ACHIEVING THE SDGS IN THE ERA OF THE ADDIS ABABA ACTION AGENDA

Countries across the Asia-Pacific region have set high ambitions for progress across a wide-ranging, interconnected sustainable development agenda. Progress toward the Millennium Development Goals was mixed, with major successes in areas such as poverty reduction but a large unfinished business in others such as infant and maternal mortality. The Sustainable Development Goals (SDGs) raise ambitions higher, calling for further progress across a wider range of issues.

Many countries have access to a growing and increasingly diverse portfolio of financing that can contribute toward achieving results, though there are significant differences between countries. Rapid growth in domestic public and private finance in particular is driving increases in the resources available across the Asia-Pacific region. Yet the mix of resources varies widely, and each resource can make different contributions to sustainable development results.

SUMMARY

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**FINANCING ACROSS THE REGION AS A WHOLE IS GROWING RAPIDLY.**

**TOTAL FINANCING**

- Grew from **US$ 4.0 trillion** in 2005 to **US$ 8.9 trillion** in 2014.

**DOMESTIC RESOURCES HAVE INCREASED RAPIDLY:**

- **DOMESTIC PUBLIC AND PRIVATE FINANCE COMBINED** MORE THAN DOUBLED BETWEEN 2005 AND 2014

- **45% RISE IN INTERNATIONAL PUBLIC** AND **80% OF WHICH IS ATTRIBUTABLE TO INTERNATIONAL PRIVATE INFLOWS**

- **THE MAIN DRIVER BEHIND THIS HAS BEEN GROWTH IN GOVERNMENT REVENUE,** WHICH ALMOST TRIpled BETWEEN 2005 AND 2014, AND HAS ALSO BEEN INCREASING AS A PROPORTION OF TOTAL FINANCING, RISING FROM 36% IN 2005 TO 44% IN 2014

**THE REPORT EXAMINES** policies and institutions that countries use to link different sources of finance and national development priorities. It seeks to understand the degree to which these policies and institutions add up to an ‘integrated national financing framework’ for achieving the SDGs. An integrated national financing framework can be understood as a system of policies and institutional structures that can help governments to develop and deliver a strategic, holistic approach toward managing financing for nationally-owned sustainable development strategies. This concept, which was called for in the Addis Ababa Action Agenda, is explored for the first time in detail in this report. The report provides practical solutions for governments and adds to existing reports and global financing processes by providing a holistic country perspective across all financing types and the frameworks that countries have in place to mobilize them.
Countries across the Asia-Pacific region face a diversity of financing contexts and challenges. For some, public finance is growing rapidly; for others it has plateaued and, while still a key driver of progress toward sustainable development, remains low in absolute terms. Governments are also working to make their revenue models more sustainable and progressive. Private finance is growing and diversifying in many parts of the region, bringing opportunities to build partnerships and encourage sustainable development impact; yet this also brings complexity and coordination challenges across government and with partners. For other countries the challenge is to attract new flows of private finance, or to diversify beyond a reliance on narrow sectors. For low income countries (LICs) transitioning to Middle Income Country (MIC) status, the transition away from concessional finance and changing nature of development partnerships will require considered strategies. Finally the contribution of international public finance will remain critical for many years to come in Small Island Development States (SIDS) and Least Developed Countries. Ensuring continued concessionality in these contexts will be essential.

**Domestic public, 34%**

**Domestic private, 42%**

**International public, 5%**

**International private, 18%**

US$471 billion

US$592 billion

US$254 billion

US$77 billion

US$1,394 billion

Domestic private resources account for 42% of total resources

**SAARC**

Domestic private and domestic private finance each account for 47% of total financing

**LICs**

LICs have an evenly balanced mix of financing sources, though international flows exceed domestic finance

**East Asian Developing Countries**

Domestic public and domestic private finance each account for 47% of total financing

**The Pacific**

Domestic public resources account for over half of all resources; international public and private each account for 21%

**Asia-Pacific LMICs**

At 42%, domestic private finance is the largest source of financing in Asia-Pacific LMICs

**Asia-Pacific fragile states**

Domestic private and domestic public resources are the largest resources in fragile states, at 34% and 32% respectively

**Asia-Pacific LDCs**

Domestic private and domestic public resources are the largest resources in fragile states, at 34% and 32% respectively
Countries are developing more holistic financing strategies that define the contributions that all resources can make. The need to mobilize contributions from a wide range of financing types is well recognized and many countries have developed holistic financing policies that specify the roles they want non-state actors, particularly the private sector, to play. There is potential to build on these existing structures and develop strategic financing policies that establish long-term direction for the financing a government aims to mobilize, and determine what reforms are needed to get there.
UNDP is already supporting a number of countries to implement the flagship DFA methodology. In particular, the DFA provides planning, finance and other ministries, with data and analysis on the changing trends in development finance. It also provides a set of recommendations for how institutions and systems might be adjusted to ensure that different sources of development finance might be managed within a coherent framework, which better supports the achievement of national priorities and results including the SDGs.

Where are Development Finance Assessments taking place now?

**DFAs: Completed or Underway**
- Papua New Guinea
- Vietnam
- Philippines
- Lao PDR
- Bangladesh
- Myanmar

**DFAs: Pipeline**
- Fiji
- Cambodia
- Nepal
- Mongolia
- Mozambique
- The Gambia
- Uganda
- Malawi
- Cape Verde
- Ivory Coast
- Peru
- El Salvador

**Strategic International Development Cooperation Reviews: Completed**
- Belize
- Panama
- Paraguay
- Guatemala
- Dominican Republic
- Timor Leste
- Marshall Islands

About AP-DEF–UNDP's Bangkok Regional Hub is the Secretariat for AP-DEF, a country-led regional platform, chaired by the Government of Bangladesh, which supports Asia-Pacific countries to implement their national agendas on development finance and cooperation. The Facility is a platform for regional dialogue, cooperation, and sharing of country knowledge and experiences. It is responding to the growing demand from countries in the region to establish evidence and analysis, and introduce policy and institutional reforms for managing the increasing complexity of domestic and international sources of finance for development.