SDGs and Progress in the Arab World

Mahmoud Mohieldin, Senior Vice President
World Bank Group
Arab Sustainable Development Week

High-level Plenary Meeting “Towards Effective Partnership”
on Sunday May 14th at 12:00 PM

- **Global Context:**
  - Prospects and Challenges for Arab Countries

- **The 2030 Agenda and the SDGs:**
  - An Opportunity for Transformation

- **Solutions:**
  - What to Avoid and What to Pursue

*Arab country data excludes Comoros, Somalia, and Mauritania, unless otherwise specified*
Global Context

*Arab country data excludes Comoros, Somalia, and Mauritania

GDP Growth

Reflections on the new global economy: multipolarity

The world’s economic center of gravity in 1980, in black
Reflections on the new global economy: multipolarity

The world’s economic center of gravity, 1980-1989, in black

Source: Danny Quah, 2011
Reflections on the new global economy: multipolarity

The world’s economic center of gravity, 1980-1998, in black
Reflections on the new global economy: multipolarity

The world’s economic center of gravity, 1980-2007, in black

Source: Danny Quah, 2011
Reflections on the new global economy: multipolarity

The world’s economic center of gravity, 1980-2016, in black

Source: Danny Quah, 2011
Reflections on the new global economy: multipolarity

The world’s economic center of gravity, 1980-2016, in black, at three-year intervals

Source: Danny Quah, 2011
Reflections on the new global economy: multipolarity

Evolution of the earth’s economic center of gravity\(^1\)
1 CE to 2025

Source: McKinsey Global Institute, 2012
Reflections on the new global economy: multipolarity

Historical evolution of simple growth polarity, selected economies, 1-2008

Source: World Bank staff calculations, from Maddison 2003. Note: The simple polarity index was calculated from size-weighted (compound) GDP growth rates measured in 1990 international Geary-Khamis dollars normalized to the maximum and minimum of the full 1-2008 period.
Reflections on the new global economy: multipolarity

Channels of growth spillovers from a growth pole

Source: World Bank staff calculations. Note: Arrows point to direction of flow, whereby growth from a pole can influence growth elsewhere, while annotations indicate the specific growth stimuli transferred to the beneficiary of the pole.

Reflections on the new global economy: multipolarity

Regional simple polarity index, top three countries, 2004-08 average

<table>
<thead>
<tr>
<th>Country</th>
<th>Simple index</th>
<th>Country</th>
<th>Simple index</th>
<th>Country</th>
<th>Simple index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-Saharan Africa</td>
<td></td>
<td>East Asia and Pacific</td>
<td></td>
<td>Eastern Europe and Central Asia</td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>63.90</td>
<td>China</td>
<td>98.87</td>
<td>Russian Federation</td>
<td>69.44</td>
</tr>
<tr>
<td>Nigeria</td>
<td>41.42</td>
<td>Korea, Rep.</td>
<td>12.68</td>
<td>Turkey</td>
<td>64.18</td>
</tr>
<tr>
<td>Angola</td>
<td>27.57</td>
<td>Indonesia</td>
<td>5.70</td>
<td>Czech Republic</td>
<td>48.95</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td></td>
<td>Middle East and North Africa</td>
<td></td>
<td>South Asia</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>45.60</td>
<td>Saudi Arabia</td>
<td>28.26</td>
<td>India</td>
<td>100.00</td>
</tr>
<tr>
<td>Argentina</td>
<td>33.84</td>
<td>Iran, Islamic Rep.</td>
<td>26.12</td>
<td>Bangladesh</td>
<td>10.96</td>
</tr>
<tr>
<td>Mexico</td>
<td>24.42</td>
<td>Egypt, Arab Rep.</td>
<td>25.71</td>
<td>Pakistan</td>
<td>8.52</td>
</tr>
</tbody>
</table>

The definition of growth pole focuses on the spillover effects that an economy’s growth induces on the global level.

