

POLICY BRIEF

# Financing the SDGs: Evidence in Four Countries

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**AIDDATA**  
A Research Lab at William & Mary

# THE GLOBAL GOALS

For Sustainable Development



## Introduction

# Investigating Financial Flows to the SDGs

With 17 goals and 169 associated targets, the Sustainable Development Goals (SDGs) represent an unprecedented opportunity to make the global agenda more inclusive, universal, and locally relevant. However, given the broad scope of this agenda, achieving the Global Goals will require the international community to mobilize significant additional financing over the next decade. Tracking and analyzing this funding is central to measuring progress and making more informed choices for prioritization and resource allocation.

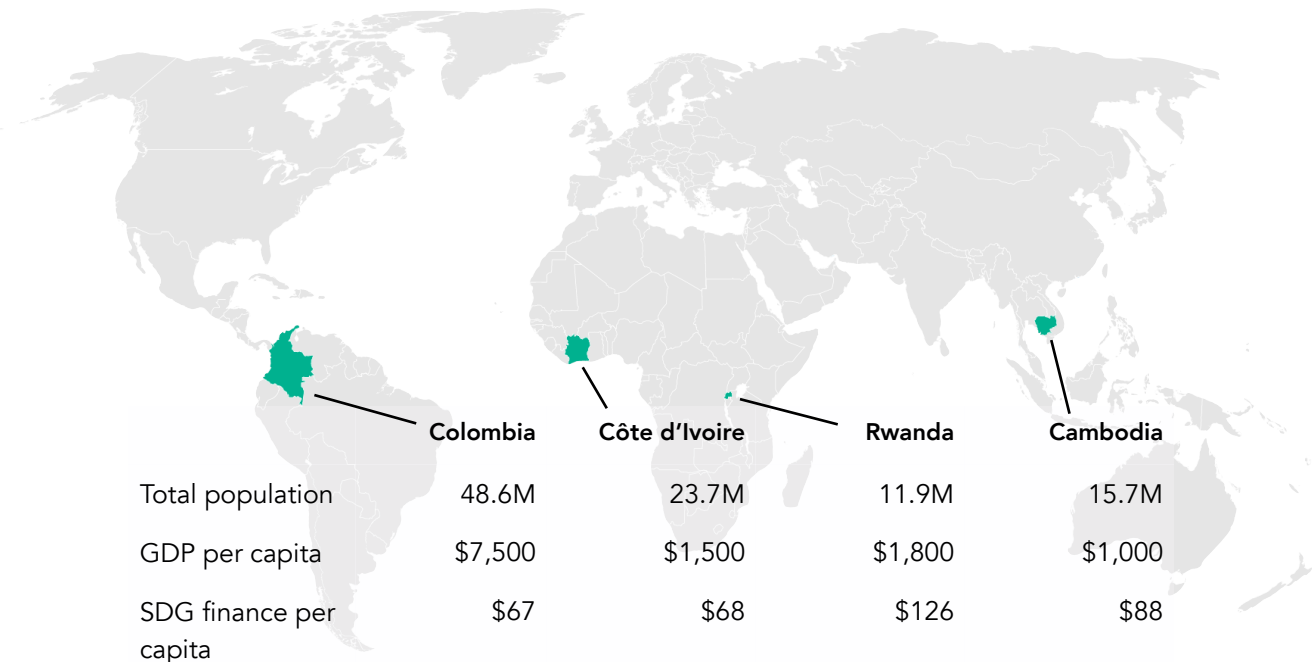
Gauging historical trends for SDG-related donor financing within particular countries may provide a useful starting point. This brief highlights AidData's updated methodology to track financing to the SDGs, providing a baseline of SDG-related funding in the years immediately before and after the launch of the SDGs. As AidData noted in its *Realizing Agenda 2030* report, "The SDGs may be new packaging, but the majority of the underlying ideas they represent predate the post-2015 era."

To track SDG-related financing, we used the OECD Creditor Reporting System (CRS) database, including all official development finance recorded between 2010 and 2016, to identify individual projects that are linked to specific SDG goals or targets and then quantify total financing by SDG. This approach builds on a pilot methodology AidData debuted in 2017 to map official development assistance (ODA) to the SDGs (see page 14 for more details on the methodology).

This brief highlights four countries that represent different development contexts and trajectories, and whose portfolios of SDG-related donor funding reflect these differences. We look at the composition of financing and financing trends within these countries to see how a country's individual context impacts its SDG-related funding. We also look at SDG financing from the perspective of donors to see how their own interests are reflected in development portfolios across different countries.

By providing a more robust view of who is funding what where, we can make it easier to leverage the SDGs to more effectively direct future financial flows where they will have the most impact.

**Figure 1: Case Study Countries**



Population data and GDP per capita data (2010 constant USD) from the World Bank.  
SDG finance per capita (2015 constant USD) from AidData and the OECD CRS.

