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FINANCING STRATEGIES, MACROECONOMIC FACTORS, INSTITUTIONAL QUALITY AND THE ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT GOALS: A CRITICAL LITERATURE REVIEW

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ABSTRACT

Purpose of the Study - The world through United Nations leadership has defined the post-2015 development agenda comprising of 17 goals, 169 targets and 230 global indicators, cutting across social, economic and environmental pillars, which when attained by all nations by the year 2030, will create the future the world needs. The purpose of this study is to critically review the existing literature on the effects of financing strategies, macroeconomic factors and institutional quality on the achievement of the development goals.

Findings - Africa has embraced the Sustainable Development Goals framework and relies on domestic finances, foreign direct investment, external debt, trade, official development assistance, financial and technical cooperation to fund various development programs. The implementation of the post-2015 sustainable development goals has shifted from global to national and local perspective. Most of the existing studies focused on the eight millennium development goals with a global perspective. As a consequence, the significance and effectiveness of the diverse and conflicting policy recommendations founded on Millennium Development Goals studies and their contribution to the achievement of the post-2015 SDGs remains doubtful. This paper concludes that Africa in particular, will require more than identification of appropriate financing strategies in order to achieve the target development goals. The success of the financing strategies on the achievement of development goals will depend on how African nations address macroeconomic factors and institutional quality factors in its quest to achieve the sustainable development goals by year 2030.

Implications – Africa will need policy intervention to address institutional quality factors such as political stability, corruption levels, financial market developments and human capital development. These factors affect the direction and or strength of the relationship between the financing strategies and development goals. In additional Africa nations need to address the macroeconomic factors such as the employment levels, income levels, inflation rates and economic growth. The microeconomic factors emerge to explain the impact of the financing strategies on the achievement of the development goals.

Value of the study - the study identifies and document existing knowledge gaps and proposes study approaches to address the gap thereby enriching existing body of knowledge. In addition, this study provide in-depth analysis that will inform the understanding of the direction and impact of the various financing strategies on the achievement of development goals, which can form the basis for the policy review.

***Key Words**: Financing Strategies, Macroeconomic Factors, Institutional Quality and Sustainable Development Goals*

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Introduction

Sustainable development is the ability fulfil the needs of the present generation in a manner that protect and enhances the ability of tomorrow's generation to fulfil their needs. (WCED, 1987). Achievement of sustainable development involves a delicate balance of the three pillars of development namely the economy, social and environment. Environmental sustainable development entails the use of renewable and non-renewable resources at a rate not exceeding regeneration rate, and the rate of waste generation should not exceed the rate at which nature can assimilate (Daly , 1990). The sustainable economic development refers to the process by which a state improves the economic, political, and social well-being of its people (OSullivan & Sheffrin, 2003). Social sustainable development, on the other hand, can be seen as the deliberate attempt by the state to put people's interest at the centre of economic and environmental development. The world through United Nations leadership has defined the Post-2015 development agenda comprising of 17 goals, 169 targets and 230 global indicators which when attained by all nations by the year 2030, will create the future we want (United Nations, 2015b). However, achievement of these development goals will not be possible without financial resources. Financing strategies refer to approaches by which nations raise financial resources to roll out development programmes. Domestic financial resources, foreign direct investment (FDI), international trade, international financial and technical cooperation and external debt are strategies nations can deploy to fund development goals (United Nations, 2002).

Keynesian Theory of Public debt, Big Push theory, Absolute Advantage and Theory and Financial liberalization Theory provide propositions explaining why nations adopt specific financing strategies to raise funds for development goals. The Keynesian theory of public debt was developed by John Maynard Keynes in 1936 and proposes that substantial public debt as a result of borrowing is beneficial to and not a burden to the nation's effort to achieve economic prosperity (Keynes, 1936). Rosenstein-Rodan, on the other hand, developed the Big Push Theory in 1943 and proposed that the underdeveloped nations will require enormous level of investment to get recover economically (Rosenstein-Rodan, 1943). In the theory of Absolute Advantage, Smith (1776) suggests that a nation should export goods produced efficiently and import those goods that cannot be produced efficiently, making the trade between countries mutually beneficial. In so doing, international trade plays a critical role in comprehensive economic development, poverty reduction and a positive contributor to the achievement of development goals. The financial liberalization theory, on the other hand, provides that a curbed financial system impede economic development because the intermediaries are not well developed for mobilization of savings, while the allocation of financial resources among competing uses is inefficient (McKinnon & Shaw, 1973).

It is expected that the implementation of the post-2015 SDGs by all nations, will steer the world towards economic, social and environmental development by the year 2030. Africa nations, just like all nations in the world are expected to pursue this development agenda comprising of 17 goals, 169 targets and 230 global indicators by the year 2030. With expected Africa population growth of 50% over the next 18 years, in a much sought-after investment destination, Africa is moving from a familiar position of receiving advice to one of dispensing it through the implementation and achievement of the sustainable development goals (Institute for security studies, 2018). Domestic funds remain the primary source to fund development programmes in Africa, but options are still open to sources funds through external debt, foreign direct investment, official development assistance, and international trade.

Financing Strategies

Domestic finances, FDI, external debt, trade, global financial and technical cooperation and external debt are strategies a nation can use to fund development goals (United Nations, 2002). On domestic finances, nations rely on taxes, fees, price, fines and penalties, state property as sources of domestic public income. Domestic resource mobilization depends on several factors such as country's size of the tax base, collection and administration capacity, the elasticity of the tax, the volatility of sectors being taxed and commodity prices (United Nations, 2014). To effectively apply this financing strategy, a country has to ensure there are necessary internal mechanisms to mobilize domestic savings, increase investment and human capacity (United Nations, 2002).

Foreign direct investment as a financing strategy, includes international private finances, cross-border bank loans and investment by multinational companies. With policy reforms that equitably treat foreign investors as domestic investors, implementation of the international accounting and auditing standards, corporate governance enhancement, improvement in the economic infrastructure and improvement in service delivery, the developing countries can attract more FDI (United Nations, 2001). On the other hand, remittances as a financing strategy refers to private transfers of funds and goods to a country by migrants working outside of their country of origin (Alfieri & Havinga, 2006). However, high remittance costs, access to remittance infrastructure, the prevalence of informality, transparency, remittance legislation, the efficiency of the remittance services are some of the challenges affecting the use of remittances in the African, Caribbean and Pacific group of states (Leon, 2017; Bank for International Settlements, 2007).

International trade as a development financing strategy can be regarded as instrumental for comprehensive growth and poverty decline, which positively promotes SDGs (United Nations, 2015b). This is because international trade opens up the international market for domestic products, encourages the growth of local manufacturers and create jobs leading to inflows of foreign exchange. To ensure international trade plays a critical role in sustainable development, the United Nations member countries have dedicated to promote a worldwide, legal, transparent, predictable, comprehensive, non-discriminatory trade through WTO and trade liberalization (United Nations, 2015b).

International financial and technical cooperation is another form of financing strategy which mainly takes the form of official development assistance (ODA). The OECD (2015) report defines official development assistance as aid given out by agencies or governments, in the form of soft loans and grants aimed at boosting economic development and welfare of developing nations. To ensure this financing strategy is effective, the developed countries have reiterated their commitment to achieving a contribution of 0.7% of their GNI towards ODA for developing nations and 0.15% - 0.2% of the ODA to be directed to the least developed countries (United Nations, 2015b).

Closely related to ODA is the external debt which can be used to finance development goals. However, on the negative side, over borrowing is harmful to the future economic growth (Checherita-Westphal & Rother, 2010). In recognizing the reality that substantial foreign debt already overburdens some developing nations, the developed countries have committed help poor countries achieve future debt sustainability through sound management framework (United Nations, 2015b).

