



# Sustainable Development Goals: Meeting the Challenge

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Seventh African Fiscal Forum

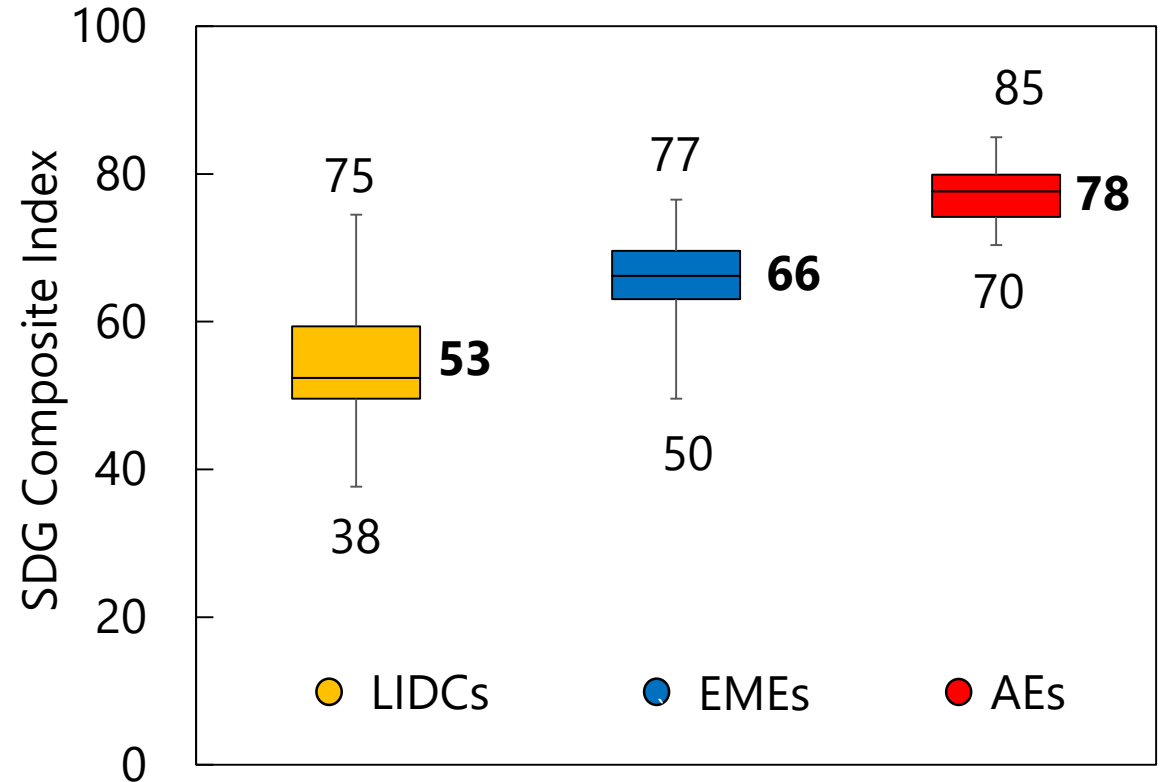
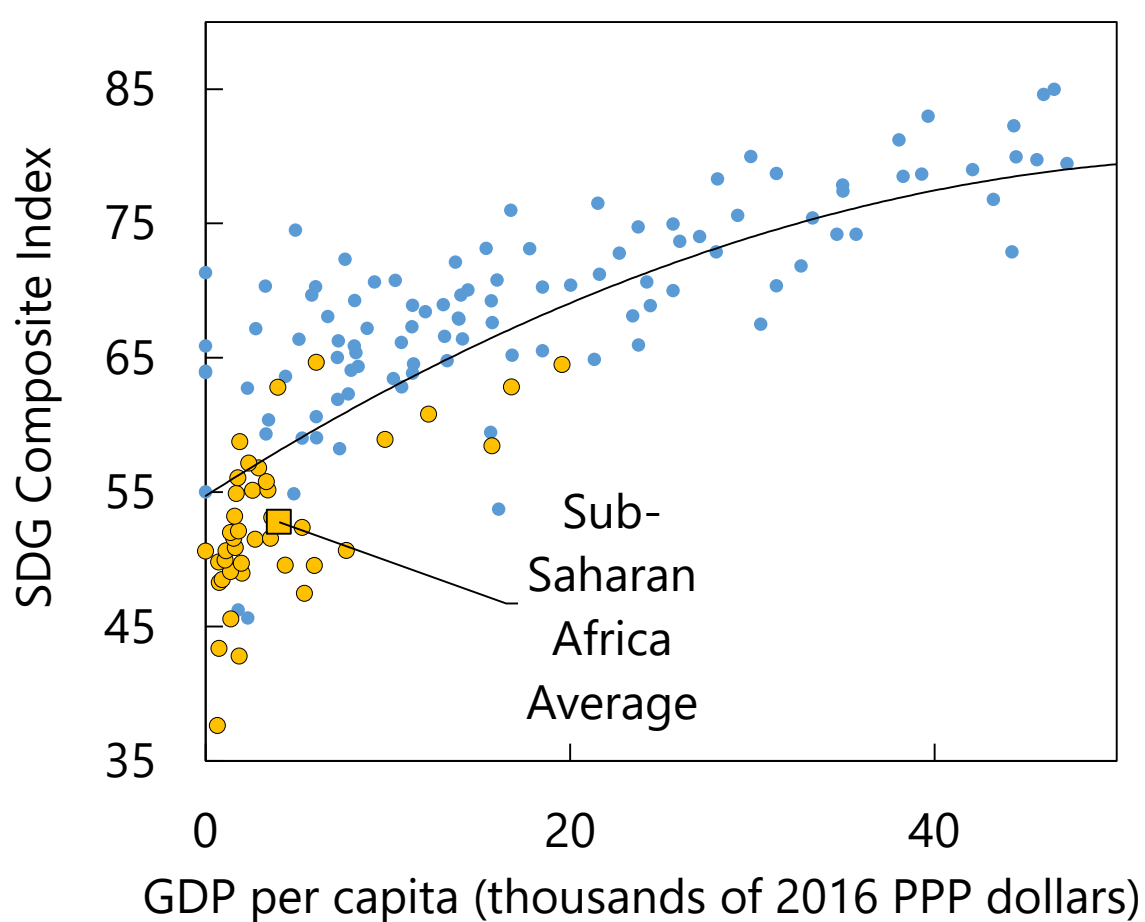
Nairobi, February 14-15, 2019

