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The Financing Framework for Sustainable Development in Emerging Economies: The Case of Uruguay

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Abstract: This paper explores the financing framework for sustainable development in Uruguay, an emerging economy, and examines whether available financing instruments contribute to achieving the sustainable development goals (SDGs) in which significant progress is still required in this country. Reports, policy documents and academic literature were reviewed to determine the types of sustainable development financing instruments available, and to analyse the challenges facing emerging economies in this regard. In addition, the financing programmes available from the public sector, non-governmental organisations (NGOs), the financial sector and multilateral credit agencies were examined. The results obtained show that the main financing sources for sustainable development are located within the public sector due to the absence of a developed financial market, and that the existing financial instruments do not address the SDGs where most attention is required. The latter circumstances make it challenging to achieve these SDGs in Uruguay. The study findings highlight the need for greater coordination among all parties to make efficient use of the scarce resources available to an emerging economy and thus enable it to meet its SDGs.

Keywords: sustainable development; financing instruments; financing sources; emerging economies; Uruguay

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1. Introduction

Incorporating the concept of sustainable development into government agendas is currently a major priority worldwide. According to the World Commission on Environment and Development [1], sustainable development is not a static situation, but a process in which resources are exploited, investments managed and technological and institutional development directed in ways that are consistent with future needs, and not only those of the present. Fundamentally, sustainable development is dependent on political will.

Progress towards the adoption of measures contributing to sustainable global development is often measured with regard to the Sustainable Development Goals (SDG) established at the 2015 Sustainable Development Summit, held in New York [2]. According to the mandate given to the General Assembly by the Member States at the United Nations (UN) Conference on Sustainable Development, "Sustainable development goals should be action-oriented, concise and easy to communicate, limited in number, aspirational, global in nature and universally applicable to all countries, while taking into account different national realities, capacities and levels of development and respecting national policies and priorities" [3].

The following SDGs are incorporated into the 2030 Agenda, intended as an action plan for the international community and national governments to promote prosperity and common well-being in the next 15 years: Goal 1: No poverty; Goal 2: Zero hunger; Goal 3: Good health and well-being for people; 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: Reducing 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; and Goal 17: Partnerships for the goals.

The real-world incorporation of the SDGs into government agendas can be measured via the allocation of public spending towards each goal. Although Latin American governments declared in their 2016 and 2017 Voluntary National Reports (VNRs) (Argentina 2017; Brazil, 2017; Chile, 2017; Colombia, 2016; Mexico, 2016; Peru, 2017; Uruguay, 2017) that efforts were being made, the budget allocations reported do not seem sufficient for this purpose [4]. According to Gambetta et al. [4], these countries are basically concentrating their communication efforts in their VNRs in three areas: SDGs 3, 8 and 17. Even though, it is precisely in these SDGs where each of the countries considered has most distance still to cover, they do not allocate the necessary resources to achieve these goals. The latter study also shows that SDG 10, on the reduction of inequalities, is not addressed in any of the VNRs, although Latin America has greater inequality than anywhere else in the world [5], from which we must conclude that governments in this region do not identify inequality as an area of priority attention.

In 2015, the Parliament of Uruguay adopted its latest Five-Year Budget Act, under which the Directorate for Planning was established, as part of the Planning and Budget Office. This Directorate was commissioned to prepare the 2050 National Strategy for Development and to advise the Government on the strategic lines of action that Uruguay should take in order to achieve sustainable development.

In relation to these objectives, Uruguay presented its first VNR in 2017, followed by another in 2018, on the progress made towards meeting the 2030 Agenda targets. Both reports emphasized the importance of including the SDGs in the strategic plans of government agencies, of associating the National Register of Evaluations with the SDGs and of strengthening institutions through workshops for public managers to develop skills in monitoring and evaluating progress towards the SDGs. The reports also observe that increasing productive activity in the country makes it essential to coordinate and promote integration between the productive sector and the conservation of biodiversity, and to foster sustainable practices of production and consumption, thereby incorporating the environmental dimension into socio-economic activities and consolidating institutional and individual capabilities.

In order to achieve this form of development, appropriate financing must be provided. In this respect, the Synthesis Report of the UN Secretary General on the post-2015 sustainable development agenda stated: "All financing streams need to be optimized towards sustainable development and coordinated ... Governments should work to better align the financing frameworks" [3]. The report also urged countries to adopt national financing strategies, fiscal and macroeconomic policies, regulatory frameworks and incentives for private investment and public procurement in line with the SDGs. Governments were also encouraged to support business initiatives, to expand access to finance for SMEs active in fields related to the SDGs and to work in conjunction with development banks and other financial intermediaries.

Achieving sustainable development is a complex challenge. It cannot be achieved via one approach alone, but requires significant funding from a variety of sources and financial agents. The ability of governments to mobilise, redistribute and make effective use of a wide variety of funding sources, instruments and strategies is essential if the ambitious objectives of the sustainable development agenda are to be achieved. The legal context, foreseeable socioeconomic and environmental impacts and any restrictions that might limit or impede the viability of the financing mechanisms selected must all be taken into consideration [6].

In any financing strategy employed, the complementarity and limited scope for substitution between public and private resources for development must be recognized [7]. As a general rule, richer countries can mobilize a greater proportion of the financing they require via the private sector, and so at least 50% of incremental global investments in the SDGs can probably be financed in this way.

Long-term income is assumed to be equivalent to long-term spending. Therefore, a strategic analysis of financing for sustainable development should incorporate budget deficits and levels of borrowing, including an analysis of debt sustainability. This analysis should also consider debt repayment schedules, which would normally take priority over investments in the SDGs. Another essential aspect of this analysis is to predict the country's average economic growth rate up to 2030, as growth rates are affected by the composition of public and private spending on the SDGs. In the analysis, moreover, it is assumed that greater investment in this respect will narrow the gap between per capita GDP in the poorest and richest countries, as proposed in SDG 10 [7].

Uruguay resolved to incorporate the SDGs into its governmental considerations and included these objectives in the budget cycle within its mechanisms for the planning, monitoring and evaluation of the country's economic performance.

Since 2010, the National Budget has incorporated policy implementation areas (PIAs), which enhance the monitoring of public spending by associating it with a management-by-results logic. The use of PIAs was reinforced in 2015 by the establishment of the Directorate for Planning, as mentioned above. The relationship between PIAs and the SDGs provides firm support for these goals to be incorporated into the institutional mechanisms of the public sector, by enabling the authorities to estimate the spending associated with each SDG, to assess the results of public policies and to measure the progress made within the 2030 Agenda.

Both in Uruguay and in other emerging economies, the private financial sector must develop adequate financial instruments to finance the SDGs, in parallel with public actions in this field, in terms of regulation, budget and monitoring. The United Nations proposed some financing instruments to finance sustainable development [6], but it remains to be explained and studied whether these instruments proposed are viable in an emerging economy with undeveloped financial sector and financial markets.

In this paper, our fundamental research aim is to describe and analyse the financing framework for sustainable development in an emerging economy, namely Uruguay, and in particular the current framework established with which to finance projects contributing to the country's sustainable development. In addition, we consider whether the financing instruments currently employed contribute towards achieving the SDGs of particular importance to Uruguay. Uruguay is a democracy in South America, with a population of about 3.5 million people and an economy based on natural resources that is ranked the most prosperous in Latin America according to the prosperity index [8]. Uruguay is also ranked first in Latin America in the democracy and political stability indexes [9], and ranks 41st out of 152 in the Sustainable Economic Development Assessment, a ranking that measures wellbeing in ten dimensions split across three categories; economics, investments and sustainability [10]. This makes Uruguay an interesting country to study, because even though it is an emerging economy, it has some characteristics of a developed country.