Macroeconomic Factors

Macroeconomic variable are factors relating to the broad economy affecting a large population and include variables such as unemployment, inflation, savings and investments, government`s expenditure and economic growth. Governments deploy fiscal and monetary policies to manage the various macroeconomic variables in order to stabilize the economy of the country or region (Kashi & Tash, 2014). The macroeconomic factors have been included in this study because they emerge to explain the impact of the financing strategies on attainment of SDGs.

Employment rate refers to the degree to which available labor (people) resources in the country are being used computed as percentage of employed to the working age population. International Labour Organization (2017) report, the 2018 unemployment rate stands at 8% for Africa, 11.9% for North Africa, 7.2% for Sub-Sahara Africa and 26.3% for South Africa. Economic growth versus employment creation differences, weak education system, training, population increase, inadequate investments are some of the factors contributing to unemployment in Africa (International Labour Organization, 2012). Governments, multilateral organizations, and donor country agencies are the principal financiers of the youth employment interventions.

Inflation is defined as the rate of price upsurge over time and it is measured by the total upsurge in the cost of living in a nation (Oner, 2010). The East Africa inflation rates stood at 13.1% (2016), 14.4% (2017), expected to drop to 8.9% in 2018 (East Africa Outlook, 2018). In the past 25 years, the main factors driving inflation in Africa include domestic exchange rates, supply shocks, monetary factors, local demand pressure, institutional quality, and the economic importance of agriculture, trade, and policy regime (Nguyen, Dridi, Unsal, & Williams, 2015). International Monetary Fund (2004) observed that external sources of funds such as aid, ODA and debt could trigger higher inflation and real exchange rate which could be detrimental to the achievement of development goals such as economic growth and poverty alleviation.

Income inequality refers to the extent to which income is distributed unevenly among the population. The Gini coefficients and on individual quintile groups' income shares are some of the measures of income inequality. Anyanwu (2011) observed that effort towards reducing income inequality in Africa is threatened by slow or negative economic growth, diminished resources, fewer trade opportunities and possible reductions in aid flow from donor nations. Dabla-Norris et al. (2015) add that rising inequality makes individuals have an incentive to divert their efforts toward securing favored treatment, resulting in resource misallocation, corruption, and nepotism, with attendant adverse social and economic consequences. Also, if not addressed, income inequality has negative effects on health, life expectancy and crime levels (Wilkinson, 1992; Brush, 2007). At a national level, citizens can lose confidence in institutions, eroding social cohesion and confidence in the future if inequality is not controlled (Dabla-Norris et al, 2015)

Economic growth can be defined as the increase in the market value of the goods and services produced by an economy, after adjusting for inflation over time, and it is traditionally measured as a percentage rate increase in real GDP (Statistica, 2012). Natural resources dependence, trade, delayed demographic changes, inadequate investment, infrastructure, innovation, and governance are major factors affecting economic growth in Africa (Ndulu , Chakraborti, Lijane, Ramachandran, & Wolgin , 2007). Some of the positive impacts of economic growth include an increase in wealth/reduction in poverty, improved standards of living, health, education and infrastructure and technology (Essays, 2013)

Institutional Quality

There is no generally agreed definition of institution quality, but most econometric studies have used variables such as the security of property rights, the rule of law, trust, economic stability political stability, and corruption as a measure of institutional quality (Keefer and Knack, 1997; Easterly & Levine, 2003). Institutions provide rules of the game required to establish baseline conditions for human interaction resulting in greater predictability and less uncertainty and discouraging actions which if not well controlled would be economically costly (Nelson & Sampat, 2001). Institutional quality factors have been included in this study because they affect the direction and or strength of the relationship between the financing strategies and development goals

Corruption is defined as the abuse of public office for private gain (Bhargava, 2005). Ibrahim Index of African Governance, Corruption Perceptions Index, Afrobarometer, and World Governance Indicators are some of the measures of the corruption levels. Economic Commission for Africa (2016) report shows that developed nations rely upon corruption levels in developing nations to review their foreign policy, determine investment and aid allocation. The World Bank Group noted that corruption is the major impediment to the poverty eradication goals by 2030 which focuses mainly in boosting shared prosperity for the poorest 40% of people in developing countries (World Bank, 2018). Therefore enhancing governance through measures such as addressing levels of corruption can increase country’s attractiveness to foreign investors and in the process increase the share of FDI as a financing strategy for development.

Alesina, Özler, Roubini, and Swagel (1996) define political instability as the propensity of government collapse, and it is measured by the Political Instability Index. Studies have established that low economic growth, poor governance, corruption, conflicts, poverty, the military incursion, HIV/Aids epidemic, environmental degradation, and terrorism are possible consequences of political instability (Alhaji and Lawan, 2013; Alesina, Özler, Roubini and Swagel, 1996). Asiedu (2006) opines that macroeconomic instability, investment restrictions, corruption and political instability have a negative impact on foreign direct investment (FDI) to Africa. This means a country with a high level of political unrest is unlikely to attract a high level of FDI which is a significant finance strategy for development in Africa.

Financial market development entails improving financial intermediation and creating space for the development of broader financial markets, including essential derivative products (Kawai & Prasad, 2011). In Sub-Sahara Africa, Mlachila et al. (2016) noted that financial development positively affects growth by catalyzing savings into more usable forms, supports efficient allocation of capital, enhancement of total factor productivity and supports diversification and management of risk. In addition, Andrianaivo and Yartey (2009) noted that income level, creditor rights protection, financial repression, political risk, stock market liquidity, domestic savings, liberalizing the capital account are factors affecting financial market development. Financial development factor measured by private credit to GDP ratio or stock market capitalization to GDP ratio can, therefore, be regarded as moderating variable because it plays a critical role not only in the accumulation and availability of financial resources but also in the efficient allocations of financial resources.

Marimuthu, Arokiasamy and Ismail (2009) refers to human capital development as the processes that relate to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values, and social assets of an employee which leads to the employee's satisfaction, performance and eventually on a firm performance. In examining the effect of FDI on development, the human capital index can be seen as a moderating variable. This was evident in the study by Borensztein, De Gregorio and Lee (1998) who observed that FDI has a higher positive impact where the host country has a minimum threshold stock of human capital, and there is sufficient absorptive capability of the advanced technologies.

Sustainable Development Goals

Development goals are objectives to be achieved by all nations in the area of economy, social and environmental sectors to make the world a better place for the current and future generations. The MDGs were eight international development goals set in the year 2000 whose implementation period lapsed in the year 2015. The MDGs included ending poverty and hunger, universal education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria, and other diseases, ensure environmental sustainability and lastly develop a global partnership for development. Patole (2018) observed that MDGs contributed to positive development such as poverty alleviations but overlooked country specific challenges. Besides, the MDGs agenda had its challenges including globalization of the development agenda and failure to localize the strategies because several nations lacked human and financial resources to implement the set goals (Patole, 2018).

The year 2015 marked the end of MDGs goals and ushered in the SDGs that should be achieved by all nations by the year 2030. Unlike the MDGs implementation process, the SDGs strategy is global, regional, and country-specific. The 2030 Sustainable development goals focuses on five thematic areas namely people, planet, prosperity, peace and partnership and have been articulated in 17 goals, 169 targets and with 230 global indicators (United Nations, 2017). The post-2015 development agenda is more comprehensive, refined, more focused on impact and introduced new goals such as peace, stability, human rights and good governance (United Nations, 2017)

The SDGs are integrated, meaning, a nation cannot choose to prioritize or focus on some goals over the other. Integration implies simultaneous achievement of the goals which requires governments to reorganize its existing structure that could be based on department, ministries, sector, or other silo set up to a more coherent cross-functional approach to achieve these integrated goals. The goals are also universal meaning they apply to all nations. Dugarova & Gülasan (2017) narrows down to poverty, inequalities, demography, environment, finance, and technology as fundamental factors that will determine the realization of SDGs by the year 2030.

