



**O**n the verge of the 21st century, dramatic political, social, and economic changes have overtaken the world. On this stage a new international dialogue on the future of development has begun. The focal point has been a succession of conferences sponsored by the United Nations, with governments coming together to chart development strategies for the next century—for children, for education, for environment, for population, for women, for social development. The debates, often heated, have renewed commitments to the eradication of poverty, the sustainability of the environment, the reduction of infant, child, and maternal mortality, and the elimination of gender differences in access to education, starting with universal primary education.

But such commitments are too often received with cynicism. After all, the world's poor are testament to the past lack of political will to achieve such goals. Can we make it different this time?

Perhaps, because new forces are at work. First, there is a new consensus on development. Gone with the Cold War are the sterile, ideological debates over the roles of the state and the market. In their place is a more pragmatic approach to effective and broad-based development strategies. Second, the success of some developing countries shows that the worst forms of poverty can be eradicated, and that investments in human capital and the poor can have high economic returns.

#### **Advancing social development**

Living standards have risen dramatically over the past 25 years. Despite an increase in population from 2.9 billion people in 1970 to 4.8 billion in 1996, per capita income growth in developing countries has averaged about 1.3 percent a year. While the number of people living in poverty continues to grow, hundreds of millions have had lifted from them the yoke of poverty and despair. As a result the proportion of the poor is holding steady at less than a third of the developing world's population (table 1a).

This global picture conceals large regional differences. The proportion in poverty is declining in Asia, where most of the poor live. But it is rising rapidly in Europe and Central Asia, and continuing to rise in Latin America and Sub-Saharan Africa. More than 4 in 10 households (over 500 million people) remain in poverty in South Asia, and the financial crisis in East Asia will slow the pace of poverty reduction there.

Substantial improvements in social indicators have accompanied growth in average incomes. Infant mortality rates have fallen from 104 per 1,000 live births in 1970–75 to 59 in 1996. On average, life expectancy has risen by four months each year since 1970. Growth in food production has substantially outpaced that of population. Governments report rapid progress in primary school enrollment. Adult literacy has also risen, from 46 to 70 percent. And gender disparities have narrowed, with the average ratio of girls to boys in secondary schools rising from 70 to 100 in 1980 to 82 to 100 in 1993. The developing world today is healthier, wealthier, better fed, and better educated. (For a spirited accounting of development progress, see Fox 1995.)

But progress has been far from even (table 1b). Take mortality. All developing regions have seen infant and child mortality rates decline sharply. But South Asia's infant mortality rates today are about the same as East Asia's in the early 1970s, reflecting both poor progress in South Asia and the favorable initial

social conditions in East Asia that were responsible for its subsequent strong economic performance. And Sub-Saharan Africa's infant mortality rates are well above those in East Asia some 25 years ago. On average, 147 of every 1,000 African children die before the age of 5, and 91 in 1,000 before the age of 1. Ten African countries have under-five mortality rates in excess of 200 (Angola, Guinea, Guinea-Bissau, Malawi, Mali, Mozambique, Niger, Rwanda, Sierra Leone, and Zambia).

Gross primary school enrollment rates have risen in all regions. But Sub-Saharan Africa's rates, having risen from 50 percent of the eligible population to 80 percent by 1980, fell back to 72 in 1993, reflecting larger problems. Again, averages disguise wide country disparities. Six countries in Africa have fewer than half their children enrolled in primary school (Burkina Faso, Ethiopia, Guinea, Mali, Niger, and Sierra Leone).

Reducing gender disparities in education, as measured by female enrollment in secondary schools, is one area where Sub-Saharan Africa is doing relatively well. Progress is slower in South Asia, where the ratio of 66 girls to 100 boys is well below the developing world average.

**Table 1a**

**Population living on less than \$1 a day in developing regions, 1987 and 1993**

Region	Number (millions)		Share of population (%)	
	1987	1993	1987	1993
East Asia and the Pacific	464.1	447.9	13.9	16.0
Europe and Central Asia	2.2	14.5	0.6	3.5
Latin America and the Caribbean	21.1	103.0	11.1	23.5
Middle East and North Africa	10.3	10.7	4.7	4.1
South Asia	473.5	511.7	46.4	41.1
Sub-Saharan Africa	179.6	218.6	38.5	39.1
<b>Total</b>	<b>1,227.2</b>	<b>1,313.9</b>	<b>30.1</b>	<b>29.4</b>

Source: World Bank 1996e.