Hence, this study has the following specific objectives:

- Objective 1: To analyse the UN recommendations for sustainable development financing from the standpoint of an emerging economy and to determine their applicability to Uruguay.
- Objective 2: To identify the financing instruments that are focused on sustainable development and available to Uruguay.
- Objective 3: To highlight differences between the UN recommendations and Uruguay's financing framework for sustainable development.
- Objective 4: To diagnose the situation in terms of Uruguay's financing policies and instruments for compliance with the SDGs, and to determine whether these policies and instruments contribute to achieving the SDGs where Uruguay is falling short.

This study is timely as the United Nations is embarking in the largest reform of its development system aiming to identify, design or support new partnerships that allow countries to access new sources of financing and expertise for their national priorities [11]. Our findings could provide insights about sustainable development financing in emerging countries that could be useful for this reform.

2. Methodology

This study conducts a literature review of published reports, policy documents and academic literature on financing mechanisms for sustainable development. The literature reviewed in this study contains four sections: financing sources for sustainable development, financing instruments for sustainable development (including those suggested by the United Nations), financing sustainable development in emerging economies and the framework of financing for sustainable development in Uruguay.

After we identify the type of financing instruments suggested by the UN to finance sustainable development, we linked them with the SDGs they would contribute towards achieving, considering the potential link of the instrument with the SDGs and its targets.

To understand the available financing instruments in Uruguay, the main financing programmes available in the country in 2018 that were related to the objectives of the 2030 Agenda were analysed and classified, according to the financing entity, as public sector, financial sector, non-governmental organization (NGO) or multilateral credit agency. Each programme was then linked to the corresponding SDGs considering its relationship with the SDGs and its targets. This information was obtained through content analysis of reports, policy documents and the website of the financing entities.

This mixed methodology (literature review and content analysis) provided us with information to understand which SDGs are receiving priority financing in Uruguay. The status of each SDG in Uruguay was then analysed according to the degree of progress made towards its achievement, as quantified by the SDG Index.

Finally, the financing programmes available in Uruguay with an aim to achieving the SDGs were classified in accordance with UN recommendations. This categorisation of the financing instruments highlighted the limitations to their applicability within this emerging economy. Figure 1 summarizes the study method that was described in this section.

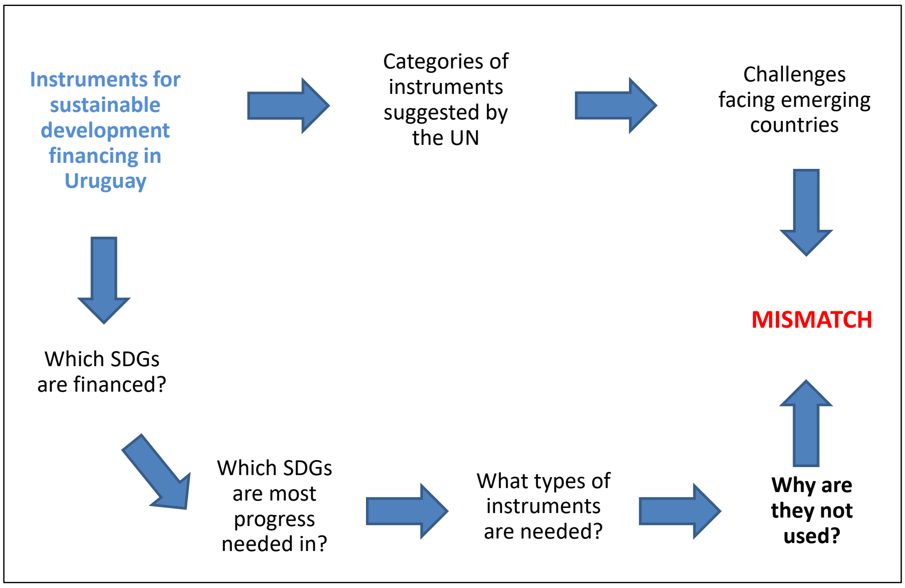

Figure 1. Methodological summary.

3. Financing Sources for Sustainable Development

There is no simple regulatory solution to financing sustainable development. Instead, an appropriate combination of policy measures must be applied, taking into account legislative and regulatory options, institutions, programmes and instruments [12].

The Intergovernmental Committee of Experts on Sustainable Development Financing has suggested an appropriate policy framework, structured in terms of funding sources: the national public sector, the national private sector, the international public sector, the international private sector and combined financing. These sources are transformed into instruments by intermediaries and direct investors with the purpose of achieving economic, social and environmental goals (see Figure 2). The usefulness and applicability of each of these financing instruments and approaches will depend on the SDGs established for the country in question and on the financing strategy it adopts.

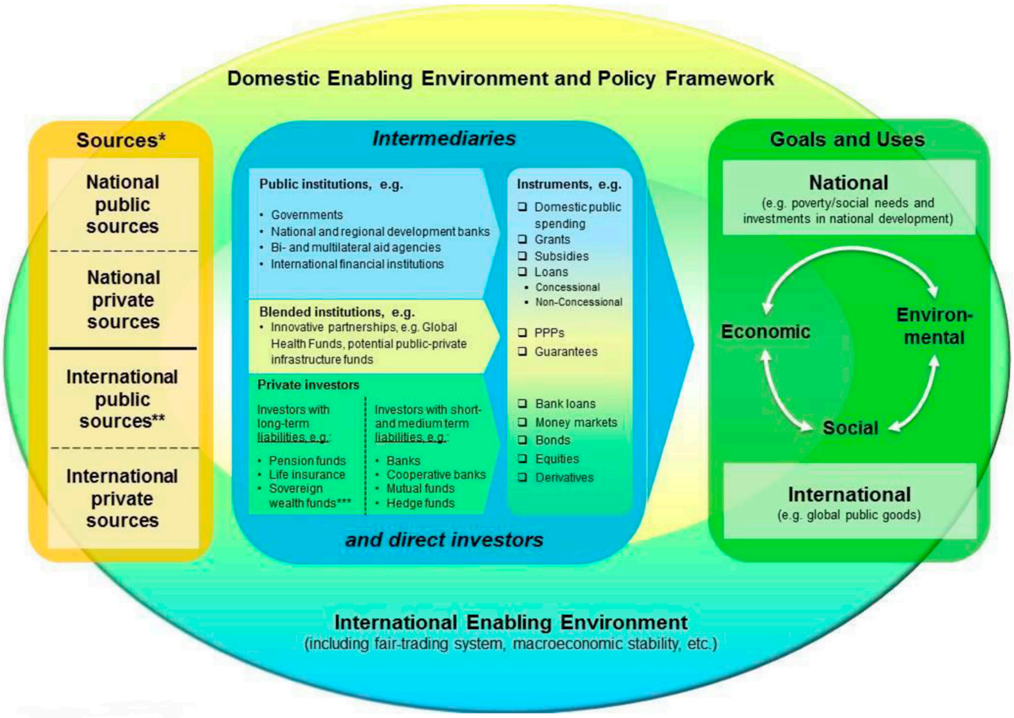

Figure 2. Flows of funds from international and national financing sources to sustainable development. *Source*: UN Report A/69/315.

Mobilising more finance related to sustainable development in developing countries is not enough, the quality of all finance must be enhanced [13]. Financing flows can be classified into three categories: concessional public financing (multilateral organisations), public borrowing through the markets and private financing [14]. This approach highlights the importance of selecting the most appropriate type of financing in accordance with the real situation facing each country. Subsidies should mainly be employed to assist less solvent countries, where institutional improvements would be needed in order to make good use of the availability of multilateral banks. However, this should be accompanied by better metrics and goals for public financing, related to the market. Finally, the private sector should be strengthened, via guarantees if necessary.

It has been suggested that economic instruments should be used in conjunction with available policy tools, together with regulations and public investment, to help reduce the costs involved in environmental improvements [15]. In this respect, developing economies should identify and adopt instruments that are flexible, moderate in the use of scarce resources and which motivate behavioural changes while generating resources for the financing of environmental infrastructures.

