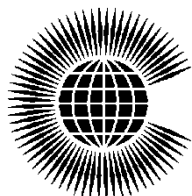


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Commonwealth Health Ministers Meeting
Geneva, Switzerland, 16 May 2010

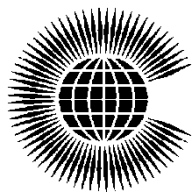
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**The Impact of the Financial Crisis on the Millennium Development Goals (MDGs)
in the Commonwealth Countries**

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THE IMPACT OF THE FINANCIAL CRISIS ON THE MILLENNIUM DEVELOPMENT GOALS (MDGs) IN THE COMMONWEALTH COUNTRIES

1. INTRODUCTION

The current financial crisis, which came on the heels of the food and fuel crisis, can potentially delay or set back progress towards achieving the Millennium Development Goals (MDGs). Progress in attaining the MDGs, in developing countries in general and in the developing Commonwealth countries in particular, has not been on track for most of the individual goals even before the onset of the crisis.¹ Concerted efforts are therefore needed by developing countries and their development partners not only to gain a new momentum in the pursuit of the MDGs, but also to ensure that the progress achieved so far is not reversed by the effects of the global crisis.

This paper reviews economic performance in the developing Commonwealth countries as well as progress achieved in meeting the MDGs in these countries before the financial crisis. It then assesses the impact of the financial crisis and examines the transmission mechanisms through which it is impacting their economies and the prospects of achieving the MDGs by 2015. The paper also discusses policy choices that developing Commonwealth countries and the development community could pursue to further mitigate the potential impact of the crisis, as well as to sustain progress towards the MDGs.

2. ECONOMIC PERFORMANCE IN THE COMMONWEALTH COUNTRIES BEFORE THE FINANCIAL CRISIS

Growth has accelerated in the global economy and particularly in the developing world in the new millennium. Actually, economic growth over the last three decades has led to the transformation of the quality of life for the majority of humanity mainly due to large and persistent increases in per capita incomes in most regions of the world. As noted by the Commission on Growth and Development, the number of people living in high growth environments or in countries with high income per capita increased by a factor of four, from one billion to about four billion, in the past 30 years. This impressive record of economic growth has been possible mainly because the world economy has become more tightly integrated and most countries have been able to explore the benefits from international trade.

The economies of the developing Commonwealth countries followed the global trend of fast economic growth in the last three decades. Their GDP growth averaged 4.3 percent during the period 1978-1988, increased slightly to 4.6 percent during 1988-1998 before reaching 6.2 percent per year during 1998-2007. They also achieved relatively higher growth rates compared with the advanced Commonwealth countries. The corresponding GDP growth rates for the whole group of Commonwealth countries were 3.6 percent, 3.4 percent, and 4.7 percent respectively. Indeed, two of the developing Commonwealth countries (Botswana and Malaysia) have been among the 13 countries that had the most impressive growth records in the world in the post-World War II era, which have been defined as those growing at an average rate of seven percent a year for 25 years or longer.² Actually, as illustrated by the figures in Table 1, ten of the developing Commonwealth countries had average GDP growth rates of more than four percent per year in the last three decades.

¹ For a list of the Commonwealth countries and a definition of the developing Commonwealth subset, see Annex Table 1.

² India is progressing towards joining this group. See Commission on Growth and Development (2008).

TABLE 1: GDP GROWTH IN THE COMMONWEALTH COUNTRIES, 1978-2007

	Average GDP Growth ³ (Percent), 1978-1988	Average GDP Growth (Percent), 1988-1998	Average GDP Growth (Percent), 1998-2007
All Commonwealth Countries	3.6	3.4	4.7
Developing Commonwealth Countries ⁴	4.3	4.6	6.2
<i>Fast Growing Developing Commonwealth Countries (more than 4 percent since 1988):</i>			
<i>Bangladesh</i>		4.6	5.7
<i>Belize</i>		6.2	5.9
<i>Botswana</i>		6.6	5.8
<i>Ghana</i>		4.3	5.1
<i>India</i>		5.5	7.2
<i>Malaysia</i>		7.4	5.6
<i>Mauritius</i>		5.4	4.3
<i>Mozambique</i>		5.3	7.5
<i>Pakistan</i>		4.1	5.0
<i>Sri Lanka</i>		5.1	4.9

Sources: World Bank staff estimates based on World Bank World Development Indicators (WDI).

3. THE OUTLOOK FOR ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS (MDGs) IN THE COMMONWEALTH COUNTRIES BEFORE THE GLOBAL FINANCIAL CRISIS

Before the onset of the global financial crisis, world leaders were already expressing concerns about achieving the Millennium Development Goals (MDGs),⁵ when they commented on the MDGs halfway-point in 2008, particularly with respect to shortfalls related to human development goals. Accordingly, world leaders issued the “MDG Call for Action” to increase the pace of development efforts at the global, regional, and national levels.⁶

Goals for reducing income poverty, achieving gender parity in primary and secondary education, and increasing access to safe drinking water appeared to be on track to be met at the global level by 2015. New data on poverty show that the number of people living in extreme poverty in developing countries declined from 1.8 billion in 1990 (42 percent of the world’s population) to 1.4 billion in 2005 (25 percent).⁷ Considerable progress has been made in achieving gender parity in education. About two-thirds of all developing countries reached gender parity in primary education by 2005 and the target of achieving gender parity in primary and secondary education by 2015 is likely to be met. Similarly, the world is progressing towards meeting the MDG for access to safe drinking water despite enormous

³ Growth rates for the group of countries are computed based on GDP estimates in 2005 international Purchasing Power Parity (PPP) dollars.

⁴ Data for developing Commonwealth countries include 44 countries. The 7 developed Commonwealth countries (Australia, Canada, Cyprus, Malta, New Zealand, Singapore and the UK) as well as two developing Commonwealth countries (Tuvalu and Nauru) for which data are not available are not included in these estimates.

⁵ The Millennium Development Goals (MDGs), which encapsulate the global development aspirations, comprise a set of targets established by Millennium Declaration of the United Nations General Assembly in 2000 to be achieved by specific target dates (mostly 2015).

⁶ United Nations (2008).

⁷ Chen and Ravallion (2008).

challenges faced by some countries. But there are still 884 million people, mostly in rural areas, relying on unimproved water sources for drinking, cooking and other uses.⁸

The non-income human development targets of the MDGs – particularly those for child and maternal mortality rates, primary school completion, nutrition, and sanitation –, in turn, have been assessed in 2008 as unlikely to be met at the global level by 2015 (Annex Figure 1). There have also been considerable variations across regions and countries in performance towards achieving individual MDGs. For example, Sub-Saharan Africa region has been far behind all other developing regions in reaching any of the MDGs, including the goal for poverty reduction.⁹

Despite global reduction in mortality rates for children under-five living in developing regions (from 103 per 1000 in 1990 to 74 in 2007), many countries in Sub-Saharan Africa and South Asia have made limited or no progress at all. The United Nations Children's Fund (UNICEF) estimated that more than one-third of child deaths (about 3.5 million deaths a year under the age of five) are attributed to under-nutrition. In Sub-Saharan Africa, one out of every seven children died before reaching their fifth birthday in 2007. More than half-a-million women worldwide die every year as a result of complications during pregnancy, childbirth or the six weeks after delivery. Unsafe childbirth occurs almost entirely in developing countries with the greatest gap between the rich and the poor countries and between the rich and poor people within countries.¹⁰ Lastly, even though new HIV infections and AIDS deaths have been declining since their peaks in 1996 and 2005, respectively, about 33 million people are still living with the disease with Sub-Saharan Africa being home to roughly 67 percent of those living with HIV.

Assessing the progress towards achieving the MDGs in developing Commonwealth countries before the financial crisis is a difficult task given the lack of data for some of the goals in many countries. Special attention and priority should, therefore, be given by Commonwealth countries and associated institutions to improving statistics, as well as building domestic capacity for data collection and analysis, particularly in areas related to the MDGs.

Overall, as in the case of the global picture, progress has been uneven across countries and among individual MDGs. Most developing Commonwealth countries made good progress in a number of MDGs (e.g., poverty reduction, gender parity and access to safe water) assisted by the buoyant global economy as well as the increases in foreign aid and financial flows to developing countries. Unfortunately, many developing Commonwealth countries are unlikely to meet the MDGs related to reduction of child mortality rates, access to sanitation and improvements in maternal health, especially in the context of the global financial crisis and the uncertain path with respect to a future global economic recovery (Annex Figure 2). In what follows, the progress of Commonwealth developing countries towards achieving specific MDGs is tracked and compared with the performance of Middle-Income Countries (MICs) and Low-Income Countries (LICs). Not surprisingly, in view of the mix of MICs and LICs in the Commonwealth, the performance of the cluster in question typically falls in between the progress achieved by MICs and LICs.

MDG1: Poverty Reduction

There are 26 developing Commonwealth countries which do not have comprehensive data sets to assess progress in poverty reduction in the last two decades. Of the remaining 18 countries, three have

⁸ United Nations (2009; 46).

⁹ World Bank (2009a; 15).

