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Freedom

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In the past half-century the world has made unprecedented economic gains. Countries that a mere generation ago were struggling with underdevelopment are now vibrant centres of global economic activity and domestic well-being. In just two decades, 15 countries, whose combined populations exceed 1.6 billion, have halved the proportion of their citizens living in extreme poverty. Asia has made an astounding recovery from the financial crisis of 1997-1998, demonstrating the staying power of its economies—though Asia's poor have not yet regained lost ground.

Chief among the human development success stories since the 1960s are the increase in life expectancy in developing countries, from 46 to 64 years; the halving of infant mortality rates; an increase of more than 80 per cent in the proportion of children enrolled in primary school; and the doubling of access to safe drinking water and basic sanitation.

Extreme poverty is an affront to our common humanity. It also makes many other problems worse

While more of us enjoy better standards of living than ever before, many others remain desperately poor. Nearly half the world's population still has to make do on less than \$2 per day. Approximately 1.2 billion people —500 million in South Asia and 300 million in Africa—struggle on less than \$1 (see figure 1; for other measures of poverty, see figure 2). People living in Africa south of the Sahara are almost as poor today as they were 20 years ago. With that kind of deprivation comes pain, powerlessness, despair and lack of fundamental freedom—all of which, in turn, perpetuate poverty. Of a total world labour force of some 3 billion, 140 million workers are out of work altogether, and a quarter to a third are underemployed.

The persistence of income inequality over the past decade is also troubling. Globally, the 1 billion people living in developed countries earn 60 per cent of the world's income, while the 3.5 billion people in low-income countries earn less than 20 per cent. Many countries have experienced growing internal inequality, including some of those in transition from communism. In the developing world, income gaps are most pronounced in Latin America, followed closely by sub-Saharan Africa.

Extreme poverty is an affront to our common humanity. It also makes many other problems worse. For example, poor countries—especially those with significant inequality between ethnic and religious communities—are far more likely to be embroiled in conflicts than rich ones. Most of these conflicts are internal, but they almost invariably create problems for neighbours or generate a need for humanitarian assistance.

Moreover, poor countries often lack the capacity and resources to implement environmentally sound policies. This undermines the sustainability of their people's meagre existence, and compounds the effects of their poverty.

Unless we redouble and concert our efforts, poverty and inequality may get worse still. World population recently reached 6 billion. It took only 12 years to add the last billion, the shortest such span in history. By 2025, we can expect a further 2 billion—

almost all in developing countries, and most of them in the poorest (see figure 3). We must act now.

I call on the international community at the highest level—the Heads of State and Government convened at the Millennium Summit—to adopt the target of halving the proportion of people living in extreme poverty, and so lifting more than 1 billion people out of it, by 2015. I further urge that no effort be spared to reach this target by that date in every region, and in every country.

History will judge political leaders in the developing countries by what they did to eradicate the extreme poverty of their people—by whether they enabled their peo-

Figure 1
Population living on less than \$1 per day, 1990–1998
(Millions)

Note: Data for 1998 are estimated.
Source: World Bank, *World Development Indicators 1999*.

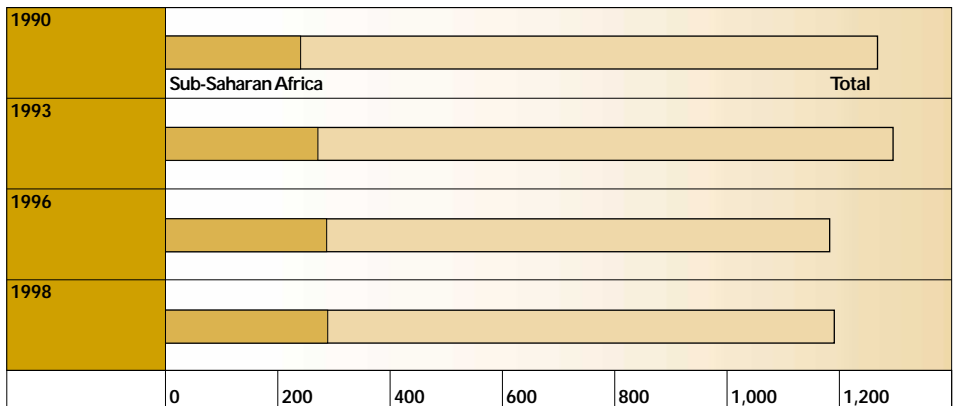
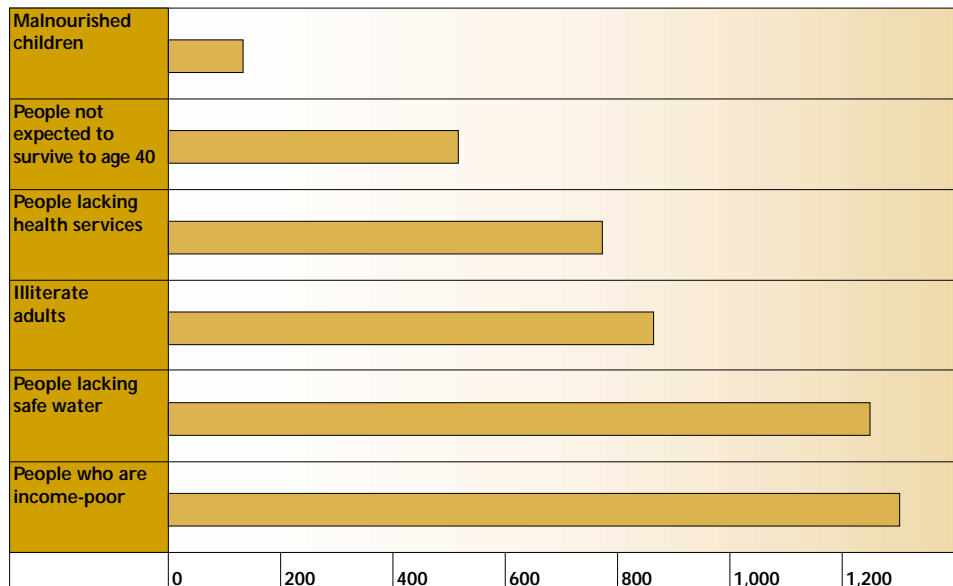


Figure 2
Measures of poverty
(Millions)

Source: United Nations Development Programme, *Human Development Report 1997*.



ple to board the train of a transforming global economy, and made sure that everyone had at least standing room, if not a comfortable seat. By the same token, history will judge the rest of us by what we did to help the world's poor board that train in good order.

There is a growing consensus on what must be done for us to reach this paramount goal—and it can be reached. I wish to highlight a number of specific areas for particular attention by the Summit.

