

Global Monitoring Report 2010

The MDGs after the Crisis



A Joint Report by the World Bank and IMF

Why achieve the MDGs...

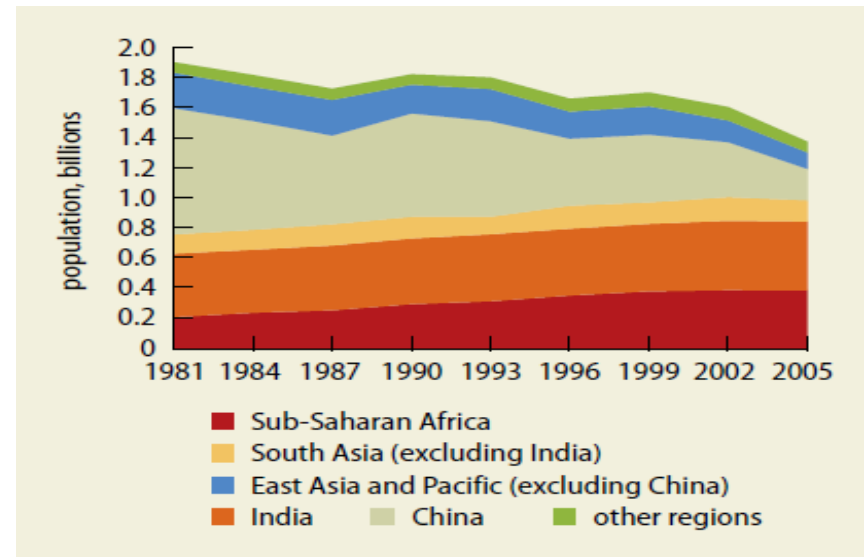
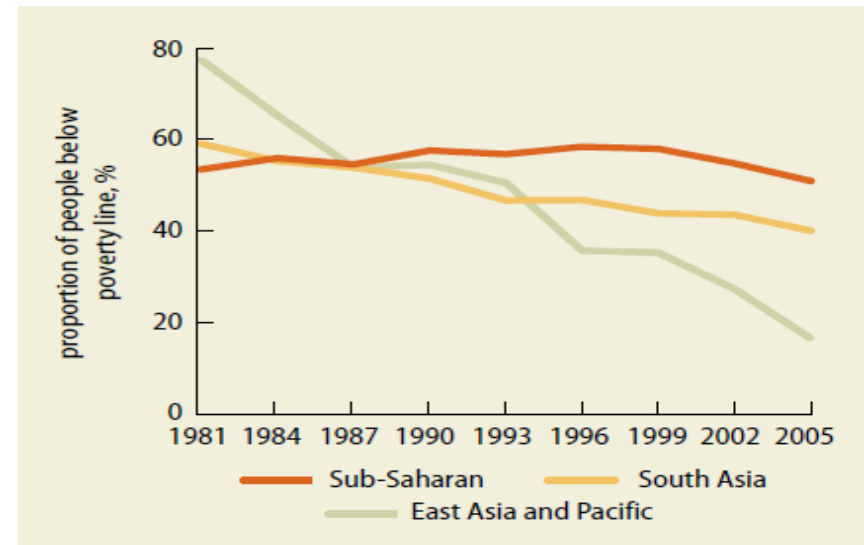


Key Messages

- Although the recovery is underway, the negative impact in developing countries, especially in Africa, will be long lasting
- If the recovery weakens and poor countries slides into policy failures, the impact on human development outcomes could be immeasurable
- Developing countries need to regain momentum in achieving the MDGs with reforms, development assistance, trade access, and sustainable support from IFIs

