# GLOBAL MONITORING REPORT 2009

A Development Emergency



## GLOBAL MONITORING REPORT 2009

### GLOBAL MONITORING REPORT 2009

A Development Emergency

 $\ \odot$  2009 The International Bank for Reconstruction and Development / The World Bank 1818 H Street NW

Washington DC 20433 Telephone: 202-473-1000 Internet: www.worldbank.org E-mail: feedback@worldbank.org

All rights reserved

1 2 3 4 12 11 10 09

This volume is a product of the staff of the World Bank and the International Monetary Fund. The findings, interpretations, and conclusions expressed herein do not necessarily reflect the views of the Board of Executive Directors of the World Bank, the Board of Executive Directors of the International Monetary Fund, or the governments they represent.

The World Bank and the International Monetary Fund do not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgement on the part of The World Bank or the International Monetary Fund concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

#### **Rights and Permissions**

The material in this publication is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. The International Bank for Reconstruction and Development / The World Bank encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly.

For permission to photocopy or reprint any part of this work, please send a request with complete information to the Copyright Clearance Center Inc., 222 Rosewood Drive, Danvers, MA 01923, USA; telephone: 978-750-8400; fax: 978-750-4470; Internet: www.copyright.com.

All other queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, The World Bank, 1818 H Street NW, Washington, DC 20433, USA; fax: 202-522-2422; e-mail: pubrights@worldbank.org.

ISBN: 978-0-8213-7859-5 eISBN: 978-0-8213-7860-1 DOI: 10.1596/978-0-8213-7859-5

Cover photo: © Jason Hosking/Zefa/Corbis.

Cover design by Critical Stages.

The annex to this book contains **DataLinks**, a feature that provides access to the Excel files corresponding to each figure. To make use of this feature, simply locate the link below each figure (beginning with http://dx.doi.org), and type it into your Internet browser.

### Contents

For	ewordxi
Ack	knowledgments xiii
Abi	breviationsxv
Ov	erview
МΓ	OGs: Crisis Impact and Outlook
1	The Global Financial Crisis and Its Impact on Developing Countries 23
2	Improving the Private Investment Climate for Recovery and Growth51
3	Leveraging the Private Sector Role in Human Development
4	Scaling Up Aid to Poor Countries
5	Pressing Ahead with Trade Openness
6	International Financial Institutions: Crisis Response and Support for the Private Sector
Ref	erences
Anı	nev: Monitoring the MDGs: Selected Indicators 203

#### **Boxes**

1	Responding to a development emergency: priorities for action	5
1	New estimates of global poverty	
1.1	The financial crisis	24
1.2	Increasing exchange rate volatility and the financial market crisis	31
1.3	Commodity exporters: how to deal with increased price volatility?	36
1.4	The quality of macroeconomic policies in low-income countries	
1.5	The impact of the crisis on selected countries	
1.6	Bailing out the world's poorest	42
1.7	The Financial Sector Assessment Program	44
1.8	Common regulatory and supervisory shortcomings identified in recent FSAP reports	
2.1	Independent Evaluation Group reviews Doing Business	54
2.2	Business environment reforms matter	57
2.3	Adding a gender dimension to the measures of regulation	59
2.4	Relative impact of economic and financial development on MDGs	63
2.5	Microfinance: reaching out to the poor but with limits	66
2.6	Access to financial services: evidence from the subprime mortgage market	67
3.1	Examples of innovative approaches to expand access to health services via the nongovernment sector	
3.2	Systemic involvement of the private sector in the public provision of education: vouchers in Chile	
3.3	Contracting out education programs: Bangladesh and Côte d'Ivoire	
3.4	Public-private partnerships for specific education programs:	
	Colombia and Pakistan	103
3.5	The growing role of the Bill and Melinda Gates Foundation in global health	104
3.6	Leveraging corporate finance for disease control	
3.7	The Bangladesh Rural Advancement Committee:	100
J•/	An emerging global NGO	107
3.8	The experience of the Global Education Alliance in Rwanda	
4.1	The indirect impact of the crisis on aid flows	
4.2	Contributions of private actors to development in Sub-Saharan Africa.	
4.3	Advanced market commitments: promoting private investments by leveraging public funds	
4.4	The Adaptation Fund: country ownership in adaptation finance	
4.5	Results from low-income country debt sustainability analyses	
5.1	Trade policies: A taproot of the global food price crisis	
6.1	Stolen Asset Recovery Initiative	
6.2	World Bank Group's Vulnerability Framework	
6.3	MDBs and trade finance	

