

# Progress in a Changing World



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**World Bank Group**

# Addressing Global Megatrends & Challenges

Demographic transitions

Urbanization

Climate and resources

Commodity cycles

Technological disruptions

Fragility and violence

Debate about globalization

Shifts in the global economy

12/15/2017

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# Addressing Global Megatrends & Challenges

## Demographic and Growth Transitions

✧ Economic diversification; 600 million new jobs (SDG#8)

✧ Sustainable Health & welfare system (SDG#3)

## Urbanization

✧ Urban management (SDG#11)

✧ Private expertise/funding for infrastructure/urban services (SDG#11; SDG#9; SDG#17)

## Climate and Resources

✧ Shift from fossil fuels to renewables/ efficiency (SDG#7)

✧ Agriculture adaptation (SDG#2)

## Cycles, Disruptions and Fragility

✧ Shocks and risks preparedness (SDG#13)

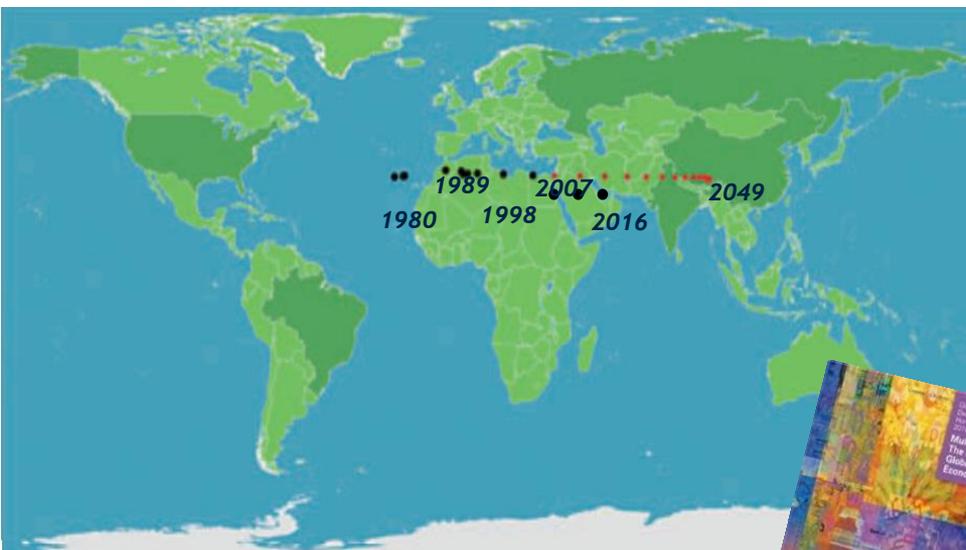
✧ Protecting vulnerable from fragility & violence (SDG#1; SDG#16)

## Shifts in Global Economy

✧ New sources of growth and trade, especially for commodity exporters (SDG#9)

# Reflections on the new global economy: multipolarity

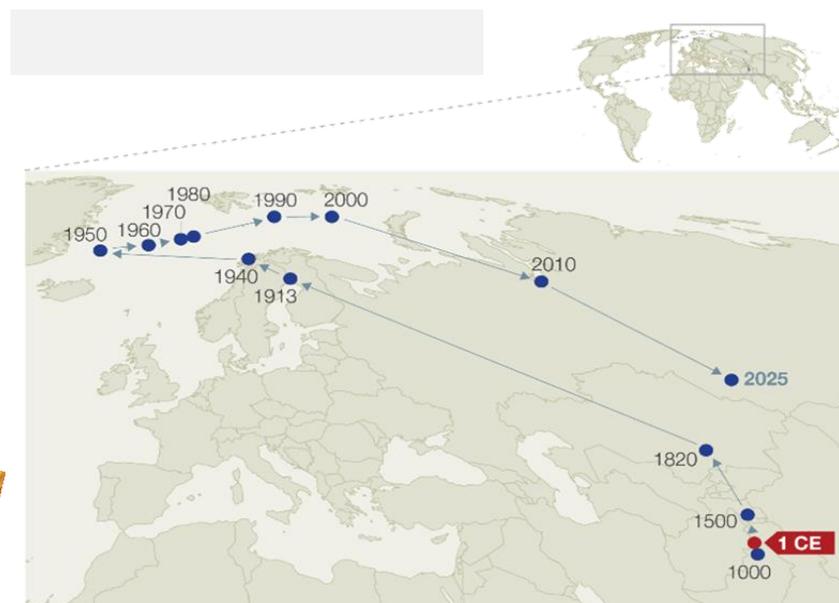
The world's economic center of gravity, 1980-2016, in black, at three-year intervals



Source: Danny Quah, 2011



Evolution of the earth's economic center of gravity: 1 CE to 2025



Source: McKinsey Global Institute, 2012

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

# Solutions:

## Avoid bad ideas

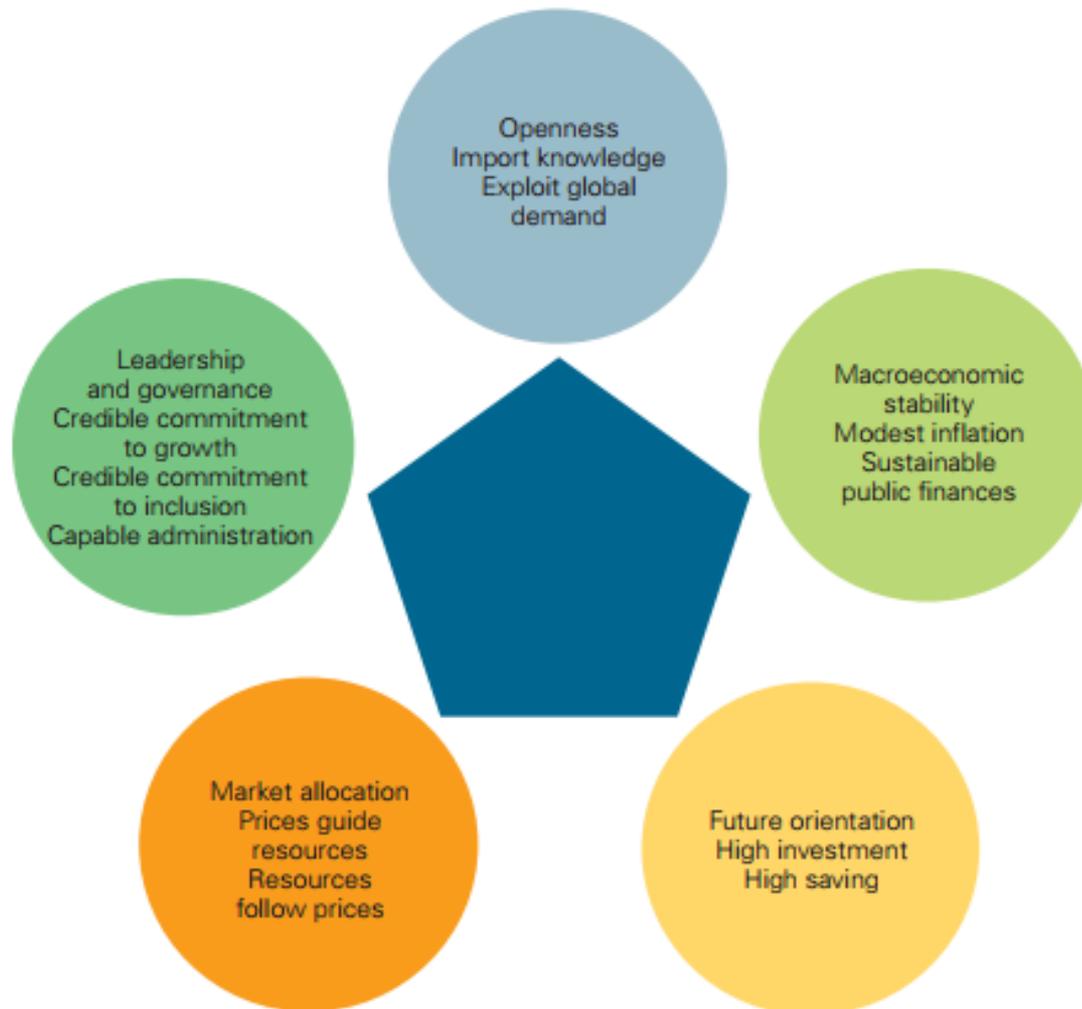
1. Dealing with joblessness by relying on the civil service;
2. Underpaying civil servants compared to the private sector;
3. Cutting fiscal deficits by sacrificing public investment in infrastructure;
4. Subsidizing energy except for very limited subsidies to highly vulnerable sections of the population;
5. Open ended protection for specific sectors;
6. Imposing administrative price controls;
7. Banning exports;
8. Exchange rate misalignment;
9. Resisting urbanization/underinvesting in infrastructure;
10. Ignoring environmental implications;
11. Poorly regulating the Banking sector and excessive interference;
12. Measuring educational progress solely by higher enrollments and ignoring the quality of education



# Solutions:

## The policy ingredients of growth strategies

A list of common policies between countries with 7+ % growth over 25+ years



# The 2030 Agenda and the Sustainable Development Goals

# An Opportunity for Transformation:

## From MDGs to SDGs

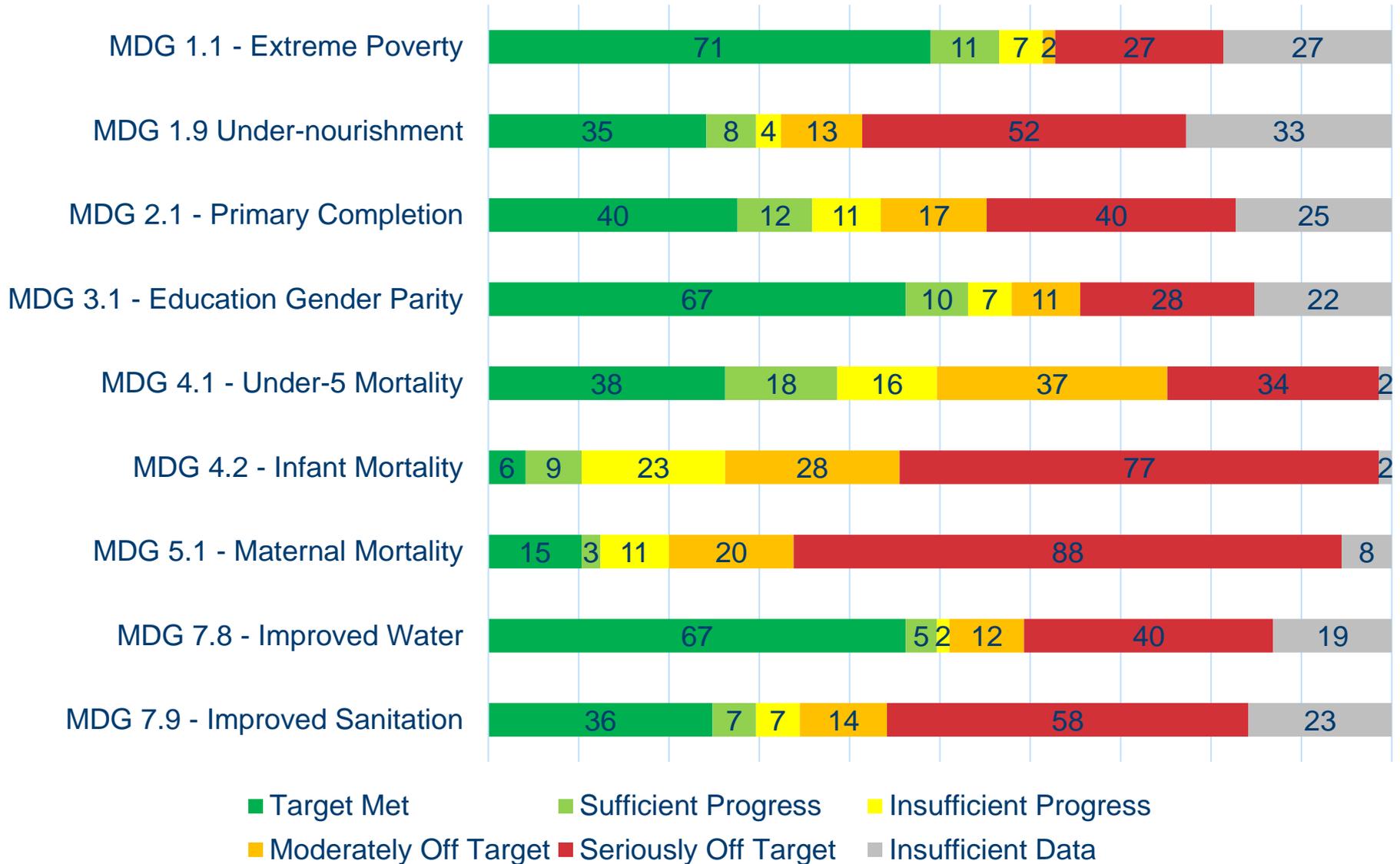


	MDGs (2000-2015)	SDGs (2016-2030)
Goals	8	17
Targets	21	169
Indicators	60	~231
Priority Areas	Human Development	Holistic: Economic, Social, Environmental
Scope	Developing Countries	Universal