In March 2017, the United Nations adopted the global Key Performance Indicators (KPI's) framework (appendix 1) for the SDGs (United Nations, 2017). It is expected that during monitoring and reporting, the KPIs will be disaggregated, if possible, by income, age, sex, ethnicity, race, migratory status, disability and geographic location, or other features (United Nations, 2017). Inclusion of the SDGs implementation strategy and KPIs evaluation and monitoring in the national strategy and planning programmes will therefore be essential if any country is to achieve the desired goals by the year 2030 fully.

Consequently, the availability of timely and quality data is critical for KPIs reporting. The problem for many nations is the identification and implementation of appropriate institutional structures and mechanisms for information collection and KPI reporting in order to monitor the implementation progress (Dugarova & Gülasan, 2017). Gaps in the data have a significant impact because they affect the accuracy of the government plans (Stuart, Samman, Avis, & Berliner, 2015). The study by Giovannini, Niestroy, Nilsson, Roure, & Spanos (2015) underpinned the adoption of technology in the monitoring and evaluation of the SDGs.

Research Problem

Over the years, there is general belief that availability of financial resources is the critical element in the achievement of development goals in any country. As a consequence, many African nations have vigorously pursued diverse financing strategies that have led to increased levels of FDI, financial and technical cooperation for development, borrowings and international trade to supplement inadequate domestic funds to finance various development goals. However, existing empirical studies have arrived at diverse conclusions on the impact of financing strategies on the achievement of set development goals. The various findings have led to different policy recommendations that have brought more confusion, especially to the Finance Management practitioners, governments, and the more significant development goals stakeholders. As a consequence, many developing nations might not put in place appropriate strategies to enable them to achieve SDGs by the year 2030.

Patole (2018) noted MDGs agenda had its challenges including globalization of the development agenda and failure to localize the strategies because several nations lacked human and financial resources to implement the set goals. The formulation and implementation of the SDGs are now global, regional and country-specific. However, most of the existing empirical studies based on the MDGs framework, did not identify and incorporate the macroeconomic factors and institutional quality factors at local levels in the analysis model. It is therefore unlikely that the conclusion and policy recommendation based on the existing studies would be relevant and effective in the achievement of SDGs. As a result, many developing nations may continue to rely on the previous fit-for-all policy recommendation based on outdated MDGs study methodologies and in the process miss out on the achievement of development goals by the year 2030.

Previous local and international studies have all focused on the eight MDGs whose implementation period lapsed in the year 2015. The new post-2015 development goals have been expended to seventeen goals whose implementation period expires in 2030. The new development goals are more comprehensive, refined, more focused on impact and have introduced new targets such as peace, stability, human rights and good governance of which exist minimal studies (United Nations, 2017). Many developing nations may therefore not implement appropriate financing strategies to enable them to achieve SDGs by the year 2030.

Lastly, there are no clearly documented knowledge gaps and recommended approaches to close them, particularly, on the effects of financing strategies, macroeconomic factors, institutional quality and the achievement of the sustainable development goals. As a consequence, the wider SDGs stakeholders may encounter practical challenges during implementation of the various development programs, whose solution has never been documented in practice or through academic research. As a consequence, nations that would encounter such challenges may therefore fail to put in place effective policies and strategies and in the process miss out on the achievement of SDGs by the year 2030.

Objectives of the study

The objective of this study is to review existing empirical and theoretical literature on the impact of financing strategies, macroeconomic factors and institutional quality on the achievement of sustainable development goals. Specific objectives include:

(i) To identify previous studies and their knowledge contribution to the effects of the financing strategies, macroeconomic factors and institutional quality on the achievement of SDGs and in the process identify any existing knowledge gaps.

(ii) To recommend approaches for future studies in order to address existing knowledge gaps and contribute to resolving any conflicting conclusion in the previous studies.

(iii) To identify any other factors besides financing strategies that have the critical impact on the achievement of development goals by the year 2030.

(iv) Propose a conceptual framework which could be used in the future studies on the relationship between financing strategies and sustainable development goals.

Value of the Study

Sourcing for the adequate and right mix of funds is critical for the achievement of SDGs by the year 2030. This study will provide in-depth analysis that will inform the understanding of the direction and impact of the various financing strategies on the achievement of development goals. The output of the research will, therefore, inform Finance Managers, government and broader sustainable development stakeholders on the appropriateness of their financing policy and strategies to achieve the SDGs by the year 2030.

This study will benefit scholars by identifying existing knowledge gaps on the effects of financing strategies on the achievement of development goals. This study will enrich the living body of knowledge on the impact of financing strategies on the performance of development goals by recommending approaches for future studies to address any existing knowledge gaps as well as contribute to resolving conflicting conclusions in the previous studies.

This study will identify any other factors besides financing strategies that have a critical impact on the achievement of development goals by the year 2030. In so doing, this study will propose a conceptual framework to guide future studies. Besides, the study will make policy recommendations, which when incorporated into national policy, strategic and implementation framework will ensure nations achieve the development goals by the year 2030.

Theoretical Foundation

In this section, the paper reviews the four theories that justify the adoption of various financing strategies by different nations. Specifically, this section will discuss the Keynesian Theory of Public Debt, Big Push Theory, Absolute Advantage Theory and Financial Liberalization Theory highlighting their strength, weaknesses and their contributions to this study.

a. Keynesian Theory

The Keynesian theory was founded by John Maynard Keynes in 1936 and proposed that debt is beneficial rather than a liability for the economic prosperity of a nation (Keynes, 1936). The theory attempts to justify why developing countries deploy external debt strategy to fund development goals. According to this theory, borrowing for capital generation is necessary just like setting up public enterprises, which will contribute to a productive output hence, help achieve development goals. However, it is assumed that as soon as the economy fully recovers, the policy is reversed to repay the borrowed funds. In reality, this may not be the case instead; the ultimate responsibility for the debt settlement shifts to the future generations (Buchanan, 1965).

High levels of borrowing as advocated by the Keynesian theory is harmful and counterproductive to the long-term economic growth of a nation (Checherita-Westphal & Rother, 2010). Keynes (1936) encourages governments to over-borrow in order to increase demand in the economy resulting in high levels of employment and economic output. However, the reality in developing nations is that economic growth is not always commensurate with increased levels of borrowing because of factors such as corruption, political unrest and economic instability (Habib & Leon, 2002; Schneider & Frey, 1985).

A country's move to borrow externally to boost spending during the recession could deprive its citizens of creativity, innovation and hard work because citizens become lazy and depend on government for rescue packages. Further, domestic borrowing during the recession denies the private sector of the much-needed capital for private investment which is a critical component for economic growth. Overall, from a policy perspective, if the borrowed funds can be repaid as soon as the economy recovers, then Keynesian theory forms a solid foundation for developing nations to deploy external debt as a development financing strategy.

Based on the Keynesian theory, it is expected that nations will deploy external borrowings in the form of external debts to finance the various development goals. In the study variables, external debts will be the independent variable to test its impact on the dependent variables which are the various development goals. In the relationship, it is expected that external debts will positively contribute to the achievement of the various development goals. The relationship could be direct or indirect through other intervening variables such inflation and or economic growth. For example, International Monetary Fund (2004) observed that external sources of funds including grant inflows and debt could lead to higher inflation and real exchange rate appreciation which could be detrimental to the economic growth and efforts to alleviate poverty.

b. The Big Push Theory

Developed in 1943 by Rosenstein-Rodan, the theory proposes that underdeveloped nations will require heavy investment to achieve economic development (Rosenstein-Rodan, 1943).