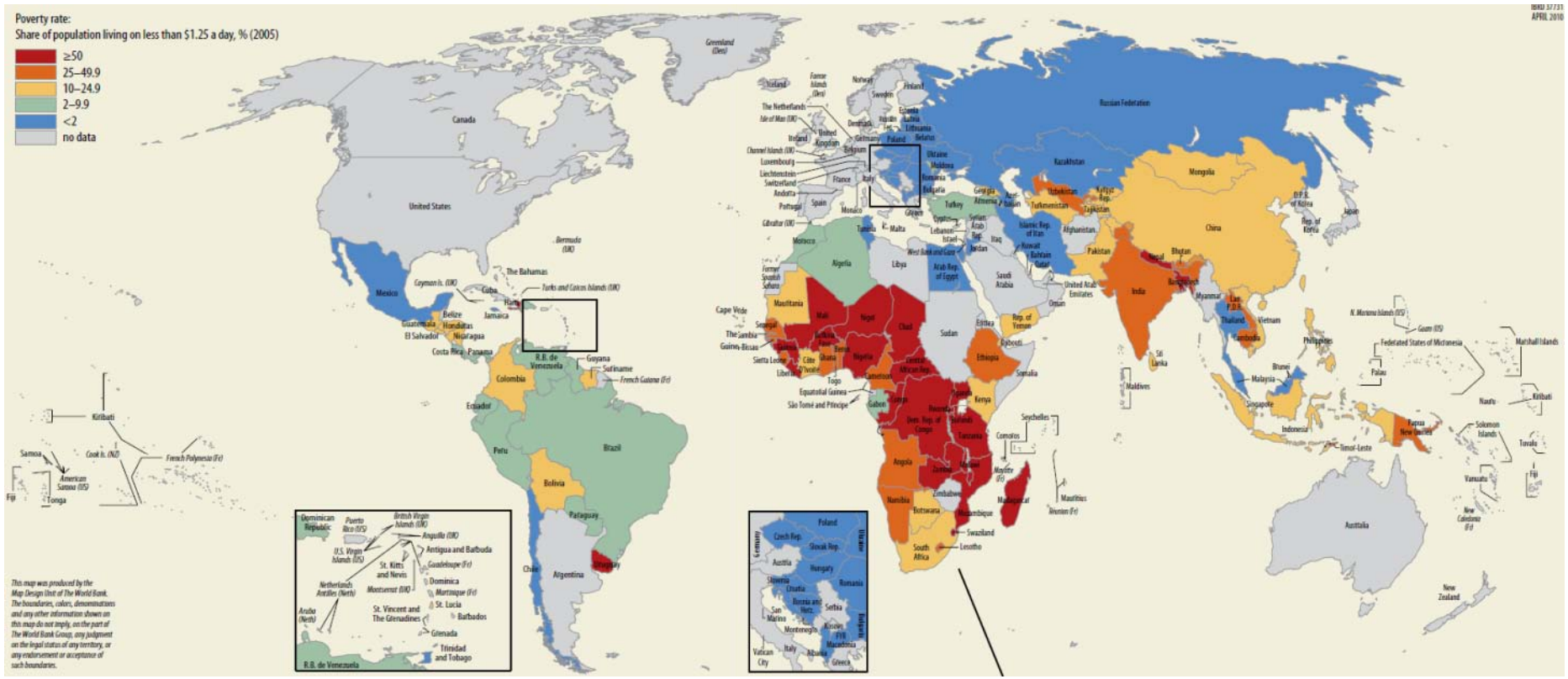
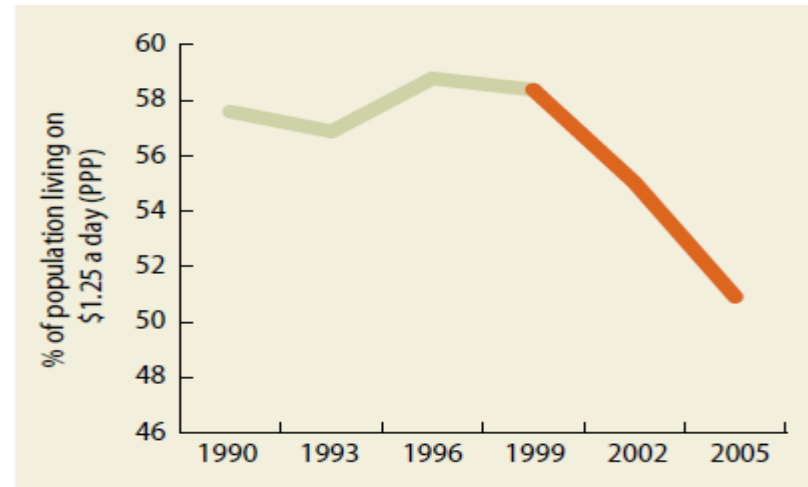
Before the crisis, significant gains on poverty

- Poverty rates were falling rapidly
- The number of poor was decreasing because of China's and India's progress



Source: World Development Indicators.

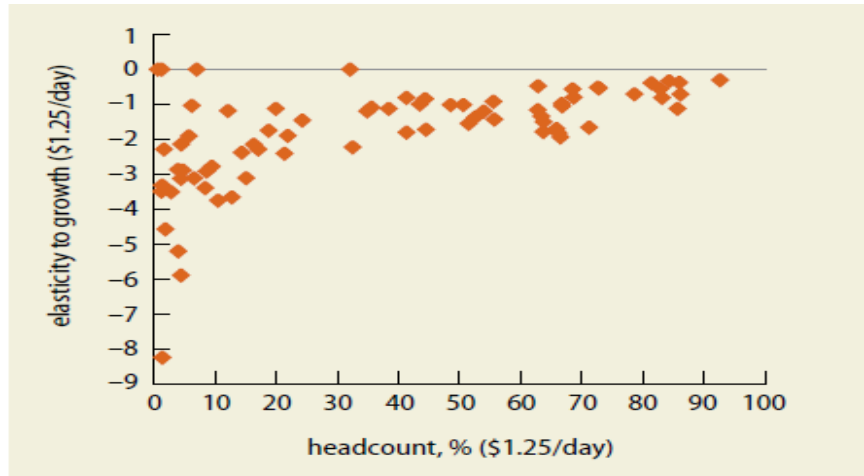
- Africa is the only region with high extreme poverty (red)
- But Africa's poverty rate is falling



Source: World Development Indicators.

Initial conditions are more difficult in Sub-Saharan Africa

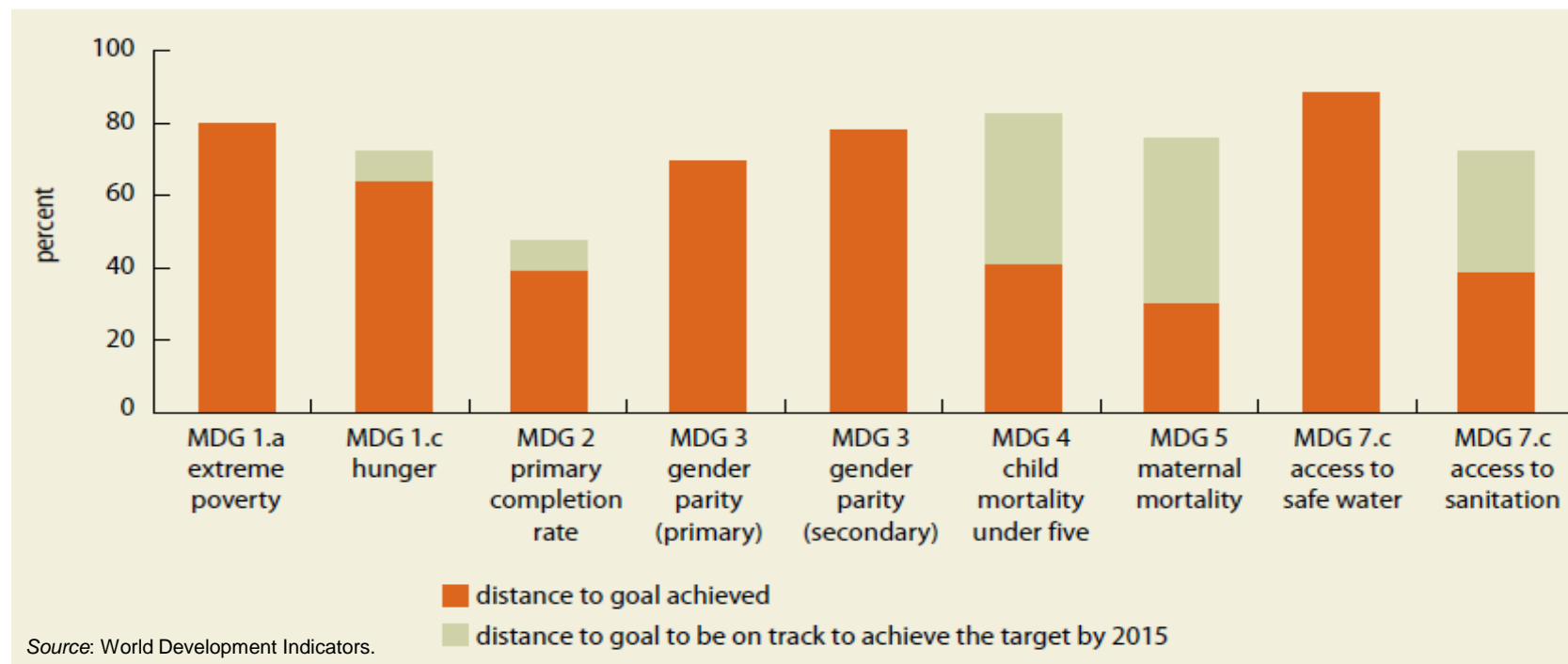
- Higher growth is needed when the initial poverty rate is high
- Depth of poverty or its incidence is also higher in poorer countries



