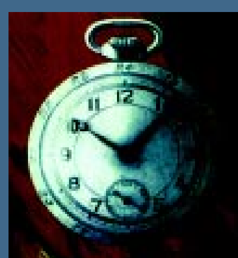
SOCIAL WATCH INFORME 2003

AN INTERNATIONAL CITIZENS' PROGRESS REPORT
ON POVERTY ERADICATION
AND GENDER EQUALITY

SOCIAL WATCH

REPORT 2003



The Poor and the Market

- THE CURRENT STATUS OF ESSENTIAL SERVICES IN THE WORLD
- THE IMPACT OF PRIVATISATION ON THE POOR AND WOMEN
- TRADE AGREEMENTS THREATEN ACCESS TO WATER, HEALTH AND EDUCATION
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SOCIAL WATCH REPORT 2003

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The Poor and the Market

SOCIAL WATCH

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The net transfer of financial resources to developing countries has been negative each and every year since 1997, according to what Kofi Annan, Secretary General of the United Nations, reported to the General Assembly in 2002. In other words, money is being taken from the poor to give to the rich. The world economy is functioning like a reverse Robin Hood.

The net transfer of money is the final result of many factors. Aid, for example, is a positive transfer, from the developed countries to the poorer nations, but debt repayment is a negative one. Aid has been decreasing. The promise of debt cancellation made by the leaders of the seven most powerful countries in the world (who also happen to be the biggest creditors) is being implemented too slowly and timidly for its effects to be perceived. Investment is a positive transfer of resources when foreign corporations bring in capital to start operations in a country, but it weighs negatively in the final account if the profits are not reinvested in the country but taken out of it. A negative trade balance (when the country buys abroad more than it exports) adds to the money outflows. As a result of declining commodity prices and higher costs of manufactured items, developing countries, even when exporting more, earn less. Remittances from migrants working abroad to their families are a substantial contribution to their families and contribute to the balance of payments of their countries of origin, but capital flight erodes those accounts. Capital flight frequently originates in corruption money deposited in foreign tax havens, but it is also a result of legitimate domestic savings being transferred abroad in search of security from potential financial crises, that in turn are frequently caused or exacerbated by hot money («portfolio investment») interested in short-term profits and not in the well-being of the public.

The money originating in developing countries and ending up in the North doesn't come from the pockets of the poor and the workers. They don't have savings to transfer abroad; they buy fewer imported luxury items; they don't spend money abroad as tourists. It comes from the vaults of governments, in the form of debt repayments, and from the pockets of the elite. But governments have to make ends meet, and they offset their fiscal deficits by cutting essential services and by raising taxes. And the savings lost or sent abroad by the wealthy are investments lost by the country, which in turn would have generated jobs and taxes. The poor and vulnerable end up suffering the most.

A record of unkept promises

After the fall of the Berlin Wall in 1989 and the subsequent end of the Cold War, a series of major conferences and summits [1] drew a blueprint for a new era, when the «peace dividend» was to finally make possible the old ambition to feed, educate and care for the health of every child on the planet. At the same time the traditional concept of «development» (previously understood merely as economic growth) was updated with concerns for the environment, for human rights, for cultural diversity and for the condition of women. Civil society organisations were encouraged to participate, and did so by the thousands, bringing unusual enthusiasm into the diplomatic negotiating processes, attracting media coverage and advocating for concrete, measurable and time-bound commitments.

The Social Watch network was created in 1996 to monitor how those commitments were being implemented and to urge the leaders to do better, when needed. Reports like this one have been published by Social Watch every year since then, following indicators, summarising them in tables and, even more importantly, voicing the findings and concerns of citizen groups reporting about their daily realities at home.

Each country report is produced by autonomous citizen coalitions, and is the result of many weeks of research, consultations and debate. The authors come from different backgrounds. Some are engaged in defending human rights, while others organise the poor at the community level. Some work for trade unions representing thousands of workers, while others concentrate on gender issues.

What both the global statistics and the national reports show in Social Watch Report 2003 is that the development promises have not been kept. Those commitments were made in a world of fast economic growth that believed in the magic of a revolutionary «new economy» where bright kids were becoming millionaires before graduating and countries hoped to «leapfrog» from abject poverty into the 21st century thanks to an unending inflow of private capital.

1 Children's Summit in New York, 1990; Earth Summit in Rio de Janeiro, 1992; International Conference on Population and Development in Cairo, 1994; World Conference on Human Rights, in Vienna, 1993; Global Conference on Sustainable Development of Small Island Developing States in Barbados, 1994; World Summit for Social Development in Copenhagen, 1995; Fourth World Conference on Women in Beijing, 1995; Second United Nations Conference on Human Settlements (Habitat II), Istanbul, 1996; World Food Summit in Rome, 1996; Third United Nations Conference on the Least Developed Countries, in Brussels, 2001; World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance, in Durban 2001.