The theory advocates for a high minimum quantum of investment that propels a poor economy towards optimum growth, cautioning against injections of small quantities of investment which will not have much impact on economic growth, instead will lead to wastage of resources. Since developing nations may not raise adequate domestic resources to fund the development goals, this theory justifies adoption of alternative financing strategies such as FDI, ODA and external debt to provide the vast amounts of investment needed for meaningful economic development.

On the negative side, the Big Push theory ignores the inflation effect on the economy caused by foreign loans and by printing new notes that are used to fund the investments (Howard, 1961). Also, massive industrialization inflow of foreign currency can lead to adverse effects such as currency appreciation, negative impact on other sectors and makes country commodity prices less competitive on the global market (Guillaumont & Jeanneney, 2007). This theory puts much emphasis on external funding thereby ignoring the importance and contribution of the agricultural sector which is critical to development particularly in developing countries. External funding dependencies can also discourage creativity and innovation in harnessing domestic resources by developing countries to get back on the economic development path.

It is possible for developing nations to slowly progress towards development step by step, funded by domestic resources as opposed to massive capital injection from external sources which come with adverse effects especially at a high debt-GDP ratio (Checherita-Westphal & Rother, 2010). Historically, it can also be noted that not much evidence exist to demonstrate a country’s development based on massive industrialization projects and furthermore economies do not develop by merely making large-scale investment in social overhead capital (Celso, 1964). Lastly, where private and public sectors co-exist, meaningful economic growth may not be achieved without these sectors complementing each other, a reality that is ignored by the Big Push Theory.

Based on the Big Push theory, it is expected that nations seek for massive external investment such as FDI and ODA to finance the various development goals. In the analytical model in this study paper, the FDI will be the independent variable to test its impact on the dependent variables which are the various development goals. In the relationship, it is expected that FDI or ODA will positively contribute to the achievement of the various development goals directly or indirectly. The indirect relationship could be through intervening variables such as employment, economic growth, inflation or income inequality. For example, the study by Mahmoud (2010) showed that FDI alongside monetary policies can sour employment creation in the low-income nations thereby contributing to poverty reduction.

c. The Theory of Absolute Advantage

Adam Smith published the theory of Absolute Advantage in the year 1776 to explain criteria for engaging in international trade between nations and how international trade contributes to national development. Absolute advantage is the ability of a nation to efficiently produce a product compared to another nation (Smith, 1776). The theory argues that a nation might be more efficient in the production of some commodities and less efficient in other products compared to other countries. Therefore, one advantage of this theory is that it encourages specialization based on absolute strength, which enables a nation to produce a product and export the surplus.

International trade opens upmarket for domestic products and enables a country to maximize production capacity. Another benefit is that with global trade, presents consumers with a variety of goods and services from other countries for consumption. Further, international trade encourages mass production of goods for domestic use and export which can stimulate and enhance productivity and enable a state to realize the benefits of economies of scale. Mass production implies creation of more jobs, increases income levels for the employed citizen then reduces poverty and contributes to economic growth.

The critical contribution of the absolute advantage theory is the criteria of international trade, which according to this theory, is that a country produces those goods where it is enjoys efficiency in the production and imports those goods that cannot be produced locally in an efficient manner. However, there could be barriers to international trade such as tariffs, trading licenses, subsidies, export restraints, embargo, currency devaluation and trade restrictions which could limit the use of international trade as a development funding strategy. In order to address these obstacles, the United Nations member countries have established clear trading rules, the World Trade Organization, and trade liberalizations to boost trade among members states (United Nations, 2015b).

The application of theory of Absolute Advantage requires that nations will engage in international trade to boost the achievement of various development goals. In the conceptual framework adopted in this study paper, the international trade is regarded as a financing strategy which is the independent variable to test its impact on the achievement of national development goals either directly or indirection. Example of indirectly relationship can be seen in the study by Perry and Olarreaga (2006) where it was noted that trade and related reform contributes to poverty reduction by increasing the income levels. In this case income is the intervening variable in the trade and poverty reduction relationship.

d. Financial Liberalization Theory

McKinnon and Shaw (1973) define liberalization of financial sector as identification of interest rate that levels the supply and demand for savings. The theory states that high interest rates leads to increased savings, financial intermediation, and improvement in the effective use of savings. From this definition, it can, therefore, be implied that liberalized domestic financial system founded is one founded on minimal controls on borrowing and lending rates. The financial liberalization theory financial sectors controls limits economic development because the intermediaries are undeveloped to mobilize savings and allocating them efficiently among competing uses. Andrianaivo and Yartey (2009) conclude that income level, protection of creditor rights, financial sector control, political instability, investment levels, liquidity, savings, capital account controls are factors affecting development of financial markets.

The financial liberalizations theory explains the relationship between external sources of funds and economic development which ultimately impacts development levels. Based on the conceptual framework adopted in this study paper, financial markets development has been identified as moderating variable in examining the relationship between independent variable such as FDI and dependent variables which are the various development goals. For example, in the Mahmoud (2010) noted that FDI alongside monetary policies can sour employment creation in the low-income nations and that human capital and development of local financial markets could adversely limit an economy's ability to absorb the benefits associated with FDI. The various financing strategies will therefore impact the various development goals depending on the quality and extent of financial development in that country.

However, the theory of financial liberalization is founded on three assumptions namely perfect information, perfect competition and institution free analysis which may be far from reality. On ideal competition assumption, the banking sector in most of the developing economies is dominated of a few players which implies that financial liberation can widen the spread between the lending and deposit rates without increasing competition (Demetraides & Hussein, 1999). On perfection information assumption, the financial sector is also characterized by imperfect information whereby information is distributed unequally or asymmetrically between two parts of the same transaction challenging the practicality of the theory (Arestis & Demetriades, 1999). The approach also ignores the role of the stock markets arguing that the flow of funds from the household to the business sectors through the stock market is minimal, whereas the reality is that foreign funds inflows increases stock market capitalization which then ensure availability of funds for investment. (Arestis & Demetriades, 1999).

Financing Strategies, Macroeconomic Factors, Institutional Quality and Development

Based on the Keynesian Theory of Public Debt, Big Push Theory, Absolute Advantage Theory and Financial Liberalization Theory, it is expected that nations will adopt various financing strategies such as domestic finances, FDI, external debt, trade, global financial and technical cooperation and external debt are strategies a nation can use to fund development goals. Financial resources are required to implement various development to achieve set goals. It is the criticality of finances in the achievement of sustainable development goals that the developed countries have reiterated their commitment to delivering a contribution of 0.7% of their GNI towards ODA towards developing countries and 0.15% to 0.2% of the ODA to be directed to the least developed countries (United Nations, 2015b).

Macroeconomic factors include employment levels, income levels, inflation rates and economic growth which are factors that emerge to explain the impact of the financing strategies on the achievement of development goal. For instance, external sources of funds including grant inflows and debt could lead to higher inflation and real exchange rate appreciation which could be detrimental to the economic growth and efforts to alleviate poverty (International Monetrey Fund, 2004).

Institutional quality factors include political stability, corruption levels, financial market developments and human capital. These factors affect the direction and or strength of the relationship between the financing strategies and development goals. For instance, corruption, political unrest, and instability correlate negatively with FDI inflows affecting economic growth (Habib & Leon, 2002; Schneider & Frey, 1985)

Empirical Review

A substantial body of knowledge exists on the impact of financing strategies and various development goals. This chapter critically examines some of the previous studies, highlighting their strength, weaknesses and summarizes any existing knowledge gaps.

a. Financing Strategies and Development

Okafor (2012) researched on the impact of tax on GDP in Nigerian using the OLS regression analysis method for the period between 1981 and 2007. The results showed significant positive relationship between tax collection and economic development. The study results underpin policy measures to expand tax revenue to positively impact the economic growth. However, critical challenges of domestic financing strategy is to ensure there are necessary internal plans to mobilize domestic savings, increase investment, increase human capacity, build and ensure useful governing structure, corruption eradication and vibrant private sector (United Nations, 2002). The Okafor (2012) analytical model could be modified to accommodate some of these factors to establish if similar conclusion will be arrived at.