# SDGs: a comprehensive development agenda



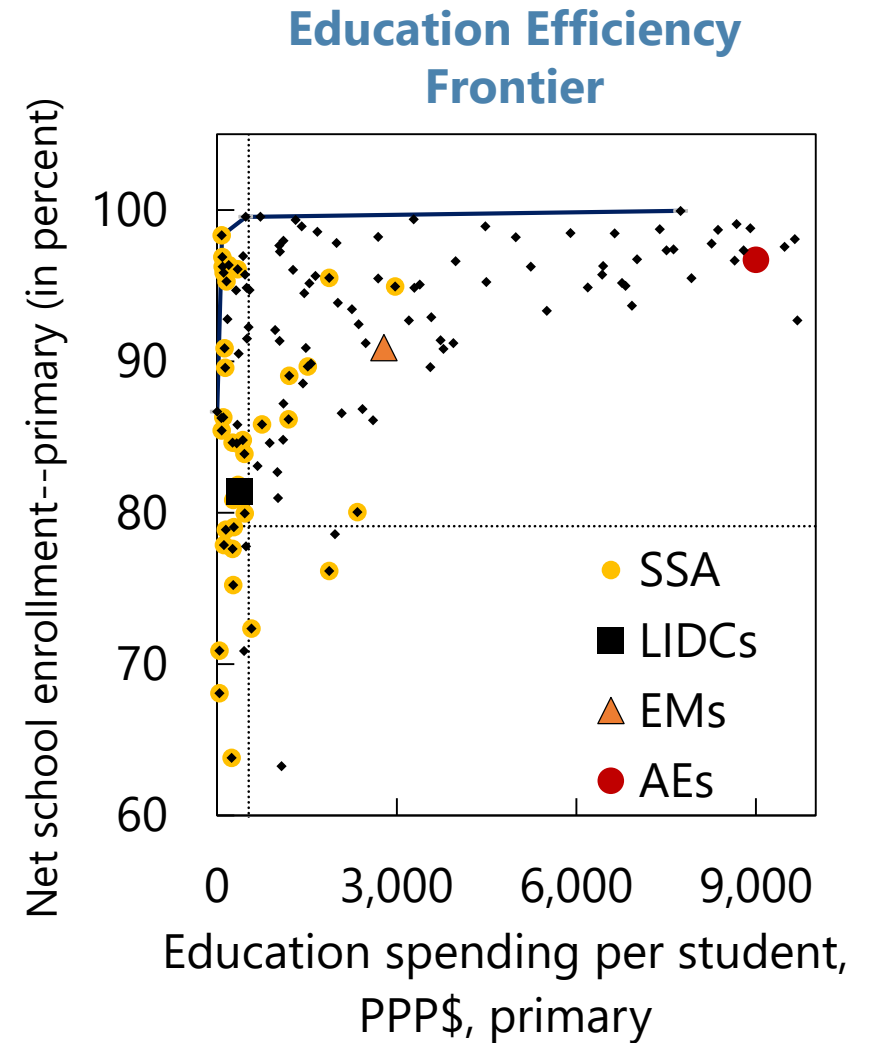
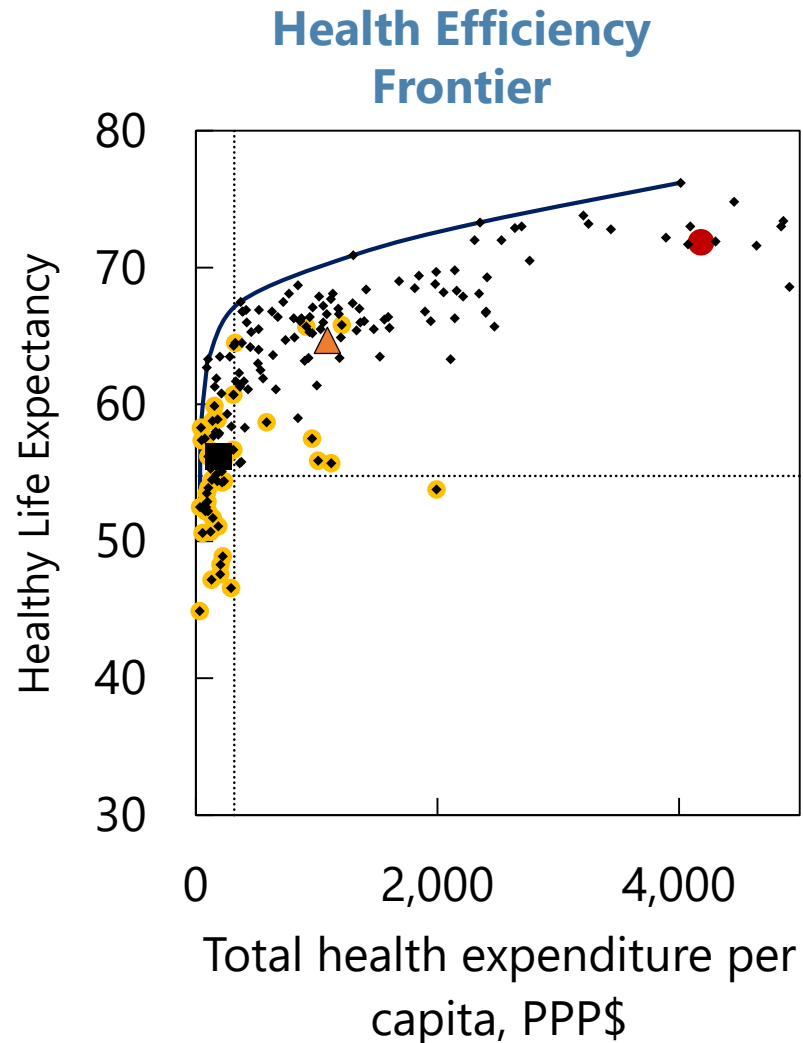
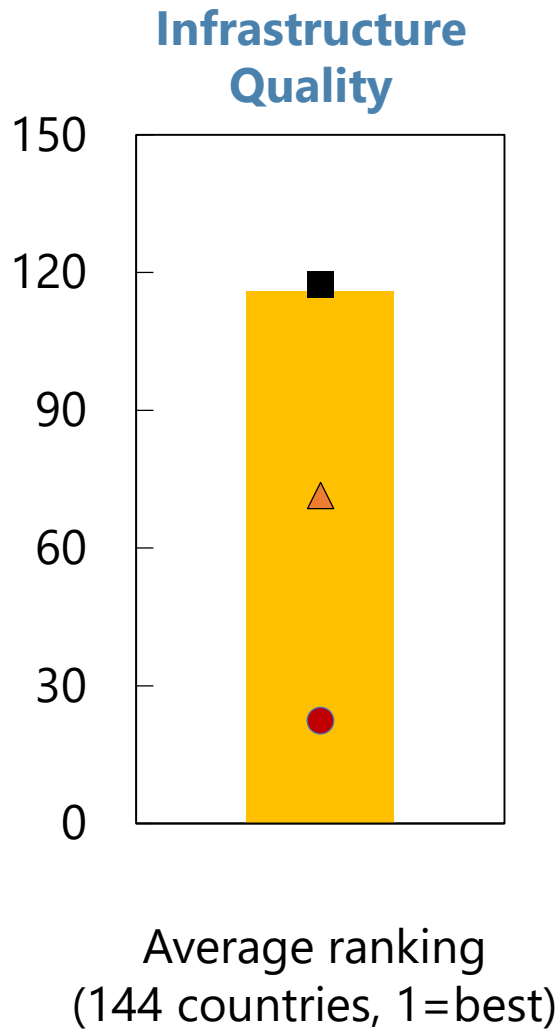
# Sub-Saharan Africa has a long way to go

