

Broadening Progress toward the MDGs

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François Bourguignon
Chief Economist and Sr. Vice President
The World Bank

Mr. Chairman, ladies and gentlemen: Thank you for this opportunity to address this meeting of the High Level meeting of the ECOSOC Committee. In my limited time today, I will review some issues and trends that seem of particular importance to advancing the Millennium Development Goals at this point of time.

I have two main messages: **first**, at the global level, economic growth in developing countries during the past decade has been truly transformational, and opens opportunities from which all regions can benefit. **Second**, at the regional and sub-regional level, inequality of opportunity and participation in global growth is arguably the greatest threat to future sustainability of growth and to meeting the MDGs.

The international community must do a better job of meeting its commitments of better financial support to the poorest countries, while multilateral institutions need to improve coordination to avoid falling well short of what is needed.

Global performance

We find ourselves today in a period of exceptionally strong growth for developing countries and for the global economy as a whole. Developing country growth over the past decade was faster than the preceding two decades, and consistently outpaced growth in rich countries. As a result, the share of developing countries in global output, measured at PPP, expanded from 39 percent in 1995 to 46 percent by 2005. Moreover, this strong performance has been broadly based – while growth in India and China has remained rapid, middle-income countries (excluding China) have also performed well, at 4 per cent, and taken together, low-income countries even did slightly better.

This continuing strong growth is driving rapid poverty reduction. World Bank estimates of global poverty through 2004 show that the absolute number of poor declined by almost 200 million over the last 10 years, bringing the total below 1 billion. The world *as a whole* is on track to exceed the MDG1 target of halving the share of extreme poor by 2015. *This is an enormous achievement.* Historical estimates suggest that the number of poor has been consistently above 1 billion since the late 19th century, since which time the global population has quadrupled. Economic progress has finally overcome the impoverishing effect of this demographic explosion.

This is extremely encouraging. Looking forward, it may be that 2006 will prove to be a cyclical peak—due to emerging capacity constraints in many countries and a maturation of the investment cycle. Yet, we expect growth to remain strong in developing countries. Recent progress in reducing poverty and accelerating human development have not been due to cyclical events that are likely to be quickly reversed, but rather represent structural changes in the global economy which are fundamental and transformational. East and South Asia have become engines of growth. South–south trade, financial flows, and even development aid now represent major opportunities for growth and advancement, including for Africa. The fastest growth in foreign investment and trade opportunities in Africa have been with China — which alone accounted for 12% of bilateral trade with Africa in 2006 (imports).

Global disparities

A growing number of important externalities tie countries together: global trade policies, migration, sharing of water, regional infrastructure... Perhaps none is more evident today than greenhouse gases. The growing threat posed to the global environment from rising concentrations of greenhouse gases is now firmly recognized. Beyond the potential global impact, I want to emphasize its distributional consequences. Not all countries will be affected in the same way and to the same degree, and within countries; certain sectors and income groups will be far more deeply affected. There cannot be any doubt that adapting to climate change already became an immense issue and a challenge in many developing countries. It will become every year more serious.

The other side of the coin is how we can en