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Sustainable development and international economic cooperation: implementation of the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, and implementation of the International Development Strategy for the Fourth United Nations Development Decade

Challenges and progress in implementing the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries and the International Development Strategy for the Fourth United Nations Development Decade**

Report of the Secretary-General

Summary

The present report provides an overview of the challenges and constraints to achieving the major development goals and objectives adopted by the United Nations during the 1990s, including the International Development Strategy for the Fourth United Nations Development Decade, and an update of the progress made towards achievement of the goals during the Decade.

The economic and social development of developing countries, in particular the least developed countries, during the 1990s (and, to the same extent, in the new millennium) face several challenges and threats — some have been in existence for many years and others are new. While the economic performance of developing countries as a whole improved in the 1990s compared to that in the 1980s, long-existing challenges — mass poverty, armed conflict, low commodity prices and

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** The report was submitted late to the conference services because it required data for the year 2000, some of which were not available until mid-2002.

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insufficient financial flows — and new challenges — the rapid spread of HIV/AIDS and globalized but more volatile economic activities — constrained most low-income developing countries from achieving the major development goals.

The United Nations Millennium Declaration and major United Nations conferences, including the Third United Nations Conference on the Least Developed Countries, the International Conference on Financing for Development and the forthcoming World Summit on Sustainable Development, set goals and objectives that require action by the international community as a whole, individual countries and other stakeholders.

I. Introduction

1. On 1 May 1990, the General Assembly adopted the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries (resolution S-18/3, annex). On 21 December of the same year, the Assembly adopted the International Development Strategy for the Fourth United Nations Development Decade (resolution 45/199, annex). The Strategy incorporates several principles contained in the Declaration and emphasizes the need for an acceleration of growth in all sectors in developing countries. It calls on Member States to take the necessary steps to rectify the uneven and disappointing growth performances of the 1980s, address the challenges of the 1990s with a view to boosting the world economy, and accelerate development, thus transforming the 1990s into a productive decade. It also recognizes that such actions should take into account the responsibility of each country for its own development and should be in accordance with its capacity and its impact on the international economy (para. 10).

2. Reports on the progress made in implementing the Declaration and the Strategy were submitted to the General Assembly in 1992, 1994, 1996, 1998 and 2000 (A/47/397, A/47/270-E/1990/74, A/49/328, A/51/270, A/53/301 and A/55/209).

3. The General Assembly, in resolution 56/191 of 21 December 2001, requested the Secretary-General to provide it at its fifty-seventh session with an overview of the challenges and constraints as well as the progress made towards achieving the major development goals and objectives adopted by the United Nations during the past decade. The present report has been prepared in response to that request.

II. Development goals and objectives adopted by the United Nations during the 1990s

4. The central aim of the Strategy and the Declaration was to ensure that the 1990s would be a decade of accelerated development in the developing countries, including improvement in the human condition and strengthened international cooperation. The Strategy identifies six interrelated goals that include, inter alia, a surge in the pace of economic growth in developing countries, a significant reduction in extreme poverty, an improvement in the international trade and financial systems, a strengthening of international development cooperation and overcoming the problems of the least developed countries.

5. During the 1990s, several international conferences on development issues were held under the auspices of the United Nations, with the central focus on eradicating poverty.[1] The Millennium Summit in September 2000 adopted the United Nations Millennium Declaration (General Assembly resolution 55/2), of which the main development goals and objectives are built upon those adopted at the United Nations conferences of the 1990s.[2]

6. The present report provides an overview of the challenges and constraints to achieving these goals during the 1990s, as well as an update of the progress made, wherever new information became available to the Secretariat after the previous report on the same subject was submitted to the General Assembly.[3]

III. Overview of challenges and constraints to achieving the goals and objectives during the 1990s

7. The economic and social development of developing countries as a whole during the 1990s was tinted with a mixture of some successes and several challenges. The world economy witnessed some positive trends during the 1990s: better overall performance in relation to the 1980s; an increase in food production; some improvements in social indicators in many developing countries; and the rapid expansion of information and communication technologies. Several challenges and threats, however, constrained the economic and social development of many low-income countries, in particular the least developed countries.

8. While some challenges, such as mass poverty, armed conflict, declining commodity prices and insufficient financial inflows to these countries persist, the 1990s also witnessed new challenges, most notably a surge in armed conflict in developing countries and the fact that HIV/AIDS spread more rapidly than anticipated at the beginning of the 1990s. The disease is now a serious threat to the development of many sub-Saharan African countries. While the globalization process gained momentum during the decade, supporting the premises of the Declaration and the Strategy that a global approach is required in order to achieve sustained world economic growth and revitalization of development, the world economy experienced several financial crises which adversely affected the growth of many developing countries.