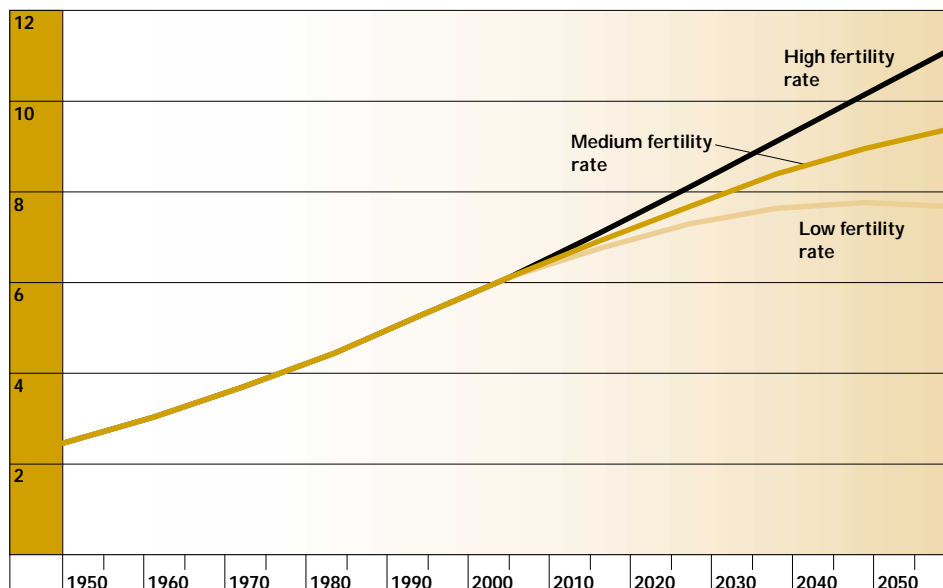
Achieving sustained growth

Our only hope of significantly reducing poverty is to achieve sustained and broad-based income growth. South Asia, and even more so sub-Saharan Africa, will have to make significant gains.

The latest poverty figures illustrate the challenge. They show a decrease in the overall number of people living on \$1 a day. A closer look reveals that this is due almost entirely to progress in East Asia, notably China, where poverty reduction is closely associated with strong rates of growth. Indeed, recent studies show an almost perfect correlation between growth and poverty reduction in poor countries—a 1 per cent increase in GDP brings a corresponding increase in the incomes of the poorest 20 per cent of the population. Only in the societies with the greatest inequalities does growth fail to benefit the poor.

So what are some of the critical ingredients of success?

Expanding access to the opportunities of globalization is one. Those countries that have achieved higher growth are those that have successfully integrated into the global



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Figure 3
World population projections, 1950–2050 (Billions)

Source: United Nations Department of Economic and Social Affairs, *Critical Trends: Global Change and Sustainable Development*, 1997.

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economy and attracted foreign investment. Over the past 25 years, Asia has grown at an annual rate of 7 per cent and Latin America at 5 per cent. The countries that have been largely left out of globalization have fared the worst. That includes substantial parts of sub-Saharan Africa.

Some people fear that globalization makes inequality worse. The relationship between the two is complex. With the exception of the economies in transition, recent increases in income gaps are largely the result of technological changes that favour higher skilled workers over less skilled ones. As the economic benefits of education and skills increase, so does income inequality between the people who have them and those who do not. This is true both within and among countries. Globalization may exacerbate these differences, but it does not cause them. Increased global competition may also restrain income gains in relatively higher wage countries, though to date this effect has been felt mainly in the industrialized countries.

Another major source of income inequality within countries is gender discrimination in wages, property rights and access to education. Here globalization, on the whole, may be having some positive effects.

In the developing countries, the labour force engaged in global production typically includes a large proportion of women—whether in textiles, electronics, data processing or chip manufacturing. In many cases, these women work in conditions and for wages that are appalling, and which we must strive to improve. But the fact of their employment also has important benefits.

These new employment opportunities enable women to expand the range of critical choices open to them. They can delay marriage, for example, as a result of which fertility rates often decline. They and their children often gain access to more and better nutrition, health care and education. As the survival rates of their children increase, fertility rates will decline further. The increase in female employment and earnings may also lead to changes in the perceived "social value" of a female child, which means that parents and society at large may become more willing to give girls greater access to education, health care and nutrition.

It is now widely accepted that economic success depends in considerable measure on the quality of governance a country enjoys. Good governance comprises the rule of law, effective state institutions, transparency and accountability in the management of public affairs, respect for human rights, and the participation of all citizens in the decisions that affect their lives. While there may be debates about the most appropriate forms they should take, there can be no disputing the importance of these principles.

A fair and transparent public expenditure and taxation system is another key ingredient. Revenues must be used wisely to help the poor, and to make sound investments in physical and social infrastructure for all. Excessive regulation, by contrast, impedes economic performance and slows growth.

Certain practices clearly do not constitute good governance by any definition. If a succession of military dictators in a resource-rich country in a poor part of the world siphon off as much as \$27 billion of the public's money, economic performance and

the poor are likely to suffer. Those responsible for such abuses, and the international banks that eagerly transfer their funds to safe havens, must be held accountable.

Other forms of institutionalized corruption are far less extreme but may, nevertheless, seriously distort economic incentives, limit economic growth and result in low levels of support for the poor.

Nothing is more inimical to pro-growth, anti-poverty objectives than armed conflict. It must pain us all beyond description to see a war between two of Africa's poorest countries drag on into yet a third year, having already taken an estimated 55,000 lives, and with 8 million people in one of the countries threatened by famine. Internal conflicts in other parts of Africa have lasted even longer, and have destroyed the lives and livelihoods of many more millions of Africans.

Sustained and broad-based growth also requires investments in health and education, as well as other social policies. The United Nations conferences in the 1990s spelled these out in considerable detail; I shall recommend both a health and an education initiative.

Better-educated and healthier people are empowered to make better choices and lead fuller lives, which also makes them more productive and their economies more competitive. Similarly, all the evidence indicates that extending equal opportunities to women and girls has multiplier effects for entire families and even communities. As a supplement to universal social programmes, school lunches and other targeted initiatives for the poor have an economic as well as a social purpose.

Finally, appropriate levels and types of support from the global community—public and private—are needed for development targets to be reached. I shall address this dimension of the challenge separately.

In short, experience confirms some fundamental truths: growth is a necessary, though not sufficient, condition for reducing poverty and income inequality. The surest route to growth is through successfully engaging in the global economy. But that must be combined with effective social policies: advances in education for all, health for all and gender equality. Success rests on a strong foundation in governance. And it requires external support.

Generating opportunities for the young

More than 1 billion people today are between the ages of 15 and 24; in fact, nearly 40 per cent of the world's population is below the age of 20. Many of these young people already are, or are about to start, having children of their own. Most of the resulting youth bulge—nearly 98 per cent—will occur in the developing world.