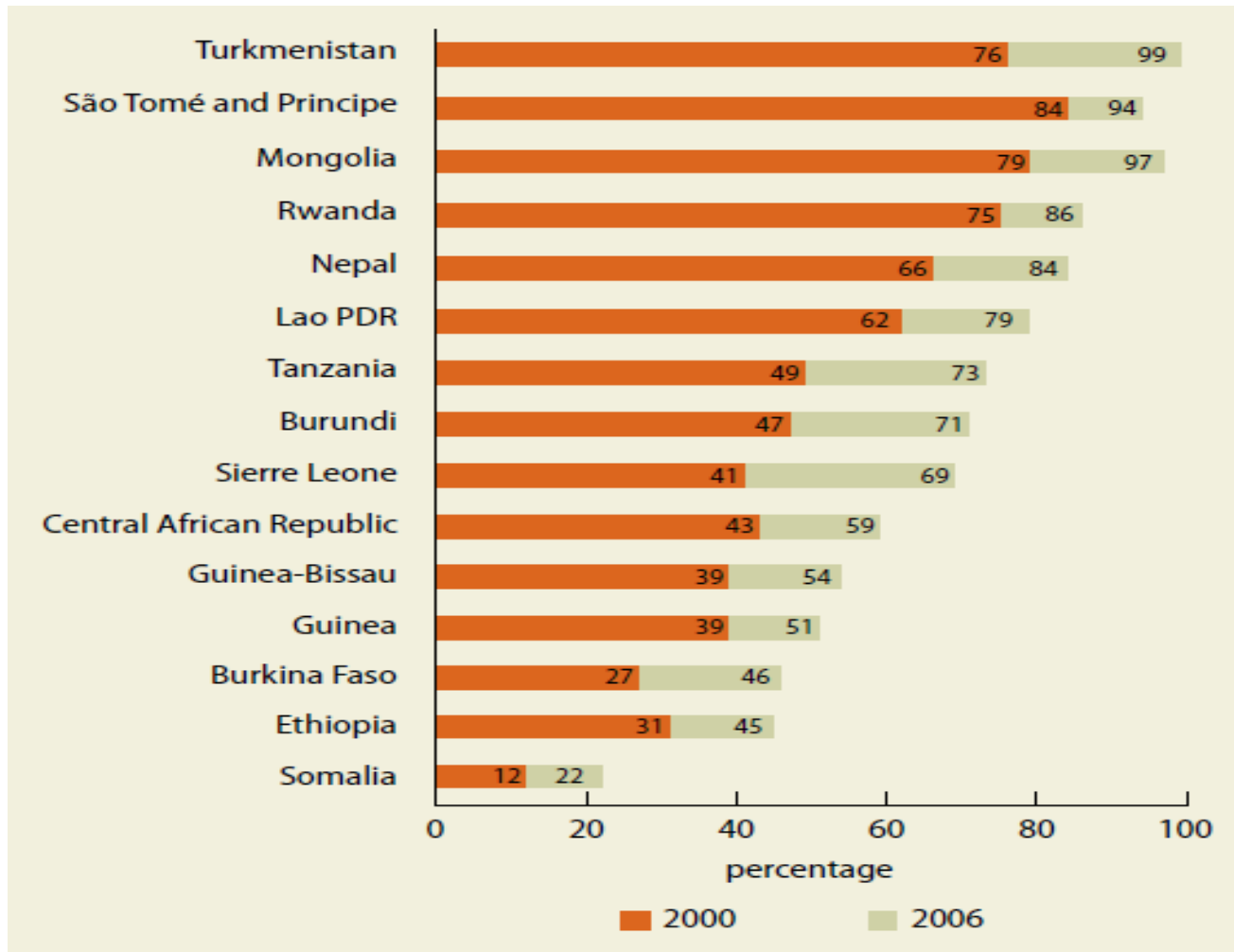
	Poverty gap with respect to \$1.25 a day (%)	Ratio of mean Income of those below \$1.25 a day to the poverty line (%)
Sub-Saharan Africa	20.1	59.7
South Asia	9.2	75.9
East Asia and Pacific	5.6	71.3
Latin America and the Caribbean	4.9	65.1
Middle East and North Africa	1.4	84.1
Europe and Central Asia	1.1	67.8