¹⁰ United Nations (2009; 26).

already met the target, four are on track, five are off-track and six are seriously off-track to meet this target. The situation does not differ greatly when national poverty lines are used (Annex Figure 3).¹¹

GDP growth has contributed to reductions in poverty rates in many countries although its correlation with other MDGs remained weak. There was also noticeable heterogeneity between countries in the growth-poverty reduction nexus. Bourguignon *et al.* (2009) provided examples of this heterogeneity in Sub-Saharan Africa where the rate of poverty reduction ranged from a drop of 4.6 percentage points in Ghana between 1999 and 2006 to an increase in the poverty rate of 3.8 percentage points in Uganda between 2000 and 2003, despite comparable rates of growth in GDP per capita of around 2.5 percent a year.

Developing Commonwealth countries do not fare well when compared with the group of MICs with regard to progress in reducing poverty rates and realizing other MDG targets. Almost 35 percent of MICs have either achieved the goal of poverty reduction or are on track to achieve it whereas only 16 percent of the Commonwealth countries have either achieved the goal or are on track to achieve it which is almost the same as the progress achieved by LICs.

MDG2: Primary Education

Seventeen of the developing Commonwealth countries do not have comprehensive data to assess progress in completion of a full course of primary schooling. For those countries which have data, 13 have already met the target, and two additional ones are on track to achieve it by 2015. There are, however, three countries off-track and an additional nine countries seriously off-track to achieve universal completion of primary education.

Half of the MICs have achieved, or are on track to achieve, the primary education target whereas only one-third of the Commonwealth countries have achieved the target or are on track to achieve it (the corresponding figure is only 5 percent for the group of LICs).

MDG3: Gender Parity

While the target of eliminating gender disparities in primary and secondary education by 2005 has been missed at the global level, the most impressive progress by developing Commonwealth countries has been achieved in reducing gender disparities in primary and secondary education. Some 24 countries have already met the target and five additional countries are on track to achieve it. Additionally, three countries are off-track and four other countries are seriously off-track while data is insufficient to undertake such an assessment in eight other countries. Finally, most developing Commonwealth countries do not have sufficient data on progress towards achieving gender parity in tertiary education by 2015 although 13 countries have already met that target (Annex Figure 4).

Both MICs and the Commonwealth developing countries have done relatively well with 77 percent and 66 percent of countries, respectively, having met the target or on track to meet it, while the respective proportion is only 40 percent of LICs.

MDG4: Reduction of Child Mortality

¹¹ A column on malnutrition (as an indicator for hunger) is added to the graph for illustration although there is ongoing work by many international organizations in terms of revising estimates for malnutrition based on revised estimates for child growth.

Only two developing Commonwealth countries have achieved, or are on track to achieve, child mortality reduction targets by 2015. About 22 countries are off-track and an additional 15 countries have been assessed to be seriously off-track to meet this target, while data for five countries is not comprehensive enough to make such an assessment (Table 2 and Annex Figure 5). Progress has been slow in meeting MDG4 also in comparison with other developing countries. Approximately 30 percent of the MICs have achieved the goal of reducing child mortality or are on track to achieve it, whereas only five percent of the Commonwealth Countries have met the target or are on track to do so. This compares with about ten percent for the group of LICs.

It is worth noting that good progress has been achieved worldwide in reaching measles vaccination targets for children (82 percent of all children in 2007).¹² These concerted efforts will certainly have a bigger impact in the medium-term. In the developing Commonwealth countries, 12 countries have already reached universal coverage and six countries are on track to achieve stated vaccination targets. Comprehensive data is not available for six countries while 20 additional countries with available data appear to be off-track or seriously off-track (Annex Figure 5).

¹² United Nations (2009; 25).

TABLE 2: PROGRESS OF COMMONWEALTH COUNTRIES TOWARDS MDG4 AND MDG5

Country	MDG4 (reduce by two-thirds, between 1990 and 2015 the mortality rate in children under age 5)				MDG5 (reduce by three-quarters, between 1990 and 2015, the maternal mortality rate)		
	Under-five mortality rate		Millennium Development Goal target	Progress towards the MDG target	Maternal mortality ratio (2005)	Life-time risk of maternal death ¹³ (2005) 1 in:	Level of maternal mortality
	1990	2006					
Bangladesh	149	69	50	on track	570	51	very high
Botswana	58	124	19	no progress	380	130	high
Cameroon	139	149	46	no progress	1000	24	very high
Gambia	153	113	51	insufficient	690	32	very high
Ghana	120	120	40	no progress	560	45	very high
India	115	76	38	insufficient	450	70	high
Kenya	97	121	32	no progress	560	39	very high
Lesotho	101	132	34	no progress	960	45	very high
Malawi	221	120	74	insufficient	1100	18	very high
Mozambique	235	138	78	insufficient	520	45	high
Nigeria	230	191	77	insufficient	1100	18	very high
Pakistan	130	97	43	insufficient	320	74	high
Papua New Guinea	94	73	31	insufficient	470	55	high
Sierra Leone	290	270	97	no progress	2100	8	very high
South Africa	60	69	20	no progress	400	110	high
Swaziland	110	164	37	no progress	390	120	high
Tanzania	161	118	54	insufficient	950	24	very high
Uganda	160	134	53	insufficient	550	25	very high
Zambia	180	182	60	no progress	830	27	very high

Source: UNICEF (2009; 18-19).

The following thresholds are used in the assessment of maternal mortality ratios: (i) very high: 550 or more; (ii) high: 300-549; (iii) moderate: 100-299; and (iv) low: below 100.

MDG5: Improve Maternal Health

The proportion of births attended to by skilled health workers in developing countries increased from 53 percent in 1990 to 61 percent in 2007. However, more than half of the births in Sub-Saharan Africa and South Asia regions still take place without the assistance of trained personnel. In the developing Commonwealth countries, 15 countries have already met the target for maternal health and an additional country is on track to meet it. There are, however, two countries off-track, 17 countries seriously off-track, while data is insufficient to assess progress towards the target in nine additional countries. Overall, maternal mortality rates remains either high or very high in 19 Commonwealth countries for which data was available (see Table 2). For the indicator of births attended by skilled staff, 62 percent of MICs have either achieved the goal or are on track to achieve it, as compared to only 36 percent of the Commonwealth developing countries and 7 percent of LICs.

There are higher risks for both the mother and child when pregnancy occurs at too young an age. Adolescent fertility rates between the ages 15 and 19 have fallen as a result of increased contraceptive use in 39 of 44 Commonwealth countries during 2000-2007. The highest rates of decline were achieved in Papua New Guinea, Nigeria, Ghana and Cameroon.

¹³ Life time risk of maternal mortality reflects the combined input of risks associated with each birth (the maternal mortality ratio) and the total exposure to risk represented by the total number of births (the total fertility rate). Globally, the ratio varies widely from 1 in 7 (Niger) to 1 in 1,300 (China). In the developing Commonwealth countries, the ratio for the countries for which data is available, ranges from 1 in 8 (Sierra Leone) to 1 in 130 in Botswana. See UNICEF (2009; 20).

MDG6: Combat Diseases

AIDS deaths peaked in 2005 (at 2.2 million per year) and having been declining since then reflecting increased access to antiretroviral drugs in developing countries. As already noted, however, 33 million people are still living with HIV and two-thirds of those living with HIV are in Sub-Saharan Africa, most of them being women. Moreover, nearly a million people still die each year from malaria, mostly young children in Sub-Saharan Africa. In addition, the absolute number of new tuberculosis cases continues to rise although the relative incidence of cases is leveling off.¹⁴

In 11 of the 27 developing Commonwealth countries for which data is available, prevalence of HIV in the population between ages 15-49 declined during the period between 2000 and 2007; with Uganda and Botswana achieving the sharpest declines of 3.1 percent and 2.6 percent respectively. It has nonetheless risen in the other 16 countries during the same period. In the case of South Africa, there was a 2.2 percent increase followed by Mauritius, Namibia and Papua Guinea which registered increases in the range of 1.0 to 1.5 percent. Data for the prevalence of HIV in men and women between the ages of 15 to 49 years is only available for the year 2007. In 19 of 27 countries there is a large disparity between men and women with a higher incidence of HIV among women. The data also shows a stark disparity in Swaziland, Botswana, Lesotho, South Africa and Zambia with differences in the incidence rate of HIV/AIDS ranging from 7 to 17 percent.

The use of insecticide-treated bed nets increased in all of the ten Commonwealth countries for which data is available with the highest increases registered in Gambia, Ghana, Zambia and Malawi. The percentage of children with fever under the age of five receiving anti-malarial drugs has decreased in eight of the ten countries for which data is available. In Swaziland and Kenya there has been a significant drop of 24.9 percent and 38.5 percent respectively. The two countries where the percentage increased are Zambia (5.9 percent) and the Gambia (7.6 percent).

Data regarding tuberculosis incidence is available for all 44 developing Commonwealth countries. The incidence of tuberculosis has declined in 25 countries, with the highest drop in Zambia and Malawi. In the other 19 countries, the incidence of tuberculosis has increased, with the highest rates occurring in Swaziland and South Africa. Since there is a strong link between HIV and tuberculosis, this can be attributed to the high prevalence of HIV in these countries.

In 16 of the 44 countries, the successfully treated cases of tuberculosis as a percentage of total registered cases has declined over the period 2000-2007, with the sharpest declines in Malaysia, Guyana and Saint Lucia. This also points to an increase in the resistance of tuberculosis medicines as well as increases in the incidence of Multi-Drug Resistant tuberculosis cases. Another cause for the decline could be the failure of drug programs to effectively monitor drug intake and administration. Nonetheless, treatment has been highly successful in some countries (e.g., Ghana, Namibia, and Brunei Darussalam) with the rates of successfully treated cases between 2000 and 2007 in the range of 20 to 26 percent.

