

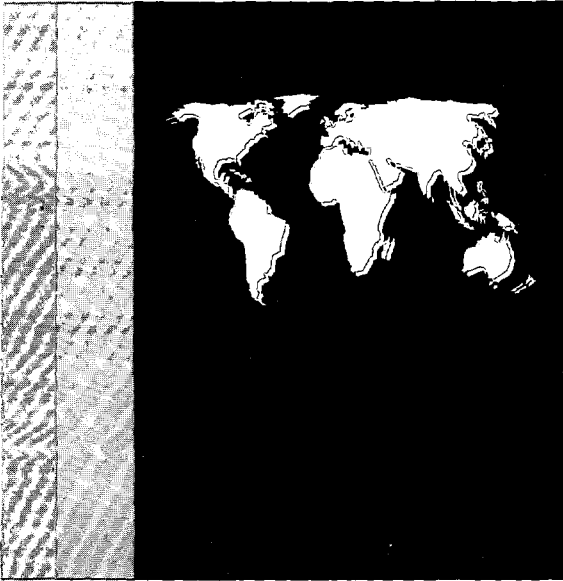
World Development Report 1990

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WORLD DEVELOPMENT INDICATORS



World Development Report 1990

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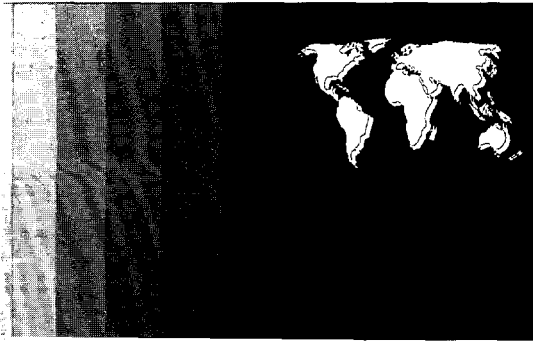
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Foreword

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

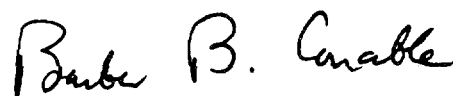
industrial countries and about 5.1 percent in the developing world—compared with the 4.3 percent achieved by developing countries in the 1980s. If this forecast is correct, prospects for improving the quality of life are bright in most regions—except where rapid population growth is expected to offset 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 Af-

rica. 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.



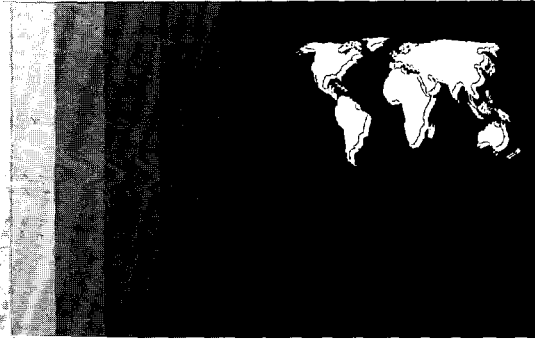
Barber B. Conable
President
The World Bank

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. Svihart. 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.



Contents

Acronyms and initials	<i>ix</i>
Definitions and data notes	<i>x</i>
Overview	1
Poverty today	1
Policies for attacking poverty	2
The politics of poverty	3
Reaching the poor	3
Aid	4
What can be achieved?	4
The challenge for the 1990s	5
1 Diverging trends in the world economy	7
Recent developments in the world economy	7
The diverging performance of developing countries in the 1980s	10
Prospects for the 1990s	15
2 What do we know about the poor?	24
Three poor families	24
Measuring poverty	25
The characteristics of the poor	29
From diagnosis to treatment	38
3 Progress on poverty: lessons for the future	39
Changes in poverty	39
Factors influencing country performance	45
What is the critical tradeoff?	51
4 Promoting economic opportunities for the poor	56
The pattern of growth and the incomes of the poor	56
Increasing the participation of the poor in growth	64
Reaching resource-poor areas	71
Policies for poverty-reducing growth	73
5 Delivering social services to the poor	74
Social sector policies	74
Investing in people	79
Providing access for the poor	82
Lessons for the next decade	88

6	Transfers and safety nets	90
	Public provision of transfers and safety nets	91
	Food pricing and distribution policies	92
	Public employment schemes	97
	Caring for those left out	100
	The role of transfers and safety nets	101
7	The 1980s: shocks, responses, and the poor	103
	Short-run policy and household welfare	103
	Macroeconomic policy and the poor	104
	Public expenditure restructuring and the poor	116
	Lessons for adjustment in the 1990s	120
8	International factors in reducing poverty	121
	Trade and poverty	121
	Debt and poverty	126
	Aid and poverty	127
9	Prospects for the poor	138
	Poverty at the end of the century	138
	Regional differences in poverty	139
	The potential for action	143

