



MENA CITIZENS

want better public services and to narrow the gap between rich and poor

PERCENT OF CITIZENS



70% think governments are not doing enough to narrow the gap between rich and poor

60% think governments are not doing enough to improve basic health services

FISCAL POLICY

struggles to address these needs because:



HOW CAN FISCAL POLICY

promote higher inclusive growth:

- 1** Raise spending on health, education and essential infrastructure
- 2** Develop and expand social safety nets
- 3** Build wider and more equitable tax bases
- 4** Tackle corruption and promote transparency

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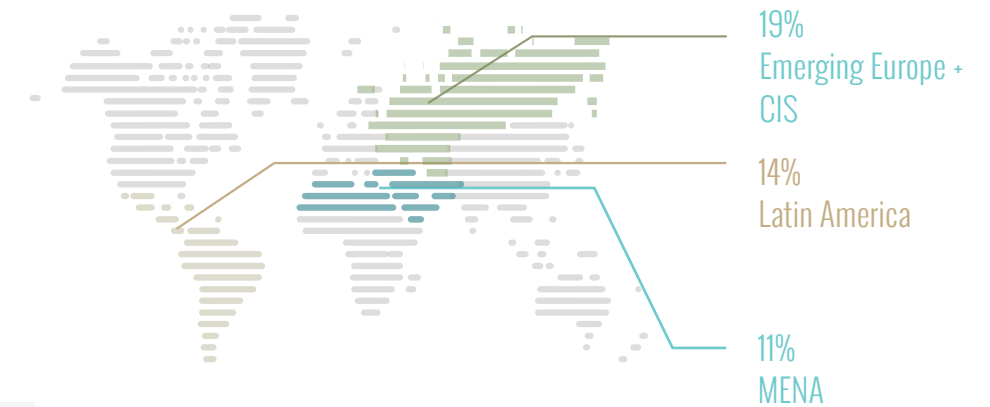
* Based on data compiled by the International Labour Office, the World Bank, the World Economic Forum, and the International Monetary Fund. Survey results are from the Arab Barometer Survey and the ASDA'A Burson-Marsteller Arab Youth Survey.

FACT No.1

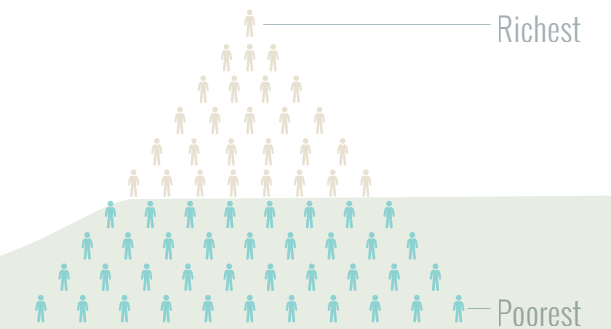
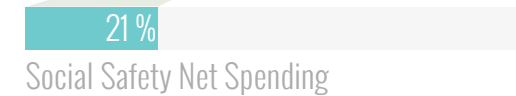


Governments spend too little on social services and many citizens lack access

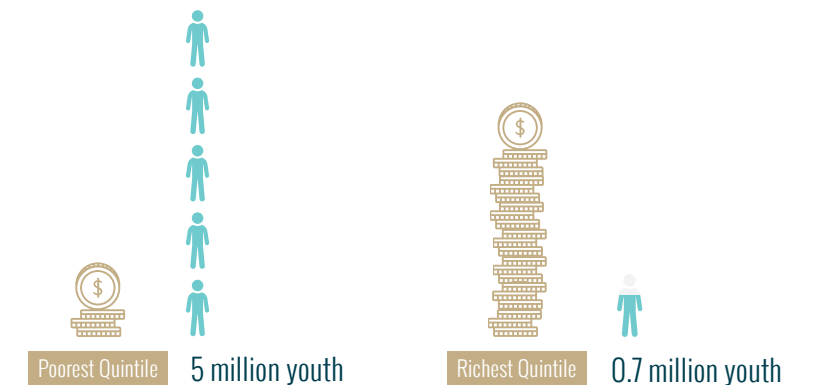
MENA* spends 11% of GDP
on education, health and social safety nets