9. Globalization, in particular vibrant trade and financial flows that were facilitated by liberalization measures, stimulated growth in some developing countries, while countries that lack human resources and have weak productive and financial bases — that is, the least developed countries and some other low-income developing countries — were further marginalized. For example, the rapid development of information and communication technologies during the 1990s created great opportunities for profit-making and knowledge expansion for those that had access to these technologies, but the same technology did not benefit countries that had no adequate infrastructure, creating the situation now known as the digital divide, as educational and other preconditions for effective participation remained weak.[4] Many African countries are at risk of being excluded from the revolution in information and communications (E/2001/83, para. 34).

10. The international community made some progress in addressing development concerns during the 1990s. The Uruguay Round of Multilateral Trade Negotiations resulted in some improvements in market access for goods and services from developing countries and the Heavily Indebted Poor Countries (HIPC) initiative was introduced to reduce the debt burden of the world’s poorest countries to some extent, in particular with the introduction of the enhanced HIPC initiative in 1999, as examined in paragraph 29 below. However, access to developed countries’ markets and heavy external debts continue to be major constraints to the development of many developing countries (market access restricted by, inter alia, tariff peaks and escalation, the conversion of non-tariff barriers to ordinary tariffs and the introduction of non-tariff barriers, such as product coverage, product safety and rules of origin).

11. The international community continues to take some initiatives to facilitate the integration of these disadvantaged countries into the world economy in the new millennium. To liberalize further imports from the least developed countries, the European Union, the largest destination for their exports, adopted the “everything but arms” initiative in 2001, extending free access to agricultural products with the elimination of existing tariffs and quotas, with the exception of bananas, rice and sugar, the barriers for which would be eliminated between 2006 and 2009. The United States of America initiated the African Growth and Opportunity Act in 2000, a framework for the country’s trade and investment policy with countries in sub-Saharan Africa. Furthermore, a new series of trade negotiations under the auspices of the World Trade Organization (WTO) was launched in 2001 and is intended to focus on development issues of developing countries, in the context of the multilateral trading system.

12. Developments in the biennium 2001-2002 demonstrated that these challenges and concerns are still present in the new millennium. The slowdown of the world economy in 2001, owing to the sharp drop in investment in information and communication technologies and aggravated by the attacks of 11 September in the United States of America, reminded the international community of how swiftly a change in economic activity in a single country affects the world economy. The prolonged financial crisis in Argentina reveals, yet again, the shortcomings of the existing international financial architecture and, at the same time, shows how difficult it is to keep domestic macroeconomic policy consistent with a changing international economic environment. As the international community intensifies its focus on health improvement in general, and the HIV/AIDS pandemic in particular, the extent to which diseases have affected the economic and social aspects of many countries in sub-Saharan Africa is much more severe than previously estimated.

13. The section below provides an overview of the progress made in the 1990s towards achievement of the goals of the Declaration and the Strategy and those adopted by other United Nations summit meetings and conferences held during that decade in the light of the challenges and threats identified above.

IV. Progress made towards achievement of the goals and objectives of the Declaration and the Strategy

A. Economic growth

14. One of the main goals of both the Declaration and the Strategy is to revitalize economic growth in developing countries and stabilize short-term fluctuations in an expanding world economy. In paragraph 17 of the Strategy, the need is stressed for a supportive international economic environment and it is suggested that, in order to experience a genuine economic transformation, developing countries would have to aim for a growth rate of 7 per cent of gross domestic product (GDP).

15. The average rate of annual growth of GDP for the developing countries as a whole was 4.5 per cent for the period 1991-2000 (see table 1).[5] This was well below the 7 per cent target, but better than in the 1980s, when an average rate of annual growth of 2.3 per cent was recorded. During the past decade, Western Asia recovered from the decline of the 1980s, to achieve positive and stable growth. The

Table 1
Developing countries: growth of gross domestic product, 1981-2003
(Annual percentage change)

	1981-1990	*1991-2000*	*1999*	*2000*	*2001*[a]	*2002*[b]	*2003*[b]	*Number of countries*	*Share of population (percentage)*
Developing countries	2.3	4.5	3.5	5.8	2.0	3.3	4.9	95	78.5
Latin America and the Caribbean	1.1	3.1	0.4	3.9	0.3	0.3	3.1	24	8.5
Africa	2.0	2.2	2.9	3.0	2.9	2.7	4.2	38	12.8
Eastern and Southern Asia excluding China	6.6	5.3	5.9	6.8	2.1	4.6	5.5	17	31.9
Eastern and Southern Asia including China	7.0	6.5	6.3	7.1	3.7	5.4	6.0	18	53.2
Western Asia	-2.8	2.7	0.7	6.3	-1.2	1.7	4.7	15	4.0
Least developed countries	2.3	3.1	4.3	4.7	4.7	4.8	4.9	40	10.3
Sub-Saharan Africa	1.8	2.4	2.8	2.5	3.1	4.1	4.9	31	7.5
World	2.7	3.0	2.9	4.0	1.3	1.8	3.3	144	100

Source: Department of Economic and Social Affairs, United Nations Secretariat.
[a] Partly estimated.
[b] Projection.