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

# Looking Back: MDG Progress

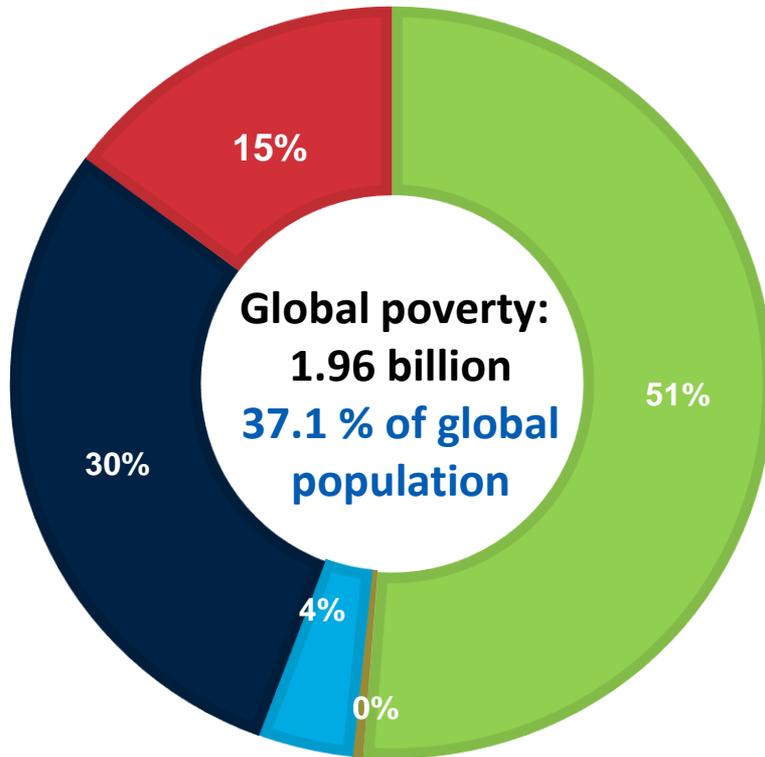
## By number of countries



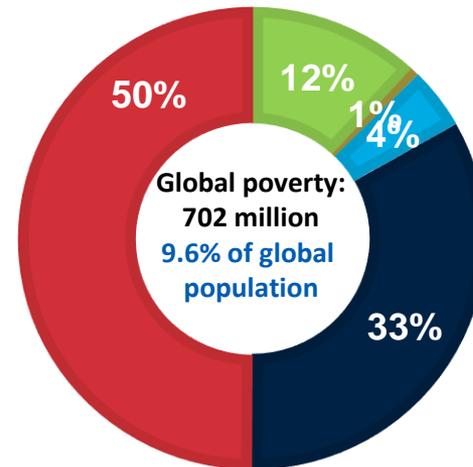
# Progress on the MDGs

## Share Of Global Poverty

1990



2015



- East Asia and Pacific
- Latin America and the Caribbean
- Sub-Saharan Africa

- Europe and Central Asia
- South Asia

# An Opportunity for Transformation:

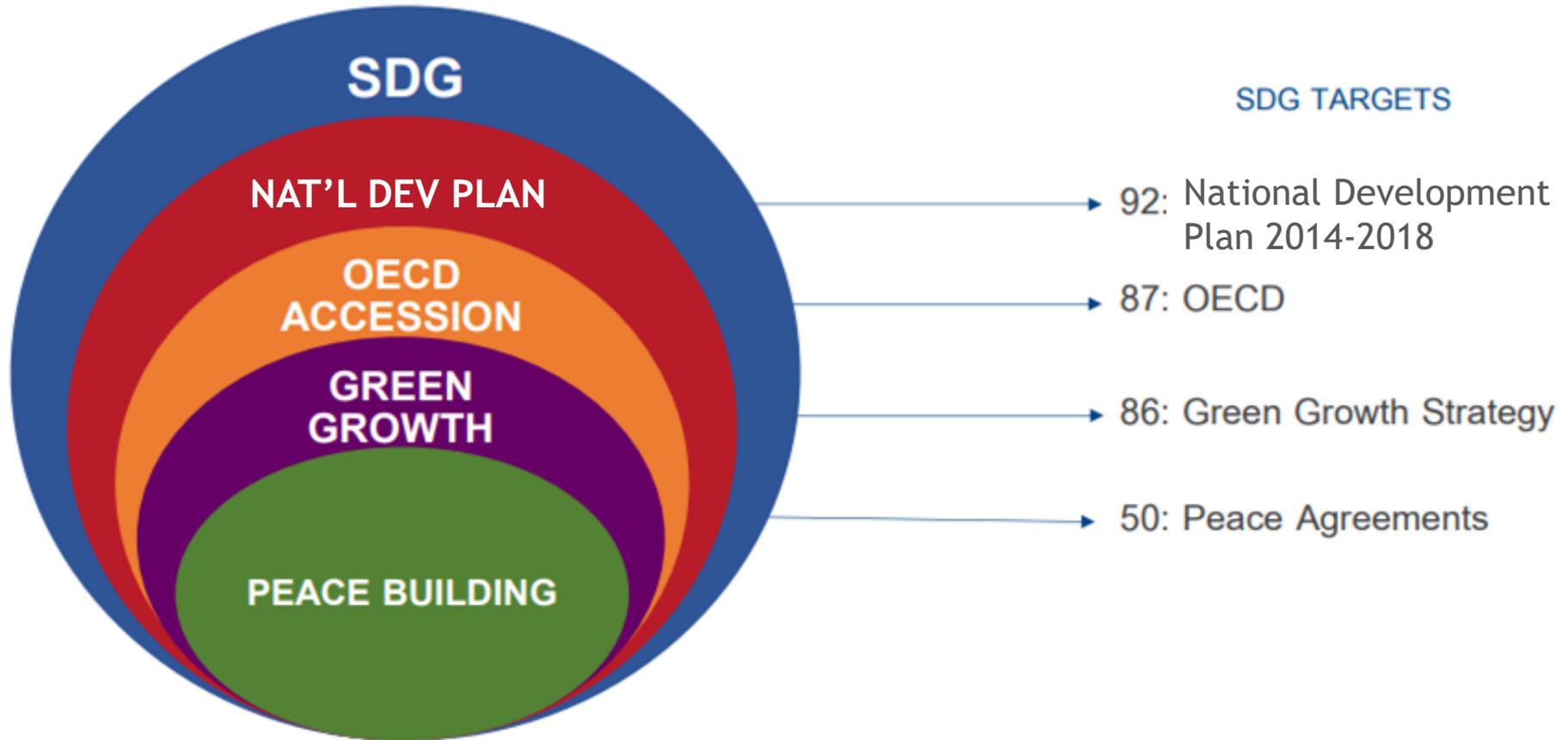
## Lessons learned from the field

- Improve coordination and ensure the timeliness and effectiveness of policy instruments
- Localize implementation and prioritize engagement with communities and community mobilization
- 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
- Bridge the humanitarian and development agendas



# Coordination of development agendas

## The Colombian Example

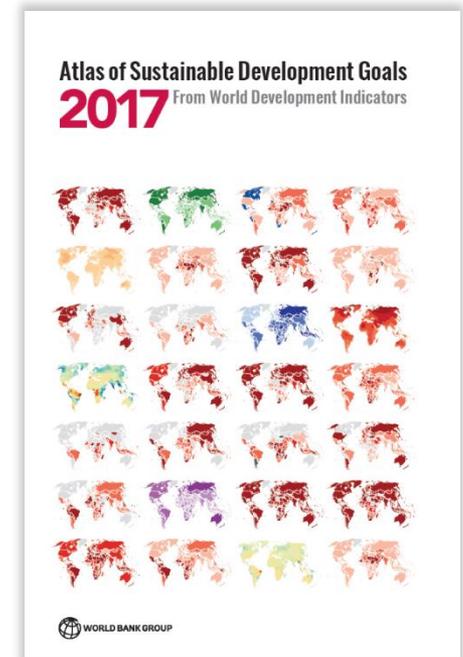
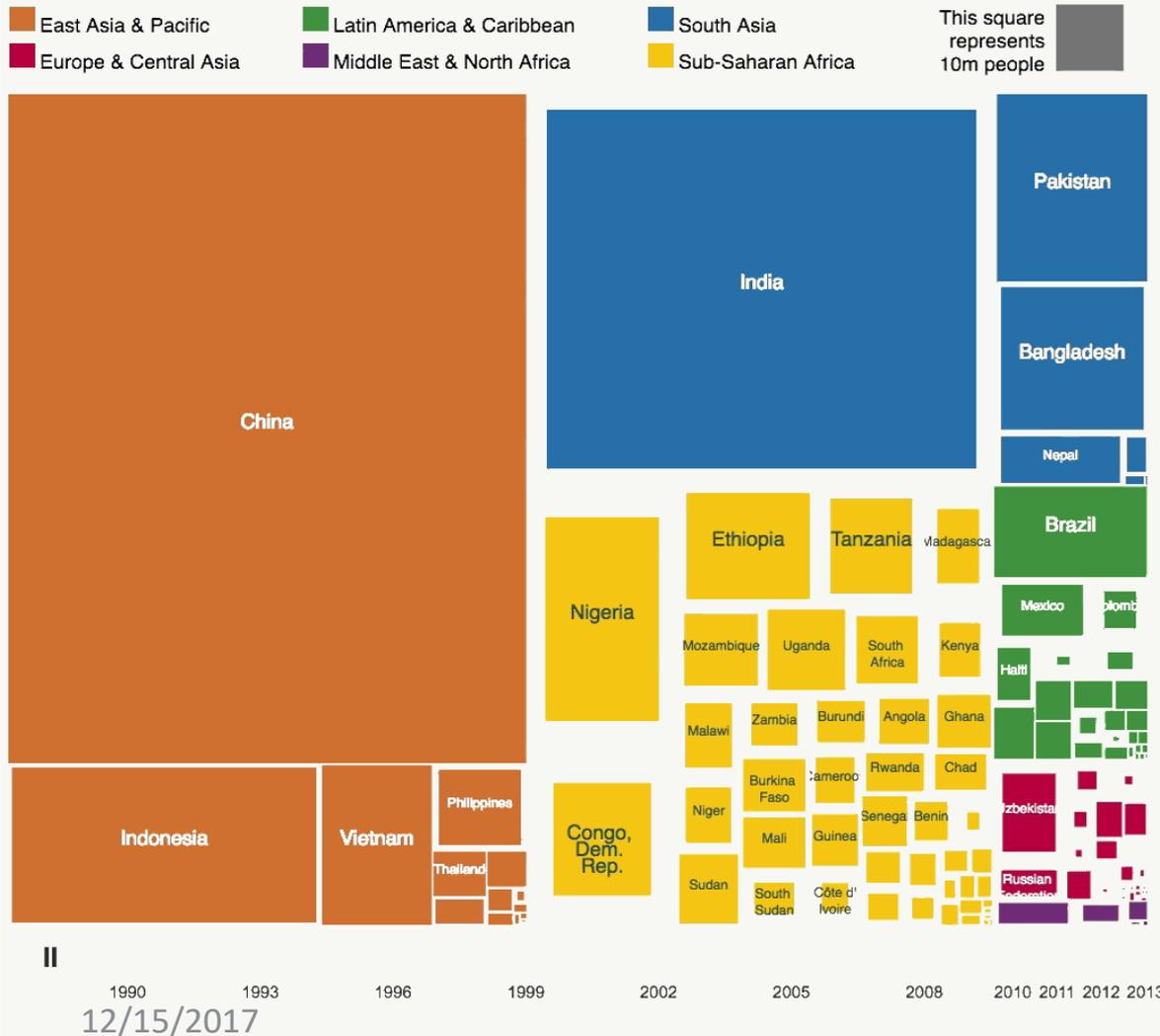


Active national agendas determine actions related to at least 146 SDG targets - 86%