Demography is not destiny, but this is a formidable challenge—not so much because of the sheer number of people as because of the context of poverty and deprivation in which they will have to live unless we take decisive action now. If I had one wish for the new millennium, it would be that we treat this challenge as an opportunity for all, not a lottery in which most of us will lose.

The surest route to growth is through successfully engaging in the global economy, combined with effective social policies

Education is the key to the new global economy. It is central to development, social progress and human freedom

Young people are a source of creativity, energy and initiative, of dynamism and social renewal. They learn quickly and adapt readily. Given the chance to go to school and find work, they will contribute hugely to economic development and social progress.

Were we to fail to give them these opportunities, at best we would be complicit in an unforgivable waste of human potential. At worst, we would be contributing to all the evils of youth without hope: loss of morale, and lives that are socially unproductive and potentially destructive—of the individuals themselves, their communities and even fragile democracies.

Education

Education is the key to the new global economy, from primary school on up to life-long learning. It is central to development, social progress and human freedom.

Educational levels in developing countries have climbed dramatically in the past half-century. Indeed, East Asia's rapid reduction of poverty has had a great deal to do with its investments in education. But we still have a long way to go. While a majority of the world's children are attending school, more than 130 million primary-school-age children in developing countries are not—of whom more than half live in India, Bangladesh, Pakistan, Nigeria and Ethiopia.

Moreover, to enable families living in poverty to survive, a quarter of a billion children aged 14 and under, both in and out of school, now work, often in hazardous or unhealthy conditions. They toil in urban sweatshops; on farms or as domestic servants; selling gum or cleaning shoes in urban streets; clambering down dangerous mine shafts; and—in distressing numbers—bonded or sold into sexual services. Having approved the International Labour Organization convention on the worst forms of child labour, Member States must now implement it fully.

Providing primary education for the 130 million children in developing countries who do not now enjoy it would add an estimated \$7 billion a year to educational costs, over a 10-year period. More than buildings are required, however. Schools must be accessible, have qualified teachers and offer such amenities as textbooks and supplies for the poor.

About 60 per cent of children not in school are girls. Female enrolment in rural areas remains shockingly low. Short-changing girls is not only a matter of gender discrimination; it is bad economics and bad social policy. Experience has shown, over and over again, that investments in girls' education translate directly and quickly into better nutrition for the whole family, better health care, declining fertility, poverty reduction and better overall economic performance. Indeed, world leaders, at United Nations conferences throughout the 1990s, have acknowledged that poverty cannot be overcome without specific, immediate and sustained attention to girls' education.

Yet the gap between numbers of boys and girls in school remains significant in 47 countries even at the primary level. In some instances, efforts to increase overall enrolments have widened it.

Individual families in poverty face stark choices. Schooling is often expensive, girls are a traditional source of free household labour and parents are not confident that an educated daughter will benefit the family as much as an educated son. To overcome this difference between household priorities and those of society at large, families need support from their local communities and governments, backed by the wider world. Generating employment opportunities for women would have a similar effect.

Universal access to primary and secondary school education is vital, and can only be achieved by closing the education gender gap. UNICEF, with other United Nations partners, has developed an initiative that encompasses both primary and secondary levels. Its success depends both on national strategies and plans and on international financial support. I ask all governments to work with us to make it succeed. And I propose that we go a step further:

I urge the Millennium Summit to endorse the objectives of demonstrably narrowing the gender gap in primary and secondary education by 2005 and of ensuring that, by 2015 all children complete a full course of primary education.

Employment

Education is the first step. Creating employment opportunities is the next.

The world faces a major challenge of youth unemployment—and it is liable to get even worse with the coming youth bulge. According to International Labour Organization estimates, 60 million young people are searching for work but cannot find any; about 80 per cent of them are in developing countries and economies in transition. Those in the 15 to 24 age cohort are nearly twice as likely to be unemployed as adults; in some developing countries the ratio is higher. Young workers are also more likely than older ones to be last hired, first fired; and they are less likely to be protected by legislation.

Joblessness among the young can be devastating, and governments have tried, in a number of ways, to deal with it. But policies targeted at young people, including preferential hiring, have proved largely unsuccessful for the simple reason that they are economically unsustainable.

The problem is one of inadequate aggregate demand. Low-growth economies cannot generate sufficient employment opportunities to hire their own young people. This failure, in turn, further depresses growth and perpetuates poverty. No one has yet discovered any easy or obvious solutions to this self-perpetuating cycle.

Together with the heads of the World Bank and the International Labour Organization, I am convening a high-level policy network on youth employment—drawing on the most creative leaders in private industry, civil society and economic policy to explore imaginative approaches to this difficult challenge.

I will ask this policy network to propose a set of recommendations that I can convey to world leaders within a year. The possible sources of solutions will include the

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Internet and the informal sector, especially the contribution that small enterprises can make to employment generation.

Promoting health and combating HIV/AIDS

In recent decades, innovations in medicine, progress in basic health care and enabling social policies have brought dramatic increases in life expectancy and sharp declines in infant mortality. Better health, in turn, stimulates economic growth while reducing poverty and income inequality. In fact, investments in health care are particularly beneficial to the poor, who are largely dependent for their livelihoods on their own labour.

Not all regions have achieved the same level of progress. East Asia has done best, sub-Saharan Africa the least well. Lack of access to basic health care is one of the main reasons poor people stay poor. In most low-income countries, health spending is often less than \$10 per person per year. In Africa, the high burden of disease not only requires families to stretch their meagre resources but also locks them into a high-fertility, high-mortality poverty trap.

In some of the transition economies, a precipitous fall in life expectancy has occurred in recent years, reflecting reduced public spending on health care and a more general erosion of social services.

Although more than \$56 billion a year is spent globally on health research, less than 10 per cent is aimed at the health problems affecting 90 per cent of the world's population. Pneumonia, diarrhoea, tuberculosis and malaria—all of great concern to developing countries—receive less than 1 per cent of global health research budgets.

The results are shattering. Malaria alone takes two lives every minute of every day—mainly children under 5 and pregnant women. The Roll Back Malaria campaign, led by the World Health Organization, deserves full support as it seeks to control and prevent this deadly disease.

More generally, wider access to essential drugs, vaccines and such simple and cost-effective interventions as insecticide-treated bed nets could sharply reduce high mortality and disability rates among poor people around the world.

It is beyond the scope of this report to explore all of these challenges. I wish here to focus on a specific health crisis that threatens to reverse a generation of accomplishments in human development, and which is rapidly becoming a social crisis on a global scale: the spread of HIV/AIDS.

Some 50 million people have been infected with HIV since the early 1970s; 16 million have died. In 1999 alone, 5.6 million people became infected with HIV, half of them under 25 years old. It is a disease that attacks the young disproportionately, its worst effects are concentrated in poor countries and it has a hideous potential to expand.