Table 2
Developing countries: growth of per capita gross domestic product
(Annual percentage change)

	1981-1990	*1991-2000*	*1999*	*2000*	*2001*[a]	*2002*[b]	*Number of countries*	*Share of population (percentage)*
Developing countries	0.8	2.8	1.9	4.1	0.5	1.8	95	100
Africa	-0.7	-0.2	0.6	0.7	0.5	0.4	38	16.3
Latin America and the Caribbean	-0.6	1.4	-1.1	2.4	-1.2	-1.1	24	10.8
Western Asia	-3.5	0.4	-1.5	4.1	-3.3	-0.3	15	5.1
Eastern and Southern Asia including China	4.7	5.0	4.8	5.7	2.4	4.1	18	67.8
Eastern and Southern Asia excluding China	3.9	3.5	4.1	5.0	0.5	3.0	17	40.7
Sub-Saharan Africa	-1.2	-0.3	0.2	0.0	0.5	1.6	31	9.6
Least developed countries	-0.5	0.5	1.7	2.1	2.1	2.2	40	13.2

Source: Department of Economic and Social Affairs, United Nations Secretariat.
[a] Partly estimated.
[b] Projection.

economies of East and South Asia experienced the strongest growth among the developing regions during the 1990s, despite the Asian economic and financial crisis during the period 1997-1998. The overall economic performance of Africa, including sub-Saharan Africa, was marginally better in the 1990s than in the 1980s, although the rate remained the lowest among developing regions.

16. Improved growth of GDP, combined with a lower rate of population growth, translated into a higher average annual growth of per capita GDP during the 1990s than during the 1980s in all developing regions, except Eastern and Southern Asia, excluding China (see table 2). Despite the overall improvement, however, sub-Saharan Africa as a group had a negative per capita GDP growth for these two consecutive decades, implying that the average person of this group of countries had lower level of output in 2000 than in 1980 in real terms.

17. As indicated in the Strategy, acceleration in the process of industrialization must be a central element in the reactivation of development in the 1990s (para. 62) and, for several developing countries, agriculture would be an important means for economic growth (para. 72). The relative economic performance of developing regions during the 1990s was a reflection of the degree of progress made by each region in these two sectors. The strong growth of East Asian countries, in particular China, was supported by rapid industrialization of their economies (accompanied by strong export growth of manufacturing goods), while the economic growth of other developing regions, in particular sub-Saharan countries, was constrained by stagnant industrialization. As a result, East Asia accounted for more than 60 per cent of the total manufacturing value added of all developing countries in 2000, but the share of sub-Saharan Africa shrank from 2.3 per cent in 1991 to 1.6 per cent in 2000.[6]

18. In addition to the less vibrant industrial sector, Africa, in particular sub-Saharan Africa, did not experience strong growth in agricultural production — a main economic sector of the region. While agricultural production in sub-Saharan Africa during the 1990s grew at the annual rate of 2.8 per cent (virtually the same rate as in the 1980s), the region could have harvested more agricultural produce if it had avoided a number of natural and man-made disasters. According to the Food and Agriculture Organization of the United Nations, natural disasters and human factors (including violent conflict) during the period 1990-1997 resulted in a 30 per cent loss in total agricultural production in the same period.[7]

B. International environment

19. The Strategy notes that a supportive external environment is crucial (para. 21) and that the sound macroeconomic management of the world economy is of paramount importance (para. 22) for a surge in development during the 1990s. It also states that the international trading system is the pillar of an interdependent world economy and should establish conditions of openness and fairness in the interest of all countries (para. 46). To that end, it calls for the successful and balanced conclusion of the Uruguay Round of Multilateral Trade Negotiations and for the required improvements, adaptation and reform that would strengthen the international trading system (para. 50). For the financial dimension of the international environment, the Strategy recognizes that adequate financial resources, both domestic and external, are a precondition for the revitalization of economic growth.

1. Trade

20. The average annual increase in merchandise export value in United States dollars for developing countries between 1990 and 2000 was 9 per cent, compared to 6 per cent for the world.[8] Even though developed countries were still the main world traders, the share of developing countries in world exports of manufactures increased to 27 per cent in 2000 from 17 per cent in 1990, so that developing countries as a group become more integrated actors in the global trading system. This reflected rapid industrialization in some developing countries, in particular in East Asia, including China. However, the share of Africa in exports by the developing countries of manufactures dropped to 3 per cent in 2000 from 5 per cent in 1990.