# Rwanda

Financing by SDG, 2010-2016

**Total: 7.5B USD**

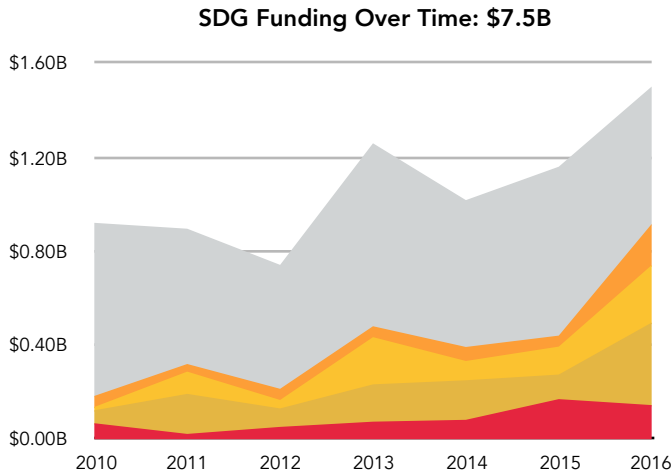


## Rwanda’s \$7.5 billion in SDG-related funding was focused heavily on basic needs

Rwanda received the greatest amount of SDG-related funding per capita among our four case study countries between 2010 and 2016. Most of this funding focused on basic needs, with SDG 3 (Health), SDG 2 (Hunger), and SDG 4 (Education) ranking in the top five funded goals.

Although Rwanda experienced strong economic growth during this period (averaging 7.3% annually), only about 17% of its total SDG-related funding was for goals pertaining to growth and production (SDGs 8, 9, and 11), about half of the comparable proportions for Colombia (34%) and Cambodia (36%).

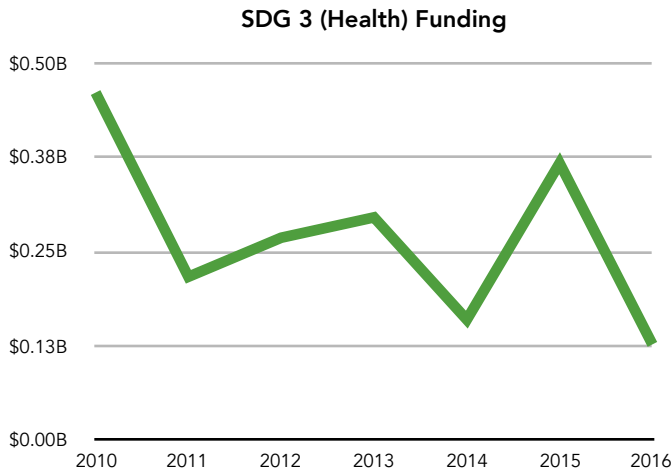
## SDG-related financing grew from \$0.9B in 2010 to \$1.5B in 2016



This growth was primarily driven by increased funding to SDG 1 (Poverty), SDG 2 (Hunger), SDG 7 (Energy), and SDG 11 (Sustainable Cities).

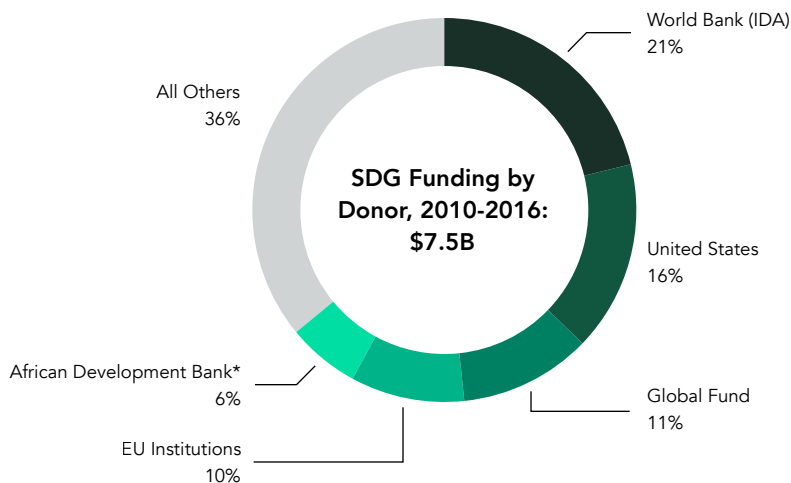
- All Other SDGs
- SDG 11: \$0.45B
- SDG 7: \$0.79B
- SDG 2: \$1.08B
- SDG 1: \$0.62B

## During the same period, financing related to SDG 3 (Health) declined



Although SDG 3 (Health) received the most funding overall, the goal received about one-third as much funding in 2016 as it did in 2010.

## The World Bank and the United States provided over a third of total SDG-related funding



Of the 55 donors who contributed \$7.5 billion to the SDGs in Rwanda between 2010 and 2016, four donors provided almost 60% of that total.

\* This only includes the African Development Bank's African Development Fund.

