EVALUATION OF THE LEVEL OF SUSTAINABLE DEVELOPMENT THROUGH THE PRISM OF FINANCIAL INSTRUMENTS FOR ITS PROMOTION

Ph.D. Student, Eduard KENIG
Academy of Economic Studies of Moldova
E-mail: editlv@mail.ru
Prof. Dr. Hab., Angela SECRIERU
Academy of Economic Studies of Moldova
E-mail: secrieru.angela@ase.md

Abstract: *The present article examines the relationship between the financial instruments meant to stimulate sustainable growth and the level of meeting Sustainable Development Goals (SDGs). The urgency of the research is argued by the recognition of the sustainable development concept on a large scale on the global level. To consolidate the quality of the analysis and conclusions, there were selected several countries that are relatively small in terms of their territory, similar to the Republic of Moldova and Israel, and fall into different categories in terms of the amount of income per capita. Having applied a number of research methods, like scientific abstraction, induction, deduction, analysis and synthesis, it can be concluded that the EU member states demonstrate the highest level of achieving SDG, the Republic of Moldova, Armenia and Albania being much below the level of the EU member states, whereas Israel occupies an intermediary position between these two categoroes of countries. Insufficient and inefficient financing represents one of the major reasons explaining these developments. The article emphasizes the importance of reconsidering public finance, financial system, formal international financial assistance, direct investment, philanthropic donations in the Republic of Moldova through the prism of stimulating sustainable development.*
Keywords: *sustainable development, financing, public finance, financial instruments, sustainable development goals, financial system.*
JEL Classification: *G20, H2, O10.*

1. Introduction

The concept of sustainable development became a recognized objective on a large scale on the global level according to the *Brundtland Report* entitled ”*Our Common Future*”*,* which was presented in 1987 at the United Nations World Commission on Environment and Development [11].

In 1992, the United Nations Conference on Environment and Development in Rio de Janeiro, in the Rio Declaration on the Environment and Development, defines sustainable development as ”the development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs” and outlines fundamental dimensions of durable development: social, economic and environmental ones [10].

At the *Millenium Summit* in September 2000, which took place at the UN headquarters in New York, the Millenium Declaration was adopted, which includes eight Millenium Development Goals for the reduction of extreme poverty by 2015 [13].

The World Summit on Sustainable Development in Johannesburg in 2002 specifies the content of each of the components of sustainable development [12]. Thus, the economic component focuses on the constant economic growth, which is considered as a necessary condition for the continuous improvement of social welfare. The environmental component refers to respecting ecosystem limits for maintaining a stable productive base, ensuring protection and quality of natural resources, to prevent their excessive exploitation and diminishing their quality, as well as for biodiversity protection. The social component is basically concentrated on ensuring equality of generations and within generations, on social integration and cohesion, civic participation, social mobility and respect for cultural diversities. These three components are interconnected in the following way: the economic dimension of development represents a means for serving its social dimension, which is the purpose of sustainable development, whereas the environmental dimension is the basis for sustainable development.

At the UN Conference on sustainable development („Rio + 20”) in 2012, the way to Agenda 2030 was opened.

Agenda 2030 was adopted on 25 September 2015 at a UN special summit, which defined a set of 17 Sustainable Development Goals (SDGs), 169 targets and over 230 indicators [14].

For the implementation of the sustainable development goals it is necessary to harmonize and interconnect all the promotion and implementation instruments, especially the financial ones.

In this respect, *the Action Agenda of the third international conference on financing for development in Addis Abeba* emphasizes the importance of cohesive sustainable development strategies, assumed on the national level and supported by the integrated national financing bodies [7]. Every country bears the main responsibility for its economy and society. At the same time, national development efforts should be supported by a favorable international economic environment, including the cohesive global commercial, monetary and financial systems, which are reciprocally supported, as well as by a consolidated and improved global economic governance [3; 6].

2. The specifics of sustainable development in small countries.

To consolidate the quality of the analysis and conclusions made in the present paper, the authors selected several countries which, being relatively small in terms of their surface area, like the Republic of Moldova and Israel, fall into different categories in terms of the amount of income per capita (table 1). Thus, as a basis for drawing comparisons, the following countries were chosen: Estonia, Denmark, Belgium, Israel and Slovenia (from the group of high income countries); Moldova, Armenia and Albania (from the group of upper middle income countries) and Rwanda (from the group of low income countries). Simultaneously, considering the prospects of the Republic of Moldova as a candidate country for joining the EU, there were selected the EU member states that are post-socialist countries as well (Estonia and Slovenia), and Albania, which, like the Republic of Moldova, has the status of a EU candidate country.

