The Sustainable Development Goals

Reality & Prospects

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Global Context
Global Economy

GDP Growth (Percent)

Regional Economy

GDP Growth \textit{(Percent)}

Looking Back: The MDGs Era

MDG Progress, by number of countries

<table>
<thead>
<tr>
<th>MDG 1.1: Poverty</th>
<th>MDG 1.9: Malnourishment</th>
<th>MDG 2.2: Primary Completion</th>
<th>MDG 3.1: Gender Parity</th>
<th>MDG 4.1: Under-5 Mortality</th>
<th>MDG 4.2: Infant Mortality</th>
<th>MDG 5.1: Maternal Mortality</th>
<th>MDG 7.8: Water</th>
<th>MDG 7.9: Sanitation</th>
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- **Target Met**
- **Sufficient Progress (by 2015)**
- **Insufficient Progress (2015-2020)**
- **Moderately off target (2020-2030)**
- **Seriously Off Target (after 2030)**
- **Insufficient Data**
Progress on Child & Maternal Mortality

Under-5 Mortality Rate (per 1,000) 1990-2015

- Middle East & North Africa
- Low & middle income

Maternal Mortality Ratio (per 100,000) 1990-2015

- Low & middle income
The global development agendas serve as a compass and guide for countries to determine their national development path.
The Sustainable Development Goals

The 2030 Agenda of Ending Poverty, Preserving the Planet, While Leaving No One Behind
Alignment of Countries to the Sustainable Development Goals

84 governments presented their plans on achieving the SDGs*:

Country development strategy aligned

Institutional structures aligned

PRIORITY GOALS HIGHLIGHTED BY COUNTRIES:

*based on analysis of statements made at April 21 UN HLTD event on SDG implementation
Conflicts, Climate Change, Financing, Data
Most Frequently Identified Challenges

* Based on analysis of statements made on April 21, 2016 during the High-Level Thematic Debate (HLTD) event held at United Nations. Statements available online: [https://papersmart.unmeetings.org/ga/70th-session/high-level-thematic-debate-on-achieving-the-sustainable-development-goals/statements/](https://papersmart.unmeetings.org/ga/70th-session/high-level-thematic-debate-on-achieving-the-sustainable-development-goals/statements/)
WBG Areas For Action To Support The 2030 Agenda

**FINANCING**

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

**DATA**

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

**IMPLEMENTATION**

Country engagement model; Draw on strength of entire WBG to provide integrated solutions

WBG action on the SDGs has been articulated along these three focus areas
Financing
### Critical Components Of Financing For Development

<table>
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<tr>
<th>Category</th>
<th>Description</th>
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<tbody>
<tr>
<td>1. National public resources:</td>
<td>Improving domestic resource mobilization (DRM)</td>
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<td>2. Global public resources:</td>
<td>Better and smarter aid</td>
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<tr>
<td>3. National and global private resources:</td>
<td>Unlocking private investment for development, Attracting FDI, Remittances, Philanthropic finance</td>
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- The World Economic Forum estimated that annual demand for infrastructure finance alone is **$3.7 trillion**. With annual investment currently around **$2.7 trillion**, this leaves a gap of **$1 trillion** per year.

- According to the Global Commission on the Economy and Climate, incorporating climate considerations raises the financing gap even further, to **$2-3 trillion** per year.
1. Domestic Resources

- A country’s ability to mobilize domestic resources (DRM) and spend them effectively – at the national, sub-national and municipal levels – lies at the crux of financing for development.

- Strengthening the capacity of local governments, including to raise their own revenues, to manage expenditures and service delivery, and to borrow and manage debt prudently is critical;

- Developing inter-government fiscal transfer arrangements that consider the needs of sub-national governments and equalize fiscal capacity and expenditure is also critical.

Source: IMF data

Median tax revenue as a percent of GDP by Income grouping, 1990-2014 (Tax/ GDP Ratio)
As development challenges at the global and national levels increase, so too should the resource envelope available to meet these needs. ODA flows are simply not enough.

Developing countries' total resource receipts

ODA: Official Development Assistance. ODA in the chart includes bilateral ODA and multilateral concessional flows. Non-ODA flows include: other official developmental flows, officially-supported export credits, FDI, other private flows at market terms and private grants. Adjusted gross disbursements, three-year moving average, USD million, 2012 constant prices.

Sources. Remittances, World Bank. Other resource flows, DAC statistics. NB: Data on flows to MADCTs are only available up to 2010.
3. Mobilizing Private Resources

As development challenges at the global and national levels increase, so too should the resource envelope available to meet these needs.