21. The Strategy suggests that developing countries should create trade opportunities among themselves (para. 49). Total merchandise exports from developing countries to other developing countries grew at an average rate of 10 per cent during the 1990s, in contrast to a 6.5 per cent average annual increase in exports from developing to developed countries. Rapid industrialization was again a critical factor for trade among developing countries: the share of manufactures in total merchandise exports was 63 per cent in 2000 compared to 54 per cent in 1990. In contrast, the share of agriculture in total merchandise exports declined from 16 per cent in 1990 to 12 per cent in 2000.[9]

22. Another reason for the increased trade among developing countries was the proliferation of regional trading blocs, in particular the Association of South-East Asian Nations and three trade groups in the Latin America and Caribbean region.[10] While African countries somewhat increased their regional trade during the 1990s, the lack of integration in regional production and inadequate physical infrastructure muted this trend. Intra-African trade is highly concentrated geographically, with virtually no trade between East and West Africa.[11]

23. The Uruguay Round, concluded in 1994, involved commitments covering trade in goods and services and intellectual property rights. While the Round has benefited developing countries in some areas, they still face high tariffs, quotas and non-tariff barriers when exporting goods such as textiles, clothing, and primary commodities. In 2000, the General Council of WTO established a special mechanism to deal with issues of implementation in response to the concerns of developing countries. More importantly, however, in November 2001, the Fourth Ministerial Conference of WTO, held at Doha, Qatar, decided to launch a new series of trade negotiations that would pay particular attention to the concerns of developing countries, as mentioned above.[12]

2. International financial flows

24. During the 1990s, capital flows to developing countries were mostly favourable until the occurrence of the Asian financial crisis. The net resource flows increased from the average of $45.9 billion per year during the 1980s to $206.9 billion in 1996 (see table 3), the year before the crisis, and then declined to $12.2 billion in 2000. The decline was a result of decrease in private financial flows — the dominant form of external flows to developing countries — in particular bank lending.

Table 3
Net resource flows to developing countries, 1980-2001
(Billions of United States dollars)

	Average 1981-1990	*Average 1991-1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*[a]
Total net flow	45.9	161.5	206.9	140.0	87.9	68.8	12.2	62.9
Net private capital flows	19.0	133.5	210.7	108.0	45.6	55.5	6.9	27.1
Net direct investment	12.7	54.4	104.5	126.9	133.3	140.4	130.6	151.5
Net portfolio investment[b]	5.4	56.0	73.6	38.8	-9.1	30.8	-7.1	-32.6
Other net investment[c]	1.0	23.0	32.7	-57.8	-78.6	-115.6	-116.6	-91.8
Net official flows	26.9	28.0	-3.8	32.0	42.3	13.3	5.3	35.8

Source: Department of Economic and Social Affairs, United Nations Secretariat. Based on International Monetary Fund, *World Economic Outlook Database*, April 2002.

[a] Preliminary.

[b] Includes portfolio debt and equity flows.

[c] Includes short-term and long-term bank lending. It may include some official flows owing to data limitations.

25. While bank lending declined, foreign direct investment (FDI) became the single most important type of flow in the 1990s. At the same time, as capital markets in the world had become more liberalized and integrated, portfolio and equity flows, while showing large fluctuation in the late 1990s, have become more popular forms of financing than bank financing.

(a) Foreign direct investment

26. Despite the decline in external flows to developing countries in the late 1990s, foreign direct investment (FDI) continued to be the most stable and dominant form of private financial flows.[13] FDI flows to developing countries increased from $35 billion in 1991 to $185 billion in 1999, but declined to $178 billion in 2000. The FDI flows into East Asia declined to $58 billion in 2000 from a peak of $67 billion in 1997, with the bulk that flowed into the region directed to China, which received $41 billion in 2000. FDI flows into Latin America and the Caribbean showed a rising trend in the 1990s, reaching $76 billion in 2000. A partial reason for this increase was the implementation of a number of privatization programmes in the region. It should be noted that, owing to the relaxation of government barriers, the share of mergers and acquisitions in FDI flows to developing countries increased from 18 per cent in 1995 to 36 per cent in 1999. While FDI flows into Africa remained at the low level of $9.1 billion in 2000, flows into the region increased towards the end of the decade, mainly owing to the efforts made by governments to create more business-friendly environments.[14] FDI flows continue to be highly geographically concentrated: in 2000, the top 10 developing country recipients of FDI accounted for 74 per cent of total FDI flows to developing countries.

(b) Debt

27. The Strategy stresses the need for an early and durable solution to the problem of external indebtedness as a condition for the reactivation of development in many developing countries (para. 26) and calls for the broad implementation of recent

initiatives and measures to reduce the stock and service of debt of developing countries (para. 27).

28. The total debt stock of net-debtor developing countries increased to $2.2 trillion in 2000 from $1.3 trillion in 1990, but the ratio of the debt stock to exports of goods and services for developing countries as a whole improved, to 117 per cent in 2000 from 184 per cent in 1990.[15] While a significant improvement was observed in many large middle-income developing countries, low-income countries — many of them in Africa — continued to face severe debt-service obligations.