# Côte d'Ivoire

Financing by SDG, 2010-2016

**Total: 9.9B USD**

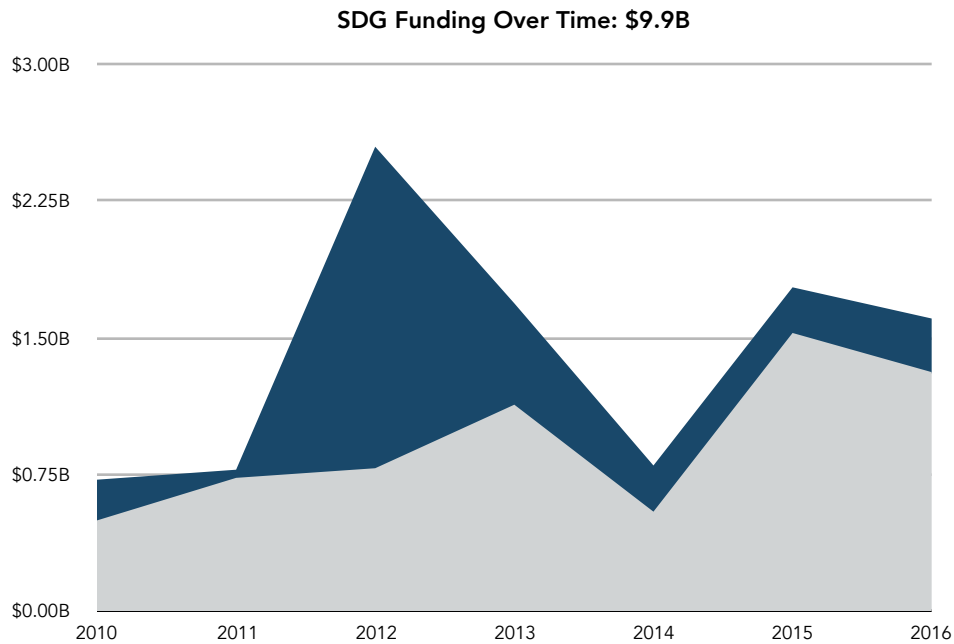


## Debt relief under SDG 17 dominated SDG-related funding for Côte d'Ivoire

Despite conflict erupting in 2010-2011 following a contested election, Côte d'Ivoire was able to meet the criteria for debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative in 2012, resulting in a significant cancellation of debt. Debt relief was the primary driver of funding toward SDG 17 (Partnerships), which received more than 2.5 times the funding of the next highest goal, SDG 3 (Health).

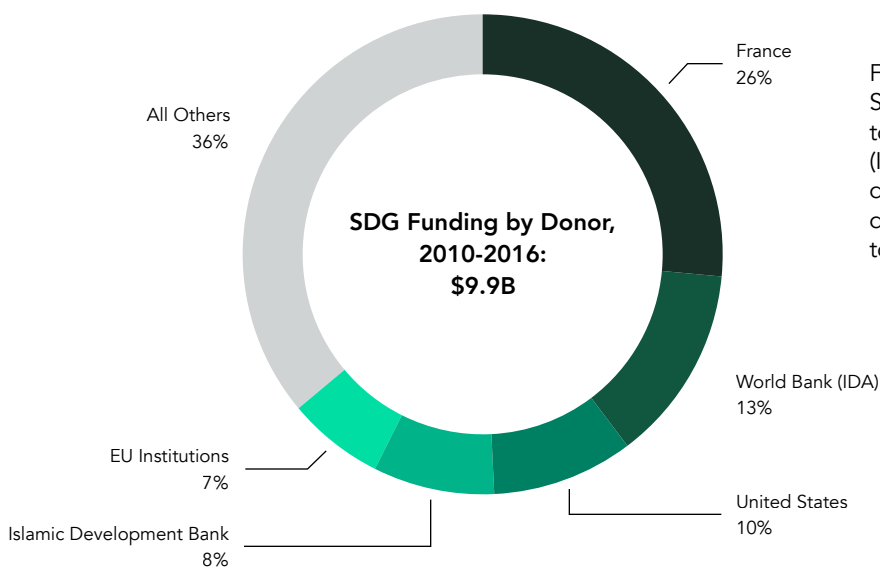
SDG-related funding for Côte d'Ivoire totaled \$9.9 billion between 2010 and 2016. Beyond SDG 17, funding was balanced among a number of goals focused on both basic needs and economic sectors. Although funding for environmental goals was low in all the case study countries, these SDGs received the least money in Côte d'Ivoire.

## Beyond SDG 17, funding per year more than doubled between 2010 and 2016



Although the large spike in funding seen in 2012 was due to debt relief, funding for other SDGs increased steadily, except for in 2014. No single goal is responsible for the increase; rather, funding grew across multiple goals, including SDG 2 (Hunger), SDG 3 (Health), and SDG 7 (Energy).

## Top funders to Côte d'Ivoire included France, the World Bank, and the US



France was the largest contributor to the SDGs in Côte d'Ivoire, providing 26% of total funding, followed by the World Bank (IDA) and the United States. While 51 donors contributed to the SDGs in Côte d'Ivoire, the top five donors gave 64% of total funding.

# Cambodia

Financing by SDG, 2010-2016

## Total: 7.4B USD



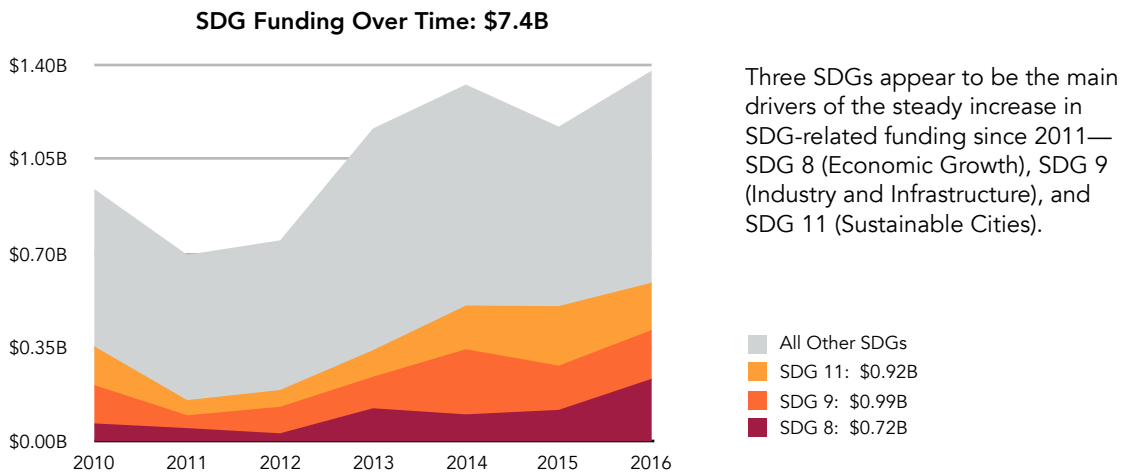
### Cambodia’s \$7.4 billion in total SDG-related funding was split evenly over a broad range of goals

Cambodia has a lower per capita income than the other countries detailed in this brief, but the second highest per capita SDG-related funding. This funding was spread fairly evenly over a large number of goals between 2010 and 2016, including goals in both the social sectors (SDGs 2, 3, and 4) and growth and production (SDGs 8, 9, and 11).