Gains were evident but mixed in other MDGs

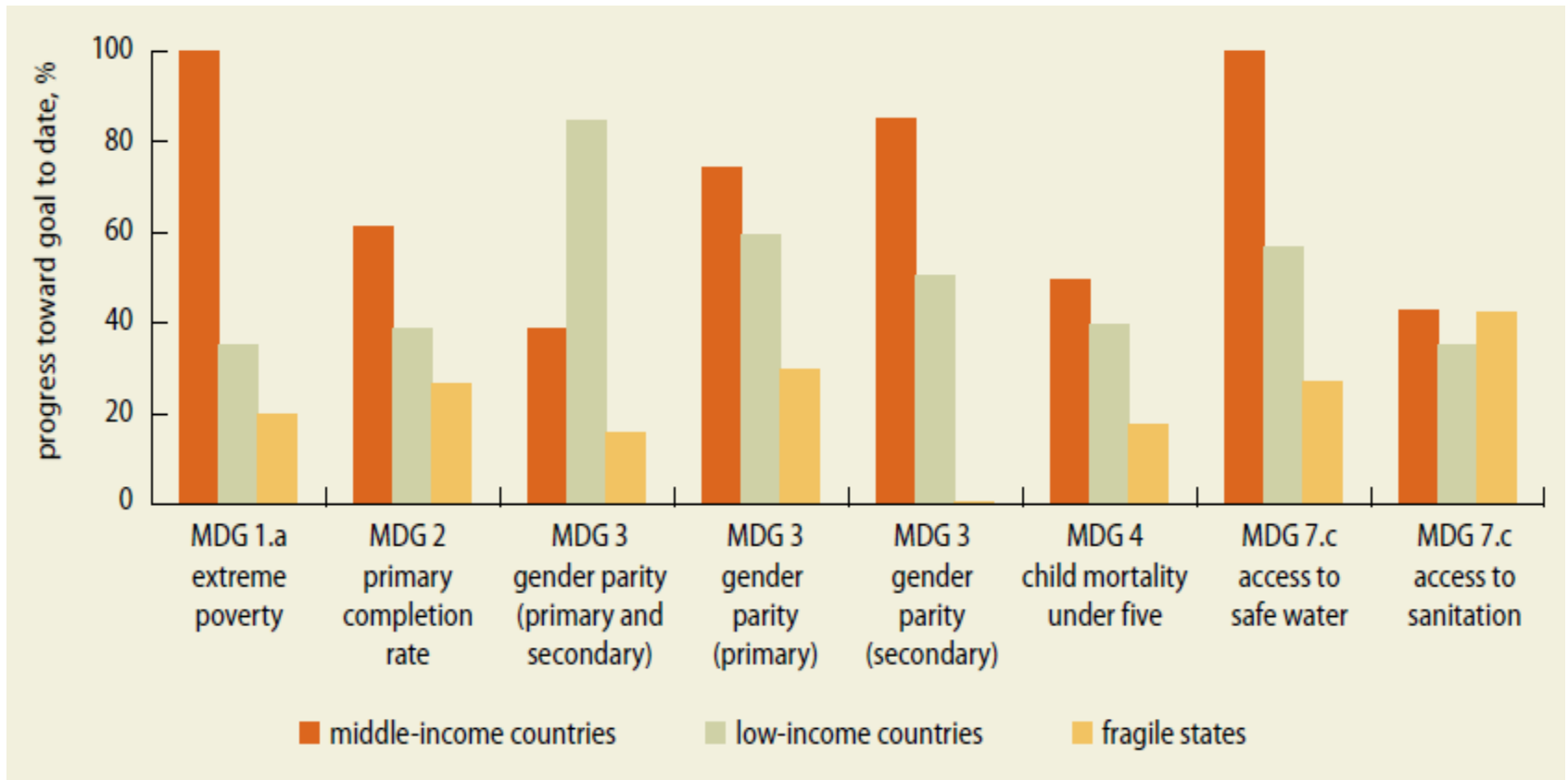
- Clear progress for
 - universal primary education
 - gender equality in primary education
 - maternal mortality (new findings)
 - access to water
- Weak progress for most human development MDGs
 - child mortality,
 - hunger and nutrition
 - HIV/AIDs
 - gender equality beyond primary education



Net enrollment rates are rising rapidly in many Africa countries



Fragile states (many in Africa) made the least progress

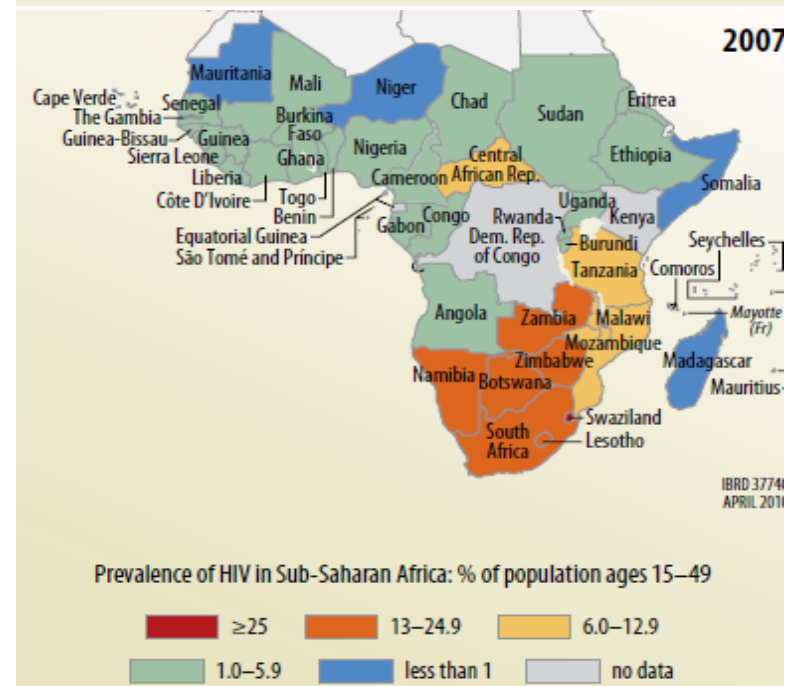
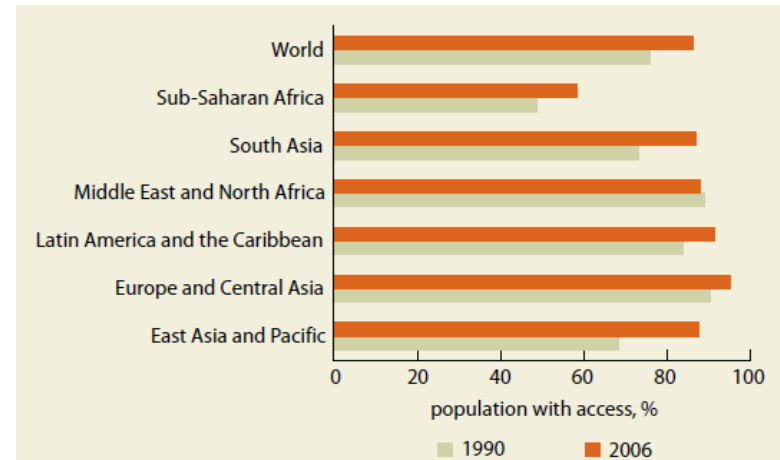


