diagnosis will serve to propose solution measures for their capture and draw up a roadmap that supports the gradual incorporation of all environmental financing issues on this platform.

During this period, several workshops and exchanges sessions have been developed, estimating the participation of 160 actors, of them 93 women (58.1%). Likewise, an online Sensitization Workshop on Microfinance for Ecosystem based Adaptation (MEbA) has been developed and delivered, with project stakeholder participation at the national level and in the pilot sites. This space contributed to introduce key concepts on MEbA and to sensitize stakeholders on its importance and relevance by showcasing experiences and lessons.

Annual Progress

Overall progress against 3 key results in 2023:

Completed draft of the Enabling Framework for Environmental Finance and circulated to the stakeholders for analysis in the National Steering Committee. The enabling framework for environmental finance is established as

an interinstitutional mechanism for exchange, consensus building, coordination, implementation, and monitoring of actions to enhance the mobilization of financial resources and their allocation towards activities aimed at conservation, protection, and rational use of natural resources, improving management and environmental quality, and addressing climate change. All of this is done from an inclusive perspective that accelerates the implementation of the Sustainable Development Goals (SDGs) in the country. Exchange sessions were held with stakeholders from the Ministry of Science, Technology and Environment (CITMA), National Office of Statistics and Information (ONEI), Ministry of Economy and Planning (MEP), Central Bank of Cuba (BCC) and Ministry of Finance and Prices (MFP) where objectives and structure proposal were specified. Conceived 4 strategic pillars: Environmental dimension of financing, resource mobilization, Capacity building and Data and information management and 3 transversal axes: Strategic alignment, Adequacy of the legal and regulatory framework and environmental governance. This inter-institutional mechanism for the management of environmental finances articulates actors and processes at the national, sectoral and territorial levels.

Consensus achieved among the various actors regarding the 4 strategic pillars and the transversal axes of the enabling framework is considered a relevant achievement within the proposal. During this period, progress is made in the interrelation of outcome 1 with output 1.1, outcome 2 with output 2.1, 2.2 and 2.3 and in output 3, the bases are created for its articulation in the next period.

First draft of the design of the digital platform completed, based on the diagnosis made of information flows from key environmental, statistics and finance organizations. This management tool will support the country in decision-making on environmental financing.

Training and sensitization sessions completed with agricultural producers, financial institutions, ministries and regulatory agencies on the importance of introducing microfinance as a mechanism to support and stimulate adaptation to climate change. Lessons and good practices derived from the use of MEbA in Latin American and Caribbean countries were also shared with stakeholders.

Mapped the financial solutions to be implemented in the pilot sites. The implementation process of agrotourism, as the first financial mechanism has begun.

Main Challenges, adjustments and lessons:

- Constraint: The main challenge has been to adjust the planned activities to a shorter implementation timeframe, as a result to the 10-month delay in the process of approving and signing the National Terms of Reference and the postponement of project start-up.
 - o Mitigation action: The Work Plan has been restructured, including overlapping activities to achieve the expected results during the approved 6-month extension. Considering the challenge of overcoming a 10 month implementation delay, the UN Resident Coordinator is convening regular exchange agencies with the implementing agencies to review project progress, anticipate possible delays and respond timely to implementation challenges.
- Constraint: Lack of precedents in framework structures for environmental finance, which hampered the initial design of this mechanism.
 - o Mitigation action: Participatory construction with national actors of a unique enabling framework for environmental finance in Cuba, considering the national environmental policies and the projects under the Macroprogram of Natural resources and environment.
- Achieve the capture, update, and analysis of the information on environmental finance required by the decision-making platform.
 - o Mitigation action: Organize, together with the national institutions involved, the information flows and access permissions necessary for the systematicity and sustainability of the data on the platform.
- Ensure, in a very short time, that financial institutions at the national and local levels provide the necessary information for the assessment and diagnosis, as well as to incorporate practices associated with MEbA and climate risk management.
 - o Mitigation action: To accelerate the evaluation process, information search and direct linkage with key

stakeholders, as well as implement training and capacity building actions, two working missions to Cuba are planned, which will be complemented with virtual meetings among the international consultants in charge of developing the topics related to the MEbA and the stakeholders involved.

