



FAD Long-term Macroeconomic Framework for Development Financing Strategies

**TOKYO FISCAL FORUM
JULY 23, 2022**

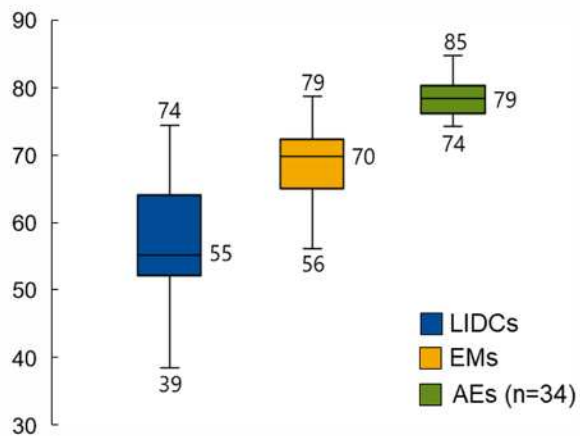
Dora Benedek



Fiscal Affairs Department, IMF

Context

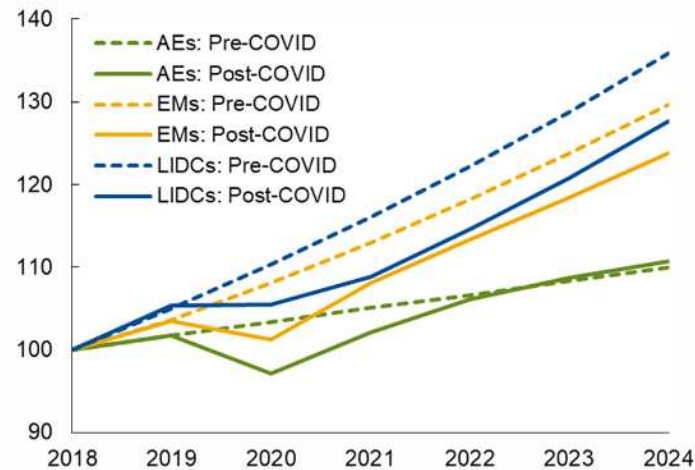
SDG Composite Index, 2020
(Range: 0-100)



Source: 2020 SDG Index and Dashboard Reports

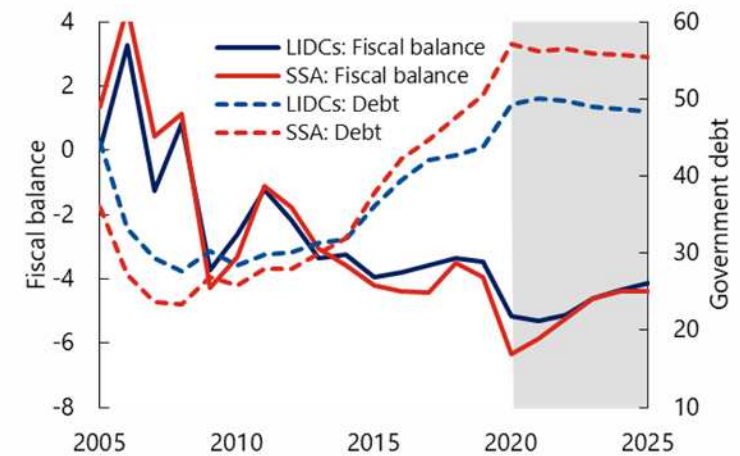
Note: The SDG Index aggregates data on individual SDGs into a composite index. The Index is based on pre-COVID19 data. Plots exclude extreme values for EMs and AEs.

Real Growth Rates, 2018-2024
(Percent of 2018 GDP)