Of nearly 36 million people now living with HIV/AIDS worldwide, more than 23 million are in sub-Saharan Africa. In Côte d'Ivoire, a teacher dies of AIDS every school day. The average child born in Botswana today has a life expectancy of 41 years, when

without AIDS it would have been 70 years. In the worst hit cities of southern Africa, 40 per cent of pregnant women are HIV-positive.

In that same region, more than one child in every 10 has already lost its mother to AIDS. By 2010, it is estimated that there will be 40 million orphans in sub-Saharan Africa, largely because of HIV/AIDS. Those children are far less likely to continue schooling or be immunized than their peers, and much more likely to suffer serious malnutrition. Tragically, it is no longer unusual to see orphans under the age of 15 heading households.

Government projections in Zimbabwe indicate that HIV/AIDS will consume 60 per cent of the nation's health budget by 2005, and even that will be wholly inadequate. AIDS is decimating the ranks of the skilled and educated during their prime years, with what are bound to be tragic implications for every affected country and for the entire region.

And the epidemic is spreading far beyond Africa. In Asia, new HIV infections increased by 70 per cent between 1996 and 1998. India is now estimated to have more people living with HIV than any other country in the world. In short, the crisis has become global.

Building on the agreement reached by the General Assembly at its special session on population and development, held in 1999, I propose a strategy to contain and reduce the spread of HIV/AIDS, focused on young men and women between the ages of 15 and 24, and to provide better care for those living with the illness.

The active support of governments is critical. Large-scale prevention programmes have had some success in several developing countries, including Senegal, Thailand and Uganda. Such efforts, however, are rare, and typically underfunded. In too many countries an official conspiracy of silence about AIDS has denied people information that could have saved their lives. We must empower young people to protect themselves through information and a supportive social environment that reduces their vulnerability to infection.

As a next step, ready access to essential services and preventive technologies must be provided, including male and female condoms. Preventing mother-to-child transmission is especially important. It could avert half a million new infections in babies every year. There is evidence that a drug called nevirapine is both effective and relatively inexpensive. A \$4 single dose—along with the cost of testing and voluntary counselling—may be nearly as effective as more complicated and far more expensive regimens. If so, it should be made universally available.

The world's leaders must act to protect their young people and children from avoidable premature illness and mortality due to HIV. UNAIDS will work with governments and other partners to develop and implement national plans of action. Indeed, I would urge that every seriously affected country have a national plan of action in place within one year of the Summit. In addition:

I recommend that the Millennium Summit adopt as an explicit goal the reduction of HIV infection rates in persons 15 to 24 years of age—by

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***Innovative
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**Box 2
The Global Alliance
for Vaccines and
Immunization**

25 per cent within the most affected countries before the year 2005 and by 25 per cent globally before 2010.

To that end, I recommend further that governments set explicit prevention targets: by 2005 at least 90 per cent, and by 2010 at least 95 per cent, of young men and women must have access to the information, education and services they need to protect themselves against HIV infection.

Finally, the world desperately needs a vaccine against HIV. Of the \$2 billion spent on research for the treatment of AIDS to date, only \$250 million has been spent on creating vaccines, few of which are potentially useful for poor countries, where about 95 per cent of HIV infections occur.

Therefore, I challenge the developed countries to work with their pharmaceutical industries and other partners to develop an effective and affordable vaccine against HIV.

The scientific challenges and financial needs are daunting, but I believe that innovative public-private partnerships, supported by public incentive systems, can stimulate the increased investments so desperately needed. The Global Alliance for Vaccines and Immunization serves as a model of what such partnerships can achieve (see box 2).

At the start of the new millennium a quarter of the world's children, most of them in poor countries, remain unprotected against the six core diseases: polio, diphtheria, whooping cough, measles, tetanus and tuberculosis. Those children are 10 times more likely to die from these diseases than children protected by vaccines.

The Global Alliance for Vaccines and Immunization (GAVI) was formed in 1999 with the mission of ensuring that all the world's children are protected against vaccine-preventable diseases.

The Alliance is a creative coalition of national governments, development banks, business leaders, philanthropic foundations, the World Health Organization, the World Bank group and UNICEF. Its strategic objectives include:

- Improving access to sustainable immunization services;
- Accelerating the research and development of new vaccines for diseases that are especially prevalent in developing countries, such as HIV/AIDS, malaria, tuberculosis and diarrhoea;
- Expanding the use of all existing cost-effective vaccines;
- Making immunization a centrepiece in the design and assessment of international development efforts.

In January 2000, GAVI launched the Global Fund for Children's Vaccines at the World Economic Forum in Davos. The Fund, assisted by a \$750 million grant from the Bill and Melinda Gates Foundation, will provide resources to expand the reach of existing vaccines and to strengthen the infrastructures necessary to deliver vaccines in the poorest countries. The Fund will also support research for developing new vaccines.

The Global Alliance for Vaccines and Immunization exemplifies the value of public-private sector cooperation in finding global solutions to global problems.

Finally, we must also ensure that systems of care and support for the 36 million people who live with HIV/AIDS are improved. Even relatively inexpensive treatments and better care can help in the fight against the symptoms of AIDS, and can make it possible for people with AIDS to live longer, more productive and more dignified lives. Moreover, governments, the pharmaceutical industry and international institutions working together must make HIV-related drugs more widely accessible to developing countries.

Upgrading the slums

During the next generation, the global urban population will double, from 2.5 billion to 5 billion people. Almost all of the increase will be in developing countries. Cities are often described as cradles of civilization, and sources of cultural and economic renaissance but, for the roughly one third of the developing world's urban population that lives in extreme poverty, they are anything but that. Most of these urban poor have no option but to find housing in squalid and unsafe squatter settlements or slums. And even though the population of cities, like countries, has on average become older, slum dwellers are getting younger.

Slums go by various names—*favelas*, *kampungs*, *bidonvilles*, *tugurios*, *gecikondus*—but the meaning is everywhere the same: miserable living conditions. Slums lack basic municipal services, such as water, sanitation, waste collection and storm drainage. Typically, there are no schools or clinics within easy reach, no places for the community to meet and socialize, no safe areas for children to play. Slum dwellers live and work in conditions of pervasive insecurity—exposed to disease, crime and environmental hazards.

Such slums and squatter settlements are only partially caused by inherent resource scarcities. Also to blame are poorly functioning markets for property and land, unresponsive financial systems, failed policies, corruption and a fundamental lack of politi-

During the next generation, the global urban population will double, from 2.5 billion to 5 billion people

Actions	2000	2001	2006–20
	<ul style="list-style-type: none"> ● Mobilize global political and financial commitments to slum-upgrading and gear up the capacity to support large-scale actions 	<ul style="list-style-type: none"> ● 20 citywide and nationwide programmes underway in five regions changing the lives of 5 million urban poor 	<ul style="list-style-type: none"> ● 50 nationwide programmes launched with slum improvements—a central element of urban development strategies in most countries ● 100 million slum residents provided with basic services ● Slum formation stopped
Support in grants	\$ 4 million	\$ 111 million	\$180 million
Urban budget increment	\$ 3.5 million	\$ 35 million	\$100 million
Upgrading investment	\$ 200 million	\$ 2,300 million	\$ 47,500 million

Table 1
Cities Without Slums
action plan

Source: Cities Alliance for Cities Without Slums, The World Bank, United Nations Centre for Human Settlements (HABITAT), 1999.