That the promises were not kept is not just another story of politicians failing to keep their word once they got elected. Even governments genuinely committed to improving the fate of their people were deprived by the global economy of the means to do so.

The «Millennium Declaration» adopted by the General Assembly of the United Nations in September 2000, and strengthened politically by the presence of an unprecedented number of heads of state, updated many of the development goals originally set (and not met) for the year 2000 and reformulated them for the year 2015. The declaration also gave official UN endorsement to the goal of «halving extreme poverty,» by that date.

The set of targets included in that document, known as Millennium Development Goals (MDGs), is slightly less optimistic than those originally set for 2000,[2] *yet it still requires a substantial change in the global economic environment in order to achieve them.*

Five of the eight MDGs refer quite directly to basic service delivery, in the areas of health, education and water provision. Goal 1 on poverty is also to a major extent related to access to services (even though poverty is now recognised as a multidimensional problem, with a variety of internal and external causes). It was only logical, then, for Social Watch to conclude that it should contribute to the international debate by focusing the present report on the services that are essential for the poor.

While everyone agrees that basic services need to be improved and made accessible to all, the discussion around how to accomplish this is increasingly controversial. Negotiations on access of foreign firms to service delivery are mandated to start in 2003 by the General Agreement on Trade in Services (GATS), a treaty of the World Trade Organisation, and the World Bank is preparing a report on «services for the poor» that condemns the current government provision model of service delivery and advocates for private concessions and sub-contracting.

Such faith in the capacity of the market to work in favour of the MDGs does not find support in what Social Watch coalitions from around the world report here. As a result of their attempts to «beat the market» many prominent CEOs ended up in jail in 2002, while families that trusted them lost their retirement savings. In order for the same unrestricted and unregulated market operators not to beat the poor, both governments and corporations have to be more accountable to citizens everywhere.

The ink is still fresh on the paper where over a hundred heads of state recognised that «in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level.»[3] *Not allowing that responsibility to be forgotten is one of the ways to help them fulfil their commitment «to making the right to development a reality for everyone and to freeing the entire human race from want.»*[4]

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Montevideo, December 2002

2 Daniel Macadar, «Notes on the formulation and follow-up of the MDGs», paper submitted to the workshop *Monitoring Social Development: Indicators for Civil Society*, organised by Social Watch and UNDP, Rio de Janeiro, Brazil, 21-22November 2002.

3 Paragraph 2 of the Millennium Declaration.

4 Paragraph 11 of the Millennium Declaration.

From social contract to private contracts: The privatisation of health, education and basic infrastructure

A review of the 2003 Social Watch country reports

Tim Kessler

Privatisation is being pushed by international governance institutions, the governments that control them, and the corporations that lobby both groups, even though the dangers that privatisation entails can seriously–and permanently–harm the livelihoods of the world's poorest people. The position of «privatise first and ask questions later» and the naïve confidence in the processes and outcomes of market reform have imposed hardship on precisely the groups those organisations are entrusted to protect. It is time to shift the burden of proof from those who question risky solutions to those who propose them.

The privatisation of basic public services has become a dominant issue in policy discourse in industrialised as well as developing countries. Over the last few years, policies affecting water, electricity, health and education in some countries have generated as much political controversy and social mobilization as taxation, land reform or even trade.

What makes basic services so special? Market-oriented service provision policies have been subject to an unprecedented level of public scrutiny. From the perspective of diverse civil society movements, the issue of basic services cuts across a wide range of issue areas, such as: accountability and transparency of international governance institutions, human rights, poverty reduction, democratization, national sovereignty, gender equality, debt reduction and cancellation, and environmental protection.

Policy-oriented NGOs that advocate for a particular cause are now putting public services on their agenda. For example, a number of citizen organisations with experience in monitoring the Bretton Woods institutions have taken a sudden interest in the General Agreement on Trade in Services, a WTO agreement that could «lock in» privatisation (making it practically irreversible) and undermine the ability of governments to regulate or even finance public services.

There is also a special economic dimension to some basic services. In the case of water and electricity, distribution tends to be a natural monopoly. Physical reliance on a single water pipe network (and often a single water source) or a common power grid leaves little room for competition. The monopolistic dimension of basic infrastructure makes a highly competent, well-funded and politically autonomous government regulator essential for privatisation. Yet in the poorest countries where private provision is promised to bring the greatest benefit, these institutional preconditions are almost always missing. In the absence of effective regulation, private monopolies can charge whatever they wish and can largely ignore customer preferences, thus making a mockery of claims about the benefits of competition.