Table no 1. The general characteristic of the countries selected to be evaluated from the perspective of sustainable development, 2022

	Surface area (sq. km)	Population		GDP (current US$)		Gross capital formation (current US$)	
		thousands of people	in % of the total population by the category of countries it belongs to	millions	in % of the total GDP by the category of countries it belongs to	millions	in % of the gross capital formation by the category of countries it belongs to
Estonia	54,340	1,349	0.11	38,101	0.06	11,527	0.08
Denmark	42,920	5,903	0.47	400,167	0.65	95,562	0.66
Moldova	33,850	2,539	0.09	14,508	0.05	3,751	0.04
Belgium	30,530	11,686	0.94	583,436	0.95	158,332	1.09
Armenia	29,740	2,780	0.10	19,513	0.06	4,222	0.04
Albania	28,750	2,778	0.10	18,916	0.06	4,449	0.04
Rwanda	26,340	13,777	1.96	13,311	2.52	3,341	3.07
Israel	22,070	9,558	0.77	525,002	0.85	141,476	0.97
Slovenia	20,480	2,112	0.17	60,063	0.10	14,584	0.10

Source: made by the authors on the basis of the World Bank's information. Available at: https://data.worldbank.org/indicator.

The level of sustainable development of the countries included in the analysis has been evaluated on the basis of the Global indicator framework for SDGs and the targets of the 2030 Agenda for Sustainable Development[1].

Table no 2. Indicators serving as a basis for evaluating the Sustainable Development Goals

SDG	Indicators serving as a basis for evaluating the Sustainable Development Goal
Goal 1: No poverty	1. The percentage of employees and their families living on less than $1.90 per person a day; 2. The proportion of the population living below the extreme poverty line.
Goal 2: Zero hunger	1. The proportion of the population suffering from hunger; 2. The proportion of adults experiencing moderate or severe food insecurity.
Goal 3: Good health and well-being	1. Maternal mortality rate; 2. The mortality rate of children under the age of 5 years old.
Goal 4. Quality education	1. The rate of participation in pre-school/primary education one year ahead of the official primary school entry age; 2. The proportion of primary schools with the internet access for pedagocial purposes.
Goal 5. Gender equality	1. The proportion of seats occupied by women in parliamentary bodies.
Goal 6. Clean water and sanitation	1. The percentage of the population using drinking water supply services provided in safe conditions; an improved indoor source, accessible on demand and free of contamination; 2. The percentage of household wastewater treated in safe conditions.
Goal 7. Affordable and clean energy	1. The proportion of the population with access to electricity; 2. The proportion of the population using non-polluting fuels and technologies; 3. The share of renewable energy in the total energy consumption.

[1] The Global indicator framework was approved by the UN General Assembly Resolution of July 2017 and was updated in 2022.

Goal 8. Decent work and economic growth	1. The annual growth rate of real GDP per employed person; 2. The share of informal employment; 3. The total unemployment rate; The share of the young who neither study nor work.
Goal 9. Industry, innovation, and infrastructure	1. Added value in the manufacturing industry as a share of GDP; 2. The share of small enterprises that benefit from a loan or a credit line; 3. Research and development expenses as a percentage of GDP; 4. The share of medium and high technology industry in the total value added.
Goal 10. Reduced inequalities	1. The proportion of the people living on the amount below 50% of the average inclome; 2. The proportion of the population that reported feeling discriminated; 3. The share of labor force in GDP, including salaries and social benefits.
Goal 11. Sustainable cities and communities	The proportion of the urban population living in slums.
Goal 12. Responsible consumption and production	1. The amount of hazardous waste generated per person; 2. The share of pre-tax fossil fuel subsidies (consumption and production) in GDP.
Goal 13. Climate action	1. Evaluating the adoption and application of national risk reduction strategies, including disaster risks.
Goal 14. Life below water	1. The average proportion of key marine zones; biodiversity covered by the protected areas.
Goal 15. Life on land	1. The share of plots of land covered with forests.
Goal 16. Peace, justice and strong institutions	1. The bribery prevalence rate; 2. The percentage of companies having faced at least one bribe request; 3. Primary public expenses as a percentage of the budget which was initially approved.
Goal 17. Partnerships for the goals	1. Total public revenues as a share of GDP; 2. The flow of direct foreign investment; 3. Remittances as a percentage of total GDP.