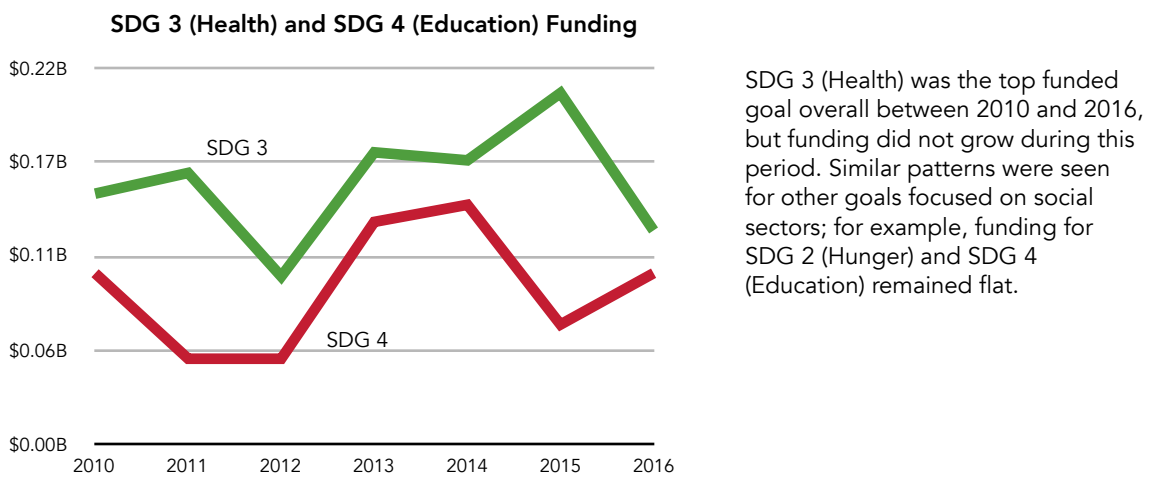
During this same period, economic growth was strong, averaging 7% annually and resulting in Cambodia moving from low income to lower middle income status in 2015. Compared to Côte d’Ivoire and Rwanda, Cambodia has a relatively higher share of loans to grants within its aid portfolio.



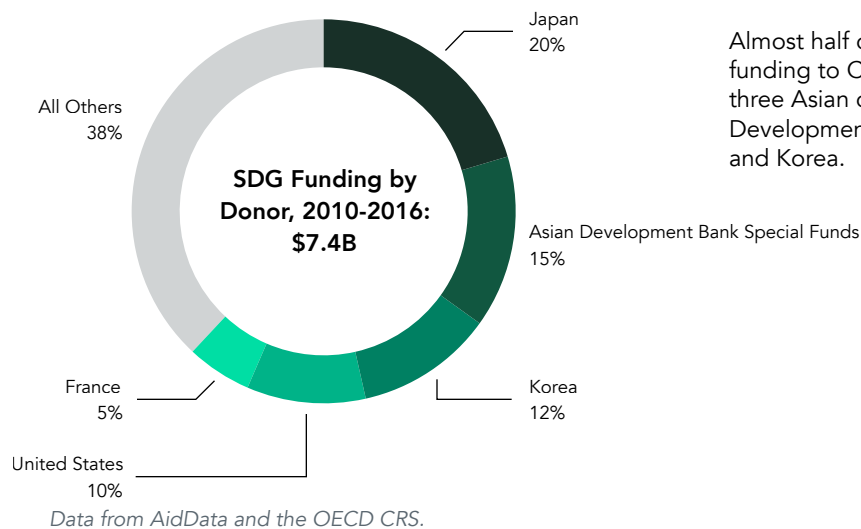
## SDG-related funding increased significantly in Cambodia, driven by growth in goals focused on the economy and production



## However, funding for SDG 3 (Health) and other basic needs remained flat



## Asian donors dominated SDG-related funding to Cambodia



# Colombia

Financing by SDG, 2010-2016

**Total: 19.8B USD**



## SDG 16 (Peace, Justice, and Institutions) was the top-funded goal in Colombia between 2010 and 2016

Unsurprisingly with its history of conflict and ongoing efforts to encourage peace, Colombia received \$3.91 billion in funding for SDG 16, 20% of the total financing for SDGs and more than any other goal. Major projects included those focused on law and justice, public financial management, and peacekeeping.

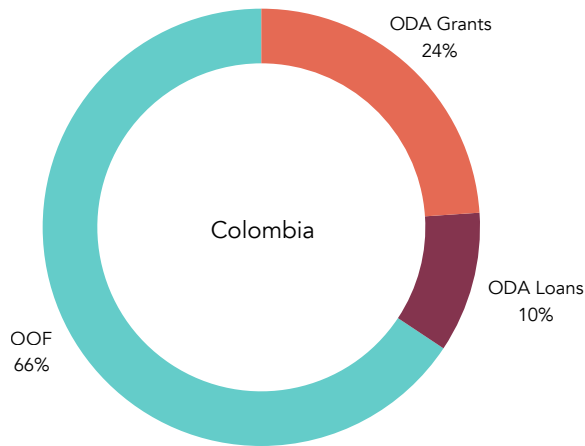
Beyond SDG 16, goals focused on economic growth and production received the most funding,

with SDG 11 (Sustainable Cities), SDG 8 (Economic Growth), and SDG 7 (Energy) all ranked among the top five funded goals.