Source: Staff calculations based on World Development Indicators database.

Note: Most recent data as of 2009.

Many factors come into play in Africa, especially for health indicators

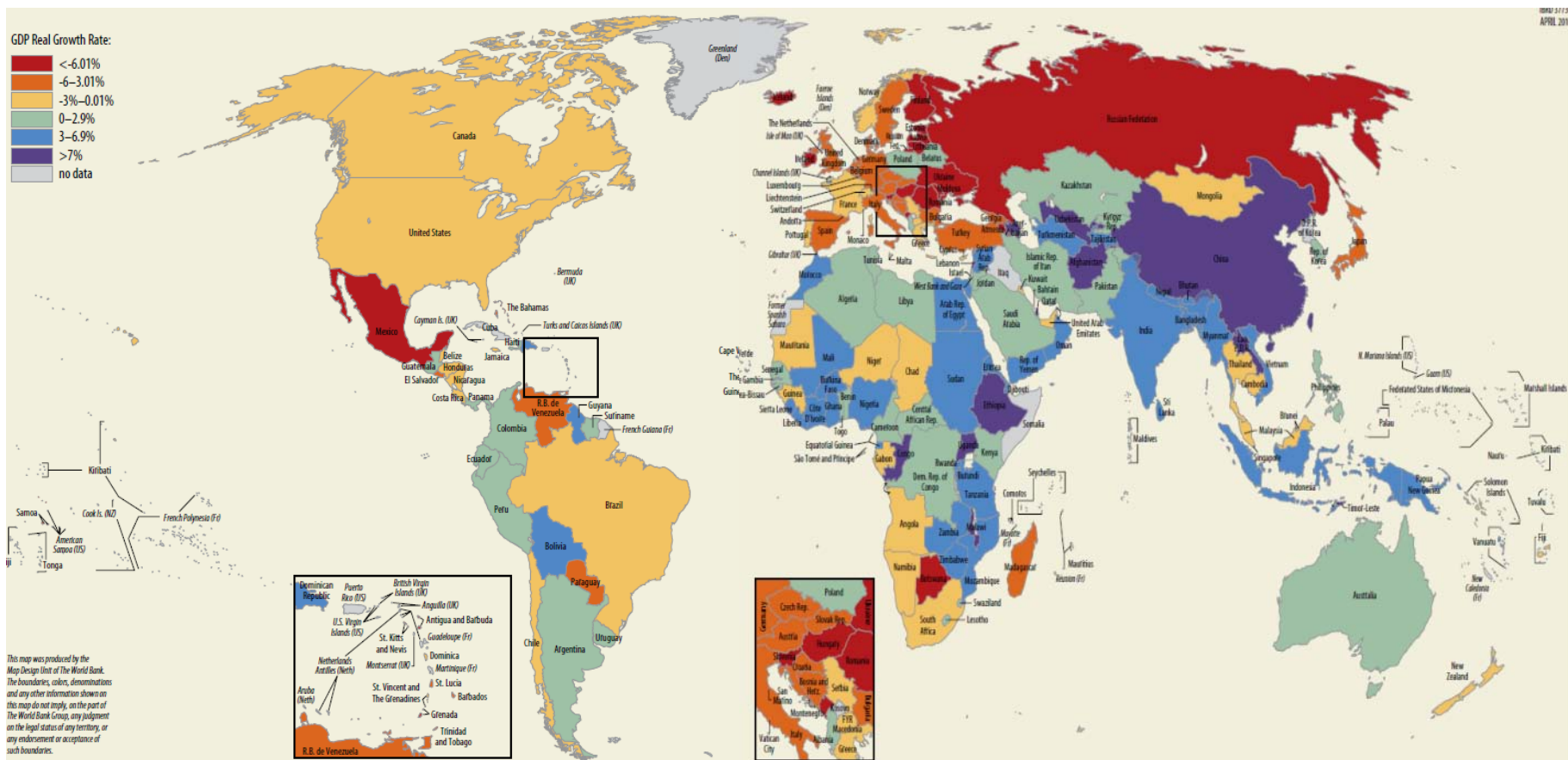
- Health improvements will require more people having access to safe water (figure 1)
- Each year's of a girl education reduces, by 10%, the risk of her own children dying before 5
- Without HIV/AIDs (fig. 2), the maternal mortality ratio in all subregions in Africa (including the South) would improve



Why this crisis is different from past crises

- Not due to domestic policy failures. Pre-2008 gains were significant
 - Faster growth
 - Lower inflation
 - Reduced debt levels from HIPC/MDRI
- During crisis, social spending and safety nets were largely protected and built up
- The international community and the international financial institutions responded strongly and swiftly

As a result... no large GDP contraction (red) for many low-income countries of Africa in 2009



