



# Emerging from the Crisis and Achieving the MDGs

**Prospects and Challenges for  
Low-Income Countries**



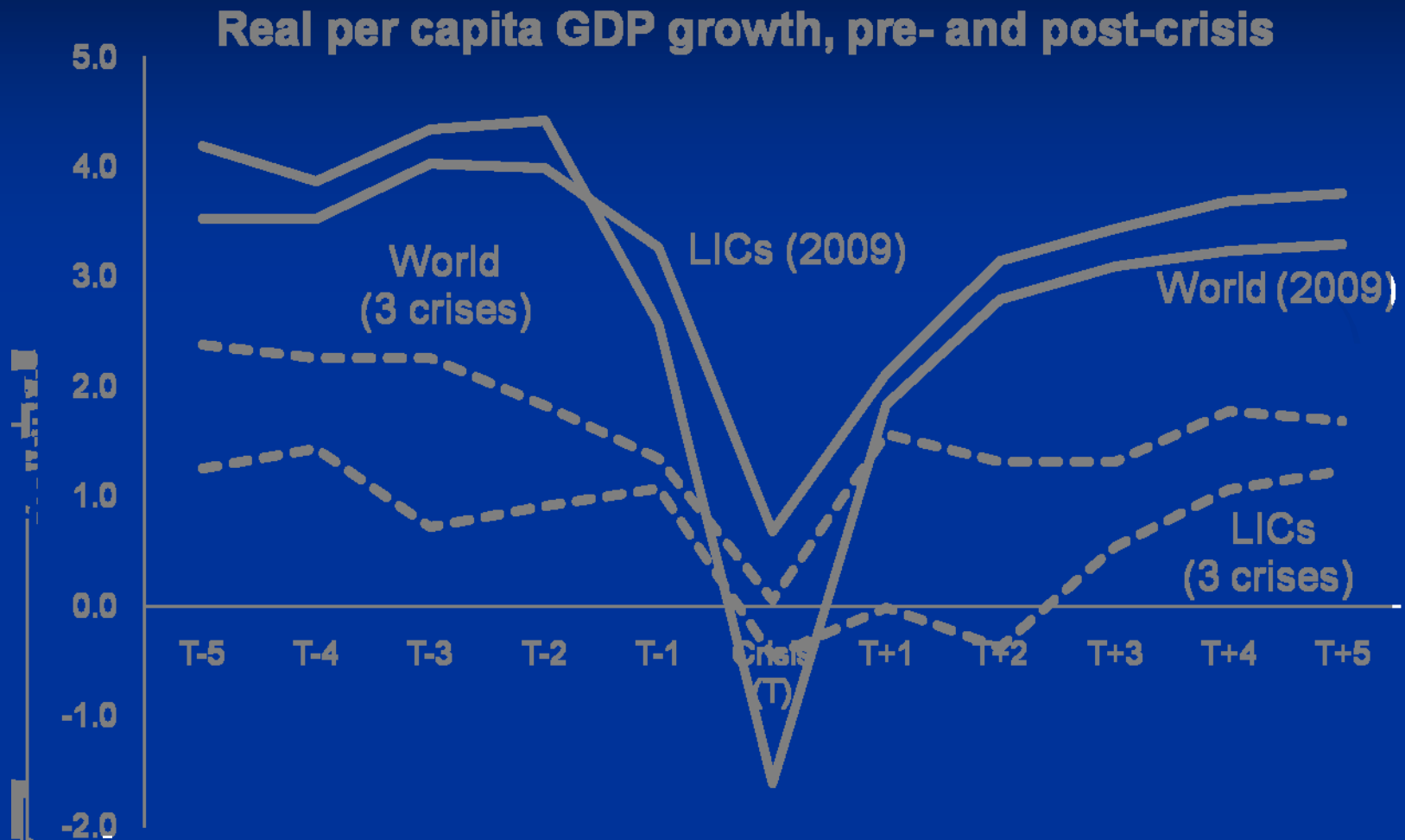








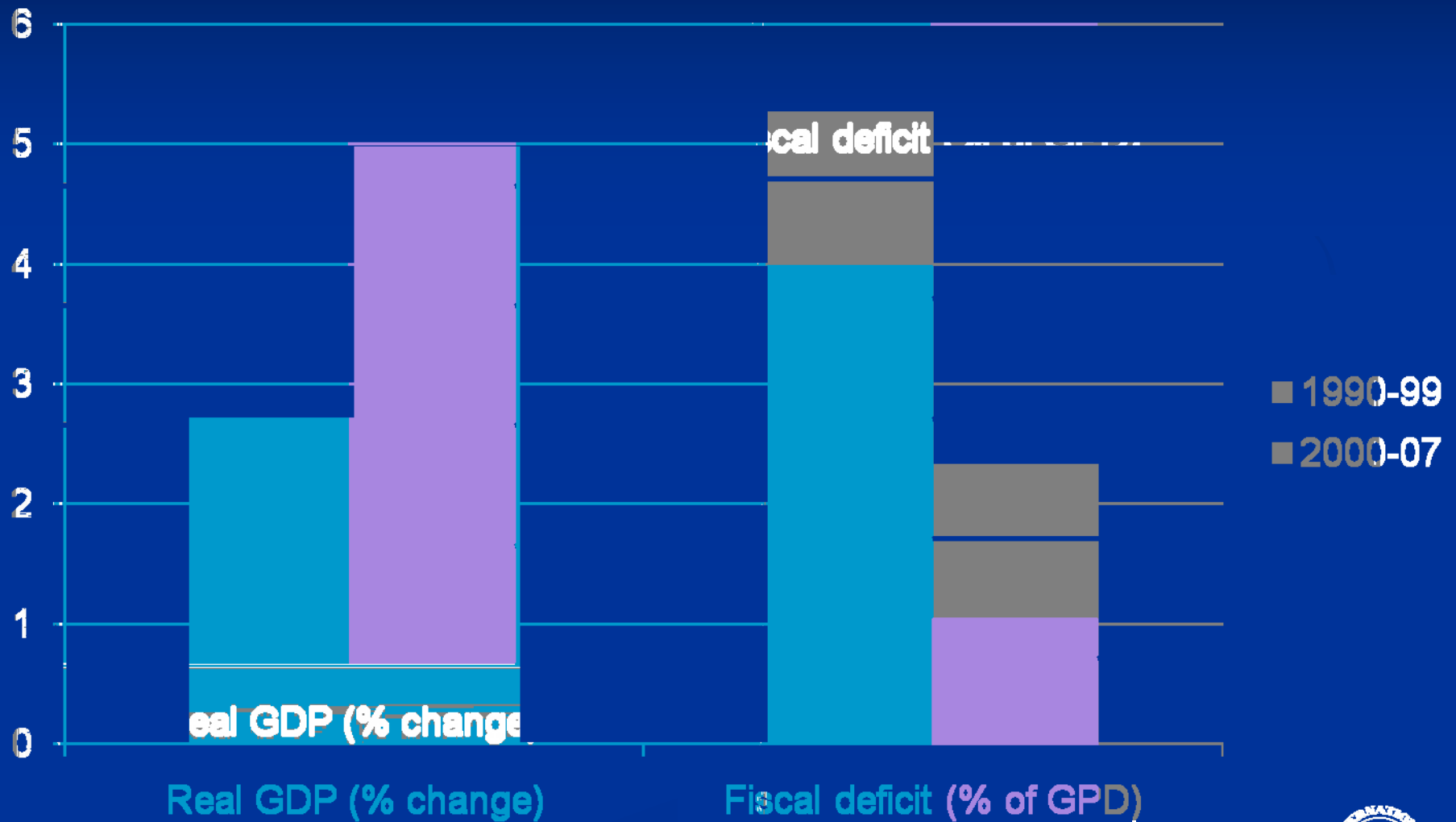
# Growth in crises past and present







# Pre-crisis position much stronger













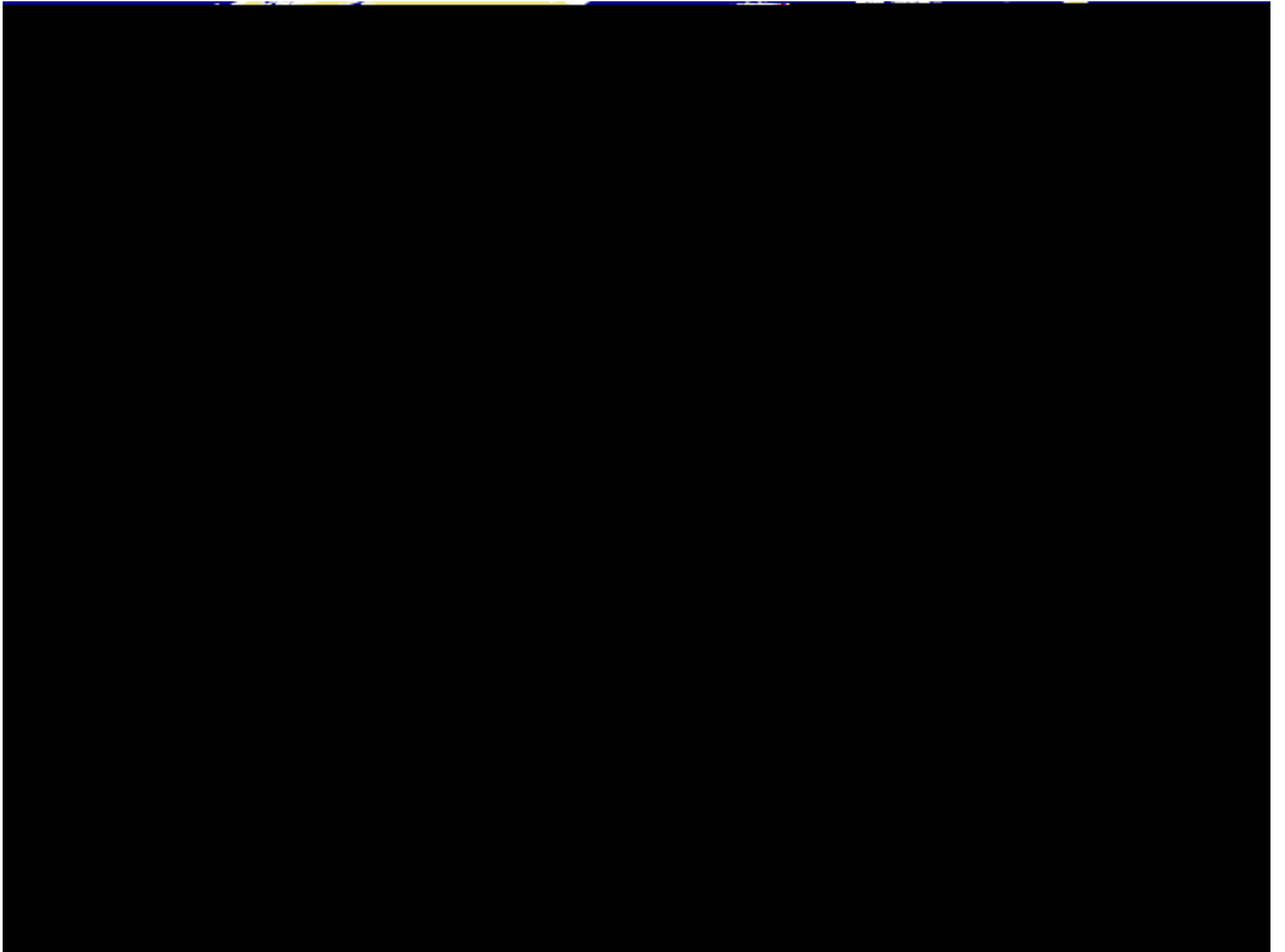
















# Conditionality made more flexible

**Support country-owned PR strategies**

**Explicit safeguards to social spending**

**Structural conditionality more focused on macro critical areas**

**Binding structural conditions and wage ceilings abolished (review-based)**



Part III

# BEYOND THE CRISIS



# Managing volatility





# How to re-build policy buffers?

**First, do no harm: avoid premature or overly rapid fiscal tightening**

**When strengthening fiscal positions: focus on revenue growth and preserve priority spending**

**Borrow for high-return investment**

**Avoid overreliance on debt-creating capital inflows, develop local savings and financial sectors**



# Investing for growth

**Massive infrastructure deficit , esp. in Africa    key growth bottleneck**

**LIC governments rightly keen to scale up public investment**

**But quality is critical    strengthen public finance institutions**



# Evolving aid architecture

**Can traditional donors deliver finance?**

**Aid holding up, but not meeting Gleneagles commitments**

**Realistically, huge investment needs will**

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# Climate change financing needs

**Global challenge, but uneven impact:  
LICs contributed least, but may be  
most affected**

**Need large-scale, long-term  
investments for adaptation/mitigation**

**Appropriate financing terms essential**

**“Green Fund” idea as bridge to  
overcome collective action problem**

**Raise \$100 billion a year by 2020**



