

Joint Financing and Resource Mobilization Strategy

Abridged Version

The United Nations Sustainable Development Cooperation Framework–2020-2023 (UNSDCF) was signed between the Government of Sierra Leone and the UN Country Team (UNCT) in October 2019. It outlines four Outcome Areas that are the focus of work for the UNCT’s 21 agencies and funds. The UNSDCF is fully aligned with the country’s Medium-Term National Development Plan-2019-2023 (MTNDP), which is rooted in the global Sustainable Development Goals (SDG) articulated in the 2030 Agenda for Sustainable Development.

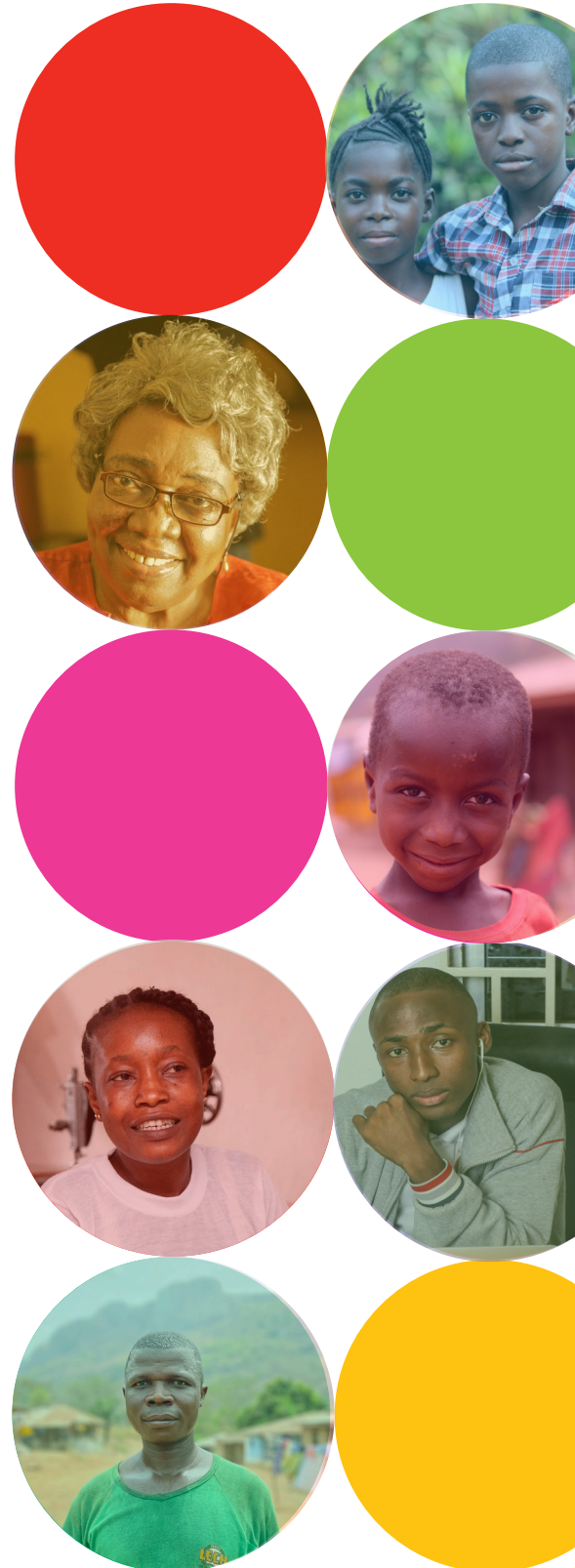
The primary objective of this Joint Financing and Resource Mobilization Strategy is to support the UNSDCF joint funding and financing framework summarized in Table 1. This Strategy provides insight into global sustainable development finance, overviews the national financial landscape, profiles resource opportunities, and presents strategies under each Outcome Area for pursuing the opportunities. While the focus is on resources for UNCT joint programmes, there are also topics discussed that relate to non-UN partners with potential to contribute to UNSDCF desired results.

Table 1: UNSDCF Funding Framework (2020-2023)

UNSDCF Outcome Areas	Funds Available	To be mobilized	Total Funding Requirement
Outcome 1: Sustainable Agriculture, Food and Nutrition Security	\$77,077,285	\$51,310,429	\$128,387,714
Outcome 2: Transformational Governance	\$13,582,172	\$4,227,172	\$17,809,344
Outcome 3: Access to Basic Services	\$100,839,396	\$109,625,460	\$210,464,856
Outcome 4: Protection and Empowerment of the Most Vulnerable	\$8,370,409	\$6,315,625	\$14,686,034

Sierra Leone Financial Landscape Analysis

Achievement of the MTNDP and SDGs in Sierra Leone requires investing, sourcing, and consolidating diverse sources of finance. Therefore, it is important to understand the current financial landscape and trends in public and private flows to contribute to the SDGs in Sierra Leone. Analysis found that public finance dominates (both government and development cooperation), with a very small private sector contribution as compared to other countries. There are low levels of domestic and foreign commercial investments, but remittances remain a vital financing stream, providing finance for many communities as well as being a key source of foreign exchange.