**Progress toward the 21st century**

The uneven progress of development is worrying. The free flows of trade and capital that integrate the global economy may bring benefits to millions, but poverty and suffering persist. In an integrated world, disease, environmental degradation, civil strife, criminal activities, and illicit drugs are also global concerns. In response, international development agencies have begun to reexamine the way they do business. They are looking at impacts more than inputs by establishing performance targets. And they are seeking ways to enhance their accountability and transparency by measuring progress toward those targets.

In May 1996 the Development Assistance Committee of the OECD published *Strategy 21: the 21st Century*. This policy paper, known as Strategy 21, spotlights the substantial achievements of

**Table 1b**

**Progress in social indicators**

Region	Infant mortality per 1,000 live births		Under-five mortality per 1,000		Gross primary school enrollment (% of relevant age group)		Gross secondary school enrollment (female as % of male)	
	1970	1996	1980	1996	1980	1995	1980	1993
East Asia and the Pacific	79	39	75	47	88	115	73	84
Europe and Central Asia	..	24	..	30	..	100	96	101
Latin America and the Caribbean	84	33	82	41	..	111	95	..
Middle East and North Africa	134	50	141	63	68	97	63	85
South Asia	139	73	174	93	67	99	50	66
Sub-Saharan Africa	137	91	193	147	80	75	50	82
<b>All developing countries</b>	<b>107</b>	<b>59</b>	<b>133</b>	<b>80</b>	<b>79</b>	<b>103</b>	<b>70</b>	<b>83</b>

Note: Numbers in italics are for 1994.

Source: World Bank staff estimates.

the past 50 years as well as the large unfinished agenda, and calls for a global partnership to pursue a new development strategy that focuses on six key goals (distilled from the many set by various international conferences) for the start of the 21st century.

*For economic well being*

- Reducing by half the proportion of people in extreme poverty by 2015.

*For social development*

- Achieving universal primary education in all countries by 2015.
- Demonstrating progress toward gender equality and the empowerment of women by eliminating gender disparities in primary and secondary education by 2005.
- Reducing by two-thirds the mortality rates for infants and children under 5 and by three-fourths the mortality rates for mothers by 2015.
- Providing access to reproductive health services for all individuals of appropriate age no later than 2015.

*For environmental sustainability and regeneration*

- Implementing national strategies for sustainable development by 2005 to ensure that the current loss of environmental resources is reversed globally and nationally by 2015.

The goals are expressed in global terms but “must be pursued country by country through individual approaches that reflect local conditions and locally owned development strategies.” Achieving them will also require building capacity for effective, democratic, and accountable governance, protection of human rights, and respect for the rule of law. Strategy 21 commits OECD countries to help countries that want to make a serious effort to attain these development goals.

The strong consensus emerging around this new development strategy provides an opportunity for the development community to galvanize support and political commitment for a set of people-centered goals that ordinary people in rich and poor countries can understand. The goals also emphasize account-

ability, and the World Bank will systematically monitor them in the countries it assists.

**Reducing poverty**

The common international poverty line of \$1 a day suggests that some 60 percent of the world’s poor live in India and China—and that 12 countries, each with more than 10 million in poverty, account for 80 percent of the world’s poor (figure 1a). These countries require special attention. But this should not be at the expense of smaller, less populous countries where grinding poverty persists and governments are motivated to implement effective poverty reduction strategies.

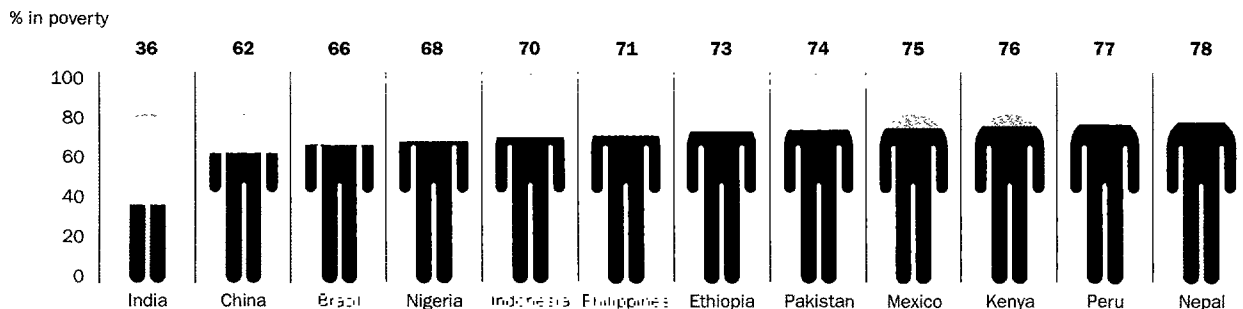
The poverty goal calls for reducing by half the proportion of people in poverty by 2015. If nothing is done and the proportion in poverty stays at 30 percent, the number of people in poverty would rise from 1.3 billion to 1.9 billion by 2015, given the expected increase in population. A reduction to 15 percent by 2015 would reduce the number of people living in poverty to 900 million. (See the spread showing goals for 2015 that follows). Thus the goals for the 21st century call for lifting nearly 1 billion people out of poverty over the next two decades.