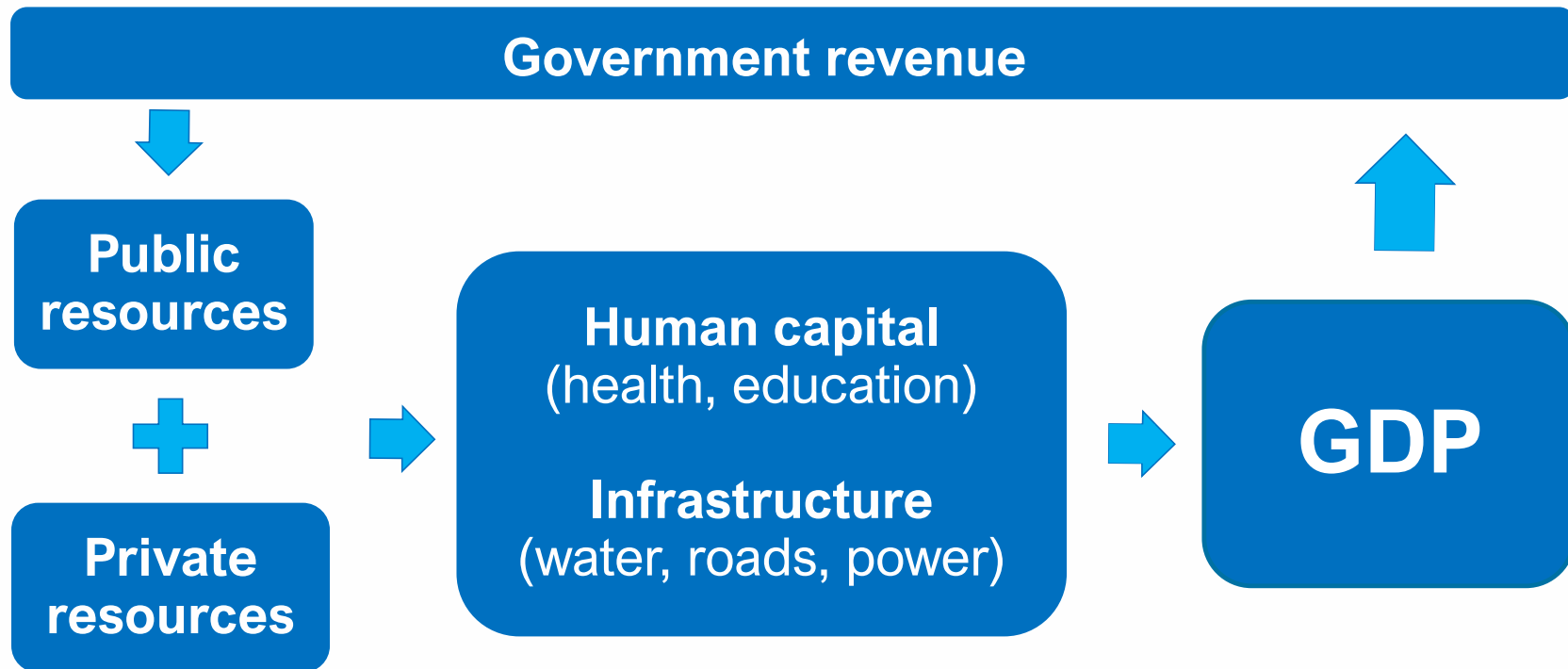
Source: IMF, World Economic Outlook

Fiscal Balance and Government Debt
(Percent of GDP, weighted average)



Source: IMF, World Economic Outlook

The Macroeconomic Framework



Policies to Advance Development

Public policies to advance the development agenda

**Pro-growth
structural
reforms**

**Domestic
revenue
mobilization**

**Policies to spur
private
investment**

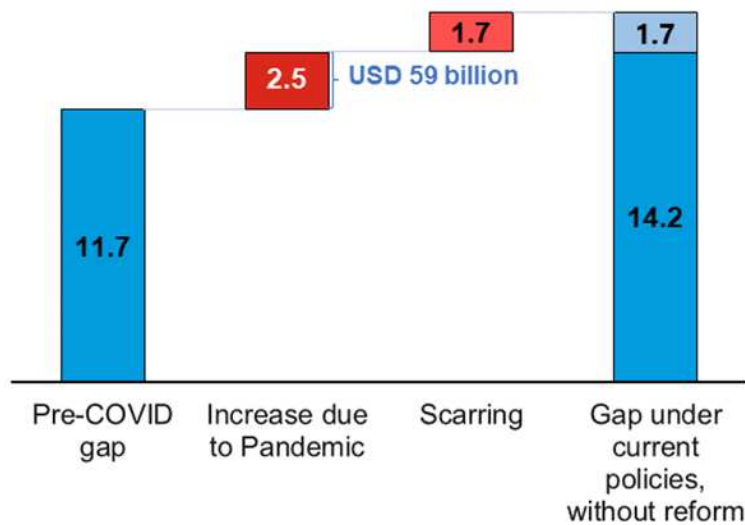
+ Donor support

Application of the framework

- The framework can help address several types of questions:
 - What does a realistic path toward the SDGs look like?
 - What would it take a specific country to achieve the SDGs by 2030?
 - How big is the remaining gap to meet SDGs?
 - Under current policies, what is a realistic development path? How many years are SDGs delayed?
 - What is the role for the public and private sectors and international community?
 - What are the tradeoffs from different forms of financing?
 - How should spending across sectors be prioritized?
 - What is the long-term impact of an economic shock or economic scarring?