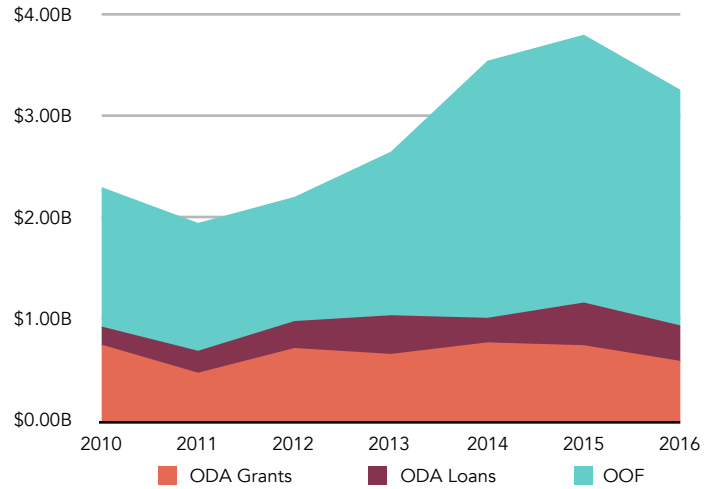
Although the environmental goals remain among the lowest funded, SDG 13 (Climate Change) and SDG 15 (Land Ecosystems) have recorded more funding since 2015 with the launch of the SDGs.

## Most of Colombia's SDG-related funding did not come from official development assistance (ODA)

SDG Funding by Flow Type, 2010-2016



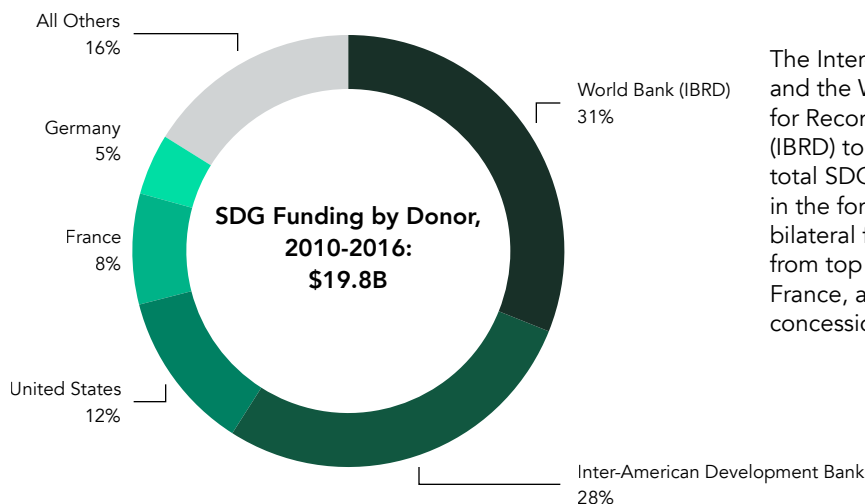
SDG Funding Over Time by Flow Type, Colombia



Other official flows (OOF) include projects that do not meet the criteria for official development assistance (ODA), either because they are primarily commercial in nature or because their grant element is lower than 25%. Unlike in Cambodia, Côte d'Ivoire, and Rwanda, where OOF makes up only a small percentage of total funding, these non-concessional flows account for 66% of SDG-related funding in Colombia and are responsible for the large overall increase in funding for the SDGs since 2010. Colombia is the only upper middle income country in this study, which accounts for its larger share of OOF funding.



## Multilateral development banks dominated Colombia's SDG-related funding landscape



The Inter-American Development Bank and the World Bank's International Bank for Reconstruction and Development (IBRD) together provided almost 60% of total SDG financing in Colombia, mostly in the form of OOF. However, almost all bilateral funding to Colombia, including from top donors like the United States, France, and Germany, is through concessional ODA grants or loans.

# How do donors prioritize their official finance for the SDGs?

Although country contexts play a role in how donors choose to allocate funding for the SDGs, donors' own interests and priorities are also an important factor. As we saw in the four case study countries, bilateral donors do not provide even amounts of SDG-related official finance across all countries, but tend to specialize, based on history (e.g., France's high level of funding in its former colony, Côte d'Ivoire), geography (e.g., Japan and Korea's greater funding of neighboring Cambodia), or interests. Only three donors ranked among the top 10 across all four countries

profiled: the United States, the European Union, and Germany.

The European Union and the United States provide aid differently, with the EU institutions (i.e. not including official finance from bilateral agencies of individual EU member countries) focusing on a smaller number of higher value projects and a limited portfolio of SDGs in each country.

## European Union-financed SDG Projects, 2010-2016

Rwanda

Total: \$720M



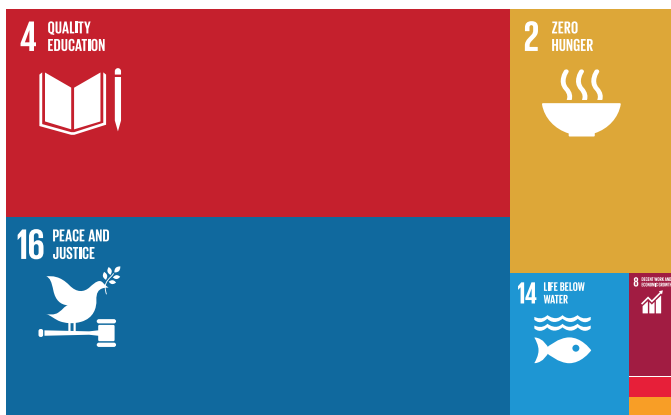
Côte d'Ivoire

Total: \$643M



Cambodia

Total: \$272M



Colombia

Total: \$313M



For example, while the United States contributed to sixteen SDGs in Colombia, the European Union institutions provided funding for only five.