Source: made by the authors on the basisof *the Global indicator framework for the Sustainable Development; Goals and targets of the 2030 Agenda for Sustainable Development*. Available at: https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%202022%20refinement_Eng.pdf

At the same time, from this indicator framework, there were selected only the indicators that have value coverage for all the countries included in the analysis. Consequently, there was made table 2, representing the list of indicators that served as a basis for evaluating each SDG for the countires included in the research.

The way of evaluating the extent of meeting the targets meant for SDG by the countries under analysis is presented on the basis of the Sustainable Development Goal 8, which is "promoting inclusive and sustainable economic growth, full and productive employment and decent work for all" (table 3).

Table no 3. The level of meeting Sustainable Develpment Goal 8: Decent work and economic growth on the level of the selected countries.

	Estonia	Denmark	Moldova	Belgium	Armenia	Albania	Rwanda	Israel	Slovenia
Annual growth rate of real GDP per employed person	↓ from 12.0% in 2000 to 2.2% in 2022	↓ from 3.3% in 2000 to 0.0% in 2022	↓ from 0.2% in 2000 to 9.2% in 2022	↑ from 0.2% in 2000 to 0.3% in 2022	↑ from 6.1% in 2000 to 6.8% in 2022	↓ from 5.4% in 2000 to 2.3% in 2022	↓ from 4.4% in 2000 to 4.1% in 2022	↓ from 5.3% in 2000 to 2.3% in 2022	2022: 3.6%
Share of informal employment	↑ from 6.7% in 2007 to 9.1% in 2021	↓ from 8.1% in 2007 to 7.6% in 2019	↓ from 100.0% in 2000 to 57.2% in 2021	↓ from 7.1% in 2007 to 3.2% in 2021	↓ from 51.2% in 2008 to 49.3% in 2020	↓ from 66.6% in 2012 to 56.7% in 2019	↑ from 84.3% in 2017 to 87.1% in 2021	-	↑ from 4.0% in 2007 to 7.7% in 2021
Total unemployment rate	↓ from 13.4% in 2000 to 6.2% in 2021	↑ from 4.5% in 2000 to 5.1% in 2021	↓ from 8.5% în 2000 to 0.8% in 2021	↓ from 6.6% in 2000 to 6.3% in 2021	↑ from 9.8% in 2007 to 12.2% in 2020	↑ from 4.6% in 2002 to 11.5% in 2019	↑ from 11.9% in 2017 to 15.8% in 2021	↓ from 11.1% in 2000 г. to 5.0% in 2021	↓ from 6.9% in 2000 to 4.7% in 2021
Share of the young who neither study nor work	↓ from 12.1% in 2003 to 10.9% in 2021	↑ from 5.4% in 2003 to 7.1% in 2021	↓ from 24.9% in 2000 to 13.6% in 2021	↓ from 8.6% in 2004 to 7.4% in 2021	↓ from 40.5% in 2009 to 26.1% in 2020	↓ from 41.8% in 2002 to 25.8% in 2019	↑ from 25.6% in 2017 to 29.1% in 2021	↑ from 15.4% in 2012 to 16.8% in 2021	↓ from 8.0% in 2003 to 6.6% in 2021

Source: made by the authors on the basis of the information from the UN's database regarding the indicators related to SDG. Available at: https://unstats.un.org/sdgs/dataportal/countryprofiles.

Note: Indicator values and their evolution were evaluated on the basis of the following variation ranges:

(green)	positive evolution / high level	(light pink)	negative evolution / negative level
(yellow)	neutral evolution / satisfactory level	(dark pink)	extremely negative evolution / extremely negative level

The values of the indicators characterising these SDGs have been taken from the UN's database related to the sustainable development.

Depending on the evolution of the values of the selected indicators, the tendency of this evolution has been identified and presented (positive, neutral, negative, and extremely negative evolution) by assigning a certain color, as it is explained in the note under table 3.

As it can be seen from this analysis, the Republic of Moldova records extremely unfavorable developments on ”Annual growth rate of real GDP per employed person” and ”Share of informal employment”. The reasons determining the direction of the first indicator are mostly connected to the Covid-19 pandemic crisis, energetic crisis, and the impact of the war in Ukraine. As to the second indicator, informal employment represents a complex problem for Armenia and Albania, which are both post-socialist countries, as well as for Rwanda.