Priority Cross-cutting Issues

Cross-cutting results/issues

Gender Marker and activities undertook for gender equality

The JP is Gender-responsive (for example, the JP aimed to respond to specific gender needs, such as linking social assistance with GBV response services or maternal health support). Capacity development (e.g. training of social workers, local governments, local communities);

SDG Transitions Acceleration

The JP contributes to accelerate the SDGs as it will mainstream the financial dimension of environmental management into the national development financing strategy. This will allow Inclusion of environmental finance considerations into the Integrated National Financing Framework (INFF) and strengthening mechanisms for SDG implementation, which will contribute towards achievement of SDG 5 by considering gender issues, SDG 13 by contributing to climate change adaptation, SDG 15 by integrating ecosystem management into action frameworks, and SDG 17 by contributing towards the goals of the international agenda.

- ? The Joint Programme contributes to accelerating the implementation of the SDGs by incorporating a framework for environmental finance to the decision-making process.

- ? Strengthening institutional and territorial structures for decision-making on environmental financing.

- ? The main added value of the proposal to accelerate achievement of SDGs is capacity-building to improve current environmental finance management in line with priorities identified in the 2030 PNDES.

- ? Mobilization of new financial resources; seize new opportunities; diversify its sources; and promote greater coherence in the allocation of available resources.

- ? Pilot sites in the non-state economic sector defined for the mobilization of resources for biodiversity through innovative finance solutions. A roadmap and action plan will be implemented at different time horizons with financial solutions to be applied in the non-state economic sector.

- ? Results from the project contribute directly to goal 15.9 of the SDGs. Actions have been undertaken to identify and implement financial solutions and promote resource mobilization in support to biodiversity and climate change adaptation.

- ? The project has contributed to strengthening the capacities of these national and local stakeholders to: (i) foster the sustainability of small-scale food production systems by tailored implementing financial solutions; (ii) implement financial mechanisms that incentivize resilient agricultural practices to build climate change adaptation capacities (MEbA); (iii) promote sustainable agriculture; and (iv) increase food security; all contributing to goal 12.2, 13.b and 2.4 of the SDGs.

Annual Reporting on Results

Exit strategy, scaling, sustainability and next steps

The project exit strategy foresees that the following actions will be implemented upon completion of the project:

- Enabling framework for environmental finance with the approval of its corresponding legal standard.
- Roadmap and action plan until 2030 for environmental finance approved by the Government.
- Digital platform as a management tool for decision-making, the flow of information determined for the systematic updating of its inputs.
- Roadmap and action plan for implementation of the financial solutions identified in the pilot sites of the non-state economic sector for the short and medium term.
- Monitoring by the territorial governments of the results of the financial solutions implemented in the pilot sites.

Measuring and reporting on impact

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Overview of progress toward Financial Instrument(s)

Completed transactions

Strategic Partnerships, Documents and Communications

Multi-stakeholder engagement

Stakeholder groups you closely partner with, as part of your JP approach

National Government;Sub-national Governments;Private sector;

Brief description of the nature of engagement. Outline the main outcomes and achievements resulting from the partnerships.

The project has strengthened alliances already created from the BIOFIN initiative, and has incorporated new actors, interconnecting biodiversity issues with climate change and recognizing the importance of a comprehensive analysis of these issues. Actors from economic areas, planning, finance, investments and those directly linked to the NBSAP and Task Life have participated in the process of constructing the framework. This has made possible to strengthen links around national environmental priorities. In addition, the link to the Natural Resources and Environment Macroprogram provides a channel to ensure continuity to the strengthening with other organizations such as the Ministry of Agriculture (MINAG), the National Institute of Hydraulic Resources (INRH), and the National Institute of Territorial Planning and Urban Planning (INOTU), among others. At the territorial level, new alliances have been developed that involve producers from the non-state economic sector, which is also very relevant. In the exchange rounds, the process of strengthening alliances has been recognized in a very positive way.

It is also important to note the synergies established between the CIFFRA, BIOFIN, Readiness, ECOVALOR, Infogeo and P3 projects. From the formulation itself, a great potential was identified to incorporate experiences, results and lessons learned, but practice has allowed establishing dialogues and participation sessions in which experiences are being taken advantage of, and the horizon of the work carried out has been broadened. From CIFFRA for its link to the SDGs, BIOFIN from the institutional platform created, ECOVALOR and P3 for the financing solutions in place and Readiness, integrating the climate issue with that of biodiversity. In the case of P3 and ECOVALOR, the previous work in these pilot sites is notable. In the case of INFOGEO, the digital platform is connected to the one created from this project through the national environmental information system. The importance of these interrelationships for the current and future progress of the project is recognized.

Product 1.1 Created an inter-institutional coordination mechanism of key actors for the management of environmental finances in Cuba, in support of the implementation of the PNDES 2030 macroprogrammes, which include at least 70% of the key institutional actors and 60% of the provinces.