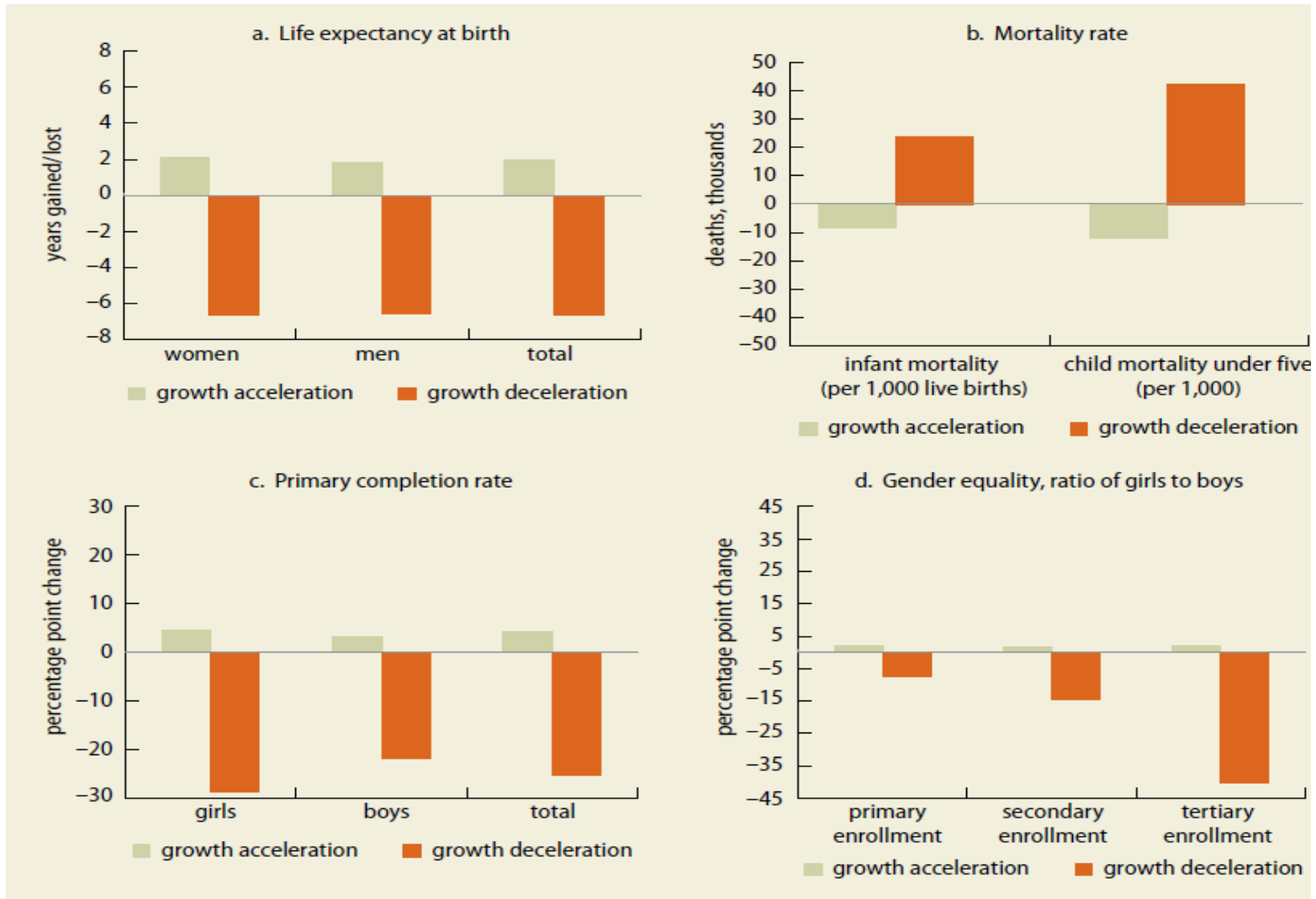
Even so, the impact on poverty will be long lasting

- In Sub-Saharan Africa
 - 20 million fewer people will escape extreme poverty in 2015 as a result of the crisis
 - Its poverty rate in 2015 will be higher at 38 percent instead of 36 percent
- At the global level
 - The crisis will still leave an additional 53 million people in extreme poverty in 2015
 - Poverty reduction will slow but still achieve the MDG1 goal

The human cost will be immeasurable

- Some costs are irreversible - an additional 265,000 infants and 1.2 million children under 5 might die from 2009 to 2015
- An estimated 350,000 more students might be unable to complete primary school in 2015
- Some 100 million less people may have access to improved source of water, which will affect health outcomes

If the recovery weakens and developing countries slide, history says human cost could be very high

