World Development Report 1990

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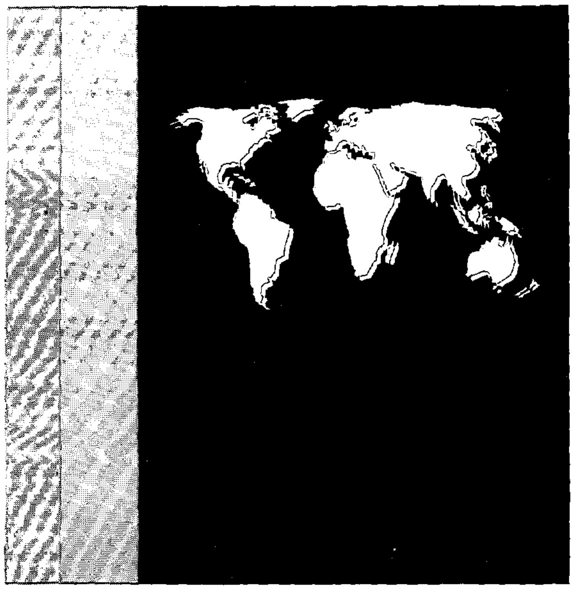
POVERTY

WORLD DEVELOPMENT INDICATORS



World Development Report 1990

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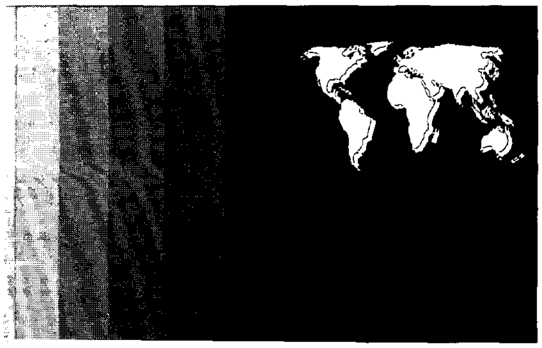


Foreword

This Report is the thirteenth in the annual series addressing major development issues. Like its predecessors, it includes the World Development Indicators, which provide selected social and economic data on more than 120 countries. The Report addresses the most pressing issue now facing the development community: how to reduce poverty. Its main conclusions are summarized below.

The world economy enjoyed moderate growth in the closing years of the decade. But the auspicious picture was not uniform. The industrial countries saw favorable developments in growth, trade, and investment. Real per capita incomes grew (and poverty declined) in South Asia and, even more markedly, in East Asia. But in some countries of Latin America and in most of Sub-Saharan Africa, real per capita incomes, living standards, and investment have slipped. For the poor in these countries, the 1980s was a lost decade.

In 1985 more than one billion people, or almost one-third of the total population of the developing world, were living on less than $370 per capita a year. The percentage of the population living in poverty was especially high in South Asia and Sub-Saharan Africa. Other aspects of the quality of life—already lower, on average, in developing than in developed countries—varied dramatically among regions, with the bleakest figures for regions with the greatest incidence of poverty. For example, in 1985 life expectancy was 76 years for the developed world but only 50 years for Sub-Saharan Africa and 56 years for South Asia. Some regions were close to achieving universal enrollment in primary education, but in Sub-Saharan Africa net primary enrollment was only 56 percent, and in South Asia it was about 75 percent. Women often constitute a deprived group even among the poor; in most areas literacy rates and wages are much lower for women than for men, and access to social services and employment is more difficult. The plight of poor women is troubling in itself. It is even more troubling because the health and education of mothers greatly influence the well-being and future of their children.

A review of development experience shows that the most effective way of achieving rapid and politically sustainable improvements in the quality of life for the poor has been through a two-part strategy. The first element of the strategy is the pursuit of a pattern of growth that ensures productive use of the poor's most abundant asset—labor. The second element is widespread provision to the poor of basic social services, especially primary education, primary health care, and family planning. The first component provides opportunities; the second increases the capacity of the poor to take advantage of these opportunities. The strategy must be complemented by well-targeted transfers, to help those not able to benefit from these policies, and by safety nets, to protect those who are exposed to shocks.