Source: World Bank staff calculations, from Maddison 2003. Note: The simple polarity index was calculated from size-weighted (compound) GDP growth rates measured in 1990 international Geary-Khamis dollars normalized to the maximum and minimum of the full 1-2008 period.
Drivers of the Global Development Agenda:
Last 15 Years in Developing Economies

- Increased macro-stability and demographic dividends
- Poverty reduction and middle class growth
- China led growth and commodity boom (emerging markets)

Positive Conditions for Twin Goals
Sputtering Drivers?:
Recent Conditions

- End of the Commodity super-cycle
- Diminished capital & trade flows
- Slowing China growth
- Increasing Headwinds

Internal Vulnerabilities:
- Thin Policy Buffer
- Fiscal Pressures
- High Debt Levels
- Slow Growth
Addressing Global Megatrends & Challenges

Demographic and Growth Transitions
- Economic diversification; 600 million new jobs (SDG#8)
- Sustainable Health & welfare system (SDG#3)
- Urban management (SDG#11)
- Private expertise/funding for infrastructure/urban services (SDG#11; SDG#9; SDG#17)
- Shift from fossil fuels to renewables/efficiency (SDG#7)
- Agriculture adaptation (SDG#2)
- Shocks and risks preparedness (SDG#13)
- Protecting vulnerable from fragility & violence (SDG#1; SDG#16)
- New sources of growth and trade, especially for commodity exporters (SDG#9)

Urbanization

Climate and Resources
- Shift from fossil fuels to renewables/efficiency (SDG#7)
- Agriculture adaptation (SDG#2)

Cycles, Disruptions and Fragility

Shifts in Global Economy
Looking Back: MDGs Progress*

Comparing Arab Countries to Developing Countries

MDG 1.1 - Extreme Poverty

<table>
<thead>
<tr>
<th>Arab Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

MDG 1.9 - Undernourishment

<table>
<thead>
<tr>
<th>Arab Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

MDG 2.1 - Primary Completion

<table>
<thead>
<tr>
<th>Arab Countries</th>
<th>Developing Countries</th>
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<tbody>
<tr>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

MDG 3.1 - Education Gender Parity

<table>
<thead>
<tr>
<th>Arab Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>

MDG 4.1 - Under-5 Mortality

<table>
<thead>
<tr>
<th>Arab Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

MDG 4.2 - Infant Mortality

<table>
<thead>
<tr>
<th>Arab Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

MDG 5.1 - Maternal Mortality

<table>
<thead>
<tr>
<th>Arab Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

MDG 7.8 - Improved Water

<table>
<thead>
<tr>
<th>Arab Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>67</td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

MDG 7.9 - Improved Sanitation

<table>
<thead>
<tr>
<th>Arab Countries</th>
<th>Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>58</td>
</tr>
<tr>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

*the Arab world is comprised of developing MENA + Comoros, Mauritania, Somalia
Transitioning from the MDGs to the SDGs: Lessons Learned

- Ensure the timeliness and effectiveness of policy instruments
- Increase efficient allocation of resources
- Recognize and identify interrelatedness of development goals at the onset
- Ensure strong government involvement
- Promote quality data
- Increase cross-institutional collaboration
- Prioritize engagement of communities and community mobilization
- Bridge the humanitarian and development agendas

Based on report: “Transitioning from the MDGs to the SDGs” jointly written by the World Bank Group and the UN Development Programme
An Opportunity for Transformation: From MDGs to SDGs

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Goals</td>
<td>8</td>
<td>17</td>
</tr>
<tr>
<td>Targets</td>
<td>21</td>
<td>169</td>
</tr>
<tr>
<td>Indicators</td>
<td>60</td>
<td>~231</td>
</tr>
<tr>
<td>Priority Areas</td>
<td>Human Development</td>
<td>Holistic: Economic, Social, Environmental</td>
</tr>
<tr>
<td>Scope</td>
<td>Developing Countries</td>
<td>Universal</td>
</tr>
</tbody>
</table>

The global development agendas serve as a compass and guide for countries to determine their national development path.
Regional Developments

GDP per capita (% growth)

FDI Net Inflows (% of GDP)

Source: World Bank, IMF. *includes Comoros, Somalia, and Mauritania
Solutions:
Avoid bad ideas