# Data:

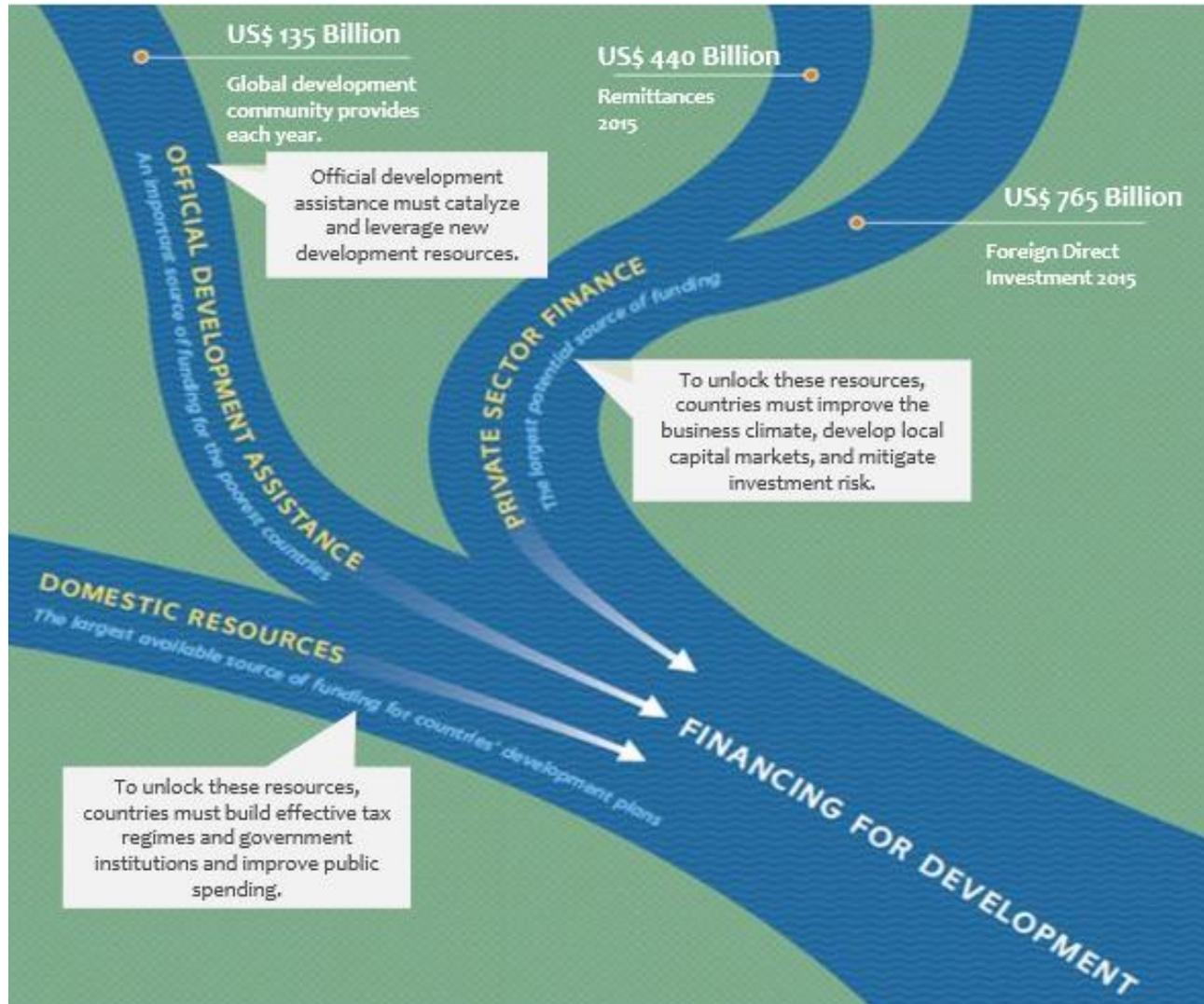
## Crucial to understand how trends are shifting

