

INFF

Integrated National
Financing Frameworks



JOINT SDG FUND 

National Integrated Financing Frameworks and Open Budgets for Sustainable Development in Africa

Gabon and the "Beyond Oil" SDGs: National Integrated Financing Framework for a Rapid and Sustainable Transition from the Brown to the Green Economy.

SEPTEMBER 27-30, 2022-ABUJA, NIGERIA

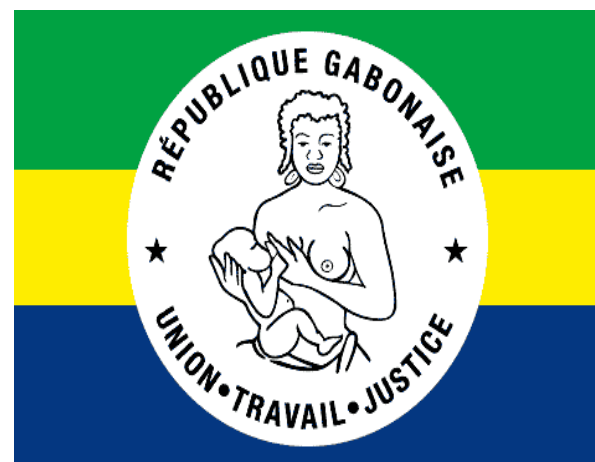
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About INFFs

Integrated national financing frameworks (INFFs) are a planning and delivery tool to help countries implement the Addis Ababa Action Agenda at the country level.

To help build cohesion and encourage knowledge exchange between countries implementing INFFs around the world, the United Nations and the European Union, in cooperation with a growing network of partners, are developing joint approaches to bring together expertise, tools and relationships in support of country-led processes. For more information about INFFs, visit www.inff.org.