The Joint program integrates environmental policy actions in a coordinated manner with a coherent vision at both the national and territorial levels, which are considered by the enabling framework structure for environmental financing. In this way, these structures will be empowered to make decisions on the implementation of financial mechanisms considering territorial needs.

Product 2.3 Strengthened gender competencies of key national and local institutions to make use of the roadmap and action plan for environmental finance, considering in an integrated manner attention to SDG goals related to gender equality and the empowerment of women in Cuba.

For the first time in the country, financial solutions for the mobilization of resources for biodiversity are validated in pilot sites in the non-state economic sector. Special attention is given to the creation of new employment opportunities and empowerment of women based on the potential offered by the newly identified solution options, as is the case of agrotourism.

Output 3.3 Projected until 2030 the mobilization of additional resources from the implementation of at least two

financial solutions, including microfinance, in two pilot sites, towards gender-responsive biodiversity conservation and climate change adaptation actions.

How did the JP facilitate collaboration with diverse stakeholders

Financial leverage

Financial resources leveraged

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Donor and Strategic events attended by JP in 2022

JP steering committee/ programme board meeting	Strategic partners/ donors event
Yes, in 2023	No, but planned in late 2024

Explanation if you have not held any key meeting/events for the above question.

Not applicable

JP contribution to SDG Financing

Drafted a bill, strategy, and/or approved a law increasing the fiscal space for the policy in focus	Produced financing, costing, diagnostic and feasibility analyses as a basis to invest or increase spending on the SDGs	Improved efficiency (cost savings) in the management of programmes/schemes	Improved effectiveness (value for money; i.e. social impact of \$1 spent) of spending	Drafted policies/regulatory frameworks or developed tools to incentivize private sector investment on the SDGs	Structured new financial instruments (public, private or blended) to leverage additional funding
No	Yes	Yes	No	No	Yes

Briefly explain how and in which area your JP contributed to enhancing SDG financing

Produced financing, costing, diagnostic and feasibility analyses as a basis to investing or increasing spending on the SDGs: Diagnostics in the pilot agricultural farms of the non-state economic sector were conducted in order to determine those financial solutions enabling the mobilization of resources towards biodiversity.

Improved efficiency (cost savings) in the management of programs/schemes. In terms of efficiency, financial solutions will be identified and implemented to mobilize resources for biodiversity. In addition, these solutions will be integrated into the financial sustainability project of the Natural Resources and Environment Macroprogram of the PNDES 2030.

Structured new financial instruments (public, private or blended) to leverage additional funding. The JP incorporates the financial solutions approved in the country and promotes new financial solutions in agricultural farms in the non-state economic sector (agrotourism, microcredits, environmental certification, online sales and others), for the mobilization of resources for biodiversity based on the actions of these new actors.

Focus on LNOB cross cutting principles

Human Rights	Persons with disabilities	Youth	Environmental and social standards
No	No	Yes	Yes

Provide any other comments or descriptions on how your JP contributed to cross-cutting issues and principles.

The JP is an inclusive project, responsible for the empowerment of women, through training actions that promote their gender and environmental training with emphasis on environmental finance, which is connected to the Programme for Women Advancement (PAM) and new opportunities for knowledge and employment. The project contemplates the inclusion of young people in different spaces such thematic learning spaces, postgraduate courses, and employment opportunities, while promoting environmentally sustainable practices in new generations.

Beneficiaries

Number of beneficiaries

220

Percentage (%) of women benefited among the total number	Percentage (%) of children & youth (0-24 years of age) benefited among the total number	Percentage (%) of older persons (age 60 and above) benefited among the total number	Percentage (%) of persons with disabilities benefited among the total number
59	5	17	0

Please briefly explain how people benefited from the joint programme

People will benefit directly and indirectly. Directly, farms and small producers will be trained in climate solutions and the implementation of microfinance for ecosystem-based adaptation to protect their crops from natural phenomena.

Indirectly, due to the strengthening of financial institutions and their capacity to mobilize more resources for climate change adaptation. This will eventually impact the island's ability to protect its crops, reduce climate change impacts and improve its food sovereignty.

Other indirect benefits include:

- Strengthening of development finance policies, integrating the environmental dimension (small producers and farmers considered within these policies).
- Capacity building for the implementation of financial solutions, including incorporation of the MEbA and climate risk management in financial institutions (general population with less acute food problems due to reduced climate change impacts).
- Incorporation of new financial mechanisms that contribute to raise levels of financial inclusion and increase resource mobilization for environmental protection and climate change adaptation (more resources for producers' adaptation and lower costs due to impacts of natural phenomena).
- Development of tools (digital platform for environmental finance) for the registration, consolidation and management of information, as well as to facilitate the decision-making process (producers' decisions based on climate and financial information).
- Support for the inclusion of the gender dimension in the evaluation of environmental finance and in the use of financial solutions for nature (understanding the impacts of climate change according to gender makes it possible to have differential and more equitable policies).

