



High Level Forum
Globalization and Global Crisis:
The Role of Official Statistics
Monday, 23 February 2009
ECOSOC Chamber
3:00 - 6:00 pm

**The Global Economic Crisis and the Role of Official
Statistics**

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Main Messages

- The crisis is likely to protract if the developed and developing countries do not adopt a decisive, coordinated fiscal stimulus.
- More statistical data are needed to respond to the crisis
- The World Bank stands ready to work with international statistical community to strengthening data collection and analysis

The financial crisis and its impacts

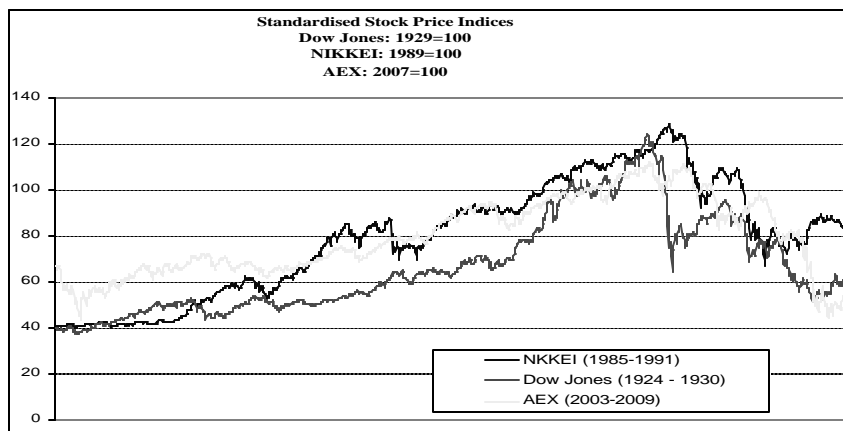
- Since the financial crisis erupted in the fall last year, IMF and the World Bank have repeatedly adjusted the global forecasts downward.
- Forty percent of developing countries are exposed to the poverty effects of the crisis.
- According to the newest forecast, World Bank estimates that 46 million more people will fall under poverty line than was expected before the crisis. This is on top of the 130-155 million people that was pushed into poverty due to the food/fuel crises.
- 200,000 – 400,000 deaths of children before age of 5 each year if crisis persists
- ILO estimates that 50 million job loss in 2009
- There are many downside risks for the projection of recovery in 2010.

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The Collapse in Equity Market was as severe as that in the US in 1929/30 and in Japan in 1990/91



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Excess capacity is the root of downside risks

- The governments quick actions prevent widespread bankruptcies in financial sector
- The excess capacity emerges:
 - The Wealth effect results in sharp reduction in demand
 - The boom in 2002-7 was accompanied by huge investments in real estate and manufacturing sectors globally, which contributed to the sharp increase in capacity
- The Excess capacity and vicious cycle

Two key determinants of recovery

- Avoiding protectionism
- Coordinated fiscal stimulus
- However, many developing countries are constrained by
 - Fiscal deficits due to food and fuel crisis
 - Shortage of foreign reserves- one third of developing countries already had current account deficits of more than 10 percent of GDP

The World Bank's responses

- To prevent the economic crisis turn into human crisis and to assist developing countries to adopt the countercyclical fiscal stimulus, the World Bank has adopted measures to
 - Frontload IDA15 grants
 - Triple IBRD Lending
 - Enhance IFC programs
 - Initiate Vulnerability Fund

Improving data to respond to the crisis

- Three areas need urgent action
 - Timely data on labor markets, social protection, and poverty
 - More data on non-bank financial institutions and on derivatives
 - More data on household assets and asset distribution to measure wealth effects better.
- Official statistics agencies need to take broad view of their public role
- The need to resist pressures to cut budgets for statistics

World Bank support to country statistical systems

- Better data requires effective national statistical systems
- Crisis presents an opportunity similar to Asian crisis in the nineties
- World Bank, with partners, supporting a three-stage strategy
 - Invest in capacity of national statistical systems
 - Make better use of existing data
 - Support global data efforts such as the ICP

What is being done?

- Investing in statistical capacity
 - Working with PARIS21 and other partners to support national strategies for statistics
 - Scaling up investment through the Statistics for Results Facility
- Making better use of data
 - International Household Survey Network
 - Accelerated Data Program
 - Living Standards Measurement Program
- Supporting global data efforts, especially the International Comparison Program

Some issues to consider

- Scale up and sustain capacity strengthening programs
- Improve dialogue between statisticians and policy makers
- Strengthen and streamline global coordination
- Form strategic partnerships with academia, the private sector, and other data suppliers and users
- Place financing of global public goods on a sounder footing
- Resist pressures to cut budgets for statistical organizations