Panayotou [16] analysed the literature on public policies and instruments related to corporate social responsibility that may contribute to achieving sustainability objectives. In this respect, policy instruments can be classed as informational, economic or legal [17–19]. Informational resources are based on persuasion, for example, through campaigns. Economic instruments are applied via fiscal and monetary authorities, seeking to influence institutional behaviour via incentives and market conditions. Finally, legal instruments are applied through the country's legislative, executive and judicial authorities.

The United Nations Development Program [7] observed the importance of discriminating among the different types of financing needs, and estimated the current degree of public and private participation in the different investment areas of the SDGs. This study identified the following main reasons why accurate assessments of SDG financing needs, spanning both public and private flows of funds, are necessary: first, to identify gaps in the implementation strategies deployed to achieve the SDGs; second, to appreciate the opportunities offered by private financing and the policies required to support private investment in achieving the SDGs; third, to calculate the dimensions of national public financing, the residual needs of international co-financing and the relevant macroeconomic support frameworks; and finally, to support the mobilisation of resources and to provide a framework of accountability.

4. Financing Instruments for Sustainable Development

To achieve the SDGs, the work of the international financial community, the private financial sector and the public financial sector must be coordinated. According to the Organisation for Economic Co-operation and Development (OECD) [14], public and private savings, especially in favourable market conditions, should be sufficient to meet the demands of the three main investment categories in this respect: to satisfy the basic needs for the progress of society; to create infrastructure for sustainable development; and to provide global public goods (this category refers, above all, to the necessary response to the threat of climate change). Governments have relatively little control over agents in the private sector, who largely determine the pace of progress towards achieving the SDGs. Nevertheless, in those areas where some influence can be exerted, governments must do so effectively and consistently [14].

According to Kharas [15], certain economic instruments form an important part of the set of environmental policy tools available. These, together with regulations and public investment, can help reduce the costs of obtaining environmental improvements, although such policies can never be cost-free. The challenge for emerging economies (of which Uruguay is one) is to identify and adopt instruments that combine environmental and economic policies, that provide flexibility, are moderate in the use of scarce resources, motivate changes in behaviour and generate resources for the financing of environmental infrastructure. Such instruments may include fees for use, charges according to environmental impact and pollution taxes. These options comply with most of the above conditions, are especially suitable for the integration of environmental and economic policies and can be designed to advance sustainable development. These instruments promote sustainable development in three ways: by motivating a behavioural change to reduce environmental impacts, and therefore, the magnitude of the necessary investments; by generating income that can be used to finance these investments; and by fostering, directly or indirectly, a redistribution of society's resources towards healthier and more sustainable activities, from the environmental standpoint [15].

The international financial community, the private financial sector and the public financial sector must all work in close coordination if the SDGs are to be achieved. These financial efforts can be classified into three types: concessional public financing (multilateral organisations), public borrowing through the markets and private financing [14].

Table 1 presents the financing instruments that have been proposed by the UN for financing the SDGs. They are classified as follows [6]:

Table 1. Instruments proposed by the UN with which to finance sustainable development, and their relationship with the SDGs.

Instrument	SDG	Instrument	SDG
Taxes on tobacco	3, 12	Enterprise challenge funds	1–16
Taxes on renewables	6, 8, 12, 13, 14, 15	Disaster risk insurance	1–3, 8, 10, 16
Taxes on pesticides and chemical fertilisers	3, 6, 8, 12, 14, 15	Debt-for-nature swaps	6–9, 12–15
Taxes on fuel	3, 7, 8, 9, 12, 13, 15	Crowdfunding	1–16
Payments for ecosystem services	6, 7, 8, 9, 12, 13, 14, 15	Climate credit mechanisms	6–9, 12–15
Ecological fiscal transfers and carbon markets	6, 7, 8, 9, 12, 13, 14, 15	Biodiversity compensation	6–9, 12–15
Social and development impact bonds—results-based financing	1–16	Voluntary standards	1–16
Public guarantees	1–16	Remittances or diaspora financing	1–5, 8, 10, 16
Impact investment	1–16	Lotteries	1–16
Environmental trust funds	6, 7, 8, 9, 12, 13, 14, 15	Bioprospecting and biodiversity offsets	3, 8, 9, 12

Pigouvian taxes: All taxes generate distortions in the economy and affect the behaviour of its agents. Pigouvian taxes are intended to correct the externalities derived from a given activity, for example, to compensate for market failure, when incomplete information is available, thus preventing consumers from making optimal decisions on consumption. Such fiscal adjustments, to finance sustainable development, include taxes on tobacco, pesticides, chemical fertilisers or fuel; subsidies for renewable energies; and other payments for ecosystem services, ecological fiscal transfers and carbon markets.

(a) *Financial market*: Among other proposals for financing the SDGs is the development of novel financial instruments that take into account the particular characteristics of sustainable projects. Examples of these instruments are social and development impact bonds, results-based financing, public guarantees, impact investment, environmental trust funds, enterprise challenge funds, disaster risk insurance, debt-for-nature swaps, crowdfunding and climate credit mechanisms.
(b) *Good practices*: Voluntary standards, remittances (or diaspora financing), lotteries, bioprospecting and biodiversity offsets, among others, are examples of "good practices" for achieving the SDGs. Such practices may be private or public, and be conducted in terms of reporting, regulation or public budgeting.

Table 1 also shows our proposed alignment of the UN instruments with the SDGs.

The results of the alignment of the UN instruments with the SDGs show that SDGs 1, 2, 4, 5, 10, 11, 16 and 17 are associated with the fewest instruments. This is especially so for those related to inequality, gender and education. This observation raises questions about the lack of proposals to promote social mobility.

5. Financing Sustainable Development in Emerging Economies

The UN has estimated that for the SDGs to be achieved worldwide, trillions of US dollars would need to be invested. In this respect, all forms of financing—public, private, national and international—have expanded since 2002, with public resources being the major source of development financing worldwide. Between 2002 and 2011, national public funding in developing and low-income countries doubled, although in the latter cases it remained insufficient to meet the needs of sustainable development [6].

An excessive increase in national and international debt puts economic sustainability at risk, and therefore debt must be managed prudently. Indeed, debt sustainability is a major problem for some small developing countries. In 2013, public debt in the latter nations was equivalent to 107.7% of GDP, compared to 26.4% in developing countries as a whole [12].

For many emerging economies, especially those whose economies are least developed, public international financing is of crucial importance. International financial flows to developing countries increased rapidly from 2004 to 2014, mainly due to the increase in private capital flows and remittances, and to a lesser extent, in official development assistance (ODA) [12].

Banks play a fundamental role in private financing, and the financial systems of many countries depend on them. Domestic credit has increased, mainly in the form of short-term bank loans. Interest rates in many developing countries remain very unattractive and do not attract sustained domestic investment. The corporate bond markets are also growing, but as yet, these do not make a significant contribution to the sources of finance. In many countries, long-term financing is hampered by the non-existence of appropriate bond markets. Nevertheless, this limitation is alleviated by the rising numbers of institutional investors in developing countries, which increase the resources available for long-term investment in sustainable development. Pension funds are one such body of investors and manage large volumes of assets [12].

The volume of ODA financing expanded following the adoption of the Monterrey Consensus (2002 International Conference on Financing for Development) and reached its highest level in 2013. The international funds available to finance sustainable development also became more abundant. These funds are constituted by associations among governments, the private sector, civil society and conventional donors, either long-established or relatively new.

Emerging economies, especially in Latin America, tend to have different realities at a regional level. Financing sustainable development should take this into account when allocating funds and setting priorities [20–22]. Also, it is important that the information on substantial resources available to implement the SDGs is available and shared more widely such that more people and organizations may benefit from them, especially in the developing world [23].