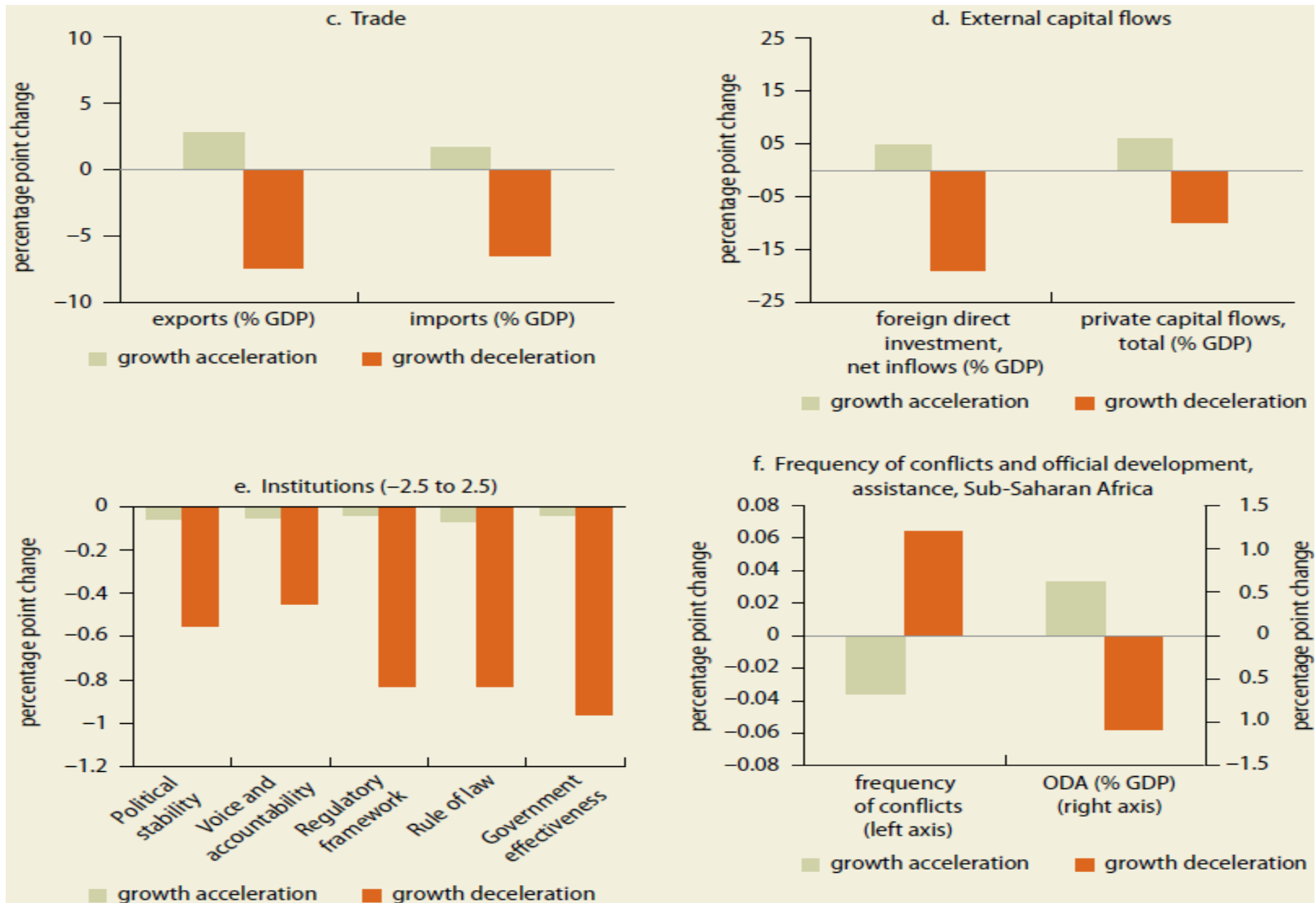


It's the frequency of downturns in Africa's past that produces very negative results

Frequency of growth acceleration and deceleration, growth rates, and GDP per capita

Region, Income	GDP		Growth acceleration		Growth deceleration	
	GDP per capita growth rate (%)	Standard deviation of growth	Frequency (country years)	GDP per capita growth rate (%)	Frequency (country years)	GDP per capita growth rate (%)
World	1.89	6.03	0.47	4.27	0.11	-3.81
Region						
East Asia and Pacific	3.09	4.45	0.46	5.01	0.09	-2.75
Europe and Central Asia	2.20	6.65	0.53	4.79	0.08	-7.19
Latin America and the Caribbean	1.63	4.65	0.53	3.72	0.07	-2.78
Middle East and North Africa	1.41	5.51	0.43	2.89	0.06	-3.44
South Asia	3.72	2.87	0.36	4.69	—	—
Sub-Saharan Africa	1.02	7.28	0.39	4.19	0.22	-3.17

Economic and policy environment tumbles during downswings

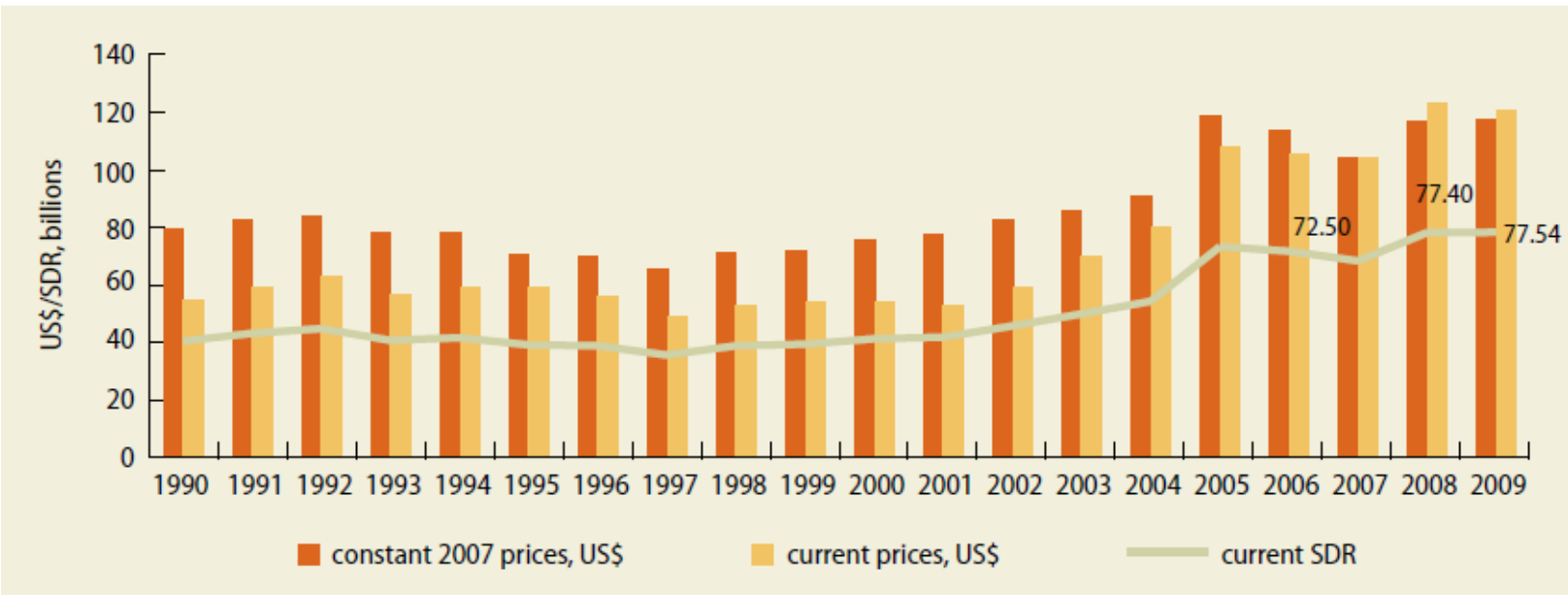


Not a time to be complacent

- Developing countries will need to regain momentum in achieving the MDGs by
 - Being in the driver seat
 - Implementing significant policy reforms
 - Ensuring better service delivery
- However, better policy will not be enough
 - The shock is external, not due to widespread policy failure
 - Low-income countries have few options and resources