Although this is in part due to the European Union's smaller aid portfolio in these countries (totaling \$1.9 billion compared to the United States' \$5.3 billion between 2010 and 2016), the larger factor is average project size. The European Union committed SDG-related funding to 101 projects, each with an average value of \$19.3 million. During the same period, the United States

committed funding to 2,956 projects, but only averaged \$1.78 million per project.

Donors' sectoral priorities are also important to their allocation of SDG-related funding. The United States focuses heavily on health, and consequently the percentage of US spending on SDG 3 (Health) far exceeded SDG 3's overall share of funding from other donors in Rwanda, Cambodia, and Côte d'Ivoire. Similarly, the European Union's focus on food aid and agriculture leads to strong SDG 2 (Hunger) spending across all four recipient countries.

## United States-financed SDG Projects, 2010-2016

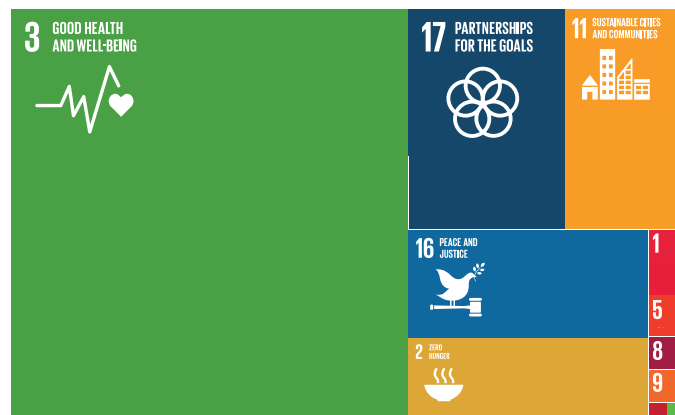
### Rwanda

Total: \$1,203M



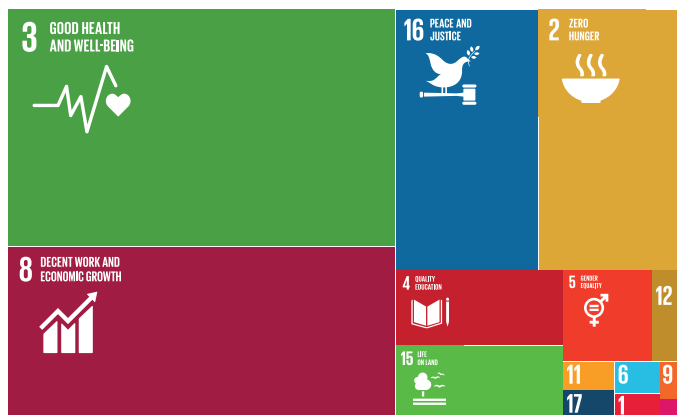
### Côte d'Ivoire

Total: \$946M



### Cambodia

Total: \$746M



### Colombia

Total: \$2,380M



# Where do donors target spending on education?

AidData's methodology for tracking financing to the SDGs goes beyond goal-level totals. It also provides a way to see how funding flows to specific SDG targets that feed into the 17 Global Goals.

In this section, we consider a specific goal (SDG 4, Education), highlight funding for particular education-related targets, and provide a brief overview of AidData's approach to tracking funding for specific SDG targets.