1st of spending on social safety nets goes **to the poorest 2^{ths}** of the population



60% of poor youth have less than 4 years of schooling



This is 6x higher than the number for rich youth with less than 4 years of schooling

* Groupings and Abbreviations: MENA refers to the Middle East, North Africa, Afghanistan, and Pakistan



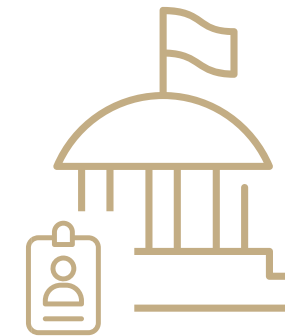
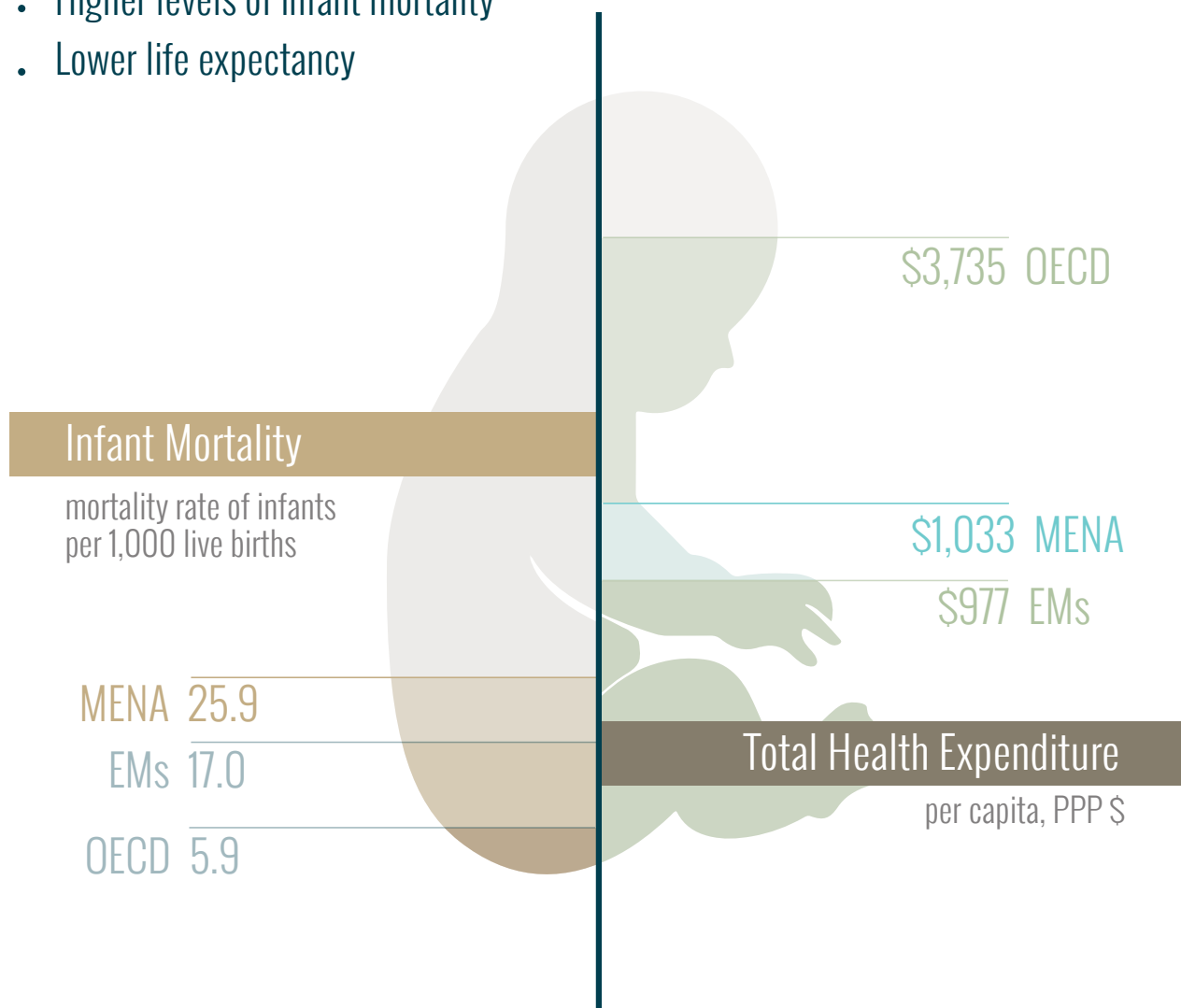
Public services are inefficient and of poor quality