Borensztein, De Gregorio, & Lee (1998) examined the effect FDI on economic growth using a cross-country regression. Data was collected on FDI from developed countries to 69 developing countries for the period between 1970 and 1989. The study showed that FDI is an essential for transmission of technology, impacting economic growth. On the contrary, a study by Ocaya, Ruranga, and Kaberuka (2013) observed that there is no relationship between FDI and Economic growth. Similarly, Schoorsa and Van der Tol (2002) found that firms with FDI injection could push out of market those firms that do not receive FDI thereby impacting negatively on the economy. These studies outline technology transfers as a possible intervening factor in the relationship between FDI and economic development. However, these studies fail to acknowledge the fact that inflows of FDI expose a country foreign exchange which could impact the inflation in a country affecting the achievement of development goals.

Biesma et al. (2009) investigated the effects of the Global Fund to Fight AIDS, TB and Malaria, the PEPFAR and the World Bank Multi-country AIDS Program, on country health systems. The study was based on 31 original country-specific and cross-country articles and reports between 2002 and 2007. The study showed improved HIV/AIDS service delivery, positive stakeholder engagement and the directing of funds to non-governmental stakeholders such as NGOs and faith-based bodies. On the negative impact, the study showed distortion of the countries' national policies including the distraction of the government's efforts to strengthen health systems through effective governance structures. Vitoria et al. (2009) observed that despite FDI increase, the challenges such as undeveloped infrastructure and undeveloped human resources, continue to be inhibit growth in the health sector. These studies bring out governance as an explanatory variable in the statistical model. However, in the SDG framework the new KPI on health sector focuses on Malaria cases, Tuberculosis cases, New HIV infections, Hepatitis B cases and spread of treatment programs. Minimal studies exist based on the newly defined KPIs, whereby there exist minimal studies.

Azeez, Dada, and Aluko (2014) examined the impact of international trade and the GDP in Nigeria between 2000 and 2012 using the Ordinary Least Square technique. The study showed that international trade a positive significant impact on economic growth. Similar findings were arrived at in the Sun & Heshmati (2010) studies, where it was noted that international trade helped China grow economically. These two studies demonstrate that developing nations could achieve their economic development goals by creating an environment for international trade. However, there could be barriers to international trade such as tariffs, trading licenses, subsidies, export restraints, embargo, currency devaluation and trade restrictions, which these studies do not address. Also, the analytical models in these studies do not accommodate the possible effect of international trade on foreign exchange rates and inflation.

b. Financing Strategies, Macroeconomic Factors and Development

Mweni, Njuguna, and Oketch (2016) examined the debt and inflation levels in Kenya over the period between 1972 and 2012 using real annual time series data. The research established that external borrowing significant effect inflation in a positive direction. From this study it can be concluded that Kenya or any other nation can purpose to lower the inflation rates by reviewing the external borrowing policies, focus on financing national budgets through domestic sources of funds, price controls, and effectively managing external debt. International Monetary Fund (2004) adds that external sources of funds including grant inflows and debt could lead to higher inflation and real exchange rate appreciation which could be detrimental to the economic growth and efforts to alleviate poverty. The study was specific to Kenya. Thefeore similar studies in other countries should be conducted to establish if similar findings will be arrived at.

Simpasa, Shimeles, and Sal (2015) examined the employment effects of foreign aid in 26 African countries. The focus was on the financing of a sample of 51 projects between 1990 and 2010. Qualitative analysis approach was adopted. The study showed that projects in the productive sectors don't create considerable employment impact relative to aid driven projects concentrated in the social sector. Exceptions were noted whereby aid to small-scale business and microcredit setups creates employment far ore that aid to public sector such as education or health sector. In the study, however, the sample of 50 may not be representative of the more than 300 projects funded by the bank over the same period. The small sample chosen may have been influenced by the qualitative analytical model chosen which require more time and resources, which in overall may have affected the study conclusion.

Anyanwu (2011) researched on the foreign remittances and income inequality relationship in Africa. The study used Ordinary Least Squares (OLS) analytical technique on the data was collected for the period between 1960 and 2006. The study concluded that foreign remittances positively impacts income inequality in Africa. The study also found that inflation increases while education reduces income inequality. In similar studies, it was noted that high remittance costs, access to remittance infrastructure, prevalence of informality, transparency, remittance legislation, limitations in maximizing the productive potential of remittances, lack of accurate and meaningful data and efficiency of the remittance services are some of the challenges affecting use of remittances in African, Caribbean and Pacific group of state (Leon, 2017; Bank for International Settlements, 2007). However, rather than generalize policy recommendation across Africa, local empirical studies at the country level would be more relevant because of country-specific challenges and the need to localize the policy recommendations.

Bittencourt, Eyden, and Seleteng (2013) studied the inflation-GDP relationship in the SADC countries. Data were collected from fifteen sub-Saharan African nations between 1980 and 2009. A panel time-series data analysis model was used. The results showed that inflation was detrimental to growth in the region. International Monetary Fund (2004) observed that external sources of funds including grant inflows and debt could lead to higher inflation and real exchange rate appreciation which could be detrimental to the economic growth and efforts to alleviate poverty. From a policy perspective, developing countries should ensure additional external funds flows such as FDI, ODA, and foreign debt do not undermine inflation and macroeconomic stability. Bittencourt, Eyden, and Seleteng (2013) study introduce inflation as an explanatory variable to the impact on the external inflows on the economic development and poverty alleviation. However, the study was limited to SADC member countries therefore similar studies need to be replicated in other regions to establish if the same conclusions will be arrived at.

Ichida and Moser (2001) examined economic and poverty relationship in Sub-sahara Africa. Data were collected from 46 African countries for the period between 1972 and 1997. The OLS, GLS and 2SLS analytical techniques we used. The study established a strong relationship between economic growth and poverty levels. In particular, a 10% increase in GDP, leading to a 1% life expectancy increase, 3%-4% reduction in infant mortality rate, 3.5%-4% imporvemen in primary school enrolment. The model used non-income indicators such as life expectancy, schoold enrolment and infant mortality rates. However, it is expected that during monitoring and reporting of SDGs, the KPIs will be disaggregated, where relevant, such as by age, sex, income levs, race, ethnicity, disability and geographic location etc. (United Nations, 2017). The Ichida and Moser (2001) study model can, therefore, be expanded to include income and human development variables and relationship tested using household-level data survey at age, sex, income levs, race, ethnicity, disability and geographic location. This will result in meaningful policy recommendations targeting poverty in the various group in the society.

Chor-ching, Xubei and Nong (2009) investigated income, inequality and poverty reduction in China, during the period between 1989 and 2004. Growth Incidence Curve (GIC) and Poverty-Growth-Inequality Triangle Analytical models were used. The study deonstrated an increse in income leves thereby reducing poverty. The study adopted the one-dollar- day poverty line as the measure of poverty. However, a revised SDG target on poverty eradication is to put in place social protection stratgies and measures for all by the year 2030. Therefore, the Chor-ching, Xubei and Nong (2009) study model could be modified using poverty measurement variables such number children, old citozens, the disabled, the unemplyed, snd the poor who are on the social protection programms. Equaly, such an analysis can lead to meaningful policy recommendations targeting poverty in the various group in the society.