6. The Framework of Financing for Sustainable Development in Uruguay

According to Uruguay's 2018 VNR "for the SDGs to become a reality in Uruguay, we need the private sector, the market, the entrepreneurs and the workers, and all involved in the production sector, because the SDGs are not the exclusive responsibility of the State, but a nationwide responsibility". The SDGs are included in the national budget, and the Planning and Budget Office website describes how public agencies plan and allocate resources to contribute to achieving the SDGs.

As of 2018, Uruguay does not receive ODA funding from the Development Assistance Committee (DAC) of the OECD, as for three consecutive years it has exceeded the level of per capita income set by the World Bank as the threshold to be considered a high-income country. In October 2017, the Uruguay authorities entered into discussions with the OECD regarding this restriction and the concept of countries in transition to development, seeking to review the eligibility criteria of international cooperation.

Furthermore, the Government has emphasised that in order to reach these ambitious SDGs by 2030, the private sector must play an important role in the sustainable development agenda, contributing to sustained economic growth, social inclusion and environmental protection [24].

7. Programmes and Instruments for Financing Sustainable Development in Uruguay

This section identifies, describes and analyses the programmes and financing instruments for sustainable development available in Uruguay in the public sector, the financial sector, NGOs and multilateral credit agencies. For every programme and instrument we propose an alignment with the SDGs they aim to finance in order to understand in which SDGs the financing efforts in the country are concentrated.

7.1. Public Sector

The first of our analyses is of the financing programmes and instruments available to the ministries most directly related to sustainable development—the Ministry of Social Development; the Ministry of Industry, Energy and Mining; and the Ministry of Housing, Territorial Planning and the Environment—and to two relevant government agencies—The National Agency for Development and the National Agency for Research and Innovation.

7.1.1. Ministry of Social Development (MIDES)

This Ministry was created in 2006 under Act No. 17,866 to organise, coordinate, supervise, evaluate and monitor national social policies, in order to consolidate a progressive and redistributive social policy. The Ministry has programmes in the following areas [25]:

Education: Programmes for young people and adults to reduce illiteracy and dropout rates in formal education and to encourage reinsertion into the education system and completion of the basic cycle of education.

Employment and vocational training: Occupational guidance workshops, social cooperative programmes and economic support for productive projects, with follow-up and training for business proposals taking into account their viability and the socio-economic vulnerability of their members.

Disability: Rehabilitation centres, orthopaedic laboratory, financial assistance for technical aids (wheelchairs, etc.), adapted means of transport, free legal advice.

Homelessness: Programme of assistance for homeless people, offering beds, shower facilities, clothes, dinner and breakfast.

Food security: The Uruguay Social Card is a transfer programme created to provide access to basic food necessities for families in need, enabling them to select the products most suited to their particular situation.

Social Security: The MIDES single-tax system facilitates access to the health system and other Social Security provisions. In addition, the Family Allowances programme enables conditional transfers to encourage children and young people to remain within the education system and to seek regular health checks. The Senior Persons Programme provides financial assistance to people aged 65–70 years who have no regular income and/or live in a critical situation.

Domestic violence: Psychological, social and legal assistance is provided for women at risk of suffering gender violence.

Culture and participation: Programmes to promote the full exercise of citizens' rights. The support is reciprocated through services to the community.

Identity and documentation: Programme focused on obtaining or regularising national and foreign documents, and promoting the right to identity.

The SDGs associated with the described programmes are summarised in Table 2. The programmes mainly address SDGs 1, 2, 4 and 10.

Table 2. MIDES programmes and their association with the SDGs.

MIDES Programme	SDGs
Education	4
Employment and vocational training	8, 9
Disability	10, 16
Homelessness	1, 2
Food security	1, 2
Social Security	3
Domestic violence	5, 16
Culture and participation	4
Identity and documentation	10

7.1.2. Ministry of Industry, Energy and Mining (MIEM)

The MIEM applies the following programmes related to the SDGs [26]:

IncubaCoOp: To finance new ventures in innovation and knowledge-intensive areas, assisting in the creation of cooperatives in strategic or new-opportunity fields.

Espacio germina (First shoots): To promote and support entrepreneurship by young people (aged 18–29 years), providing training, practical knowledge and tools to facilitate the success of creative initiatives in personal, collective and community development.

C-Entrepreneur: To promote the start-up of companies with potential for growth and job creation, to foster entrepreneurial attitudes in society and to strengthen links and exchanges among entrepreneurs.

Comprehensive Platform in Support of Business Development: To promote entrepreneurship, innovation, the professionalisation of management and the use of technical services. This programme facilitates access to the development services required by micro-, small- and medium-sized enterprises (MSMEs) to boost their performance and to enable co-financing.

Pro-Certification: To promote competitiveness among MSMEs, providing subsidies to offset the costs of implementation, certification and/or accreditation of technical standards and management improvements.

Handicraft marketing: To promote the sustainability of handicraft producers, fundamentally via their participation in national and international fairs.

Handicraft design, product improvement and competitiveness: To increase the competitiveness of handicraft products.

Handicraft associations: To finance up to 80% of small-scale building or infrastructure projects for the premises of handicrafts associations or groups of workers.

Pro-Design: To support MSMEs wishing to address questions of design in products, textiles/clothing, graphic design, packaging, web/multimedia or interior design.

National training programme: To enhance competitiveness through the professionalisation of business management.

Cutting the electricity bill for electrointensive industries: To enable businesses to maintain or increase production via commercial discounts applied to energy bills.

Biovalue: To transform the waste generated by agroindustrial activities and from small population centres, converting it into energy and/or by-products, in order to develop a sustainable low-emission society.

Public lighting: To provide subsidies for public lighting systems, to promote their modernisation and the implementation of energy-efficiency improvements.

Pro-Bio: To promote the integration of biomass energy generators into the national electricity grid.

Uruguay media (Seriesuy): To promote independent media production, and to sell it at home and abroad.

Sustainable urban mobility (Project Movés): To promote the transition towards inclusive, efficient and low-carbon urban mobility.

Wind energy: To help create favourable conditions for the expansion of wind energy production.

Solar energy: To promote the diversification of energy supply with the incorporation of consumer-producer and renewable sources.

Gender policies in science, technology and innovation: To eliminate educational segregation by areas of knowledge and to strengthen the presence of women in manufacturing, business and employment.

Standardisation and labelling of energy efficiency: To create standards and technical specifications for the classification of energy-consuming products and equipment, according to their degree of efficiency.

Industrial development fund: To grant non-reimbursable funds to companies with investment projects resulting in added value, thus diversifying the national productive structure and enhancing technological capabilities.

Incuba-Electro: A business incubation programme to promote innovative projects in the area of electronics, in the early stages of development.

Gender and energy: To incorporate a gender perspective into energy programmes, projects and policies.

Basic services package: To enable persons in a situation of socio-economic vulnerability to access a package of basic services.

Table 3 summarises the above programmes and relates their contribution to the SDGs., that is mainly concentrated on SDGs 7, 8, 9, 10, 11, 12, and 13.

Table 3. MIEM programmes and their relationship with the SDGs.

MIEM Programme	SDGs
Industrial development fund	1, 5, 8, 9, 10
Basic services package	3, 5, 7, 10, 12
Incuba-Electro	4, 8, 9
Gender policies in science, technology and innovation	5, 10, 17
Gender and energy	5, 7, 10
Public lighting	7, 11
Wind energy	7, 11, 12, 13
Pro-Bio	7, 11, 12, 13
Standardisation and labelling of energy efficiency	7, 11, 12, 13
Sustainable urban mobility (*Project Movés*)	7, 11, 12, 13, 17
Cutting the electricity bill for electrointensive industries	7, 8, 9, 12, 17
Biovalue	7, 9, 11, 12, 13
Solar energy	7, 9, 11, 12, 13
Handicraft marketing	8, 10
IncubaCoOp	8, 9
Pro-design	8, 9
Uruguay media (*Seriesuy*)	8, 9
C-Entrepreneur	8, 9, 10
Comprehensive platform in support of business development	8, 9, 10
Pro-certification	8, 9, 10
Handicraft associations	8, 9, 10
National training programme	8, 9, 10
Espacio germina (First shoots)	8, 9, 10, 17
Handicraft design, product improvement and competitiveness	8, 9, 12

7.1.3. National Development Agency (ANDE)

The National Development Agency (ANDE) was created by Act 19,472 on 17 January 2017, and is responsible for implementing the *Transforming Uruguay* programme for manufacturing reform and competitiveness. This Agency designs and promotes effective, efficient and transparent programmes and instruments, with special emphasis on MSMEs. The following ANDE programmes are related to sustainable development [27]:

Portal for Entrepreneurs: This website compiles and presents services, support, online resources, news and advice for entrepreneurs in Uruguay.