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cal will. And yet these cities-within-cities are wellsprings of entrepreneurial energy that can be mobilized to provide welfare improvements for their inhabitants and for society at large.

The World Bank and the United Nations have joined forces to respond to this challenge, by building a global alliance of cities and their development partners. An ambitious "Cities without Slums" action plan was launched in December 1999, with President Nelson Mandela as its patron. It aims to improve the lives of 100 million slum dwellers by 2020. (The key features of this plan are presented in table 1.) It requires world leaders to commit themselves to, and the international development community to focus on, improving the living conditions of the urban poor.

I strongly support the Cities without Slums initiative and ask all Member States to endorse it and to act on it.

Including Africa

Nowhere is a global commitment to poverty reduction needed more than in Africa south of the Sahara, because no region of the world endures greater human suffering. The latest estimates indicate that sub-Saharan Africa has the largest proportion of people who live on less than \$1 a day. Growth in per capita income averaged 1.5 per cent in the 1960s, 0.8 per cent in the 1970s, and minus 1.2 per cent in the 1980s. In the 1990s, the region grew more slowly than any other group of middle- or low-income countries.

Today, per capita income is just \$500 a year. Private capital flows to Africa are a tiny fraction of global flows, and for some countries capital flight is several times their GDP. Total outstanding external debts often exceed the entire gross national product, and it is not unusual for debt servicing requirements to exceed 25 per cent of export earnings. Reversing these trends poses an enormous challenge to both domestic and international policy makers, and the difficulty of the task is multiplied manifold by the severity of Africa's AIDS crisis.

Extractive industries dominate the region's economy and resources are being depleted at an alarming rate. Infrastructure requirements are enormous, particularly in the areas of power generation and telecommunications. Electrical power consumption, per person, is the lowest in the world. Africa has 14 telephone lines per 1,000 people, and less than half of 1 per cent of all Africans have used the Internet. A mere 17 per cent of road surfaces is paved. And the list goes on.

Yet Mozambique topped the world's GDP growth last year—before its recent devastating floods. Higher commodity prices, of course, were a significant factor, but Mozambique, utterly impoverished and in the grip of an apparently intractable civil war only a few years ago, has taken great strides thanks to its own efforts. Botswana, ranked second on the list, and several other countries in the region have enjoyed good economic performance and good governance for some time. What, precisely, are the impediments elsewhere?

In economic terms, African productivity has suffered because economic regimes tend to be tightly controlled and inefficiently managed by the state. This results in high trade barriers, and poor delivery of public services. It also means that corruption is widespread. Firms in the private sector are unable to compete internationally because they lack access to appropriate technology and information.

The agricultural sector in Africa has yet to experience a Green Revolution. Unlike the rest of the world, yields of basic food commodities have not increased significantly. Variable rainfall, highly weathered soils, disease and pests have taken their toll. Agricultural technologies developed in other climatic and ecological zones have not transferred well into the region. Inputs like fertilizer are often controlled by state monopolies and are not available to farmers at competitive prices. Fertilizer prices in the early 1990s, for example, were estimated to be two to four times higher in Africa than in Asia. The poor infrastructure restricts the ability to move goods, so that transportation and shipping costs remain prohibitive.

Africa's agricultural sector thus remains unable to generate a steady and inexpensive source of food for urban populations. Indeed, much of sub-Saharan Africa's food supply is imported. Its urban centres remain small by international standards, and they have not provided the human capital necessary to fuel industrial expansion.

I challenge the foremost experts in the world to think through the barrier of low agricultural productivity in Africa. I implore the great philanthropic foundations—which have stimulated so much good and practical research on agriculture—to rise to this vital challenge.

In many African countries there are political obstacles to economic progress as well. I addressed these issues in a report to the Security Council in April 1998. They boil down to a "winner-takes-all" attitude to political competition, the control of society's wealth and resources, and to the power of patronage and the prerogatives of office. It is coupled in too many instances with appalling violations of fundamental rights and a readiness to resort to force to resolve disputes or hold on to power.

Only Africans, I concluded in that report, can break out of these vicious cycles. I am gratified that so many have chosen to do so, and that rulers who had perpetrated crimes against their own people are increasingly being held accountable for them. Yet inexplicably, even today, relatively few African governments show the necessary commitment to poverty reduction in their national economic and social policies.

We do have the chance to turn things around. There are many positive developments in Africa, and the international community has demonstrated a growing interest in assisting those African countries still afflicted by turmoil and tragedy. We must not let up now.

Building digital bridges

The world has entered the early phases of another technological revolution. We see it in the area of medicines and pharmaceuticals, and in biotechnology. These new fron-

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The digital divide can—and will—be bridged

tiers raise both hopes and fears. Better health and greater food security are within our reach, but in seizing the opportunities biotechnology presents we must not neglect the inherent risks. In particular, we must ensure that free access is provided to the information compiled by researchers deciphering the genetic code. The genetic key to human life belongs to all humanity.

I wish to focus here on a technological shift that is already transforming social and economic life: the digital revolution. Fundamental changes are occurring in the communications and information industries, and at near-lightning speed (see figure 4).