Nations Unies
Commission économique pour l'Afrique

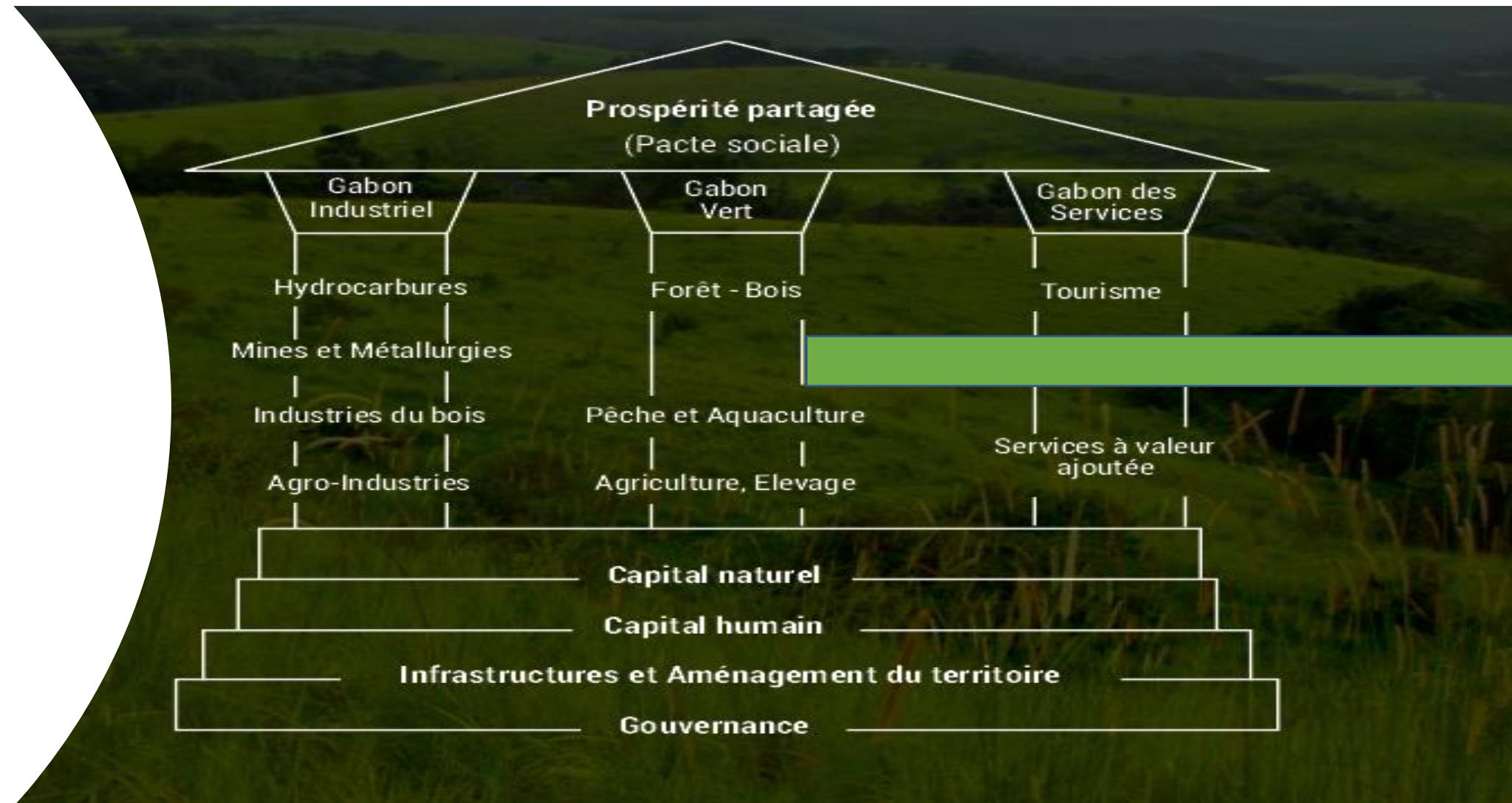


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1 Context/Issues

STRATEGIC PLAN GABON EMERGENT



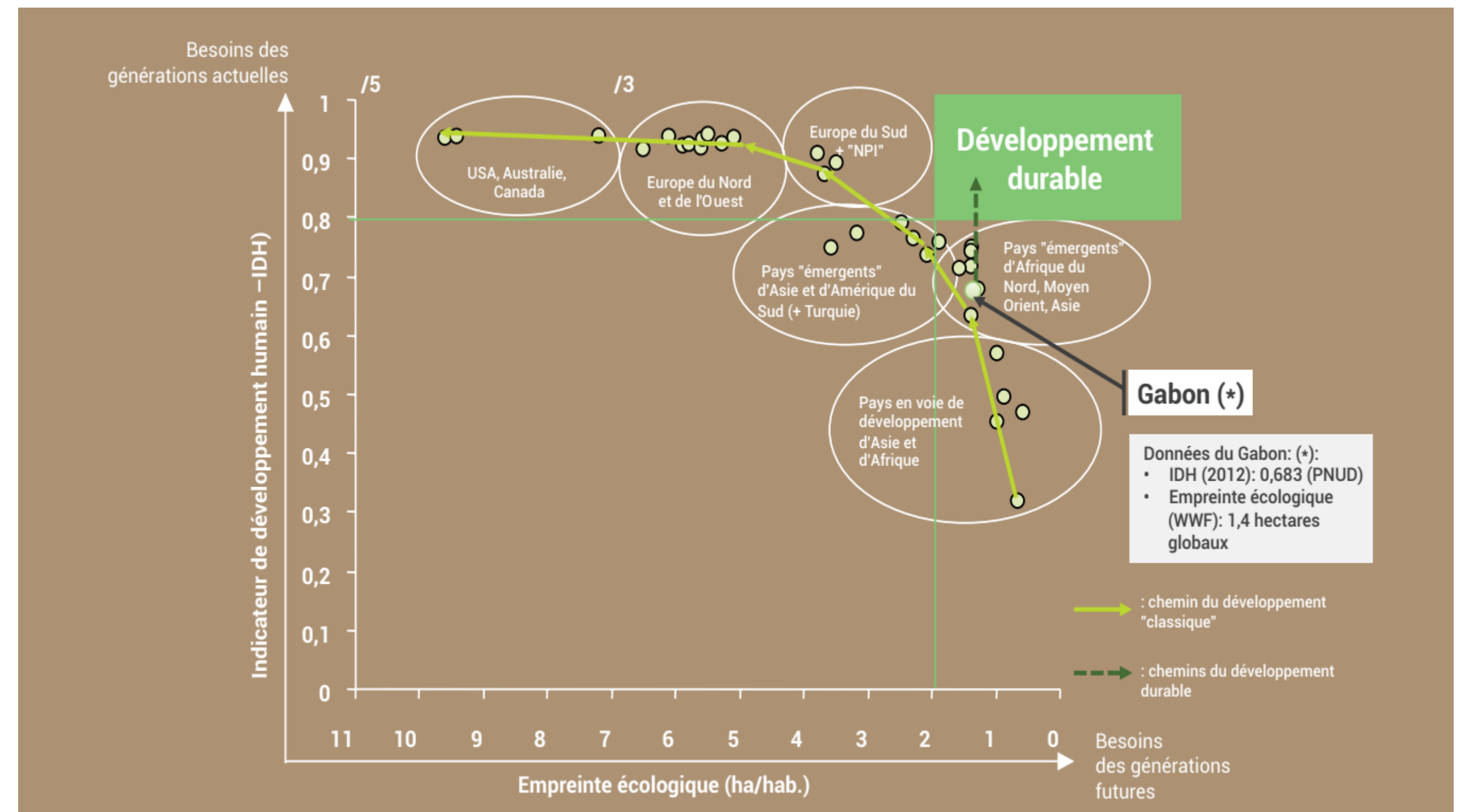
Central pillar: Green Gabon

Manage Gabon's forest sustainably and position Gabon as a world leader in certified tropical wood

Enhancing agricultural potential and ensuring food security

Promote the **sustainable** exploitation and **development of fisheries resources**

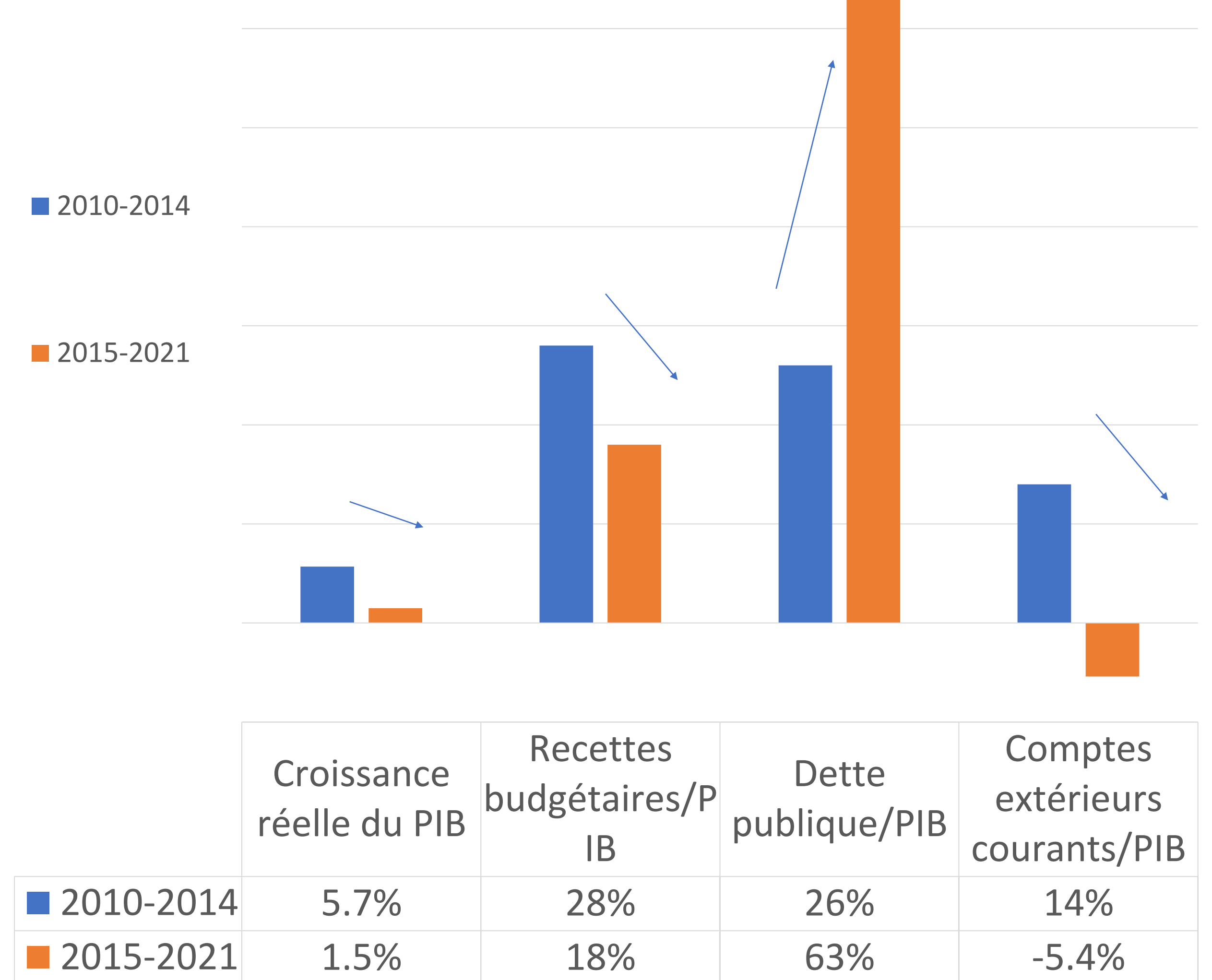
- **230,000 km²: the 2^{ème} in Central Africa, the best preserved forest in Africa and a natural sanctuary of exceptional biodiversity**
- Forestry potential to be better exploited in a sustainable development perspective.
- 125.000 km² of exploitable land for sustainable agriculture
- Fishing potential (850 km of coastline and an economic zone of 210,000 km²)
- Potential in ecotourism with the availability of 13 national parks and vast forest areas
- Renewable energy potential (hydroelectricity, forest waste recovery)
- Net carbon absorber (100 million tons per year)