Is this feasible? A recent World Bank study (Demery and Walton 1997) explores the question. Income poverty is a function of growth and the extent to which the poor participate in growth. So, to answer the question, one must form a view of the prospects for growth and for inequality. Consider the growth in average real consumption per person required to halve the incidence of poverty using a \$1 a day international poverty line and assuming no change in income distribution. Then compare these growth rates with past experience.

Plotting the growth in private consumption per capita required to reduce poverty based on the \$1 poverty line against actual growth in 1990–95 shows that many countries have achieved the required rate of growth (figure 1b). Those countries above the diagonal experienced faster growth than required,

**Figure 1a**

**Twelve countries accounted for 80% of the world’s poor in 1993**

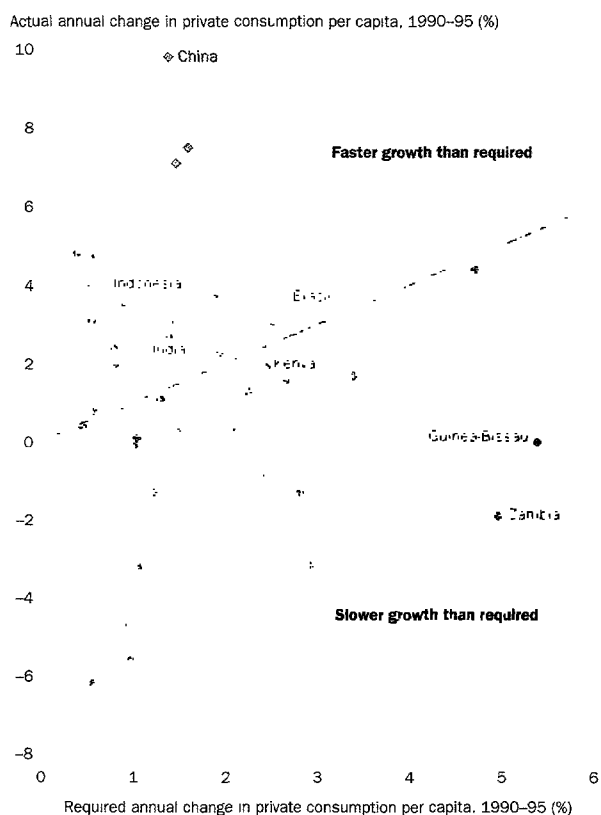


**Note:** The figure shows countries with more than 10 million people in poverty, and for which comparable data are available. Data for Bangladesh and the Democratic Republic of Congo are not available. Data for the Democratic Republic of Congo are not available.

**Source:** World Bank staff estimates.

International comparisons of extreme poverty are based on a common international poverty line of \$1 a person a day, expressed in 1985 international prices and adjusted to local currencies using purchasing power parity exchange rates. Most countries have their own poverty lines based on local views of minimum socially acceptable living standards (see *About the data* in table 2.7).

**Global poverty targets will be met if China and India sustain their recent growth**



**Required, actual, and projected regional growth in real consumption**

Region	Annual growth required to reduce poverty by half by 2015	Real consumption per capita annual growth rate	
		actual 1991-95	projected 1997-2000
East Asia and the Pacific	1.2	6.9	2.7
Europe and Central Asia	0.8	0.7	2.4
Latin America and the Caribbean	1.8	2.0	1.9
Middle East and North Africa	0.3	1.1	1.3
South Asia	1.3	1.9	3.5
Sub-Saharan Africa	1.9	-1.3	1.1

Source: Demery and Walton 1997; projections as of January 1998.

those below slower. Although many countries are not growing fast enough, the global poverty targets will be met if China and India sustain their recent growth.