MDG7: Access to Sanitation and Safe Water

Overall there has been significant progress towards meeting the MDG target of access to safe drinking water, though some countries still face enormous challenges. Approximately 884 million people worldwide still rely on unimproved water sources for their drinking, cooking and other domestic

¹⁴ United Nations (2009; 33-38).

activities. During the period 1990 to 2006, 1.1 billion people in the developing world gained access to toilets, latrines and other forms of improved sanitation. An additional 1.4 billion people will require similar access to such facilities if the 2015 target is to be met due to the projected population growth.¹⁵

In the developing Commonwealth countries, access to safe water has increased markedly in comparison with access to sanitation. Currently, 15 countries have already met, or are on track to meet, the target for access to safe drinking water with the remaining 29 countries either off-track or do not have sufficient data to assess progress. Progress in meeting the MDG target of access to improved sanitation facilities has been disappointing with only three countries meeting, or on track to meet, the goal. It should be noted that 30 of the developing Commonwealth countries do not have sufficient data to gauge progress on this target, again underscoring the need for improved data collection methods (Annex Figure 6).

MICs have achieved considerable progress in provision of access to safe water and sanitation facilities with almost 50 percent of the countries having achieved, or being on track to achieve the goal in safe water and 23 percent with respect to access to sanitation facilities. The respective percentages for the Commonwealth countries are 35 percent and 7 percent, respectively, which are comparable to the progress achieved by LICs.

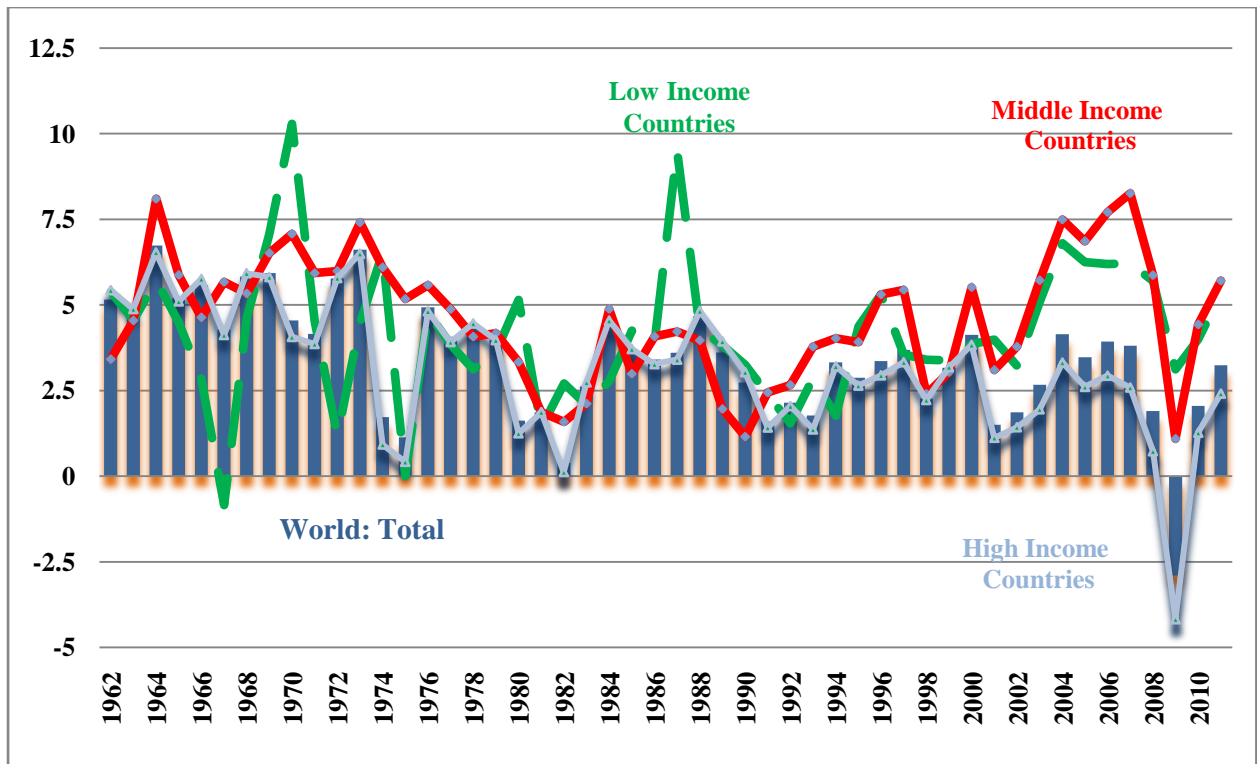
4. THE FINANCIAL CRISIS: ITS DIMENSIONS AND IMPACT ON DEVELOPING COUNTRIES

The financial crisis, which intensified in the last quarter of 2008, came on the heels of the food and fuel crises, and grew into a global economic crisis. The crisis was “nurtured” by global macroeconomic imbalances, lax monetary policies in the developed world, an asset price bubble associated with excess investment in real estate, and poor corporate governance of the financial system. Additional factors which have contributed to the dimensions and impact of the financial crisis include the increased “opaqueness” of financial innovations, the reckless use of collateralized debt obligations,¹⁶ poor risk management, as well as major changes in regulatory and supervision systems in the financial world (e.g., transition to Basel II, etc.).

¹⁵ United Nations (2009; 45).

¹⁶ The evolution of securitized assets associated with home mortgages in the United States captures well this dramatic process. In a few years, they “exploded” from a level of roughly 6% of GDP (2003) to close to 19% of GDP by the end of 2007. The unwinding of this “phenomenon” – and its implications for the world financial system -- will require significant deleveraging and major economic adjustments around the world. See Blundell-Wignall, Atkinson and Lee (2008).

FIGURE 1: ANNUAL GDP GROWTH, 1962-2010



Source: Development Prospects Group, the World Bank.

In spite of the first signs of attenuation of the crisis in the third-quarter of 2009, economic indicators still point to significant increases in unemployment and social distress around the world. The crisis has caused the sharpest decline in global growth since the 1930s. In the last quarter of 2008 and the first two quarters of 2009, economic activity in both high income and developing countries fell sharply and abruptly. The most dramatic declines occurred in countries that specialized in the production of durable and investment goods and in countries already suffering from serious macroeconomic vulnerabilities before the onset of the crisis. The World Bank projects global output (PPP weights) to decline by 2.9 percent in 2009 and to recover modestly by 2.0 percent in 2010. Developing countries are expected to grow by only 1.2 percent in 2009, after 8.1 percent growth in 2007 and 5.9 percent growth in 2008 (see Figure 1).¹⁷ Two developing regions - Europe and Central Asia and Latin America and the Caribbean - are likely to end 2009 with a negative growth rate, while output growth in other developing regions is expected to decelerate considerably. In Sub-Saharan Africa, for example, growth is expected to decelerate sharply in 2009 to 1.0 percent down from 5.7 percent on average over the past three years.¹⁸

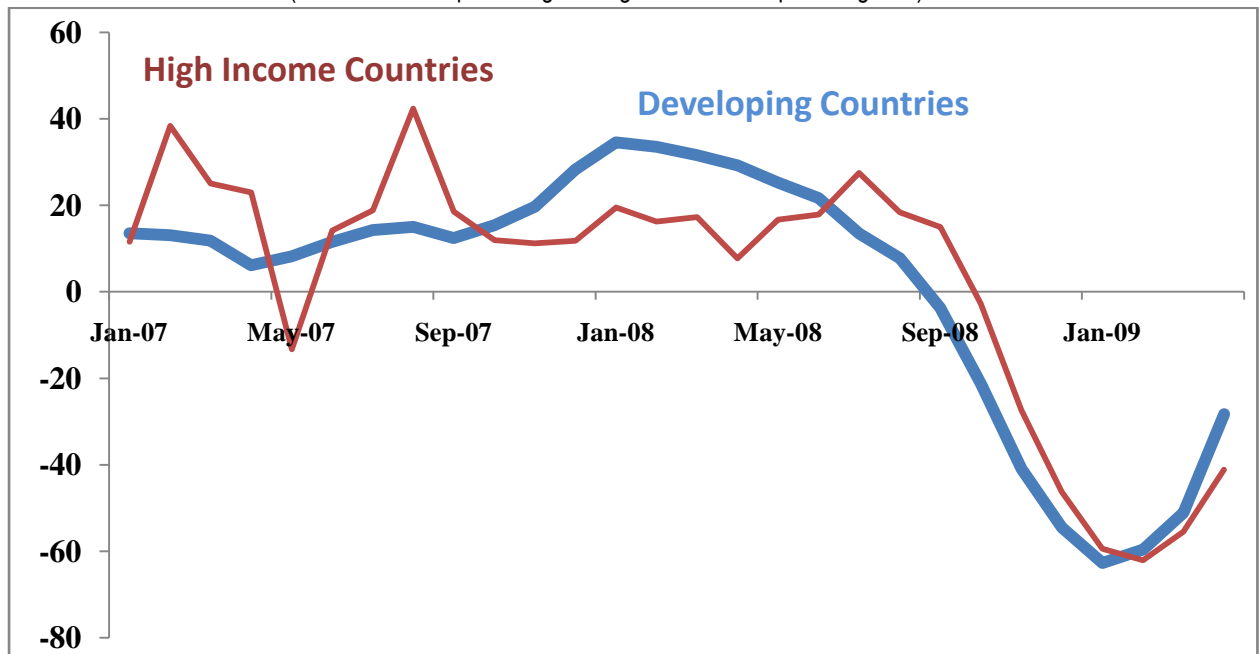
International trade is a good leading indicator for trends in economic output. World trade volumes are expected to actually contract, for the first time since the 1982 recession, by about 10 percent in 2009. Most developing countries are experiencing lower export proceeds as recession in developed countries has curbed demand coupled with severe disruptions to trade financing. This, in turn, implies that

¹⁷ See World Bank (2009b).