People living in extreme poverty,

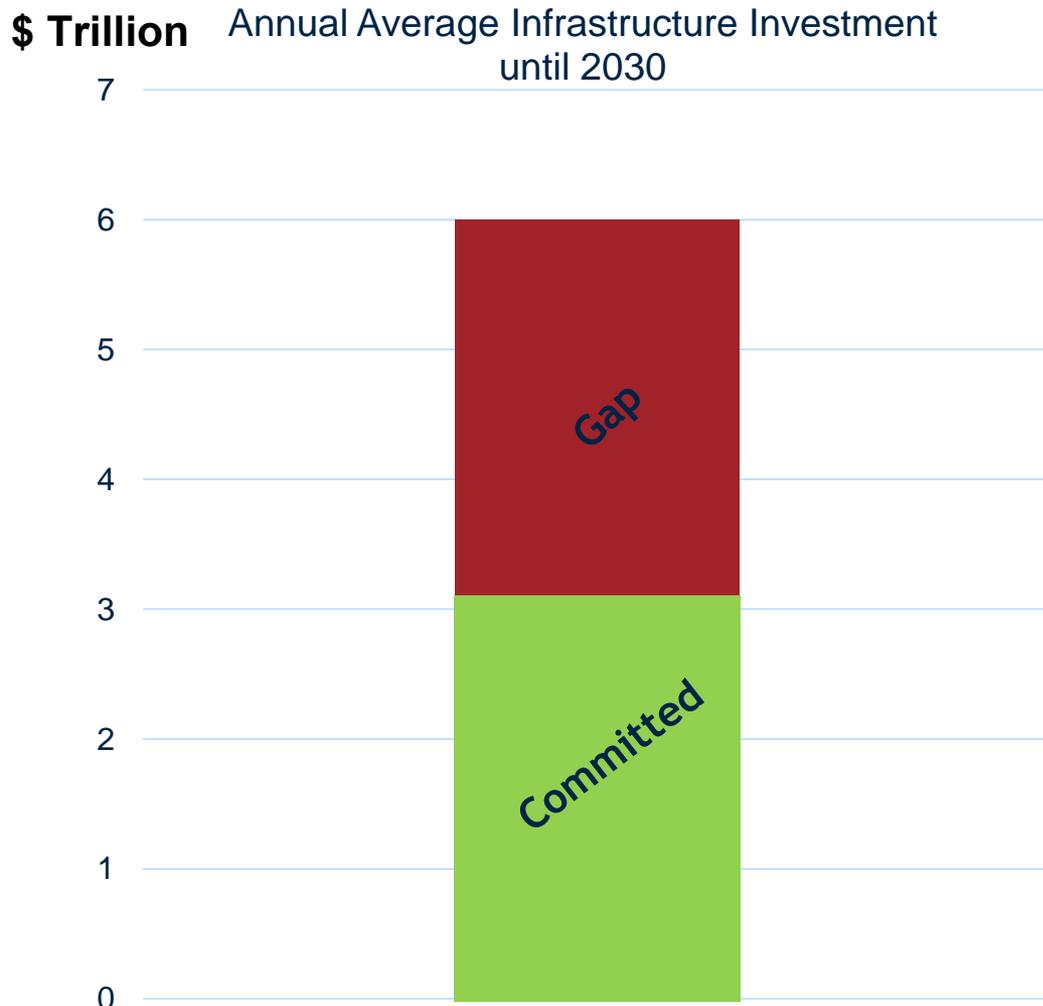


# Financing sustainable development:

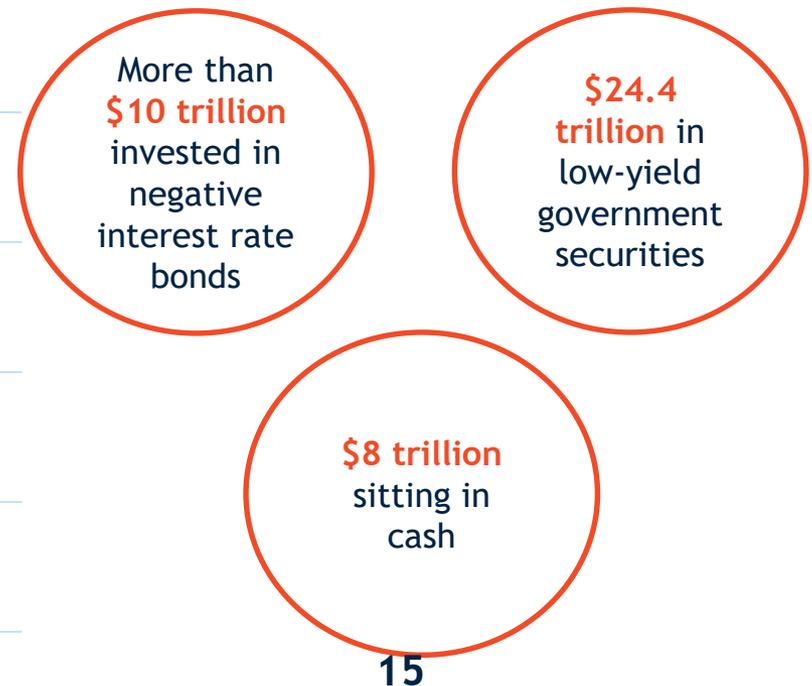
## The key components



# Financing sustainable development

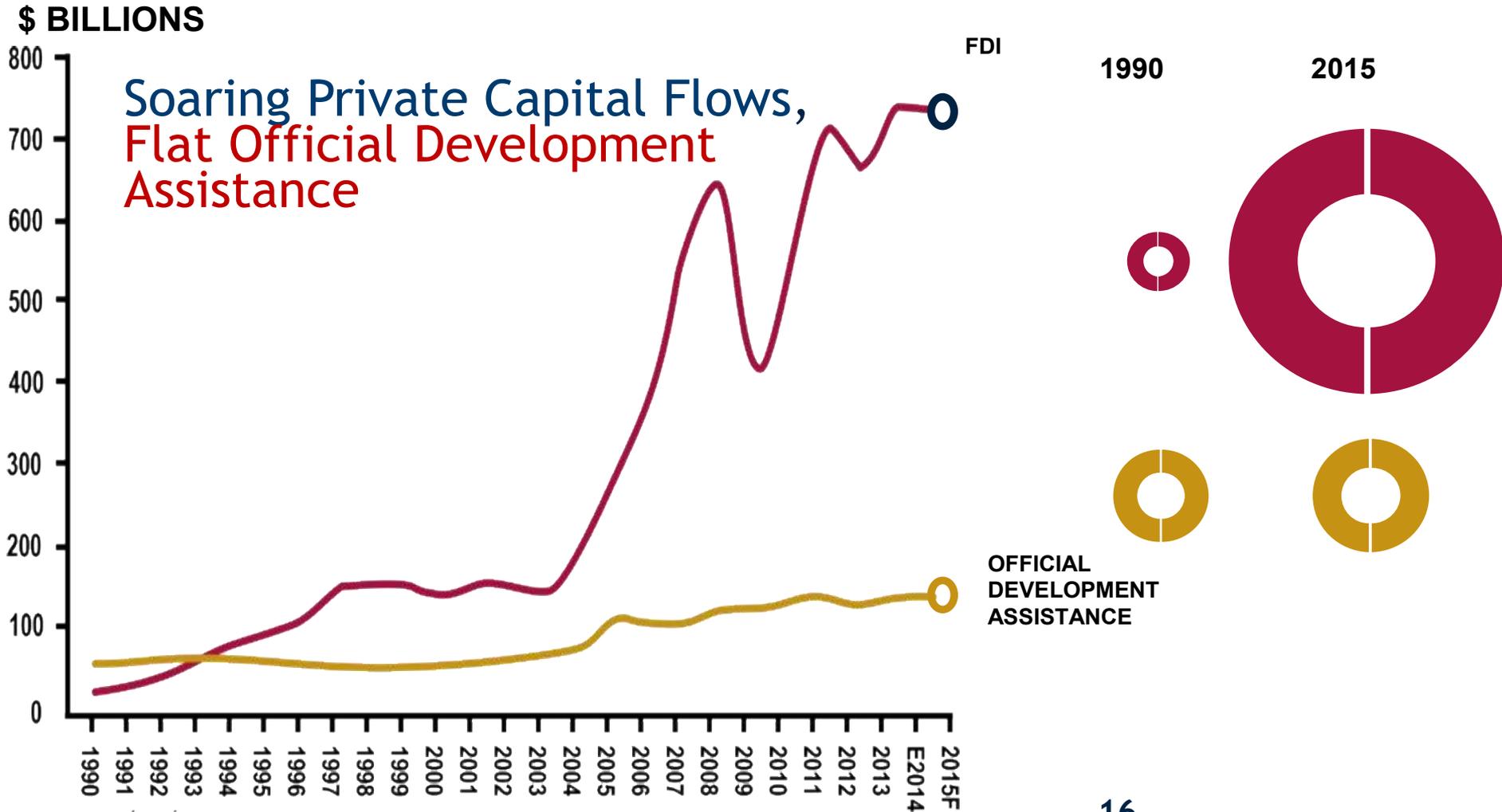


## How much is out there?



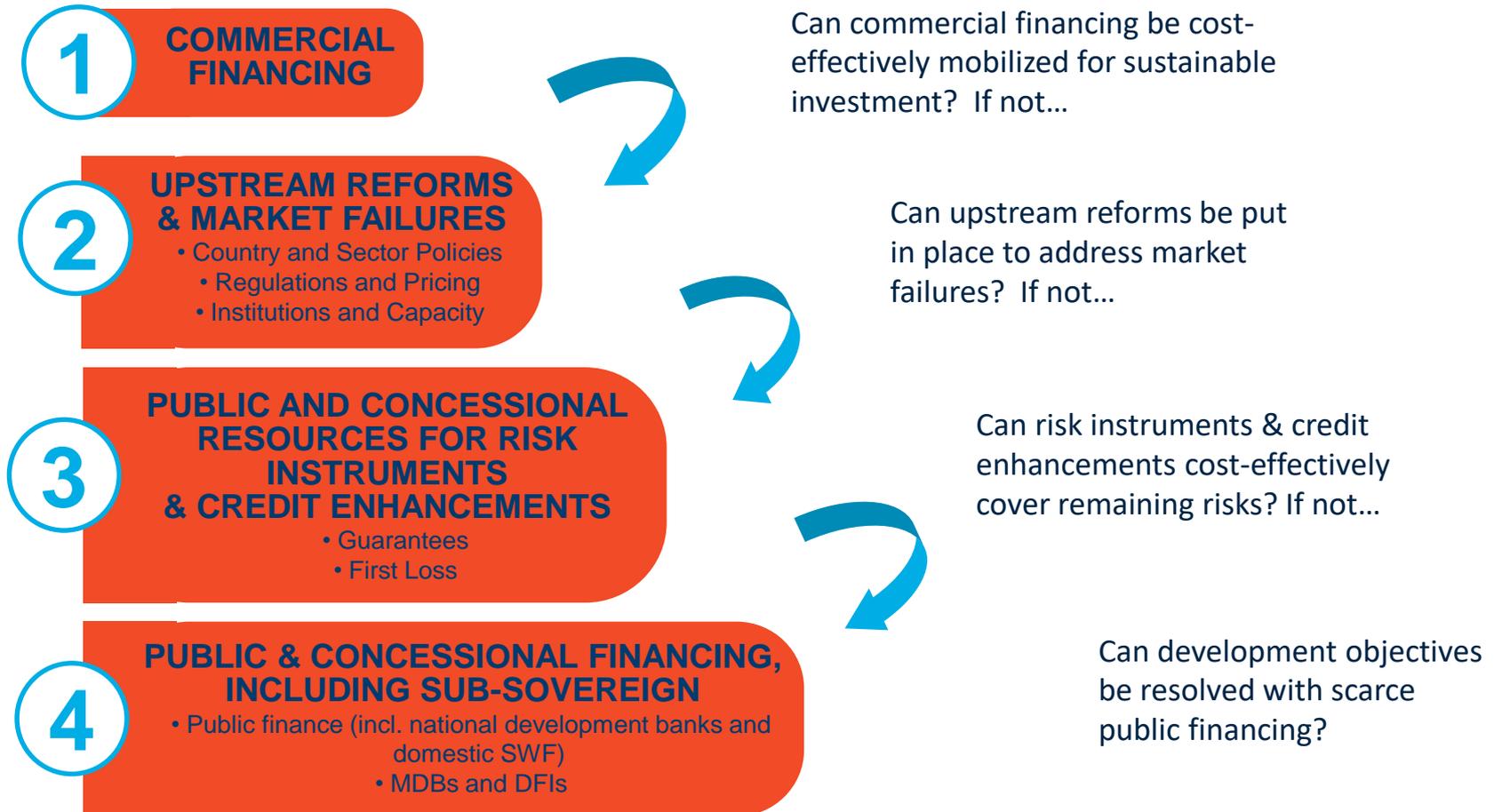
# Financing sustainable development

Private sector engagement is critical



# Financing sustainable development

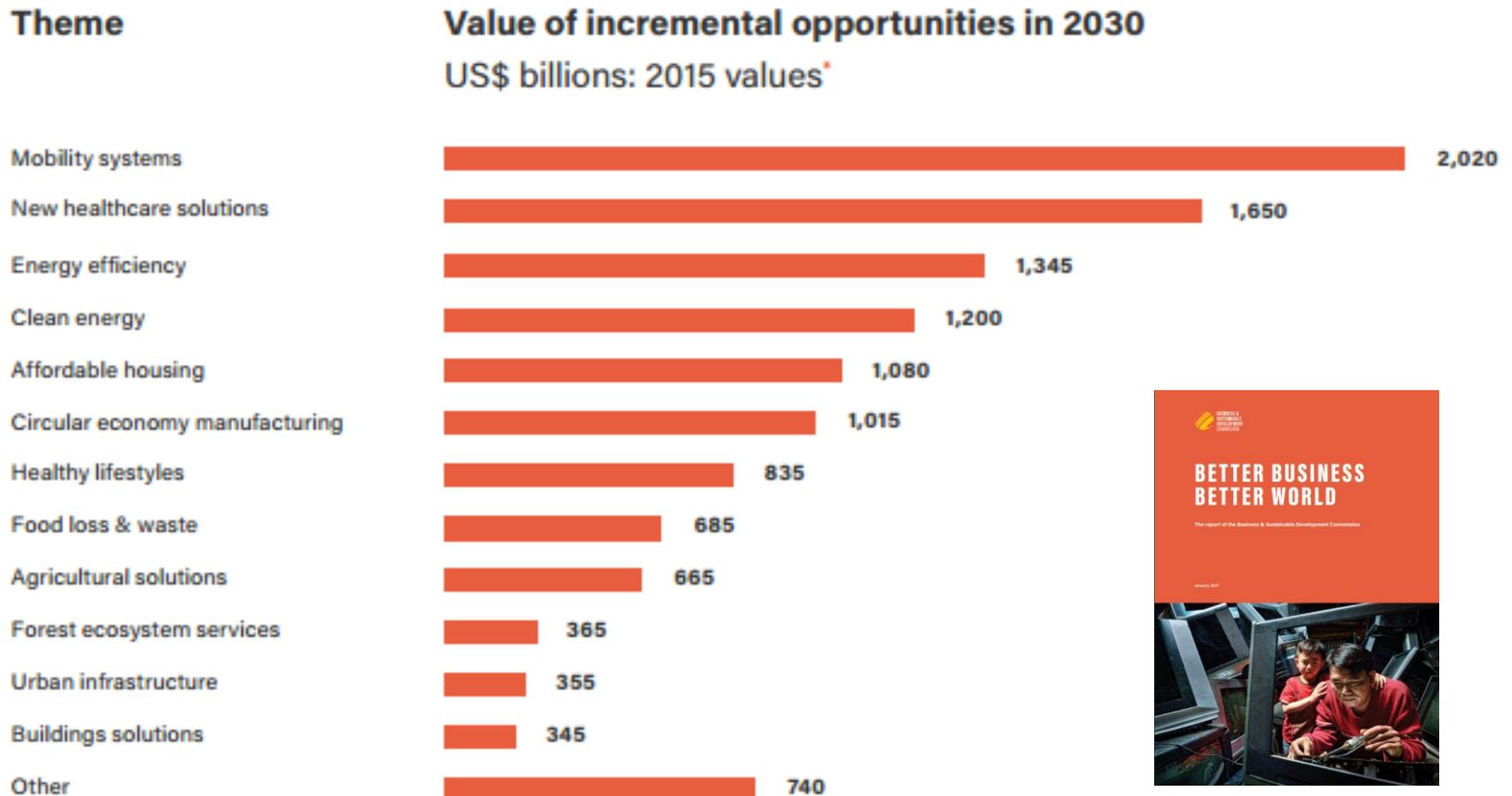
## Private sector engagement needs to increase



# Financing sustainable development

## Opportunities for the private sector

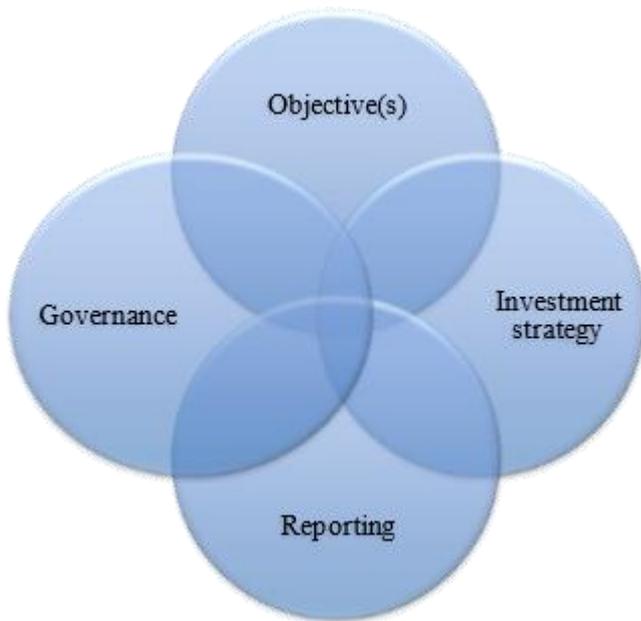
### 12 largest business themes in a world economy heading for the SDGs