Past trends may not be a good predictor of growth. Some regions may not be able to sustain rapid growth, and others are likely to improve their policies and performance. Table 1c compares the growth rates required to achieve a decline in poverty by one half against recent and projected growth scenarios for each developing region. Most regions should reach the goals by 2015—except Sub-Saharan Africa, where growth will fall short.

Forecasts tend to assume current policy choices and strategies. Demery and Walton show that policy changes that contribute to growth could make a big difference. Drawing on the work of Barro (1991) and Sachs and Warner (1995) to classify 36 developing countries by good and poor policies, they base their illustrative predictions of growth on the 1990 policy stance. If policies do not change, only half the countries are projected to achieve the growth required to meet the poverty target. If all 36 countries improve their policies, 28 should meet the poverty target.

Income distribution also matters. A highly unequal income distribution makes it harder to reduce poverty. Inequality is lower in South Asia and Eastern Europe and higher in Sub-Saharan Africa (particularly South Africa) and Latin America. While the distribution of income tends to be stable over time, there is some evidence of worsening inequality in East Asia. Reducing inequality will increase the numbers who benefit from the same average rate of growth. Conversely, higher inequality will increase the rate of growth needed to yield the same reduction in poverty. (See table 1.3 for estimates of the distribution-adjusted rate of growth in private consumption.)

Policies that promote growth are reasonably well understood. Policies that promote better income distribution are not. Policy areas deserving special attention from researchers and policy-makers in this regard include giving priority to rural development, assets redistribution, inclusive education systems, rapid growth in labor demand, and pro-poor tax and spending policies.

**Reducing mortality rates and raising enrollment rates**

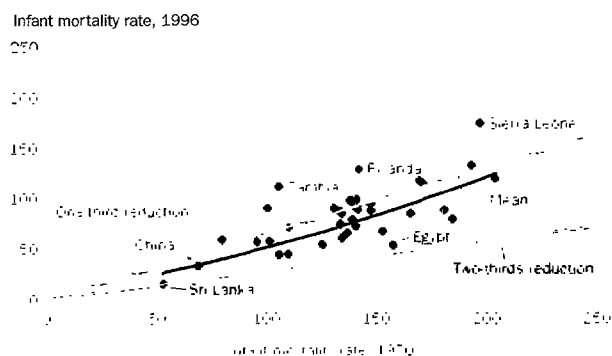
And what of the social targets? If infant mortality rates were to remain at 1990 levels, the number of infant deaths would total some 8.8 million in 2015. Reaching the target of 35 deaths per 1,000 births would cause infant deaths to fall about 5.8 million a year, to slightly over 3 million. Similarly, attaining the primary school enrollment goal would require enrolling some 200 million more children in primary school in 2015 than are there today, an increase of 41 percent over current levels. These are ambitious targets.

How far are low- and lower-middle-income countries from these goals?

- 27 countries will need to reduce under-five mortality rates by more than 50 per 1,000 live births between now and 2015, with as many as 12 needing to reduce under-five mortality rates by 100 per 1,000.
- 18 of 26 countries reporting net primary enrollment data will need to increase net primary enrollment by more than 25 percentage points.

**Figure 1c**

**Countries with high infant mortality in 1970 continue to have high levels today**



Source: World Bank staff estimates.

Reaching these targets will not be easy. Looking at past performance can provide some guidance for the future. Table 1d shows data on infant mortality rates in 1970 and 1996 for 37 low- and lower-middle-income countries. Aturupane, Glewwe, and Isenman (1994) used similar data for a larger set of developing countries to look at progress over time on infant mortality and primary school enrollment. Following their approach, the regression of the log of infant mortality in 1996 on the log of infant mortality in 1970 estimates the average reduction in infant mortality over the past 26 years. The slope of the regression line (0.58), shown in figure 1c, implies that the average reduction was 42 percent. The dashed lines represent reductions by one-third and two-thirds in infant mortality rates. Note that only one country—Sri Lanka—achieved a reduction of two-thirds. Countries with high levels of infant mortality a quarter century earlier continue to have high levels today (except Egypt, which has almost matched Sri Lanka's improvement). One other country, China, has achieved an infant mortality rate below the target level of 35.

