



## *2. Poverty trends: the importance of sustained economic growth and of inclusive growth*

According to the 2002 Report on the Least Developed Countries, "Escaping the poverty trap" (UNCTAD, 2002), over half of their population lives in extreme poverty, that is, on less than 1 dollar per day and over 80 per cent lives on less than two dollars per day. During the 1990s, the incidence of extreme poverty was highest and increased most in the least developed countries that are dependent on trade of primary commodities.

In situations of mass poverty, sustained and substantial poverty reduction requires not only sustained economic growth but also a form of growth that leads to sufficient creation of productive employment for the working-age population so that real per capita income and consumption can grow. Economic growth should be inclusive. If inequalities become too large and are linked to a sense of exclusion on the basis of social identity, a legitimacy crisis may emerge, threatening the whole growth process (UNCTAD, 2004).

In 1995-1999, the domestic resources available to finance investment and public services in the least developed countries represented on average, no more than 0.15 cents per day per person. It is against this background that the importance of external finance assumes such significance in these countries (UNCTAD, 2004).

## *3. ODA trends: recalling the importance of economic infrastructure and production sectors*

In both nominal and real terms, net ODA flows into the least developed countries grew in 2002 for the third consecutive year. During 1999-2002, real aid inflows increased by an average 13.4 per cent per annum (11 per cent per annum if Afghani

development, makes relevant mention of issues related to good governance in paragraphs 10.3, 10.16a, 10.22 c, 10.23 and 10.24. That is, full implementation of the ICPD Programme of Action would enhance the commitment to and realization of good governance.

With regard to the commitment to development and poverty reduction, concern about those issues permeates the whole ICPD Programme of Action and, in particular, chapter III on the interrelationships between population, sustained economic growth and sustainable development. Although the ICPD Programme of Action cannot be regarded as a roadmap to achieve sustained economic growth, the ICPD does contain the commitment to development and poverty reduction.

## *2. Target 13*

Target 13: Address the least developed countries' special needs. This includes tariff- and quota-free access for their exports; enhanced debt relief for heavily indebted poor countries; cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction.

### *The sub-target on ODA*

Consistent with targets 12 and 13, the ICPD Programme of Action stresses the need to increase ODA to developing countries in general and to the least developed countries in particular. The need to complement domestic resource mobilization efforts in least developed countries by greater provision of ODA has been addressed in chapter XIII of the ICPD Programme of Action on national action (para. 13.12), in chapter XVI on follow-up to the Conference (para. 16.18) and in chapter XIV on international cooperation (para. 14.14). It is also reflected in the chapter VI of the key actions.

Within target 13 of Goal 8, the ODA sub-target is being monitored by different variables and ratios, including the ODA as a percentage of GNI of donor countries, the share of bilateral ODA allocated to social sectors and the share of untied ODA.

The ICPD Programme of Action does not contain the target for ODA to reach 0.15 per cent and 0.20 per cent of the GNI of donor countries, which is included in the LDC Programme of Action (in the key actions, reference is made only to an ODA target of 0.7 per cent of GNI at the global level) and does not address the need to untie ODA in the particular context of the least developed countries.

### *The sub-target on debt relief*

Issues relating to debt relief and debt sustainability are covered in chapters III and XIV of the ICPD Programme of Action and in chapter VI of the key actions, but not explicitly with regard to the economies of least developed countries. The issue of debt relief is of particular importance to the least developed countries, 32 of which are classified as highly-indebted poor countries (HIPC). As of July 2004, only 10 of them had reached a completion point.

Despite the generally high population growth rates in the least developed countries, it is difficult to assume that specific population aspects could directly or indirectly impact on the achievement of this sub-target. What is clear, however, is that debt relief is expected to sustain increase in spending for social development in HIPC countries.

### *The sub-target on market access provided by developed countries*

The sub-target on market access includes: duty-free and quota free access for the exports of the least developed countries; reduction of tariffs imposed by developed countries on agricultural products and on textiles and clothing from developing countries; the phasing out of agricultural support measures by OECD countries; increased share of ODA to build trade capacity. Consistent

with target 12, the ICPD Programme of Action refers to the need to "reduce international restrictions on international trade in agricultural products" (chapter IX, para. 9.7), "to develop fair trade relations", to establish "more favourable climates for expanded trade and investment on an environmentally sound basis" and to promote "an open, equitable, secure, non-discriminatory and predictable international trading system" (chapter III, paras. 320-322). However, the ICPD Programme of Action does not explicitly address the special needs of least developed countries with regard to these issues.