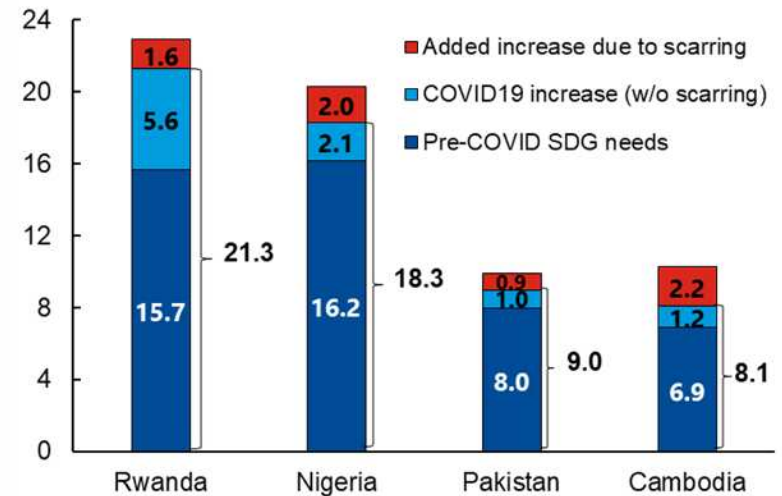
The Impact of the Pandemic

Post-COVID Financing Needs
(Percent of GDP per year)



Source: Benedek et al, 2021

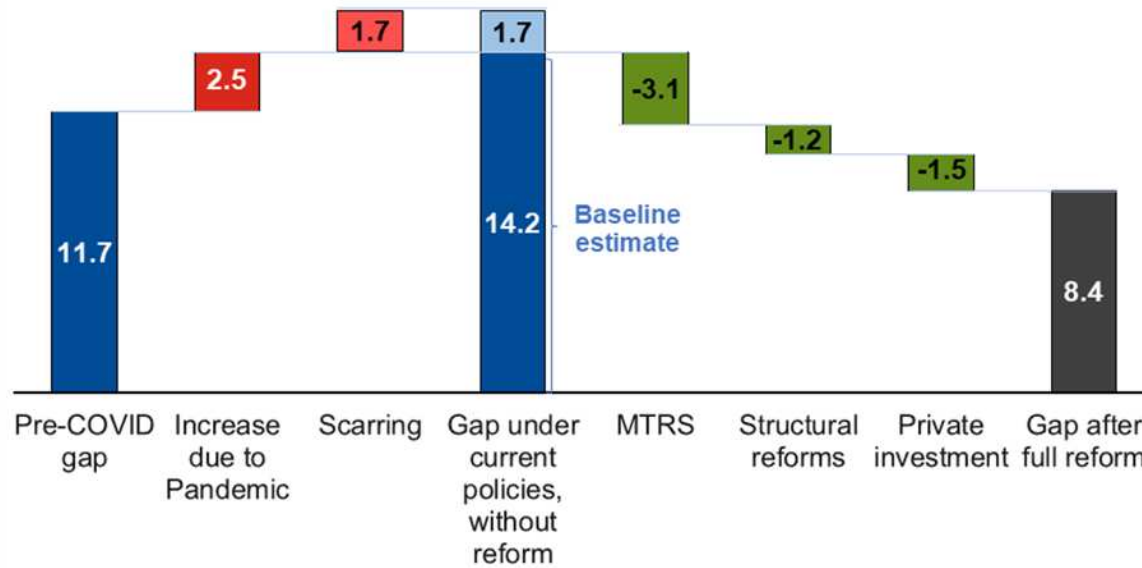
Additional Annual Financing Needs to Meet SDGs
(Percent of GDP)



Source: Benedek et al, 2021

What Policies Can Do

Post-COVID Financing Needs under Ambitious Reforms (Percent of GDP per year)