Social indicators are closely related to GNP. Figure 1d shows the relationship between GNP per capita and under-five mortality and primary enrollment. As incomes increase, social indicators improve. Table 1e shows the ratio of the actual values of three social indicators to expected values based on GNP per capita for 43 low- and lower-middle-income countries. The United Nations Children's Fund calls the difference between these two values the "national performance gap" (UNICEF 1997). The results show that large differences persist even after accounting for income differences. The third column for each indicator shows the difference between the country's 1996 level and the development goal. Although some countries have been relatively successful—given the resources available to them—they remain far from the goals.

Demery and Walton (1997) provide a projection of child mortality rates, assuming past trends in mortality reduction and projected increases in per capita income and female education. They

**Table 1d**

**Infant mortality rates, 1970 and 1996**

Country	Infant mortality per 1,000 live births		Ranking progress from	
	1970	1996	level in 1996	1970 to 1996
Eritrea	149	77	10	14
Eritrea	148	67	11	19
Eritrea	148	67	10	7
Eritrea	141	98	30	31
Eritrea	138	87	19	31
Eritrea	120	64	6	6
Central African Republic	139	90	18	30
China	171	116	11	16
China	60	23	2	10
China (Data Rec)	141	90	18	19
China (Data Rec)	141	90	18	19
China (Data Rec)	138	84	19	12
Egypt Arab Rep	158	33	5	2
Ghana	138	79	18	9
Ghana	111	71	13	14
Guyana	80	59	9	33
Haiti	143	71	14	12
Honduras	110	44	4	3
India	137	66	11	9
Kenya	102	57	8	16
Lesotho	134	74	15	15
Madagascar	131	88	13	11
Madagascar	131	132	36	17
Mali	154	100	34	19
Mali	148	94	17	13
Nepal	166	85	20	13
Nicaragua	105	44	3	4
Niger	170	118	33	29
Nigeria	139	79	17	17
Paraguay	141	88	14	11
Paraguay	142	108	35	34
Senegal	135	60	10	8
Sierra Leone	137	174	37	34
Sri Lanka	81	15	1	1
Togo	134	87	21	15
Togo	140	112	31	17
Zimbabwe	90	56	7	18

Source: World Bank staff estimates.

conclude that even with rapid growth, child mortality will be, on average, some 60 percent above the target for 2015. This is as much a comment on the past neglect of social development as on the magnitude of the task facing the international community.

This is not to say that the past must determine the future. With sufficient political will, improvements in female education, health programs, and incomes of the poor could bring the infant mortality target within reach. Otherwise, the cost in lost lives would be enormous:

- If infant mortality follows its current trend and declines by 2015 to 37 per 1,000 births, some 4.4 million infants will die each year.

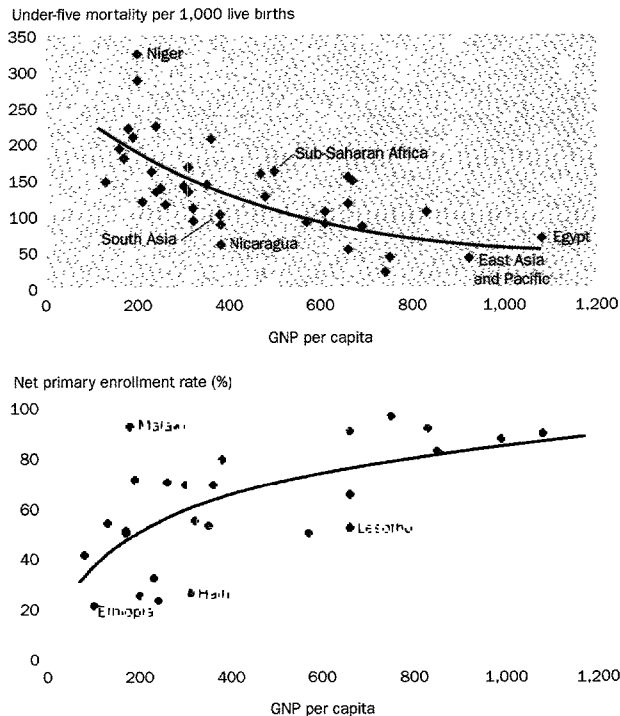
**Table 1e Performance gaps and distance to goals**