¹⁸ The crisis poses a serious threat to the hard-won gains in boosting economic growth in many developing countries, particularly in Africa, and for meeting the MDGs. Past experience shows that a decline in the average GDP growth rate in developing countries by one percentage point can trap as many as 20 million more people in poverty. See World Bank/IMF (2009).

government revenues in many developing countries are declining as a result of lower commodity prices and trade volumes. There is, however, a “silver-lining”. As Figure 2 suggests trends are now reversing to a more positive outlook. Actually, outward-oriented economies are likely to be the first ones to emerge from the global economic downturn.

FIGURE 2: DECLINE IN TRADE VOLUMES
(Quarter/Quarter percentage change in nominal exports of goods)

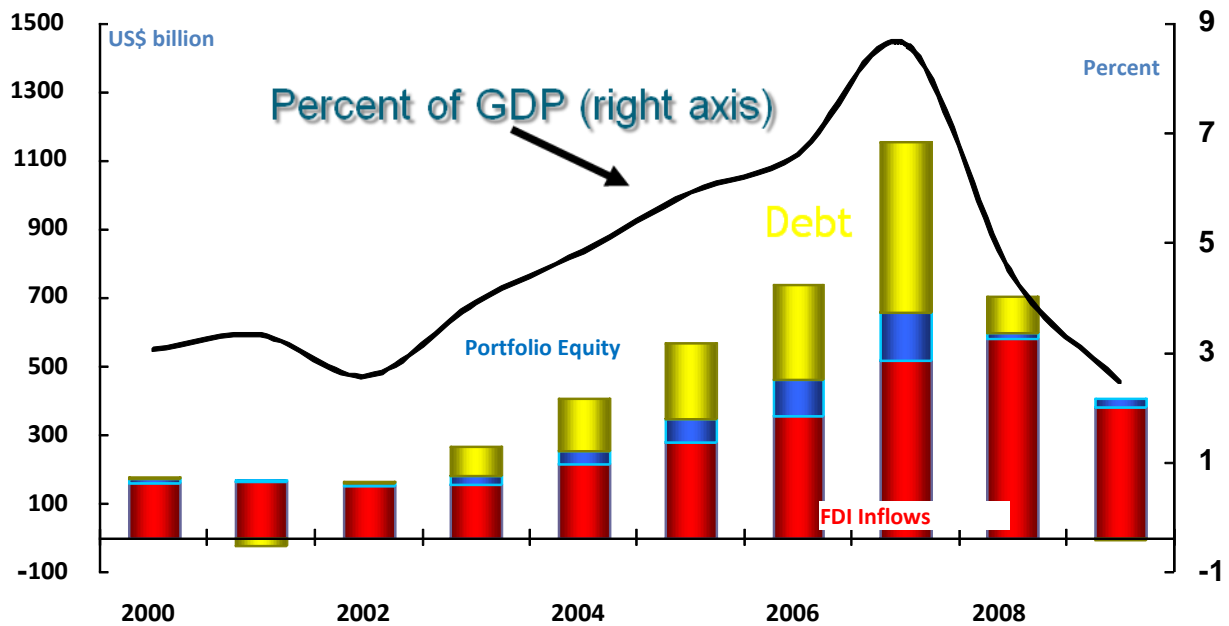


Source: Data from DECPG, the World Bank

The financial crisis has also impacted directly the domestic financial sector (and some large firms with significant exposure to sophisticated financial instruments) of some developing countries – particularly, in the case of high middle-income countries. Moreover, even in the case of LICs, although direct contagion of the banking sector has been limited, the slowdown of these economies feeds back into their financial sectors via increases in non-performing loans.

Most developing countries have also been affected by the dramatic reduction in capital flows (Figure 3). In particular, total private capital flows to developing countries have seen their sharpest decline in a long period of time with net flows dropping to \$707 billion in 2008 (down from their peak of \$1.2 trillion in 2007) and are projected to be below \$200 billion in 2009. Foreign Direct Investment (FDI) flows are also falling as a result of reduced profitability in the primary commodity sector and growing corporate financing difficulties.

FIGURE 3: CHANGING COMPOSITION OF PRIVATE CAPITAL FLOWS TO DEVELOPING COUNTRIES



Source: World Bank Global Prospects Group.

Most countries around the world have taken measures to address the impact of the financial crisis. The most notable policy actions include easing of monetary policies, recapitalization of financial systems, bailout of the household and corporate sectors, overhaul of financial regulatory systems and fiscal stimulus packages. In the G20 advanced economies, for example, the average discretionary fiscal expansion in 2009 has been about 1.9 percent of GDP while the financial sector support extended so far averaged about 5.5 percent of GDP. In the G20 emerging economies, the average discretionary fiscal expansion in 2009 is estimated at about 2.2 percent of GDP with marked variations (and 0.4 percent of GDP in terms of support extended to the financial sector).¹⁹ These extraordinary policy responses around the world have helped save the global financial system from systematic collapse, though it is still early to predict the precise impact of the achieved financial stability on the sustainability of a global economic recovery. The need to continue to restructure the banking system and the emerging limits to expansionary policies in high-income countries, associated with concerns about fiscal sustainability, require close monitoring.

Past experiences show that a decline in the average GDP growth rate in developing countries by one percentage point can trap as many as 20 million more people in poverty.²⁰ This poses a serious threat to the hard-won gains in boosting economic growth in many developing countries, particularly in Africa, and for meeting the MDGs. As a result of this projected decline in global growth, the World Bank estimates that there will be an additional 89 million people worldwide living in extreme poverty (below \$1.25 a day) at the end of 2010 than expected before the crisis.²¹ The numbers will rise if the crisis deepens and growth in developing countries falters further.

Apart from the direct poverty impact of the financial crisis, both emerging market and low income countries will be impacted in terms of their progress toward attaining the MDGs, though the transmission mechanisms may differ in each group. The financial crisis can be viewed as a large negative shock to aggregate demand in developing countries which translates into a decrease in

¹⁹ For details about the state of public finances around the world see IMF (2009).

²⁰ World Bank (2009a).

²¹ See World Bank (2009d)

demand for labor and consequently it will translate into lower wages and reduction in employment. In many developing countries, declining output and rising unemployment is already evident. Higher unemployment rates and declines in revenues will not only impact on household incomes, but it will also impact government spending and the capacity of other actors (private sector, civil society, donors, etc) to moderate the impact of the crisis. More specifically, the financial crisis will curtail the ability of these actors to spend on services and programs related to the MDGs, as well as other crucial social services at times when demand for these public services is expected to rise.²²

5. THE OUTLOOK FOR THE MDGs IN THE COMMONWEALTH COUNTRIES UNTIL 2015²³

As already noted, the global financial crisis has the potential to seriously compromise progress towards the MDGs at the global level in general and in the developing Commonwealth countries in particular. Despite promising signs of economic recovery in some emerging and developed economies, one cannot dismiss the possibility that this will be a protracted crisis. Against this background, even the achievement of the goals for poverty reduction, gender parity and access to safe drinking water which seemed to be on track at the global level before the advent of the crisis may be delayed. United Nations Secretary General Ban Ki-Moon underscored these concerns recently by noting that at “the very least, [the crisis] will throw us off course in a number of key areas, particularly in the developing countries. At worst, it could prevent us from keeping our promises, plunging millions more into poverty and posing a risk of social and political unrest. That is an outcome we must avoid at all costs”.²⁴ Similar concerns were also voiced by the heads of the World Bank, the International Monetary Fund and other international organizations.

While data are not yet available to make a detailed assessment of the potential impact of the financial crisis on the MDGs at either the global or Commonwealth-country level, some emerging indicators point to areas where progress towards the goals will be slowed or even reversed. The severity of the impact will vary depending on the initial conditions of each country, exposure to crisis impact, and policy responses adopted not to mention the duration/depth of the global recession.

The financial crisis is expected, for example, to slow the pace of poverty reduction and compound the setbacks which resulted from the food and fuel crises. An estimated 46 (2009) to 89 (2010) million more people will be living in extreme poverty than anticipated before the crisis. Therefore, the prospects of the 37 developing Commonwealth countries that have not yet met the main MDG target of halving poverty by half by 2015 will further worsen in the event of a prolonged global recession. In Sub-Saharan Africa and South Asia, both the number of poor people and the poverty rate are likely to increase, particularly in the most fragile and low-growth economies. The World Bank projects that GDP growth in Sub-Saharan Africa (which include 17 Commonwealth countries) will decelerate from 4.8 percent in 2008 to 1.0 percent in 2009. This will mean real reductions in income per capita in 2009 (with prevailing high population growth rates of about 2.5 percent) and will almost certainly imply an aggravation of poverty which affects about half of the population in that region.²⁵

²² See also WHO (2009).

²³ This section of the paper draws heavily on World Bank /IMF (2009a).

²⁴ United Nations (2009; 3).