Azam, Haseeb, & Samsudin (2016) empirically tested the relationship between foreign remittances, external borrowing, income levels, inflation and human capital on poverty alleviation in 39 nations between 1990 and 2014. The LLC test, IPS test, and Fisher-types tests were used to study the stationary properties of the data. It was found out that foreign remittances have a positive impact on poverty reduction with the analysis being statistically significant for upper-middle-income countries. High remittance costs, access to remittance infrastructure, the prevalence of informality, transparency, remittance legislation, the efficiency of the remittance services are some of the challenges affecting the use of remittances in the African, Caribbean and Pacific group of states (Leon, 2017; Bank for International Settlements, 2007). Therefore in the Azam, Haseeb, & Samsudin (2016) study, the financial Market development which provides infrastructure for remittance transmission, can be included as a moderating variable for more insightful analysis.

Page and Shimeles (2014) researched on Aid, employment and poverty reduction in Africa. Two-step GMM estimate was used to establish the relationship between poverty and sectoral shares of employment for the period between 1998 and 2011. The study showed that despite moderate to high economic growth in several African countries, better macroeconomic management, debt reduction, an increase in external funding, many of these countries have the lowest poverty reduction rates compared to economic growth. As the study noted, this is because most of the aid was spent to support social infrastructures such as education and health, with minimal contribution to structural changes and job creation which would directly reduce poverty. From this study, one can recommend more aid directed towards job creation through measures such as boosting Agricultural sectors, focus on building infrastructure and relevant skills and accelerate the growth of high value-adding industries as a poverty reduction strategy.

Perry and Olarreaga (2006) examined trade liberalization, inequality and poverty reduction in the eighties to nineties in Latin America. The study used a simple ordinary least squares (OLS) model for the analysis. The study showed that trade reform contributes to poverty reduction by reducing the cost of living. In addition, the study showed that an increase in the income was noted with continued trade reform thereby alleviating poverty. This study brings out income as an explanatory variable in the relationship between trade and poverty reduction. Similar studies in Africa would confirm if the same conclusion will be arrived at.

c. Financing Strategies, Institutional Quality and Development

Gyimah-Brempong and Dappah (1996) investigated the effect of non-elite political instability on the economic growth in 38 Sub-sahara Africa countries. Simultaneous equation model was used to analyze the cross-national time series data collected for the period between 1975 and 1990. The conclusions indicated that non-elite political instability adversely impact the economic growth in Sub-Sahara Africa. Financing strategies such as FDI, external debts, ODA can, therefore, be negatively affected by the political situation of the country with an overall negative impact on the development goals. However, the data for the study was collected between 1975 and 1990. With continuous changes and improvement in the political landscape in Africa over the last decade, it remains not clear if the study conclusion still holds using recent data.

Anoruo and Braha (2005) studied corruption and its impact on Economic Growth in African. Data were collected from 18 African countries over the period 1984 through 2000. The study OLS technique to establish the corruption and the economic growth relationship. The results showed that corruption negatively affects economic growth. It does so by limiting productivity and investment. Similar studies also established that corruption, political unrest, and instability correlate negatively with FDI inflows (Habib and Leon, 2002; Schneider & Frey, 1985). Therefore, enhancing governance such as addressing levels of corruption can increase the country's attractiveness to foreign investors and in the process improve the share of FDI. In establishing the relationship between financing strategies and development, the country corruption index should be incorporated in the statistical model as a moderating variable.

Sadorsky (2010) examined the financial development and energy consumption relationship for 22 emerging countries over the 1990 to 2006 using the method of moment estimation techniques. The study showed that financial development and energy consumption have a positive relationship. More literature exists to support the positive impact of credit facilities primarily in the energy sector (OECD, 2015; Aldwych International, 2014). However, the limited availability and use of borrowings either by direct investment vehicles or indirect blended finance potentially limit the participation of many investors in the energy sector (Tonkonogy, Brown, Micale, Wang, & Clark, 2018). Besides, the Energy sector projects require substantial funding, takes long to implement the plans and the impact is felt in the longer term rather than in the short time. The energy sector could, therefore, be given a special policy consideration to attract institutional investors like pension funds, national social security funds who engage in long-term obligations and therefore can be a financing strategy for long-term capital projects like public infrastructure.

d. Financing Strategies, Macroeconomic Factors, Institution Quality and Development

Mahmoud (2010) examined the FDI, financial markets, employment and poverty levels. The study used panel data from 62 nations between 1996 and 2007. This study used Feasible Generalized-Least-Squares (GLS), Granger causality tests and cross-sectional correlation analysis. The study showed that FDI alongside monetary policies can sour employment creation in the low-income nations. The study also demonstrated that human capital and development of local financial markets could adversely limit an economy's ability to absorb the benefits associated with FDI. The study recommended financial market policy reviews, human capital enhancement initiatives, creation of conducive business environment as strategies to reduce poverty.

Gohou and Soumare (2012) examined the relationship between FDI and poverty levels in 52 African nations, 10 Asian nations, 25 Eastern European nations, and 32 Latin American nations for the 1990-2007 period. The study adopted a regression analysis technique. The primary study variable was the net FDI inflows and the Human Development Index (HDI). To improve the empirical analysis variables such as economic, institution variables, policy variables, and business environmental factors were included. Economic and policy variables were measured by debt ratio, inflation, and education levels. The rule of law, corruption, political risks and financial market development were measures of the business environment and institutional quality. The study established a strong positive FDI - poverty levels relationship. The study is very insightful because the analytical model accommodates both macroeconomic factors and institutional quality making policy recommendation practical.