## SDG Composite Index Score by GDP per Capita and by Income Group



Source: IMF staff calculations using data from 2018 SDG Index and Dashboards report.

# Large gaps in infrastructure, health, and education



# I. How Much Would it Cost to Reach the SDGs?

IMF STAFF DISCUSSION NOTE

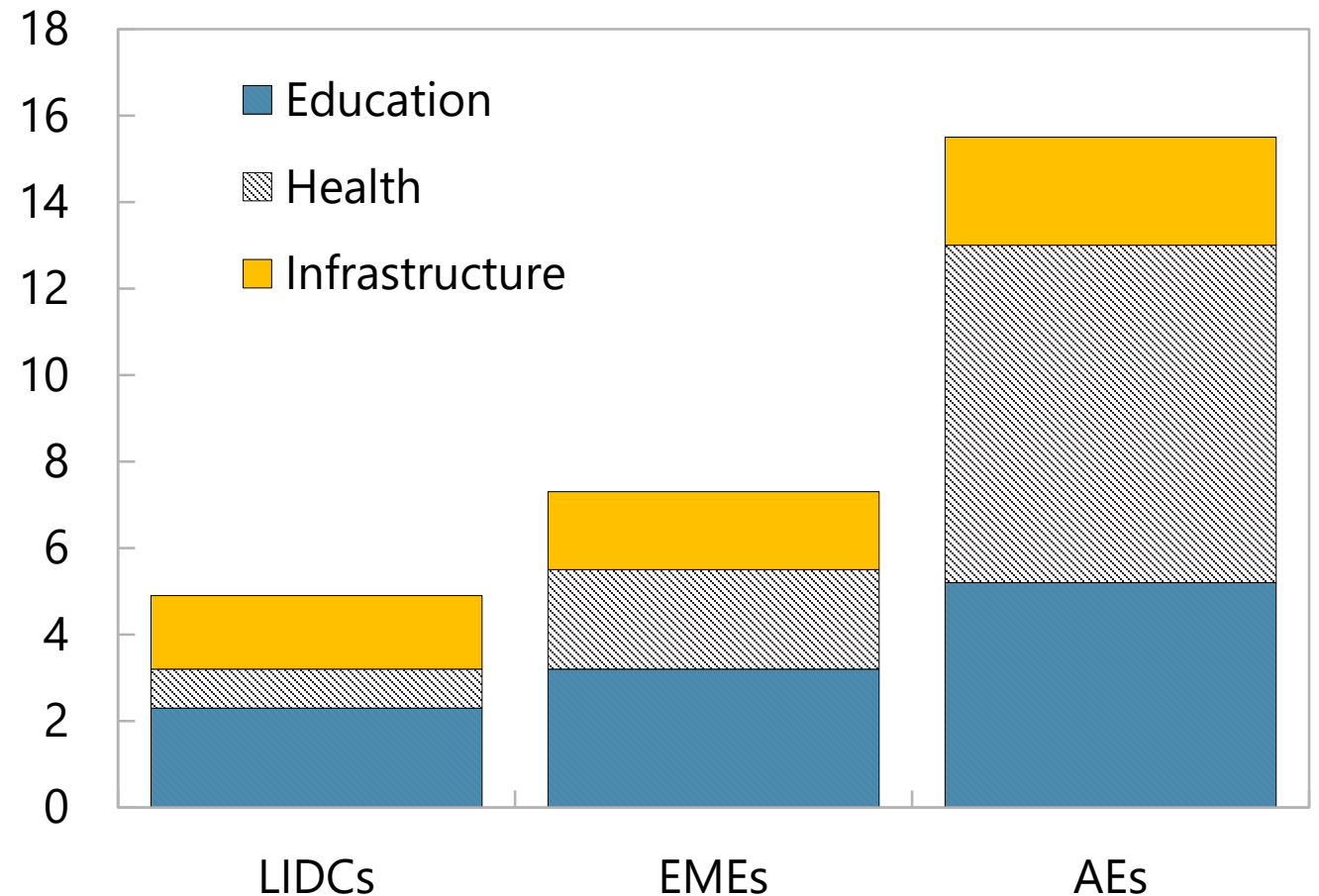
## **Fiscal Policy and Development: Human, Social and Physical Investment for the SDGs**