²⁵ Monga (2009; 15) and World Bank (2009d).

social spending and education spending in particular. There is emerging evidence that education spending has been among the targets of budgetary cuts necessitated by declines in government revenues at national and local levels even in advanced economies. Greater efforts are thus needed in the developing Commonwealth countries to preserve social spending and to ensure that these education targets are reached by 2015.

Global unemployment is estimated by the International Labor Organization (ILO) to rise from 6.3 to 7.1 percent. This means that an additional 24 million to 52 million people worldwide may become unemployed. The crisis will hit female-dominated industries and services and may impact women more profoundly over the longer-term.²⁷ The decline in household incomes resulting from unemployment or slow economic growth can also jeopardize the chances of girls to attend schools in some developing societies. This adds another risk to the sustainability of the MDGs in general and to attaining gender parity in education in particular.

Based on current projections of lower growth, preliminary analysis shows that infant deaths in developing countries may be 200,000 to 400,000 per year higher on average, between 2009 and 2015, than in the absence of the crisis which translates into 1.4 million to 2.8 million deaths during the period. Similarly, the crisis will slow progress in reducing maternal mortality where little progress has been made even before the crisis both at the global level and in the Commonwealth countries.

Infrastructure investments could also be scaled back during the crisis and this will affect progress toward a number of MDGs in the developing Commonwealth countries, particularly those related to access to safe water and sanitation facilities. The resulting decline in government revenues, pressure on increased government spending as well as the lower private flows to developing countries could all result in scaling back efforts to augment basic infrastructure unless measures are taken to ensure continuation of planned projects which are essential for supporting long-term growth and underpinning aggregate demand. The financing gap for new infrastructure projects is estimated to have risen by about \$20 billion per year as prospects for private sector financing recede.²⁸

6. ATTAINMENT OF MDGs IN THE COMMONWEALTH COUNTRIES BY 2015 AND BEYOND

The MDGs paradigm has proven to be an effective point of reference for international development cooperation aiming to accelerate economic and social progress in the developing world. It has promoted a partnership between developed and developing countries to foster development and reduce poverty. It has also led to concerted efforts in measuring and fostering development outcomes. Moreover, it has drawn attention towards the goals it covers both in developing world and in the donor community. Lastly, it has provided incentives to reform domestic policies to accelerate progress towards attaining the MDG targets and has led to increases in donor allocation of aid to the MDG targets especially those related to social sector development.

As discussed above, the current global financial crisis is likely to set-back progress toward the MDG targets. The international community should, therefore, coordinate its responses to preserve the promise of the MDGs and to redouble its efforts to ensure that the world is on track to meet the established targets in the next six years. The development community should also accord a higher priority for formulation of options and strategies that will lead for faster and sustainable development beyond 2015.

²⁷ United Nations (2009: 22).

²⁸ World Bank/IMF (2009a; 186).

What Can Be Done to Accelerate the Attainment of the MDGs by 2015 in the Context of the Ongoing Financial Crisis?

The severe slowdown in the global economy warrants a greater commitment to concerted efforts at the international level. In the same vein, specific actions by Commonwealth countries are required to accelerate progress toward the MDGs, as well as to sustain gains that have been achieved so far - particularly in areas that now appear to be under threat of setbacks and reversals.

Policies by Developing Commonwealth Countries:

Developing Commonwealth countries need to improve prospects of economic recovery, strengthen coherence of domestic policies, improve service delivery mechanisms, and enhance governance structures and institutions which are crucial for attaining MDG. Most of the developing Commonwealth countries have already embarked on programs to address the crisis including countercyclical fiscal policies, extension of the social safety nets and protecting health and education expenditures, and infrastructure development. In implementing these efforts, it is important to consider the following:²⁹

- (a) Countercyclical policies should be prioritized in countries that have the required fiscal space to stimulate domestic economy, although countries with high vulnerability on their current accounts should be cautious in accessing non-concessional external financing. Countries with no, or limited, fiscal space should further explore opportunities for concessional borrowing and undertake the necessary fiscal and external adjustments. Core social spending and key infrastructure projects that are important for long-term growth should be protected from fiscal cuts. Emergency anti-recession deficit spending should be given preference over tax cuts, but it is important to make sure that these interventions are time-bound;
- (b) Improving social protection and infrastructure investment/maintenance should be the core priorities. In addition to preserving crucial public spending in social and infrastructure sectors, efforts are needed to improve the efficiency of spending (see (h) below) to help the poor and low-income families to address the crisis and to achieve the MDGs;
- (c) Ensuring that there is equitable distribution of the fruits of economic growth. Relying entirely on trickle-down effects from economic growth is risky and uncertain particularly in countries where income inequality is high or rising. Sector specific interventions and additional support mechanisms should be considered to minimize the impact of negative or slow economic growth;
- (d) Adopting more flexible exchange rate management systems to smooth out the impact of adjustments to exogenous shocks, assist current account adjustment, reduce speculative pressure, and conserve valuable foreign exchange reserves;
- (e) Providing short-term assistance against income shocks (extension of support by social safety nets, direct and conditional cash transfers, unemployment benefits, etc) to facilitate economic adjustment;
- (f) Strengthening institutions, governance structures, and improving the investment climate. Evidence suggests that growth and poverty reduction stagnate because of weak institutions or an adverse business climate;

²⁹ For more details on the required policy actions and their expected impact, see also World Bank (2009a) and World Bank (2009d; 2009e).

- (g) Redoubling efforts towards enhancing human development including through attracting private initiatives to complement public support activities;
- (h) Enhancing service delivery mechanisms and incentives. Effective and efficient delivery systems, particularly in the social sectors, are crucial to realize health and education goals;³⁰ and,
- (i) Improving statistical systems and data collection methods. Reliable data and indicators are not only crucial for monitoring progress on MDGs and identifying target areas by the international development community but also for countries to effectively manage their development strategies.

International Economic Policy and the Role of Developed Countries:

Efforts to jumpstart growth and to stimulate the global economy should continue to be coordinated. Developed countries, in particular, should ensure an adequate fiscal response to support economic growth in a manner consistent with long-term economic stability. Restoring robust growth in an open global economy will provide the essential external environment that low income countries need to pursue effective development and poverty reduction strategies which are imperative for meeting the MDGs. In the medium-term, however, fiscal deficits should be controlled and expansionary monetary policies should be unwound to assure debt sustainability and to avoid the emergence of macro imbalances as those seen in the 1970s and 1980s.

Maintaining an open international trade regime remains crucial in the current environment. Trade restrictions and measures to limit cross-border financing adopted when food prices surged aggravated the food crisis. Moreover, the current trade policy regime also limits growth opportunities for many developing countries especially in the agricultural sectors (e.g., agricultural subsidies in the developed world for agricultural products, including bio-fuels, etc.). Therefore, efforts to adopt less-distortive trade policies and the successful conclusion of the Doha Development Agenda of trade negotiations are important contributions for the global economic recovery. International measures to boost trade financing and aid for trade should also remain a priority.

International cooperation and coordination is also required for supervision and inspection of cross-border financial institution and flows. Strengthening financial systems is crucial for shoring up the private sector and improving the business climate for recovery and growth in private investment. The leaders of the G8 Summit in Italy reaffirmed their commitments to the decisions of the G20 summits in Washington D.C. and London with regard to maintaining financial stability including strengthening financial regulation and International Financial Institutions (IFIs). They emphasized the “need for an enhanced global framework for financial regulation and supervision, promoting consistency between accounting and prudential standards and setting up adequate tools to address procyclicality, as well as ensuring a comprehensive oversight of all systematically significant entities and activities”.³¹ These measures will also help in preventing future crises.

Equally important, developed countries should also honor their commitments to increase aid and other financial flows to developing countries.³² This is even more critical under the current circumstances.

³⁰ UNICEF (2008) underscores that weak health systems and broader context factors obstruct progress in 68 developing countries.

³¹ The G8 Communiqué, L'Aquila, Italy, July 20, 2009.

³² Bourguignon *et. al.* (2009) noted that overseas development assistance (ODA) by the Organization of Economic Cooperation and Development (OECD) countries fell short of the amounts committed by the G8 at Gleneagles. Their total ODA increased from 0.22 percent of Gross National Income (GNI) in late 1990s to 0.31 percent in 2006 (reaching \$104 billion). It then declined in 2007. The peak of ODA in 2005-2006, for example, was driven by the exceptional amounts of debt relief for Iraq and Nigeria during that period.

Again the G20 leaders reaffirmed in London (April 2009) their historical commitment to meeting the MDGs and to achieving their respective pledges of overseas development assistance (ODA) including commitments on aid for trade, debt relief, and the Gleneagles commitments, especially for Sub-Saharan Africa.³³ In addition to provisions of more aid, priority should be given to: (i) raising aid effectiveness through better harmonization and coordination; (ii) targeting aid to the countries and sectors that need it more; (iii) providing for greater predictability of resource flows (aid and private flows) to developing countries; (iv) using non-aid instruments more appropriately (such as peace keeping missions or conflict resolution/prevention approaches); and, (v) ensuring that the multilateral system has the mandate, resources and instruments to support an effective global response to the global crisis.

What Can Be Done to Foster Development Prospects in the Commonwealth Countries Beyond 2015?

While all efforts should be directed towards meeting the MDGs in the next 6 years, it is not too early to start to plan for the post-2015 challenges in the developing Commonwealth countries. There are important lessons to be learned from the experience so far under the MDGs paradigm and from the changing global landscape that may require early preparation and strategic planning.