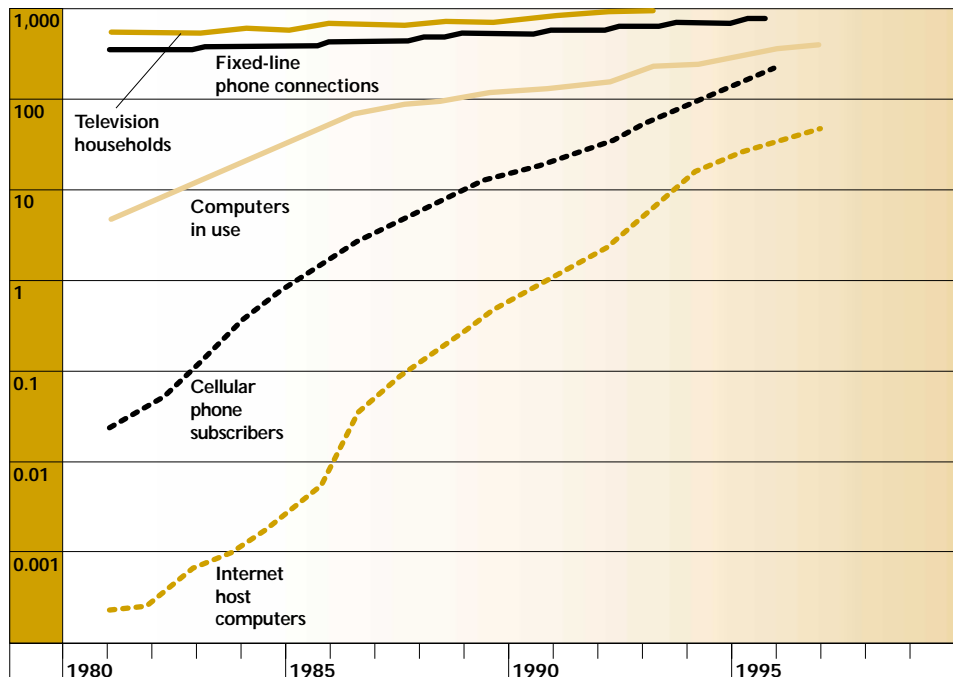
It took 38 years for radio to reach 50 million people, and 13 years for television. The same number of people adopted the Internet in just four years. There were 50 pages on the World Wide Web in 1993; today there are more than 50 million. A mere 143 million people logged on to the Internet in 1998; by 2001 the number of users will climb to 700 million. The market for e-commerce was \$2.6 billion in 1996; it is expected to grow to \$300 billion by 2002. And the Internet already has a far wider range of applications than any previous tool of communication ever invented.

At present, a yawning digital divide still exists in the world. There are more computers in the United States of America than in the rest of the world combined. There are as many telephones in Tokyo as in all of Africa.

The digital divide can—and will—be bridged. Already, the city of Bangalore in India has become a dynamic hub of innovation, boasting more than 300 high-tech companies. India's software exports alone will exceed \$4 billion this year—about 9 per cent

Figure 4
Growth of information technologies (Millions)

Source: Worldwatch Institute, International Telecommunication Union 2000.



of India's total exports—and industry sources project that they will reach \$50 billion by 2008 (see box 3.)

Costa Rica's economic growth surged to 8.3 per cent in 1999, the highest in Latin America, fuelled by exports from the microchip industry, which now accounts for 38 per cent of all exports. I could give many other examples of developing countries seizing the opportunity of this revolution. It holds great promise for economic growth and development, potentially for all countries.

To fully appreciate how the digital revolution can stimulate economic growth and development, we need to grasp several of its core features. First, it has created a brand new economic sector that simply did not exist before. As the countries at its forefront devote ever larger shares of their economies to this sector, a high-value space is opened up for others to occupy, and so on successively throughout the world economy. This, indeed, is how the so-called emerging economies first "emerged" when other sectors were vacated. Globalization facilitates such shifts.

Second, the capital that matters most in the digital revolution increasingly is intellectual capital. Hardware costs are declining. The shift from hardware to software as

The digital revolution has created a brand new economic sector that simply did not exist before

No developing country has benefited more from the digital revolution than India, whose software industry is expected to increase about eightfold, to \$85 billion, by 2008. The industry has generated a significant amount of employment and wealth, creating a new cadre of high-technology entrepreneurs. One Indian company, Infosys Technologies, has seen a tenfold increase in its value since it was listed on the United States Nasdaq stock exchange in March 1999.

The software revolution in India has been accelerated by foreign investment and assisted by economic liberalization and the creation of government-supported software technology parks. India also has a great number of globally mobile software professionals.

Indian companies have become world leaders in designing portals and web-based applications, and they have successfully sidestepped bureaucratic delays and outdated infrastructure by building their own telecommunications systems and beaming their software products by satellite around the world. Access to the Internet in India is also increasing rapidly and it is estimated that about 6 million people in India will be using the Internet by 2001, aided by the deregulation of the telecommunications and information technology sectors.

Yet India, like so many other countries, continues to face the challenge of the "digital divide". There remains a huge gap within the country between those who are part of the Internet revolution and those who are not. On the eve of India's fiftieth anniversary as a constitutional republic, the President of India warned that his country has "one of the world's largest reservoirs of technical personnel but also the world's largest number of illiterates, the largest number of people below the poverty line, and the largest number of children suffering from malnutrition."

India's success in embracing the Information Revolution is directly related to its success in producing large numbers of highly qualified technical and science graduates. The information networks these graduates are now building have a huge potential for spreading the benefits of education to the less fortunate.

Box 3
India and the information revolution

***The
information
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social activity***

the cutting edge of the industry helps to overcome what has been a major impediment to development—the shortage of finance. It also improves the chances for poor countries to leapfrog some long and painful stages in the development process. Clearly, the requisite intellectual capital is not universally available, but it is far more widespread in the developing world and in the transition economies than is finance capital.

Third, the digital revolution, besides creating a new economic sector, is also a means to transform and enhance many other activities. Mauritius, for example, uses the Internet to position its textile industry globally. The UNCTAD Trade Point Programme allows participants to trade products on-line. The Government of Mali has established an intranet to provide more effective administrative services. And there are many other opportunities: for telemedicine and distance learning; for "virtual" banking coupled with microcredit; for checking weather forecasts before planting and crop prices before harvesting; for having the world's largest library at your fingertips; and so on. The information technology sector, in short, can transform many if not most other sectors of economic and social activity.

Finally, the core product in this sector—information—has unique attributes, not shared by others. The steel used to construct a building, or the boots worn by the workers constructing it, cannot be consumed by anyone else. Information is different. Not only is it available for multiple uses and users, it becomes more valuable the more it is used. The same is true of the networks that link up different sources of information. We in the policy-making world need to understand better how the economics of information differs from the economics of inherently scarce physical goods—and use it to advance our policy goals.

This is not to say that the transition will be easy for developing countries, especially the very poor. Lack of resources and skills is part of the problem, inadequate basic infrastructure another, illiteracy and language a third, and, of course, there are concerns about privacy and content. Technical solutions will become available for many of these problems, including wireless access, and even simple automatic translation programmes, enabling us to communicate and engage in e-commerce across language barriers.

For the immediate future, the individual consumer model of using information technology that prevails in the industrialized countries will prove too expensive for many developing ones. But that constraint, too, can be overcome. Public telecentres have been established in places from Peru to Kazakhstan. In Egypt, for example, the United Nations Development Programme has helped to create Technology Access Community Centres to bring the Internet and fax service to poor and rural areas. With help from civil society organizations and the private sector, we can expand these pilot programmes to reach even the remotest corners of the globe.

There is however no easy fix for the institutional impediments in many developing countries, above all unsupportive regulatory environments and exorbitant charges imposed by national authorities.

I encourage Member States to review their policies and arrangements in this area, to make sure that they are not denying their people the opportunities offered by the digital revolution.

As a concrete demonstration of how we can build bridges over digital divides, I am pleased to announce a new Health InterNetwork for developing countries.