Vitor Gaspar, David Amaglobeli, Mercedes Garcia-  
Escribano, Delphine Prady, and Mauricio Soto

# IMF study focuses on 5 development sectors

- Education
  - Health
  - Roads
  - Water
  - Electricity
- } infrastructure

**Spending Level**  
(Percent of GDP, latest available data)



Source: IMF, Government Finance Statistics.

# Large costs of reaching SDGs, especially for LIDCs

## IMF

Additional Spending in 2030	In \$ billion (2016 US dollars)	In percent of group GDP	In percent of global GDP
Low-Income Developing Countries	528	15.4	0.5
Emerging Market Economies	2,059	4.1	1.9

Source: Gaspar and others (2019)  
Note: Additional costs for Education, Health, Roads Electricity, and Water and Sanitation.

## Other estimates

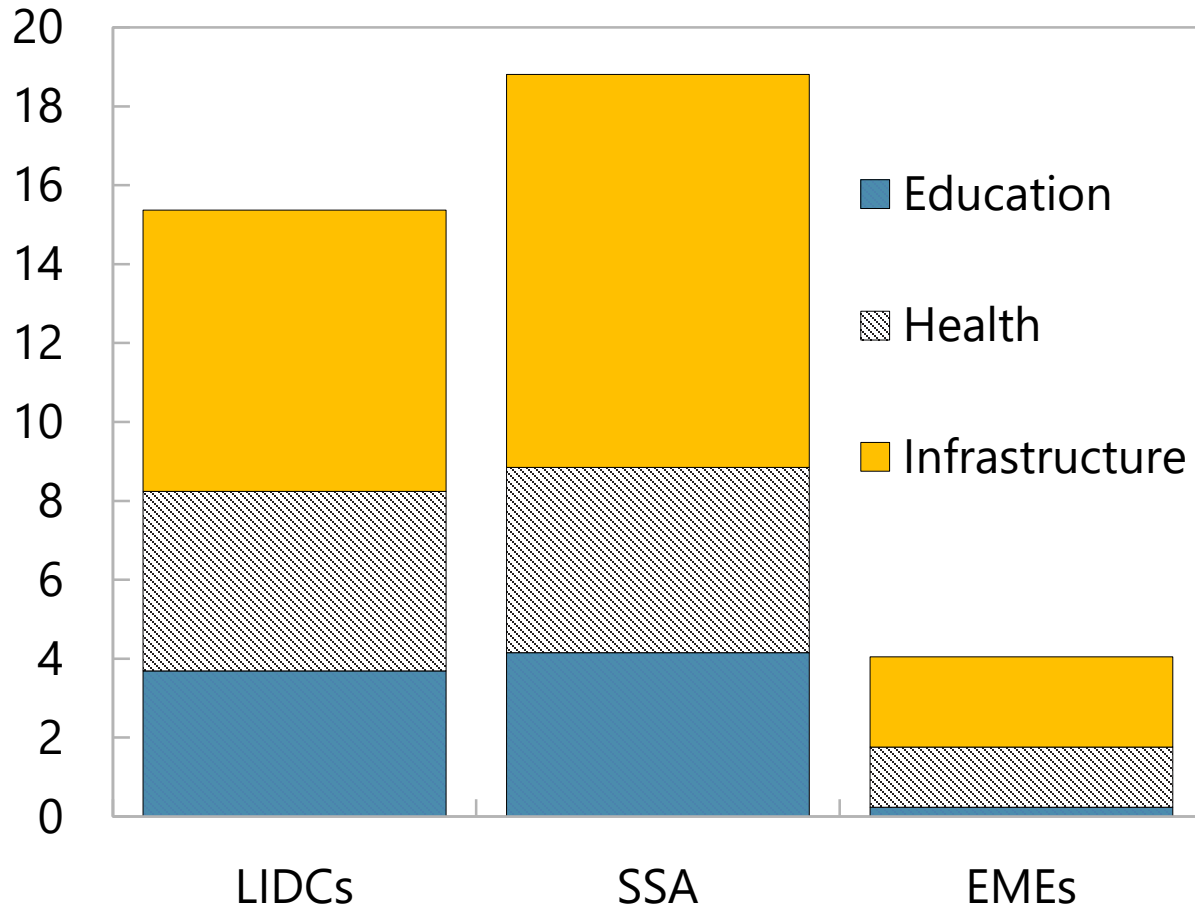
**Headline global cost:  
\$1.4 - \$3.9 trillion**

Sources: UNCTAD (2014); Schmidt-Traub (2015); and Manuel and others (2018)