First, it will be useful to study the lessons from the experience under the MDG paradigm in the last decade to distill lessons for the remaining 6 years and for preparation of the next phase of the international development agenda after 2015. The mid-point assessment undertaken last year provided important highlights and recommended several measures to accelerate progress in meeting the global goals particularly in areas where the track record is weak. It also highlighted the need for a stronger commitment to support the development of relevant statistics with a view to foster proper monitoring and evaluation of key MDG indicators.

Second, issues of security, empowerment, governance (voice and accountability and rights), and access to infrastructure services need to be better integrated in the development strategies beyond 2015. These are important in their own right as development objectives, but they are also critical for the realization of other goals specified under the current MDG paradigm as well as for effective service delivery mechanisms. The lack of explicit targets for these important dimensions of the development process merits additional attention. For instance, it is often argued by developing countries that the MDGs have resulted in a major shift in public financing (both domestic and external) from productive sectors, crucial infrastructure and law and order services to the social sectors under the MDG framework.

Third, developing countries face new challenges and uncertainties. Climate change, for example, poses risks for which most developing countries are ill prepared to cope with. Available scientific simulations predict significant impacts on developing countries, especially on the agricultural sector. These threats also encompass the possibility of rising sea-levels (if global warming continues unchecked), increased risk of floods, famines, reduced water supplies and declining crop yields.³⁴ As such, these shocks could reverse gains attained so far in the MDGs, and their sustainability in the long-term, unless adequate mitigation and adaptation policies are launched now.

Fourth, while progress has been achieved under the MDG paradigm with its emphasis on outcomes at the global level, the experience so far underscores that country circumstances and initial conditions play a key role in explaining differences in MDG achievement. Some development practitioners are suggesting a different approach in which developing countries make their dispositions and establish

³³ The G20 Communiqué “The Global Plan for Recovery and Reform”, London; April 2, 2009.

³⁴ See Intergovernmental Panel on Climate Change (2007) and World Bank (2009f).

their own targets as opposed to the current emphasis in establishing MDG goals for all countries. Special attention (both in terms of goals and expectations as well as in international support) should be devoted to “fragile and conflict-affected States” which have performed poorly so far in comparison with other developing countries in the attainment of the MDGs. The relatively large proportion of fragile and conflict-affected countries in Sub-Saharan Africa has been one of the main reasons for the much slower progress towards the MDGs in the region.³⁵ Innovative approaches to conflict prevention and resolution by the international community should be explored and pursued.

Fifth, it is also important to recognize that several of the MDGs are unlikely to be met by 2015 (e.g., the water and sanitation targets, particularly in rural environments). Sustained donor funding for these MDGs should receive a higher priority in the next 6 years and new targets beyond 2015 should better reflect country-specific circumstances and initial conditions.

Last but not least, it is important to recognize the key role of domestic mobilization of resources in financing the MDGs. Although the availability of domestic public financing has been often overestimated, given the narrow tax base of most LICs, this gap underscores the importance of additional investments in public finance management systems.

By calling attention to these issues and by building a new consensus around them, the Commonwealth can play an important role in fostering global poverty reduction. This role will not only enhance progress towards the MDGs, but it will also help shape the development agenda beyond 2015.

ANNEX TABLE 1: MEMBER STATES OF THE COMMONWEALTH

	Country	Membership Date	Region of the Bank	Income Per Capita (US \$ Current) 2007	Population
1	Australia	1931	I	39,066	20,555,300
2	Canada	1931	I	40,329	32,654,500
3	Cyprus	1961	I	24,895	818,200
4	Malta	1964	I	18,203	402,668
5	New Zealand	1931	I	32,086	4,147,972
6	Singapore	1965	I	35,163	4,326,000
7	United Kingdom	1931	I	45,442	60,209,500
8	Brunei	1984	EAP	30,032 *	374,000
9	Fiji	1970	EAP	4,113	848,000
10	Kiribati	1979	EAP	817	99,000
11	Malaysia	1963	EAP	7,033	27,356,000
12	Nauru	1968	EAP	n.a	14,000
13	Papua New Guinea	1975	EAP	990	5,887,000
14	Samoa	1970	EAP	2,894	185,000
15	Solomon Islands	1978	EAP	784	478,000
16	Tonga	1970	EAP	2,474	102,000
17	Tuvalu	1978	EAP	n.a	12,000
18	Vanuatu	1980	EAP	2,001	211,000
19	Antigua and Barbuda	1981	LAC	11,664 *	81,000
20	Bahamas	1973	LAC	19,844	323,000
21	Barbados	1966	LAC	10,427 #	279,000
22	Belize	1981	LAC	4,200	287,730
23	Dominica	1978	LAC	4,332 *	79,000
24	Grenada	1974	LAC	5,724	103,000
25	Guyana	1966	LAC	1,462	751,000
26	Jamaica	1962	LAC	4,272	2,651,000
27	Saint Kitts and Nevis	1983	LAC	10,795	43,000
28	Saint Lucia	1979	LAC	5,834	161,000
29	Saint Vincent and the Grenadines	1979	LAC	4,596	119,000
30	Trinidad and Tobago	1962	LAC	15,668	1,305,000
31	Bangladesh	1972	SAR	393 #	148,384,000
32	India	1947	SAR	1,046	1,100,000,000
33	Maldives	1982	SAR	3,456	329,000
34	Pakistan	1947	SAR	879	158,352,000

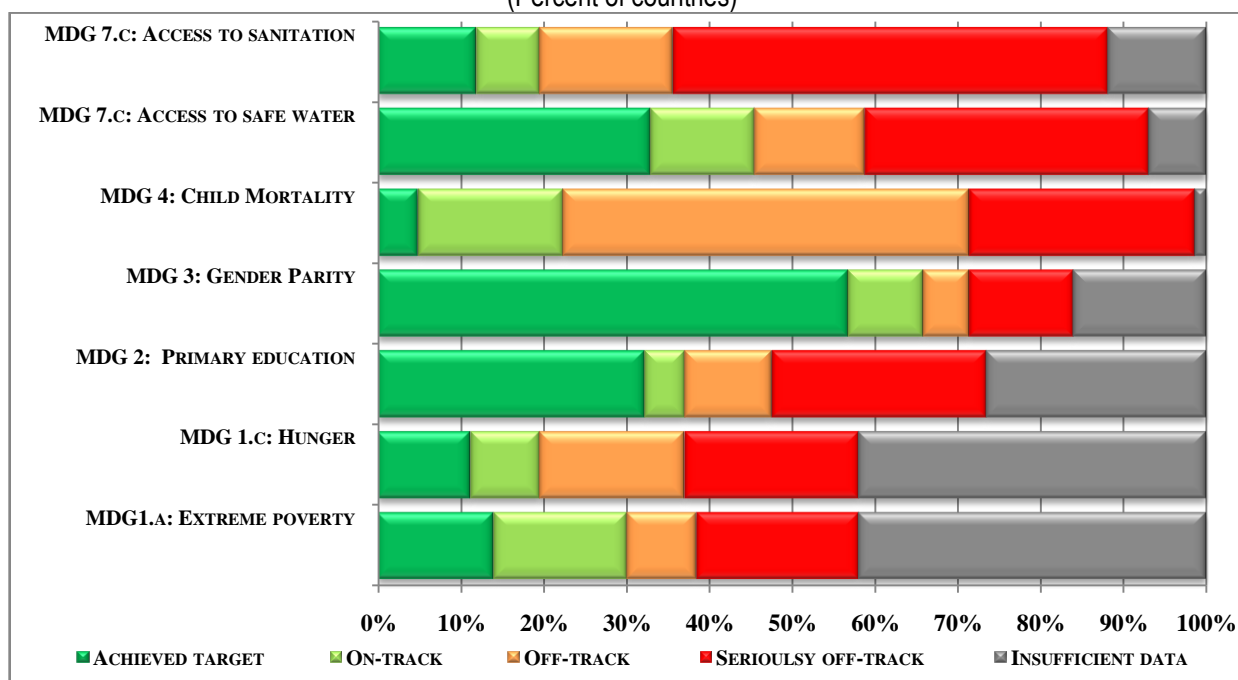
³⁵ Bourguignon *et. al.* (2009).

35	Sri Lanka	1948	SAR	1,616	20,743,000
36	Botswana	1966	SSA	6,544	1,765,000
37	Cameroon	1995	SSA	1,116	16,322,000
38	Gambia	1965	SSA	377	1,517,000
39	Ghana	1957	SSA	646	22,113,000
40	Kenya	1963	SSA	645	34,256,000
41	Lesotho	1966	SSA	798	1,795,000
42	Malawi	1964	SSA	256	12,884,000
43	Mauritius	1968	SSA	5,383	1,245,000
44	Mozambique	1995	SSA	364	19,792,000
45	Namibia	1990	SSA	3,372	2,031,000
46	Nigeria	1960	SSA	1,118	132,796,000
47	Seychelles	1976	SSA	8,560	81,000
48	Sierra Leone	1961	SSA	284	5,525,000
49	South Africa	1931	SSA	5,914	47,423,000
50	Swaziland	1968	SSA	2,521	1,032,000
51	Tanzania	1964	SSA	400	38,329,000
52	Uganda	1962	SSA	381	28,816,000
53	Zambia	1964	SSA	953	11,668,000

* For 2006 and # for 2005.