CONTEXT AND ISSUES

- Real GDP per capita falls by 24% between 1998 and 2021.
- Financing method too dependent on oil
- Low allocation of resources to the green economy
- **Lack of an adequate, controlled and sustainable financing plan**
- **Lack of joint support integrating the social dimension (children, social protection) in the overall framework of strengthening the public financial management system**

Main economic and financial indicators



1. **Short term** = Post-Covid-19 economic recovery (PAT)
2. Stimulate, diversify and share national wealth
3. No comprehensive approach to mobilizing funding for the implementation of the TAP (same as PSGE)
4. Insufficient consideration of the aspects of the green and blue economy



1. **Long term** = Sustainable Development Goals + Agenda 2063
2. Rationing the exploitation of natural resources and preserving the environment (= Law for Sustainable Development 2014)
3. **Financing gap in** relation to available funding

= OPPORTUNITY

Designing a more diversified, greener, more inclusive and therefore **more resilient** economic recovery **to external shocks**

CONDITION:

Systematize a **global approach to financing (public and private)** in development planning processes:



New sources of funding (public and private):

- Scaling up ODA, FDI and the use of PPPs to be able to fully implement the SDGs
- Better harnessing climate finance by building capacity to access climate funds

Establish a unifying framework for integrated monitoring and coordination:

- the implementation of **projects** in the green and blue economy as catalysts for development
- their respective **public and private funding**



OBJECTIVE:

Mobilize the green and blue economy to support progress in all sectors of the SDGs (poverty, gender, health, education, etc.)

2 Objectives/Approaches

OBJECTIVES AND APPROACHES

Implementation Partners

Agencies involved: UNDP, CEA, UNEP

Implementing partners:

- Ministries of Water and Forests, Ministry of Economy and Recovery,
- Ministry of Budget and Public Accounts

OBJECTIVES

Result 1: The financing framework for the SDGs including its institutional components is developed and aligned with the PSGE.

- Mapping of financing flows
- Governance mechanisms of the CNFI
- Gender Responsive Budgeting (GRB)
- Child Sensitive Budgeting (PF4C), new and under discussion with UNICEF*

Outcome 2: New financing instruments are designed to facilitate the transition to the green economy

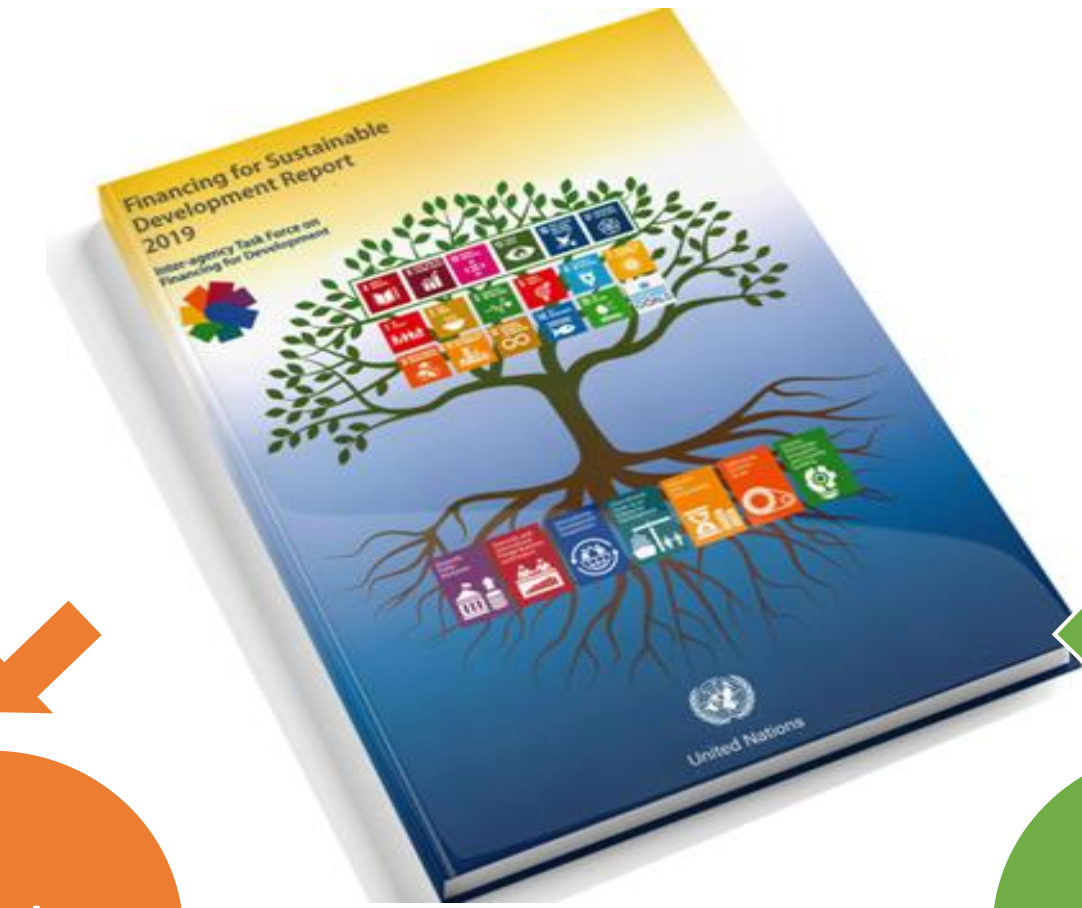
- Creation of a Green Fund
- Green taxation
- *Budget Transparency (Open Budget), new and ongoing discussion with Budget, UNICEF and UNDP*

