Contents

Preface		
1	Introduction	1
2	Outlook for Global Growth and Commodity Prices	4
	Global Outlook Commodity Prices	4
3	How Are LICs Affected?	8
	An Overview The Channels	8 12
4	Policy Responses	24
	Fiscal Policy Monetary and Exchange Rate Policy	24 30
5	Financing Needs and Support from the International	
	Community	33
6	Challenges Ahead	36
App	pendixes	
	 Countries Included in the Analysis The April 2008 World Economic Outlook (WEO) and Current Projections 	38
	3 DSA Simulations	41
Refe	References	
Box	es	
Figu	4.1. Debt Vulnerabilities5.1. External Financing NeedsAl. Debt Sustainability Framework	29 34 42
	2.1. Real Gross Domestic Product2.2. Growth in Emerging and Developing Countries, 2009—10	5

2.3.	Daily Commonly Price indices	/
2.4.	Selected Commodity Prices	7
3.1.	Low-Income Country GDP Growth	9
3.2.	Projections for 2009 and 2010	10
3.3.	Change in Average Overall Fiscal Balance in 2009 Relative to	
	2008, by Country Groups	11
3.4.	Impact of the Crisis on LIC Revenues, 2008—09	11
3.5.	Merchandise Export Growth	13
3.6.	LIC Terms of Trade	14
3.7.	LIC Export and Import Indices	14
3.8.	LIC Aid, Remittances, and FDI Flows	16
3.9.	Foreign Direct Investment to LICs	16
3.10.	Bank Nonperforming Loans to Total Loans	18
3.11.	Bank Credit to Private Sector in LICs	19
3.12.	Syndicated Loan Issuance, 2008—09	20
3.13.	Evolution of Selected Stock Market Indices	21
3.14.	Evolution of the Yield Curve	22
3.15.	Maturities Falling Due on Syndicated Loans	23
3.16.	Equity Markets and Selected Asian LICs	23
4.1.	Evolution of Total Revenues and Expenditures	25
4.2.	Discretionary Stimulus Composition	26
4.3.	Planned Financing Sources for Deficits	28
4.4.	General Government Debt, 2006—11	28
4.5.	Growth in Reserve Money	31
4.6.	Growth in Credit to the Private Sector	31
4.7.	Nominal and Real Effective Exchange Rate Movements	32
Tables		
5.1.	Estimated Balance of Payments Financing Needs, 2009-10	34
Al.	Risk of Debt Distress and HIPC Status	44