
Foreword

The *Global Monitoring Report 2008* comes at an important time. This year marks the halfway point in the effort to achieve the Millennium Development Goals (MDGs) by 2015. This is also an important year to work toward a consensus on how the world is going to respond to the challenge of climate change, building on the foundation laid at the conference in Bali in December 2007. Successfully meeting this challenge will be essential for durable progress toward the MDGs and related development outcomes. In providing an integrated assessment of the agenda for development and environmental sustainability, this year's report offers timely input on issues that will be at the center of discussions at various international forums in coming months.

The report's assessment of the MDGs at midpoint presents a mixed picture. The first MDG calls for reducing extreme poverty and hunger by half. Although the poverty goal is likely to be met at the global level, thanks to a remarkable surge in global economic growth over the past decade, there are serious shortfalls in fighting hunger and malnutrition—the “forgotten MDG.” High food and energy prices have brought increased attention to these issues, but more is needed. Reducing malnutrition is the MDG with a “multiplier” effect, because it is essential to

success on a number of other MDGs which are unlikely to be met, including maternal health, infant mortality, and education. Shortfalls in the human development areas are especially serious in South Asia and Sub-Saharan Africa. Within this overall picture, there is considerable variation across countries. The report finds that, on current trends, most countries are off track to meet most of the MDGs, with those in fragile situations falling behind most seriously.

The implication of this assessment is clear. If the world is to get back on track to meet the MDGs, the international community needs to move quickly to generate stronger and broader momentum toward these goals. In the context of expediting and broadening progress toward the MDGs, and ensuring the sustainability of that progress, the report proposes an agenda for inclusive and sustainable development.

Strong and inclusive growth must be at the center of the strategy to achieve the MDGs, including concerted efforts to spur growth in lagging countries in Africa and elsewhere and in fragile situations. While specific policy priorities for growth vary from country to country, looking across countries, several areas emerge as essential to robust growth: sound macroeconomic policies; a conducive private investment climate, including access

to energy and other key infrastructure; and good governance. In many countries in Africa, and in low-income countries more generally, a dynamic agricultural sector is crucial for strong and inclusive growth and will help to mitigate the recent upward pressures on food prices. In countries that are severely affected by the food price increases, well-targeted safety nets may also be needed to cushion the impact on the poor.

The recent financial market turbulence and the resulting global economic slowdown pose difficult challenges for policy makers. We will need decisive monetary and fiscal policy action to head off a deterioration of growth prospects in advanced and developing economies, and stronger prudential supervision to put the financial system on a firmer footing.

We must accelerate progress toward the human development goals. There is a clear need to step up programs in health and education, but it is also clear that increased public spending alone is not the answer. The quality and equity of spending are equally important. And policy interventions must factor in the strong links that exist between health and education outcomes, nutrition, and environmental factors—water and sanitation, pollution, and climate change.

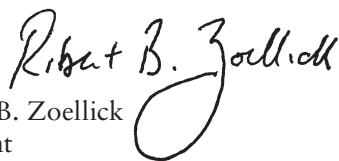
We must integrate environmental sustainability into core development work, maximizing synergies. For natural resource-dependent countries, sound resource management is critical for sustainable growth. Poor countries will suffer the most from climate change and are the least able to adapt. For them, the best way to adapt is to develop—by diversifying their economies, strengthening infrastructure, and developing health systems. Mitigation of carbon emissions will require financing and technology transfer to developing countries. Such sup-

port should not divert resources from other development programs.

Donors must scale up aid in line with their commitments. Sizable shortfalls loom if current trends in aid persist. Thanks to reforms, a number of developing countries are in a position to utilize increased resources productively. The changing aid architecture, including new sources and modalities of aid, promises more resources and innovation but also poses new challenges for aid effectiveness and coherence. We should use the opportunity provided by the Accra High Level Forum in September 2008 to address the new, dynamic dimensions of the aid effectiveness agenda. We also need to catalyze and leverage more private capital in support of development.

We can and should harness trade more effectively to contribute to strong and inclusive growth. The international community must achieve a successful outcome of the Doha trade negotiations in 2008. The current high food prices provide a window of opportunity to break the impasse on agricultural trade liberalization. We should increase aid for trade; together with behind-the-border reforms of key trade-related services, it can help poor countries take advantage of trade opportunities, promoting more inclusive globalization.

The international financial institutions (IFIs) have a crucial role to play in supporting this agenda through their financing, knowledge, and coordination services. At the country level, these institutions need to tailor their products and services to the increasingly differentiated needs of member countries. They also need to respond to the expanding agenda of global and regional public goods, such as combating climate change. In a more complex international financial and development architecture, the coordination and leveraging role that the IFIs play will be increasingly important.



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