6.4	IFC response to the crisis
6.5	MIGA's contributions to supporting investment in developing countries 183
6.6	EBRD's micro- and small enterprise lending program185
6.7	World Bank's Sustainable Infrastructure Action Plan
	and the Infrastructure Recovery and Assets Platform
Figu	ıres
1	MDGs at the global level: serious shortfalls loom on human
-	development goals
2	Fragile states have made the least progress toward the MDGs 17
3	Most countries are falling short of most MDGs
4	The decline in the number of people living in extreme poverty is largely attributable to East Asia, China in particular
1.1	World trade in goods and services
1.2	Commodity price indexes
1.3	Bond spreads and issues of international bonds in emerging markets
1.5	and developing countries
1.4	Daily spot exchange rates, national currency per U.S. dollar30
1.5	Vulnerabilities in emerging and developing countries
1.6	Terms-of-trade changes per quintile group
1.7	Real 2009 per capita growth rate adjusted for terms-of-trade changes 33
1.8	Official current transfers, 2008–09
1.9	Current account balances, 2008–09
1.10	Government balances, 2008–09
2.1	Key constraints on firms vary by country income level
2.2	The ease of doing business varies widely55
2.3	Most regions are improving their regulatory indicators over time55
2.4	Regulatory reform is more common in some areas than in others56
2.5	Access to finance varies by country income and size of firm64
2.6	Many firms say lack of access to financing hampers their growth
2.7	Financial and economic development does not guarantee access
	to finance
2.8	Most financial systems are small
2.9	Availability of credit information varies greatly
2.10	Exponential growth of telecommunications services in all regions
2.11	Inadequate infrastructure constrains business
2.12	The business cost of inadequate infrastructure can be high
2.13	1 , ,
	and delays
	The rise and fall of private investment in infrastructure
3.1	Private and out-of-pocket shares of health expenditure91

3.2	Use of private maternal and child health care services, Sub-Saharan Africa and South Asia92
3.3	Public and private providers of TB services in 22 high-burden countries 94
3.4	Trends in the use of private providers in Sub-Saharan Africa
2.5	and South Asia
3.5	Probability of using private health care providers by whole population and the lowest two asset quintiles
	in Sub-Saharan Africa and South Asia95
3.6	Private spending on education
3.7	Private enrollment share by region, 2006
3.8	Private enrollment share by national income, 2006100
4.1	DAC members' net ODA 1990–2008
4.2	Increase in donor financing for infrastructure in Sub-Saharan Africa 117
4.3	Gap between forward aid plans and required increases
4.4	Financial crisis and aid response
4.5	Ratios of public debt and ODA to gross national income
	for 22 DAC donors, 1980–2007
4.6	Dependence on aid remains high in low-income countries
4.7	Quality of PFM systems affects donors' use of those systems
4.8	Private grants data: undercounting philanthropy
4.9	Trends in U.S. foundations' assets and giving
4.10	Average debt service and poverty-reducing expenditures
4.11	The DeMPA tool: assessing core functions of public debt management 134
5.1	Robust trade growth turned negative in most regions by late 2008138
5.2	World trade will contract in 2009
5.3	Baltic Exchange Dry Index
5.4	New insurance commitments (medium- and long-term) reported by Berne Union members on selected countries144
5.5	Cost of trade finance in selected emerging markets
5.6	Growth of antidumping cases
5.7	OTRI and TTRI by income group, 2007
5.8	OTRI and TTRI by region, 2007
5.9	OTRI of the four largest traders, 2007
5.10	Change of OTRI by income group and region, 2002–07
5.11	MA-OTRI by region, 2007
5.12	Change in MA-OTRI by region, 2002–07
5.13	Restrictiveness of services trade policies by region, 2008
5.14	Restrictiveness of services trade policies by region and sector, 2008 157
5.15	Aid-for-trade commitments: annual averages for 2002–05, and totals for 2006 and 2007
5.16	
	and category, average 2002–07
6.1	MDB gross disbursements, 2000–08

6.2	MDB gross disbursements to nonsovereign borrowers, by region, 2000–08
6.3	Financial Sector Assessment Program country coverage
6.4	Effectiveness and future importance of donor institutions
Tab	les
1.1	Summary of world output
1.2	Net capital flows
1.3	Inflows of international remittances
1.4	Measures implemented during financial turmoil, by country45
1.5	Short-term poverty outlook
1.6	Longer-term poverty outlook
2.1	Weak implementation and enforcement can increase
	the regulatory burden
2.2	Access to infrastructure is improving but still lags seriously
	in some regions
2.3	Africa's infrastructure deficit is widening compared with other regions 73
2.4	Water and electricity services are often underpriced
2.5	Closing the infrastructure financing gap in Sub-Saharan Africa
2.6	Overview of experience with private participation in infrastructure
2.1	in Sub-Saharan Africa
3.1	Matrix of financing and delivery arrangements in health and education 88
3.2	Matrix of government capacities needed to manage various finance and delivery models
3.3	Private enrollment shares in education, selected countries,
3.3	1990 and 2006
4.1	Current dedicated resources for climate change in
	developing countries
5.1	Trade distorting actions taken in selected countries
5.2	Measures of domestic trade costs (averages by country group)
5.3	Effects of convergence by low-income countries
	to middle-income average
5.4	Aid-for-trade commitments: annual averages 2002–05
	and totals for 2006 and 2007
6.1	Selected elements of IFI support to the private sector
6.2	Examples of IFI crisis response programs in 2008
6.3	Paris Declaration survey results, 2008