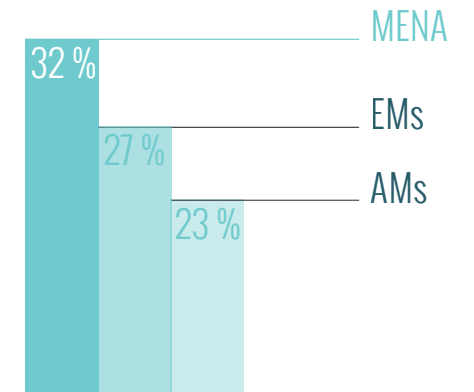
High spending on subsidies and wages reduces space for social and investment spending

MENA spends more on health than other regions but has

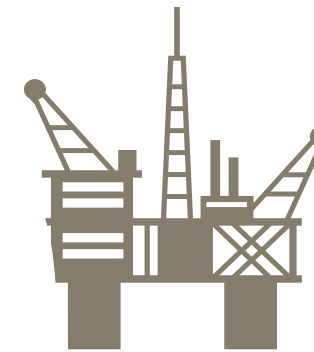
- Higher levels of infant mortality
- Lower life expectancy



Government spending on wages amounts to **32%** of total spending

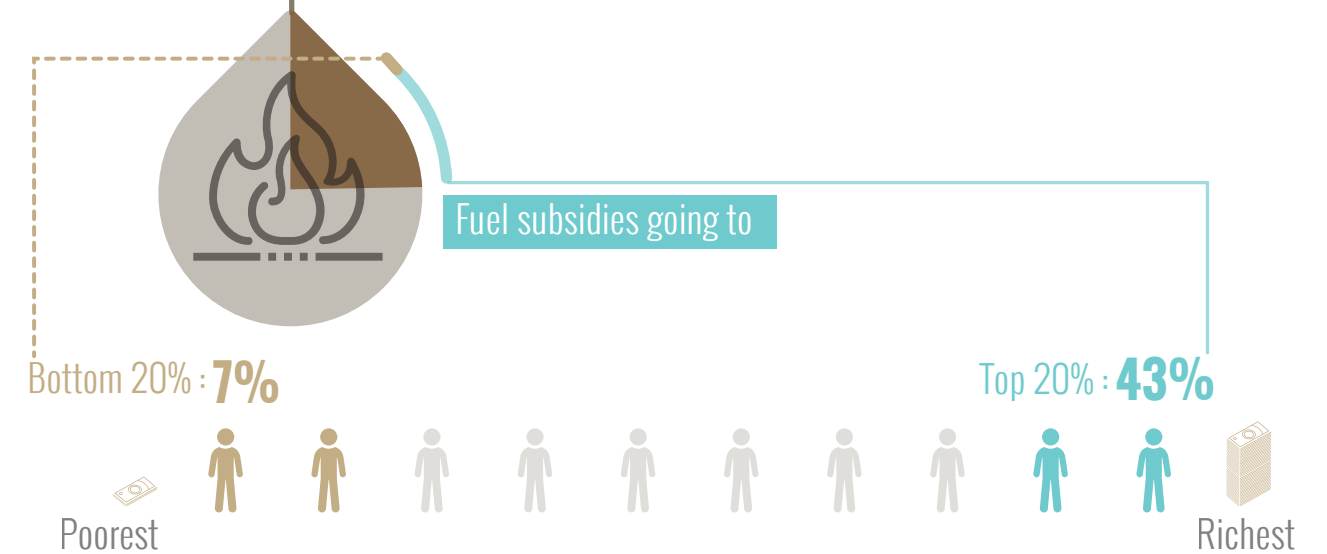


Total spending on wage bills in 2016



MENA accounts for 1/4th of global spending on fuel and energy subsidies

MENA spending on fuel subsidies
US \$ 74 Billion





