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SOCIAL, ENVIRONMENTAL PROBLEMS THREATEN GROWTH NEEDED REDUCE POVERTY – World Development Report 2003

JOHANNESBURG, August 21, 2002—National leaders and the international development community must begin to act now to address mounting environmental problems and social unrest that threaten to undercut the economic growth that Africa and poor countries in other regions need to reduce poverty, according to a new World Bank report.

With improved policies and institutions, including action to resolve regional and civil conflicts and to contain the HIV/AIDS epidemic and other diseases, Africa has the potential to achieve the growth necessary for rapid, sustained poverty reduction, according to the **World Development Report 2003: Sustainable Development in a Dynamic World**.

The World Bank is calling on African and other heads of state, ministers, private sector leaders, and civil society representatives at next week's World Summit on Sustainable Development in Johannesburg to begin taking action now to ensure that environmental problems and social unrest do not undermine the growth needed to reduce poverty in Africa and elsewhere.

“Low income countries will need to grow at 3.6 percent per capita to meet the United Nations’ Millennium Development Goal of halving poverty by 2015, but this growth must be achieved in a manner that preserves our future,” said **Ian Johnson, Vice President of the World Bank’s Environmentally and Socially Sustainable Development Network**. The need for action is especially pressing in the five areas that are the focus of the Johannesburg Summit: water, education, health, agriculture and biodiversity, he added.

With average 3.6 percent growth per year, the world would have a \$140 trillion economy by the middle of the century. Such growth can only be sustained if environmental and social stresses are adequately addressed, according to the report.

The 1992 Earth Summit in Rio de Janeiro, Brazil, highlighted the need for socially and environmentally sustainable approaches to development. But despite increased attention and concern since then, many of the problems identified in at the Earth Summit have yet to be adequately addressed.

And stresses are mounting. According to the **World Development Report (WDR) 2003**, over the next 50 years the world population will increase by three billion, to nine billion people.

“The world must find better ways to enable poor people to manage their own resources and build their productivity and incomes,” said **Nicholas Stern, World Bank Chief Economist and Senior Vice President**. *“Rich countries can take such a step by opening their markets to developing world exports, and by abandoning agricultural subsidies and other barriers to trade that depress prices and limit market opportunities for the very goods that poor people produce most competitively.”*

The report explains why long-term environmental and social problems have not been addressed adequately, and it suggests new approaches that address these problems and build on the lessons of the past decade. It calls for new partnerships at the local, national and international levels to address social and environmental strains. For example, South Africa’s transition from apartheid, and innovations such as the Truth and Reconciliation Councils, demonstrate the potential value of creating new institutions to avoid social upheaval, says the report.

The World Bank argues that the responsibility for development be shared more widely. Rich countries must further open their markets and cut agricultural subsidies that depress incomes of poor farmers, and they must increase the flow of aid, medicines, and new technologies to developing countries. Governments in Africa and the rest of the developing world must become more accountable and transparent, and ensure that poor people have access to education, health care, other basic services, and to secure land tenure.

Action on Agriculture

Developing countries depend on agriculture for about one quarter of their total output. Higher agricultural productivity is crucial to raising incomes in developing countries.

Yet poor farmers face many hurdles in their efforts to raise productivity. Bad roads, scarce finance, lack of access to new technology, and environmental degradation all hinder productivity increases.

Agriculture subsidies in the rich countries of \$1 billion a day depress farm prices worldwide, making it harder for poor farmers to compete. The World Bank is urging rich countries to cut agricultural subsidies, accelerate the transfer of new technologies, and to increase aid to countries that use assistance well.

The report says that African governments can help to boost rural incomes by devoting more attention to the needs of small farms instead of large plantations, and by ensuring that poor farmers have access to fertilizer.

The report says that these changes will require new and better institutions that take into account the long-range impact of current activities and the views of poor people who too often are excluded from the decisions that affect their lives. Some examples of new institutions to address these problems include participatory budgeting and project design, international markets for trading carbon emissions rights, and certification processes for timber and diamond exports.

Demographic trends in the 21st Century mean that development strategies adopted in the next few years will have a profound impact, the report says. By 2050 most people will live in cities for the first time in human history. By the end of the century, global population will have stabilized at between 9 billion and ten billion people. These trends have the potential to create enormous social and environmental strains. Yet rapid urbanization and the leveling-off of population growth also offer windows of opportunity.

Most of the capital stock that will be needed to reduce poverty and provide for the new population does not yet exist. Better standards, increased efficiency, and new, more inclusive means of decision-making could mean that this capital stock – apartments, shops, factories, roads, power and sanitation systems – could be built in ways that puts fewer strains on society and the environment.