ANDE Network of Business Start-Up Sponsors: These institutions work together to create and deploy resources to support entrepreneurs in Uruguay.

ANDE Seed Fund: This Fund provides non-reimbursable economic contributions for the start-up or consolidation of projects offering added value, growth potential and job creation.

ANDE Financing Programme: To finance institutions that grant credit directly to SMEs.

Microfinance Development Package: To promote microfinance, through subsidies for the provision of productive microcredits to new clients and the co-financing of training and business-strengthening projects facilitated by microfinance institutions.

Stock Market: Strategies are promoted to enable MSMEs to access the stock market.

Italian Credit: Line of credit provided by the Italian Institute for Cooperation for small and medium-sized Uruguayan or Italo-Uruguayan companies.

Social Entrepreneurship Programme: This financing tool facilitates sustainable business solutions to socioeconomic problems affecting populations with few economic resources and little access to financial services.

National Guarantee System: To facilitate access to financing by promoting, strengthening and publicising guarantee instruments for MSMEs.

Supplier Development Programme: To help develop competitive MSMEs, supporting their participation in national value chains by promoting business opportunities for market leading companies and their suppliers through the development of skills and capabilities in MSME suppliers.

Sectoral Public Goods for Competitiveness: The aim of this programme is to improve competitive conditions within business sectors by developing public goods geared to the generation and provision of information and inputs, thus reducing transaction costs, heightening international involvement and promoting public–private coordination.

Coordination and Competitiveness in Manufacturing: This programme is intended to enhance the competitiveness of companies within productive conglomerates.

Centres for Business Competitiveness: These centres are spaces in which MSMEs and entrepreneurs can access a range of support options to boost their growth and development.

Support for Territorial Competitiveness: An alliance between public, private and knowledge-focused agencies to carry out initiatives in manufacturing, training and human resources, and to strengthen institutional capacities and territorial social capital.

The ANDE financing programmes are summarised in Table 4. The table shows that ANDE programmes tend to finance SDGs 4, 8, 9 and 17.

Table 4. ANDE programmes and their relationship with the SDGs.

ANDE Programme	SDGs
Portal for Entrepreneurs	4, 17
ANDE Network of Business Start-Up Sponsors	4, 17
ANDE Seed Fund	8, 9
ANDE Financing Programme	8, 17
Microfinance Development Package	4, 9, 17
Stock Market	17
Italian Credit	8, 9, 17
Social Entrepreneurship Programme	1, 4, 8, 10
National Guarantee System	4, 17
Supplier Development Programme:	4, 9
Sectoral Public Goods for Competitiveness	4, 9
Coordination and Competitiveness in Manufacturing	9
Centres for Business Competitiveness	8, 16
Support for Territorial Competitiveness	4, 9, 17

7.1.4. National Agency for Research and Innovation

The National Agency for Research and Innovation (ANII) is a government agency established to promote research and the application of new knowledge within productive and social contexts. ANII finances research projects, national and international postgraduate scholarships and programmes to foster innovative culture and entrepreneurship in both the private and the public sectors [28]. In addition, it helps to coordinate those involved in knowledge development, research and innovation. The ANII programmes that contribute to sustainable development are presented in Table 5, and they mainly contribute to SDGs 1, 11 and 17.

Table 5. ANII programmes and their relationship with the SDGs.

ANII Programmes	SDGs
Financing for Innovation Projects	7, 9, 11, 12, 13
Financing for Entrepreneurial Projects	1, 2, 5, 10, 11, 16
Financing for Research Projects	1–17
Training	1, 4, 5, 8, 10, 17

7.1.5. Ministry of Housing, Urban Planning and the Environment (MVOTMA)

The stated purpose of this ministry, created in 1990 under Act No. 16,112, is to "Design and implement participatory and integrated public policies for housing, the environment, urban planning and water supplies, to promote fairness and sustainable development, thus contributing to improving the quality of life of the inhabitants of the country" [29].

In its 2015–2019 Five-Year Plan [29], the National Housing Directorate proposed the implementation of housing programmes that would take into account the heterogeneity of households and facilitate their access to and permanence in appropriate housing. The Plan contains the following main programmes [29]:

Mutual aid, savings and loans cooperatives and social funds: These well-established institutions foster the social production of housing and urban environments via the self-management of organised groups.

Assisted self-building on public and private land: This form of construction is carried out directly by the end users, complemented with voluntary help from organisations or family groups, and with a technical team provided by the National Housing Directorate.

The construction of housing complexes for retirees and pensioners: These units are intended for the use and enjoyment of beneficiaries of the public pension system whose income is below a pre-established limit.

Construction of housing complexes for the economically-active population: These complexes are created by construction companies, following a process of public tenders, in line with the National Housing Directorate's priorities for locating new housing within already-consolidated urban areas.

Guarantees for ordinary, subsidised or institutional rent: This nationwide programme facilitates access to temporary housing solutions and provides rent guarantees, for single people and/or families.

The programmes administered by this ministry are all related to access to housing and related to SDGs 1, 3, 10, 11 and 17.

7.2. NGOs

The role of NGOs and civil society in financing sustainable development is important because usually their finance, capacity and expertise are focused on populations at risk of being left behind. This study identifies the programmes offered by the Fondo para Emprendimientos Solidarios (FES) and Socialab, two NGOs in Uruguay that are focused on sustainable development.

7.2.1. Fondo para Emprendimientos Solidarios (FES; Solidarity Venture Fund)

FES is a private initiative funded by business people that aim to collaborate to improve the Uruguayan reality. This Fund promotes projects in areas such as primary and secondary education, employability, nutrition and volunteer work. It finances innovative and sustainable projects, and encourages volunteer participation.

The FES invites applications for projects with these characteristics, provides workshops and advisory bodies and selects the projects offering the greatest potential to access pre-incubator and financial support.

The FES financing programmes [30] and their relationship with the SDGs are presented in Table 6, showing a contribution concentrated on SDGs 1, 2, 3, 4, 5 and 10.

Table 6. FES programmes and their relationship with the SDGs.

FES Programme	SDGs
Financing for education projects	1, 2, 3, 4, 5, 8, 10
Financing for nutrition projects	2, 3, 10
Volunteer programmes	1, 2, 3, 4, 5, 10

7.2.2. Socialab

Socialab is the world largest problem-solving network. The aim of this organisation is to strengthen the impact and efficiency of the sustainability, innovation and communications strategies of public and private organisations through a platform that connects creative minds with community problems. When innovative solutions are proposed to problems, Socialab selects the best and provides financing for their implementation. Socialab also organises meetings and provides advisory and other services to ensure the best possible outcome for the projects presented to it. The Socialab financing programmes [31] and their relationship with the SDGs are presented in Table 7. One of the programmes addresses mainly all the SDGs and the remaining programme is focused on SDGs 4, 10, 11 and 17.

Table 7. Socialab financing programmes and their relationship with the SDGs.