There is a wide consensus on the need for special support measures in the area of trade for the least developed countries because most of these countries have become increasingly marginalized in international trade and have found it difficult to integrate into the multilateral system in a way which supports their development. According to the 2004 Report on the Least Developed Countries (UNCTAD, 2004), a particular problem affecting all preferential market access schemes is that utilization of preferences is low in the least developed countries. Least developed countries are characterized by weak productive capacities. The 2004 Report argues that it is important to complement market-access preferences through supply-side preferences, particularly in the areas of technology, foreign-direct investment and finance, to assist the least developed countries in overcoming their marginalization. The 2004 Report also notes that, because ODA inflows declined in the 1990s, there was a compositional shift away from investment in economic infrastructure and the productive sectors toward social infrastructure. It is vital that the upturn in international assistance be also associated with a shift in the composition of ODA back toward enhancing productive capacity and not simply meeting basic needs or providing social infrastructure. Increased financial assistance for trade-related infrastructure should also be a priority in the least developed countries.

With regard to the phasing out of the agricultural support measures used by OECD countries, the 2004 Report on the Least Developed Countries (UNCTAD, 2004) highlights the importance of this process for the least developed countries because in them substantial poverty reduction depends on improvements in agricultural productivity and on the beneficial complementarities between the agricultural sector and the non-agricultural sector. The agricultural products receiving subsidies in developed countries that could be imported from the least developed countries include beef and veal, cotton, maize, milk, potatoes, rice, sorghum, sugar and wheat. The least developed countries that specialize in these products can be expected to benefit the most from the phasing out of support measures tb

1000 (table XIV.1). Similarly, the average crude birth rate stood at 32.3 per 1000 in small-island least developed countries and at 43 per 1000 in landlocked least developed countries. The same differences apply with respect to the dependency ratio. In comparing the group of landlocked developing countries that are not least developed with that of other SIDS, data show that, on average, there is a tendency for crude birth rates, crude death rates and dependency ratios to be higher in landlocked countries than in the SIDS. It is important to stress that the average dependency ratio in the SIDS tends to be higher than that of all developing countries. Moreover, although the SIDS, especially those that are least developed, tend to display lower population growth rates than other developing countries, a number of them are facing significant land pressure and growing school-age populations (Asian Development Bank, 1996).

TABLE XIV.1. SELECTED DEMOGRAPHIC INDICATORS FOR THE LEAST DEVELOPED COUNTRIES AND THE SMALL ISLAND DEVELOPING STATES, 2000-2005

Country	2000-2005				2005
	Population growth rate (percentage)	Total fertility (children per woman)	Crude birth rate (per 1,000 population)	Crude death rate (per 1,000 population)	Dependency ratio (per 1,000 population 15 to 64)
Least developed countries .....	2.4	5.13	38.9	15.1	833
Angola.....	3.3	7.20	52.3	23.6	1 022
Bangladesh.....	2.0	3.46	28.9	8.3	674
Benin.....	2.7	5.66	41.5	14.3	899
Cambodia.....	2.4	4.77	33.9	10.0	772
Democratic Republic of the Congo.....	2.9	6.70	50.2	21.4	986
Djibouti.....	1.6	5.70	39.5	17.7	854
Equatorial Guinea.....	2.7	5.89	43.1	16.7	916
Eritrea.....	3.7	5.43	39.7	11.9	889
Gambia.....	2.7	4.70	35.8	12.7	783
Guinea.....	1.6	5.82	42.9	16.1	876
Guinea-Bissau.....	3.0	7.10	49.9	19.6	1 021
Haiti.....	1.3	3.98	30.3	5.7	707
Liberia.....	4.1	6.80	50.0	21.5	963
Madagascar.....	2.9	5.70	41.6	13.2	898
Mauritania.....	3.0	5.79	41.8	14.2	866
Mozambique.....	1.8	5.63	41.2	23.5	882
Myanmar.....	1.3	2.86	23.9	11.2	559
Senegal.....	2.4	4.97	37.1	12.2	814
Sierra Leone.....	4.0	6.50	49.6	29.3	897
Somalia.....	4.3	7.25	52.1	17.7	1 026
Sudan.....	2.2	4.39	33.0	11.7	744
Togo.....	2.4	5.33	38.5	14.7	868
United Republic of Tanzania.....	1.9	5.11	39.3	18.1	878
Yemen.....	3.6	7.01	45.0	9.2	1 015
Land-locked least developed countries.....	2.5	5.97	43.0	18.8	938
Afghanistan.....	4.0	6.80	47.4	21.5	858
Bhutan.....	3.0	5.02	34.5	8.6	813
Burkina Faso.....	3.0	6.68	47.8	17.4	1 056
Burundi.....	3.2	6.80	44.2	20.6	911