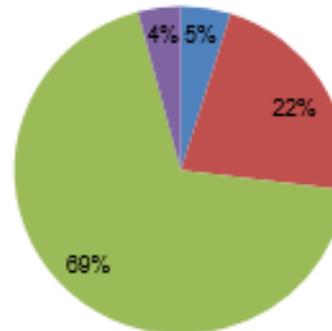
# Financing sustainable development

## Role of Sovereign Wealth Funds

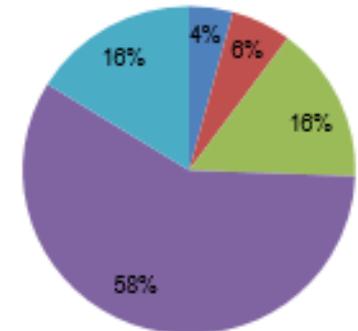
### Main Elements of SWF Policy



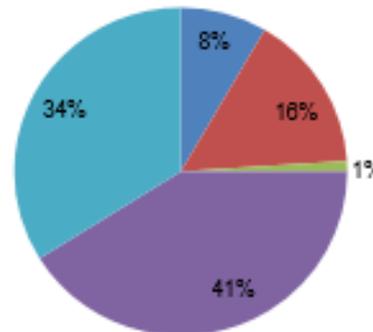
#### Stabilization Funds



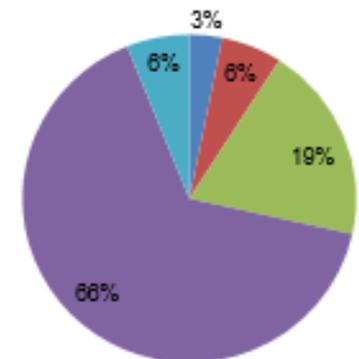
#### Saving Funds



#### Pension Reserve Funds

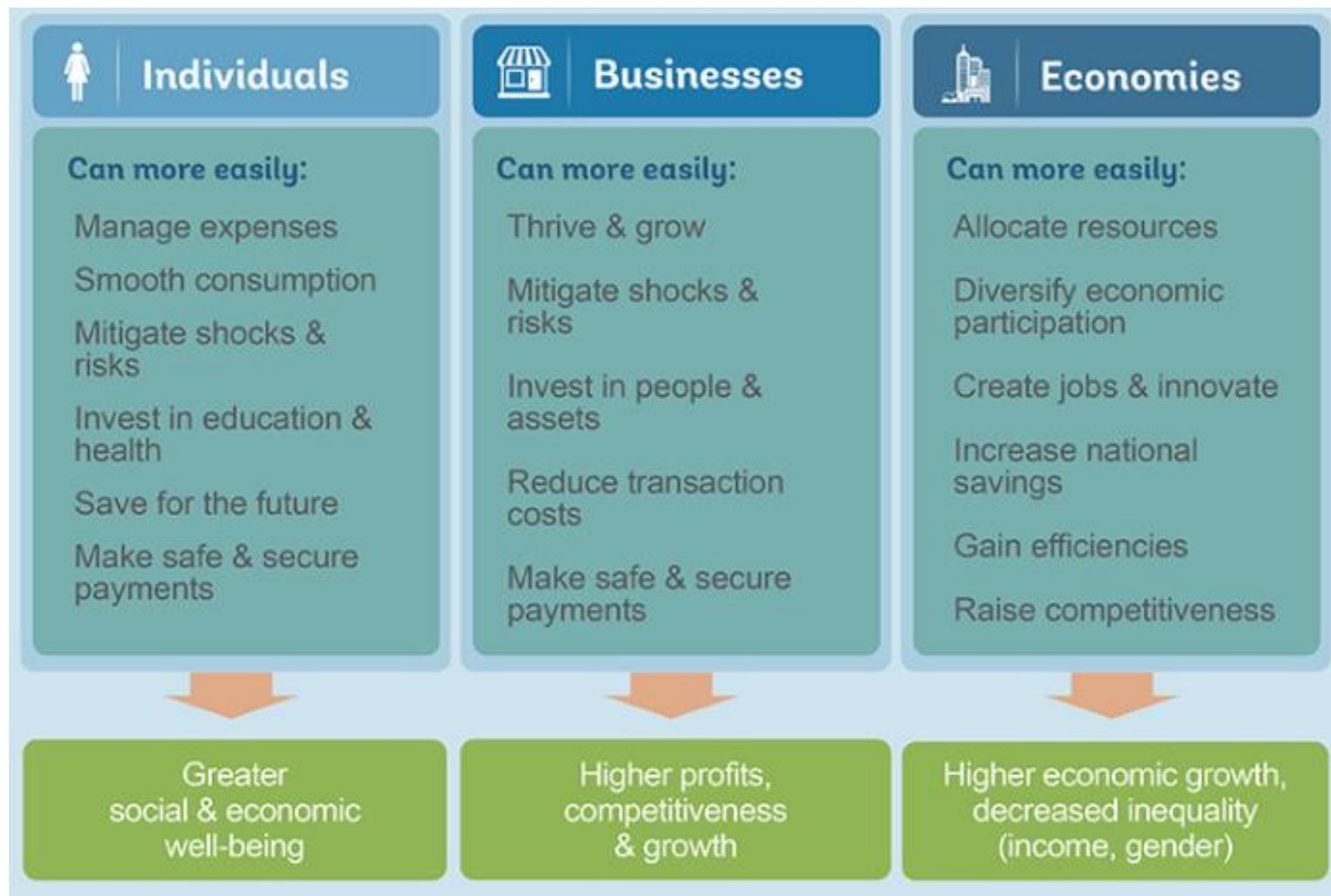


#### Reserve Investment Funds



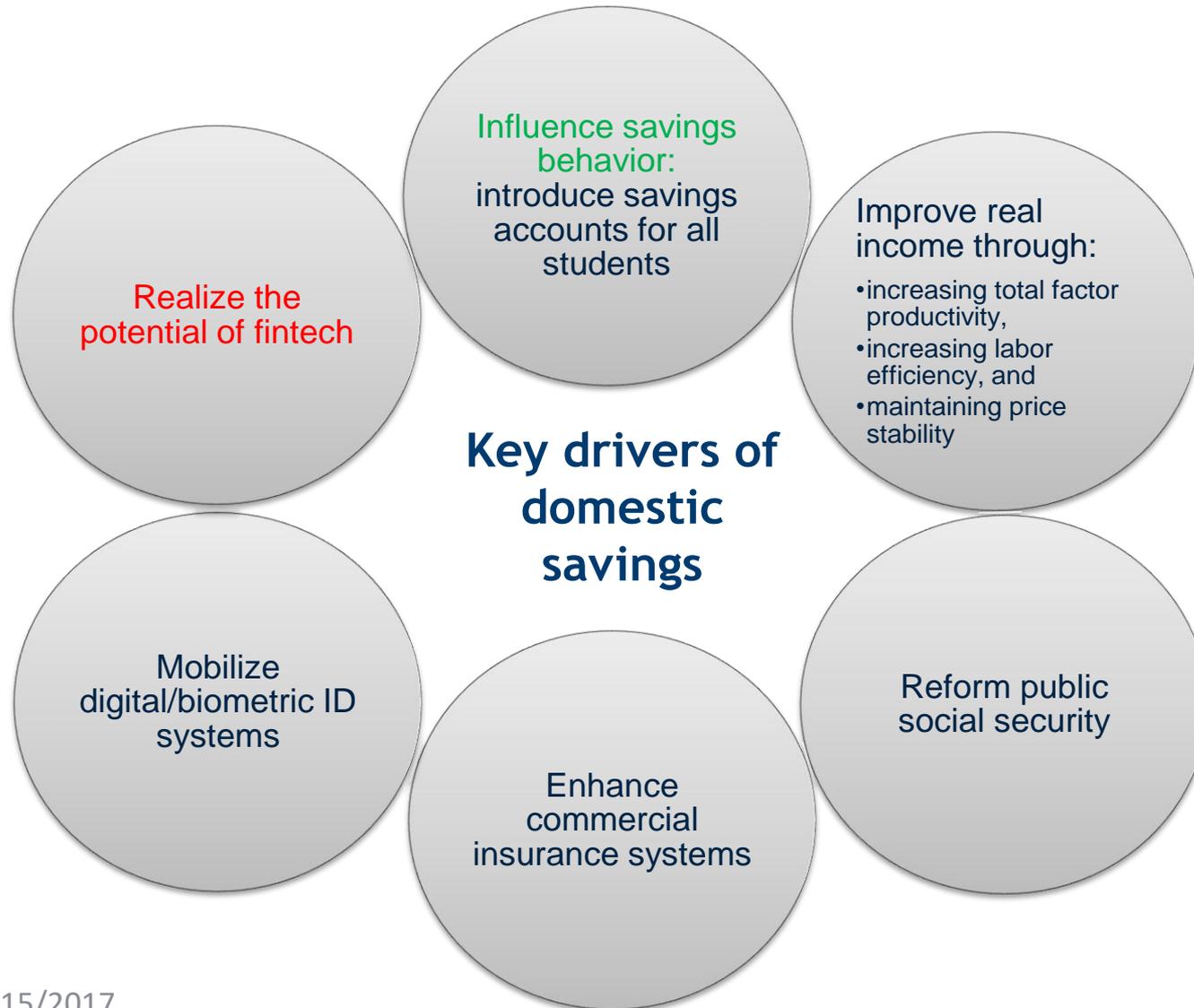
# Financing sustainable development

## Role of financial inclusion



# Financing sustainable development:

## Role of savings



# Financing sustainable development:

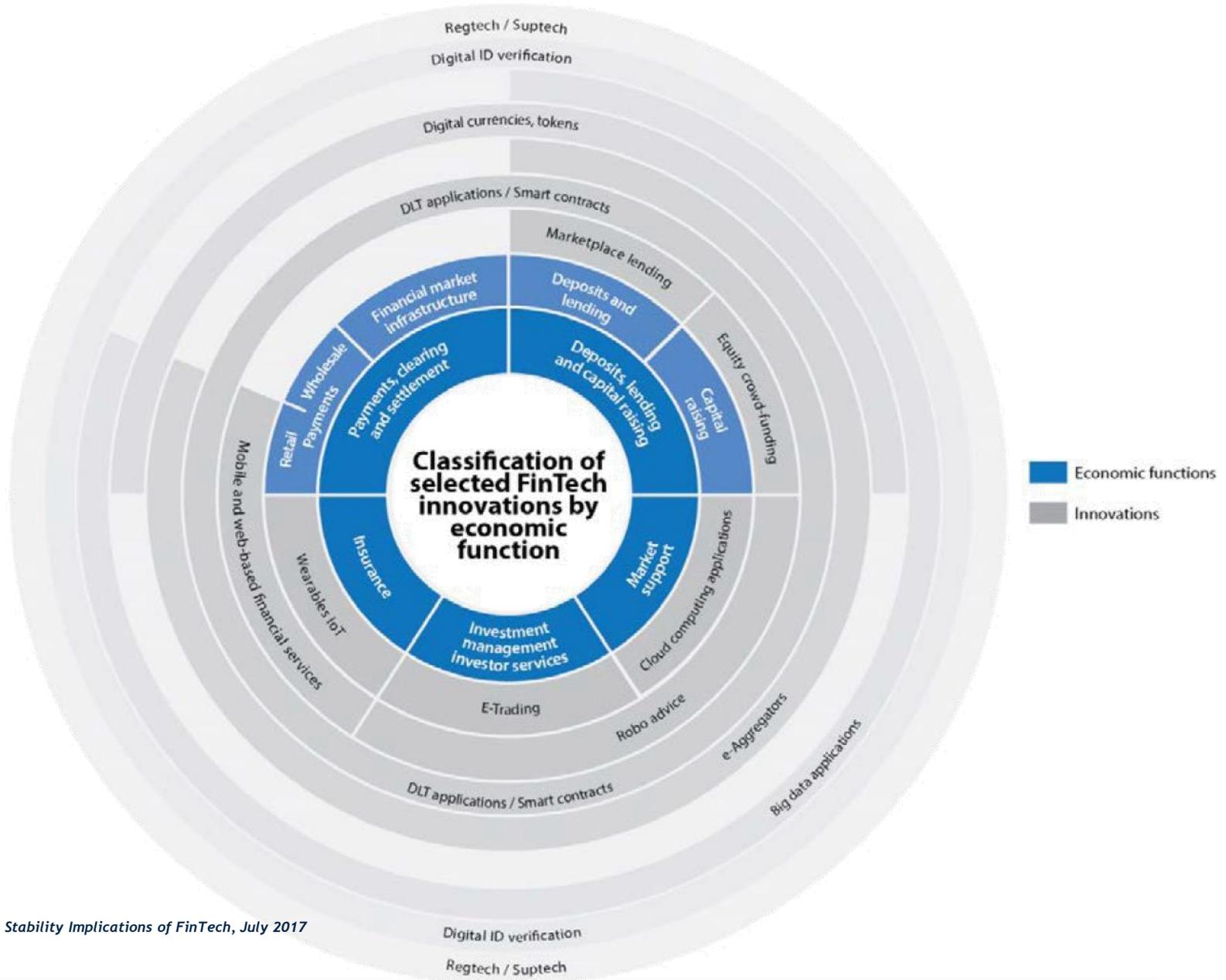
## “Digitization” is disrupting every part of financial services

Digitization Of:	Money	Cash Transfers	Identity	Origination / Lending	Payments	Capital Markets Infrastructure	Supply Chain/ Invoicing	Savings and Insurance
Drivers	<ul style="list-style-type: none"> <li>Ecommerce</li> <li>Convenience</li> <li>Govt action (e.g. India)</li> <li>Transport</li> </ul>	<ul style="list-style-type: none"> <li>Govt efficiencies</li> <li>Govt policy programs</li> <li>Fraud reduction</li> </ul>	<ul style="list-style-type: none"> <li>KYC, security</li> <li>SIM reg., gov't payments</li> <li>E-services, elections</li> <li>Falling costs</li> <li>biometrics</li> <li>Mobile devices</li> </ul>	<ul style="list-style-type: none"> <li>Big data (KYC automation)</li> <li>Need for transparency + efficiency</li> <li>Convenience</li> <li>Digital identity</li> </ul>	<ul style="list-style-type: none"> <li>Global trade</li> <li>Ecommerce</li> <li>Business &amp; leisure travel</li> </ul>	<ul style="list-style-type: none"> <li>Search for global returns</li> <li>Convenience of personal investments</li> <li>Democratization of share ownership</li> </ul>	<ul style="list-style-type: none"> <li>Business need for efficiency, convenience, transparency</li> <li>Gov't push for transparency + tax compliance</li> </ul>	<ul style="list-style-type: none"> <li>Data analytics &amp; underwriting</li> <li>Falling interest rates &amp; invest income</li> <li>Business need for efficiency &amp; risk assessment</li> </ul>
Opportunities	Account service providers; cash collection networks; regulatory advice to govts	Govt payment contractors (govts may unintentionally create largest payment banks)	Govt platforms for digital ID followed by innovative private-sector led applications	Digital lenders, marketplaces, originators, Scale SME Lending, Robo advice	Money transfer operators, cross border payment networks, FX operators	Back office operations, main exchanges (stock, currency, bonds, derivatives)	Back office operations, exchanges, value chain securitization	Direct insurance, online brokers & advisors, data and analytics, aggregators
Location	Global - populous countries first	Markets with cash transfer programs	Country specific and global (ID4D is global, regional, country specific)	Global - focus on large demographics	Global - main trade corridors	Financial market capitals (NY, London, Tokyo)	Regional & cross border	Global, regional and country specific
Impact	1.5 Bn wallets in 6 years	Over 300m accounts	1.5 Bn people without ID	\$34 Bn in China alone	\$3.6Trn value globally p.a.	\$20Trn p.a. global flows	>\$1Trn p.a. in LAC alone	>5 Trn GWP, >15 Trn AUM
Examples								