29. Under the enhanced HIPC initiative, which was endorsed in 1999 by the International Monetary Fund (IMF) and the World Bank, 26 of the 42 countries eligible for assistance reached their decision point and five countries reached their completion point by April 2002. According to IMF and the World Bank, the stock of debt of these 26 countries will fall by about two thirds, from about $62 billion in net-present-value terms to $22 billion, when the full debt relief pledged under pre-HIPC mechanisms and the HIPC initiative as well as additional bilateral debt relief beyond the initiative is fulfilled. A few other eligible countries that were faced with conflict or domestic governance issues, however, were unable to initiate the debt relief programme.[16]

30. In contrast to the progress made under the enhanced HIPC initiative, the debt sustainability of some low-income and middle-income countries that are not included in the initiative was not adequately addressed. Some of the indebted low-income countries are "blend countries",[17] which are excluded from schemes such as concessional rescheduling from the Paris Club or other forms of concessional debt relief, such as those covered by the HIPC initiative. The same applies to severely indebted middle-income countries. Special debt-relief measures are also needed to assist countries affected by war and natural disasters (A/55/422, para. 34).

(c) Official development assistance

31. The Strategy states that official development assistance (ODA) must remain an essential source of concessional aid to the developing countries, particularly to the poorest and the least developed (para. 40).

32. During the past decade, ODA from the countries of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) declined significantly and, by the end of 2000, had fallen to $54 billion, 0.22 per cent of the donors' combined gross national income (see table 4).[18] The share to the least developed countries declined from 27 per cent to 22 per cent between 1990 and 2000. Only five countries — Denmark, the Netherlands, Norway, Sweden and Luxembourg — met the internationally agreed target of 0.7 per cent of national income. Aid was more directed towards social services (14 per cent of ODA in 2000 compared to 8 per cent in 1995) and more importance was placed on the "ownership" of the development agenda by the recipient country.[19] The prospects for halting the decline in official development assistance (ODA) improved when Canada, the European Union and the United States announced substantial increases in ODA at the International Conference on Financing for Development in March 2002.

Table 4
Net official development assistance from members of the Development Assistance Committee, 1990 and 2000

	1990		*2000*	
	Official development assistance (millions of United States dollars)	*Official development assistance/gross national income[a] (percentage)*	*Official development assistance (millions of United States dollars)*	*Official development assistance/gross national income[a] (percentage)*
Australia	955	0.34	987	0.27
Austria	394	0.25	423	0.23
Belgium	889	0.46	820	0.36
Canada	2 470	0.44	1 744	0.25
Denmark	1 171	0.94	1 664	1.06
Finland	846	0.63	371	0.31
France	7 194	0.60	4 105	0.32
Germany	6 320	0.42	5 030	0.27
Greece	...	...	226	0.20
Ireland	57	0.16	235	0.30
Italy	3 395	0.31	1 376	0.13
Japan	9 069	0.31	13 508	0.28
Luxembourg	...	...	127	0.71
Netherlands	2 538	0.92	3 135	0.84
New Zealand	95	0.23	113	0.25
Norway	1 205	1.17	1 264	0.80
Portugal	148	0.25	271	0.26
Spain	959	0.20	1 195	0.22
Sweden	2 007	0.91	1 799	0.80
Switzerland	750	0.32	890	0.34
United Kingdom	2 638	0.27	4 501	0.32
United States	11 394	0.21	9 955	0.10
Total	**52 960**	**0.33**	**53 737**	**0.22**

Source: Organisation for Economic Cooperation and Development, *Development Cooperation Report 2001* (Paris, 2001), table IV-1.

[a] Beginning in 2001, the Organisation for Economic Cooperation and Development reports the ratio between official development assistance (ODA) and gross national income (GNI), instead of the ratio between ODA and gross national product (GNP). The change was made necessary by the 1993 revision of the System of National Accounts which discontinued the term GNP and replaced it with GNI, an equivalent concept.

C. Poverty and human resources development

33. One of the salient themes of the Strategy is the strengthening of the relationship between economic growth and human conditions. The Strategy stresses that economic growth is vital for the eradication of poverty and attaining social goals, such as

elimination of hunger and malnutrition, improving health, education, access to water and sanitation services and reducing mortality rates of children and women.

1. Poverty, hunger and malnutrition

34. Combating poverty has been the central theme of the major United Nations conferences and summit meetings convened during the past decade. Poverty is a multidimensional phenomenon characterized by low income and consumption, hunger and malnutrition, poor health, and lack of access to water and sanitation.

35. The proportion of people living on less than $1 a day (a standard poverty line measured by 1985 international prices) throughout the world declined from 29 per cent in 1990 to 23 per cent in 1999. This overall decline in poverty rates, however, was a result of a significant reduction in the number of people living in extreme poverty in East and South Asia, in particular in China. While in Africa and Latin America and the Caribbean the percentage of the population living in extreme poverty declined marginally (from, respectively, 48 and 17 per cent in 1990 to 47 and 15 per cent in 1997), the number of people living below the poverty line increased. In particular, many countries in sub-Saharan Africa were plagued with high rates of HIV/AIDS and other diseases, and some experienced political instability.