Did your JP support the localization of SDGs by moving SDG actions to the local level and enhancing abilities of local and regional governments to promote the SDGs?

Enhanced capacities of staff in the local and regional governments; Designed financial instruments (e.g. municipal bonds, local impact fund) to mobilize additional financial resources for the local level.; Established or enhanced institutional arrangements to ensure adequate multi-level governance.;

Provide information of how your JP supported localization of the SDGs as outlined above:

Training in financial solutions for non-state actors in the agricultural sector has been developed during the current phase of the project. In addition, a training program on microfinance has been developed for government institutions in the financial sector. Moreover, courses on gender, financial solutions and MEbA have been organized for managers and specialists at the national and territorial level, as well as for producers in the agricultural sector in the territories.

A mapping of pilot sites in the non-state economic sector involving agricultural farms has been carried out and the process of implementing agro-tourism as the first of the financial solutions to be developed has begun. A roadmap and an action plan have been prepared to support the progressive implementation of the other identified financial solutions to be applied in the territories.

SDG Targets 17.14, 17.9, 17.17 are driven by: i) improving policy and institutional coherence in the area of environmental finance in the country; ii) fostering partnership between state, non-state and NGO actors; and ii) strengthening technical and learning capacities with the support of international cooperation on issues related to environmental and climate finance.

On the other hand, at the national level, institutions are being strengthened as a result of the inter-ministerial coordination group that integrates environmental and economic-financial organizations, which are also supported by the Macro-program for natural resources and the environment. The PJ favors the structuring of economic-financial organizations at the national, territorial and provincial levels, improving decision-making at all three levels.

SDGs 13.3, 13b, 15a, 15b, 15.9 are strengthened by: i) enhancing resource mobilization for the conservation and sustainable use of biodiversity and ecosystems; ii) integrating ecosystem and biodiversity values into development planning, national and local accounting and poverty reduction strategies; iii) integrating climate change measures into national policies and strategies; and iv) promoting the conservation and sustainable use of biodiversity and ecosystems.

Communications

Voices from the field

Odalys Goicochea, Natural Resources and Environment Manager, of the Ministry of Science, Technology and Environment, said: “Cuba busca formas creativas y ajustadas a sus condiciones en función de conservar su patrimonio natural, elevar su calidad ambiental y enfrentarse al cambio climático”.

“Desde el propio momento en que comienza a laborarse la política para perfeccionamiento del sistema ambiental del país, comentó, se buscaron otras vías y alternativas para poder solucionar los problemas ambientales con los cuales día a día nos enfrentamos”.

“Ahí surgió básicamente la novedad y la necesidad de que todos nos comprendiéramos. Desde esta visión más ambientalista de cómo utilizar todos los instrumentos económicos en función de ello. Lo otro más relevante, fue ajustarlo a las condiciones de Cuba, con un modelo socialista, donde también están ya las nuevas formas de gestión no estatal en el modelo económico”, destacó.

“Todo eso, agregó, supuso muchos retos y a la vez mucha necesidad de sensibilización, de comprensión por parte de todos los actores y ahí también resultó esta integración entre los ministerios de Finanzas y Precios, Economía y Planificación, el Banco Central de Cuba, en los temas de las estadísticas y los indicadores con esta conexión muy fuerte con la actividad ambiental. “Esa es la relevancia de lo que hemos estado haciendo en los aspectos de financiación ambiental”.

Director of natural resources, prioritized ecosystems and climate change at CITMA, and director of the UNDP-UNEP Environmental Finance PC, said: “Se trata de un proyecto innovador que propone un marco habilitador para las finanzas ambientales como acelerador de los ODS. Se trata de una propuesta para fortalecer capacidades institucionales y territoriales, para gestionar de forma más efectiva los procesos, analizar fuentes, destinos y efectividad en términos de financiamiento ambiental con su tributo al financiamiento del desarrollo. Permitirá tomar decisiones sobre las prioridades, incorporando también al sector no estatal en las proyecciones. Se favorecerá su funcionamiento, integrando una plataforma digital, integrada al Sistema de Información ambiental nacional, como herramienta de gestión para la toma de decisiones”.

Declaration

We hereby confirm that the information provided in this update is duly reviewed and approved by the RC and all PUNOs involved in the Joint Programme.