Accounting for natural capital

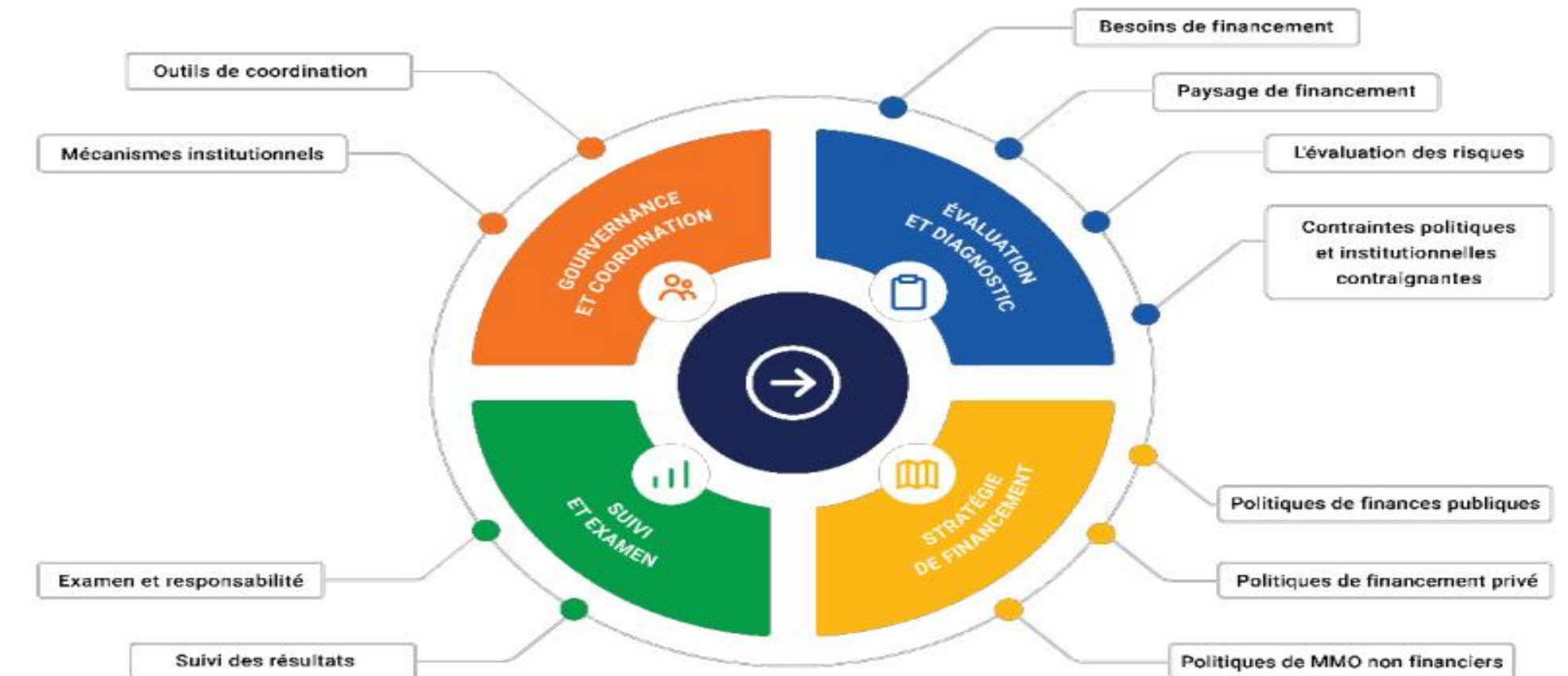
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Outcome 3: A green transition communication plan is developed and implemented

- Awareness on green economy (Human/Wildlife Conflict)
- Advocacy for building PPPs