Bibliographical note 144

Statistical appendix 159

World Development Indicators 169

Boxes

1.1	Reform in the Eastern European economies	9
1.2	Politics and economic performance	12
1.3	World military expenditures in the 1990s	17
1.4	Mexico's economic prospects after Brady	21
1.5	Going bananas in the European Community, 1992	22
2.1	How should we measure living standards?	26
2.2	Does how we measure poverty really matter?	28
2.3	Village-level perspectives on asset poverty	33
2.4	Moving in and out of poverty in rural India	35
3.1	Development in a Javanese village	41
3.2	Poverty in Africa	42
3.3	The mechanics of changes in poverty	47
3.4	Growth, real wages, and poverty: the United Kingdom and the United States, 1770 to 1920	50
3.5	Political coalitions and the poor	52
3.6	Tradeoffs and poverty: a simple simulation model	53
4.1	Agricultural policies in Brazil favor large farmers	59
4.2	Infrastructural development and rural incomes in Bangladesh	60
4.3	The impact of technological change on women	61
4.4	Does rural-to-urban migration help or hurt the poor?	62
4.5	The merits of selective land reform: Northeast Brazil	65
4.6	Land tenure systems in Sub-Saharan Africa: the case of Rwanda	66
4.7	Learning from informal finance in Sub-Saharan Africa	67
4.8	Developing appropriate technologies for subsistence farmers in Bihar	70
4.9	Groundwater irrigation in South Asia: reaching the landless	71
4.10	Protecting the environment and reducing poverty: China's experience in the Loess Plateau	72
5.1	Adult health: a neglected issue of growing importance	78
5.2	Education and economic growth	80
5.3	Safe motherhood	83

5.4	A community child care and nutrition program in Colombia	85
5.5	Mirzapur, Bangladesh: water supply, sanitation, and hygiene education	86
5.6	Family planning buffaloes and vasectomy festivals in Thailand	88
6.1	The historical antecedents of public action	91
6.2	Reaching the poor through public action	92
6.3	Drought relief in Africa: food interventions in Botswana	97
6.4	At a rural public employment site in India . . .	99
6.5	Drought relief in Africa: public employment in Botswana	100
7.1	Macroeconomic adjustment, household responses, and the role of women: the experience of an urban community in Ecuador	104
7.2	Macroeconomic policies and the poor in Ecuador: results from a modeling analysis	105
7.3	The poor in Eastern Europe in the years of crisis	108
7.4	Macroeconomic policy choices and income distribution in the Philippines	111
7.5	The effect of macroeconomic adjustment on farmers in Sub-Saharan Africa	113
7.6	The political economy of adjustment	115
7.7	Packaging interventions: the role of social action programs	118
8.1	Industrial country trade policy and the poor in the Dominican Republic	122
8.2	Bangladesh is not spared from MFA quotas	123
8.3	The generalized system of preferences: who benefits and how much?	124
8.4	Foreign aid for development	129
8.5	The World Bank's experience with rural development projects	131
8.6	The World Bank's experience with urban poverty projects	132
8.7	Food aid and poverty	135

Text figures

1	Population and poverty in the developing world, 1985	2
2	Poverty in the developing world, 1985 and 2000	5
1.1	Changes in the distribution of income and population in the developing world	10
1.2	Growth of OECD industrial production and developing country exports, 1970 to 1989	13
1.3	Real export performance of developing countries, 1980 to 1989	13
1.4	Trade balance as share of GDP in severely indebted middle-income countries, 1970 to 1989	14
1.5	Changes in the terms of trade, by developing region, 1980 to 1988	14
1.6	Real interest rates, 1963 to 1989	15
1.7	Real per capita income growth in developing countries in the 1980s and forecast values, 1990 to 2000	23
2.1	Poverty and average standards of living, developed and developing countries	27
2.2	Poverty and infant mortality rates, India, 1983, by urban and rural areas of states	30
2.3	Poverty and illiteracy in India, 1981	32
2.4	Seasonality in rural Bangladesh: poor households in six villages, July 1984 to June 1985	36
3.1	Progress and stagnation in the developing world	40
3.2	The impact of recession on social indicators in developing countries	44
3.3	Trends in malnutrition in the 1980s: Ghana and Lesotho	45
3.4	Inequality and wages, Colombia, 1965 to 1986	49
3.5	Increasing the assets of the poor	54
3.6	Increasing current income	54
4.1	Agricultural purchasing power and rural wages	57
4.2	Direct and indirect taxation of agriculture in the 1970s	57
4.3	Net resource flows between the government and the agricultural sector, Thailand, 1964 to 1982	58
5.1	Trends in health expenditure, number of physicians, and health outcome	76
5.2	Trends in education expenditure, student-teacher ratios, net enrollment rates, and completion rates	77
6.1	Seasonality and workers employed under the Employment Guarantee Scheme, Maharashtra, India	98
7.1	Poverty in Indonesia and Malaysia, 1984 and 1987	107
7.2	Fixed investment in Indonesia and Malaysia, 1979 to 1988	108
7.3	Poverty and wages in Brazil and Costa Rica	110