Tax collections are too low to fund higher inclusive growth spending



- Personal income taxes are not very progressive: the rich often pay less in taxes as a share of income than an average citizen
- Tax exemptions are widespread
- Property and wealth are often excluded from the tax net

MENA tax revenue averaged just **9%** of GDP in 2016

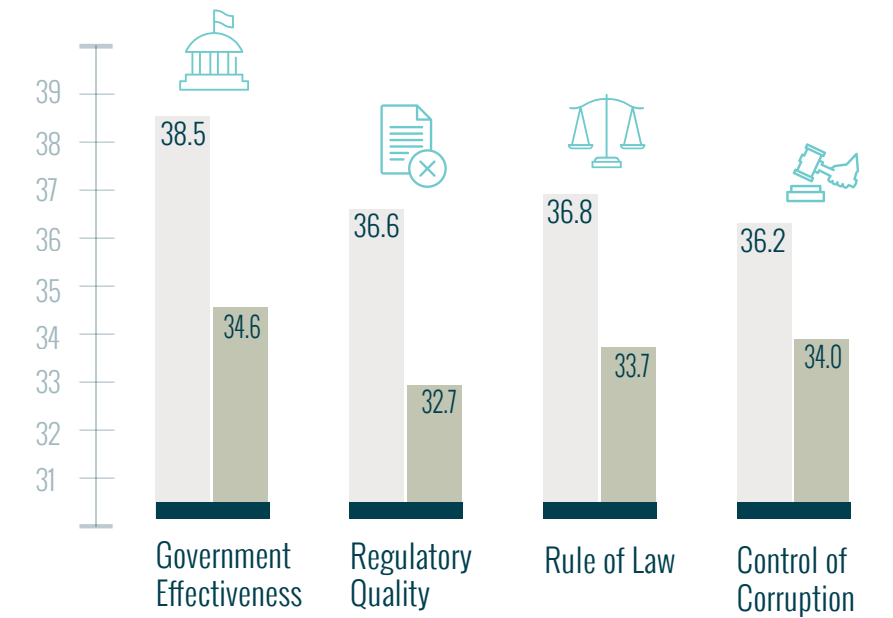
- 18% Emerging Markets
- 11% Low-income Countries
- 9% MENA



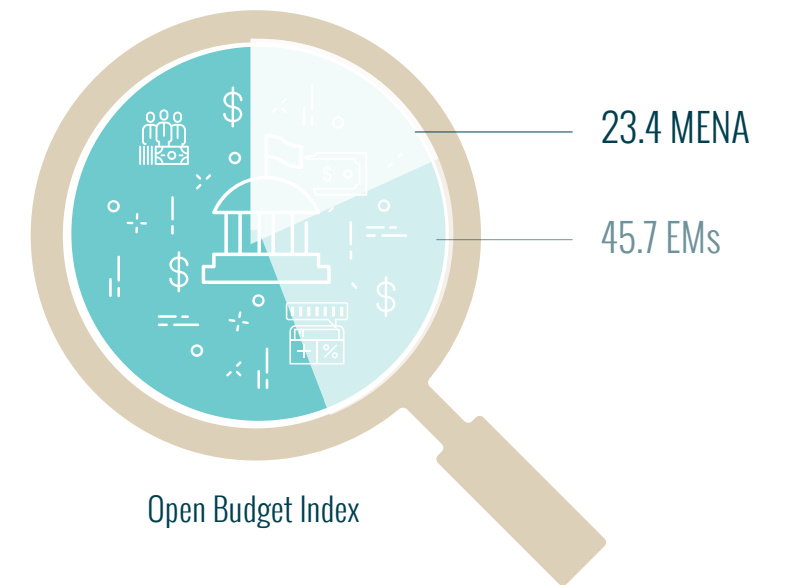
Corruption and lack of transparency on how governments collect and spend money undermine trust and accountability

