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PARTNERSHIPS IN DEVELOPMENT

PROGRESS IN THE FIGHT AGAINST POVERTY

THE WORLD BANK GROUP



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1818 H Street, NW
Washington, DC 20433
Telephone 202-473-1000
Internet www.worldbank.org
E-mail feedback@worldbank.org

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ENDNOTES

1. World Bank (2001g). The 1990 *World Development Report* also acknowledged the multidimensional nature of poverty and framed a strategy for poverty reduction calling for broad-based growth and safety nets.
2. See Dollar and Kraay (2002), Ravallion and Chen (1997), and Foster and Szekely (2000).
3. The assessment of progress toward the Millennium Development Goals is drawn from the World Bank (2003v) and World Bank (2003f).
4. Most countries set their own poverty lines. But to measure poverty between countries, an international poverty line is needed. The \$1-a-day poverty line was originally chosen as representative of typical poverty lines prevailing in a sample of low-income countries. It has since been updated to \$1.08 a day in 1993 prices. To estimate poverty in a country, the \$1-a-day line is converted to local currency units using the purchasing power parity (PPP) exchange rates. The PPP rates, based on the relative prices of consumption goods in each country, are more representative of the actual purchasing power of a dollar than market exchange rates, especially in very poor countries. Aggregate poverty measures based on international poverty lines (such as the \$1-a-day measure) should not be confused with estimates based on national poverty lines. Most of the poverty analysis work done at the World Bank is based on national poverty lines. As a general rule, national poverty lines tend to increase in purchasing power with the average level of income of a country. So the \$1-a-day line, while representative of poverty lines in very poor countries, underestimates the national poverty lines of richer countries, which may be set at the equivalent of \$2–3 dollars a day or higher.
5. World Bank internal document.
6. Data from Government of India, Planning Commission and Angus Deaton (2001).
7. *Undernourishment* means consuming too little food to maintain normal levels of activity. *Malnutrition* can also be measured by the prevalence of underweight children under five, but the data for this indicator are costly to collect.
8. An improved water source is any form of water collection or piping used to make water regularly available. It is not the same as “safe water,” but there is no practical measure of determining whether water supplies are safe.
9. This discussion draws heavily on World Bank (2003a).
10. The Bank’s Doing Business project is developing indicators related to business entry, contract enforcement, property rights, access to credit, labor regulations, and bankruptcy regime. Investment climate assessments systematically analyze conditions for private investment and enterprise growth in countries throughout the world. They look in detail at factors constraining the functioning of product markets, financial and nonfinancial factor markets, and infrastructure services including, in particular, weaknesses in an economy’s legal, regulatory, and institutional frameworks. They also provide the tools and analytical framework to identify reform priorities in a country’s investment climate, by linking constraints to firm-level costs and productivity. Doing Business available online at <http://rru.worldbank.org/doingbusiness/default.aspx>.
11. A number of recent studies have found that the quality of governance and institutions is a key factor explaining cross-country differences in per capita income levels and growth. See, for example, Rodrik, Subramanian, and Trebbi (2002); Acemoglu, Johnson, and Robinson (2002); Acemoglu and others (2003), and Hall and Jones (1999).
12. A recent study found that an increase in corruption by one unit (on a scale of one to 10) is associated with a 2–10 percent decrease in the income of the poor; a 0.9–2.1 percentage point increase in the Gini coefficient; 1.1–2.1 more deaths per 1,000 live births; and a 1.4–4.8 percentage point increase in primary student dropout rates (Abed and Gupta (2002).
13. See Castro-Leal and others (1999). The study found that in Côte d’Ivoire, Guinea, and Madagascar, for example, the share of benefits from public spending in health and education accruing to the richest 20 percent of the population was double or more that accruing to the poorest 20 percent of the population.
14. World Bank (2003r). A World Bank study estimates that developing countries could use at least \$30 billion more in incremental aid. This estimate is conservative for several reasons: it does not reflect the costs of meeting all the Millennium Development Goals in all countries; it reflects gaps in data and analysis at the country level, particularly with regard to infrastructure and capacity enhancement; and it does not consider the costs of meeting global and regional public goods, including HIV/AIDS and some aspects of environmental sustainability.
15. This section draws on World Bank (2003g).
16. The International Development Association helps the world’s poorest countries reduce poverty by providing “credits,” which are loans at zero interest with a 10-year grace period and maturities of 35–40 years.