The COVID-19 pandemic severely undermined growth prospects in Sierra Leone. It put excessive pressure on public sources of finance, as revenue collected by government. Revenue decreased by 2.0 per cent between September 2019 and September 2020. This, coupled with higher spending on healthcare and social welfare because of the pandemic, led to an overall fiscal deficit of 5.8 per cent of GDP in 2020.

Global Sustainable Development Finance

In 2015, the Addis Ababa Action Agenda was endorsed by the UN General Assembly, providing a global framework for aligning financing flows with SDG economic, social and environmental priorities. An Inter-Agency Task Force on Financing for Development was formed and publishes a report annually. The 2021 report found that the COVID-19 pandemic has aggravated debt and other vulnerabilities and disproportionately affected countries at the lower end of the skills spectrum. The crisis, however, presents an opportunity for countries to focus on tax reform and aim to enhance revenue administration through modernized, progressive tax systems that reflect improved fairness, transparency, efficiency, and effectiveness. The 2020 report had highlighted the downward trend in official development assistance (ODA), while also identifying two trends to accelerate sustainable finance: 1) rapid growth of digital technologies, and 2) growing interest in sustainable investing¹.

The Addis Ababa Action Agenda introduced Integrated National Financing Frameworks (INFF), an approach that recognizes both public and private finance have important roles in advancing sustainable development. Country-led and country-owned, the INFF helps national policymakers map the landscape for financing sustainable development and lay out strategies to increase and effectively use investments; coordinate technical and financial cooperation; manage financial and non-financial risks; and ultimately achieve priorities articulated in a national development plan. Sierra Leone prepared an INFF in 2018-2019 and there are multiple opportunities for the UNCT and other development partners to support Sierra Leone in implementing INFF recommendations. [A copy of the Sierra Leone INFF is available from the UN Resident Coordinator's Office.]

Resource Categories Relevant to Sierra Leone

In addition to well-known sources of development finance, such as bi-lateral and multi-lateral development assistance, other resource categories that can be accessed for sustainable development in Sierra Leone are profiled here. The full Strategy document includes examples under each category.

Climate Finance

International climate funds enable finance flows from developed to developing countries for climate mitigation (efforts to reduce or prevent emission of greenhouse gases) and adaptation (process of adjusting to current or expected climate change effects). Funding

1 United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Reports 2020 and 2021. (New York: United Nations, 2020, 2021).

comes as grants, concessional loans, guarantees and equity. Most climate funds only accept applications from accredited entities, which sometimes is exclusively governments or may include select UN agencies and multi-lateral development banks. While Sierra Leone is among the top 15 per cent of countries most vulnerable to climate impacts globally², it ranks relatively low among West African countries on climate funds received, meaning there is much untapped potential for the country to benefit from climate finance.

Humanitarian Aid

The Office for the Coordination of Humanitarian Affairs of the UN Secretariat coordinates response to emergencies and countries are invited to issue a global appeal when circumstances warrant such. Select UN agencies and international non-governmental organizations (NGO) with a humanitarian mandate may receive funds collected through an appeal. In 2020, Sierra Leone was invited to join the global COVID-19 Humanitarian Response Plan. As of January 2021, \$20.1 million has been received against the \$62.9 million Appeal for Sierra Leone (32 per cent fulfilment), which is the median level of fulfilment for about 50 countries in the appeal. A recent development is the formation of the Global Humanitarian Action Executive Alliance during the 2020 Annual World Economic Forum to develop models for effective, principled private sector engagement in emergency preparedness and response, maximizing collective expertise, knowledge and resources.

Blended Finance

Blended finance is used to unlock private sector investment that would not otherwise occur in support of sustainable development priorities. Public resources (domestic government funds or ODA) can be applied in the form of grants, subsidies, low-cost debt, risk guarantees and equity to attract private capital to an investment that would not otherwise meet investment criteria. Most blended finance goes to middle-income countries and that received by least-developed countries is concentrated in a handful of revenue-generating sectors with high profitability prospects, such as energy, banking and financial services³.