Although the Republic of Moldova records a positive evolution on ”Total unemployment rate”, these favorable dynamics do not reflect the real situation on the national employment market, the occupation rate being very low.

As regards the indicator ”Share of the young who neither study nor work” the identified tendency suggests the conclusion about a negative evolution in the Republic of Moldova, and extremely negative dynamics in Armenia, Albania, Israel, and Rwanda.

As a result, on the basis of the conclusions made, the level of achievement of Sustainable Development Goal 8 has been appreciated as extremely negative.

Table no 4. Summative evaluation of the level of achievement of Sustainable Development Goals on the level of the selected countries

Sustainable Development Goal	Estonia	Denmark	Moldova	Belgium	Armenia	Albania	Rwanda	Israel	Slovenia
Goal 1: No poverty									
Goal 2: Zero hunger									
Goal 3: Good health and well-being									
Goal 4. Quality education	-								
Goal 5. Gender equality									
Goal 6. Clean water and sanitation									
Goal 7. Affordable and clean energy									
Goal 8. Decent work and economic growth									
Goal 9. Industry, innovation, and infrastructure									
Goal 10. Reduced inequalities									
Goal 11. Sustainable cities and communities									
Goal 12. Responsible consumption and production									
Goal 13. Climate action									
Goal 14. Life below water			-		-		-		
Goal 15. Life on land									
Goal 16. Peace, justice and strong institutions								-	
Goal 17. Partnerships for the goals									

Source: made by the authors on the basis of the information from the UN's database regarding the indicators related to SDGs. Available at: https://unstats.un.org/sdgs/dataportal/countryprofiles.

Note: Indicator values and their evolution were evaluated on the basis of the following variation ranges:

	positive evolution / high level		negative evolution / negative level
	neutral evolution / satisfactory level		extremely negative evolution / extremely negative level

Similar evaluations were made on the level of other SDGs, the obtained results being synthesized in table 4. Consequently, the Republic of Moldova recorded positive results on achieving SDG 1 – No poverty. The greatest failures were reported in connection with SDG 2 – Zero hunger; SDG 6 – Clean water and sanitation; and SDG 8 – Decent work and economic growth.

For the most part, developments comparable to those in the Republic of Moldova were also recorded by Armenia și Albania. Israel and EU countries demonstrated much better performances as compared to the countries demonstrating their aspirations for European integration. Rwanda, a small country in east-central Africa tackles complicated prolems and challenges, which explains negative developments of SDGs on the level of this country.

The ambitious content of SDGs and relatively limited progress recorded in the countries with low and medium income per capita included into the analysis suggests the conclusion about the need for extraordinary efforts that should be applied both on the level of these countries and on the level of the international community, including the increase of official assistance. The national authorities should follow a very ambitious program of reforms to ensure the long-term growth, mobilize internal revenues and improve asset management in the public sector [5]. In this regard, the problem associated with the SDG financing represents an area of primary importance [8].

3. Financial tools for promoting and accomplishing Sustainable Development Goals

Financial aspects associated with sustainable development can be evaluated through the prism of some indicators [4] that, depending on the Sustainable Development Goals, can be grouped into the following two categories:

a) indicators reflecting the country's direct financial effort to implement sustainable development; and

b) indicators expressing external financial aid and assistance received by some countries, as a rule, poor and developing ones, with the purpose of achieving the level provided by sustainalbe development.

As it can be noticed in table 5, which reflects financial aspects of sustainable development goals, the first category includes the following:

- indicators characterising the contribution of public finance to the country's sustainable development. This group includes the indicators that measure the financial position expressed by:
- public expenditures (absolute and relative value, especially, the proportion of some expenditure articles in the total amount of public expeditures, the proportion of some expenditure articles in GDP, public expenditures related to some expenses per capita, etc.);
- public revenues (absolute and relative value, sources etc.);
- variables related to the fiscal policy (e.g. the redistributive impact of fiscal policy, debt service as a proportion of exports of goods and services);
- indicators characterizing the contribution of the financial system to the country's sustainable development. This group includes indicators measuring the financial positition expressed by:
- parametres of financial inclusion (for example, the number of bank branches per 100 thousand adults, etc.)