On one hand, the Bretton Woods institutions and their major shareholder governments tout the benefits of privatising the public sector. A discussion draft of the World Bank's 2004 *World Development Report*, whose theme is services for the poor, states that neither growth nor public spending increases will improve services enough to reach the Millennium Development Goals (MDGs). It then argues that achieving the MDGs requires a rejection of the current government provision model of service delivery and the adoption of reforms that largely bypass the state, including private concessions and sub-contracting.

On the other hand, civil society organisations across the global North and South are increasingly resisting the adoption of policies that put basic services into private hands. Some privatisation measures have led to spontaneous citizen mobilization that threatened the survival of national governments. Given the relevance of basic service provision to reducing poverty and its growing visibility, the authors of the 2003 Social Watch country reports were asked to give special attention to the issue. Their findings are the subject of this essay.

Basic services as a human right

Citizen groups have mobilized resistance to privatisation of essential services not only because they are necessary for survival and human fulfilment, but also because of the undemocratic and indiscriminate manner in which privatisation has been pursued. Although donors and creditors acknowledge the importance of transparency and good governance, it is common for these powerful institutions to require governments to commit to privatisation in secret deal, hidden from public view. Without the knowledge, much less consent, of citizens (and often even parliamentarians), public services are often commercialised and leased for decades.

Privatisers are right to stress the importance of efficiency, especially when it comes to traditional state-owned enterprises, such as airlines, telecommunications or factories. However, equity and universal access are more important than efficiency when it comes to essential services. Efficiency gains through price hikes that end up limiting access may help the balance sheet, but hurt the poor in the process.

Essential services are central to a «social contract» between government and citizens. While social contracts vary considerably across countries, they generally promote equity and universality through redistributive mechanisms that ensure a minimum level of access to goods or services that are necessary for livelihood and dignity. Typical social contracts include sufficient primary education to ensure literacy, basic health care, and access to safe drinking water. More elaborate social contracts (in more developed countries) may also include sanitation services and household electricity.

Essential services are generally viewed as public goods. Unlike private goods, all people benefit from universal access to public goods, regardless of how much they consume. For example, clean water and accessible health care reduce the overall incidence of illness (e.g., epidemics). Similarly, universal education increases economic productivity and forms the foundation of meaningful citizenship, thus benefiting even those without school-age children.

The social contract is based on two related premises: first, that governments should be held accountable for delivery of basic services; and second, that individuals or communities can and should exercise their citizenship rights to ensure those services (at least in democracies). Life-sustaining services such as drinking water are increasingly the subject of national campaigns to guarantee human rights with special legislation or constitutional amendments.

The human rights perspective on basic services has been articulated at a global level. In November 2002, the United Nations Committee on Economic, Social and Cultural Rights declared access to water to be a fundamental right. It also stated that water is a social and cultural good, and not only an economic commodity. The Committee emphasized that the 145 nations that have ratified the International Covenant on Economic, Social and Cultural Rights are now bound by the agreement to promote access to safe water *«equitably and without discrimination»*. Although the UN declaration did not specifically refer to the policy of privatisation—perhaps out of the desire to avoid open conflict with powerful member governments that support it—it implied that state provision was the best option for allocation *«a limited natural resource and a public commodity fundamental to life and health».*

Earlier in the year, the United Nations Commission on Human Rights (UNCHR) laid the analytical and moral foundations for the November declaration, when it released a report[1] that urged WTO member nations to consider the human rights implications of liberalising trade in services, especially health, education and water. The UNCHR report establishes the case that trade is subject to human rights law: «*International trade law and human rights law have grown up more or less in isolation from each other. Yet as trade rules increasingly broaden their scope into areas that affect the enjoyment of human rights, commentators are recognizing the links between the two, seeking to understand how human rights and trade interact, in an attempt to provide greater coherence to international law and policy-making and a more balanced international and social order... The legal basis for adopting human rights approaches to trade liberalisation is clear... A human rights approach sets as entitlements the basic needs necessary to lead a life in dignity and ensures their protection in the processes of economic liberalisation.»*

The Report then focuses specifically on the relationship between services and human rights, and the potential effects of liberalisation: «*Importantly, services act as an essential input into the production of goods and even other services and as a result can facilitate growth and development... Not only can services liberalisation affect economic growth and trade, it can also have an impact on the provision of essential entitlements accepted as human rights such as health care, education and water... However, the liberalisation of trade in services, without adequate governmental regulation and proper assessment of its effects, can also have undesirable effects. Different service sectors require different policies and time frames for liberalisation and some areas are better left under governmental authority.»*

The human rights perspective is far from abstract or theoretical. It is based on experiences in the real world. The case for balancing the values of economic efficiency and fiscal prudence with a human rights framework is supported not only by common sense, but also by evidence. There have been many disappointments with privatisation policies, and more than a few outright disasters. As private provision of services has accelerated over the last five to ten years, more episodes of soaring prices, poor quality and corruption are added to the public record.