36. Reflecting this disappointing progress in poverty reduction, the number of those chronically undernourished in the developing world declined only slowly. About 780 million people in developing countries (17 per cent of the population) were estimated to be undernourished in the period 1997-1999, compared to 816 million (20 per cent of the population) in 1990-1992 (see table 5). As in the case of poverty reduction, however, this reduction was achieved by a small number of countries: in only 32 (including China) of the 99 developing countries for which estimates are available has there been a decrease in the numbers of undernourished between the periods 1990-1992 and 1997-1999.

Table 5
Number and proportion of undernourished persons in developing countries by region

Region or country group	*Number of undernourished (millions)* 1990-1992	*Number of undernourished (millions)* 1997-1999	*Percentage of the population* 1990-1992	*Percentage of the population* 1997-1999
Developing countries	816.3	777.2	20.1	17.0
Latin America and the Caribbean	58.6	53.6	13.3	10.8
South Asia	288.8	303.0	25.7	23.6
Near East and North Africa	25.1	32.5	7.8	8.6
Sub-Saharan Africa	167.7	194.0	35.3	33.9
Asia and the Pacific	564.8	497.1	20.0	15.9

Source: Department of Economic and Social Affairs of the United Nations Secretariat. Based on Food and Agriculture Organization of the United Nations (FAO), *The State of Food Insecurity in the World 2001* (Rome, 2001), table 1.

Note: Country groupings used by FAO differ from standard United Nations groupings as defined in *World Economic and Social Survey 2002* (forthcoming). For details, see table 1 cited above.

2. Health

37. Paragraph 90 of the Strategy states that attention needs to be given to primary health care and the prevention of chronic diseases, as well as to general development objectives such as sanitation, safe drinking water and nutrition, and that, in the field of health, special attention should be given to women and children. It is recalled that the international community had already agreed upon several targets for the 1990s, including the reduction of under-five mortality rates by one third below the level of 1990 or to 70 per 1,000 live births (whichever saved more lives), the reduction of malnutrition among children under five years of age by one half, and the halving of maternal mortality rates.

38. Major constraints to the achievement of progress in the health sector that are now recognized are rising health costs, inadequate levels of health spending, a shortage of appropriately qualified staff, climatic and geographical predisposition to disease, and physical conditions unfavourable to service delivery.[20]

(a) Mortality of children under five years of age

39. There were few fundamental changes in the trends in under-five mortality rates. As reported in the previous report of the Secretary-General (A/55/209), target rates of one third below the level of 1990, or 70 per 1,000 live births, were not achieved, even though Latin America and the Caribbean (a rate of 37 in 2000, compared to 53 in 1990) came close to the target.

(b) Child nutrition

40. Malnutrition causes one half of all child deaths worldwide. Progress was made in reducing child malnutrition worldwide during the 1990s: underweight prevalence in developing countries declined from 32 per cent in 1990 to 28 per cent in 2000, and the number of malnourished children under five years of age declined, from 177 million to 150 million during the same period.[20] The largest decline was achieved in East Asia, where underweight prevalence decreased from 19 to 10 per cent, or by nearly one half. The decrease in Latin America and the Caribbean was from 11 to 8 per cent and in sub-Saharan Africa was from 32 to 30 per cent. In the latter region, despite the progress achieved in a few countries, the absolute number increased to about 32 million during the 1990s. South Asia had the highest concentration of malnourished children, with 78 million — one half the world total.

(c) Safe drinking water and sanitation

41. The percentage of the world population with access to improved water sources increased from 77 per cent (4.1 billion) in 1990 to 82 per cent (4.9 billion) in 2000, but about 1.1 billion people still did not have access to safe drinking water. The greatest improvement was in South Central Asia, where numbers rose from 72 per cent of the population to 85 per cent between 1990 and 2000. Sub-Saharan Africa had the lowest coverage, with only 57 per cent in 2000 compared to 53 per cent in 1990. During the same period, access to safe drinking water in rural areas improved by 7 per cent, compared to a 1 per cent increase in rural areas, but the disparity in access between the two areas continued to be high.

42. Global sanitation coverage increased from 51 to 61 per cent between 1990 and 2000, with about 1 billion more people gaining access. Despite these improvements, 2.4 billion people, more than one half of all those living in Asia, lacked access to improved sanitation in 2000. The percentage of people with no access in sub-Saharan Africa was 12 per cent, and in Latin America and the Caribbean the percentage was 12 per cent. In urban areas of developing countries, the sanitation coverage increased from 81 to 85 per cent and in rural areas the coverage increased from 21 to 35 per cent between 1990 and 2000.

3. Education and literacy

43. The Strategy (para. 88) recognizes that education is both a basic human need and a prerequisite for achieving other objectives of development. It recalls that the international community had accepted the goals of providing universal access to basic education and completion of primary education by at least 80 per cent of those enrolled, and states that the eradication of illiteracy needs special emphasis, including its eradication among women. It also recalls the internationally agreed target of reducing adult illiteracy by one half during the 1990s.[21] While some progress was achieved in increasing primary school enrolment and adult literacy ratios during the decade, the pace of progress was not fast enough to reach the goals.