- indicators of financial soundness. With the help of these indicatods, it is possible to monitor the financial factor solidity from a macroprudential point of view, the following aspects being targeted: capital adequacy, asset quality, cost effectiveness, liquidity and market risk on the level of financial institutions and on the level of the financial system;
• indicators characterizing the contribution of obtained financial resources, in the form of transfers, to the country's sustainable development. This group includes indicators measuring the financial positition expressed by:
- indicators regarding remittances (for example, the volume of remittances as proportion from GDP, the costs of remittance as a proportion from the amount sent, etc.)
• indicators characterizing the mobilization of resources from all the sources to finance Sustainable Develoment Goals. This group includes:
- generated income and mobilized finances from the relevant economic instruments for biodiversity.

The second category includes the indicators related to the official assistance for development and is connected to: decreasing poverty (SDG 1); the agricultural sector (SDG 2); scholarships (SDG 4); clean water and sanitation (SDG 6); research and development in the field of clean energy and renewable energy products (SDG 7); infrastructure (SDG 9); development, direct foreign investment and other flows (SDG 10); conservation and sustainable use of biodiversity (SDG 15).

Table no 5. Financial dimension of the Sustainable Development Goals

Goal 1: No poverty	The proportion of public spending destined for essential social services (education, health, social protection) in the total of public expenditures; Social public expenditures destined for the poor
Goal 2: Zero hunger	The agriculture orientation index for public expenditures; Subsidies for exporting agricultural products
Goal 4. Quality education	The volume of official assistance flows for the development of scholarships, by sectors and types of studies
Goal 6. Clean water and sanitation	The volume of official assistance for the development related to water and sewage which is part of government-coordinated expenditure plan
Goal 7. Affordable and clean energy	International financial flows to the developing countries meant to support research and development in the field of clean energy and renewable energy production, including in hybrid systems
Goal 8. Decent work and economic growth	The number of commercial bank branches per 100.000 of adults and the number of ATMs per 100.000 of adults; The proportion of adults (15 years old and more) having an account in a bank or another financial institution or at a mobile money service provider
Goal 9. Industry, innovation, and infrastructure	The proportion of small industries having a loan or a credit line; Research and development expenses as a proportion of GDP; Official assitance for development plus other official flows for the infrastructure
Goal 10. Reduced inequalities	The redistributive impact of fiscal policy; Indicators of financial soundness; Remittance costs as a proportion of the amount sent
Goal 11. Sustainable cities and communities	Total expenses per capita for preservation, protection and conservation of the entire cultural and natural heritage, depending on the source of financing (public, private), the heritage type (cultural, natural) and the government level (national, regional, and local/municipal)
Goal 12. Responsible consumption and production	The value of fossil fuel subsidies (production and consumption) per GDP unit
Goal 15. Life on land	The official development assitance regarding conservation and sustainable usage of biodiversity; The generated revenues and mobilized financing from the economic sources relevant to diversity
Goal 16. Peace, justice and strong institutions	The total value of illicit incoming and outcoming financial flows (in current US dollars); Primary public expenses as a proportion from the initial approved budget, by sectors (or by budgetary sectors or similar things)
Goal 17. Partnerships for the goals	Total public revenues as a GDP proportion, by sources; The proportion of the public national budget financed by internal taxes; Supplementary financial resources mobilized for the developing countries from multiple sources; Remittance volume (in US dollars) as a proportion of the total GDP; Debt service as a proportion of exports of goods and services

Source: made by the authors on the basis of *Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development*. Available at: https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%202022%20refinement_Eng.pdf

Next, there is evaluated the contribution of the quality of financing to the achievement of the Sustainable Development Goal ”Building a resilient infrastructure, promoting inclusive and sustainable industrialization, and encouraging innovation” (SDG 9) for the case of the Republic of Moldova as compared to other relatively small countries and some countries that are also candidates to joining the EU. Global goal 9 was chosen for the reason that the Republic of Moldova has recorded an unfavorable result in respecting the provisions related to it.

SDG 8 integrates eight specific targets. Out of them, the first five represent result targets: development of durable, resistant and accessible infrastructure; promoting sustainable industrialization from the social and economic point of view; extending the access to financial services and markets for all enterprises; modernization and durability of industrial sectors; the increase of innovation, research and development grade. The other three are just the means for achieving the targets.

As regards SDG 9, there is a number of financial instruments contributing to its achievement, the following being among them: access to bank loans, their financing from the national public budget, external official financial assistance for the infrastructure, etc.

