



World Development Report 2025

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Background

- **World Bank** publishes the **World Development Report (WDR)** as its **annual flagship publication**.
- **First WDR:** 1978
- **Purpose:**
 - Provide **in-depth analysis**, **data-driven insights**, and **policy recommendations**
 - Address global development challenges and promote **sustainable development**
- Each edition focuses on a **specific theme critical for global development**.

Theme of WDR 2025

- "Standards for Development"

Introduction

Why Standards Matter?

- Standards are the **hidden infrastructure of modern economies**.
- They enable:
 - Seamless global payments
 - Digital connectivity (Wi-Fi, cloud access)
 - Interoperable health systems (e.g., vaccines and syringes)
- When standards function well:
 - They **build trust**
 - Allow people and firms to focus on **innovation, trade, and productivity**
- When standards fail:
 - Economic friction increases (payment failures, signal loss, vaccine spoilage)
 - People expend energy on meeting **basic needs instead of productive activity**

Standards and Developing Countries

- Developing countries face:
 - **Increasingly stringent international standards**
 - Pressures arising from **globalization and rapid technological change**
- Effective use and shaping of standards is now essential for:
 - **Export growth**
 - **Technology diffusion**
 - **Efficient public service delivery**
- Despite their importance, standards are often **overlooked by policymakers**, especially in developing economies.

Key Contributions of WDR 2025

- Provides the **most comprehensive global assessment** of standards to date.
- Explains how standards can be leveraged to **accelerate economic development**.
- Offers a **practical policy framework** tailored to countries at different stages of development:
 - **Early-stage economies:** Adapt international standards to local conditions where necessary

- **More advanced economies:** Align domestic markets with international standards
- **All countries:** Actively participate in **authoring international standards** in priority sectors

Overall Significance

- Positions standards as a **strategic development tool**, not merely technical rules.
- Emphasizes standards as critical enablers of **trade, innovation, trust, and inclusive growth** in the global economy.

WDR 2025 – Key Takeaways

- **Standards as foundations of prosperity**
 - Standards are the **hidden infrastructure** of modern economies.
 - They embed collective knowledge, build trust, and enable efficient markets.
 - When standards work, **prosperity follows**; when they fail, **markets fragment**.
- **Rising importance for developing countries**
 - Nearly **90% of global trade** is shaped by **non-tariff measures**, largely standards-related.
 - Standards are critical for **competitiveness, technology adoption, and risk management** (technological, financial, environmental).
 - New technologies (digital payments, EV charging, etc.) deliver benefits **only when standards exist**.
- **Three types of standards**
 - **Measurement standards:** Ensure accuracy and comparability.
 - **Compatibility standards:** Enable interoperability.
 - **Quality standards:** Define acceptable performance and safety.
- **Role of governments**
 - Most standards begin as **voluntary**, drafted by private actors.
 - Governments strengthen impact by:
 - Convening stakeholders
 - Embedding critical standards into **regulation**, especially for health, safety, and environment.

- **Standards as an economic policy tool**

- Can be used to:
 - Drive innovation
 - Guide regulatory compliance
 - Support **industrial policy** without targeting specific firms or technologies.
- Mandatory standards are justified where **uniform compliance** is essential.

- **Align ambition with capacity**

- Countries should follow a **sequenced trajectory**:
 - Adapt international standards to local conditions (early stage)
 - Align with global standards as institutions mature
 - Participate in **authoring international standards** as capabilities grow
- Example: **Rwanda's Zamukana Ubuziranenge ("Grow with Standards")** programme supporting MSMEs.

- **Quality infrastructure is essential**

- Effective standards require strong systems of:
 - Testing
 - Certification
 - Metrology
 - Accreditation
- Capacity gaps are large:
 - Ethiopia: **<100 ISO-accredited auditors**
 - Germany: **~12,000 auditors**
- Recommended approach:
 - Start with public provision in key sectors
 - Gradually allow private participation.

- **High costs constrain adoption**

- Compliance and certification costs can reach **US\$425,000 per firm** in LMICs.
- Solutions include:
 - Simplified certification

- Regional equivalence
- Harmonisation and mutual recognition
- These measures can **reduce trade costs** and unlock export potential.
- **Improving health and education outcomes**
 - Standards ensure reliability and quality in public services.
 - Health:
 - **60% of deaths** in LMICs are from preventable or treatable conditions.
 - Process standards (e.g., childbirth checklists) reduced **maternal deaths by ~47% in India**.
 - Education:
 - Teaching-quality standards helped **Ceará, Brazil** achieve near-universal early-grade literacy.
- **Managing environmental and technological risks**
 - **99% of people** breathe air dirtier than **WHO guidelines**, reducing life expectancy.
 - Compliance could add **~2 years to global life expectancy**.
 - One-size-fits-all standards can overburden low-capacity states.
 - **Tiered, affordable standards**, with monitoring and enforcement, are key for a just transition.
- **Governance standards strengthen the state**
 - Apply to the global public workforce of **~373 million workers**.
 - Clear standards for hiring, pay, and procurement:
 - Improve transparency
 - Enhance efficiency
 - Reduce discretion and corruption.

Policy Recommendations for Countries

- Incentivise firms to **upgrade export quality**, rather than impose unrealistic mandates.
- **Adapt and sequence standards** in line with enforcement capacity.
- Actively participate in **international standard-setting forums**.

- Invest in and **share quality infrastructure** at regional levels.

Key Actions for Global Community:

- **Enable inclusive standard-setting**
 - Support **low- and middle-income countries** to participate in developing **international standards**.
 - Promote **tiered standards** that reflect differing national capacities.
- **Reduce fragmentation**
 - Deepen **regulatory cooperation** across countries.
 - Minimise divergence and duplication in standards and regulations.
- **Address future risks**
 - Develop **credible standards** for **emerging technologies**.
 - Strengthen standards to **prevent or mitigate climate change**
- **Strengthen evidence base**
 - Expand **research and data** on the **economic and social impacts** of standards.

Core message

- **Standards matter for development.**
 - Countries that engage with and shape standards **move ahead**.
 - Countries that ignore standards **risk falling behind**.

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