Although domestic policy is critical to the reduction of poverty, international assistance is needed to support countries' efforts. Simply increasing resources, however, will not solve the problem. Aid is most effective when it complements the recipients' efforts. The allocation of aid should be more closely linked to a country's commitment to pursue development programs geared to the reduction of poverty.

The Report's projections for the 1990s show buoyant growth of about 3 percent a year in the industrial countries and about 5.1 percent in the developing world—compared with the 4.3 percent achieved by developing countries in the 1980s. If this forecast is correct, prospects for improving the quality of life are bright in most regions—except where rapid population growth is expected to offset the beneficial effects of economic growth.

In East Asia and South Asia the number of poor is expected to fall dramatically, and social indicators should continue to improve. The countries of Latin America and the Caribbean, Eastern Europe, and the Middle East and North Africa will see only modest reductions in the number of poor, but improvements in social indicators will continue. In Sub-Saharan Africa the expected growth in gross domestic product of 3.7 percent a year, although significantly higher than in the 1980s, will not be sufficient to offset the effects of rapid population growth, and the number of poor will increase. Even so, adequate provision for the social sectors should allow a rapid reduction in child mortality and a reversal of the decline in primary school enrollment experienced in the 1980s.

The hurdles to be overcome in decreasing poverty throughout the world remain formidable. They are especially daunting in Sub-Saharan Africa. Nevertheless, the key measures for combating poverty are known, and the resources to support such an effort are there to be mobilized. Containing the number of poor in Sub-Saharan Africa until population growth can be brought under control and reducing the number elsewhere by 400 million are feasible goals for the century's end. The main obstacle is not the availability of resources but the willingness of governments in both developing and developed countries to commit themselves to these goals.

Like previous World Development Reports, this Report is a study by the staff of the World Bank, and the judgments in it do not necessarily reflect the views of the Board of Directors or the governments they represent.

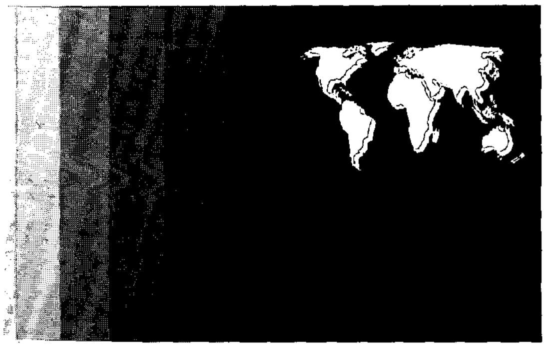
Barber B. Conable
President
The World Bank

June 1, 1990

This Report has been prepared by a team led by Lyn Squire and comprising Ehtisham Ahmad, Robert L. Ayres, Gary Fields, Helena Ribe, Mark Sundberg, Jacques van der Gaag, Dominique van de Walle, and Michael Walton. The team was assisted by Lara Akinbami, Fernando J. Batista, Robin Burgess, Elaine K. Chan, Pierre Englebert, Carlos Alberto Herran, Kathryn A. Larin, Natasha Mukherjee, and Anna-Birgitta Viggh. The work was carried out under the general direction of Stanley Fischer.

Many others in and outside the Bank provided helpful comments and contributions (see the bibliographical note). The International Economics Department prepared the data and projections presented in Chapter 1 and the statistical appendix. It is also responsible for the World Development Indicators. The production staff of the Report included Les Barker, Kathy Dahl, Connie Eysenck, Kenneth Hale, Jeffrey N. Lecksell, Nancy Levine, Hugh Nees, Joyce C. Petruzzelli, Kathy Rosen, Walt Rosenquist, and Brian J. Svikhart. Library assistance was provided by Iris Anderson. The support staff was headed by Rhoda Blade-Charest and included Laitan Alli, Trinidad S. Angeles, and Maria Guadalupe M. Mattheisen. Clive Crook was the principal editor.

Fondly remembered and acknowledged, too, is Pensri Kimpitak (1945–1990), illustrator and graphics designer for the Report since its inception in 1978, whose final illness prevented her participation in this edition.