	GNP per capita	Under-five mortality per 1,000			Net primary school enrollment			Gross female primary school enrollment		
		predicted on the basis of GNP per capita	ratio of actual to predicted	distance from 1996 value to goal <sup>a</sup>	predicted on the basis of GNP per capita	ratio of actual to predicted	distance from 1996 value to goal	predicted on the basis of GNP per capita	ratio of actual to predicted	distance from 1996 value to goal
	\$ 1996	1996	1996		1996	1996		1996	1996	
Armenia	630	100	0.20	8				45	1.11	0
Bangladesh	260	152	0.74	74	61	1.14	30	42	1.06	5
Benin	350	135	1.04	95	63	0.84	47	43	0.77	16
Bolivia	830	53	1.94	67	70	1.30	9	47	1.00	3
Burkina Faso	230	155	1.02	113	61	0.52	68	42	0.92	11
Burundi	170	166	1.06	131	60	.84	49	42	1.08	5
Cameroon	610	91	1.12	67	..	..	..	46	1.02	3
Central African Republic	310	142	1.16	119	..	..	..	43	0.89	11
Chad	160	167	1.13	144	..	..	..	42	0.78	18
China	750	87	0.45	26	66	1.46	4	45	1.04	3
Congo, Dem Rep	130	167	0.86	99	60	0.90	46	42	1.02	7
Congo, Rep.	670	80	1.80	100	..	..	..	46	1.05	2
Cote d'Ivoire	660	82	1.83	105	68	0.76	48	46	0.93	7
Egypt, Arab Rep.	1,080	8	8.12	44	73	1.22	11	49	0.93	4
Ethiopia	100	176	1.01	132	59	0.35	79	..	..	..
Gambia, The	.. <sup>b</sup>	..	..	..	63	0.88	45	43	0.96	9
Georgia	850	49	0.39	7	71	1.15	18	48	1.02	2
Haiti	310	150	0.87	86	62	0.42	74	43	1.13	2
Honduras	660	80	0.62	33	68	1.32	10	46	1.07	0
India	380	130	0.66	56	..	..	..	43	0.99	7
Kenya	320	140	0.64	59	..	..	..	43	1.15	1
Lesotho	660	82	1.38	75	68	0.96	35	46	1.15	-3
Madagascar	250	154	0.88	90	..	..	..	..	..	..
Malawi	180	167	1.30	172	60	1.53	8	42	1.13	3
Mali	240	152	1.45	175	62	0.37	77	43	0.92	11
Mozambique	80	179	1.19	169	59	0.69	59	41	1.02	8
Nepal	210	159	0.73	77	..	..	..	42	0.92	11
Nicaragua	380	130	0.44	40	63	1.24	21	44	1.15	0
Niger	200	..	..	..	61	0.41	75	42	0.89	12
Nigeria	240	154	0.85	86	..	..	..	42	1.04	6
Pakistan	480	113	1.09	81	..	..	..	44	0.69	19
Rwanda	190	162	1.26	160	61	1.17	29	42	1.18	0
Senegal	570	99	0.89	58	66	0.76	50	45	0.95	7
Sierra Leone	200	159	1.79	239	..	..	..	42	0.98	9
Sri Lanka	740	68	0.28	7	..	..	..	46	1.04	2
Tajikistan	340	138	0.27	25	..	..	..	43	1.12	1
Tanzania	170 <sup>c</sup>	166	0.87	99	..	..	..	..	..	..
Togo	300	143	0.96	93	62	1.11	31	43	0.93	10
Uganda	300	143	0.98	96	..	..	..	43	1.03	6
Vietnam	290	145	0.33	32	..	..	..	..	..	..
Yemen Rep	380	130	1.00	86	..	..	..	44	0.64	22
Zambia	360	131	1.54	157	63	1.09	31	43	1.10	2
Zimbabwe	610	90	0.95	57	..	..	..	..	..	..

a. The goal for under-five mortality was determined to be the lesser of one-third of the 1996 level or 45. For countries where under-five mortality was less than 45 in 1996, the goal was assumed to be 12. b. Estimated to be low income (average per capita income of \$785 or less). c. Refers to mainland Tanzania only.

**Figure 1d**

**As incomes increase, social indicators improve**



Source: World Bank staff estimates.

- An average two-thirds reduction to 20 per 1,000 for developing countries would reduce the number of infant deaths to 2.4 million—2 million fewer infant deaths each year.