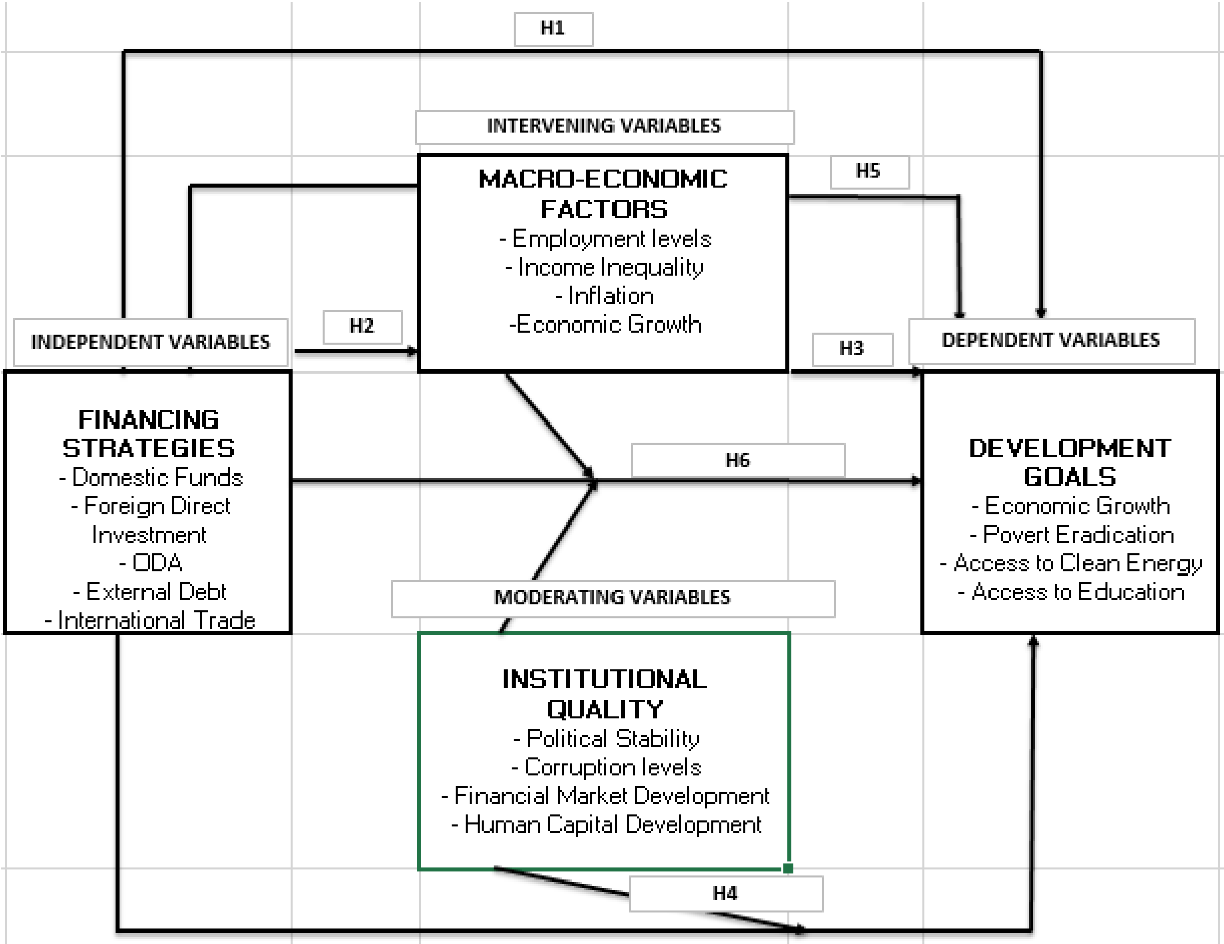
Shamim, Azeem, and Naqvi (2014) studied the FDI and poverty level relationship Pakistan for the 1973 and 2011 period. The first analysis was done using ARDL techniques which showed a positive relationship among Investment to GDP Ratio, Trade Openness, Exchange Rate, Political Stability, Financial Development and FDI was noted. The second analysis done using the co-integration analytical showed that FDI had a negative impact on Poverty along with other control variables like Financial Development, GDP and Public Investment which also have a negative relationship with poverty levels. The policy recommendations are specific to Pakistan and are likely to be useful because it is based on a model that captures the country-specific macroeconomic variables and institutional quality. This is in line with post-2015 sustainable development goals whose implementation strategy has shifted from global to national and local perspective.

Jung and Thorbecke (2001) examined public education expenditure, human capital, growth, and poverty in Tanzania and Zambia. The model was calibrated on early and mid-1990s data that is Tanzanian 1992 Social Accounting Matrix (SAM) and the Zambian 1995 (SAM). The CGE modeling approach was used. The results showed that public expenditure increase on education could affects the economic growth and poverty levels. In the same breath, a study by Borensztein, De Gregorio and Lee (1998) observed that FDI has a higher positive impact where the host nation has a minimum human capital levels capable of absorbing the advanced technologies. Therefore, the availability of skilled human capital as a result of the quality education system can be seen as a critical moderating variable in understanding the implication of FDI on economic growth or poverty reduction.

Conceptual Framework

Figure 1 below, outlines the conceptual framework adopted by the study to establish the relationship and effects of financing strategies, macroeconomic factors and institutional quality on the achievement of development goals. The framework includes independent, intervening, moderating variable that impacts the dependent variables drawn from the literature review. Development goals KPI's are the dependent variables which are the primary focus of the study. Financing strategies are the independent variables that account for the changes in the dependent variables. The intervening variables have been included as a function of the financing strategies to explain the relationship between the financing strategies and the development goals. Moderating variables have been included because they affect the strength and direction of the relationship between the financing strategies and the development goals.

Figure 1: Conceptual Framework



Source: Author, 2018

The review of previous studies showed that financing strategies have an impact on the attainment of nation's development goals. The studies include different moderating and intervening variables leading to different conclusions. Based on the literature review, the researchers should expand the analytical model to cover all the critical intervening and moderating variables to establish the impact of the financing strategies on the achievement of development goals.

The conceptual framework identifies and interlinks all the variables. Financing strategies are the independent variables. Development KPIs (economic growth, poverty eradication, access to education, access to clean energy) are the dependent variables. The financing strategies (independent variables) directly influence the development goals (dependent variable). In some cases moderating variables (debt levels, political stability, corruption levels, financial market developments, human capital) with independent variables (financing strategies) jointly affect the dependent variables (development KPI's). Example political instability affects a country's ability to attract FDI or raise external debt thereby negatively affecting a country's economic development. The macroeconomic factors include employment levels, income levels, inflation rates and economic growth, factors which emerge to explain the impact of the financing strategies on the achievement of development goals.

Summary

Development goals are objectives to be achieved by all nations in the area of economy, social and environmental sectors to make a better world for the current and future generations. The MDGs were eight goals set in the year 2000 to be achieved by the year 2015. With effect from 2015, the world through United Nations has identified SDGs in five thematic areas namely people, planet, prosperity, peace, and partnership, articulated in 17 goals, 169 targets and 230 global indicators, to be achieved by the year 2030. Domestic finances, FDI, external debt, trade, financial and technical cooperation are the applicable financing strategies for development in Africa.

Previous studies, mainly on millennium development goals focused globally on establishing the relationship between financing strategies and development goals thereby failing to account for the effect of the macroeconomic factors and institutional quality on the achievement of development goals. The literature review has noted that institutional quality factors such as political Stability, corruption levels, financial market developments and human capital affect the direction and or strength of the relationship between the financing strategies and development goals. On the other hand, macroeconomic factors such as employment levels, income levels, inflation rates and economic growth emerge to explain the impact of the financing strategies on the achievement of development goals.

On domestic funding, studies have demonstrated a positive relationship with economic development. Such a relationship underpins policy recommendations to enlarge the tax base and ensure efficient tax administration for economic growth. However, the critical challenges of domestic financing strategy is to ensure there are necessary internal strategies and plans to mobilize domestic savings, maintain adequate levels of productive investment, increase human capacity, build and provide useful governing structure, corruption eradication ensure a conducive business environment (United Nations, 2002). On remittances and government direct funds transfers, a positive impact is felt on poverty alleviation and economic development goals only where the funds are invested in capitals project or business rather than direct consumption. Macroeconomic factors such as increased income, increased employment rate explain the impact of the remittances on poverty alleviation and economic growth.

FDI as a financing strategy can contribute or deter economy growth. For positive impact to be felt, two key factors should prevail. First, there should be a well-developed financial system and a positive environment to attract the foreign direct investors, which implies that corruption, political unrest and instability and other factors that discourage foreign investors should be addressed. Secondly, industry-specific factors such as high demand for skill-abundant labour, high-tech goods, and services, a wide range of products are produced, a high level of advertising and skilled human capital are required.

With international financial and technical cooperation as a financing strategy, empirical studies have shown a positive impact on economic development goals, but also an adverse effect on the health sector development goals through distortion of the national health sector policies, distraction of government's efforts to strengthen health systems, planning and management as well as monitoring and evaluation systems. The effects depends on governance and policy effectiveness. Similarly, the external debt as a financing strategy can only have a positive effect up to certain levels of debt-GDP ratio, beyond which adverse effects are noted on the economic development goals. These findings encourage debt reduction as a strategy to spur economic growth. Besides, this strategy requires policy intervention to establish the debt-GDP ratio limit and inculcate discipline for the country to achieve benefits and avoid the adverse effects that come with substantial external debt finances.

On international trade as a financing strategy, studies have shown a positive impact on economic development goals. International trade opens up the foreign market for local goods which could be sold at highly competitive global prices compared to low domestic prices. Inflation, income levels, and employment rate are macroeconomic variable explain the impact of international trade on economic growth. Studies have also established that country-specific barriers such as tariffs, trading licenses, subsidies, export restraints, embargo, currency devaluation and trade restrictions, remains a challenge to the use international trade to finance economic development goals. Fortunately, in order to ensure international trade plays a critical role in sustainable development, the United Nations member countries have dedicated to promote a worldwide, legal, transparent, predictable, comprehensive, non-discriminatory trade through WTO and trade liberalization (United Nations, 2015b).