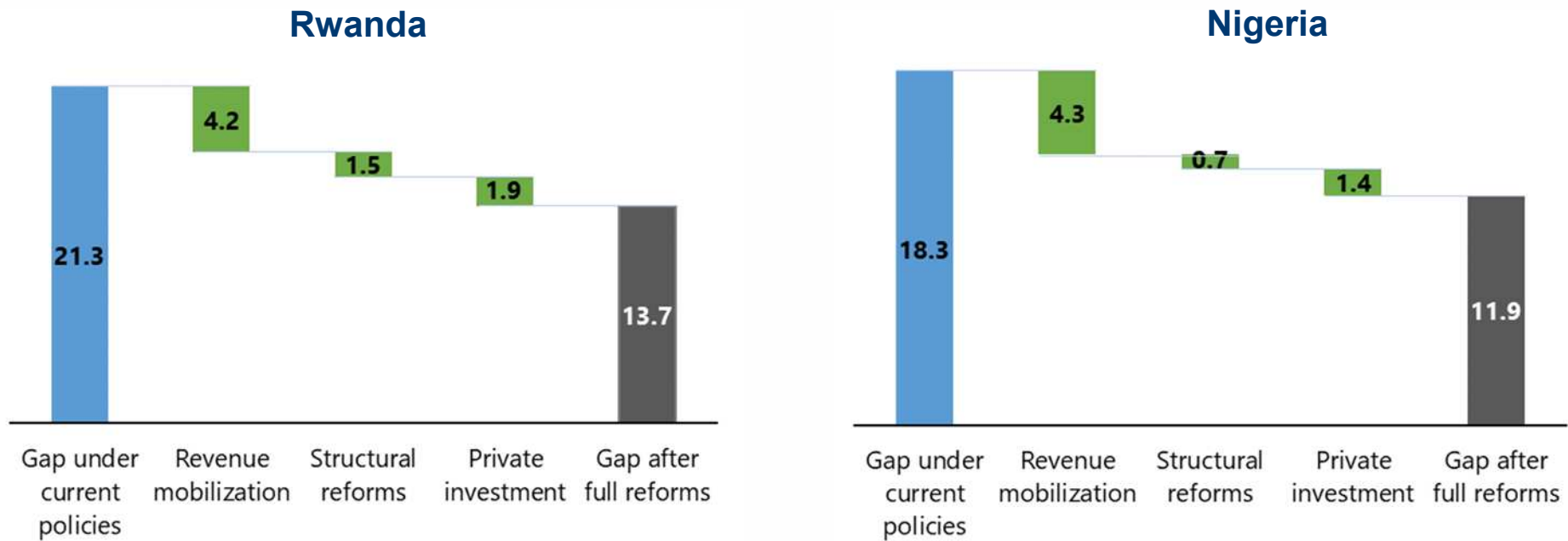


Source: Benedek et al, 2021

Note: Financing needs are the average of four case study countries.

Cross Country Differences

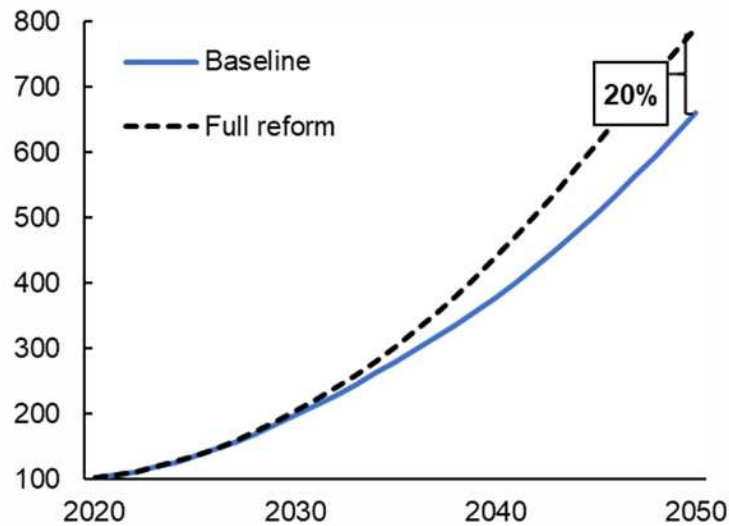
Financing Needs under Ambitious Reform (Percent of GDP per year)



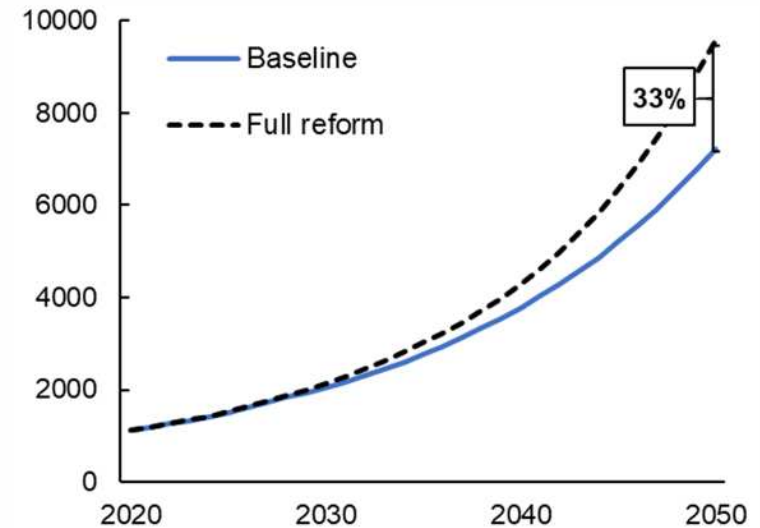
Source: IMF Staff calculations

Long-Term Payoffs

Cambodia: Human Capital
(Index, 2019=100)