# Cost about 20 percent of GDP for SSA countries

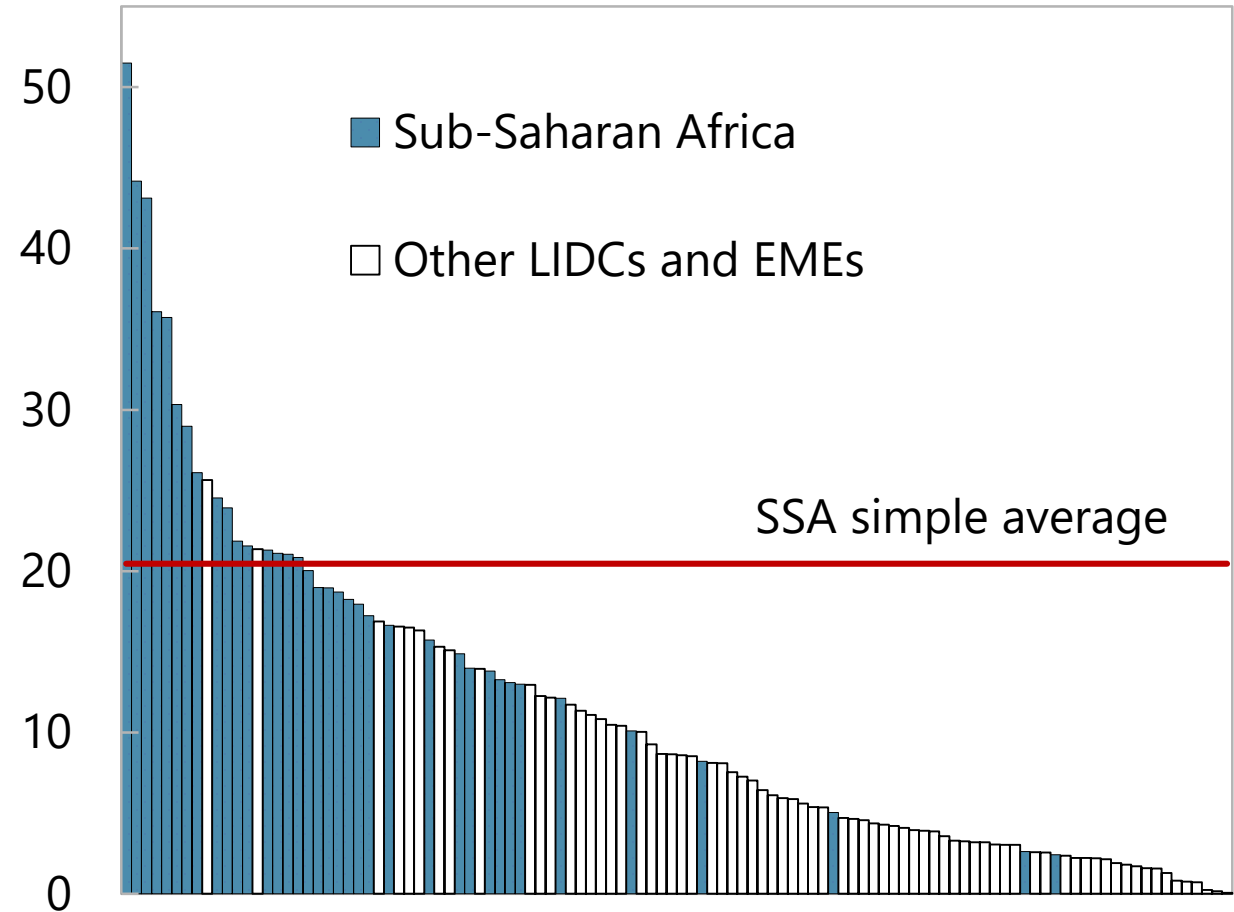
## Additional Spending by Country Group

(Percent of group GDP)



## Additional Spending by Country

(Percent of country GDP)