The evolution of the Republic of Moldova in terms of this SDG is evaluated as being negative (table 4), the best results being recorded by the EU countries (Estonia, Denmark, Belgium, and Slovenia). One of the reasons explaining this unfavorable course is the access of small industries to bank loans. Thus, as shown in table 6, the Republic of Moldova has the poorest performance among the countries under analysis: only 7.3% of small industries benefited from bank loans in 2019. Moreover, there is a tendency of continuous decrease of these industries' access to bank financing.

Table no 6. Proportion of small industries having at least one loan or credit line (%)

	2009	2013	2019	2023
Moldova	48.56	34.87	7.3	-
Estonia	51.67	42.47	38.32	-
Georgia	32.4	35.76	37.96	42.7
Albania	37.37	21.41	20.89	-

Source: made by the authors on the basis of the World Bank Enterprise Surveys. Available at: https://www.enterprisesurveys.org/

The same negative trend characterises the evolution of financing expenses on research and development from public budgetary sources in the Republic of Moldova. As it can be seen in figure 1, the Republic of Moldova and Georgia record the lowest amount of public expenditures on research and development in relation to GDP (0.2%). For comparison, regarding this indicator, Israel reached the value of 5.6% of GDP in 2021, Denmark – 2.8%, Estonia – 1.8%. The high level of financing expenses on research and development correlates positively with a higher level of innovation, modern technologies, competitive products, work places, facilitation of international commerce, efficient use of resources, etc.

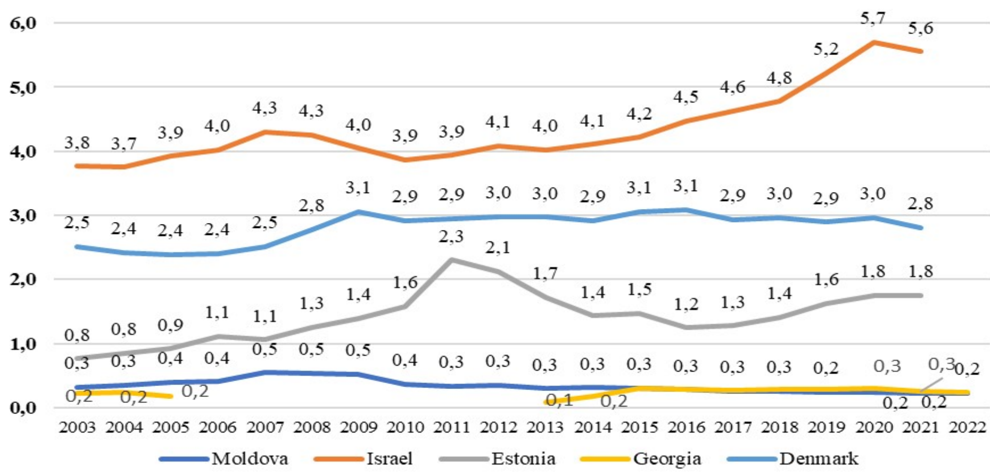
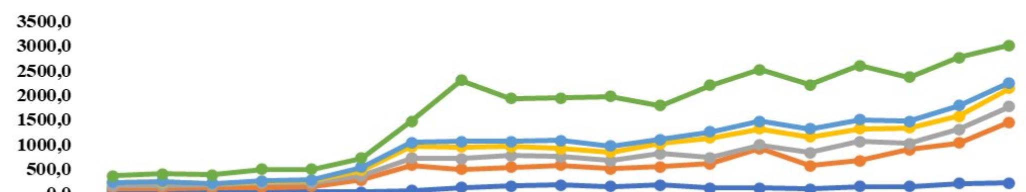


Figure no 1. Public spending on research and development as a proportion of GDP (%)
Source: made by the authors on the basis of the information from UNECE statistical database. Available at: https://w3.unece.org/SDG/en/Indicator?id=123

Negative evolutions are also characteristic of official development assistance (ODA) that the Republic of Moldova benefited from in the period 2002 – 2021 to develop its infrastructure. In this context, we would like to mention that ODA includes both debt-generating financial flows (for example, concessional loans for projects) and those that do not generate any debt (for example, grants).

As it is suggested in figure 2, among the countries under consideration, Montenegro and the Republic of Moldova recorded the lowest volume of financial flows obtained from external financial assistance.