INTEGRATED FINANCING OF THE ODD



3 Process

INFF PROCESS



KEY STUDIES

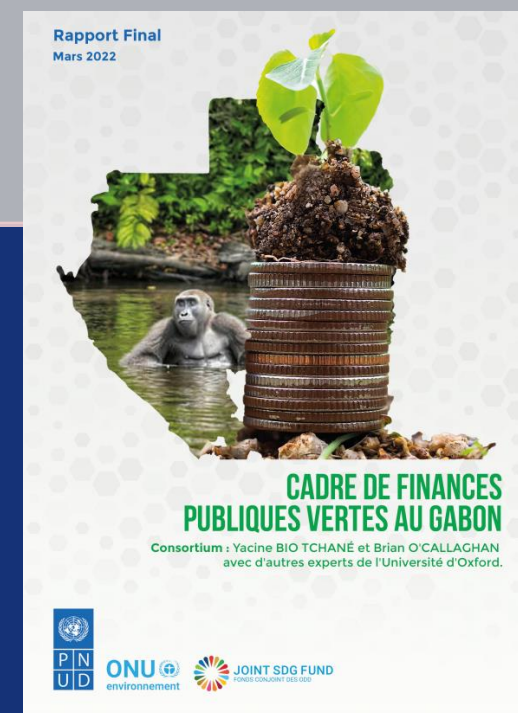
DFA

- Analyzes the flow of funds
- Presents the bottlenecks



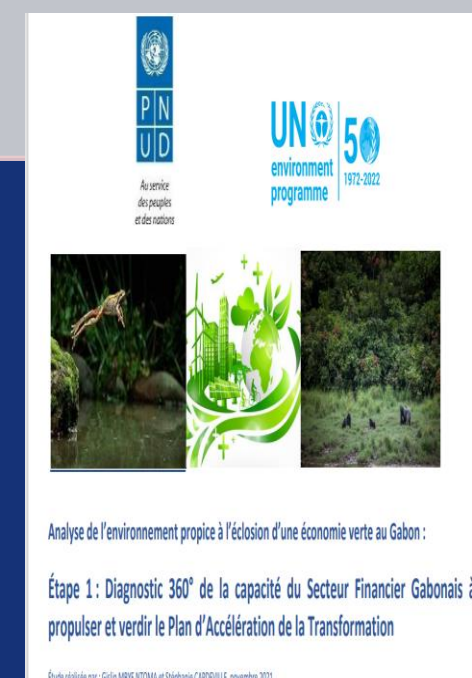
GREEN PUBLIC FINANCE

- Analysis of green public finance flows
- Implementing a green taxonomy



HATCHING OF THE GREEN ECONOMY

- Propelling and greening the financial system
- Financing the PSGE/PAT
- Involve the private sector in investing in the SDG sectors



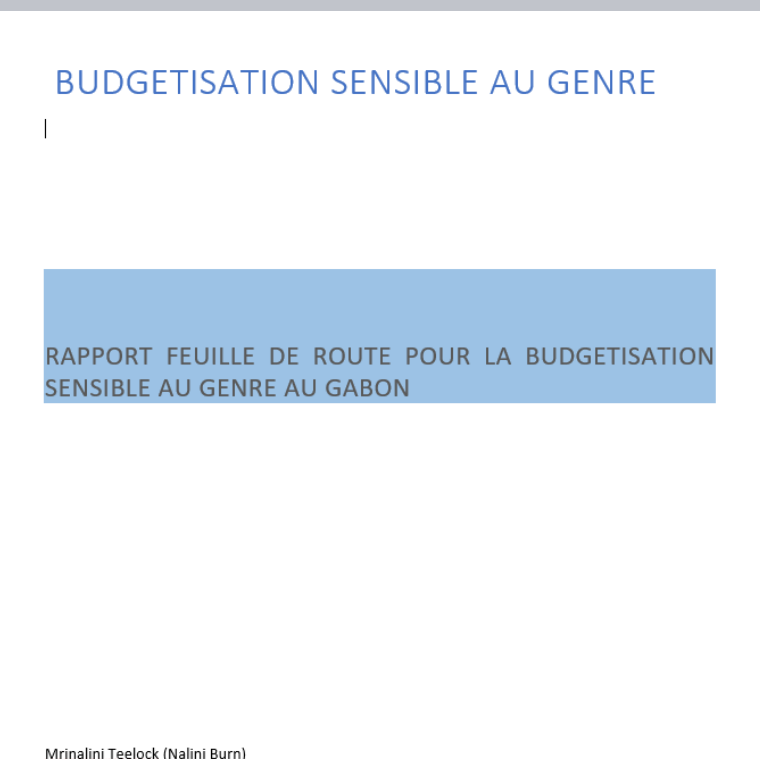
GREEN TAX

- Encourage virtuous behavior in favor of the environment
- Preventing environmental degradation
- Expanding the tax space



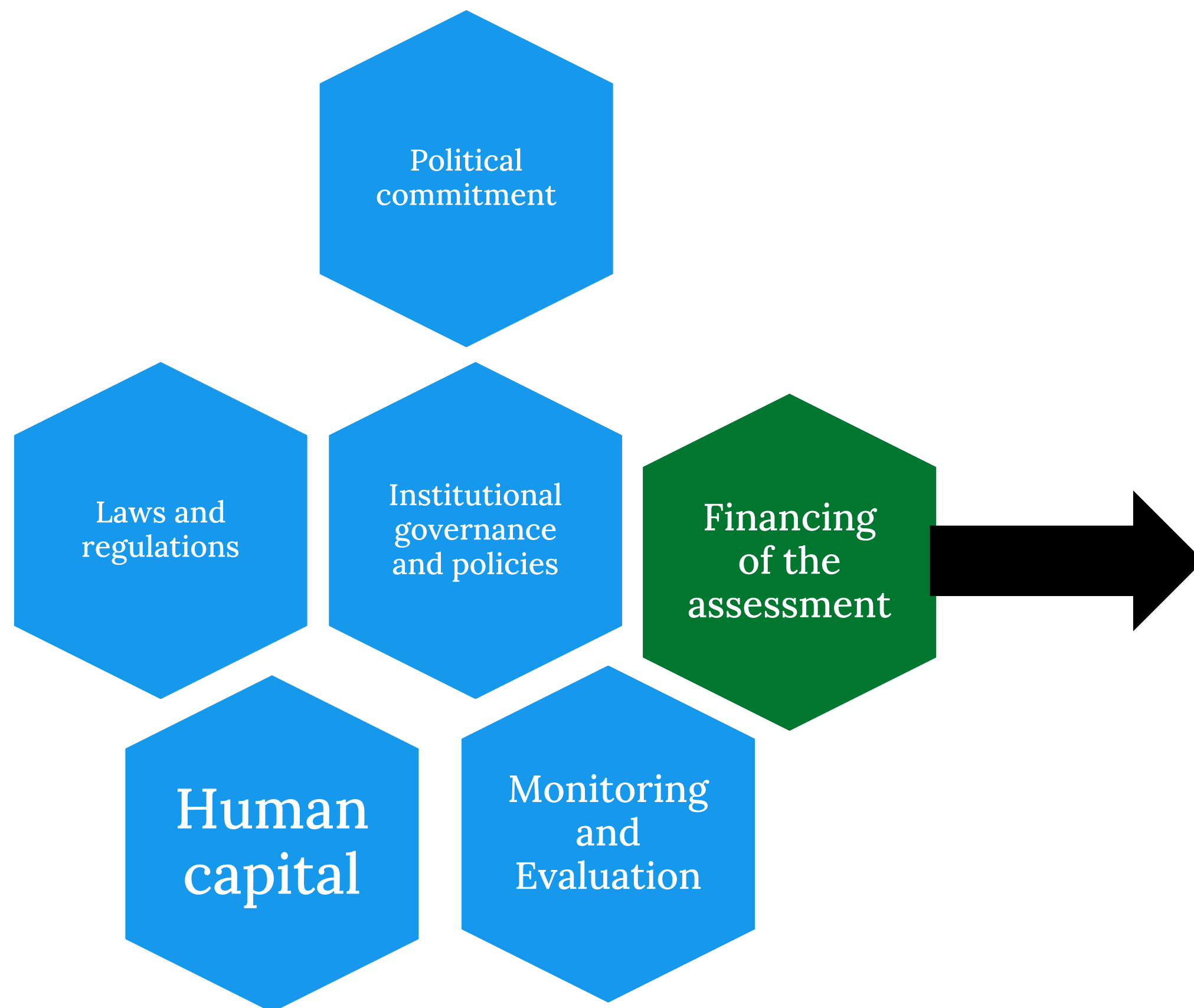
GENDER BUDGETING

- Aligning the budget with more inclusive policies
- Monitoring of gender policies