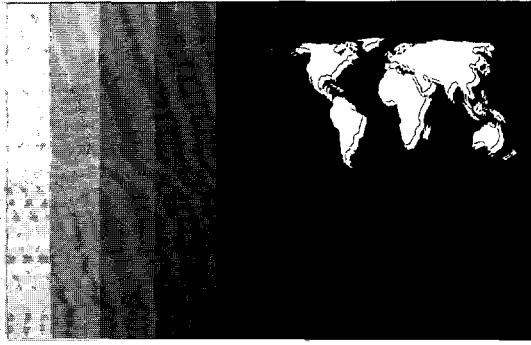
7.4	Investment pause versus investment crash	111
7.5	Consumption and agricultural purchasing power, Sub-Saharan Africa and Ghana	112
7.6	Agricultural terms of trade, Nigeria and Tanzania	114
7.7	Who gained from public spending on education? Chile, 1974 to 1986	117
7.8	How public employment schemes alleviate unemployment: Chile, 1970 to 1989	119
8.1	Commodity composition of exports, 1988	125
8.2	Sources of developing countries' net aid receipts, 1987	128

Text tables

1.1	Performance indicators in the world economy, 1989	8
1.2	Performance indicators, by developing region, selected periods	11
1.3	Prospects for the 1990s	16
1.4	Comparative indicators for severely indebted low- and middle-income countries	20
2.1	How much poverty is there in the developing countries? The situation in 1985	29
2.2	Rural and urban poverty in the 1980s	31
2.3	Poverty and landholding in Bangladesh, 1978-79	32
3.1	Twenty years of progress in developing countries	39
3.2	Changes in selected indicators of poverty	41
3.3	Changes in poverty in the 1980s	43
3.4	Have social services reached the poor in developing countries?	43
3.5	Variation in country experience	45
3.6	Social sector spending as a percentage of GNP	46
3.7	Poverty, economic growth, and recession	48
4.1	Effective protection and labor intensity of manufacturing, India, 1986	62
4.2	The contribution of manufacturing to employment, selected countries, 1970 to 1980	63
4.3	Diversity in the coverage of credit programs	67
4.4	Grameen Bank loans, by purpose of loan and sex of borrower, 1985	68
5.1	Expenditures on primary education as a percentage of GDP, 1985 and 2000	87
5.2	Projections of social indicators to 2000	89
6.1	Distribution of the annual income transfer from the general food subsidy, Egypt, 1981-82	93
6.2	Distribution of the monthly transfer from food subsidies, Sri Lanka, 1978-79	94
6.3	General and targeted subsidies, Jamaica, 1988	95
7.1	External shocks in the 1980s, by region	107
7.2	Changes in key variables, Indonesia and Malaysia, 1984 and 1987	108
7.3	Changes in key variables, Brazil, 1980 to 1987	110
7.4	Changes in key variables, Ghana, 1980 to 1988	112
7.5	Fiscal contraction and social spending, Sub-Saharan Africa and Latin America	116
8.1	The effect of complete trade liberalization on selected countries	123
8.2	The relative importance of aid in selected developing countries, 1987	127
8.3	Per capita aid receipts, 1988	128
9.1	Social indicators, by developing region, 1985 and 2000	139
9.2	Poverty in 2000, by developing region	139

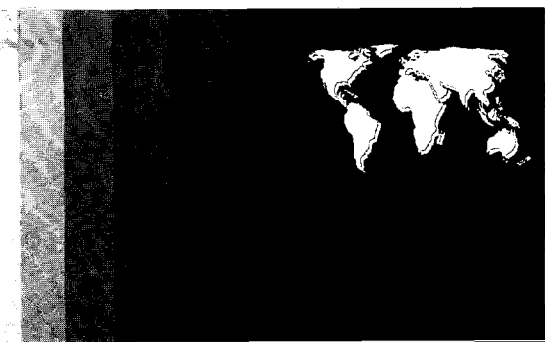
Statistical appendix tables

A.1	Population growth, 1965 to 1990, and projected to 2000	159
A.2	Population and GNP per capita, 1980, and growth rates, 1965 to 1989	160
A.3	Population and composition of GDP, selected years, 1965 to 1989	160
A.4	GDP, 1980, and growth rates, 1965 to 1989	161
A.5	GDP structure of production, selected years, 1965 to 1988	162
A.6	Sector growth rates, 1965 to 1989	162
A.7	Consumption, investment, and saving, selected years, 1965 to 1988	163
A.8	Growth of export volume, 1965 to 1988	164
A.9	Change in export prices and terms of trade, 1965 to 1988	165
A.10	Growth of long-term debt of low- and middle-income economies, 1970 to 1989	166
A.11	Investment, saving, and current account balance before official transfers, 1965 to 1988	167
A.12	Composition of debt outstanding, 1970 to 1988	168



Acronyms and initials

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



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 avail-

able 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.