Governance scores have deteriorated in the past 6 years

2010 2016

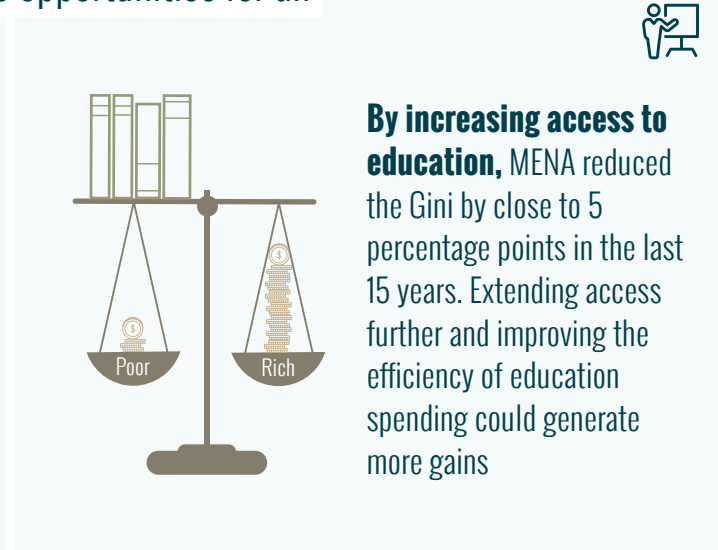
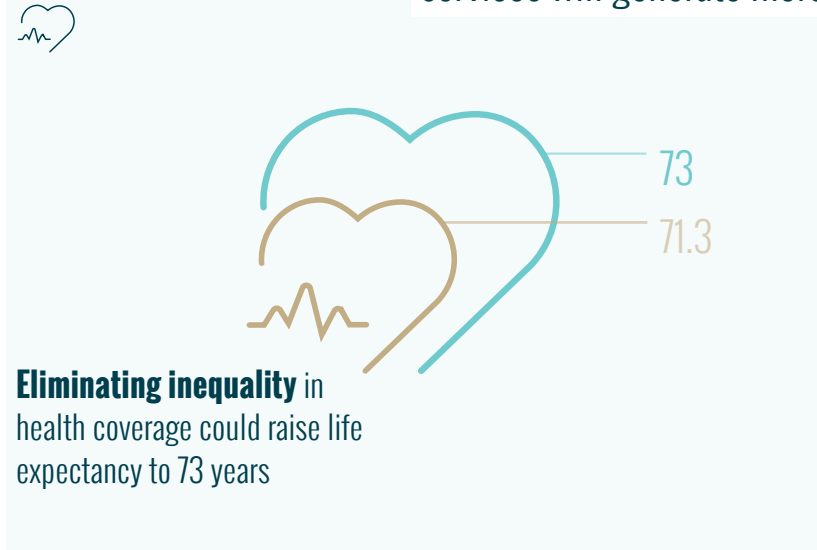