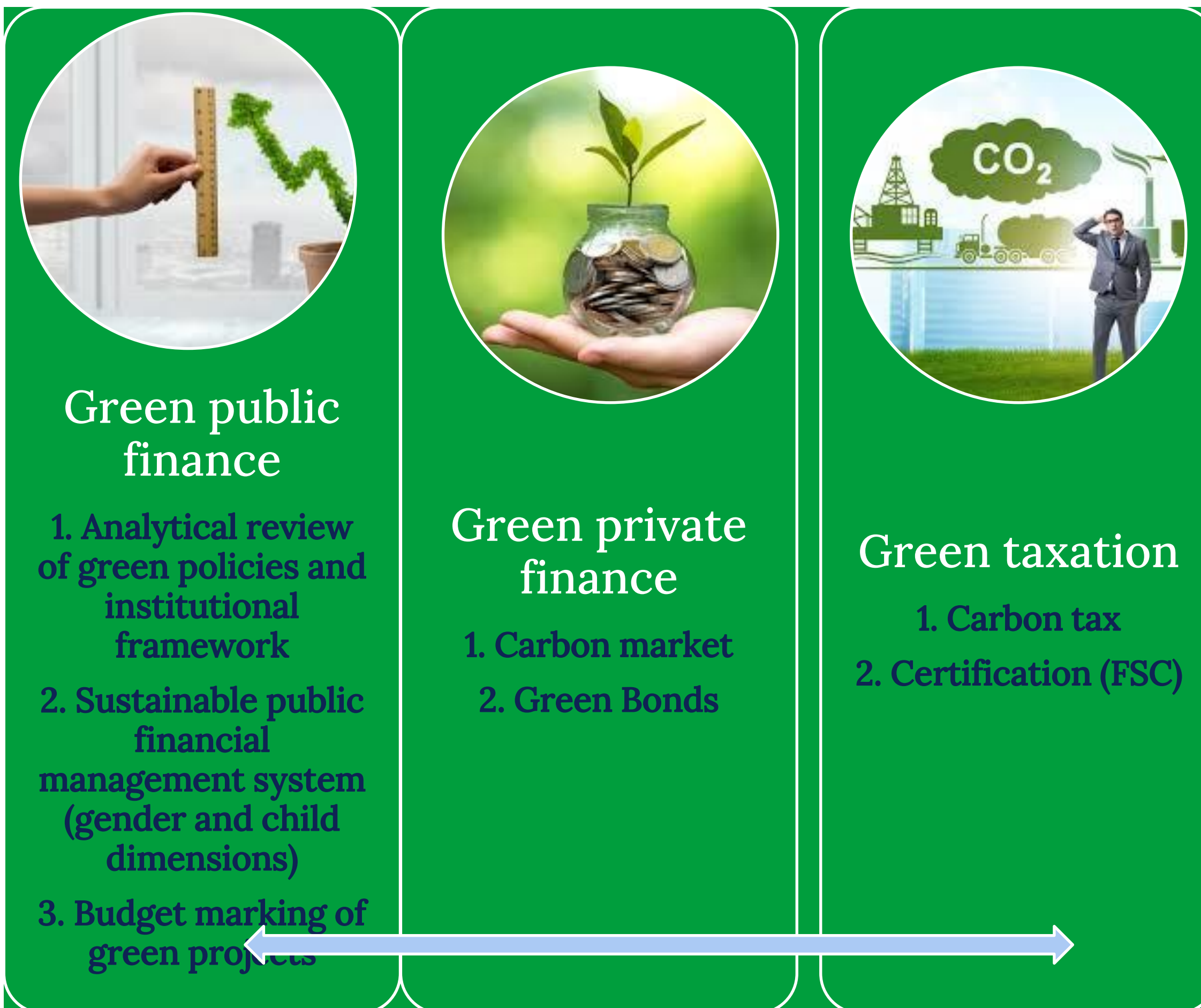


ARTICULATION CDN and INFF GABON

PREPARATION FOR GREEN GROWTH



PREPARATION OF INFF REFORMS IN GABON



Directorate General of the Budget

FGIS
Citi Bank

General Directorate of Taxes

Gabon's NDC: Maintain carbon neutrality through 2050 AND MAINTAIN NET CARBON ABSORPTION ABOVE 100 MILLION TONS

AFRICAN CLIMATE WEEK



Challenges: Mobilizing and accessing large-scale climate finance

- ✓ Attendance in person: 2300
- ✓ Virtual: 200 individual sessions

- "COP 27 is Africa's COP and the time for action and implementation has come." HE President ABO
- "Unlocking the potential of Gabon's carbon markets. SE Minister Lee White "
- *"COP27 must be the COP of implementation - where nations show how they will implement the Paris Agreement in their countries through legislation, policies and programs"* SE Deputy Executive Secretary of UN Climate, Ovais Sarmad,
- *Africa must combat climate change as part of a broader sustainable development agenda,* Dr. Mahmoud Mohieldin and Nigel Topping
- Letter sent to COP 27 Presidency by Minister Lee-White: Need for regional collaboration, COP 27 to innovate and support climate action calling on President to showcase results of Africa Climate Week 2022 to guide implementation of the Paris Agreement