Source: World Bank Group, 2017

# Financing sustainable development:

## Fintech will become critical



# The practice of sustainable development

## INVEST IN PEOPLE



## INVEST IN INCLUSIVE GROWTH



## INVEST IN RESILIENCE



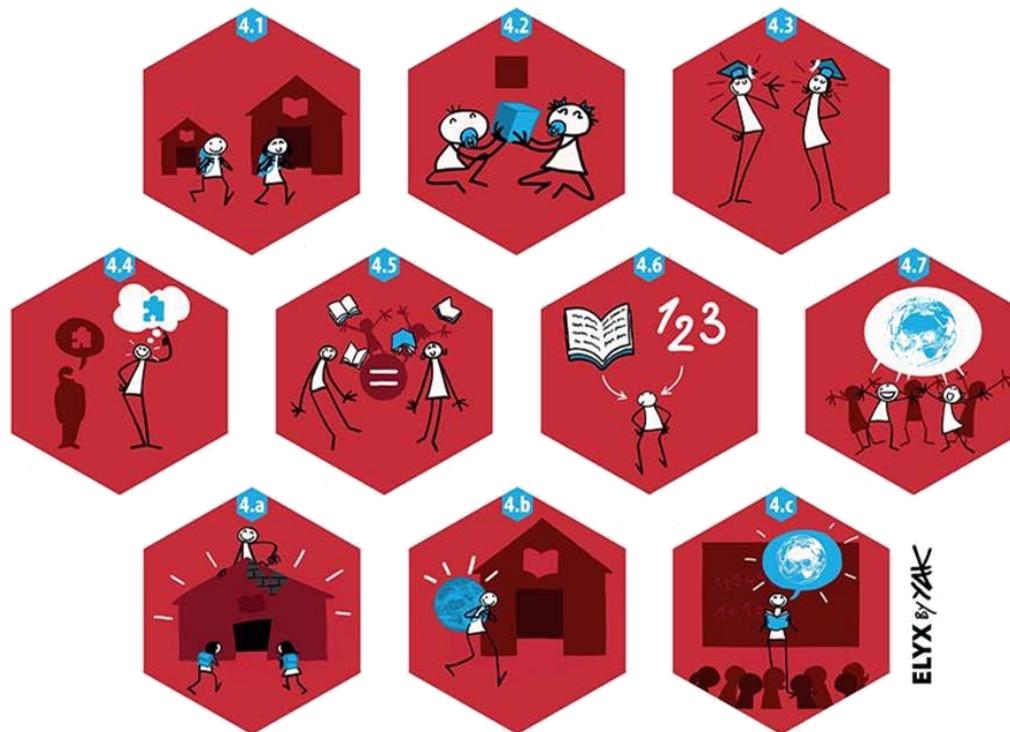
Achieve the twin goals of ending extreme poverty and boosting shared prosperity

# The practice of sustainable development

Invest in people:  
Learning to realize  
education's promise

## Ensure quality education for all

Sustainable Development Goal 4  
Ten targets



4.1 Universal primary and secondary education  
4.2 Early childhood development and universal pre-primary education  
4.3 Equal access to technical/vocational and higher education  
4.4 Relevant skills for decent work  
4.5 Gender equality and inclusion

4.6 Universal youth and adult literacy  
4.7 Education for sustainable development and global citizenship  
4.a Effective learning environments  
4.b Expand the number of scholarships available to developing countries  
4.c Increase the supply of qualified teachers

# The practice of sustainable development

## Invest in people: Learning to realize education's promise

- Learning outcomes are poor: low levels, high inequality, slow progress
- Schools are failing learners
- Systems are failing schools

**The three dimensions  
of the learning crisis**

## Still there are reasons for hope

**How to realize  
education's promise:  
Three policy  
responses**

- Assess learning – to make it a serious goal
- Act on evidence – to make schools work for all learners
- Align actors – to make the whole system work for learning

**“If your plan is for one year, plant rice. If your plan is for ten years, plant trees. If your plan is for one hundred years, educate children.”  
-Kuan Chung (7<sup>th</sup> Century BC).**

# The practice of sustainable development

Invest in people:  
Learning to realize education's promise



It's more complicated than it looks: people act in reaction to the choices of others throughout the system

# The practice of sustainable development

**Invest in people:  
Learning to realize education's promise**

Coherence and alignment toward learning



# The practice of sustainable development

3 GOOD HEALTH AND WELL-BEING



## Invest in people: Health

SDG 3: Ensure Healthy lives and promote wellbeing for all at all ages

Reduce global maternal mortality ratio

End preventable deaths of newborns and children under 5 years of age

End the epidemics of AIDS, tuberculosis, malaria, neglected tropical diseases; combat hepatitis, water-borne diseases, other communicable diseases

Ensure universal access to sexual and reproductive health-care services

Reduce premature mortality from noncommunicable diseases

Strengthen prevention and treatment of substance abuse

Halve global deaths and injuries from road traffic accidents

Achieve universal health coverage

Substantially reduce number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

# The practice of sustainable development

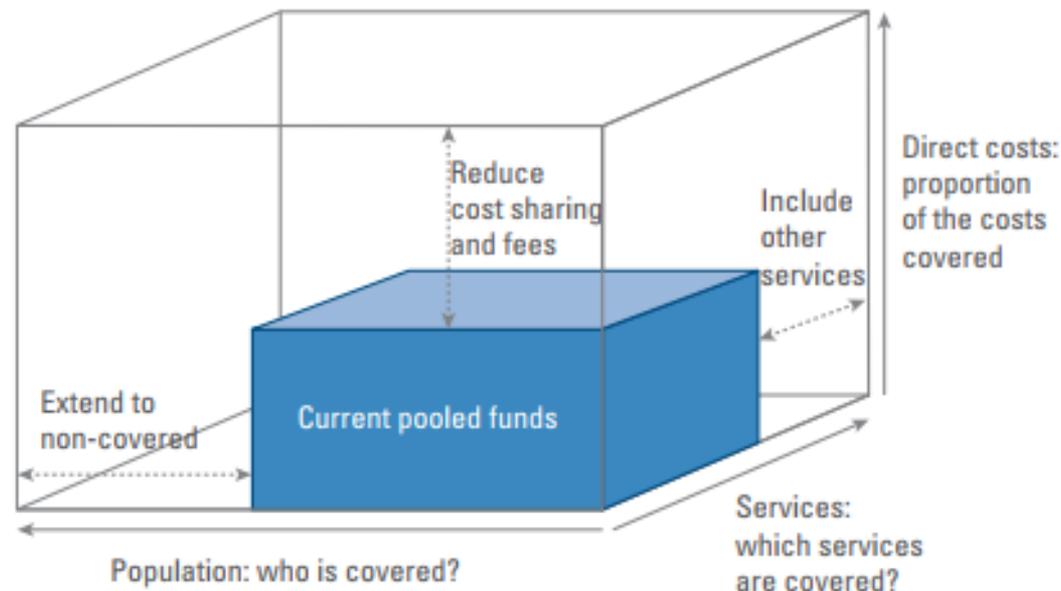
## Invest in people: Universal Health Coverage (UHC)

### The Two Goals of Universal Health Coverage

Service delivery: By 2030, everyone has access to essential health services

Financial risk protection: by 2030, no one is pushed into or kept in poverty by paying for health care