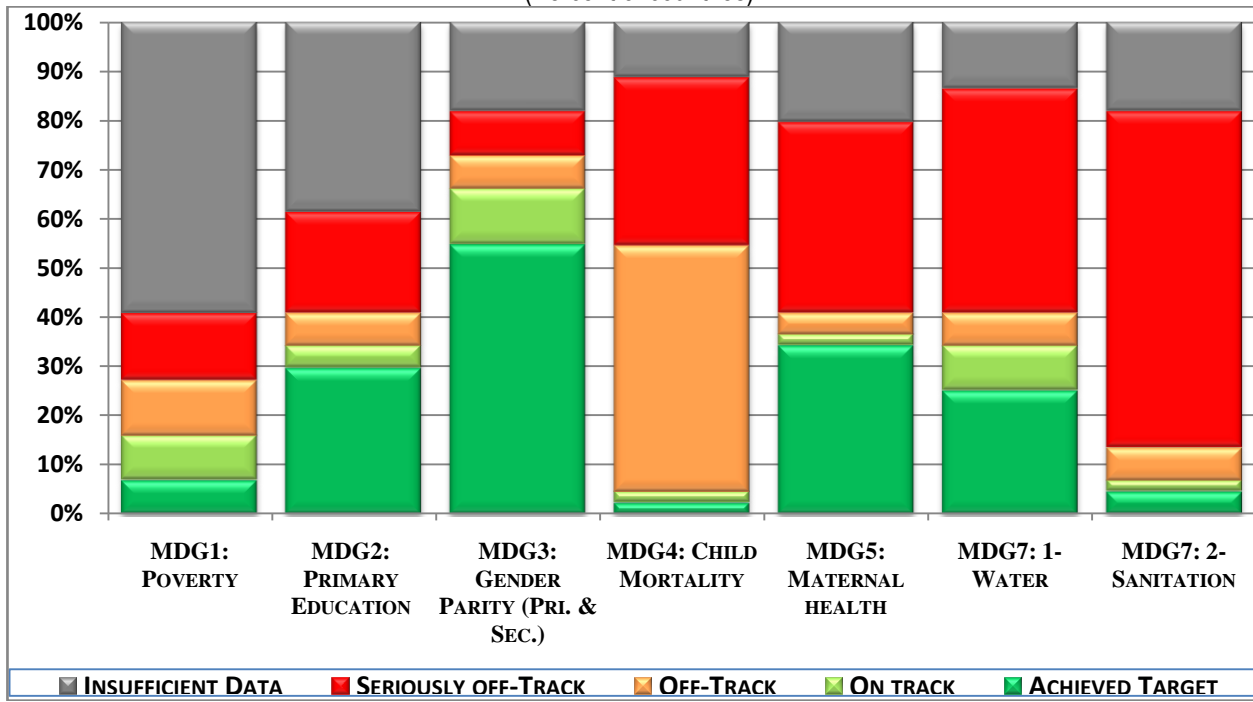
Source: Commonwealth Secretariat, World Bank, World Development Indicators. The total population of the Commonwealth countries is estimated to be approximately 2 billion. The group of developing Commonwealth countries encompasses 46 countries. Seven high income Commonwealth countries are excluded from this group: Australia, Canada, Cyprus, Malta, New Zealand, Singapore and the UK. Total population of the developing Commonwealth countries is estimated at 1.9 billion

ANNEX FIGURE 1: TRACKING PROGRESS ON MDGs IN 143 DEVELOPING COUNTRIES: MOST COUNTRIES ARE FALLING SHORT ON MOST OF THE MDGs
(Percent of countries)



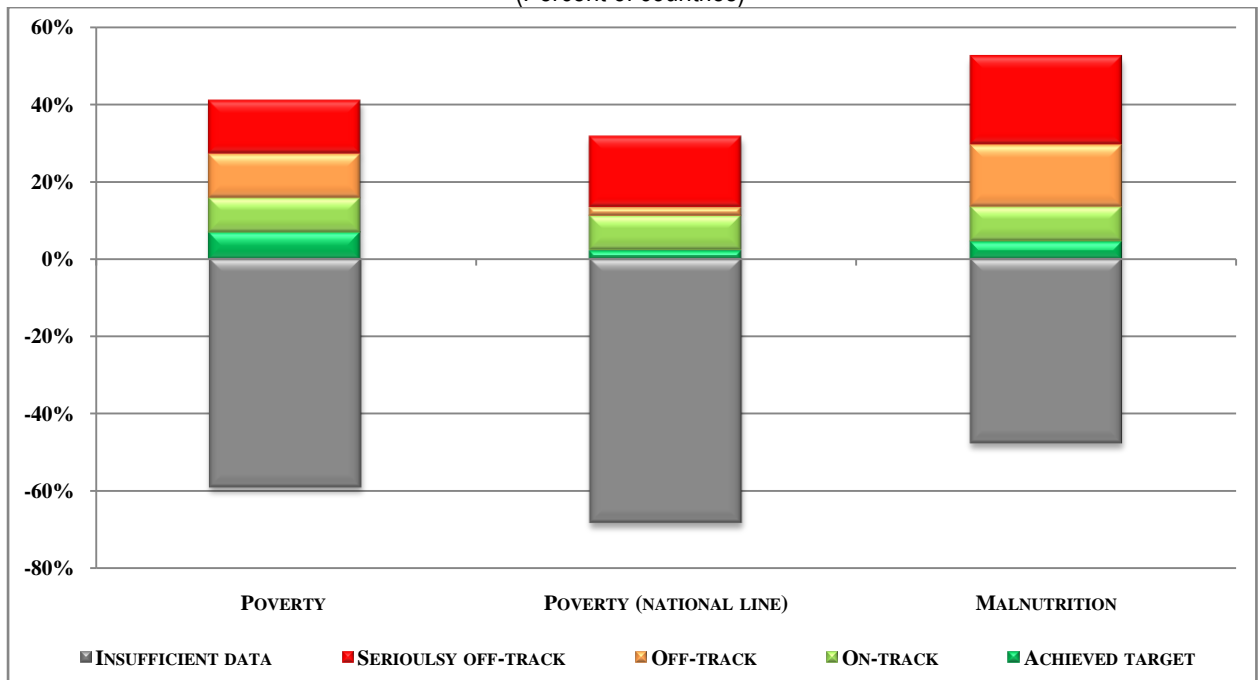
Source: World Bank (2009a).

ANNEX FIGURE 2: OUTLOOK FOR THE MDGs IN THE DEVELOPING COMMONWEALTH COUNTRIES
(Percent of countries)



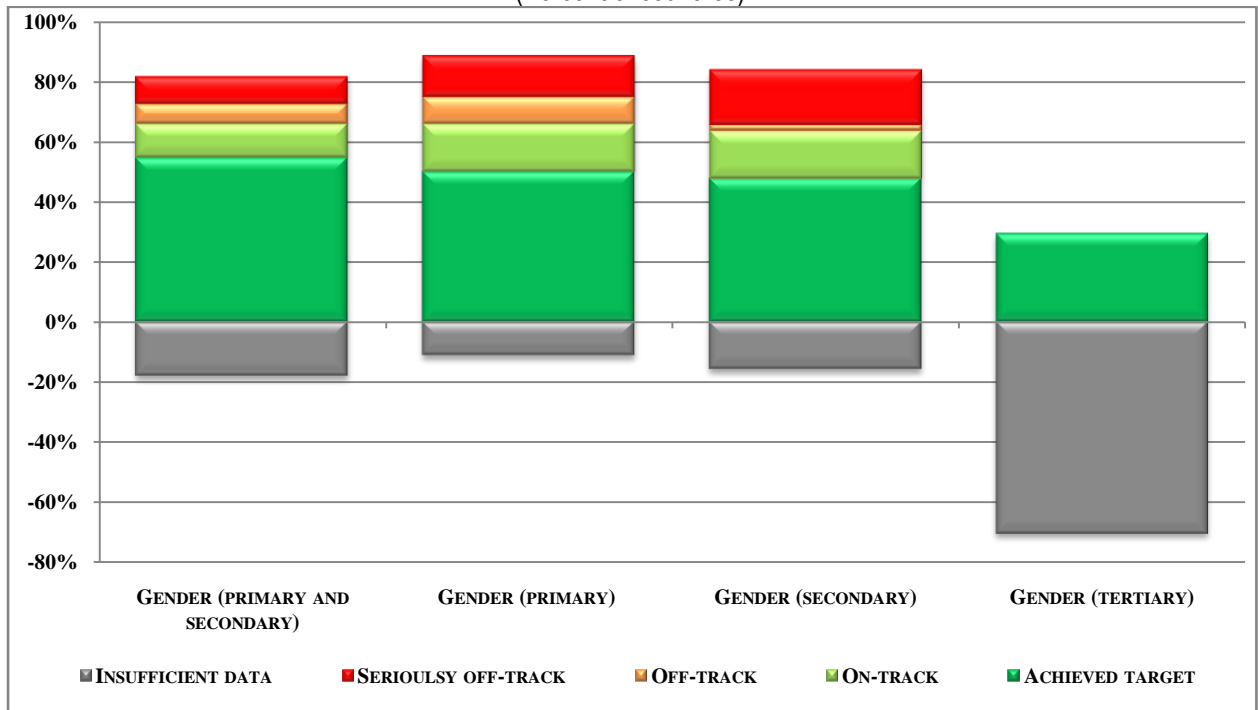
Source: World Bank/IMF (2009a).