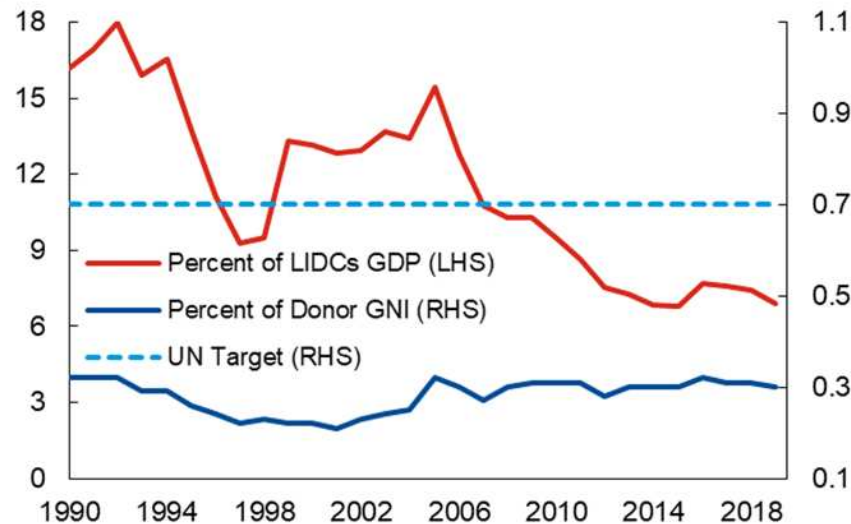
Pakistan: GDP Per Capita
(In constant 2019 USD)



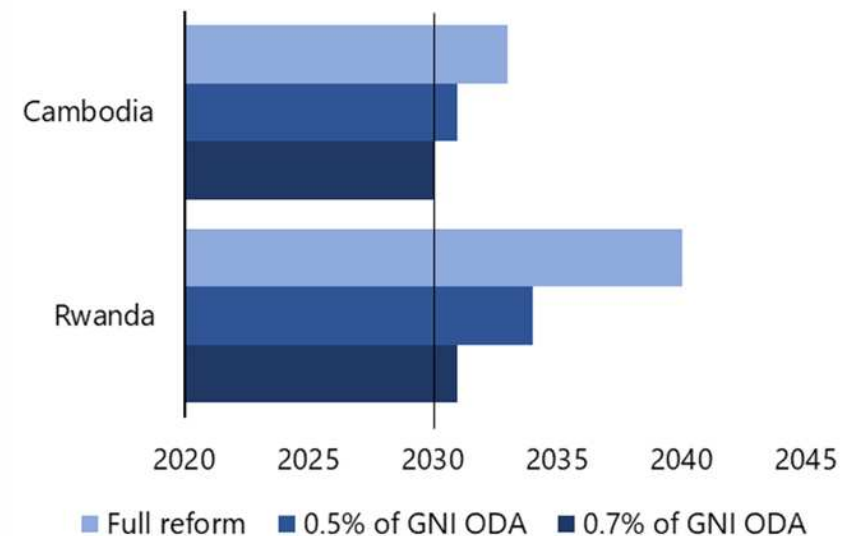
Source: Benedek et al, 2021

The Role of Development Assistance

Evolution of Official Development Assistance to LIDCs, 1990-2018



Cambodia and Rwanda: Effects of Increased ODA (Year in which SDGs can be met)



Source: Benedek et al, 2021

Note: Official development assistance covers net loans expressed on a cash basis prior to 2018 and on accrual basis thereafter.

Source: Benedek et al, 2021

Conclusion

- **Achieving the SDGs by 2030 will be a daunting challenge.**
- **Ambitious domestic reforms are crucial**
 - ▶ They can cover up to half of the SDG needs
 - ▶ Authorities should (re)start such reforms as soon as possible
- **Additional donor support is hence critical for the SDG agenda. Contributing to development is in the interest of all.**
- **Ongoing work**
 - ▶ Extension to other development needs
 - ▶ User-friendly online interface for external users
 - ▶ Continue country analysis

Thank You

WWW.IMF.ORG/sdg-financing