**The challenges**

How do we move forward? First, developing countries must embark on strategies that help them attain these goals. In the areas of poverty and social development, this implies particular attention by policymakers to:

- *Accelerating economic growth.* Growth is the most powerful weapon in the fight for higher living standards. If Sub-Saharan Africa is to make a serious dent in its rising number of poor, it must improve its growth performance over the early 1990s by as much as 3 percentage points. Latin America and Europe and Central Asia require a more modest acceleration. Faster growth will require policies that encourage macroeconomic stability, shift resources to more efficient sectors, and accelerate integration with the global economy.
- *Improving the distribution of income and wealth.* The benefits of growth for the poor may be eroded if the distribution of income worsens, which might also undermine the incentives for growth-inducing economic reforms. Understanding what policies improve the distribution of income and wealth in a way that fosters incentives for growth should be high on the agenda of policymakers and researchers.

- *Accelerating social development.* Social indicators will benefit from improvements in economic growth and income and wealth distribution, but there is still room for policies that target interventions that appear to have a large impact on health and educational outcomes. At the top of the list are female education, safe water and sanitation, and child immunization.

Second, donors and international development agencies must support countries that show a determination to take up the challenges of the goals for the 21st century. These goals are shared, and ownership of these goals must also be shared. This implies extending this dialogue to major international forums in the United Nations and Bretton Woods systems, and to the consultative groups and round tables that meet regularly to support development strategies in individual countries. Donors and their developing country partners need to surmount the obstacles to ownership and implementation of sound strategies in support of these international goals. The decline in aid flows will need to be reversed, particularly for countries committed to an accelerated development strategy and appropriate policies in support of these goals—and particularly for the current strong donor support for Strategy 21 to be seen as credible.

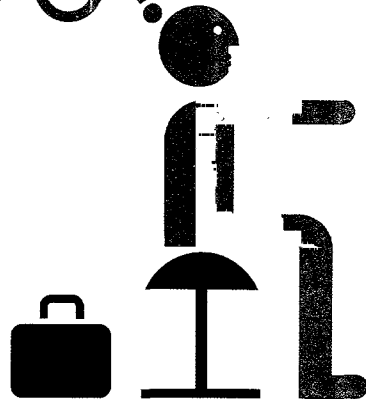
Third, international agencies must take the lead in strengthening the capacity of developing countries to monitor their progress on outcomes. This will involve ensuring that the statistical infrastructure in key countries is adequate to mount periodic surveys—and to collect and analyze data on the main outcome indicators and on the leading indicators that predict those outcomes. Data quality, a serious issue in many developing countries, will need to be urgently addressed if policy-makers are to take the monitoring of these goals seriously.

It will not be easy. But we must move forward. And as Strategy 21 notes, meeting goals as ambitious and important as these will take a significant effort by the world community. It calls for a substantial and serious commitment by developing nations—by their governments, their private sectors, and their civil societies. It calls for a renewed effort by international development agencies, both bilateral and multilateral, to be responsive to these development efforts in a coordinated partnership. And it calls for a new effort by advanced countries to achieve coherence in their aid and other policies that affect developing countries. As World Bank President James Wolfensohn (1997) told the World Bank Group's Board of Governors:

*Without equity, we will not have global stability. Without a better sense of social justice, our cities will not be safe, and our societies will not be stable. Without inclusion, too many of us will be condemned to live separate, armed, frightened lives. Whether you broach it from the social or the economic or the moral perspective, this is a challenge that we cannot afford to ignore. There are not two worlds, there is one world. We share the same world, and we share the same challenge. The fight against poverty is the fight for peace, justice, and growth for all of us.*

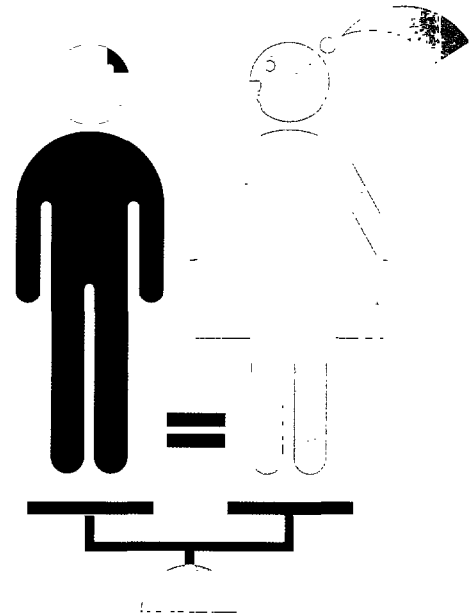
# Goals for social development

**Primary education**  
Achieving universal primary education in all countries by 2015



## Gender equality in education

Demonstrating progress toward gender equality and the empowerment of women by eliminating gender disparities in primary and secondary education by 2005