- Dealing with joblessness by relying on the civil service;
- Cutting fiscal deficits by sacrificing public investment in infrastructure;
- Subsidizing energy except for very limited subsidies to highly vulnerable sections of the population;
- Open ended protection for specific sectors;
- Imposing administrative price controls;
- Banning exports;
- Underpaying civil servants compared to the private sector;
- Exchange rate misalignment;
- Resisting urbanization/underinvesting in infrastructure;
- Ignoring environmental implications;
- Poorly regulating the Banking sector and excessive interference;
- Measuring educational progress solely by higher enrollments and ignoring the quality of education
Solutions: Invest in people, build resilience, and make growth inclusive

**INVESTING IN PEOPLE**
- Early childhood development
- Gender equality
- Skills for jobs
- Equal opportunities

**INVESTING IN INCLUSIVE GROWTH**
- Infrastructure
  - Roads
  - Energy
- Sustainable
  - Greening growth
  - Water management
- Private sector
  - Job creation

**INVESTING IN RESILIENCE**
- Fragility & Conflict
- Climate and weather shocks
- Pandemics

Sources: World Bank Group, 2017
Solutions:
The four pillars of SDG implementation in the Arab World

**Investing in People**
- Early childhood development
- Gender equality
- Skills for jobs
- Equal opportunities

**Embrace regional integration**
- With a focus on:
  - energy,
  - education, and
  - water

**Building Resilience**
- Build resilience to shocks of refugees and IDPs
  - Adequate support to host governments
  - Development assistance oriented toward helping them build assets
  - A large share should come from the international community

**Focus on recovery and reconstruction**
- Restoring basic services
- Enhancing livelihoods/economic opportunities
- Fostering social cohesion
## Solutions:
### Key components of financing the SDGs

<table>
<thead>
<tr>
<th>National public resources:</th>
<th>Improving domestic resource mobilization (DRM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global public resources:</td>
<td>Better and smarter aid</td>
</tr>
<tr>
<td>National and global private resources:</td>
<td>Unlocking private investment for development, Attracting FDI, Remittances, Philanthropic finance</td>
</tr>
</tbody>
</table>
Solutions:
Improve tax system efficiencies and revenues

Rich countries tend to raise more tax revenue as a share of GDP than poorer ones.
Solutions:
Find the balance of public and private funding

PRIVATE SECTOR FINANCING

Sector Investors/EPC // Institutional Investors // Equity Funds & Asset Managers // Commercial Banks
Corporate Bonds (Including State Owned Enterprises Issuances)

PUBLIC SECTOR FINANCING

Federal, National, Local Budgets // Development Finance Institutions & Multilateral Development Banks
Public Bond Financing // National Development Banks

Source: IFC Presentation to Center for Global Development, February 2017
Solutions: Increase private sector engagement

1. **COMMERCIAL FINANCING**
   - Can commercial financing be cost-effectively mobilized for sustainable investment? If not…

2. **UPSTREAM REFORMS & MARKET FAILURES**
   - Country and Sector Policies
   - Regulations and Pricing
   - Institutions and Capacity
   - Can upstream reforms be put in place to address market failures? If not…

3. **PUBLIC AND CONCESSIONAL RESOURCES FOR RISK INSTRUMENTS & CREDIT ENHANCEMENTS**
   - Guarantees
   - First Loss
   - Can risk instruments & credit enhancements cost-effectively cover remaining risks? If not…

4. **PUBLIC & CONCESSIONAL FINANCING, INCLUDING SUB-SOVEREIGN**
   - Public finance (incl. national development banks and domestic SWF)
   - MDBs and DFIs
   - Can development objectives be resolved with scarce public financing?
Solutions: Increase domestic savings

Key drivers of domestic savings*

- Improve real income through increasing total factor productivity, labor efficiency, and maintaining price stability
- Reform public social security and commercial insurance systems
- Influence savings behavior; e.g. introduce savings certificates for all students and bank accts/digital savings accounts for all university or higher ed. students
  - Mobilize digital/biometric ID systems
  - Develop financial services, instruments, competition, and access