This network will establish and operate 10,000 on-line sites in hospitals, clinics and public health facilities throughout the developing world. It aims to provide access to relevant up-to-date health and medical information, tailored for specific countries or groups of countries. The equipment and Internet access, wireless where necessary, will be provided by a consortium led by the WebMD Foundation, in cooperation with other foundation and corporate partners. Training and capacity-building in developing countries is an integral part of the project. The World Health Organization is leading the United Nations side in developing this initiative with external partners, including the United Nations Foundation.

I am also announcing a second digital bridges initiative: a United Nations Information Technology Service, which I propose to call UNITeS.

This will be a consortium of high-tech volunteer corps, including Net Corps Canada and Net Corps America, which United Nations Volunteers will help to coordinate. UNITeS will train groups in developing countries in the uses and opportunities of information technology, and stimulate the creation of additional digital corps in the North and South. We are currently exploring external sources of funding to support UNITeS.

Demonstrating global solidarity

Creating an inclusive global market is one of humanity's central challenges in the twenty-first century. We are all impoverished if the poor are denied opportunities to make a living. And it is within our power to extend these opportunities to all.

The rich countries have an indispensable role to play by further opening their markets, by providing deeper and faster debt relief, and by giving more and better-focused development assistance.

Trade access

Despite decades of liberalization, the world trading system remains burdened with tariffs and quotas. Most industrialized countries still protect their markets for agricultural products heavily, and all protect textiles—the two sectors in which the developing countries have a recognized comparative advantage. Moreover, agricultural subsidies in the industrialized countries drive down world prices, hurting farmers in poor countries even more.

Everybody pays a high price for these practices. The estimated cost per job "saved" in industrialized countries ranges from \$30,000 to \$200,000, depending on the industry. Global economic losses from agricultural protectionism may be as high as \$150 billion per year—about \$20 billion of it in lost exports for developing countries.

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Developing countries also cause a great deal of damage to themselves, however, by their own protectionist policies, in agriculture and elsewhere.

Rather than trying to freeze declining industries in place, which always fails in the long run, political leaders should make the case for upgrading skills through education and training, and for providing adjustment assistance.

The tenth session of the United Nations Conference on Trade and Development, held recently in Bangkok, highlighted the need for better market access for the agricultural and industrial products exported by the least developed countries. That would be particularly helpful to sub-Saharan Africa.

I urge the industrialized countries to consider granting duty-free and quota-free access for essentially all exports from the least developed countries—and to be prepared to endorse that commitment at the Third United Nations Conference on the Least Developed Countries in March 2001.

A related issue of trade linkages has emerged in recent years. I refer to the desire of some to make trade liberalization conditional on the developing countries' meeting certain standards in the areas of labour, the environment and human rights. This issue must be handled with great care so that it does not become yet another pretext for protectionism.

I propose a different course. First, in most of these areas agreements already exist on universal values and common standards—the fruit of many conferences and long negotiations. What is needed now is for states to live up to their obligations, and for the relevant United Nations agencies to be given the resources and support to help them. If that means that the world should have a more robust global environmental organization, for example, or that the International Labour Organization needs to be strengthened, then let us consider those possibilities.

Second, global companies must play a leadership role. At relatively little if any cost to themselves, they can, in their own corporate domains, apply good practices everywhere they operate. This would have a beneficial demonstration effect throughout the world. That is why I have invited the business community to join me in a "Global Compact" to enact in their own corporate practices a set of core values in three areas: labour standards, human rights and the environment (see box 4). This initiative has been endorsed by a wide variety of business associations, labour groups and non-governmental organizations—and I hope to announce soon the first business leaders who are joining us to make the Global Compact an everyday reality.

Debt relief

High levels of external debt are a crushing burden on economic growth in many of the poorest countries. Debt servicing requirements in hard currency prevent them from making adequate investments in education and health care, and from responding effectively to natural disasters and other emergencies. Debt relief for those heavily indebted poor countries must, therefore, be an integral part of the international community's contribution to development.

Repeated rescheduling of these countries' bilateral debts has not significantly reduced their overall indebtedness. In 1996, therefore, the international donor community launched an initiative to reduce these countries' debt to sustainable levels—the so-called HIPC initiative. In the three years since its adoption, however, only four countries have fully qualified. Another nine are reaching that point, while five others are engaged in preliminary discussions. But progress has been slow.

A proposed expansion of the HIPC programme—agreed by the Cologne Summit of the G-8 in June 1999 and endorsed by the international financial institutions in September—provides for deeper, faster and broader debt relief. But it has yet to be implemented. Other obstacles remain. For instance, there is no mechanism for handling the large-scale restructuring of debt owed to foreign lenders by many private borrowers in the banking and corporate sector in developing countries.

I call upon the donor countries and the international financial institutions to consider wiping off their books all official debts of the heavily

Launched by the Secretary-General early in 1999, the Global Compact is a joint undertaking of the International Labour Organization, the United Nations Environment Programme and the Office of the United Nations High Commissioner for Human Rights.

The Compact seeks to engage corporations in the promotion of equitable labour standards, respect for human rights and the protection of the environment. Corporations are asked to translate commitments to general principles in these three areas into concrete management practices. The Global Compact is based on the conviction that weaving universal values into the fabric of global markets and corporate practices will help advance broad societal goals while securing open markets.

To help pursue this ambitious agenda the Compact team at the United Nations has created a web site that provides information on the Compact and access to extensive United Nations country-based data banks. It describes corporate "best practice" in the areas of human rights, labour standards and protection of the environment, and promotes dialogue on supportive partnership programmes. The web site can be accessed at <http://unglobalcompact.org>.

The Global Compact is actively supported by:

- Global business associations: the International Chamber of Commerce, the International Organization of Employers, the World Business Council on Sustainable Development, the Prince of Wales Business Leaders Forum and Business for Social Responsibility.
- Other global associations that have joined, or are considering doing so, include: the International Fertilizer Industry Association, the International Federation of Consulting Engineers, the World Federation of Sporting Goods Industry, the International Iron and Steel Institute, the International Petroleum Industry Environmental Conservation Association and the International Council of Chemical Associations.
 - The International Confederation of Free Trade Unions.
 - Issue-oriented non-governmental organizations dealing with the environment, human rights and development.

Box 4



**The Global Compact:
A framework for
United Nations–
private sector
partnerships**

Additional aid flows should be deployed to support programmes that encourage growth and help the poor

indebted poor countries in return for those countries making demonstrable commitments to poverty reduction.

In designing such national poverty reduction programmes, governments are encouraged to consult closely with civil society.

I would go a step further and propose that, in the future, we consider an entirely new approach to handling the debt problem. The main components of such an approach could include immediate cancellation of the debts owed by countries that have suffered major conflicts or natural disasters; expanding the number of countries in the HIPC scheme by allowing them to qualify on grounds of poverty alone; pegging debt repayments at a maximum percentage of foreign exchange earnings; and establishing a debt arbitration process to balance the interests of creditors and sovereign debtors and introduce greater discipline into their relations.