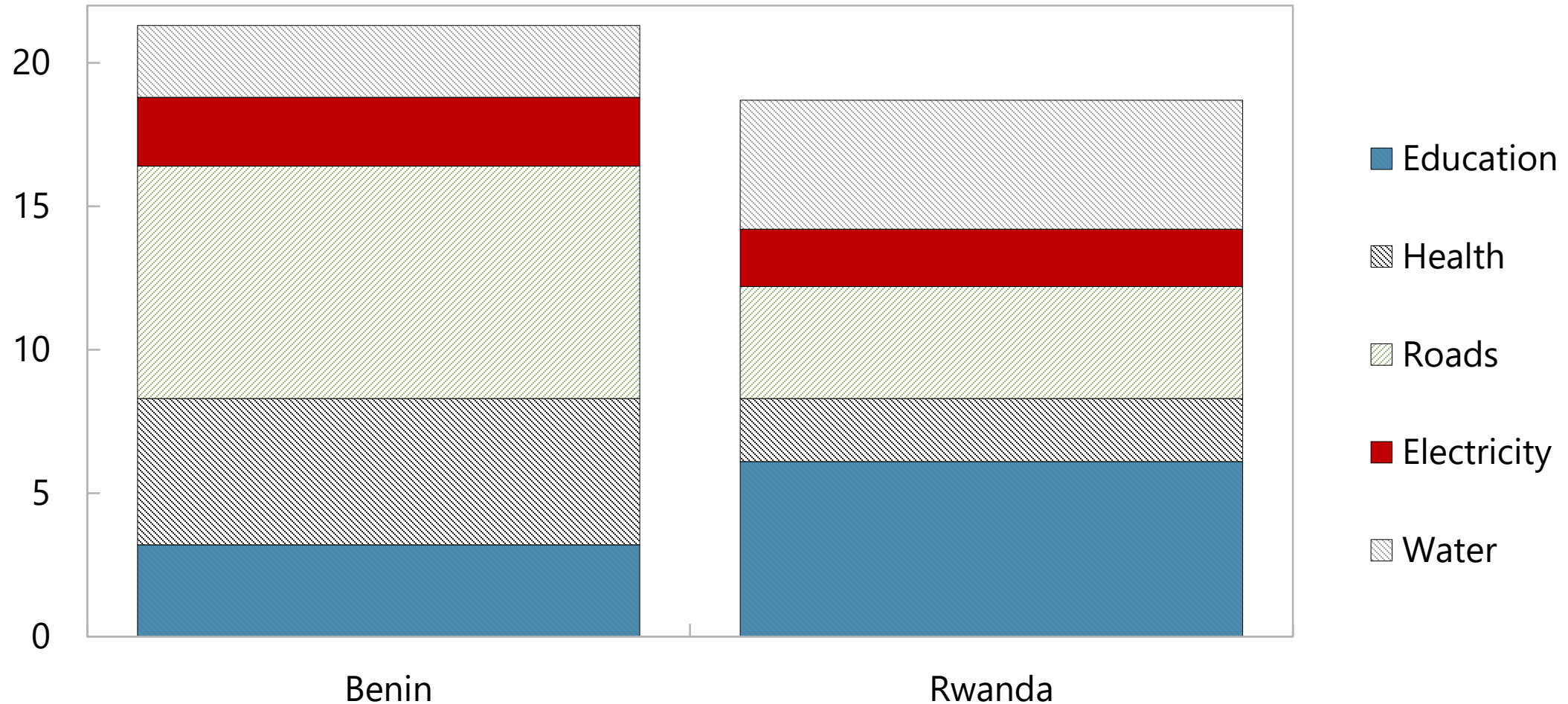


Source: Gaspar and others (2019).



# Case studies: Benin and Rwanda

## Additional Spending (Percent of GDP)



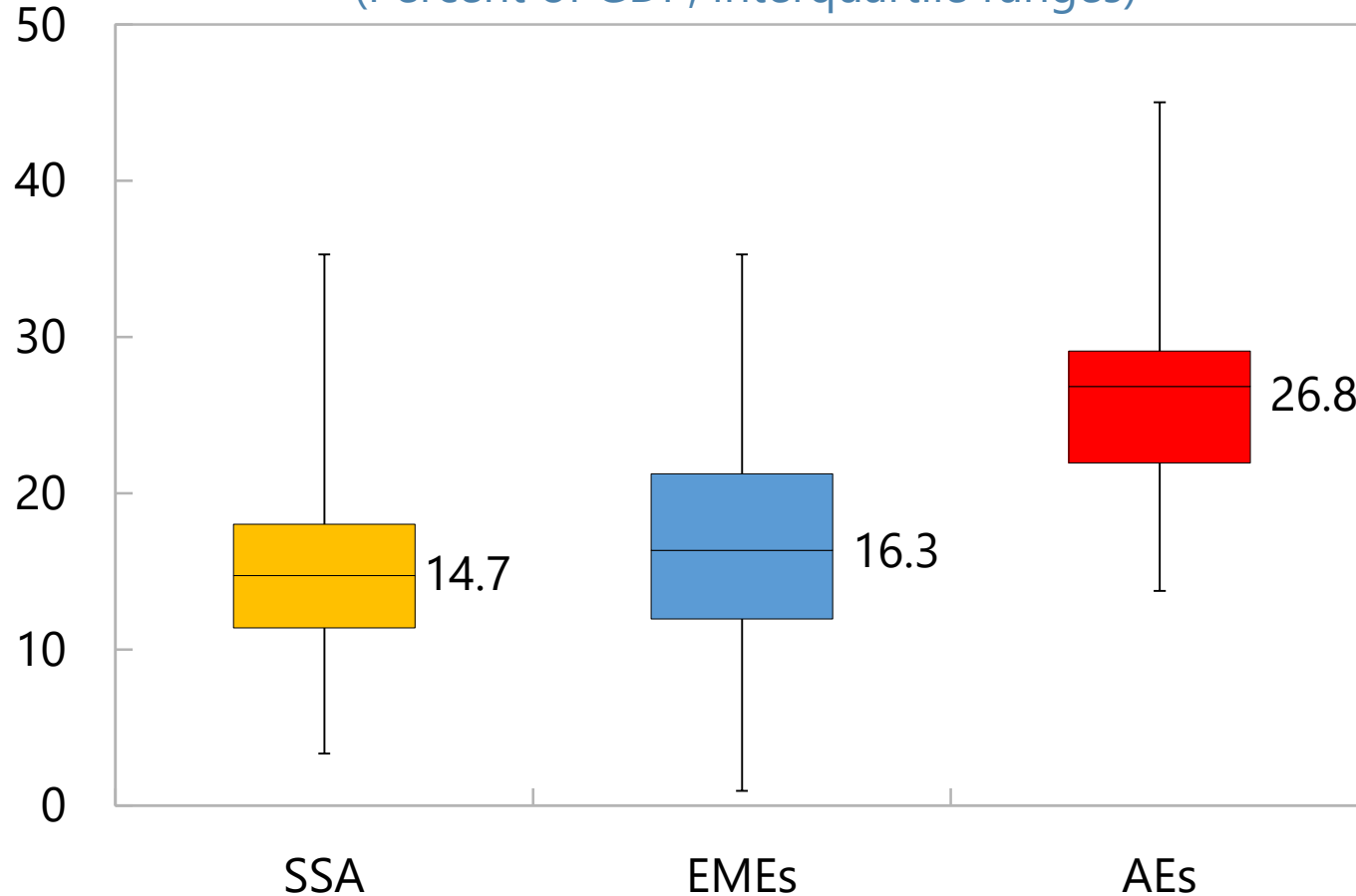
Source: Gaspar and others (2019)

## II. How to Finance?

# Mobilizing domestic revenue is first order of business

## Tax Revenue

(Percent of GDP, interquartile ranges)

