

Cuban Integrated Financing Framework (CIFFRA)



POLICY NOTE No. 1 PROJECT PRESENTATION

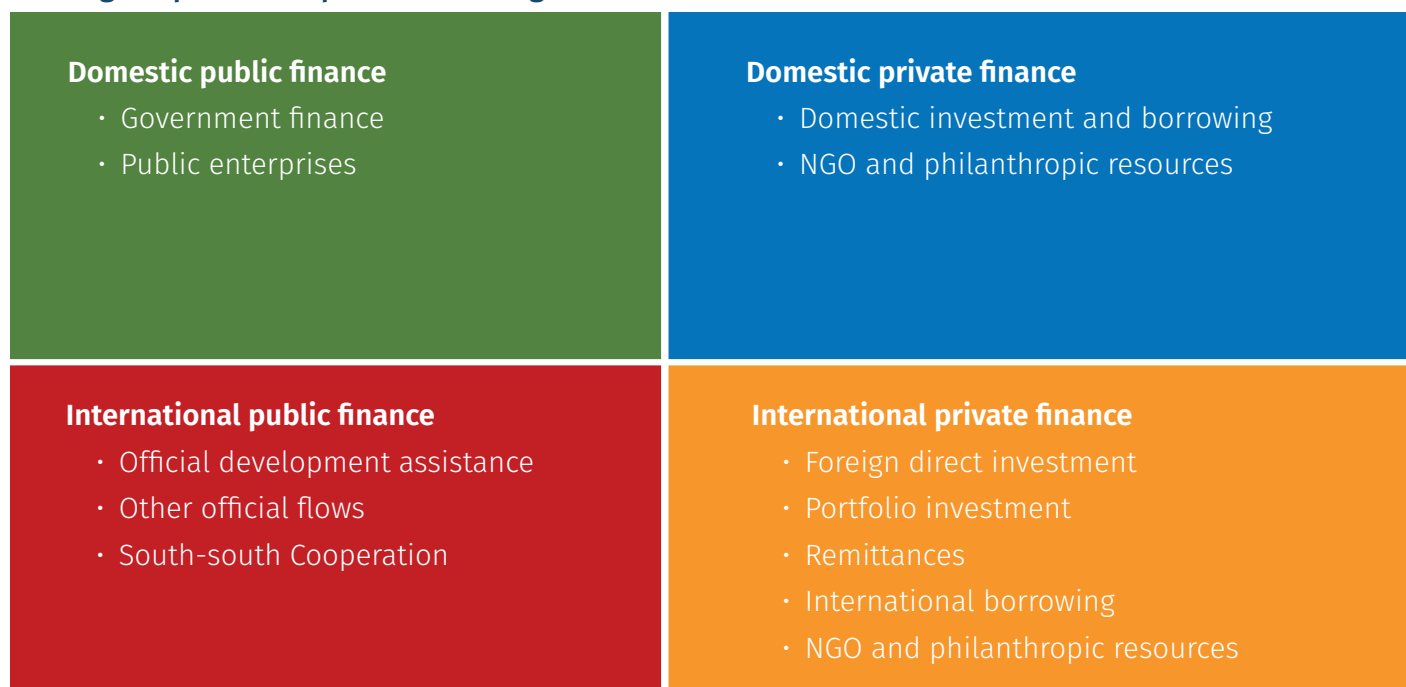




Project presentation

The Integrated National Financing Framework (INFF) is a UN initiative to strengthen national planning processes and overcome obstacles to financing the Sustainable Development Goals (SDGs) of the 2030 Agenda. While national development strategies lay out what needs to be financed, the INFFs spell out how the national strategy will be financed and implemented, relying on the full range of public and private financing sources (see diagram 1).

Diagram 1
Range of public and private financing sources



Source: *Development Finance Assessment Guidebook*, United Nations Development Program (UNDP), 2021 [online] https://www.undp.org/asia-pacific/publications/development-finance-assessment-guidebook?c_src=CENTRAL&c_src2=GSR.

The Joint Program “Support for the development of an Integrated National Financing Framework for the SDGs in Cuba” (CIFFRA) is part of the more than 60 experiences implemented worldwide to finance the 2030 Agenda under the global framework agreed upon by world leaders in Addis Ababa, Ethiopia in 2015. CIFFRA is part of the initiatives funded by the Joint SDG Fund of the United Nations system.

This is a 24-month long program, from July 2020 to June 2022.¹ Its governance is managed by a Steering Committee and a Technical Committee led by the Economic Commission for Latin America and the Caribbean (ECLAC), with the participation of the United Nations Development Program (UNDP) in Cuba and the Office

¹ An extension of the Joint Program up to September was approved in early 2022, for a total duration of 27 months.

of the Resident Coordinator (ORC) of the United Nations system in Cuba. On the Cuban side, it is led by the Ministry of Economy and Planning (MEP) with the participation of the Ministry of Finance and Prices (MFP), the Central Bank of Cuba (BCC), the Ministry of Foreign Trade and Investment (MINCEX) and the National Statistics and Information Office (ONEI).