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Serbia	129,7	153,9	177,0	233,2	216,6	184,4	436,2	1243,	876,2	870,4	1010,	686,4	944,6	1046,	897,7	1107,	899,6	977,2	756,8
Montenegro	2,3	9,5	0,3	19,2	14,6	65,4	78,8	106,5	104,1	160,5	123,5	77,6	121,6	152,8	158,6	182,6	136,2	215,4	108,0
Armenia	70,9	75,3	30,2	24,7	48,4	116,3	237,8	243,3	185,5	170,3	175,1	211,2	407,1	329,8	326,9	259,8	311,9	275,7	371,4
Albania	51,4	61,5	63,1	91,6	73,8	75,1	142,1	216,8	231,4	171,6	157,4	263,9	121,8	73,9	267,1	390,5	129,2	277,4	318,6
Georgia	70,1	67,7	74,2	98,6	113,9	252,0	516,5	370,3	388,5	403,5	366,4	376,5	491,8	794,8	472,5	516,2	743,6	813,4	1234,
Moldova	32,1	30,5	33,5	23,3	23,8	23,7	55,7	116,0	146,6	168,7	138,2	166,6	110,6	112,6	86,1	143,7	144,7	206,4	215,3

Figure no 2. Total of the foreign official financial flows for infrastructure, by beneficiary countries (in millions of American dollars at their constant 2021 value)

Source: made by the authors on the basis of the information from the UN's database on indicators related to SDGs. Available at: https://unstats.un.org/sdgs/dataportal/countryprofiles.

Besides the modest volume of foreign official assistance destined for infrastructure, the Republic of Moldova, as compared to other countries included in the analysis, demonstrates a very slow growth rhythm of this assistance.

In this context, taking into account the fact that: i) official development assistance (ODA) is considered one of the most important means of applying financing for development; ii) developing countries with small revenues and countries with medium revenues are eligible for ODA[2], the Republic of Moldova must itensify its efforts to increase the efficiency of this instrument of SDG financing [1; 2].

For this reason it is necessary to efficiently manage foreign official assistance, including providing ODA transparency; to update the electronic platform of external official assistance management; to improve communication with society as regards external assistance; consolidate institutional framework (respective subdivisions from the State Chancellery and Ministry of Finance), as well as conceptual and methodological framework (looking into political conditionality and its correlation with ODA quality) of external official assistance, adjusting ODA in the modern geopolitical context.

4. Conclusions

Additional internal financial resources supplemented by international assistance are essential for accomplishing sustainable development and achieving sustainable development goals.

At the same time, limited fiscal space determined by the results of a number of concesutive and concomitant crises has tested out public finance in the Republic of Moldova.

Considering the specifics of modern economic, social and political context the Republic of Moldova is in, with the purpose of providing sustainable growth, it is necessary to consolidate the administration of revenues through modernizing the national fiscal system, to improve fiscal policy, to make tax collection more efficient. At the same time, for the purpose of accountability of public finance and increase of public resources efficiency from the perspective of accomplishing SDGs, it is necessary to provide absolute transparency of public expenditures, public procurement and budgets on all the public administration levels. Public spending must be necessarily connected to the performance and regularly reevaluated.

From the perspective of accomplishing SDGs, it is necessary to improve the national fiscal system's equity, transparency, efficiency and efficacy, including through the expansion of the tax base and through continuing efforts of integration of the informal sector into the formal economy, according to national circumstances.

An important role in expanding the funding of the objectives of sustainable development should be played by a full and equal access of everybody to financial services. In this respect, it is important to develop the Strategy of financial inclusion on the national level, having consultations with the relevant interested stakeholders. Financial inclusion must be taken into consideration as a political objective in financial regulating.

Sustainable development needs encouraging the use of innovative instruments, including mobile bank services, payment platforms and digitalized payments.

It is necessary to expand the contribution of migrants to inclusive growth and sustainable development in the Republic of Moldova.

It is required to strengthen international cooperation to support the efforts to consolidate the capacities of central and local public administration authorities related to official development assistance management.

International practice emphasizes the importance of philanthropic donations and considerable financial and non-financial contribution of philanthropists to SDG accomplishment. In this respect, philanthropic donors' flexibility and their capacity to innovate and assume risks are appreciated, as well as their capacity to mobilize supplementary funds through partnerships with a greater number of the parties concerned.

To meet long-term financing needs some effort must be made for the development of the internal capital market, especially long-term bond and insurance market. We would like to emphasize the fact that regional markets represent an efficient way to achieve economies of scale, which cannot be achieved when individual markets are small.

There is a need for considerable increase of the contribution that direct investments, including foreign direct investments, can make to sustainable development.