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Acronyms and initials

CMEA Council for Mutual Economic Assistance (Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania, and U.S.S.R.)
DAC Development Assistance Committee of the OECD
DPT Diphtheria, pertussis, and tetanus (vaccine)
EC The European Community (Belgium, Denmark, Federal Republic of Germany, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and United Kingdom)
ECE Economic Commission for Europe
EFTA European Free Trade Association
EGS Employment Guarantee Scheme (Maharashtra State, India)
EPI Expanded Programme on Immunization
EPZ Export processing zone
ESCAP Economic and Social Commission for Asia and the Pacific
Eurostat European Statistical Office
FAO Food and Agriculture Organization
GATT General Agreement on Tariffs and Trade
GDP Gross domestic product
GNP Gross national product
GSP Generalized system of preferences
G-7 Group of Seven (Canada, France, Federal Republic of Germany, Italy, Japan, United Kingdom, and United States)
IBRD International Bank for Reconstruction and Development
ICRISAT International Crops Research Institute for the Semi-Arid Tropics
IDA International Development Association
IFAD International Fund for Agricultural Development
IFC International Finance Corporation
IFPRI International Food Policy Research Institute
IMF International Monetary Fund
LIBOR London interbank offered rate
NATO North Atlantic Treaty Organization
NGO Nongovernmental organization
ODA Official development assistance
OECD Organisation for Economic Co-operation and Development (Australia, Austria, Belgium, Canada, Denmark, Finland, France, Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States)
OPEC Organization of Petroleum Exporting Countries (Algeria, Ecuador, Gabon, Indonesia, Islamic Republic of Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela)
PPP Purchasing power parity
Unesco United Nations Educational, Scientific, and Cultural Organization
UNDP United Nations Development Programme
UNIDO United Nations Industrial Development Organization
UNICEF United Nations Children's Fund
USAID United States Agency for International Development
WHO World Health Organization
WFP World Food Programme

Definitions and data notes

Demographic terms

• *Total fertility rate.* The average number of children that would be born alive to a woman during her lifetime if she were to bear children at each age in accordance with the prevailing age-specific fertility rates.

• *Infant mortality rate.* The probability of dying between birth and age 1, per thousand births.

• *Under 5 mortality rate.* The probability of dying between birth and age 5, per thousand births.

• *Life expectancy at birth.* The number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life.

• *Net primary enrollment rate.* The number of children age 6 to 11 enrolled in primary school as a percentage of the population age 6 to 11, adjusted for each country's age structure for primary school.

Country groups

For operational and analytical purposes the World Bank classifies economies according to their gross national product (GNP) per capita. (Other international agencies maintain different classifications of developing countries; a table describing the classifications was included in *World Development Report 1989.*)

Country classifications were revised in the 1989 edition of the *World Development Report* and its statistical annex, the World Development Indicators. The principal changes were: (a) the "developing economies" group was dropped, but references to the specific income groups *low- and middle-income economies* were retained; (b) all economies with a GNP per capita of $6,000 or more were classified as *high-income economies,* and (c) the subgroups "oil exporters" and "exporters of manufactures" under "developing economies" were dropped. In addition, "high-income oil exporters" is no longer a separate group; "industrial economies" has been renamed *OECD members,* which is a subgroup of the new category *high-income economies;* and a new aggregate, *total reporting economies* and its subcategory *oil exporters* has been added. As in previous editions, this Report uses the latest GNP per capita estimates to classify countries. The country composition of each income group may therefore change from one edition to the next. Once the classification is fixed for any edition, all the historical data presented are based on the same country grouping. The country groups used in this Report are defined as follows.

• *Low-income economies* are those with a GNP per capita of $545 or less in 1988.

• *Middle-income economies* are those with a GNP per capita of more than $545 but less than $6,000 in 1988. A further division, at GNP per capita of $2,200 in 1988, is made between lower-middle-income and upper-middle-income economies.

• *High-income economies* are those with a GNP per capita of $6,000 or more in 1988.

Although the dividing line between low and middle income used in the *World Development Report* has always been a specific level of GNP per capita, editions prior to 1989 were ambiguous about the line between middle income and high income. Industrial market economies and high-income oil exporters were shown separately, but some economies remained in the middle-income group despite having a GNP per capita above that of some countries classified as high-income. The high-income cutoff point of $6,000 removes that anomaly.