UN Inter-Agency Pooled Funds

UN pooled funds are financing mechanisms for multi-stakeholder partnerships, intended to promote aid coherence, alignment, and effectiveness. They facilitate collective UN action for Development, Transition/Peacebuilding, and Humanitarian programs. Contributions can be made by a variety of contributors, including UN Member States, multilateral organizations, NGOs, private sector, and sub-national governments, and in that way, the Funds can be an easy entry point for non-traditional donors. Allocation is made by a steering committee based on agreed and publicized criteria for each funding round. UNCT had successful proposals to several multi-partner trust funds (MPTF) in 2019 and 2020, including the UN Peacebuilding Fund, Joint SDG Fund, Human Security Trust Fund, Migration MPTF, and UN Partnership on the Rights of Persons with Disabilities Fund.

2 University of Notre Dame, (2020). Notre Dame Global Adaptation Initiative: Vulnerability Rankings for 2018.

3 OECD/UNCDF (2020), Blended Finance in the Least Developed Countries 2020: Supporting a Resilient COVID-19 Recovery, OECD Publishing, Paris.

Global Pooled Funds

There are additional pooled funds at the global level that target specific development issues. In the health sector, The Global Fund for AIDS, Tuberculosis and Malaria (Global Fund) and Gavi, the Vaccine Alliance (GAVI), accounted for almost a quarter of total global ODA for health between 2015 and 2017. Both provide significant funds to Sierra Leone. The Global Partnership for Education is a multi-stakeholder partnership and funding platform for strengthening education systems in developing countries and also provides funds to Sierra Leone. For climate-related programs, the UN Framework Convention on Climate Change has several dedicated funds. These include the Green Climate Fund, The Adaptation Fund, and the Global Environment Facility with its Least Developed Country Fund (LDCF) and Special Climate Change Fund.

Millennium Challenge Corporation

The Millennium Challenge Corporation (MCC), a foreign assistance programme of the US Government, builds partnerships with developing countries who are committed to good governance, economic freedom and investing in their citizens. MCC provides grants for promoting economic growth, reducing poverty, and strengthening institutions and Sierra Leone became eligible to develop an MCC Compact in 2020. The country leads a constraints analysis that determines which sectors are limiting economic growth then a 5-year Compact Programme is designed to tackle the constraints. The final investment grant amount will depend on the strength of the projects and their ability to support long-term economic growth. The average Compact value in other countries is in the \$300 million range.

South – South Cooperation

South-South Cooperation (SSC) is technical cooperation among developing countries in the Global South to share knowledge, skills, and successful initiatives. Financial cooperation is typically provided in the form of loans rather than grants, often with medium- to long-term maturities. Many SSC providers emphasize infrastructure and the productive sectors of the economy in these partnerships. The international community outlined key principles of SSC in the Nairobi Declaration of the UN Conference on South-South Cooperation (2009), that called for alignment with national priorities, mutual benefit, sovereignty, ownership, equality, non-conditionality and non-interference.

Philanthropy

Most private foundations focus giving on specific issues well-aligned with SDG priorities, such as social equality, public health, and environmental conservation. Accordingly, applicants must understand and adhere to foundation guidelines on applicant type, project objective, application format, and timing of submissions, among others. Larger foundations are often pioneering in philanthropy, for example, applying new technologies for solving development challenges and issuing social bonds to accumulate more capital. New mechanisms and private advisory services are emerging to help high net-worth individuals learn about SDG giving opportunities.

Private Sector-Led Development

There is growing interest within the development community to partner with the private sector to support development objectives. Partners can range from large multi-national companies to

entrepreneurs, with recognition that businesses can promote innovative solutions, increased efficiency, and job creation. Investments in larger enterprises are likely to include loans and equity positions, while modest loans or grants are offered to entrepreneurs and medium-sized businesses. The latter often includes a component of business skills training. Closely related to private sector funds are those focused on innovative solutions to development challenges that accept proposals from the private sector, government, a UN agency, or other organizations. Innovations may relate, for example, to technology, governance, finance, communication, and service delivery systems.

NGO Grant Programmes

There are development finance mechanisms that target funding to local NGOs, recognizing their role in advancing development objectives and empowering groups outside of traditional power structures. They often pioneer locally tailored solutions to development challenges, building on knowledge of local conditions and customs in areas such as advocacy, peace building, and social services. Supporting NGOs to apply for and meet grant requirements can be valuable to advance UNSDCF objectives.

In-Kind Contributions

There are recent examples of medical supply contributions to Sierra Leone for COVID-19 response, including through SSC and from non-resident donors. It is suggested to explore other in-kind contributions at large scale to support key sectors in addition to health. Examples include cold storage devices for use by fisherman, equipment for use by farming cooperatives, vehicles to transport pharmaceuticals, and ICT equipment to enable internet access in public buildings. By circulating lists of desired items to potential donors, with explanation on how they support the MTNDP, the level and impact of such contributions may be enhanced.