- Aggregate assets held by ten largest MDBs: $1.3 trillion

- Making the “Billions to Trillions” pledge a reality requires expanding the pool of development capital beyond the multilateral development banks (MDBs) and official agencies.

- Private funds:
  - $2 trillion of assets held by the world’s ten largest pension funds
  - $4.5 trillion of assets held by the world’s ten largest insurance companies
  - $5 trillion in assets held by the world’s ten largest sovereign wealth funds
  - $100 trillion global bond market

- The global community looks to the World Bank Group to lead on the “Billions to Trillions” initiative - a call to greatly increase the financial capacity that can be deployed to meet the Sustainable Development Goals.
Official development assistance must catalyze and leverage new development resources.

To unlock these resources, countries must improve the business climate, develop local capital markets, and mitigate investment risk.

To unlock these resources, countries must build effective tax regimes and government institutions and improve public spending.
The Cascade

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?
Data
Good Data Informs Implementation

Improving data availability

Statistical Capacity Score (scale: 0-100)
Good Data Informs Implementation

Improving data availability

Number of Poverty Data since 1976
Implementation
Key Areas for Countries to Unlock their Implementation Potential

Growth for poverty reduction – five common characteristics

Accumulation
- Future orientation
- High investment
- High saving

Inclusion
- Leadership and governance
- Credible commitment to growth
- Credible commitment to inclusion
  - Capable administration

Allocation
- Market Allocation
- Prices guide resources
- Resources follow prices

Stabilization
- Macroeconomic stability
- Modest inflation
- Sustainable public finances

Innovation
- Openness
- Import knowledge
- Exploit global demand
Key Areas for Countries to Unlock their Implementation Potential

Harnessing the Demographic Transition

Cumulative change in population, 2015-50
Managing Urbanization: 96% of increase in developing country population between now and 2030 will be in urban areas.

Key Areas for Countries to Unlock their Implementation Potential
Key Areas for Countries to Unlock their Implementation Potential

Managing urbanization

Proportion of urban population living in slums, 1990-2010
Key Areas for Countries to Unlock their Implementation Potential

Managing urbanization

a. More urbanized countries have lower poverty rates

b. Urbanization goes hand in hand with more prosperity
Key Areas for Countries to Unlock their Implementation Potential

Managing urbanization

Poverty and under-5 mortality for base simulation
Managing urbanization

Connect:
- Value the city’s external and internal connections
- Coordinate among transport options and with land use
- Leverage investments that will generate the largest returns—individually and collectively

Finance:
- Value and develop the city’s creditworthiness
- Coordinate public-private finance using clear, consistent rules
- Leverage existing assets to develop new ones, and link both to land use planning

Plan:
- Value land use through transparent assessment
- Coordinate land use with infrastructure, natural resources, and hazard risk
- Leverage competitive markets alongside regulation to expand basic services

Key Areas for Countries to Unlock their Implementation Potential
Key Areas for Countries to Unlock their Implementation Potential

Addressing the impact of climate change

- **Strengthening resilience**: boosting natural capital, physical capital, and human and social capital, including social protection for the more vulnerable
  - *Examples*: climate-smart agriculture, integrated watershed management

- **Powering resilience**: increasing low-carbon energy sources
  - *Examples*: Leveraging potential of solar and hydro power

- **Enabling resilience**: providing essential data, information, and decision-making tools for promoting climate resilient-development across sectors at the regional and country level
  - *Examples*: early warning systems, hydro-met program, climate resilient investment facility
World Bank Group
IDA: WBG Fund for the Poorest

• IDA is one of the largest sources of assistance for 77 countries, 39 of which are in Africa.

• IDA lends money on concessional terms.
  • This means that IDA credits have a zero or very low interest charge and repayments are stretched over 25 to 40 years, including a 5- to 10-year grace period.
  • IDA also provides grants to countries at risk of debt distress.

• The 18th replenishment, just concluded this year, mobilized a record $75B Commitment.
IDA’s New Private Sector Window

**Objective:** Unlock significant opportunities to mobilize private capital, and help scale up the growth of a sustainable and responsible private sector in IDA countries.

- Set aside **US$2.5 billion** ($2bn for IFC and $500mn for MIGA)
- Designed to **target significant barriers** to private sector development.
World Bank/IBRD Treasury Issues Equity-index Linked Bonds

- Bonds that for the first time directly link returns to the performance of companies advancing global development priorities set out in the 2030 Agenda

- The equity-index linked bonds raised a total of EUR163 million from institutional investors in France and Italy

- World Bank Group Treasury anticipates coming to market with similar issuances that would attract a range of investors across the world

Sources: World Bank Group Treasury, Press Release from 03/09/2017
IFC was founded on the idea that the private sector is essential to development.