MENA's budget transparency is **1/2** that of EMs in other regions

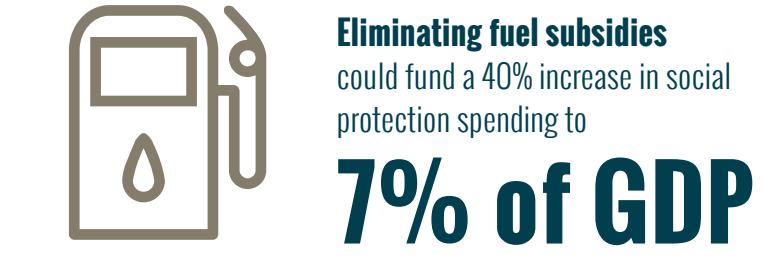


No.1 Prioritize spending that generates opportunities for all

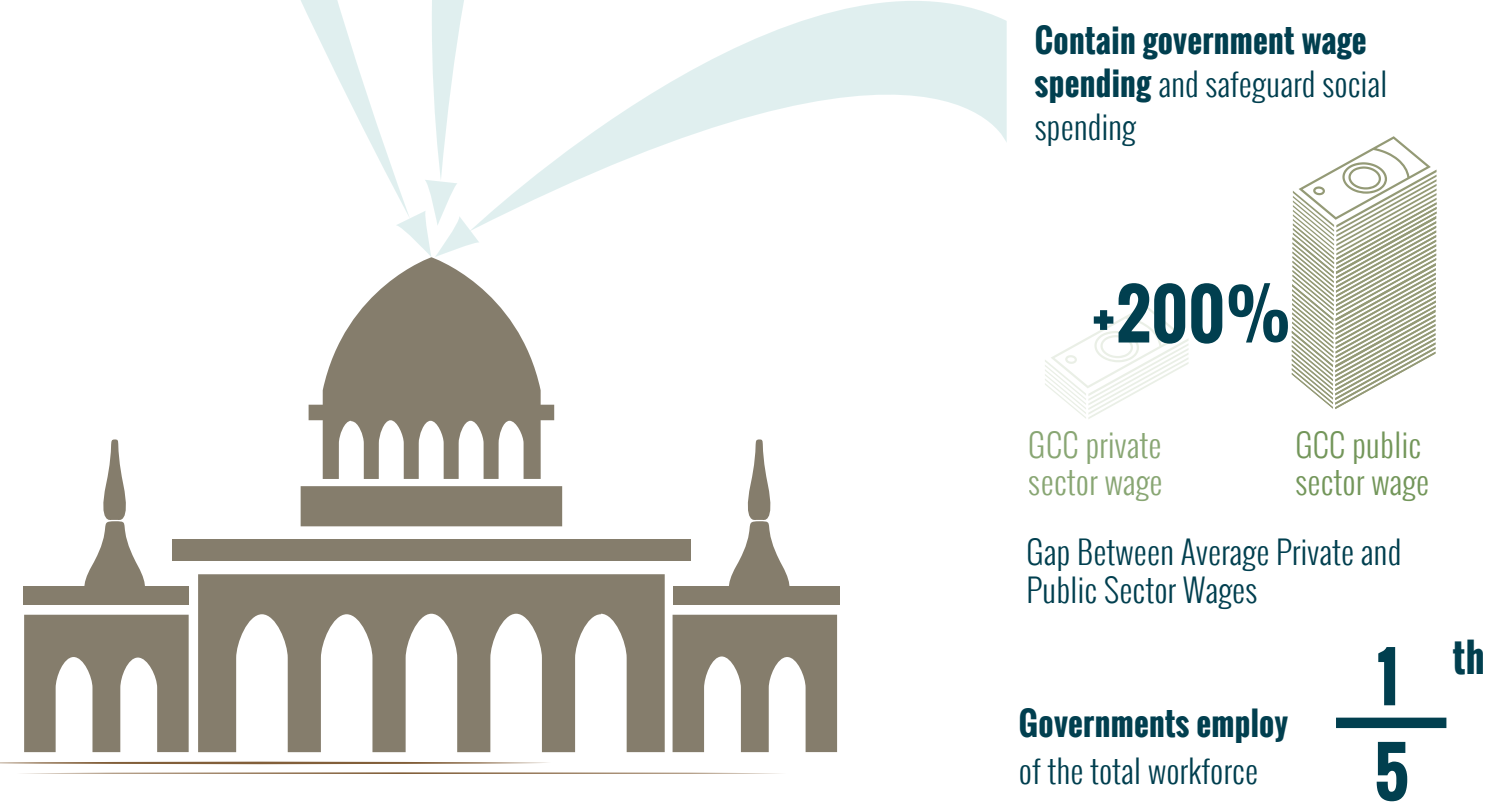
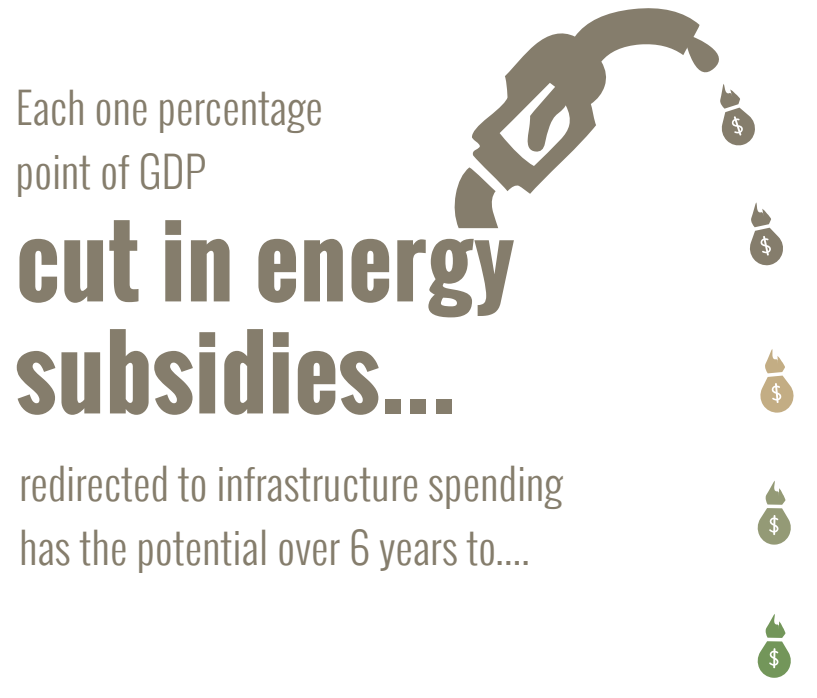
Wider access to better quality **health & education** services will generate more opportunities for all