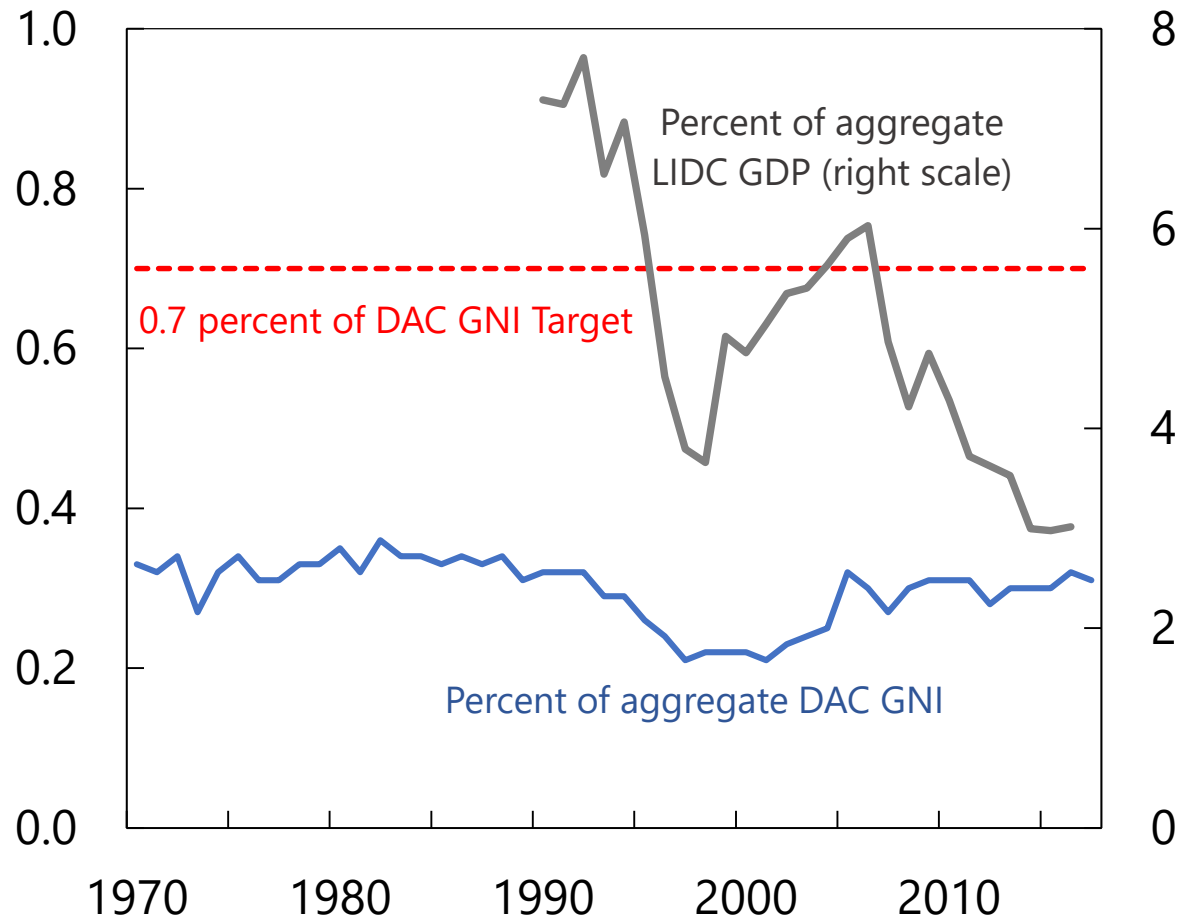


5 percentage points of GDP in additional tax revenue over the next decade is an ambitious objective for many countries.

# Boosting growth would help, spending efficiently is critical

- Doubling projected GDP per capita in 2030 would reduce additional spending by about 4.5 percentage points
- In a scenario where countries fail to improve spending efficiency, additional spending need is estimated to increase from 15 to 25 percentage points of GDP in LIDCs.

# Development assistance could make a big difference



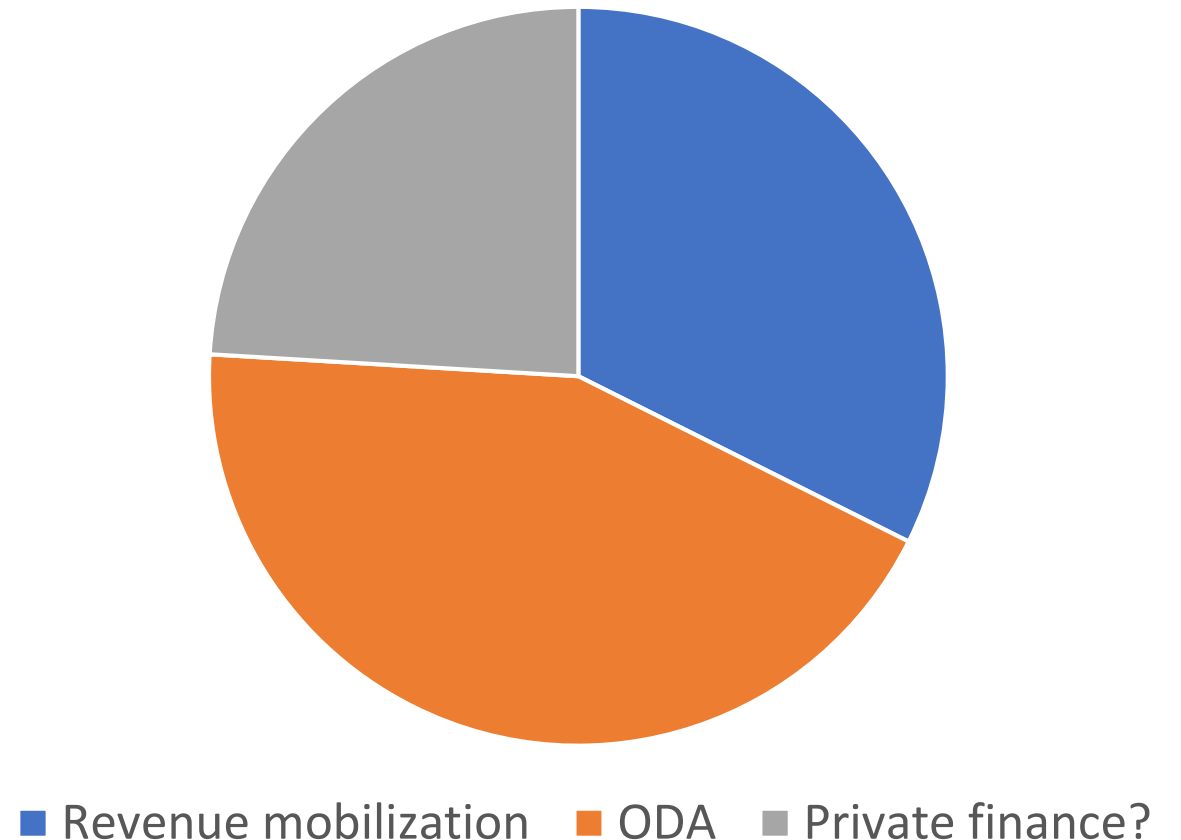
Meeting the 0.7 percent of GNI target for Official Development Assistance would provide about US\$230 billion a year in additional funding