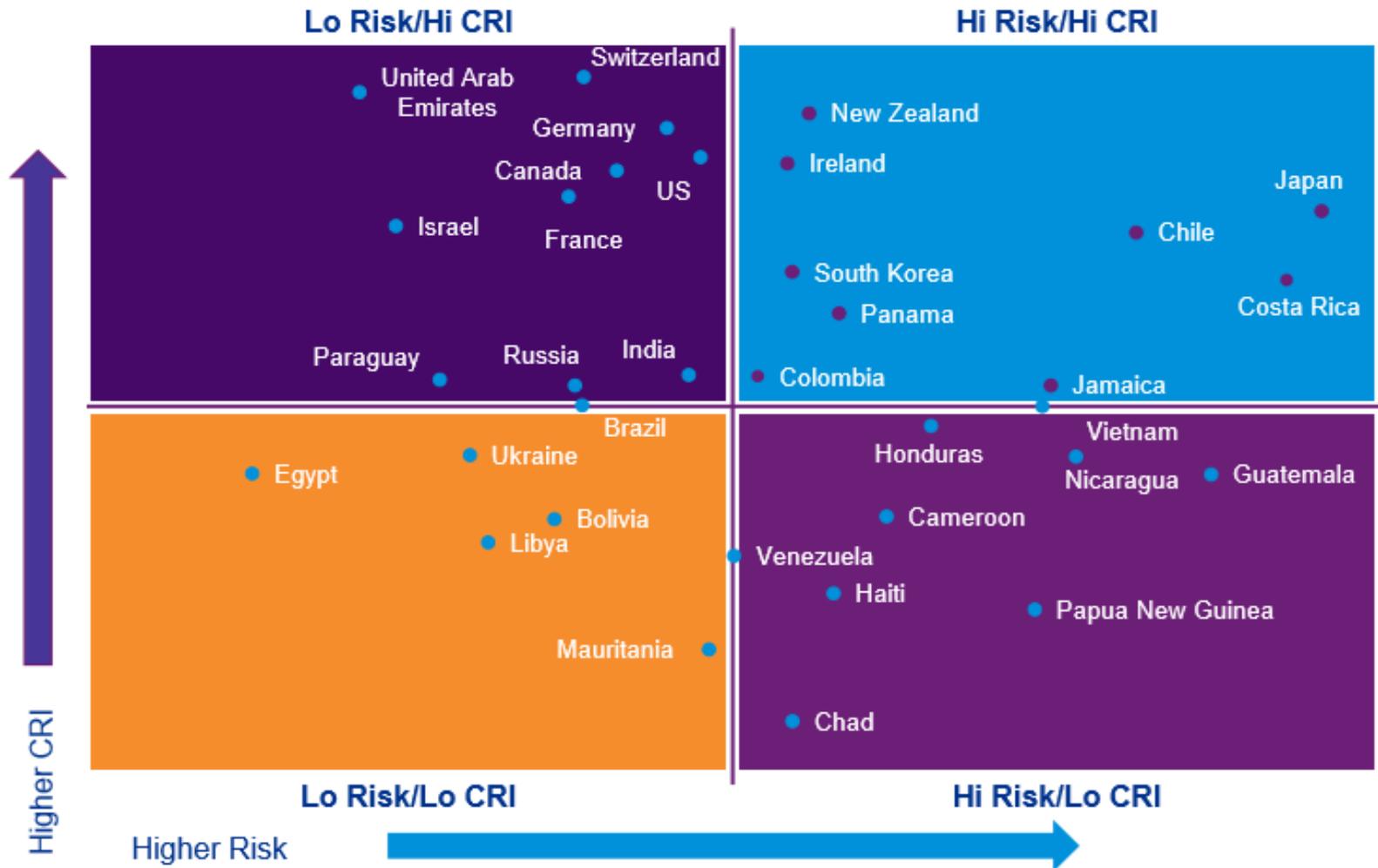
### Three Dimensions to Improving UHC



# The practice of sustainable development

## Invest in resilience

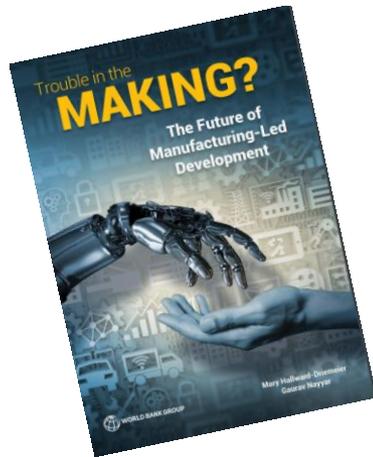
### Natural disaster risk profile



# The practice of sustainable development

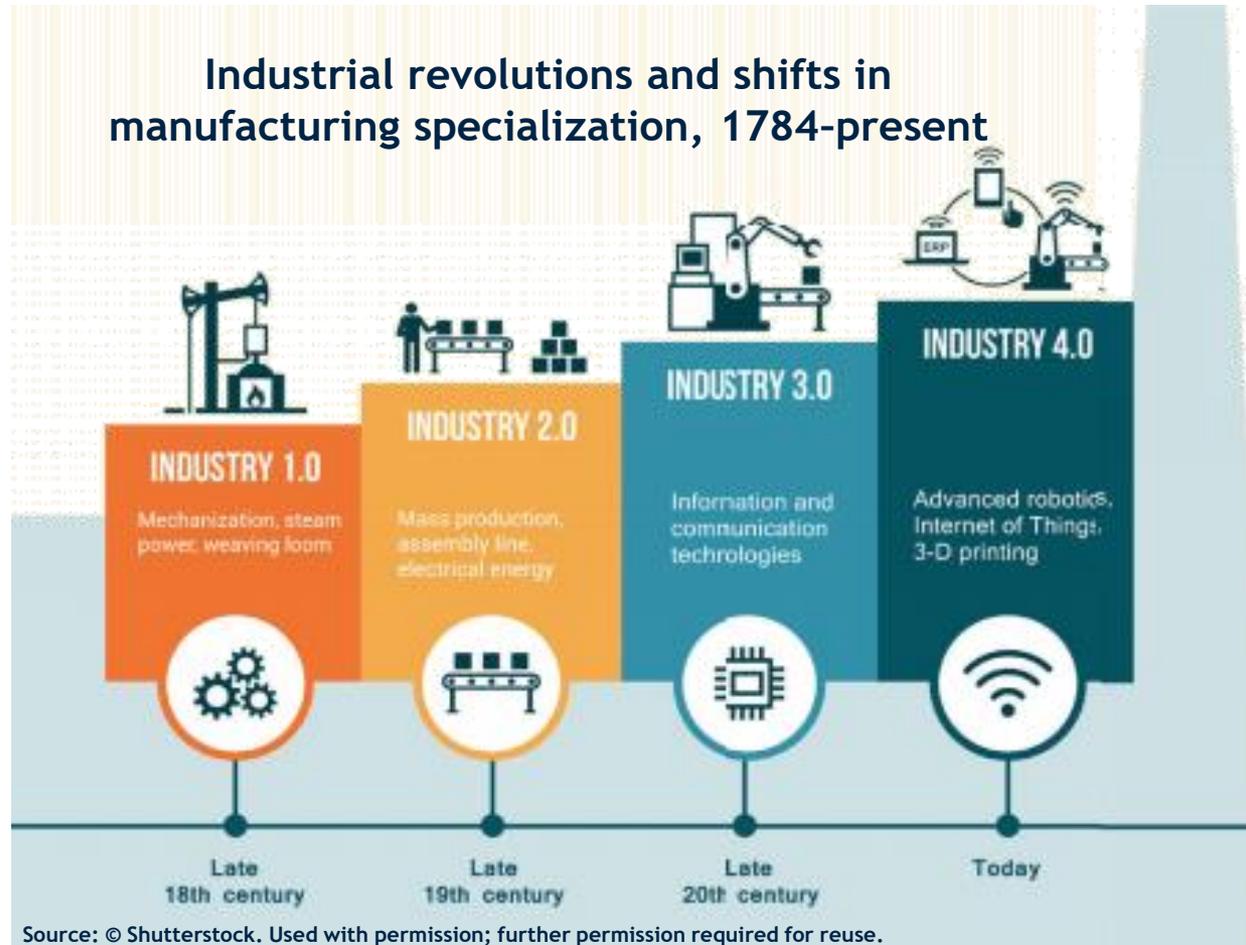
Invest in inclusive growth:

Each industrial revolution shifts the manufacturing opportunities and patterns of specialization



Three “C”s determine the feasibility of success in export-led manufacturing:

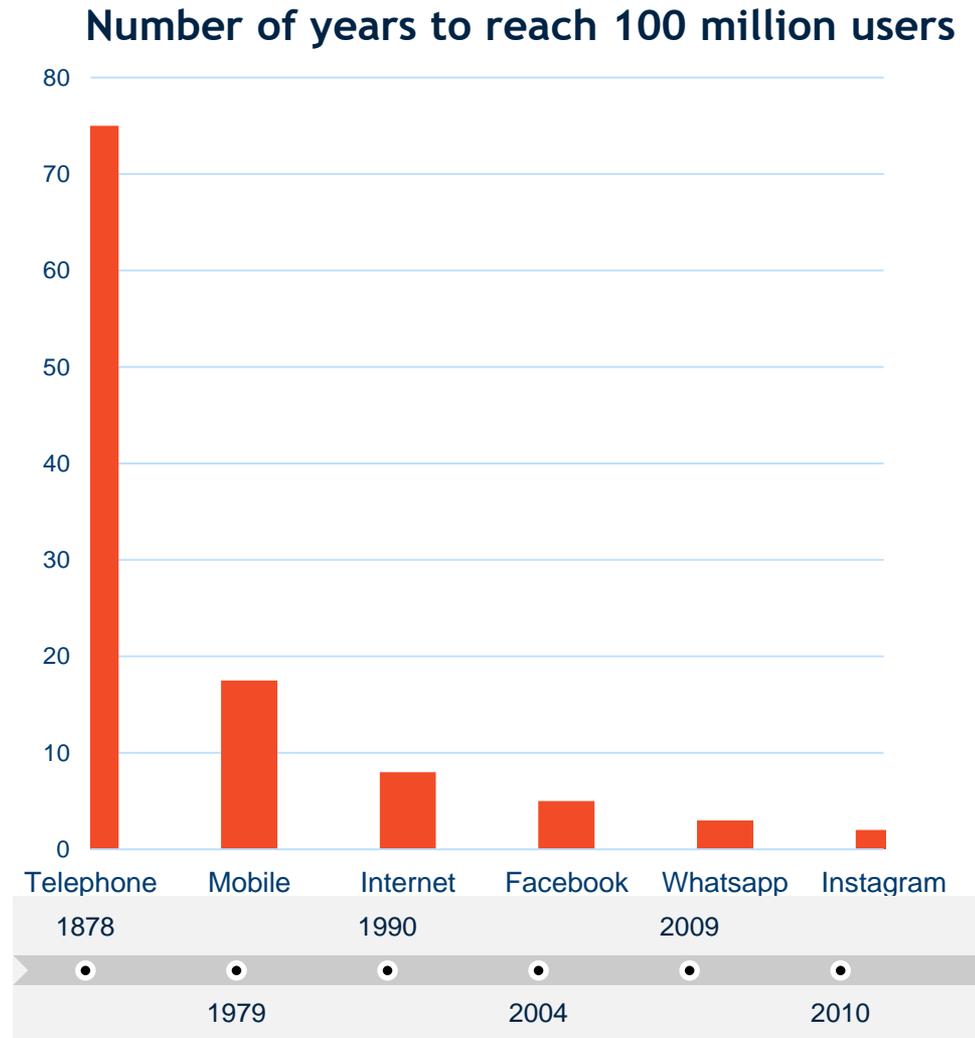
- Competitiveness
- Capabilities
- Connectedness



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# The practice of sustainable development

## Invest in inclusive growth: Harnessing technology and the digital dividend

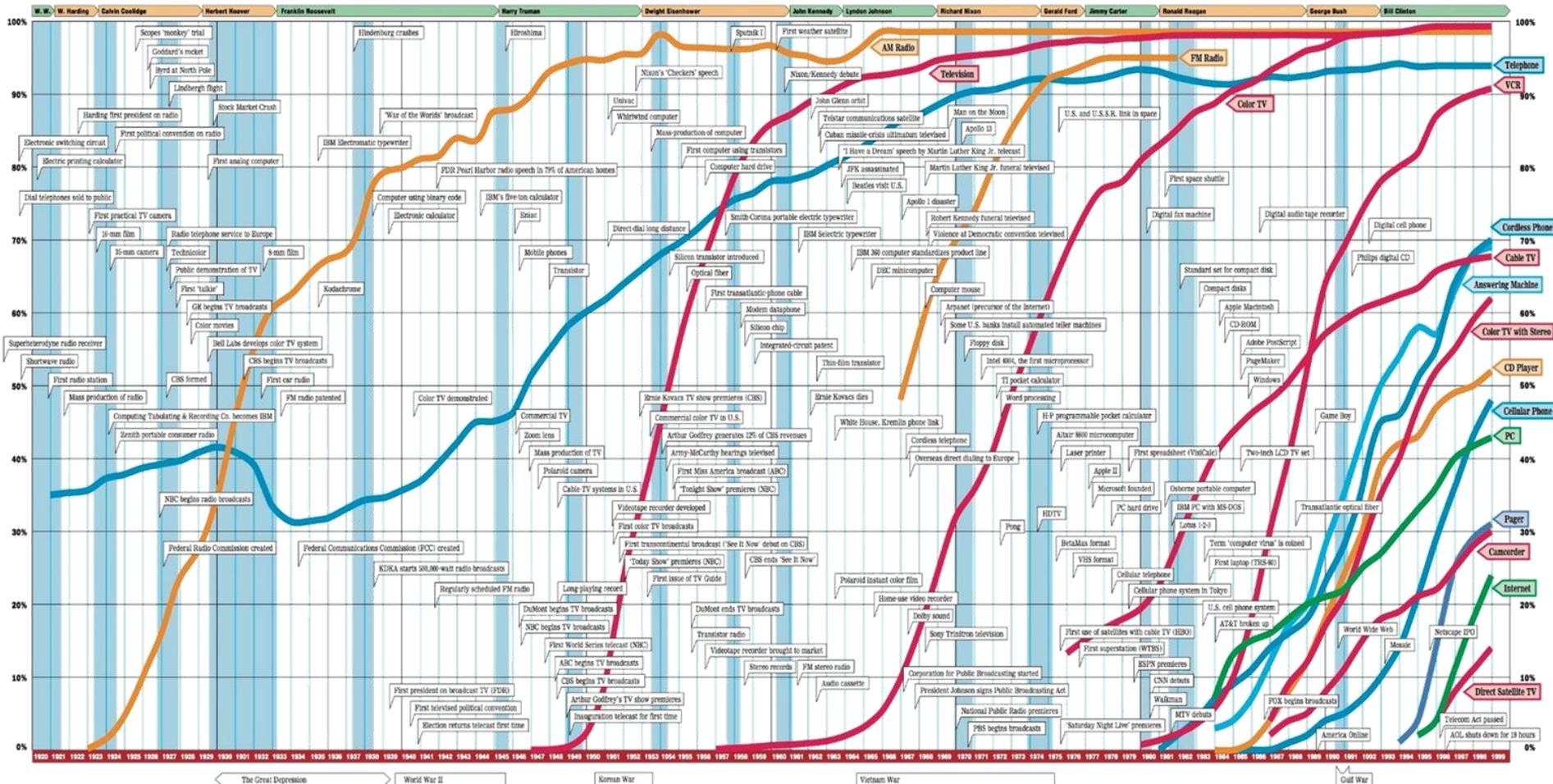


Source: Adapted from World Economic Forum, 2017

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# The practice of sustainable development

Invest in inclusive growth:  
Harnessing technology and the digital dividend

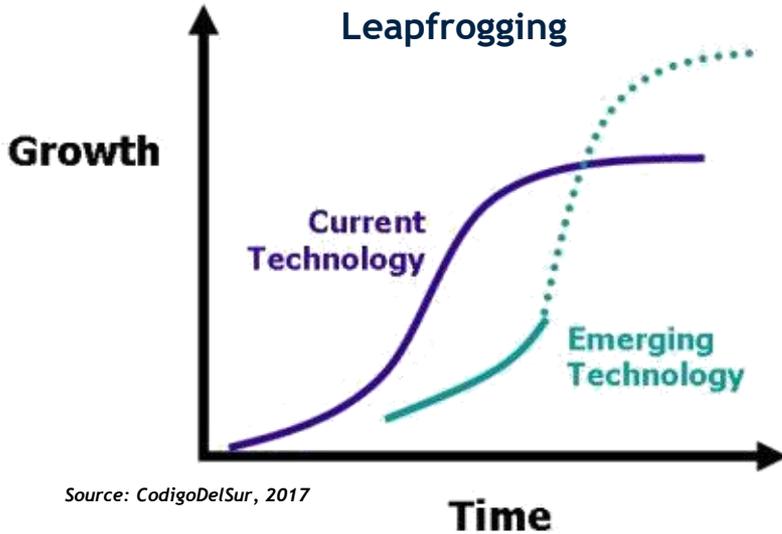


Map: Henry, Shaver & G. Nelson Company, Broadcasting & Cable Technol. 1986, Electronic Industries Association, Federal Communications Commission, 1982/83

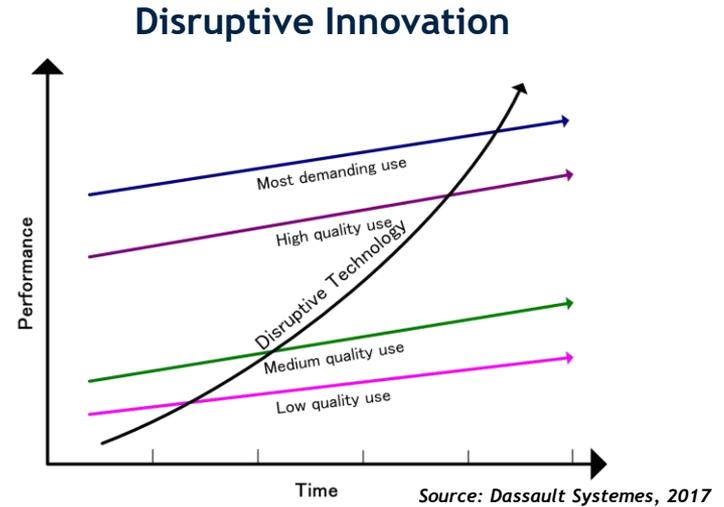
# The practice of sustainable development

Invest in inclusive growth:

Harnessing technology and the digital dividend

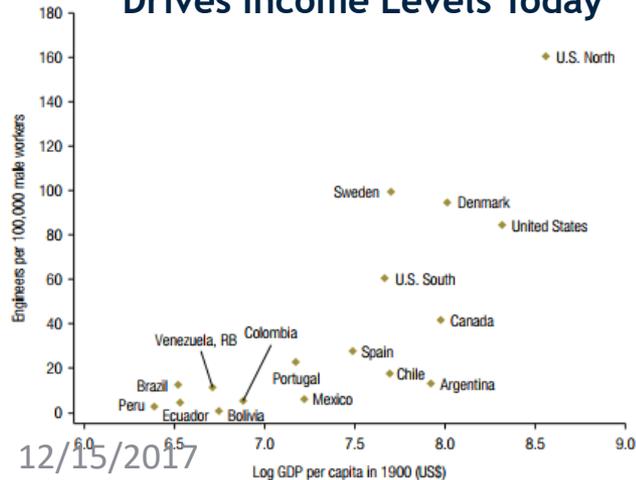


Source: CodigoDelSur, 2017



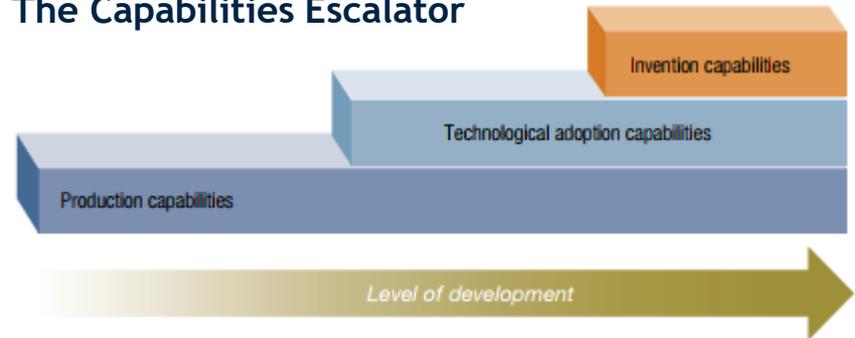
Source: Dassault Systemes, 2017

## The Capability to Innovate in 1900 Drives Income Levels Today



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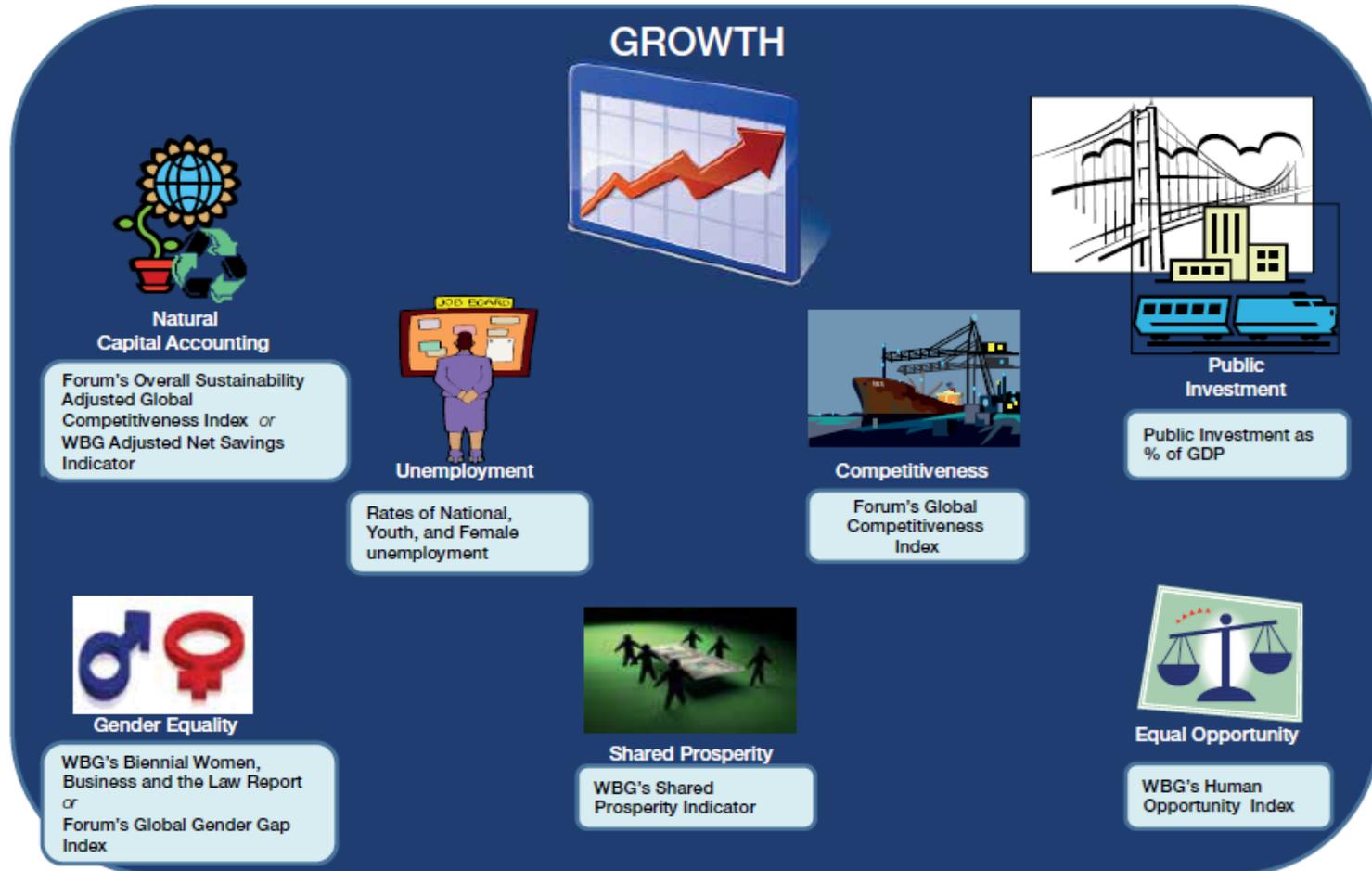
## The Capabilities Escalator



Source: Cirera; Maloney, *The Innovation Paradox*, 2017

# The practice of sustainable development

## Invest in inclusive growth: Dashboard for inclusive, sustainable, and multidimensional growth



# The practice of sustainable development

## The mapping process of SDG targets and 11MP

### Eleventh Malaysia Plan 2016-2020 and the SDGs

<b>Strategic Thrust 1:</b> Enhancing inclusiveness towards an equitable society	<b>Strategic Thrust 2:</b> Improving well-being for all	<b>Strategic Thrust 3:</b> Accelerating human capital development for an advanced nation	<b>Strategic Thrust 4:</b> Pursuing green growth for sustainability and resilience	<b>Strategic Thrust 5:</b> Strengthening infrastructure to support economic expansion	<b>Strategic Thrust 6:</b> Re-engineering economic growth for greater prosperity
<p><b>Key initiatives:</b>                      Inclusivity ensures all Malaysians benefit from economic growth regardless of gender, ethnicity, socio-economic status, or geographic location</p>	<p><b>Key initiatives:</b>                      Healthy individuals and happy households, living in cohesive and united communities – this embodies the vision for a socially advanced Malaysia</p>	<p><b>Key initiatives:</b> The focus on cradle-to-grave talent development and lifelong learning will improve labour productivity, deliver a higher-skilled workforce, and create a virtuous cycle of job creation, growth, and social development</p>	<p><b>Key initiatives:</b> “Green growth” will be a way of life. This will lead to strengthened food, water, and energy security, lower environmental risks, and ultimately, better well-being and quality of life</p>	<p><b>Key initiatives:</b> All Malaysians will have access to basic amenities and be connected through integrated transport and high-speed Internet. New investments will focus on lowering cost of business and enhancing competitiveness</p>	<p><b>Key initiatives:</b> We will ensure quality growth and international competitiveness. All economic sectors will migrate towards more knowledge-intensive and high value-added activities with greater productivity.</p>
					

# The practice of sustainable development

## The mapping process of SDG targets and 11MP

### INTEGRATING SDGs INTO PLANNING FRAMEWORK

SDG Goal 1: End Poverty in All Its Forms Everywhere

#### SDG AGENDA

##### Identify SDG Target

##### 1.4

By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

##### Identify SDG Indicator

##### 1.4.1

Proportion of population living in households with access to basic services

#### MALAYSIA'S ROADMAP 2016–2020

##### Select 11MP strategy that matches SDG target

##### Strategy

Expanding access to basic services

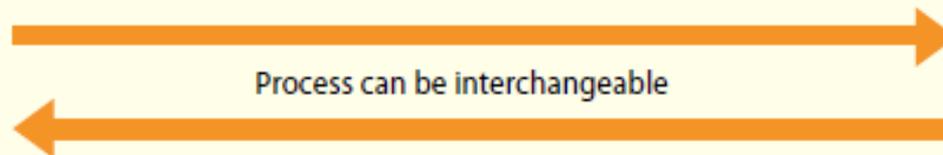
Expanding network and treatment plant capacity through infrastructure investment and infrastructure technology

##### Select 11MP target that matches SDG indicator

##### Outcome

90,000 additional houses in the rural areas will be supplied with clean and treated water

99% population served by clean and treated water by 2020



# Implementation Happens at the Local Level

# The practice of sustainable development

Assessing social risk and its mitigation should be conducted at the local level



**78 countries** have a population of **under 5 million**

**181 provinces** have a population of **over 5 million**

**86 provinces** have a population of **over 10 million**

\*Analysis conducted on developing countries

# Sample Municipal Budget



## Expenses

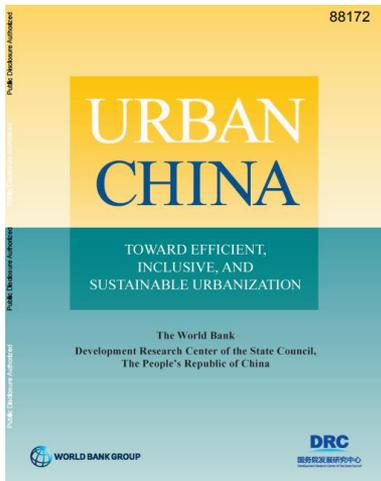
1. Preschool education
2. Primary and secondary school
3. Health care
4. Social assistance and poverty alleviation
5. Public order and civil protection
6. Infrastructure and public services
7. Environment protection
8. Social, cultural, recreational expenditures
9. Local economic development
10. Social housing
11. Urban development
12. Civil security
13. Transfer to sub-local government entities
14. (subsidies, grants, equity, in-kind)
15. Loan repayment
16. Interest charges
17. Guarantees called (paid by the municipality)

## Revenues

1. Property tax (rates) on land and/or buildings
2. Tax on the transfer of immovable property
3. Tax on motor vehicles
4. Local sales tax and/or tax on the sale of local products (or surcharge)
5. Tax on local businesses and services
6. Tax on electricity consumption (surcharge)
7. Tax on nonmotorized vehicles
8. Tax on tourism, hotels, restaurants, and entertainment
9. Tolls on roads, bridges, etc., within the limits of the local government
10. Charges for public works and public utilities such as waste collection, drainage, sewerage, and water supply
11. Charges for markets and rents for market stalls
12. Charges for the use of bus stations and taxi parks
13. Fees for approval of building plans and erection and re-erection of buildings
14. Fees for fairs, agricultural shows, cattle fairs, industrial exhibitions, tournaments, and other public events
15. Fees for licensing of businesses, professions, and vocations
16. Fees for other licenses or permits and penalties or fines for violations
17. Fees for advertisement
18. Fees on sales of animals in cattle markets
19. Fees for registration and certification of births, marriages, and deaths
20. Fees for education and health facilities established or maintained by the local government
21. Fees for other specific services rendered by the local government
22. Rent from land, buildings, equipment, machinery, and vehicles
23. Surpluses from local commercial enterprises
24. Interest on bank deposits or other funds

# Localization of Urban Development:

## The case of China



Reforming land management and institutions

Reforming urban planning and design

Creating a mobile and versatile labor force with equal access to a common standard of public services

Managing environmental pressures

Placing urban finances on a more sustainable footing while creating financial discipline for local governments

Improving governance at the local level

Timing, sequencing, and monitoring

*Improve the revenue base of local governments by mainstreaming a property tax on housing*

*Improve the intergovernmental grants system*

*Establish an explicit framework for local government transactions*

*Reform the financial sector to enhance fiscal discipline of local governments*

# Localization of Urban Development:

## U.K. Midlands

Successful locally owned businesses help develop local markets, create innovation, success and redistribution in a self-reinforcing cycle

## Indonesia:

A program is being implemented to enhance the capacity of local governments to improve efficiency and effectiveness of local public spending. Also implemented the PNPM program: community driven development



## Colombia:



## Kenya:

A government funded drought insurance program brings satellite based insurance to Kenyan pastoralists and farmers using mPesa.

214  
KES million

paid out to over

12000  
pastoralists

# Thank You

[worldbankgroup.org/sdgs](http://worldbankgroup.org/sdgs)



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