No.2 Expand social safety nets to protect the most vulnerable



Reducing fragmentation and duplication across social programs and improving targeting can help create space to expand social safety nets



No.3 Build wider and more equitable tax bases

Make the tax system more progressive

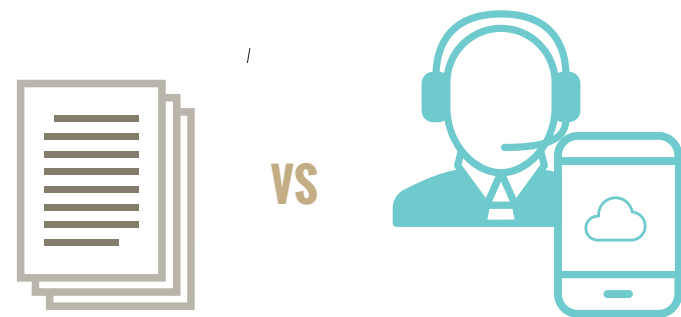
- Levy higher taxes on higher incomes
- Develop property and wealth taxes
- Reduced VAT rates for basic food items



Widen the tax base by reducing exemptions, tax concessions and tax holidays

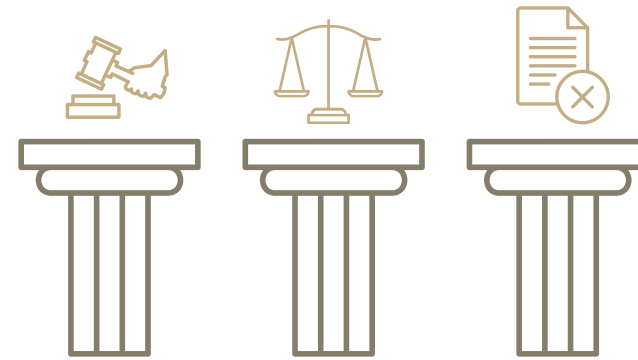


Strengthen tax administration and compliance to reduce evasion



Simplify tax codes and improve taxpayer services

No.4 Tackle corruption and promote transparency



Combat corruption, strengthen the rule of law and improve the quality of regulation



Consult with citizens on policies and monitor outcomes



Make greater use of technology and data to ensure spending is delivering

Collect and publish more timely and comprehensive fiscal data. This could lead to a reduction in sovereign borrowing costs