Socialab Programme	SDGs
Financing of innovative solutions	1–16
Advisory services and get-togethers for entrepreneurs	4, 10, 11, 17

7.3. Financial Sector

The Uruguayan financial system is composed of two public banks, nine private ones and a wide variety of non-banking institutions. The main financial institutions operating in Uruguay are nationally and internationally considered investment grade. This reflects the strength of the Uruguayan financial system, which is composed of a small number of banking institutions, all of which have excellent ratios of solvency and liquidity. One of the characteristics of the banking system in Uruguay is the high degree of participation by public banks. In June 2017, public banking accounted for 43% of the sector, with the private banks composing the remaining 57%. The four largest private banks accounted for 49% of the total business volume of private banking [32].

In this paper, we analyse the availability of financial instruments, focusing on the sustainable development of a major private bank, Banco Santander, which represents 16% of the Uruguayan financial sector. We also analyse a public bank, Banco de la República Oriental del Uruguay (BROU), which represents 43% of the national financial sector [32].

7.3.1. Private Financial Sector

Banco Santander provides the following financial instruments related to sustainable development:

Services for university students: The bank provides financial products and services to students, under preferential conditions.

University entrepreneurship: The bank supports initiatives to promote the entrepreneurial culture, and supports technology transfers from the university to the business world, with initiatives related to science and technology parks. The bank's aim in this respect is to contribute to the sustainable development of society and to human and business progress by enhancing knowledge and innovation.

Supply chain sustainability: The bank applies measures based on ethical, social and environmental criteria, seeking to ensure that sustainability considerations are taken into account throughout the value chain.

Support for SMEs: This programme facilitates the access of SMEs to financial services and credit facilities, to new technologies, to specialised training and to greater internationalisation in new markets.

Financial solutions focused on environmental protection: The bank offers financial solutions and occupies a leading international position in renewable energies, financing projects such as the construction and operation of wind farms, photovoltaic plants, and solar thermal and hydraulic power plants.

Table 8 summarises the Banco Santander financing programmes and their relationship with the SDGs [33], showing a concentration on SDGs 8, 9, 11 and 17.

Table 8. Banco Santander programmes and their relationship with the SDGs.

Santander–Uruguay Programme	SDGs
Services for university students	1, 4, 5, 8, 10, 17
University entrepreneurship	9, 11
Supply chain sustainability	11, 12, 17
Support for SMEs	8, 9, 17
Financial solutions focused on environmental protection	7

7.3.2. Public Financial Sector

The Banco de la República Oriental del Uruguay (BROU) provides the following instruments related to sustainable development [34].

Benefits for pensioners: Debit card entitling pensioners to a 100% value-added tax refund on their purchases.

Uruguay social card: This card facilitates a monetary transfer to households in situations of extreme socio-economic vulnerability. Its main objective is to assist households that have special difficulty in accessing a basic level of consumption of food and other necessities.

Social tourism loans: This product offers pensioners of all types the opportunity to enjoy a wide variety of holiday destinations and activities within Uruguay.

Microfinance republic: This project promotes the financial inclusion of broad sectors of the population, with specific products for microenterprises and low-income families, sectors that are often ignored in traditional banking.

República Administradora de Fondos de Inversión (República AFISA): This company is legally authorised to act as a trustee for private and public financial trusts. Such trusts may be established to finance commercial, industrial or service activities, real estate projects or the construction of buildings and infrastructure, among other purposes.

The BROU financing programmes and their relationship with the SDGs are summarised in Table 9. A concentration of the programmes in SDG 10 is evident.

Table 9. BROU programmes and their relationship with the SDGs.

BROU Programme	SDGs
Benefits for pensioners	1, 10
Uruguay social card	1, 2, 10
Social tourism loans	10
Microfinance republic	8, 10
República AFISA	8, 9, 10, 11

7.4. Multilateral Credit Agencies

The participation of bilateral and multilateral credit agencies (mainly the World Bank, the Inter-American Development Bank and the Andean Development Corporation) in the Uruguay Central Government's debt portfolio has decreased in recent years, to a current level of 2,375 million USD (as at 30 June 2018) [35].

7.4.1. Andean Development Corporation (CAF)

CAF is a development bank that is active in 19 countries (17 in Latin America and the Caribbean, plus Spain and Portugal), and is composed of 13 private banks in the region. It promotes a model of sustainable development through credit operations, non-reimbursable funding and support in the technical and financial structuring of projects undertaken in the public and private sectors of Latin America.

CAF offers products and services to support the implementation of its Agenda for Integrated Development and associated strategic programmes. These include various financial instruments designed to fit clients' needs and market opportunities and taking the following forms: lines of credit, loans for project structuring, financing and co-financing, guarantees and endorsements, financial advice, treasury services, shareholdings and cooperation funds.

In Uruguay, the CAF 2015–2020 strategy, described in its 2017 Operations Report [36], is oriented towards support for the following objectives: to increase investment in the maintenance and upgrading of transport infrastructure; to contribute to positioning Uruguay as a regional logistics hub with the necessary transport infrastructure (roads, railways, ports, etc.); to promote increased productivity in all sectors of the economy through investment in innovation and development; to continue supporting the extension of high-quality water supplies; and to enhance education and vocational training.

According to the 2017 CAF Annual Report, among all the projects approved for Uruguay, two concerned the financing of investment projects under sovereign guarantee. The first of these was in the transport sector to finance the rehabilitation and maintenance of road networks in the department of Montevideo (80 million USD), and the second was to partially finance the Programme for the Rehabilitation and Improvement of Drinking Water Systems and Sanitation in Uruguay, Phase II (30 million USD).

Table 10 summarises the CAF financing programmes and their contribution to the SDGs, which is concentrated on SDGs 1, 4, 6, 8, 9, 13 and 16.

Table 10. CAF programmes and their relationship with the SDGs.

CAF Programme	SDGs
Loans: lines of credit, project structuring, financing and co-financing	1, 4, 6, 8, 9, 13, 16
Guarantees and endorsements	1, 4, 6, 8, 9, 13, 16
Financial advice	1, 4, 6, 8, 9, 13, 16
Treasury services	1, 4, 6, 8, 9, 13, 16
Shareholdings	1, 4, 6, 8, 9, 13, 16
Cooperation funds	1, 4, 6, 8, 9, 13, 16

7.4.2. Inter-American Development Bank (IDB)

The IDB is the main international financing agent in Uruguay. The national authorities and the Bank have identified the following priority areas of strategic cooperation: transport; energy; water, sanitation and solid waste; science and technology; social protection; education and vocational training; agro-industry; exports of services; public finance and management; and urban development and security [37].

According to the 2016–2020 IDB Strategy Report, its total disbursements for the period will be 1,309 million USD and annual net flows of loans will average 101 million USD; Uruguay's borrowing from the Bank will average 3.6% of GDP for the same period, and the Bank's participation in relation to total public debt will be around 5.4% [38]. The IDB's financing operations in Uruguay will take the following forms:

- Sovereign-guaranteed loans.
- Loans with no sovereign guarantee.

- Support for the development of large strategic investments related to the diversification of the energy grid (wind and solar energy), and to agro-forestry and agro-industry.
- Strategic sectoral studies (innovation, education, vocational training, water and sanitation), and support to improve the quality of social services.
- Technical cooperation with a focus on development of the agricultural sector, entrepreneurship, financial inclusion, tourism and public–private partnerships.
- Support for policies to improve the productivity of SMEs.
- Support to create an integrated national health system.

The IDB financing programmes and their relationship with the SDGs are shown in Table 11. These programmes are focused on SDGs 1, 8, 9 and 11.

Table 11. IDB programmes and their relationship with the SDGs.

IDB Programme	SDG
Loans with/without sovereign guarantee	1, 6, 7, 8, 11, 12, 16
Development of strategic investments to diversify the energy grid	7, 11
Strategic sectoral studies	1, 4, 8, 9
Technical cooperation focusing on agriculture, entrepreneurship, financial inclusion, tourism and public–private partnerships	8, 16
Support for policies to improve the productivity of SMEs	8, 9
Support to create an integrated national health system	3

7.4.3. Uruguayan Agency for International Cooperation (AUCI)

The Uruguayan Agency for International Cooperation (AUCI) was created under Act No. 18,719 in December 2010 and operates as part of the Office of the Presidency. It is responsible for coordinating the non-reimbursable international cooperation that Uruguay receives and provides in contributing to sustainable development [39].