ANNEX FIGURE 3: POVERTY REDUCTION GOAL IN DEVELOPING COMMONWEALTH COUNTRIES
(Percent of countries)



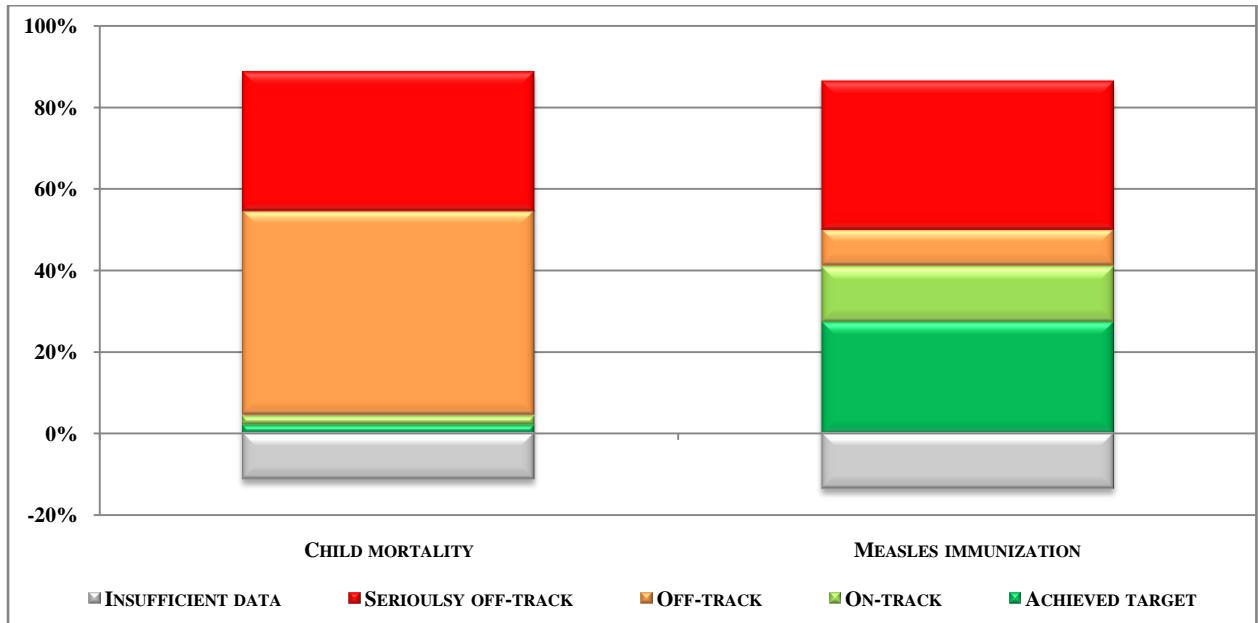
Source: World Bank (2009a).

ANNEX FIGURE 4: TRACKING PROGRESS ON MDG3 (GENDER PARITY) IN DEVELOPING COMMONWEALTH COUNTRIES
(Percent of countries)



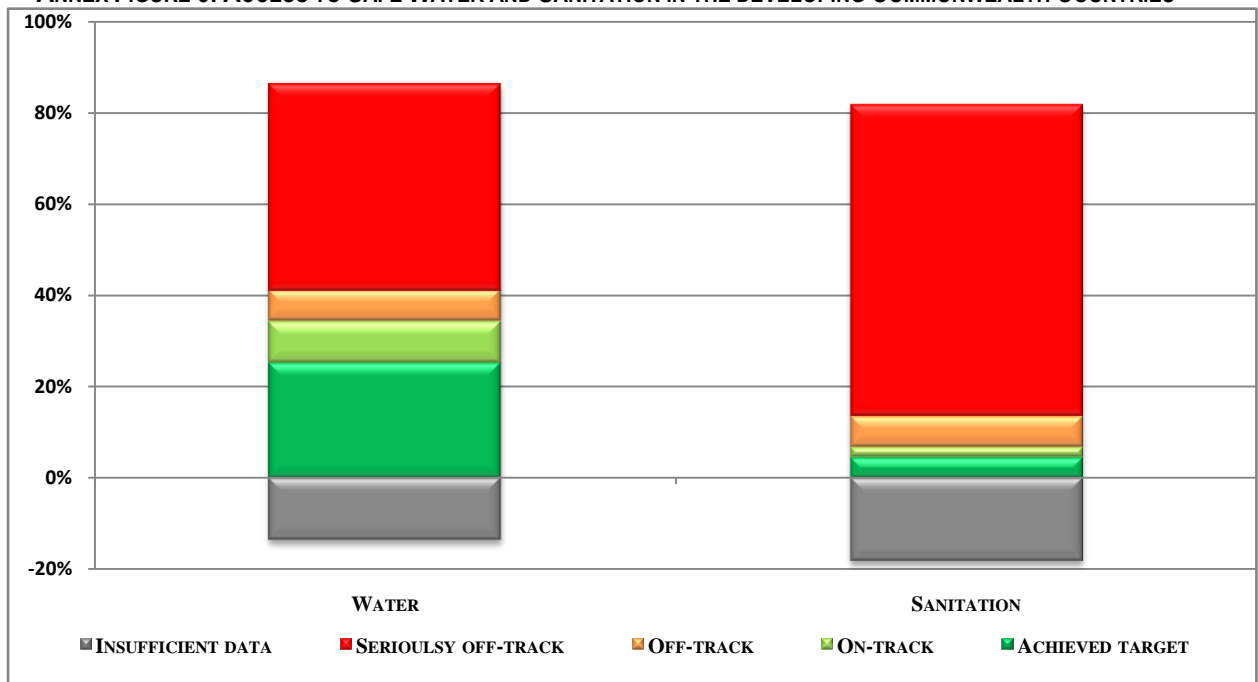
Source: World Bank (2009a).

ANNEX FIGURE 5: CHILD MORTALITY GOAL AND MEASLES IMMUNIZATION IN DEVELOPING COMMONWEALTH COUNTRIES



Source: World Bank (2009a).

ANNEX FIGURE 6: ACCESS TO SAFE WATER AND SANITATION IN THE DEVELOPING COMMONWEALTH COUNTRIES



Source: World Bank (2009a).

ANNEX 2: THE MILLENNIUM DEVELOPMENT GOALS (MDGs)

1. ERADICATE EXTREME POVERTY AND HUNGER

Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1.25 a day.

Target 1.B: Achieve full and productive employment and decent work for all, including women and young people.

Target 1.C: Half, between 1990 and 2015, the proportion of people who suffer from hunger.

2. ACHIEVE UNIVERSAL PRIMARY EDUCATION

Target 2.A: Ensure that by 2015, children everywhere, boys and girls, will be able to complete a full course of primary education.

3. PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

4. REDUCE CHILD MORTALITY

Target 4.A: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.

5. IMPROVE MATERNAL HEALTH

Target 5.A: Reduce by three-quarters, between 1990 and 2015, the maternal mortality rate.

Target 5.B: Achieve by 2015 universal access to reproductive health.

6. COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

Target 6.A: Have halted by 2015 and begun reverse the spread of HIV/AIDS.

Target 6.B: Achieve by 2010 universal access to treatment of HIV/AIDS for all those who need it.

Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

7. ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 7.A: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.

Target 7.B: Reduce biodiversity loss, achieving by 2010 a significant decrease in the rate of loss

Target 7.C: Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation

Target 7.D: Have achieved a significant improvement by 2020 in the lives of at least 100 million slum dwellers.

8. DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Target 8.A: Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system.

Target 8.B: Address the special needs of the least developed countries.

Target 8.C: Address the special needs of landlocked developing countries and small island developing states.






Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.

Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.

Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

ANNEX 3: DATA AND METHODOLOGY

Key to read the assessment on progress towards attainment of MDGs is as follows:

	Achieved target
	On-track to meet target
	Off-track to meet target
	Seriously off-track to meet target
	Insufficient data

Countries in green have already achieved or are very near to achieve the target value for 2015.

Countries in light green made progress in the 1990s fast enough to attain the target value in the specified time period (by 2015). They are "on-track" to achieve the goals. For poverty target, includes countries where the latest poverty rate is below 2 percent, even if the trend is upward sloping.

Countries in orange have made progress, but too slowly to reach the goals in the time specified. Continuing at the same rate, they will need as much as twice the time as the "on-track" countries to reach the goals.

Countries in red that are rated "off-track" they need to accelerate progress. Their conditions have worsened since 1990 or made still slower progress. Rated "seriously off-track", they are unlikely to reach the goals. To reach them, they will need to make progress at unprecedented rates.

Countries in gray lack adequate data to measure progress. Improvements in the statistical systems of many countries are needed to provide a complete and accurate picture of their progress.

Underlying indicators used for the assessment are:

Goal 1.	Poverty:	Poverty headcount ratio at \$1.25 a day (PPP) (Percent of population)
Goal 2.	Primary completion:	Primary NON-completion rate (Percent of relevant age group)
Goal 3.	Gender (primary):	Ratio of girls to boys in primary education enrollment (Percent)
Goal 3.	Gender (secondary):	Ratio of girls to boys in secondary education enrollment (Percent)
Goal 4.	Child mortality:	Under-five mortality rate (per 1,000)
Goal 5.	Births attended:	Births NOT-attended by skilled health staff (Percent of total)
Goal 7.	Water access:	Proportion of population WITHOUT access to an improved water source (Percent)
Goal 7.	Sanitation access:	Proportion of population WITHOUT access to an improved sanitation facility (Percent)

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