The objective of the program is to contribute to the design and development of an Integrated National Financing Framework for the SDGs as a tool for planning, defining and evaluating gender-sensitive financing policies to improve the effectiveness of such policies and the efficiency of resource mobilization for financing the SDGs.

The expected outcomes of the program are, namely, (i) evaluate the financing architecture to meet the SDGs in Cuba; (ii) design a policy framework for financing the development agenda; (iii) strengthen monitoring and review mechanisms; and (iv) improve institutional capacities and governance and policy coordination schemes for financing development.

The implementation of CIFFRA has a special relevance in Cuba's current economic juncture marked, on the one hand, by the impact of the COVID-19 pandemic, the stepping up of the U.S. economic, commercial and financial blockade, and the accumulation of macroeconomic imbalances and structural and institutional problems. The Cuban economy grew by 2.3% on average in the 2010-2018 period, while registering an accumulated drop of 11.1% between 2019 and 2020. In the recent five-year period (2016-2020), fiscal deficits averaged 9.4% of GDP and difficulties in honoring external obligations increased, while several monetary imbalances worsened.

On the other hand, there is a strong political will on the part of the government to carry out transcendental transformations in updating the Cuban economic model, particularly by giving more weight to medium and long-term strategic planning through the implementation of the 2030 National Plan for Economic and Social Development (PNDES) aligned with the 2030 Agenda.

As part of this strategy, important transformations have been implemented in the price system (wholesale, retail, exchange rate, wages, transfers) with impacts on the allocation of resources, business accounting and statistical records. At the same time, other transformations have been implemented, such as the new measures to continue improving the socialist state-owned enterprise, seeking greater decentralization and autonomy of the state entrepreneurial system in accessing and managing resources; transformation of the agricultural production operation and management system; strengthening municipalities as the key policy implementing level to promote local development; approval of legal regulations for establishing or expanding the activities of SMEs, cooperatives and self-employment, among others.

The joint program is particularly associated with the fulfillment of SDG 17 "Strengthen the means of implementation and revitalize the global partnership for sustainable development", especially targets 17.1, 17.3, 17.14 and 17.18. The PNDES addresses 5 specific objectives of 4 strategic pillars.² However, the separate sum of these objectives does not fully express the development scope of an Integrated Financing System. The main value added of CIFFRA lies in its capacity to jointly analyze financing policies that are usually studied individually and with no interconnection. The program's true attribute is its comprehensiveness, cross-cutting nature and ability to respond to a long-term vision for financing the PNDES.

² The goals are as follows: Goal 9 of strategic pillar 1; 13 of pillar 2; 5 and 14 of pillar 3; and 10 of pillar 4.

In this scenario, the joint program will contribute to: (i) propose a comprehensive and medium-term strategy for financing the 2030 PNDES, drawing on the expertise of national and international specialists and of the United Nations system; (ii) build capacities based on the implementation of international methodologies and tools applied to the Cuban context, which can be used henceforth by the government; (iii) the technical training of Cuban specialists and officials, through direct and indirect training actions; and (iv) better knowledge of the Cuban reality by the United Nations system so that the latter can be in a better position to promote future collaboration actions.

The joint program consists of three fundamental phases:

- (i) **Inception Phase (July 2020 - January 2021).** Despite restrictions resulting from the COVID-19 pandemic, the Technical Committee was established in 2020 and the first two activities were successfully concluded: SDG prioritization exercise in Cuba and mapping of the financing landscape (see *Policy Note No. 2: Mapping the Financing Landscape* and *Policy Note No. 3: Prioritization of SDGs in Cuba*).

This required a significant effort in data collection, preparation and review of documents, as well as the holding of six workshops, with the active and committed participation of representatives of the government, the United Nations system and Cuban academic institutions.

- (ii) **Assessment and Diagnostic Phase (February 2021 - December 2021).** The Assessment and Diagnostic phase begin with the establishment of the Steering Committee on February 24, 2021. The exercises carried out in the previous stage became the basis for a comprehensive assessment of opportunities, costs, gaps, risks, institutional constraints and the mapping of development financing policies in Cuba.

- (iii) **Financing Strategy Development Phase (January 2022 - September 2022).** Based on the diagnosis carried out, a financing strategy for the country's development strategy will be developed in the final phase, aligned with the achievement of the SDGs.

Actions aimed at strengthening the tools and mechanisms for monitoring and review, as well as governance and coordination to finance SDGs and the national development strategy are carried out in a cross-cutting manner throughout the project.

The joint program is intensive in the use of international methodologies and their application to the Cuban context, the hiring of consultants, as well as the feedback and participation of representatives of the Government of Cuba.

The CIFFRA development process implicitly contributes to capacity building, so that once the financing strategy is presented, the national authorities can carry on with its implementation.

CIFFRA Technical Committee
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Economic Commission for Latin America and the Caribbean (ECLAC)
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