44. During the 1990s, the adult illiteracy rate in developing countries as a whole declined from 33 to 26 per cent (see table 6), thus missing the goal set by the Strategy of reducing adult illiteracy rates by 50 per cent by 2000. Moreover, in 2000, there were still 880 million illiterate adults in the world, two thirds of whom were women. The majority of illiterate people were located in the South Asian and East Asian and Pacific regions. The number of illiterate people in South Asia increased by 40 million in the 1990s, accounting for 47 per cent of the world total in 2000.[22] While illiteracy was highly concentrated among women in South Asia and sub-Saharan Africa, such concentration was not observed in Latin America and the Caribbean and East Asia and the Pacific.

D. Situation of the least developed countries

45. The Strategy points out that the least developed countries were the hardest hit by the difficulties in the world economic scene during the 1980s and calls on the international community to take steps to avoid the marginalization of these countries in the world economy (para. 99). It specifies development assistance targets, increased access for the exports of the least developed countries to major markets, and encourages donors to take steps to provide further bilateral concessional debt forgiveness to the least developed countries (para. 100).

46. The average annual rate of growth of the least developed countries during the 1990s was 3.1 per cent, compared to 2.3 per cent in the 1980s (see table 1 above), while per capita GDP grew at an average annual rate of 0.5 per cent — an improvement over the negative 0.5 per cent average annual rate of the 1980s (see table 2 above). During the 1990s, while the least developed countries in South Asia experienced sustained growth, the growth performance of the same group of countries in sub-Saharan Africa was not encouraging.

Table 6
Adult illiteracy rates

Region	*1980*	*1990*	*1995*	*2000*
Developing countries				
Total	41.8	32.6	29.5	26.3
Female	52.9	41.9	38.1	34.2
Latin America and the Caribbean				
Total	20.3	14.9	13.3	11.7
Female	22.5	16.3	14.5	12.6
East Asia and the Pacific				
Total	30.8	19.9	16.6	13.4
Female	42.3	28.1	24.0	19.7
South Asia				
Total	60.7	53.1	49.5	45.8
Female	75.5	67.4	63.3	59.0
Sub-Saharan Africa				
Total	61.7	50.7	45.2	39.7
Female	72.2	60.3	54.0	47.6
Arab States				
Total	60.0	48.8	43.8	38.8
Female	75.2	63.4	57.2	51.0
Least developed countries				
Total	66.0	57.7	53.7	49.3
Female	77.7	68.8	64.4	59.5

Source: United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics.

Note: Country groupings used by UNESCO differ from standard United Nations groupings as defined in *World Economic and Social Survey 2002* (forthcoming). For details, see UNESCO*, World Education Report 2000: The Right to Education — Towards Education for All Throughout Life* (Paris, 2000), p. 112.

47. While the share of the least developed countries in world merchandise exports has been small, growth in the value of the merchandise exports of these countries outpaced that of total world merchandise trade for two consecutive years, 1999 and 2000,[23] mainly owing to robust exports of manufactured goods. The least developed countries that were involved in armed conflict and civil strife, however, experienced shrinking trade.

48. Exports by the least developed countries continued to face numerous barriers in developed country markets, especially agricultural products, garments and textiles, major export items from these countries. In 1996, WTO established a plan of action for the least developed countries at its First Ministerial Meeting in order to remove market access barriers and support trade development. Since that meeting, 11 countries and the European Community have improved their market access for the least developed countries.[24]

49. At the First United Nations Conference on the Least Developed Countries, held in Paris in 1990, when the total ODA provided by the DAC member countries to the least developed countries was 0.09 per cent of their combined GNP, it was agreed that donor countries would double previous aid levels, or attain a level of 0.15 per cent of national income for this group. In 2000, however, only five countries (Denmark, Luxembourg, the Netherlands, Norway and Sweden) met the target of 0.15 per cent.

50. During the 1990s, there was a decline in long-term capital flows into the least developed countries. The countries as a group received $4.5 billion in FDI in 2000. Most of the inflows to these countries was, however, concentrated in five countries rich in petroleum or minerals. The least developed countries in sub-Saharan Africa continued to have difficulties in attracting FDI owing to poor infrastructure, political uncertainty, insufficient market size and an unattractive investment climate.[25]

51. The least developed countries have made some progress in attaining social goals during the 1990s, but owing to low levels of economic growth, they did not make strides in all social indicators. During the decade, on average, 15 per cent of the children born in the least developed countries did not survive past the age of five, and life expectancy was approximately 51 years. The adult literacy rate for this group of countries was 49 per cent, compared to 81 per cent for other developing countries. Primary and secondary school enrolment rates were, respectively, 30 and 50 percentage points below other developing countries and among the least developed countries are countries that have the highest gender gap in education.[26] The rapid spread of contagious diseases such as HIV/AIDS in a number of the least developed countries in sub-Saharan Africa severely impeded progress.