The AUCI has incorporated the SDGs into the modules of opportunities and initiatives within the National Integrated System of International Cooperation to focus the latter instrument on compliance with the 2030 Agenda and to monitor progress in this respect.

Cooperation may take place in various forms and directions, which can be classed as traditional, south–south, triangular, regional and multi-country. Traditional cooperation refers to non-reimbursable transfers of financial or in-kind resources (technologies, equipment, knowledge). South–south cooperation, for Uruguay, refers to initiatives involving another developing country (to date, this type of cooperation has been undertaken with countries from Latin America and the Caribbean). Triangular cooperation is observed when there is a partnership between two developing countries with the support of a third, developed, country or a multilateral organisation. Finally, regional and multi-country cooperation is that in which Uruguay is a beneficiary, together with other countries (in some cases, neighbours within the same region) or that which occurs within the framework of a regional integration body or bloc, such as Mercosur, Unasur or Ibero-American Cooperation [39].

In 2016, with respect to Uruguay, 491 non-reimbursable international cooperation initiatives were being implemented (18% fewer than in 2012). Uruguay received 22 million USD, with the largest amount being received from the IDB, China, Japan, the Climate Change Adaptation Fund (FACC) and the Global Environment Facility (GEF). The falling level of cooperation funds being received by Uruguay is consistent with its rising level of income and with international criteria for allocating aid. Overall, the main cooperators with Uruguay are the European Union (EU) and Spain. Table 12 shows the cooperation programmes currently taking place, and their relationship with the SDGs, mainly focused on SDGs 3, 4, 9 and 11.

Table 12. AUCI programmes and their relationship with the SDGs.

AUCI Programme	SDGs
Sectoral improvements in agriculture, cattle farming, fishing and forestry	12
Conservation and environmental initiatives	13
Support for formal and non-formal education	4
Improve institutional capacities for the design, monitoring and execution of public policies	17
Satisfy national energy needs and advance in energy efficiency	7
Promote respect for civil and political rights and ensure universal access to justice	16
Promote integration and social cohesion, especially for the most vulnerable members of the population (such as those exposed to socioeconomic, racial or generational injustice)	1, 10
Properly manage water resources, drinking water supply and sanitation	6
Gender equality and the elimination of gender-based violence	5
Promote industries, services and SMEs, via appropriate instruments	9
Improve the management of disaster risks	11
Strengthen transport infrastructure, logistics services and communications	9
Expand access to culture, sports and cultural assets and ensure the latter's preservation	3, 4
Improve health services and the health of the population	3
Foster local development and decentralised government, with an integrated territorial approach	11
Promote capacity building in science, technology and innovation	9
Improve access to work and employment and improve its quality	8
Raise housing standards, improve access to housing and ensure effective town planning	11

7.4.4. International Monetary Fund (IMF)

In compliance with its mandate, the IMF is committed to participating in global collaboration agreements in favour of sustainable development. The IMF has identified specific initiatives to decisively strengthen the support it provides to its member countries in their efforts to meet the SDGs [40]. In particular, the IMF performs the following functions:

- It provides a broad safety net for developing countries.
- It supports capacity-strengthening in fiscal policymaking and administration.
- It provides technical assistance to mobilise national income in over 100 countries, and will intensify this assistance to developing countries in matters related to international issues in collaboration with other international financial institutions such as the World Bank.
- It supports policies for infrastructure improvements and assists member countries seeking to increase public investment in this regard.
- It provides advice on macroeconomic policy to help countries address significant infrastructure gaps without jeopardising the medium-term sustainability of their public debt.
- It is currently advising 58-member countries on economic policy on questions related to inclusion and environmental sustainability.

The IMF financing programmes and their relationship with the SDGs are presented in Table 13. Two out of the four programmes are related to SDG 15.

Table 13. IMF programmes and their relationship with the SDGs.

IMF Programme.	SDGs
Preferential financing and 0% loans.	1, 15
Support for capacity-strengthening in fiscal policymaking and administration	8, 16
Support for infrastructure improvements	9
Advice on economic policy regarding inclusion and environmental sustainability	10, 15

7.4.5. World Bank

The stated purpose of the World Bank Group is to reduce poverty, increase shared prosperity and promote sustainable development. It is one of the most important sources of financing and knowledge for developing countries, and is composed of five institutions: The International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes [41]. The World Bank's ongoing projects with Uruguay in 2018 are shown in Table 14. The contribution of these programmes is mainly focused on SDGs 1, 9 and 10.

Table 14. World Bank programmes and their relationship with the SDGs.

World Bank Programme	SDGs
OSE sustainable and efficient (water and sanitation)	6
Public sector, competitiveness and social inclusion development policy loan	1, 10, 16
Road rehabilitation and maintenance programme	9
Sustainable management of natural resources and climate change	11, 13, 15
Improving service delivery to citizens and businesses through e-government projects	1, 8, 9, 10
Improving the quality of initial and primary education in Uruguay	1, 4

8. Uruguay and the SDGs

According to the 2018 SDG Index [42], which describes countries' progress towards the SDGs, Uruguay is ranked 49th in the world ranking of 156 countries.

The global score according to the SDG Index and the scores for the SDGs can be interpreted as the percentage of achievement of these goals. The difference between 100 and the country's scores is, therefore, the percentage distance that remains to be completed to achieve the SDGs [42].

In 2018, Uruguay had an overall score of 70.4, which was 0.6 points less than the corresponding score in 2017, when it was ranked 47th in the world. This decrease in its index result is mainly due to worsening outcomes for SDG numbers 6 and 11 ("Clean water and sanitation" and "Sustainable cities and communities") although these were offset by improvements in numbers 2, 9 and 13 ("Zero hunger", "Industry, innovation and infrastructure" and "Climate action"). The SDGs achieved by Uruguay were numbers 1 and 7 ("No poverty" and "Affordable and clean energy") [38].

Table 15 presents the comparative data for 2018 and 2017 on Uruguay's performance in each of these respects [43]. The colours represent the degree of progress in each SDG according to the SDG Dashboard: red denotes the SDGs in which most progress is still required, and green, the SDGs that have been achieved.

Table 15. SDG Index for Uruguay, 2018 and 2017.

Year	SDG Index	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2018	70.4	100	65.9	82.8	83.2	74.4	85.1	94.9	70.5	40.2	50.2	84.5	63.2	83.7	45.8	31.7	65.9	75.0
2017	71.0	99.9	60.8	83.7	80.9	70.3	98.2	94.6	71.3	35.5	54.0	97.0	61.3	78.0	45.3	35.5	66.4	75.1

Key: The colors illustrate how far a country is from achieving a particular goal. Green denotes SDG achievement, red highlights major challenges, while yellow and orange indicate that significant challenges remain. Source: SDG Index 2018 and 2017.

According to the 2018 SDG Index, Uruguay achieved the least progress (shown in red) for SDGs 3, 10, 12, 14, 15 and 16, while results were more positive (shown in green and yellow) for numbers 1, 5, 6, 7, 11 and 17. In comparison with 2017, none of the SDG results varied significantly.

Table 16 summarises the programmes employed to finance sustainable development in Uruguay, by the public sector, NGOs, the financial sector and the multilateral credit agencies analysed. SDG numbers 1, 4, 8, 9, 10, 11 and 17 account for 65% of these programmes, while the remaining SDGs each represent 5% or less of the programmes. SDG numbers 14 and 15 had the fewest associated programmes or instruments (1%) and numbers 2 and 6 had only 3% each.

Table 16. Distribution of financing programmes for sustainable development per SDG.