Non-Financial Partnerships

There are compelling SDG partnership opportunities beyond finance and material contributions. These relate to teaching the SDGs in schools, research conducted in higher education institutions, sustainable cities, and SDG popularization, among others. Many programmes are geared to government, but some are relevant for NGOs and UN agencies. An Annex to the full Strategy document profiles select non-financial partnership programmes that can be explored for Sierra Leone. Some operate under the auspices of the UN and others are through private organizations seeking to support SDG realization.

Development Spending Monitoring

Public finance management systems in Sierra Leone allow for tracking spending towards many national sustainable development priorities, however some aspects can be improved. The INFF found gaps in monitoring spending on cross-cutting priorities, such as gender equality, disability inclusion, and climate change resilience. As concerns development partner finance, the Ministry of Planning and Economic Development annually produces a Development Assistance Report showing contributions by development partners, with a breakdown of contributions by MTNDP policy cluster.

Beyond Sierra Leone, the Organization for Economic Cooperation Development (OECD) Development Assistance Committee tracks ODA by its members and breaks down information by recipient country. The OECD also has Total Official Support for Sustainable Development, a new international statistical measure of all official resources and private finance mobilised by official interventions in support of sustainable development in developing countries, including multi-lateral and bi-lateral flows, as well as global trust funds.

Financing Strategies for the UNSDCF

To meet UNSDCF funding gaps, it is crucial to explore the range of financing mechanisms profiled above and strategize on how projects can be developed to meet their criteria. Table 2 broadly summarizes opportunities that can be pursued in cooperation with the Government.

Table 2: Finance Programmes to be Expanded or Explored

Programme Type	Funding Criteria
Global Climate Funds	Criteria differs by fund, but all relate to climate change mitigation/adaptation; some welcome regional programme applications (multiple countries)
Global Health Funds	Criteria relate to programmes that address varied public health needs
UN MPTFs	Funding rounds specify criteria in accordance with a MPTF mandate
Private Sector Growth	Projects that demonstrate positive development impact and/or job creation from private sector growth
Innovation Funds	Ideas that demonstrate significant development impact through innovation
Philanthropy	Focus areas are usually specified by a philanthropic foundation or individual, but others may be open to a range of proposals
Grants to NGOs	Specific criteria linked to NGOs advancing the SDGs are specified by the donor
In-Kind Contributions	Circulate lists of desired items to potential donors to support key sectors
South-South Cooperation	Diverse possibilities related to knowledge sharing, infrastructure projects, trade, and in-kind contributions

Resource mobilization strategies were outlined by the four UNCT Results Groups that each associate with a UNSDCF Outcome Areas. Key elements appear on Outcome Areas and were conceived by reflecting on which of the resource categories presented in this report are best suited to their financing needs.

The UNCT Monitoring & Evaluation Group will support comprehensive monitoring and reporting on each Outcome Area in UNINFO, a new digital tool for communicating progress to partners on identified indicators under each Outcome Area. The UNCT Communications Group will work on how to best communicate UNCT activities and impact to current and potential partners.

Outcome Area 1: Sustainable Agriculture, Food and Nutrition Security, and Climate Resilience

- SSC and private sector funds for agriculture, including enhanced value chain development
- Climate finance for marine and forest conservation programs
- Climate finance for adaptation of agriculture, water, energy, land use, and coastal resources
- Multi-partner trust funds for improved disaster risk management and early warning

Outcome Area 2: Transformational Governance

- Innovation funds for technology to elevate women and persons with disabilities to elected office
- Innovation and philanthropy funds for an integrated national and local SGBV reporting system
- Innovation funds to expand E-governance services
- NGO grants to promote the One Fambul framework and decentralized public services

Outcome Area 3: Access to Basic Services

- Climate finance, private sector funds, and SSC for clean energy and energy-saving devices
- SSC towards TVET in identified priority sectors, including trainers and equipment
- Support to Government in identifying and assessing potential health sector investments
- Bi-lateral, multi-lateral, and philanthropy funds for quality education programs and services
- NGO grants, climate funds, and innovation funds for waste management and WASH services

Outcome Area 4: Protection and Empowerment of the Most Vulnerable

- NGO grants, entrepreneurial funds, and philanthropy for women's and girls' empowerment
- Innovation funds for app development on SRHR and for skills training of vulnerable groups
- SCC to support business development and employment opportunities for vulnerable groups
- Bi-lateral and multi-lateral funds for expansion of SGBV services, SRHR, and HIV services

Each Results Group will operationalize their strategies and extend/initiate partnerships with Government and non-state actors to take advantage of synergies and maximize joint efforts. In an ever-changing funding environment, it will be important to maintain flexibility to pursue promising funding and partnerships opportunities as they develop.

With well-coordinated, targeted actions by the Results Groups and the overall UNCT, UNSDCF resource opportunities can be expanded for optimum contribution to broader SDG attainment in Sierra Leone.