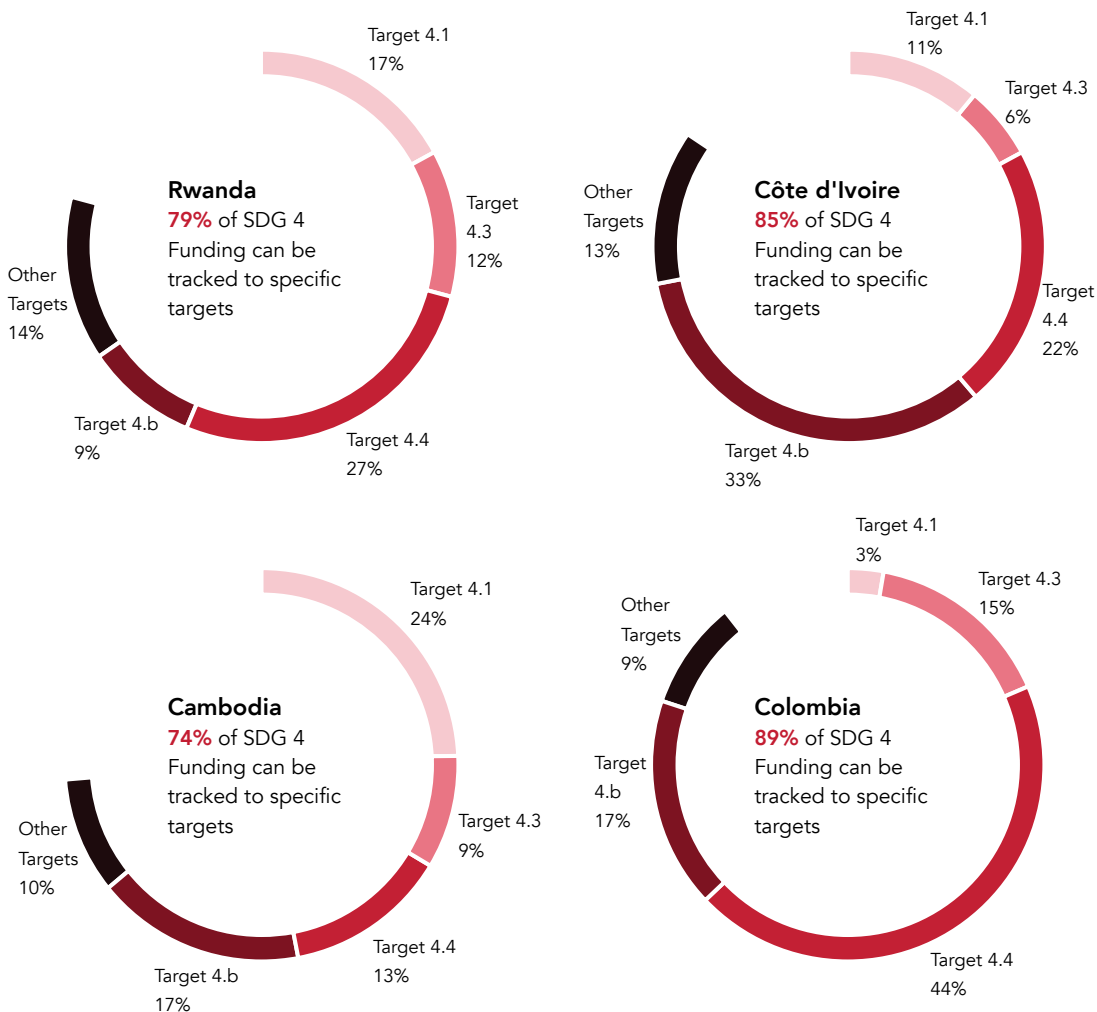
## Two views of the same targets

As illustrated in previous sections, SDG 4 (Education) falls in the middle in terms of donor funding priorities for the SDGs in each of our four case study countries. SDG 4 ranks fourth

among all goals in Rwanda and lower in Colombia (#6), Cambodia (#7), and Côte d'Ivoire (#10).

Of the SDG 4 funding that can be linked to specific targets, targets 4.1 (primary and secondary education) and 4.4 (job skills) receive significant attention. In all four countries, these two targets account for 40-50% of target-specific education funding. Target 4.4 (job skills) dominates donor priorities in Colombia, while target 4.b (international scholarships) receives the largest share of all target-specific education funding from donors for Côte d'Ivoire. The large total in Côte d'Ivoire was driven primarily by scholarships to study in France.

## Funding for SDG 4 (Education) by Target, 2010-2016



## SDG 4: Education Targets

- 4.1 – Primary and secondary education
- 4.2 – Early childhood education
- 4.3 – Tertiary education
- 4.4 – Job skills
- 4.5 – Equal access to education
- 4.6 – Literacy
- 4.7 – Education for sustainable development
- 4.a – Educational facilities
- 4.b – International scholarships for higher education
- 4.c – Qualified teachers

Slicing target-level education funding only by recipient country (as illustrated in the circular charts) provides an incomplete picture. As seen in the table below, donor preferences for education spending may also play a role in the distribution of financing in these countries. France spent 75% of its education financing on scholarships, while the US spent three-quarters of its education funding on primary and secondary education. Many multilateral development banks, including the Inter-American Development Bank, the African Development Bank, and the World Bank (IBRD), spent the majority of their funding on tertiary education and job skills, while other donors like Japan and Korea spread their financing across a broader range of education targets.

#### How does AidData track funding for specific SDG targets?

AidData's methodology allows individual projects to be coded to either the goal- or target-level based on the detail of information available for a project. For example, a project on education sector reform cannot be linked to any specific target, but would count towards overall SDG 4 financing. A project to increase access to higher education would be coded for target 4.3, focusing on tertiary education.

Financing identifiable by target ranged from 89% of total education funding in Colombia to 74% of education funding in Cambodia, with Rwanda (79%) and Côte d'Ivoire (85%) falling in between.

### Top Donors to SDG 4 (Education) in Case Study Countries

Percentage of Education-Related Funding by Target

Donor	Target											
	4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.a	4.b	4.c	Other*	
Inter-American Development Bank (\$493M)	-	-	-	91.5%	-	-	-	-	-	-	-	8.5%
World Bank (IBRD) (\$337M)	-	-	53.2%	26.1%	-	-	-	-	-	20.7%	-	-
France (\$327M)	8.3%	0.1%	4.3%	7.8%	-	-	-	-	74.5%	0.2%	4.6%	-
Germany (\$226M)	0.2%	0.4%	0.6%	14.8%	0.1%	-	0.4%	3.7%	54.5%	1.3%	23.9%	-
World Bank (IDA) (\$211M)	4.4%	-	21.7%	7.9%	-	-	-	-	5.1%	-	61.0%	-
Korea (\$153M)	7.7%	2.5%	25.6%	20.8%	0.4%	0.1%	-	20.4%	7.2%	0.7%	14.6%	-
United States (\$144M)	74.2%	-	4.8%	2.9%	-	14.4%	0.1%	-	-	-	3.5%	-
Japan (\$142M)	20.1%	0.9%	29.2%	6.6%	0.3%	0.1%	-	9.8%	13.6%	0.5%	18.8%	-
EU Institutions (\$135M)	-	-	-	22.8%	-	-	-	-	-	-	77.2%	-
African Development Bank (ADF) (\$129M)	-	-	-	100.0%	-	-	-	-	-	-	-	-

\*Funds in this category could not be linked to specific education targets.