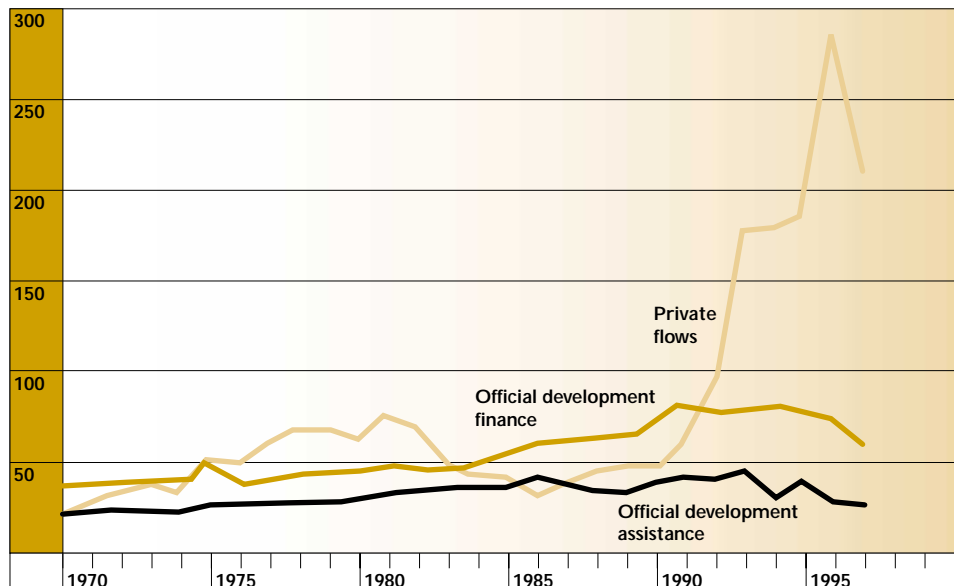
Let us, above all, be clear that, without a convincing programme of debt relief to start the new millennium, our objective of halving world poverty by 2015 will be only a pipe dream.

Official development assistance

Development assistance—the third pillar of support by the international community—has been in steady decline for several decades. There are some signs that this decline has now begun to flatten out but, despite recent increases by five countries, no general upward momentum is yet visible (see figure 5). While it is true that private investment flows have increased significantly, many poor countries are not yet fully equipped to attract such investment.

Figure 5
Financial flows to developing countries
(Billions of United States dollars—constant 1995 dollars)

Source: World Bank, *Global Development Finance 1998*.



Additional aid flows should be deployed to support the kinds of priorities I have described: programmes that encourage growth and help the poor. Aid should also promote domestic and foreign investment opportunities. For example, it could perhaps be used to offset some of the risk premium of private investment in poor countries. The private sector can also be helpful in providing pre-investment assistance—as in the case of the partnership between UNCTAD and the International Chamber of Commerce to produce investment guides for the least developed countries (see box 5).

If external assistance programmes are to yield the best results, their administrative burdens on the countries they are supposed to help must be significantly reduced, and those countries must play a full part in designing them. The United Nations Development Assistance Framework is a useful—and by all accounts, a successful—step in that direction (see box 6)—as are changes recently introduced by other agencies, including the World Bank. But bilateral programmes still need to be far better coordinated.

Foreign direct investment (FDI) contributes greatly to economic growth in developing countries. Most of this investment goes to the industrial world, but an increasing share, about one quarter of the total, is now going to developing countries. In the last 10 years these private capital flows have become a far more important source of development finance for many developing countries than official development assistance.

But FDI does not flow equally to all parts of the developing world. Asia receives almost 20 times more foreign investment than sub-Saharan Africa, where the need is greatest.

Why do the poorest and most needy countries get the lowest levels of private capital investment? The reasons are complex. Poorly functioning capital and labour markets, weak governance, and high costs of transportation are part of the problem. But even when developing countries undertake the reforms necessary to address these problems they often still do not receive the FDI they so desperately need.

Often, the key challenge is to inform prospective investors that the needed reforms have been made, and that real investment opportunities exist. Doing precisely that is a major goal of the joint initiative undertaken by the United Nations Conference on Trade and Development (UNCTAD) and the International Chamber of Commerce (ICC).

This initiative includes publication of a series of investment guides, describing investment opportunities and conditions in the least developed countries, and promoting dialogue between governments and potential investors. A central objective is to help strengthen the capacity of the poorest countries to attract investment.

Twenty-eight companies—household names in many parts of the world—are supporting the partnership and contributing to the UNCTAD-ICC project, as are China, Finland, France, India and Norway.

The UNCTAD-ICC project is one of many public-private cooperative projects now being pursued at the United Nations. With aid flows having declined in the 1990s such collaboration is becoming an increasingly important means of assisting the development process in the poorest countries.

Aid should also promote domestic and foreign investment opportunities

**Box 5
Attracting investment to the poorest countries: a United Nations/private sector initiative**

As a result of globalization, the world's commitment to the poor is slowly coming to be seen, not only as a moral imperative but also as a common interest. Each country must still take primary responsibility for its own programmes of economic growth and poverty reduction. But ridding the world of the scourge of extreme poverty is a challenge to every one of us. It is one that we must not fail to meet.

Box 6
Cooperating for
development:
the United Nations
Development
Assistance
Framework

Development cooperation has changed dramatically in the last decade, with much greater emphasis being placed on human rights, human development and environmental concerns. Demands for assistance have increased; resources to meet those demands have declined.

The United Nations has increasingly been required to do more with less. This, in turn, has required greater collaboration between our agencies and more partnerships with actors in civil society and the private sector. As the number of development agencies and non-governmental organizations in the field has increased, the need for better coordination has grown commensurately.

To bring greater collaboration, coherence and impact to the Organization's work at the country level, the United Nations Development Assistance Framework (UNDAF) was introduced in 1997 as part of the Secretary-General's reform package. UNDAF is a common framework with a common vision and is based on a common country assessment.

UNDAF seeks to improve coordination and avoid duplication of effort between United Nations agencies, national governments and other partners in support of country priorities. It is currently being implemented in 74 countries around the world, each under the leadership of the United Nations Resident Coordinator. It is part of a broader trend in the United Nations system to treat issues like development in a more comprehensive way.

UNDAF also represents a shift in development planning and implementation from Headquarters to the country level. In India, for example, UNDAF facilitated collaboration between the United Nations and the Government in dealing with the twin challenges of gender and decentralization. In Romania, UNDAF helped elaborate the first National Strategy on Poverty, which in turn enabled the Government to mobilize additional resources from other donors.

In its short existence, the achievements of UNDAF clearly demonstrate that agencies operating cooperatively can achieve far more than when they act on their own.