References:

1. Benedek, D., Gemayel, E., Senhadji, A. and Tieman, A., 2021. *A Post-Pandemic Assessment of the Sustainable Development Goals*. IMF. [online] Available at: <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2021/04/27/A-Post-Pandemic-Assessment-of-the-Sustainable-Development-Goals-460076> [Accessed 15 April 2024].

2. European Commission, 2024. *High-Level Expert Group on scaling up sustainable finance in low- and middle-income countries. Mandated by the European Commission. Final Recommendations.* [pdf] Available at: <https://international-partnerships.ec.europa.eu/document/download/b5b4ed83-ff82-4684-b301-bf5e4dcd1f28_en?filename=hleg-final-recommendations-april-2024_en.pdf> [Accessed 15 April 2024].

3. European Commission, 2024. *High-Level Expert Group on scaling up sustainable finance in low- and middle-income countries. Mandated by the European Commission. Final Recommendations: Executive Summary*. [pdf] Available at: <https://international-partnerships.ec.europa.eu/document/download/8ee7b538-68b1-47a5-9b48-81c6495d8b96_en?filename=hleg-final-recommendations-april-2024-executive-summary_en.pdf> [Accessed 15 April 2024].

4. IMF, 2019. *Financial soundness indicators compilation guide.* Washington, DC: International Monetary Fund. Revision of the 2006 FSI Guide. [online] Available at: <https://data.imf.org/?sk=51b096fa-2cd2-40c2-8d09-0699cc1764da> [Accessed 15 April 2024].

5. PNUD, 2023. Raportul de progress privind implementarea Agendei 2030 pentru Dezvoltare Durabilă. 2023. Programul Națiunilor Unite pentru Dezvoltare (PNUD), Fondul Națiunilor Unite pentru Populație. Chișinău. [pdf] Available at: <https://cancelaria.gov.md/sites/default/files/raport_de_progres_odd_2023_vf_15_09_2023_final.pdf> [Accessed 15 April 2024].

6. Sachs, J.D., Lafortune, G., Fuller, G. and Drumm, E., *2023. Implementing the SDG Stimulus. Sustainable Development Report 2023.* Dublin University Press Dublin, Ireland.

7. UN, 2015. *Financing for development. Addis Ababa Action Agenda of the Third International Conference on Financing for Development*. Addis Ababa, Ethiopia. [pdf]

Available at: <https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf> [Accessed 15 April 2024].
8. UN, 2023. *Financing for Sustainable Development Report 2023: Financing Sustainable Transformations*. New York. [pdf] Available at: <https://financing.desa.un.org/iatf/report/financing-sustainable-development-report-2023> [Accessed 15 April 2024].
9. UN, 2020. *Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development*. [pdf] Available at: <https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%202022%20refinement_Eng.pdf> [Accessed 15 April 2024].
10. UN, 1992. *Rio Declaration on environment and development*. Report of the UN Conference on environment and development. UN General Assembly. A/CONF.151/26, Vol. I. [pdf] Available at: <https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_CONF.151_26_Vol.I_Declaration.pdf> [Accessed 15 April 2024].
11. UN, 1987. *Report of the World Commission on Environment and Development: Our Common Future*. UN. The World Commission on Environment and Development. [pdf] Available at: <https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf> [Accessed 15 April 2024].
12. UN, 2002. *Report of the World Summit on Sustainable Development*. Johannesburg, South Africa, 26 August – 4 September UN. New York. [pdf] Available at: <https://documents.un.org/doc/undoc/gen/n02/636/93/pdf/n0263693.pdf?token=HAVzeqgMVNhrzhbYvE&fe=true> [Accessed 15 April 2024].
13. UN, 2000. *Resolution adopted by the General Assembly: 55/2. United Nations Millennium Declaration*. UN General Assembly. [pdf] Available at: <https://documents.un.org/doc/undoc/gen/n00/559/51/pdf/n0055951.pdf?token=yz3Kbp3ozX8HARE83c&fe=true> [Accessed 15 April 2024].
14. UN, 2015. *Resolution adopted by the General Assembly on 25 September 2015: 70/1. Transforming our world: the 2030 Agenda for Sustainable Development*. UN General Assembly. [pdf] Available at: <https://documents.un.org/doc/undoc/gen/n15/291/89/pdf/n1529189.pdf?token=Yup6nqWXtniC0ihVdw&fe=true> [Accessed 15 April 2024].