17. This section draws on IDA and IMF (2003b).
18. For example, the World Bank and the United Nations together with Japan, the Netherlands, and Switzerland have established a multidonor trust fund to support country led preparation efforts for Poverty Reduction Strategy Papers (PRSPs). In addition, the Bank has developed a new credit instrument especially designed to support implementation of a country's PRS, known as a poverty reduction support credit. As of end-November 2003, the Bank has approved 14 credits in 8 countries. Similarly the International Monetary Fund is providing loans through its Poverty Reduction and Growth Facility to support PRS implementation.
19. Data from Global IDP Norwegian Refugee Council April 2003.
20. Data from UNHCR, 8 January, 1999.
21. Data from Ministry of Education, Sierra Leone.
22. See http://www.worldbank.org/privatesector/ic/ic_country_report.htm.
23. See <http://www.fias.net>.
24. See, for example, UNCTAD, *World Investment Report*, Bosnia and Herzegovina Fact Sheet, <http://www.unctad.org/Templates/Page.asp?intItemID=2441&lang=1>.
25. See <http://rru.worldbank.org/DoingBusiness/AboutDoingBusiness.aspx>.
26. <http://www.integratedframework.org>.
27. This section draws on Cambodia, Ministry of Commerce (2001).
28. According to a recent study, Cambodia would be one of the most adversely affected countries in the region from China's membership in the World Trade Organization. (Krumm, Kathie, Homi Kharas, eds. 2003. *East Asia Integrates: A Trade Policy Agenda for Shared Growth*. Washington, D.C.: World Bank. Chapter 2, Regional Impact of China's WTO Accession.)
29. There is, however, evidence that financial development (measured as the ratio of private credit to GDP) can magnify the impact of inflationary shocks on output volatility in low- and middle-income countries (Beck, Lundberg and Majnoni 2001).
30. For more information see <http://www.cgap.org/about/donors.html>.
31. The International Monetary Fund's Poverty Reduction and Growth Facility arrangement has supported the privatization of nationalized banks as well as other measures to liberalize the financial system and strengthen central bank autonomy. The Bank has supported financial sector reform through a Banking Sector Adjustment Loan in December 1997 (\$300 million), a Banking Sector Restructuring and Privatization Project in 2001 (\$300 million), and a Banking Sector Technical Assistance Project in 2002 (\$27 million), as well as ongoing dialogue on housing finance. A joint World Bank–International Monetary Fund Financial Sector Assessment Program is planned for 2004.
32. This new project was approved by the World Bank Board in December 2003.
33. Data from Ministry of Economic Development, Colombia.
34. This section draws on Wagle and Shah (2003).
35. This section draws on World Bank (2002x).
36. For further information see <http://www.worldbank.org/wbi/governance/parliament/about.html>.
37. See <http://web.worldbank.org/WEBSITE/External/NEWS/0,contentMDK:20036126~menuPK:34480~theSitePK:4607,00.html>.
38. See <http://lnweb18.worldbank.org/ESSD/envext.nsf/48ByDocName/Biodiversity>.
39. UNIFEM: Gender and HIV/AIDS—Facts and Statistics http://www.unifem.org/index.php?f_page_pid=30.
40. For more information see: <http://wbln0018.worldbank.org/HDNet/HDdocs.nsf/c840b59b6982d2498525670c004def60/0db5c0fc36d4ccc2852568e70073e95e?OpenDocument>.
41. World Bank staff estimates.
42. For more information on the High Level Harmonization Forum and the OECD-DAC good practice papers, see: <http://www1.worldbank.org/harmonization/romehlf/> and <http://www.oecd.org/pdf/M00039000/M00039775.pdf>
43. World Bank staff estimates.
44. For more information see: <http://www1.worldbank.org/education/efa.asp>.
45. See <http://unfccc.int/resource/convkp.html>.

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Contributors to the report include: Awatif H. Abuzeid, Magdi M. Amin, Alexander Padolina Arenas, Ian Bannon, Ana Elisa Luna Barros, Klia Bassing, Francesca Adele Bastagli, Bhuvan Bhatnagar, Amar Bhattacharya, Nataliya Biletska, Jan Bojo, Emily Brearley, Colin Bruce, Andrew Robert Clark, Daniel Cotlear, Csaba Csaki, Dipak Dasgupta, Ishac Diwan, William Leslie Dorotinsky, Theodore S. Dreger, Marianne El-Khoury, Janet Entwistle, Joanne Epp, Manuela V. Ferro, Ignacio Fiestas, Richard Fix, Phoebe M. Folger, Reiner F. Forster, Sushma Ganguly, Colum Garrity, Kristalina Georgieva, Margaret Ellen Grosh, Richard Ground, Jonathan Halpern, Amy Jill Heyman, Kathryn Hollifield, Stephen Howes, Aliya Husain, Theresa Jones, Mats Karlsson, Raja Bentaouet Kattan, K. Anna Kim, Jeni G. Klugman, Lucia Kossarova, Ekaterina Krivonos, Gerard Martin La Forgia, Sheldon Lippman, J. Humberto Lopez, Susan McAdams, Sidney Maher, Robin Mearns, Richard E. Messick, Cem Mete, Margaret J. Miller, Vidhya Muthuram, Vikram Nehru, Ken Newcombe, Richard Newfarmer, Nelly V. Obias, Janine T. Pampolina, Axel Peuker, Miria A. Pigato, Ian Porter, Giovanna Prennushi, Rachidi Radji, Martin Rama, Vishal Rao, Klaus Rohland, Randi Susan Ryterman, Jamil Salmi, Antoinette M. Sayeh, Nicole Schwab, Karim Sehnaoui, Parmesh Shah, Katrina M. Sharkey, Lynne D. Sherburne-Benz, Janmejay Singh, Martin Slough, Su Yong Song, Andrew Stone, Susan Stout, Helen Sutch, Eric Swanson, Helena Tang, Jeff Thindwa, Mariana Todorova, Katherine Anne Tulenko, Alexandria Valerio, John Van Dyck, Meike Van Ginneken, Leslie Villegas, Jan Walliser, Myla Williams, Mittpheap You, and Debrework Zewdie.

The report was prepared under the direction of John Page, Director, Poverty Reduction Group, and Gobind Nankani, Vice-President, Poverty Reduction and Economic Management Network. Gerard T. Rice, Communications Director, EXT, and John Underwood, Director, OPCS, also provided guidance.

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