Source: Gaspar and others (2019)

# There is still a large financing gap

- Gap of at least one fourth of financing
- Private sector?
- Difficult: the risk-return profile of projects is often unattractive in development sectors

**Financing of LIDC Spending Needs  
(US\$528 bn, 2030)**



# Raising private sector participation

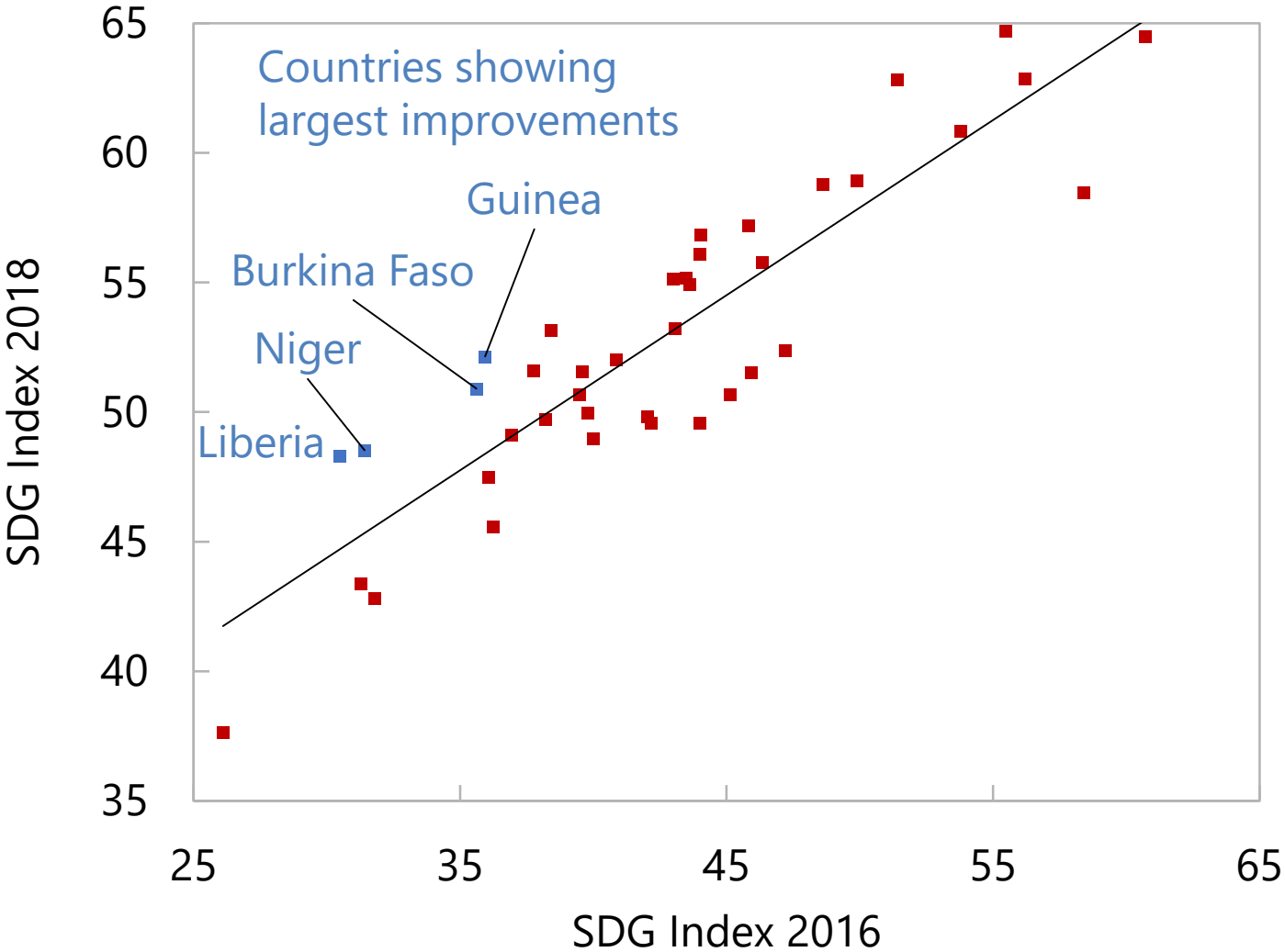
- Address bottlenecks
  - ✓ Macroeconomic instability
  - ✓ Excessive regulations and barriers to entry
  - ✓ Poor project preparation
  - ✓ (Unfair?) perception of risk in Africa
- Tap other sources of private finance
  - ✓ Philanthropy
  - ✓ Institutional investors
  - ✓ Financial inclusion and development
  - ✓ Public-private partnerships (PPPs)
- Use innovative public policies to incentivize private investment (derisking instruments)

Thank You



# SDG Index Scores for Sub-Saharan Africa

(Index, 0 - 100)



Source: <http://sdgindex.org>