	Public Sector					NGO		Financial Sector		Multilateral Credit Agencies						
SDG	**MIDES**	**MIEM**	**ANDE**	**ANII**	**MVOTMA**	**FES**	**Socialab**	**Private**	**State**	**CAF**	**BID**	**AUCI**	**FMI**	**BM**	**Total**	**%**
1	2	1	1	3	4	2	1	1	2	6	2	1	1	3	30	**9%**
2	2			2		3	1		1						9	**3%**
3	1	1		1	4	3	1				1	2			14	**4%**
4	2	1	8	2		2	2	1		6	1	2		1	28	**8%**
5	1	4		3		2	1	1				1			13	**4%**
6				1			1			6	1	1		1	11	**3%**
7		10		2			1	1			2	1			17	**5%**
8	1	14	5	2		1	1	2	2	6	4	1	1	1	41	**12%**
9	1	15	7	2			1	2	1	6	2	3	1	2	43	**12%**
10	2	11	1	3	4	3	2	1	5			1	1	2	36	**10%**
11		7		3	4		2	2	1		2	3		1	25	**7%**
12		9		2			1	1			1	1			15	**4%**
13		6		2			1			6		1		1	17	**5%**
14				1			1								2	**1%**
15				1			1						2	1	5	**1%**
16	2		1	2			1			6	2	1	1	1	17	**5%**
17		4	8	2	4		1	3				1			23	**7%**
Total	**14**	**83**	**31**	**34**	**20**	**16**	**20**	**15**	**12**	**42**	**18**	**20**	**7**	**14**	**346**	**100%**

Key: The colors illustrate how far a country is from achieving a particular goal. Green denotes SDG achievement, red highlights major challenges, while yellow and orange indicate that significant challenges remain.

On considering the state of progress in Uruguay towards achieving the SDGs (see Table 15) and the concentration of the SDG financing programme (see Table 16), it is apparent that the areas in which the country is lagging behind (according to the SDG Index and shown in red) are those attracting the fewest financing programmes, with the sole exception of SDG 10, which is addressed in 10% of the programmes. Therefore, Uruguay will have difficulties in meeting SDG numbers 3 (Good health and well-being), 12 (Responsible production and consumption), 14 (Life below water), 15 (Life on land) and 16 (Peace, justice and strong institutions) because, although these goals require significant investment, the necessary resources are not allocated for this purpose.

With respect to the SDGs that are addressed by most programmes, numbers 4 (Quality education), 8 (Decent work and economic growth) and 9 (Industry, innovation and infrastructure) are represented in orange on the SDG Index, meaning that in these cases, there is an appropriate targeting of funding efforts, which are being used to achieve significant progress towards these objectives.

9. Discussion

Contrasting the instruments proposed by the UN to finance sustainable development with those existing in Uruguay, the most important conclusion to be drawn, a priori, is that the majority of the programmes fall in the category of impact investment because they in some way address problems of social welfare and economic development, but they are very simple with respect to the UN instruments proposed. Additionally, in Uruguay, there is a significant tax burden on tobacco. Therefore, a large window of opportunity remains for the other instruments to be considered and applied. Moreover, the under-developed state of financial markets in Uruguay makes it even more difficult to implement specific instruments for sustainable development, and this is aggravated by the high-risk environment inherent within an emerging economy. Several of the UN instruments implicitly require the development of a system to monitor and assess the social and/or environmental benefits achieved, which in an emerging economy can be far from reality. In addition to the financing mechanisms and the funds needed to advance significantly in the 2030 Agenda, Uruguay needs a system of coordination and cooperation between public and private agents, and international cooperation for training in techniques and measurement standards associated with sustainability.

An additional observation that emerges from the instruments considered in this review is that almost all the programmes being applied are based on public expenditure. This can be seen in Table 16, which shows that more than 50% of the impact produced on SDGs by the programmes available in Uruguay comes from the public sector. This highlights the difficulties facing emerging economies in increasing or even sustaining high levels of public spending. However, a lack of financial education and/or a culture of savings and investment, together with the normal risk aversion of the private sector, will hamper a rapid expansion in the contribution made by the private sector. Therefore, in seeking economically sustainable development, governments must take into account their own borrowing limits [44]. Furthermore, when financial markets are non-existent and/or unsophisticated, this further complicates the development of specific instruments. However, if programmes and instruments financed from the public purse are virtually the only ones available, the country's progress towards achieving the SDGs is constantly exposed to the risk of political cuts and changes. The macroeconomic instability that may affect the region, together with considerations about the sustainability and long-term viability of public spending and debt, can endanger the country's credit rating and prestige in the international financial markets and among debt rating agencies. Accordingly, a delicate balance must be maintained so that at least the existing programmes can be preserved. Greater efficiency and coordination within these programmes could enhance the results obtained, but these efforts alone are insufficient to obtain the levels of investment required for sustainable development. Moreover, the inadequate nature of the financial markets heightens the need for public sector spending; however, the debt and interest payments thus incurred further decrease the resources available to generate more programmes. In general terms, what is needed is a closer alignment between the public and private sectors, both to obtain the necessary funds and to apply them in a coordinated and efficient manner towards specific objectives, and associating the social and environmental impact with the economic results achieved.

It is a worrying fact that in the short-term, public resources cannot be managed and coordinated through financing programmes targeted on the areas of the SDGs in which significant progress remains to be made in Uruguay, particularly in SDGs 3, 12, 14, 15 and 16 (see Figure 1). Coordination between the private sector and the financial sector is a complex issue, and is often aggravated by the lack of financial instruments with which to finance sustainable development due to the scant development of markets in emerging economies. In this respect, countries need to be able to identify the relationships among the SDGs in order to create synergies between financing instruments and to make more efficient use of the resources available [45,46]. This could imply a reform of legislation in emerging economies to facilitate systemic changes that can enable the private sector involvement in financing sustainable development; as was suggested in another study, this is necessary in the European Union [47].

This study contributes to the scarce literature on sustainable development financing in emerging economies. It shows the difficulties an emerging economy with a limited financial market like Uruguay has to count with a variety of financial instruments that help financing sustainable development. This shows that the UN recommendations to finance sustainable development are not appropriate for an emerging economy. New specific guidelines to develop financing instruments are needed to help these countries to obtain the necessary funds to achieve the SDGs. Another contribution of this study is to show that the coordination between the public sector and the private sector is vital to focus the financing efforts in the SDGs in which the country is lagging behind to reduce existing financing gaps. This is relevant in an emerging economy, where the resources are usually scarce and could be concentrated in areas that already have enough resources. Governments should have the appropriate organizational framework to assure they clearly communicate the SDGs financing strategy to the society as a whole, and in particular, to the financial sector and the private sector. Issuing the Voluntary National Review is necessary but not sufficient to achieve this objective. This study also contributes to map the existing financing programmes in Uruguay with the SDGs they contribute to achieve and with the financing instruments categories recommended by the UN to finance sustainable development. Linking a financing instrument with the SDGs could be a good practice for financing institutions to adopt when creating an instrument. A national registry of these instruments should be managed by the governments as part to the country's financing strategy to sustainable development. We recommend the UN High-Level Political Forum to require reporting countries to include this information in the Voluntary National Reviews.

Although the objectives of this study have been achieved, we would like to acknowledge as a limitation, that even though a large number of financing sources and instruments were analysed, additional financing instruments could be available in the country from other sources that were not covered by us.

This study opens up interesting avenues for future research, such as examining how resources are allocated in other emerging economies in Latin America and whether all emerging economies face the same challenges to allocate the scarce resources among the SDGs. This will be interesting to understand, as even though Uruguay is an emerging economy, it shows some characteristics of a developed country. Moreover, our findings could usefully be compared with those from a similar study conducted in one or more developed countries. Another valuable area of study would be to analyse new financing instruments which might be suitable for emerging economies and how the private sector can contribute to this endeavour. Finally, analysis is needed to determine the effectiveness of sustainable development financing instruments and the social impact they produce.

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