The African Climate Week



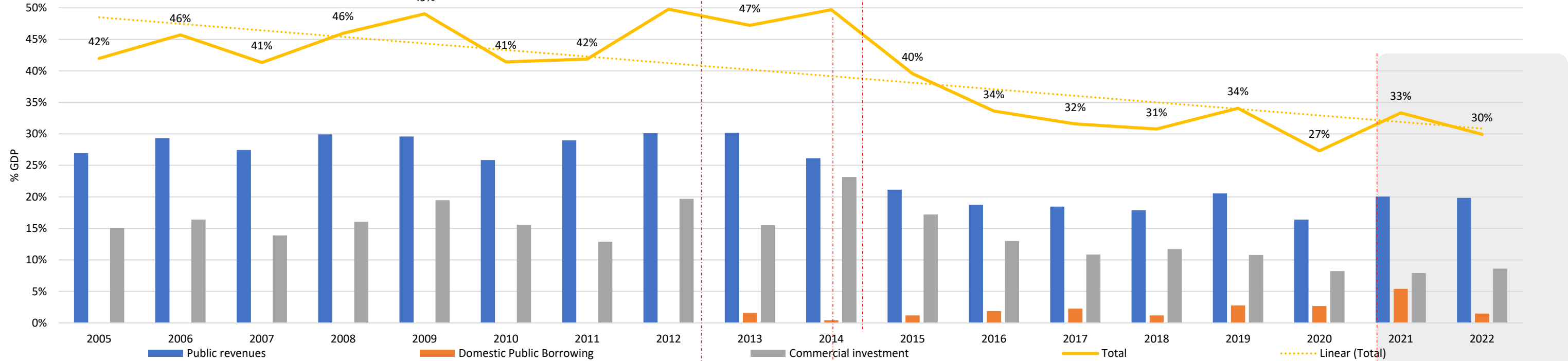
MOBILIZING PRIVATE SECTOR CAPITAL FOR CLIMATE FINANCE

4 Key results and lessons learned

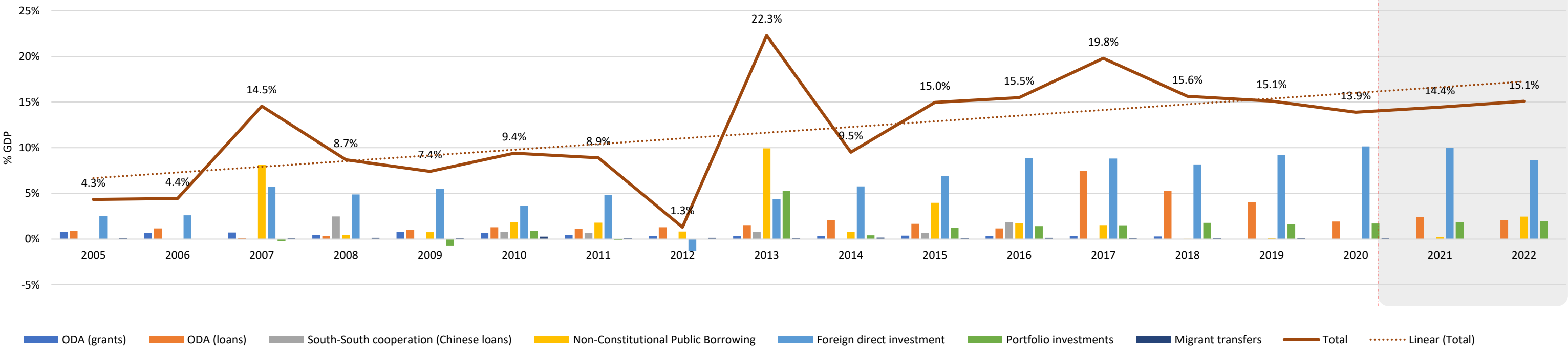
KEY RESULTS AND LESSONS LEARNED

FINANCING OVERVIEW

Trend decline in NATIONAL FLOW



Trend increase in INTERNATIONAL FLOW



- Degradation of domestic development funding (public and private);
- Slow economic transformation;
- Lack of coordination in the implementation of the SDGs;
- Limited donor disbursement rate;
- Weakness in planning, budgeting and monitoring of the SDGs;
- Lack of centralized accounting of financing flows