Conclusions

Sustainable development is a current topic that has attracted the attention of local and international stakeholders, because of today's greatest desire to make a better word. The objective of this study was to critically review the existing literature on the effects of financing strategies, macroeconomic factors and institutional quality factors on the achievement of development goals in Africa. From the literature review, this paper concludes that Africa will need more than financing strategies to achieve development goals. The success of any financing strategies on the achievement of development goals will depend on how the government deals with institutional quality factors such as political stability, corruption levels, financial market developments and human capital development. Macroeconomic factors such as employment levels, income levels, inflation rates and economic growth only emerge to explain the impact of the financing strategies on the achievement of the development goals.

Domestic financing strategy will require policy interventions to mobilize domestic savings, maintain adequate levels of productive investment, increase human capacity, build and ensure useful governing structure, corruption eradication as well as ensure a conducive business environment. (United Nations, 2002). The foreign direct investment as a financing strategy will need policy intervention to ensure the strategy is applied strictly based on economic, social as well as environmental justification. Besides, the policy intervention should ensure the host country has a minimum threshold stock of human capital, and there is sufficient absorptive capability of the advanced technologies (Borensztein, De Gregorio, & Lee, 1998)

On international financial and technical cooperation as a financing strategy, it can be concluded that the strategy can have a positive impact only in a good policy environment. For instance, to achieve a positive result on health sector development goals, the international financial and technical cooperation strategy needs to be supported by policy framework aimed at strengthening health care governance systems, enhancing human resources and improving healthcare infrastructure (Vitoria et al, 2009).

On the external debt finance strategy, it can be concluded that positive impact on economic development goals can be achieved up to certain levels of debt-GDP ratio, beyond which adverse effects can felt (Checherita-Westphal & Rother, 2010). Therefore, this financing strategy requires policy discipline to ensure the country operate within set debt-GDP limits. For international trade as a financing strategy, it can be concluded that a positive impact on the development goals can be achieved through policy intervention that addresses challenges such as tariffs, trading licenses, subsidies, export restraints, embargo, currency devaluation and trade restrictions.

Recommendations

This study has established that the success of any financing strategies on the achievement of development goals will depend on how the government deals with institutional quality factors such as political stability, corruption levels, financial market developments and human capital development. This study recommends Africa nations to put in place corruption eradication strategies such as anti-corruption laws and policies, institutionalized anti-corruption measures, enforcement of zero tolerance to corruption culture and integrity certification for employment. On political stability, Africa nations should enhance governance, enhance democratic space and address factors that may trigger instability such as poverty, diseases, violence, unequal employment and distribution of public resources. On financial markets development, Africa nations should deepen financial markets to spur growth and investment particularly enhance financial market regulatory framework, develop the capital markets, enhancing the role of the banking system through innovative savings and borrowing instruments adapted to local needs. On human capital development, Africa nations should invest more in the education system to enhance human capital for creation of economic value.

On external debt as a financing strategy, this study recommends assessment of the debt –GDP limit levels and inculcate policy discipline to ensure that Africa nations operate within set limits. The underlying spirit should be to emphasize the use of domestic funding strategy and limit reliance on external debt on funding development goals. On domestic financing strategy, a country level analysis and review of fiscal policies should be encouraged with a focus to enhance revenue collection, address revenue leakage and corruption eradication. On institution investors who can be regarded as part of domestic private funds, this study recommends special country-specific policy consideration targeting institutional investors like pension funds, national social security funds who engage in long-term obligations and therefore can be a financing strategy for long-term capital projects like public infrastructure.

Remittances have a positive impact where they are invested to generate future income rather than direct consumption. Through policy interventions, the government should incentivize foreign citizen to consider directing their remittances in capital projects as a sustainable and long-term contribution towards poverty alleviation. On foreign aid, the study recommends policy interventions aimed at efficiency in the use of financial resources, ensure aid is directed towards the right sector or population, avoid wastage of funds, address corruption, embrace technology and ensure effective monitoring and evaluation controls are in place. Nations should create a conducive environment for FDI through corruption eradication and political stability policy intervention. To harness the potential of international trade as a financing strategy, the study recommends regulatory and policy interventions aimed at making Africa economies more open, market-oriented to boost trade.

In this study, the macroeconomic factors emerge as a consequence of the financing strategies to explain the impact the achievement of the development goals. Therefore from a policy implication, Africa nations should review monetary and fiscal policies to come up with country-specific measures to address inflation. On employment and income levels, Africa nations should put in place targeted and productive job creation strategies such as enhancing access to the credit facility, enhancing education system, improve technology transfers to increase absorption of the working youth.

Suggestions for Further Studies

Africa was the primary focus of this study. Similar studies should be replicated international or in other continents on the effects of financing strategies, macroeconomic factors and institutional quality on the achievement of development goals to validate the findings of this study. The results of such future studies will benefit scholars, finance managers, government and broader national development stakeholders in the understanding of the impact of financing strategies, macroeconomic factors, and institutional quality factors on the achievement of development goals in other regions.

Blended finance is a financing strategy that involves pooling together private, public financial and expert resources, such as the broad portfolio of potential instruments, loans, equity investments, and guarantees and traditional public-private partnerships to fund development goals. (United Nations, 2014). Blended finances can also be tailored to a specific development goal. For instance, green financing strategy aims at pooling financial resources towards environment development goals while climate funds are blended funds directed towards climate development goals (Rossetto; 2017 and Ernst & Young, 2016). Impact financing, on the other hand, is made with the intent to generate and measure social impact in areas essential services including housing, healthcare, and education, microfinance, and sustainable agriculture (Garmendia & Olszewski, 2014). However, many of the existing blended financing instruments remain small in size and scope or are focused in a few sectors with most of the funds limited to the poorest countries (Hurley & Voituriez, 2016). This financing strategy was left out of this study because of its limited application. This should form the basis for future studies on the impact of financing strategies on the achievement of development goals.

The last one decade has witnessed innovation in financing strategies with new approaches such as crowdfunding models that have been deployed by companies to raise capital for development projects. Crowdfunding strategy is where business use internet to raise capital either as donations or investments from various individuals (InfoDev, 2013). InfoDev (2013) observed that the highest potential for crowdfunding strategy exists in China then East Asia, Central Europe, Latin America but with minimal potential in Africa. Future studies should focus on establishing the enabling factors and make public policy recommendations that can enable crowdfunding a viable financing strategy in Africa.

The Post-2015 development agenda is more comprehensive, refined, focused on impact and had introduced new goals such as peace, stability, human rights and good governance. It will benefit nations and scholars to understand the implications of different financing strategies on the attainment of new SDGs, in order to put in place the appropriate funding strategies. From an academic perspective, such future studies on the new targets will contribute to closing the existing gap in the relationship between financing strategies and new development goals.

Limitations of the Study

Several limitations that emerged in the course of this research, owing to its scope, focus and complexity are as follows. First, the literature review was primarily based on studies done on the eight-millennium development goals, which have since been revised to seventeen sustainable development goals with effect from the year 2015 and includes new goals such as peace, stability, human rights and good governance. There were data limitations because of the minimal research studies that have been done on these new development goals and therefore they were excluded from the scope of this study. Secondly, the scope was the literature review on the effects of financing strategies on the achievement of development goal mainly on the African countries. The overall conclusion would have been different if other continents would have been included in the scope and therefore the findings of this study may not be generalized as fully representative across all nations.

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