Low-income and middle-income economies are sometimes referred to as developing economies. The use of the term is convenient; it is not intended to imply that all economies in the group are experiencing similar development or that other economies have reached a preferred or final stage of development. Classification by income does not necessarily reflect development status. (As in last year's edition of the World Development Indicators, high-income economies classified by the United Nations or otherwise regarded by their authorities as developing are identified by the symbol †.) The use of the term "countries" to refer to economies implies no judgment by the Bank about the legal or other status of a territory.

- *Nonreporting nonmembers* are Albania, Bulgaria, Cuba, Czechoslovakia, German Democratic Republic, Democratic People's Republic of Korea, Mongolia, Namibia, and the Union of Soviet Socialist Republics. In the main tables of the World Development Indicators, only aggregates are shown for this group, but Box A.2 contains key indicators reported for each of these countries.

Analytical groups

For analytical purposes, other overlapping classifications based predominantly on exports or external debt are used in addition to geographic country groups. The lists provided below are of economies in these groups that have populations of more than 1 million. Countries with less than 1 million population, although not shown separately, are included in group aggregates.

- *Oil exporters* are countries for which exports of petroleum and gas, including reexports, account for at least 30 percent of merchandise exports. They are Algeria, Bahrain, Brunei, Cameroon, People's Republic of the Congo, Ecuador, Arab Republic of Egypt, Gabon, Indonesia, Islamic Republic of Iran, Iraq, Kuwait, Libya, Mexico, Nigeria, Norway, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, Trinidad and Tobago, United Arab Emirates, and Venezuela.
- *Severely indebted middle-income countries* (abbreviated to "Severely indebted" in the World Development Indicators) are nineteen countries that are deemed to have encountered severe debt-servicing difficulties. They are Argentina, Bolivia, Brazil, Chile, People's Republic of the Congo, Costa Rica, Côte d'Ivoire, Ecuador, Honduras, Hungary, Mexico, Morocco, Nicaragua, Peru, Philippines, Poland, Senegal, Uruguay, and Venezuela. The 1989 edition used the category "seventeen highly indebted economies," which did not include the People's Republic of the Congo, Honduras, Hungary, Nicaragua, Poland, and Senegal and did include Colombia, Jamaica, Nigeria, and Yugoslavia.
- *OECD members*, a subgroup of high-income economies, comprises the members of the Organisation for Economic Co-operation and Development except for Greece, Portugal, and Turkey, which are included among the middle-income economies.

Geographic regions (low-income and middle-income economies)

- *Sub-Saharan Africa* comprises all countries south of the Sahara except South Africa.
- *Europe, Middle East, and North Africa* comprises eight European countries—Cyprus, Greece, Hungary, Malta, Poland, Portugal, Romania, and Yugoslavia—all the economies of North Africa and the Middle East, and Afghanistan. For some analyses in the *World Development Report* separate groupings are used for Eastern Europe and for Middle East and North Africa (or Middle East, North Africa, and other Europe, depending on the database used). Eastern Europe comprises the former centrally planned economies in the group (Hungary, Poland, and Romania) and Yugoslavia.
- *East Asia* comprises all the low-income and middle-income economies of East and Southeast Asia and the Pacific, east of and including China and Thailand.
- *South Asia* comprises Bangladesh, Bhutan, India, Myanmar, Nepal, Pakistan, and Sri Lanka.
- *Latin America and the Caribbean* comprises all American and Caribbean countries south of the United States.

Data notes

- *Billion* is 1,000 million.
- *Trillion* is 1,000 billion.
- *Tons* are metric tons. equal to 1,000 kilograms, or 2,204.6 pounds.
- *Dollars* are current U.S. dollars unless otherwise specified.
- *Growth rates* are based on constant price data and, unless otherwise noted, have been computed with the use of the least-squares method. See the technical notes of the World Development Indicators for details of this method.

- *The symbol* . . in tables means not available.
- *The symbol* — in tables means not applicable.
- *The number 0 or 0.0* in tables means zero or a quantity less than half the unit shown and not known more precisely.

All tables and figures are based on World Bank data unless otherwise specified. The cutoff date for all data in the World Development Indicators is April 30, 1990.

Data for secondary sources are not always available after 1987. Historical data in this Report may differ from those in previous editions because of continuous updating as better data become available and because of new group aggregation techniques that use broader country coverage than in previous editions.

Economic and demographic terms are defined in the technical notes to the World Development Indicators.