TABLE XIV.1 (continued)

Country	2000-2005				2005
	Population growth rate (percentage)	Total fertility (children per woman)	Crude birth rate (per 1,000 population)	Crude death rate (per 1,000 population)	Dependency ratio (per 1,000 population 15 to 64)
Mali .....	3.0	7.00	49.9	16.2	1 071
Nepal .....	2.3	4.26	32.9	9.7	761
Niger .....	3.7	8.00	55.2	19.1	1 093
Rwanda .....	2.0	5.74	44.0	21.8	914
Uganda .....	3.3	7.10	50.7	16.7	1 118
Zambia .....	1.2	5.64	42.2	28.0	994
Small island least developing countries .....	2.4	4.25	31.2	8.1	757
Cape Verde.....	2.0	3.30	27.7	5.4	728
Comoros.....	2.9	4.90	36.7	8.4	799
Democratic Republic of Timor-Leste.....	4.3	3.85	23.8	13.2	541
Kiribati .....	1.4	..	..	..	..
Maldives.....	3.0	5.33	35.8	6.1	827
Samoa.....	1.0	4.12	28.8	5.5	789
Sao Tome and Principe .....	2.5	3.99	33.2	5.8	823
Solomon Islands .....	2.9	4.42	33.3	4.6	802
Tuvalu .....	1.2	..	..	..	..
Vanuatu.....	2.5	4.13	30.5	5.4	748
Other land-locked developing countries.....	1.0	2.87	23.4	10.8	619
Armenia .....	-0.4	1.15	9.7	7.7	393
Azerbaijan.....	0.9	2.10	17.8	5.6	521
Bolivia.....	1.9	3.82	29.3	8.1	735
Botswana.....	0.9	3.70	30.6	21.4	737
Kazakhstan.....	-0.3	1.95	16.2	0.9	400

TABLE XIV.1 (continued)

Country	2000-2005				2005
	Population growth rate (percentage)	Total fertility (children per woman)	Crude birth rate (per 1,000 population)	Crude death rate (per 1,000 population)	Dependency ratio (per 1,000 population 15 to 64)
Seychelles .....	0.9	..	..	..	..
Tonga .....	1.0	3.71	26.5	7.2	719
Trinidad and Tobago .....	0.3	1.55	13.7	7.3	400
Sub-Saharan Africa .....	2.3	5.38	40.2	17.2	876
Less developed regions .....	1.5	2.92	23.8	8.8	573
Less developed regions excluding the least developed countries .....	1.3	2.60	21.3	7.8	536

Source: Calculations based on United Nations, *World Population Prospects: The 2002 Revision*.

#### 4. Target 15

Target 15: Deal comprehensively with developing countries' debt problems through national and international measures to make debt sustainable in the long term.

The issue of debt burden in developing countries is mentioned in chapter III of the ICPD Programme of Action, especially in paragraphs 3.12 and 3.22, and in chapter XIV (para. 14.18). It is also mentioned in paragraph 100 of the key actions.

#### C. POPULATION TRENDS AND DYNAMICS AND THEIR IMPACT ON TARGETS 12 TO 15 OF GOAL 8

There is no direct link between population aspects and the achievement of targets 12 to 15 of Goal 8, especially in comparison with the importance of population trends for the achievement of other MDGs and targets.