52. Reflecting these continuing difficulties, only one country — Botswana — "graduated" successfully from the group of the least developed countries during the 1990s, while Senegal became a least developed country in 2000 (see E/2001/94 and Corr.1).

V. Related United Nations conferences in the new millennium

53. In the first decade of the new millennium, the challenges and threats identified above have been addressed, inter alia, in a number of United Nations global conferences, including the International Conference on Financing for Development, the World Conference against Racism, Xenophobia and Related Intolerance, and the Third United Nations Conference on the Least Developed Countries. As noted in paragraph 23 above, the Fourth Ministerial Conference of the World Trade Organization also focused on the challenges faced by the developing countries.

54. The United Nations Millennium Declaration,[27] which was adopted at the Millennium Summit in September 2000, contains goals and objectives urging action by countries and other stakeholders. The millennium development goals include targets on reducing extreme poverty, education, health, gender equality and the environment, with the eradication of extreme poverty being the overarching millennium development goal. The Millennium Declaration also contains a special section on Africa, emphasizing that this region faces special challenges and that the attainment of its development goals is the most difficult (see E/2001/83).

55. At the International Conference on Financing for Development, held at Monterrey, Mexico, in March 2002, the heads of State and Government acknowledged that resources are needed to achieve the internationally agreed development goals, including those specified in the Millennium Declaration. The strengthening of the global economic system's support for development was also stressed. The Monterrey Consensus also notes that good governance at all levels is necessary for sustained economic growth, poverty eradication and sustainable development.[28]

Notes

[1] These include the United Nations Conference on Environment and Development (1992), the International Conference on Population and Development (1994), the Fourth World Conference on Women (1995) and the World Summit for Social Development (1995).

[2] Information on the initiatives that were launched at the conferences is contained in annex V to the report of the Secretary-General entitled "Integrated and coordinated implementation and follow-up of major United Nations conferences and summits: a critical review of the development of indicators in the context of conference follow-up" (E/1999/11).

[3] A comprehensive review of economic and social development during the 1990s is provided in the report of the Secretary-General on the implementation of the United Nations Millennium Declaration (A/57/270).

[4] *Poverty amidst Riches: The Need for Change. Report of the Committee for Development Policy on the Second Session* (United Nations publication, Sales No. E.00.II.A.4).

[5] For more recent global economic trends, see chapter I of United Nations, *World Economic and Social Survey 2002* (forthcoming).

[6] Data provided by the United Nations Industrial Development Organization.

[7] Food and Agriculture Organization of the United Nations, *The State of Food and Agriculture 2000* (Rome, 2000), pp. 77-78. The organization includes Nigeria in statistics for sub-Saharan Africa.

[8] World Trade Organization, "Overview of developments in the international trading environment: annual report by the Director-General" (WT/MIN(01)/2), pp. 46-47; see also tables III.2 and III.3.

[9] Ibid., p. 50.

[10] For the evolution of intraregional trade since 1970, see World Bank, *World Development Indicators 2002* (Washington, D.C., 2002), table 6.5.

[11] See *World Economic and Social Survey, 2001: Trends and Policies in the World Economy* (United Nations publication, Sales No. E.01.II.A.4), table A.14.

[12] United Nations Conference on Trade and Development, *Trade and Development Report 2002* (United Nations publication, Sales No. E.02.II.D.2).

[13] *World Economic and Social Survey 2001:* ..., p. 45.

[14] *World Investment Report*, 2001 (United Nations publication, Sales No. E.01.II.D.12), p. 19.

[15] *World Economic and Social Survey* (various issues).

[16] *World Economic and Social Survey 2002* ..., chap. I (forthcoming).

[17] Blend countries are eligible for a “blend” of International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) funds. Countries covered under the HIPC initiatives are eligible only for IDA funds.

[18] For details, see chapter II of *World Economic and Social Survey 2002* ...

[19] World Bank, op. cit., p. 85.

[20] World Health Organization, *Macroeconomics and Health: Investing in Health for Economic Development. Report of the Commission on Macroeconomics and Health* (Geneva, 2001).

[21] No new information on education became available to the Secretariat after the issuance of the previous report (A/55/209).

[22] United Nations Children’s Fund, *Progress since the World Summit for Children: A Statistical Review* (United Nations publication, Sales No. E.01.XX.20).

[23] World Trade Organization, “Overview of developments in the international trading environment ...”, p. 7.

[24] Ibid., p. 18. The 11 countries are: Canada, Egypt, Japan, Republic of Korea, Mauritius, New Zealand, Norway, Singapore, Switzerland, Turkey and United States of America.

[25] United Nations Conference on Trade and Development, *The Least Developed Countries 2002 Report* (United Nations publication, Sales No. E.02.II.D.13), p. 9.

[26] ___________, *The Least Developed Countries 2000 Report* (United Nations publication, Sales No. E.00.II.D.21), p. 8.

[27] General Assembly resolution 55/2.

[28] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I.