DATA-TO-DEAL (D2D):

OPEN DATA AND MODELLING OF LONG-TERM STRATEGIES TO FINANCIAL RESOURCE MOBILIZATION – THE CASE OF COSTA RICA

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Summary

Accessing climate and development finance can be difficult, and there is no easy, nor general 'data-to-deal' (D2D) pipeline to follow. Required data, analysis, information flows, and stakeholder engagement can be disjointed which – among other things – lead to inefficiencies. Further, appropriate national analytical capacity may not be easy to access. In a new paper[1], we explore selected issues and how they have been overcome in an intriguing case study. The case study contains elements and insights that can help move from data to deal in a more efficient pipeline of activity that enhances national agency and international partnership.

Climate compatible and inclusive growth is needed to lift the vulnerable out of poverty and ensure we avoid climate impacts. A fundamental first step to delivering this objective is understanding the extent and definition of the sectoral transformations required over time to transition to a lower carbon future. Transformations can include electric vehicles, electricity generation from renewable sources, and reforestation (among others) and how these interact with other socio-economic development priorities – such as poverty eradication, technological leadership in green tech, job creation, air quality, etc.

One method to envision such a change is via a Long-Term-Strategy (LTS). The data, analysis, and information that are embedded in an LTS can be developed through an iterative process of codesign with stakeholders and experts. If national (rather than external) analysts are at the heart of its development, its chances of being nationally owned and permeating other processes is improved.

Once a roadmap is defined, the transformations needed can be identified and defined as a set of policy instruments and investments. Those can be used by governments and International Finance Institutions (IFIs) to inform financing requirements and options, such as instrument-specific policy-based loans.

The paper illustrates this with a case example of Costa Rica. Its data-driven, open, and stakeholder-codesigned National Decarbonization Plan (the country's LTS) was launched in 2019. The subsequent policy instrument and investment definition and identification has been the foundation on which at least USD 2.4 billion has been mobilized from international concessional finance sources by the end of 2022. An essential input underpinning this process was the carefully crafted and nationally owned LTS and policy instrument study, which had about USD 200k direct costs and leveraged 'public good' advanced-schools, open models, communities, principles, and goals.
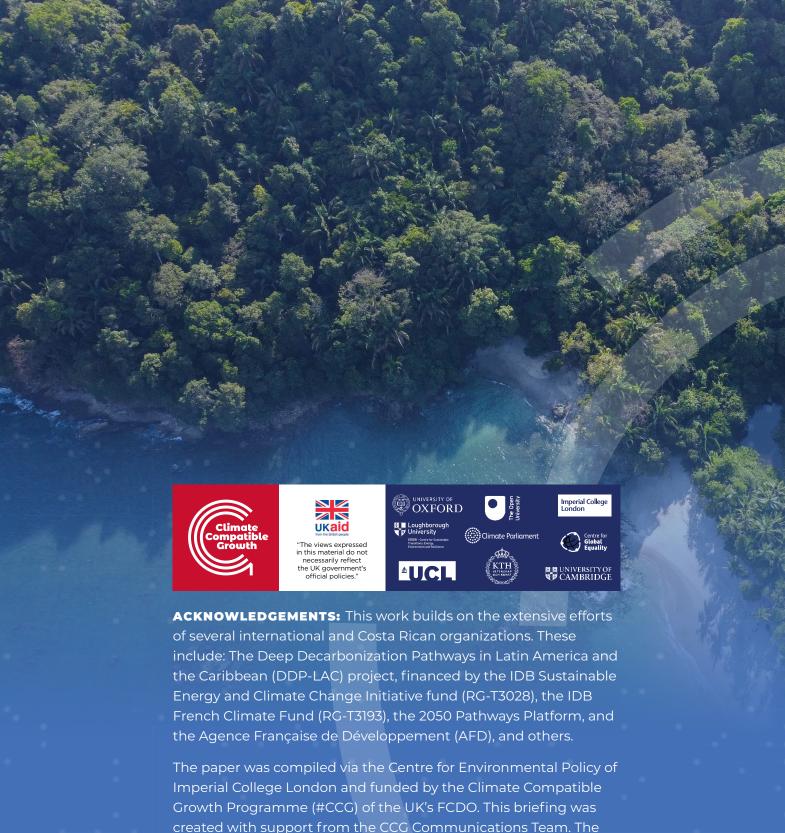
Clear workflows were required to develop both a big picture LTS and from that identify and define specific policy instruments. National analysts used reproducible workflows with open data and models; and key stakeholders were involved at specific points in the process.

When they were involved, information that was sector-appropriate was developed to accelerate exchange. A key element of the stakeholder workflow was the early involvement of the finance ministry and IFIs during policy instrument and investment identification and definition. That resulted in shaping appropriate climate finance, which was – as a result – easier to adopt. The analytics, organizations, and workflows that link them define the beginnings of what we term a 'Data-to-Deal' pipeline.

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[1] The full paper is available here: Jaramillo, M., Quirós-Tortós, J., Vogt-Schilb, A., Money, A., & Howells, M. (2023). Data-to-Deal (D2D): Open Data and Modelling of Long-Term Strategies to Financial Resource Mobilization – the case of Costa Rica. Version 2. Cambridge Open Engage. *Doi:10.33774/coe-2023-sqbfm-v2*

Key Messages

- Following a USD 200k investment in an LTS, Costa Rica secured USD 2.4bn in climate development finance.
- The engagement was short (approximately two years) and carefully crafted to ensure national stakeholder and International Finance Institution (IFI) engagement.
- IFIs and donors stand to expand market opportunities at a relatively low cost with large gains if upstream capacity building and stakeholder engagement is effective.
- Core building blocks for designing an LTS include creating narratives describing possible futures, analysing and modelling scenarios based on those narratives, and communicating and discussing assumptions and results with stakeholders.
- Costa Rica's LTS was used to identify and define policy instruments and investments, with more than 70 targets from 35 different government agencies and line ministries to be immediately implemented. This served as a basis for the national development plan of the Ministry of National Planning and Economic Policy (MIDEPLAN).
- In Costa Rica, the formulation of the LTS itself attracted international assistance (grants) from multiple bilateral and multilateral development agencies, including the Inter-American Development Bank (IDB) which financed local and international experts. These then compiled existing knowledge and policy plans in energy, transport, building environment, waste management, agriculture, livestock, and forestry.

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