IFC can help address critical constraints in areas such as finance, infrastructure, employee skills, and the regulatory environment.
Creating Markets is a WBG Agenda:  
**EACH STEPPING UP, ALL CREATING IMPACT TOGETHER**

- “IFC 3.0”: A change in business model: from leveraging markets to creating markets
  - Going upstream and working to create bankable projects
  - Clear asks of Bank: specific areas where de-risking needed
  - New mobilization mechanisms, broader institutional and other investor networks

- Institutional enablers
  - Aligned incentives: To focus on enabling private solutions to public issues
  - Budget allocation: To support Bank de-risking activities
  - Engagement mechanisms: To process sourcing, analytics, ex ante development impact assessment, implementation
  - New capabilities: Financial and technical
World Bank Strategy For MENA

For example:
- Low trust in state
- Inequality of opportunity and voice (esp. youth, gender)
- Non-inclusive institutions
- Droughts and degradation of natural resources
- Historical fragmentation

Address Underlying Causes of Conflict & Violence

These two are inter-related and can feed off each other

Mitigate Urgent Consequences of Conflict & Violence

From these, and taking into account the WB mandate and comparative strengths we arrived at these four mutually reinforcing pillars...

Economic and Social Inclusion for Peace and Stability in MENA

Renewing the social contract
Regional Cooperation
Resilience to IDP/refugee shocks
Recovery and Reconstruction

For example:
- Destruction of physical and human capital
- Slowing of economic growth
- Large scale forced displacement
- Increased pressure on natural resources and basic services

The first two pillars address underlying causes, while the latter two tackle the immediate consequences...
MENA Strategy: the First Pillar
Improving Governance and Accountability

Opportunities
- Promote broad-based private sector development
- Strengthen skills that match market demands
- Work on labor markets to promote formal job creation
- Design ‘capture-proof’ business policies to foster entrepreneurship
- Build inclusion by supporting lagging regions

Quality services
- Strengthen public institutions for more efficient and effective service delivery
- Modernize ICT systems and accountability institutions
- Create environment for greater private sector investment in infra and services via IFC and MIGA
- Modernize the Social Protection system
- Build on local success stories (incl. via third sector providers)

Citizen Engagement
- Support enabling reforms and legislation (e.g. access to information, etc.)
- Develop performance-based aspects of sectoral governance
- Enhance mechanisms for accountability
- Facilitate consensus building among stakeholders for sensitive policy reforms
- Mainstream beneficiary feedback

The WBG can help MENA countries renew the social contract in at least 3 areas
MENA Strategy: the First Pillar

Regional Integration

Energy
Given the importance of energy in the economy of the region and fact the MENA has one of the lowest shares of traded electricity production, the focus will be to:
• Support development of regional and sub-regional electricity, solar, and gas markets
• Strengthen and mainstream ongoing climate mitigation efforts
• Continue progress on systematic energy subsidy reform across the region

Education
Through the regional education initiative in partnership with the Islamic Development Bank and other agencies, the focus will be to:
• Enhance the contribution of education and training systems to growth, prosperity and social cohesion
• Improve the quality and relevance of education and training for more relevant skills for the economy
• Introduce new approaches to teaching and learning to restore hope for a more prosperous future
• Implement mechanisms for improved performance and accountability of the education system

Water
Address the severe water security issue and climate adaptation by bringing high-level regional support and fostering policy and technological innovation for:
• sustainable urban water management and agricultural water productivity systems;
• introduction of tariffs and technology for water and energy efficiency;
• promotion of rapid delivery systems with strong citizen engagement; and
• enhanced cooperation of trans-boundary waters resources via intl. water mgt. agreements

In addition to these three initiatives, the Bank Group will continue to pursue integration in trade and investment building on previous analytical work
MENA Strategy: the Second Pillar
Resilience to shocks of refugees and IDPs & Recovery and Reconstruction

Adequate support should go to host governments so that they, in turn, can promote the welfare of host communities, refugees and IDPs.

Given the expected duration of these displaced persons, development assistance should be oriented towards helping them build assets—human capital, physical capital and institutional capital.

Since the welfare of these people is a global public good, a large share of the assistance should come from the international community in general and the donor community in particular through concessional financing.
Thank You