Mixed financing for development

Sources: DGEPI, BEAC, IMF, OECD and World Bank

KEY RESULTS AND LESSONS LEARNED

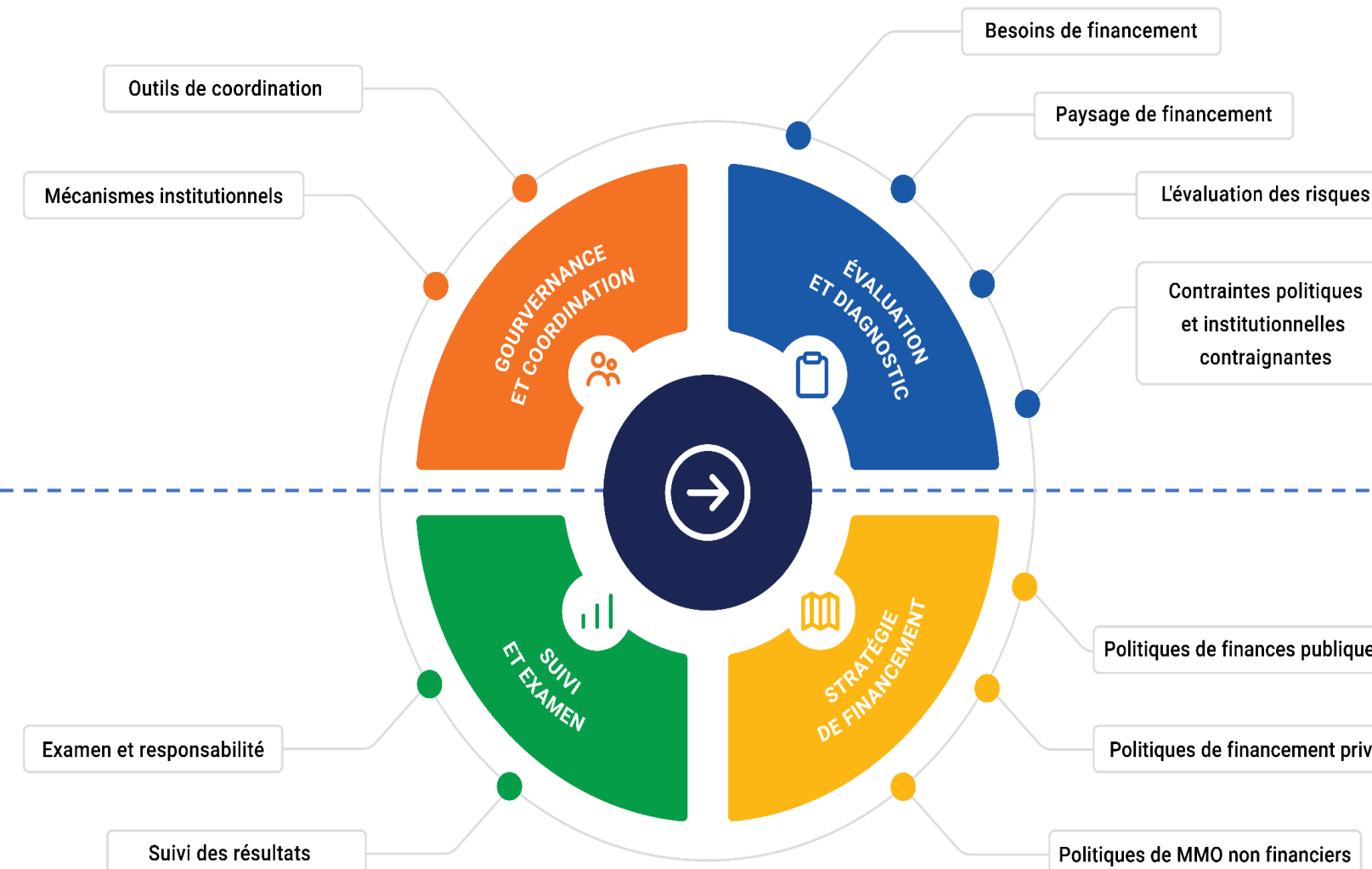
Green Public Finance	<ul style="list-style-type: none"> - Political will through the development and adoption of legislation - Prioritization of the development of the green economy in various strategic plans - Lack of government coordination between institutions or a national green economy council; - No specific mechanism exists in the budget process to ensure the planning, integration and tracking of green expenditures; - Low proportion of green expenditures in budgetary expenditures. They represent on average 1.13% of total budgetary expenditures executed from 2017 to 2019. - Source of financing for climate projects and promotion of the green economy mostly external financing
Sustainable private finance	<ul style="list-style-type: none"> - The building blocks of a green finance ecosystem are in place - Green policies under the aegis of the Green Gabon Plan and its sectoral variations are implemented - Various private institutions already have international support for green finance, or the implementation of sustainable management practices
Green taxation	<ul style="list-style-type: none"> - Existence of a Gabonese regulatory framework for environmental protection and climate change with a rich institutional set-up - Commitments to reduce GHG emissions. - Low taxes and fees identified as environmental taxes in the tax system - Existence of a bonus-malus system through a green tax incentive (certification) in the forestry sector - Existence of a carbon tax in its legal framework relating to climate change aimed at preparing Gabon for carbon neutrality by 2050. - Potential tax benefits if implemented
Gender Responsive Budgeting	<ul style="list-style-type: none"> - Existence of leadership of the EGAF agenda by the First Lady - Difficulty in tracking funding streams on gender equality and women's empowerment are not met - Existence of opportunities to implement Gender Responsive Budgeting/Children

INFF: PRELIMINARY ROADMAP

THE NEED TO SYSTEMATIZE A COMPREHENSIVE APPROACH TO FINANCING IN SUSTAINABLE DEVELOPMENT PLANNING PROCESSES

12. Supports the harmonization of governance frameworks (institutions, coordinations, consultations, etc.) related to sustainable development:

- ODD (primacy)
- Climate Change (CNC)
- PSGE (General Secretariat of the Government)
- PAT (Delivery Unit; National Coordination and Monitoring Council of the PAT)
- Create an INFF office by expanding the mandate and capabilities of the grant tracking unit at the Ministry of Economy



11. Set up a dashboard of financing flows, especially green ones.

10. Harmonization of ODA performance monitoring frameworks, strategic development documents and the Budget

9. Accelerate the strengthening of DG Statistics' capacity to increase data collection efforts to monitor development outcomes (e.g., MDGs) and their financing.

7. Use ODA to leverage other flows to support PPPs, especially in cost-effective and environmental projects (climate change, biodiversity, bioenergy)

8. Improve access to climate finance (institutions, policy, investment guidelines, plans, etc.), institutional capacity, commitments, national ownership and momentum.

1. Integrate public and private investment needs analysis into planning processes:

- SDG costing
- Costing of the TAP expenditure framework (in progress)
- Costing of the investments necessary to better control the vulnerability of the territory and to adapt to climate change.
- Strengthen the capacity of the Ministry of Economy to cost the SDGs and the TAP (ongoing) under the leadership of the Prime Minister's Office

2. Establishment of a consultation platform between the Government and all TFPs

3. Capacity building to accelerate the disbursement approval process and facilitate access to climate finance

4. Technical support for the implementation of innovative financing:

- Advocating for debt-for-nature swaps
- Quantification of the natural capital
- Setting the stage for green/blue bond issuance
- setting up a carbon market

5. Supports the implementation of a green tax framework and the fight against tax evasion and transfer pricing

6. Accounting for natural capital

5 Perspectives

**INTEGRATED NATIONAL FINANCING FRAMEWORK (INFF) GOAL:
Implementing a green financing strategy**

Action	Who	Timeframe	Resources required
<i>What steps/activities are required to achieve the goal?</i>	<i>Who is responsible for each action?</i>	<i>When will each action occur? And how long will it take?</i>	<i>What resources/ support is required for each action?</i>
DEVELOP THE FINANCING STRATEGY	UNDP	October - December 2022	None
ESTABLISH THE GOVERNANCE FRAMEWORK OF THE INFF	UNDP	October - December 2022	None
ADVOCACY FOR THE IMPLEMENTATION OF REFORMS / COMMUNICATION PLAN	UNDP	October 2022- JUNE 2023	\$ 200,000
IMPLEMENTATION OF REFORMS (GREEN BUDGET, GREEN TAX, BSG/BSE, OPEN BUDGET)	UNDP/UNICEF	January - December 2023	\$ 300,000 TECHNICAL SUPPORT REQUESTED; IBF, CABRI
NATURAL CAPITAL ACCOUNTING HUMAN CAPITAL STABILITY	UNDP/UNICEF/ECA	January - December 2023	\$ 800,000 TECHNICAL SUPPORT: CABRI

Thank you.

For more information, visit www.inff.org