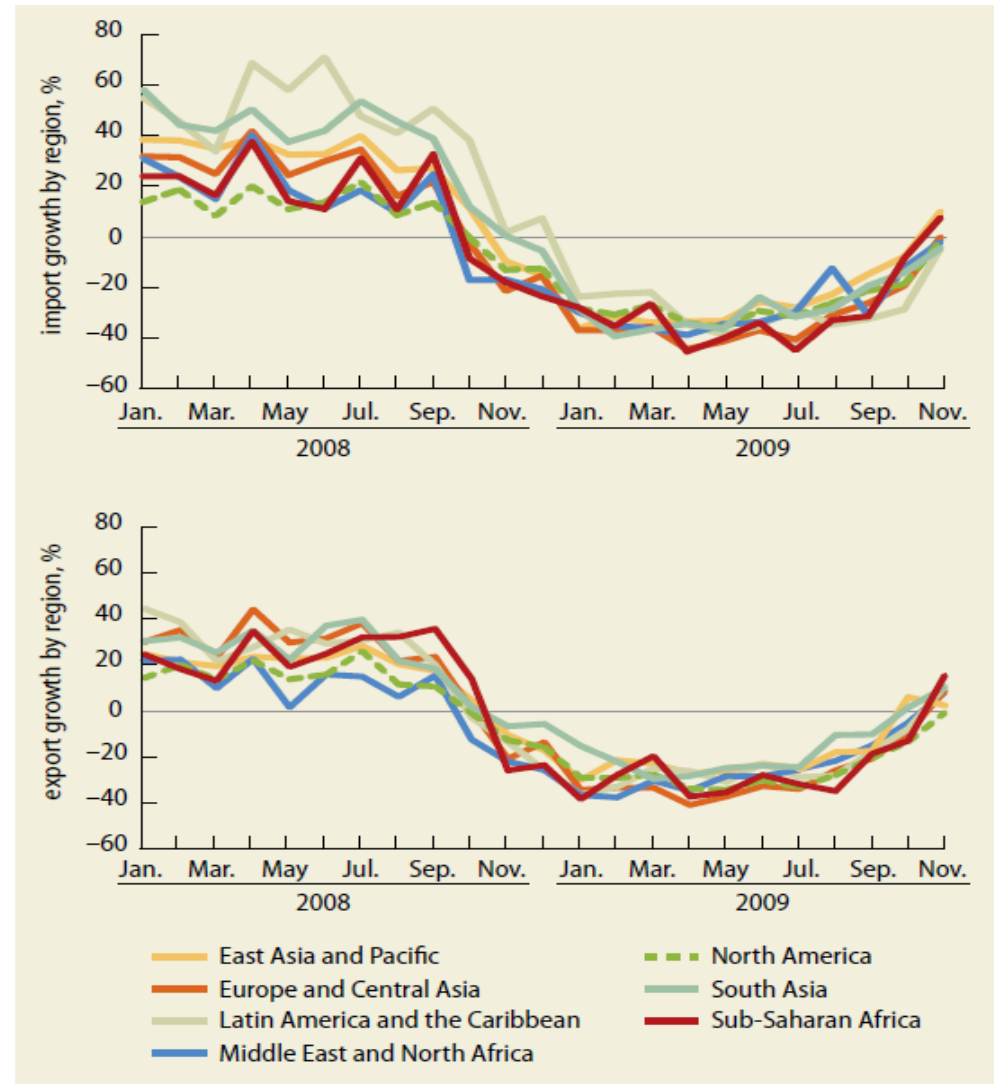
Aid to poor countries need to increase

- Aid from DAC donors rose in real terms by 11.7% in 2008 and 0.7% in 2009 (0.31% of donors' GNI)
- But DAC aid is behind Gleneagles commitments to double aid to Africa by 2010.
- Aid from non-DAC donors (Saudi Arabia, China) and private sources are increasing rapidly



Better MDGs will need favorable external environment

- Trade is recovering, but unevenly and still below precrisis level
- Need to ensure trade expansion and openness
 - strengthen the multilateral trading system (Doha)
 - ensure affordable trade finance
 - deliver aid for trade



Debt burdens of the poorest countries have fallen, but possible debt distress is a concern

- For 35 post-decision-point HIPCs the debt burden will be reduced by 80%
- New concerns about debt sustainability underscore the need for sound economic and borrowing policies
- Six post-completion-point countries are seen at high risk of debt distress

IFIs need to continue strong assistance

- The IMF, the World Bank, and other IFIs responded with \$234 billion in commitments (from \$68 billion in 2007)
- Aid resources have been front-loaded
- More efforts, resources, and assistance needed to ensure strong recovery
 - Protect the poor and vulnerable
 - Maintain infrastructure investment
 - Sustain private sector growth

Recap

- Although the recovery is underway, the negative impact is long lasting on low-income countries
- If the recovery weakens and poor countries slides into policy failures, the impact on human development outcomes could be disastrous
- Developing countries need to regain momentum in achieving the MDGs with policy reforms, development assistance, trade access, and sustainable support from IFIs
- More information (including the full report and interactive maps) are available at: <http://www.worldbank.org/gmr2010>

We can do better