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*Gross domestic savings are calculated as GDP less final consumption expenditure (total consumption)
**Solutions:**

Embrace the local dimension of development

<table>
<thead>
<tr>
<th>Countries with Population</th>
<th>78 countries out of 193 total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 5 Million People</td>
<td></td>
</tr>
</tbody>
</table>

Many provinces outsize entire countries

<table>
<thead>
<tr>
<th>Provinces with Population</th>
<th>Egypt</th>
<th>Mexico</th>
<th>South Africa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 5 Million People</td>
<td>7 provinces out of 31 total</td>
<td>8 provinces out of 27 total</td>
<td>5 provinces out of 9 total</td>
</tr>
<tr>
<td></td>
<td>Egypt</td>
<td>Mexico</td>
<td>South Africa</td>
</tr>
</tbody>
</table>

*Source: Data calculations from local government statistics*
Solutions: Embrace the local dimension of development

**Sample Expenditure Plan**

<table>
<thead>
<tr>
<th>Expenses on Delegated Functions</th>
<th>Own Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Preschool Education</td>
<td>1. Infrastructure and Public Services</td>
</tr>
<tr>
<td>2. Primary and Secondary School</td>
<td>2. Environment Protection, including waste</td>
</tr>
<tr>
<td>3. Health Care</td>
<td>3. Social, Cultural, Recreational Expenditures</td>
</tr>
<tr>
<td>4. Social Assistance and Poverty Alleviation</td>
<td>4. Local Economic Development</td>
</tr>
<tr>
<td>5. Public Order and Civil Protection</td>
<td>5. Social Housing</td>
</tr>
<tr>
<td>6. Other</td>
<td>6. Urban Development</td>
</tr>
</tbody>
</table>

- Civil Security
- Transfers to Sub-local Government Entities
- Subsidies, Grants, Equity, In-Kind
- Loan Repayment
- Interest Charges
- Guarantees Called

Source: Municipal Finances Handbook: Managing Local Expenditures, Morrell and Kopanyi
Solutions:
Embrace the local dimension of development

Revenue Sources For Local Governments

- **TAX**: Property, Motor, Sales, etc.
- **TOLLS**: Roads, Bridges, etc.
- **FEES**: Licensing, Facilities, Fines, etc.
- **RENT**: Land, Buildings, Vehicles, etc.
- **CHARGES**: Bus Stations, Taxi Parks, etc.
- **INTEREST**: on bank deposits or other funds
- **SURPLUSES**: from local commercial enterprises

Source: Municipal Finances Handbook: Managing Local Expenditures, Devas, Munawwar, and Simon
Solutions:
Significantly enhance data capacity

Global Partnership for Sustainable Development Data:

- A group of governments, international organizations, companies, civil society groups, and data communities dedicated to achieving the SDGs.

- Their focus is on improving the use and availability of data, expanding data literacy and capacity, and mobilizing political will and resources.

- Each member has made commitments to improve data for development.
Solutions:
Take the SDGs seriously

**BETTER FINANCING**
Domestic resource mobilization; leveraging private sector; addressing needs of regional and global public goods

**ADEQUATE DATA**
Ensure availability of household budget surveys in 78 poorest countries every three years; data revolution; statistical capacity building

**EFFECTIVE IMPLEMENTATION**
Provide integrated solutions and work across sectors/ministries
إن فكرة التقدم محتوية على وجب التغيير مع متغيرات الحضارات المتتابعات والتطور الذي ينقل صورة الحياة نحو ما هو أعلى، ومعنى ذلك وجب الاهتمام بالصيغة، ولا ينفي هذا الاهتمام أن تجربة قوائمه مستندة على تراثنا الذي تركه لنا السلف، على ألا يكون في حياتنا الحاضرة بمثابة النهاية التي نقف على، بل يكون بين أيدينا نقطة انطلاق نجاوزها على مستلزمات حاضر حي ومستقبل مأمون.

من كتاب حصاد السنين للفيلسوف المصري الدكتور / زكي نجيب محمود
Thank You

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