**Infant, child, and maternal mortality**  
Reducing by two-thirds the mortality rates for infants and children under five and by three-fourths the mortality rates for mothers by 2015

**Infant and child mortality**

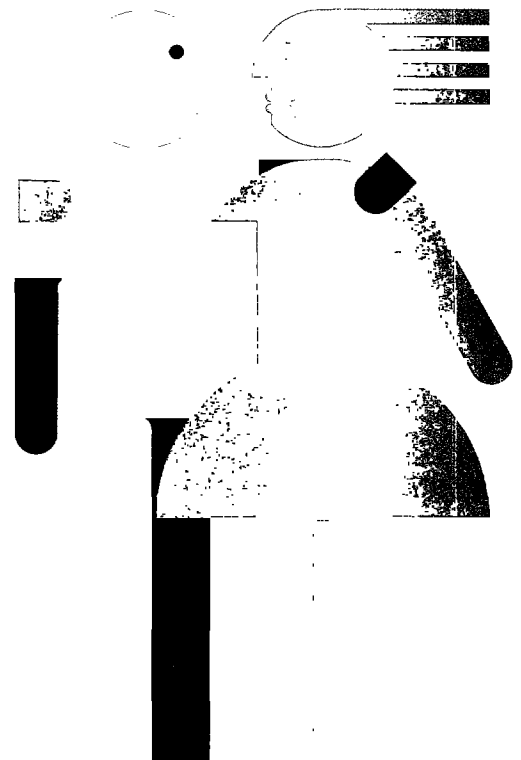


**Maternal mortality**



## Reproductive health

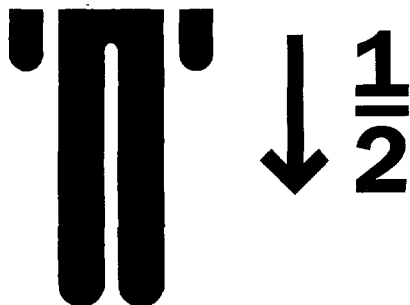
Providing access to reproductive health services for all individuals of appropriate age by no later than 2015





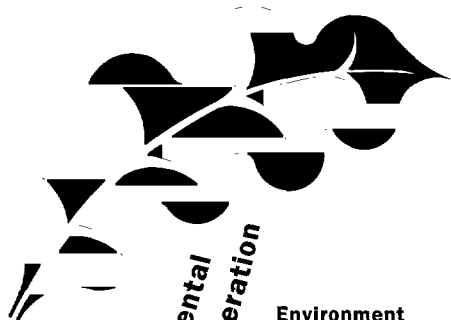
Goals for economic well-being

**Poverty**  
 Reducing by half the proportion of people in extreme poverty by 2015



"We commit ourselves to the goal of eradicating poverty in the world through decisive national actions and international cooperation, as an ethical, social, political, and economic imperative of humankind"  
 —World Summit for Social Development, Copenhagen, March 1995

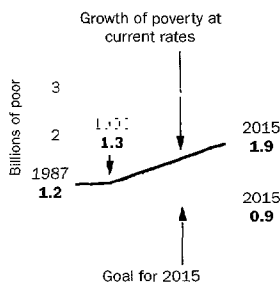
Meeting goals as ambitious and important as these will require significant efforts by the global community



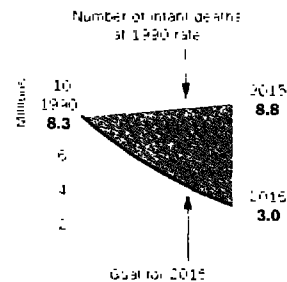
Goals for environmental sustainability and regeneration

**Environment**  
 Implementing national strategies for sustainable development by 2005 to ensure that the current loss of environmental resources is reversed globally and nationally by 2015

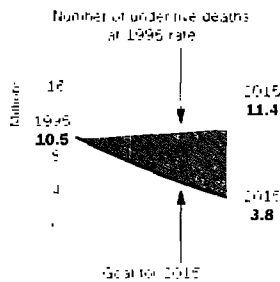
Goal: reduce number in poverty by half



Goal: reduce infant deaths by two-thirds



Goal: reduce under-five deaths by two-thirds



Goal: achieve universal primary education