\*\*Dashes indicate amounts that are <0.01% or 0%.

# Methodology

## Tracking Financing to the Sustainable Development Goals

With a financing gap estimated at up to \$2.5 trillion USD per year<sup>1</sup>, the international community will need to mobilize significant additional funding in order to achieve the SDGs by 2030. Tracking and analyzing this funding in a consistent manner will be central to measuring progress, crowding in resources to priority areas, and helping decision-makers make more informed choices. Unfortunately, current data available on SDG financing are not fit for purpose. Aid reporting systems do not capture sufficient information on the distribution of financing for the SDGs, and even less information exists for other sources of development finance to the SDGs, like South-South cooperation, domestic budgets, and the private sector.

AidData's methodology for tracking financing to the SDGs attempts to fill this gap by providing project-level estimates of contributions to the SDGs (and their associated targets) using development project descriptions. This methodology lets us see where development financing is targeted, allowing comparisons among SDG goals and individual SDG targets.

AidData's first iteration of this methodology, based on a crosswalk with existing aid reporting schemes, was employed for AidData's 2017 flagship report *Realizing Agenda 2030: Will donor dollars and country priorities align with global goals?* and our 2017 brief, *Financing the SDGs in Colombia*. Due to the limitations identified in using existing aid coding schemes to crosswalk financing to the SDGs, AidData has developed a second iteration of the methodology, described below, which employs a direct coding scheme to link development-focused projects directly to the SDGs through an analysis of the text of project descriptions.

### Methodology

This version of AidData's methodology for identifying SDG-relevant financing avoids the intermediate step of a crosswalk with existing aid reporting schemes by having human coders read project descriptions and assign SDG targets directly to the projects. In developing the direct coding methodology, AidData created a codebook with summaries and keywords relevant to each SDG target that were then used as a basis for assigning SDG codes. Student researchers were trained to read and assess development project descriptions, assigning SDG target codes based on the content of the description and its relevance to SDG targets as defined in the codebook.

As part of this process, two research assistants assign SDG target codes to each project independently, taking into account the different fields included in a project's documentation. If the research assistants disagree on the

correct code(s), a senior research assistant or AidData staff member arbitrates the project to determine the final code. Projects can be assigned more than one SDG target, and financing is split evenly among all assigned targets. Quality assurance is carried out at several stages of this process to ensure coding consistency and accuracy.

Coders are instructed to focus on the direct activity described when assigning SDG targets, rather than desired outcomes that could potentially be attributed to an activity. For example, many project descriptions state that an aim of the project is to reduce poverty or reduce hunger. However, the activities described may be more directly related to agricultural productivity or job training. As such, certain targets, like Target 1.2 (by 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions) were assigned to relatively few projects. If a project cannot be assigned an SDG target based on its text, OECD CRS purpose codes are cross-walked where applicable to determine a linkage with the SDGs for projects that appear in the OECD's database.

### Challenges

In developing the direct coding scheme, several outstanding issues have been identified. In some cases, donors give aid in ways that do not map well to SDG targets. For example, many projects focused on the environment include broad project descriptions that are not easily linked to specific environmental SDGs or targets. Other donors give few details about their projects, preferring to describe projects via general categories that cannot be linked to any specific SDG. Additionally, budget assistance and other general aid by its nature cannot be consistently linked to specific areas of the SDGs agenda.

Another key challenge is due to the interrelated nature of the SDG targets themselves, which makes tracking discrete project amounts to individual SDG targets difficult. While progress on one target may reinforce progress on other targets, for the purpose of tracking finance to the targets, it seems unreasonable to assume that project interventions will have their intended effects. Whether progress spills over to other targets is an empirical question that will be more easily answered further into the SDGs era.

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1. "World Investment Report 2014." United Nations Conference on Trade and Development (UNCTAD) World Investment Report (WIR), 2014.



# About AidData

## **Mission**

AidData is a research lab housed in the Global Research Institute at William & Mary. We equip policymakers and practitioners with better evidence to improve how sustainable development investments are targeted, monitored, and evaluated. We use rigorous methods, cutting-edge tools and granular data to answer the question: who is doing what, where, for whom, and to what effect?

## **Vision**

We live in an age of informational abundance. But decision-makers need help finding the signal in the noise—to target their resources where they can do the most good, to monitor progress over time, and to evaluate what works, what doesn't, and why. By 2020, we want to see a cohort of leading development organizations make better-informed decisions at multiple stages of their programming cycles—from design and implementation to monitoring and evaluation—with rigorous methods, cutting-edge tools and granular data.

## **Our Work with Sustainable Development Data**

We help our partners improve how sustainable development investments are targeted—geographically and demographically—in order to translate resources into results.

We develop cutting-edge methods to pinpoint with greater accuracy which (vulnerable) groups of people stand to benefit most and least from specific development investments. We also monitor progress over time within these disadvantaged localities and demographic cohorts to ensure that no one is left behind.

Using these 'last mile' targeting methods, we help international development organizations more efficiently allocate resources to hard-to-detect pockets of need and opportunity.

## About AidData

AidData is a research lab at William & Mary's Global Research Institute. We equip policymakers and practitioners with better evidence to improve how sustainable development investments are targeted, monitored, and evaluated. We use rigorous methods, cutting-edge tools and granular data to answer the question: who is doing what, where, for whom, and to what effect?

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