Similarly, as population growth slows, economic growth will translate more readily into lower poverty and higher incomes per capita – provided that economic and population growth over the next few decades has been handled in a way that does not destroy the natural resources or erode critical social resources, such as trust

between individuals, that enable people to enter into agreements and plan and invest for the future.

Bank officials have suggested that world leaders could use the Johannesburg Summit to seize these 21st century opportunities, building upon such promising initiatives as the Monterrey Consensus, the compact adopted by the United Nations at the March 2002 International Conference on Financing for Development, and the New Partnership for Africa's Development (NEPAD).

“The fact that we are here today, that South Africa is preparing to host a World Summit, is only possible because of the new institutions that South Africans created to overcome apartheid,” said Ian Goldin, World Bank Director of Development Policy. “This reminds us all that many of the successful new ideas about sustainable development will come from people in developing countries. Rich countries and the international development community must do a better job of listening to these voices.”

Africa faces some especially difficult challenges but also has some little-recognized strengths and advantages, according to the report.

Globally, about 1.3 billion people make their living from fragile lands that cannot sustain commercial agriculture, such as slopes, arid zones, and wetlands. Sub Saharan Africa has a higher proportion of people on fragile lands than any other part of the world, nearly 40 percent, compared to an average of around 25% in other developing regions.

The very high share of people on fragile lands means that Africans are especially vulnerable to climate changes due to global warming, even though Africa's per capita output of carbon dioxide, one of the main greenhouse gasses, is the less than any other region, and a mere tenth of the per capita output in rich countries.

Africa also has the fastest growing cities in the world, with urban population growth rates of about 5% per year, compared to about 3.5% in other parts of the developing world. Such rapid urbanization presents both challenges and opportunities. Moreover, compared to other developing regions, Africa is well-endowed with both usable land and water resources.

Linda Likar, a World Bank lead economist and member of the team that produced the report, said that African solutions such as traditional and indigenous approaches to land use, have not been fully tapped because more “modern” approaches developed in other contexts have been uncritically applied. ***“Some traditional African approaches have proven to be sustainable over long periods. These deserve greater attention,”*** she explained .

The **WDR 2003** suggests that sustainable development will require:

- Achieving substantial growth in income and productivity in developing countries.
- Managing the social, economic and environmental transitions to a predominantly urban world.
- Attending to the needs of hundreds of millions of people living on environmentally fragile lands.
- Reaping the “demographic dividends” seen in declining dependency rates and slowing population

Managing Water For All

The World Commission on Water estimates that water use will jump 50 percent over the next 30 years.

Ensuring delivery to rapidly-growing urban areas, rural communities, and industries, without exhausting the water needed for ecological processes, increasingly will require internationally coordinated efforts.

Already, more than a dozen major rivers no longer reach the sea, leading to the collapse of many coastal fisheries.

Many developing countries will need to make sizeable investments in water infrastructure. In the past, inappropriate pricing policies have led to massive waste, and have not provided benefits to poor people.

Next week's Summit in Johannesburg will consider ways to ensure that poor people have wider and continuous access to clean water, without destroying the natural environment on which many poor people depend for their livelihood.

growth.

- And avoiding the social and environmental stresses – at local and global levels – likely to emerge on the path to a \$140 trillion world economy.

Countries as different as China, Morocco and Cameroon are experimenting with new institutional approaches to these problems, often involving increased participation of the private sector and civil society. Most importantly, the report concludes that poor people must have a greater say in the process that will shape their lives in the decades ahead. Decisions need to be taken in an inclusive and consultative manner that recognizes the views of poor people while also empowering them with greater control of their own resources.

“In the next 50 years, the world’s population will begin to stabilize and the majority of people will live in cities for the first time in history,” said Zmarak Shalizi, lead author of the WDR 2003. ***“By thinking long term and acting now, we can take advantage of these windows of opportunity to shift development to a more inclusive and sustainable path, and achieve steep reductions in poverty in the decades ahead.”***

UN Millennium Development Goals For 2015

1. Eradicate extreme poverty and hunger
 - Halve the proportion of people with less than one dollar a day.
 - Halve the proportion of people who suffer from hunger.
2. Achieve universal primary education
 - Ensure that boys and girls alike complete primary schooling.
3. Promote gender equality and empower women
 - Eliminate gender disparity at all levels of education.
4. Reduce child mortality
 - Reduce by two thirds the under-five mortality rate.
5. Improve maternal health
 - Reduce by three quarters the maternal mortality ratio.
6. Combat HIV/AIDS, malaria and other diseases
 - Reverse the spread of HIV/AIDS.
7. Ensure environmental sustainability
 - Integrate sustainable development into country policies and reverse loss of environmental resources.
 - Halve the proportion of people without access to potable water.
 - Significantly improve the lives of at least 100 million slum dwellers.
8. Develop a global partnership for development

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