
Foreword

This third annual Global Monitoring Report (GMR) on progress toward the Millennium Development Goals (MDGs) comes with only 10 years remaining to achieve them. It reports good and bad news.

Growth continues to be favorable and has helped cut global poverty, in some cases dramatically. Many countries have stayed the course with sound economic policies, which are delivering results, including some countries in Sub-Saharan Africa. The volume of trade has grown worldwide, and private capital flows to developing countries continue to rise. Evidence is also emerging from some countries of rapid and tangible progress in improving primary education completion, raising immunization coverage, and lowering child mortality.

The bad news is that many countries are off track to meet the human development MDGs. The gains, impressive on a global scale, are unevenly distributed. For every success story of rapid growth and job creation in emerging East and South Asian cities, there are disturbing examples of increased poverty in much of Sub-Saharan Africa, and among large groups of people in many other parts of the world. In too many countries, infrastructure is crumbling. Urgently needed investment to modernize water, sanitation, and transportation facilities has proven unavailable, and

families struggle without access to clean water, or roads that would open access to schools, health care, and markets. In many cases, the governance of countries does not inspire the confidence of investors including, most importantly, citizens of those same countries.

This must change if we are to achieve the MDGs. The principle of mutual accountability—of donors, the international financial institutions, and recipient governments for the quality of external support and for improved performance—is central to accelerating performance.

This GMR persuasively argues that governance is one of the central challenges facing developing countries and the global development community. Governance has gained widespread currency, but its often vague definition has limited its utility as an organizing concept for development, which is what it needs to be. This report offers a framework that defines the parameters of what governance is, and gives us tools—drawn from various indexes—to assess its quality, across different countries, sectors, and actors.

The GMR recognizes that there is no single, unique way to effectively improve governance to reduce poverty, and acknowledges that each country's path must be of its own choosing. But national customs cannot be a smokescreen to defend practices that rob the poor of better opportunities, and undermine

a society's chance to develop. With this in mind, the GMR provides a governance framework for monitoring and draws lessons from diverse international experience. It presents performance benchmarks on, among others, sound financial management, public procurement, settlement of legal disputes, and openness and transparency so as to ensure governments' accountability to taxpayers and citizens and to check corruption.

The GMR's framework for governance is the first step in establishing a more comprehensive system for monitoring governance. More investment is needed in actionable indicators that can help to track progress, generate greater accountability, and build demand for good governance. They can also help underpin long-term dialogue between countries and development partners, which should develop realistic goals and sequencing of governance reforms.

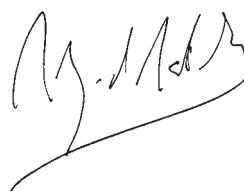
As developing countries tackle the challenge of governance, the GMR also reminds us that the rich countries must meet their commitments on aid, debt relief, and trade.

To enhance aid effectiveness, aid transfers need to be more predictable, less fragmented, more closely aligned with needs, and targeted to where the aid can be productively used. This includes better targeting to countries that are tackling the MDGs, and bringing greater flexibility to aid, so that it can cover recurrent costs, such as teachers' or health workers' salaries, as well as governance reforms to improve service delivery. The promise of increased aid will be realized only if it is used with sufficient rigor and imagination to deliver improved results.

The GMR reports progress in shifting the emphasis of international financial institutions, including the World Bank and the International Monetary Fund, toward results management—managing for *outcomes* rather than managing *inputs* to the production process. But more work must be done by all development partners to establish a longer-term vision, deliver more resources, and increase support for capacity strengthening in developing countries. With a decade left to achieve the MDGs, there is no time to lose.



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