##### 1. Linking targets 12 to 15 of Goal 8 with other MDGs: the importance of population aspects

International resource mobilization under targets 12 to 15 of Goal 8 is instrumental to the achievement of other MDGs or targets, particularly in countries that are highly dependent on international assistance (i.e. the least developed countries). With regard to debt relief under the HIPC II initiative, resources freed should be used to support poverty reduction strategies as detailed in poverty reduction strategy papers (PRSPs). The increasing allocation of ODA to support the social services of developing countries over the last few years is also a well-documented trend. In the group of least developed countries, the share of multilateral ODA commitments to social infrastructure and services in total multilateral ODA commitments increased from 28.8 per cent in 1994-1996 to 36 per cent in 2000-2002.

Cross-country analysis traditionally uses three structural variables as determinants of aid: GDP per capita, population size and infant mortality (Burnside and Dollar, 1997; Guillaumont and Chauvet, 1999). It is generally found that the smaller a country's population, the larger the relative amount of ODA received. Population is used as a proxy for country size. Considering that ODA commitments made by donor countries are based on their respective ODA/GNI ratio (not on the level of ODA per capita received by beneficiary countries), there is no evidence that the population aspects of developing countries interact positively or negatively on the allocation of ODA by donors. In fact, international support is mainly determined by the socio-economic conditions and policy environment prevailing in developing countries, not by their population trends.

For developing countries receiving ODA, if the rate of population growth surpasses that of ODA, the amount of ODA per capita drops. As a result, all other things being equal, population growth in developing countries can have an effect on the linkages between targets 12 to 15 of Goal 8 and the achievement of other MDGs or targets. For instance, in analysing the determinants of aid effectiveness, Guillaumont and Chauvet (1999) found that aid effectiveness is higher where vulnerability is high and that large countries are less vulnerable to trade and climatic shocks than small ones. Moreover, in situations where part of ODA is directed to programmes assisting Governments to promote reproductive health, including family planning (as recommended in the ICPD Programme of Action), this type of ODA is expected to impact on selected population trends and dynamics and accelerate the achievement of demographically sensitive MDGs.

*2. The relationship between exports and poverty in the least developed countries:  
the importance of population aspects*

With regard to trade, increased exports resulting from increased market access could release additional resources to support the achievement of the MDGs, and strengthen the country's debt sustainability. In analysing the relationship between exports and poverty, the 2004 Report on the Least Developed Countries (UNCTAD, 2004) noted two causes for the weakness of such a relationship in the economies of least developed countries, one of which is that export growth may not be facilitating sustained economic growth at levels sufficient to lead to substantial poverty reduction. Because population growth is generally high in the least developed countries, despite the positive relationship between export growth and output growth, export growth may not be generating sufficiently high output growth to ensure increasing GDP per capita, which is necessary for the substantial reduction of poverty. This example shows that in the context of the least developed countries, population trends tend to weaken the beneficial effects of export-led growth on poverty reduction. The second factor explaining the weakness of such a relationship in the least developed countries is the non-inclusive form of export-led growth. In the case of the least developed countries specializing mostly in agricultural exports, enclave-led growth may dominate without developing sufficient non-agricultural employment to relieve the increasing population pressure on agricultural land.

In the least developed countries, therefore, population trends tend to weaken the link between export growth and poverty reduction, and consequently reduce the beneficial effects of export growth on the achievement of other MDGs or targets.

#### D. CONCLUSION

International support measures that may contribute to the achievement of the targets under Goal 8 relative to ODA, debt relief and market access, are central to the achievement of other MDG targets. Everything else being equal, population trends in developing countries are more likely to leverage the impact of changes made to achieve targets 12 to 15 of Goal 8 and therefore the achievement of other MDGs or targets than other expected trends, especially because large numbers of people lower the amount of resources available per person.

The goals, objectives and actions contained in the ICPD Programme of Action are supportive of the attainment of targets 12 and 15 of Goal 8. Concerning target 13, the special needs of least developed countries for ODA have been reflected in the ICPD Programme of Action and the key actions for its further implementation, but more emphasis ought to be placed on the special needs of these countries with regard to market access and debt relief, untied aid and to the achievement of 0.15 and 0.20 per cent of GNI as the ODA target contained in the LDC Programme of Action. The special needs of landlocked and small-island developing countries (target 14) have not been explicitly outlined in the ICPD Programme of Action.



## REFERENCES

Asian Development Bank (1996). *Strategy for the Pacific: Policies and Programmes for Sustainable Growth*. Manila, Philippines: Office of Pacific Operations.