Current policy trends suggest that the social contract—or even the potential for a future social contract—is being replaced by private contracts between governments and providers. Citizens with rights to demand accountability are being transformed into mere consumers who are, at best, indirect parties to contracts.

The implications for access and affordability put private provision at the heart of the debate over human rights. When poor households cannot afford access to drinking water, primary education or basic medical attention, the stakes of privatisation policies loom as large as life itself. The impacts can directly result in death, disease, misery, or a stunted life, whereas the impacts of other key policies, such as trade liberalisation or tax increases, while serious, are more indirect.

Surely, public sector provision also has a lamentable record in many countries. However, public services often become viable before they are sold or leased, proving that improvement is possible. In addition, recent experiences with transparency and accountability measures have empowered citizens to demand more responsive services. The immediate and direct connection of basic services to human rights, survival and livelihoods ensures that private sector participation will remain highly a visible and contentious economic issue around the world.

Country experiences

While the Social Watch country reports do not constitute a scientific study of private provision of basic services, they do provide a considerable amount of disturbing evidence about the impacts and processes of privatisation. In country after country we learn about price hikes and social exclusion, poor service quality, and the implementation of policies without even minimal levels of transparency. Privatisation proponents are likely to argue that the stories told in these reports are merely anecdotal. Yet as a body of evidence, the Social Watch reports reveal important patterns that simply cannot be dismissed, and make a compelling case for rethinking privatisation policies and budget austerity.

Process of privatisation

One of the most troubling aspects of the privatisation process identified by Social Watch reports from developing countries is external interference. Private provision policies are often imposed by multilateral lending institutions. During the 1990s, the World Bank, IMF and IDB conditioned major loan packages to Ecuador upon the privatisation of the public water utility. The financial institutions oversaw secret contract negotiations that guaranteed high returns and led to one of the most publicized water price hike disasters, and ultimately to a political crisis that eventually sent the private firm packing.

In Ghana, the World Bank's Country Assistance Strategy (CAS)[2] *«classifies «private sector involvement» in the provision, operation and management of public and social infrastructure as a key institutional reform»,* which, when implemented, will increase levels of Bank financing. Similarly, in its 1998 CAS for Mexico, the World Bank pushed hard for the privatisation of electricity, despite massive popular resistance and a deplorable record of corruption and price hikes following previous sell-offs. (As of this writing, political opposition has stalled that privatisation drive.)

The Morocco report states that World Bank assistance in extending the water network to poor neighbourhoods was conditioned *«to the adoption of a policy adjusted to actual market prices, without considering either the special urban structure of these neighbourhoods or the solvency of their residents.»* The Social Watch report for Bolivia, home to one of the world's most notorious privatisation failures, explains how water policy was dictated from beyond national borders: «*Since the beginning of the 1990s, the World Bank had been demanding privatisation of the municipal water company, SEMAPA, as the only solution to the water problem in Cochabamba. In 1996, the WB conditioned a USD 14 million loan to SEMAPA to its privatisation. And in 1997, the IMF, WB and IDB conditioned debt cancellation of another USD 600 million to the privatisation of SEMAPA. …the WB demanded a rigorous application of full cost recovery; and the company managed to establish a guaranteed high rate of returns during the negotiations. All these costs—reached by consensus during an absolutely secret process between the company, the government and local elites—were to be reflected in the water rates prior to any improvement in the water system.»*

In addition, several Social Watch reports revealed instances of corruption, such as sweetheart deals in which well-connected bidders walked away with valuable assets for a fraction of their worth. In other cases, non-transparency has been a serious problem. In 2002, the Bulgarian government resold the failing International Water Ltd., responsible for serving 1.3 million customers, to a private bidder, but did not reveal to the public who the new owners were. Similarly in Nicaragua, in the late 1990s the government sold 95% of electricity distribution to a single Spanish company without disclosing the contract to its own citizens.

Impacts of private provision

Given its primary commitment, for Social Watch the ultimate consideration for analysis of privatisation, or any other economic policy, is the impact on the

1 United Nations Commission on Human Rights. *Economic, Social and Cultural Rights: Liberalization of Trade in Services and Human Rights. Report of the High Commissioner.* 25 June 2002.

2 The CAS is a multi-year economic planning document that the Bank periodically produces for every borrowing country. It sets forth the main criteria for World Bank funding. The more a country satisfies conditions identified in the CAS, the higher the level of funding it can expect to receive.

poor. It is in this area that the record of private provision causes the greatest cause for concern. By far the most pervasive impact of service privatisation identified in the Social Watch reports is increased prices, which inevitably lead to social exclusion. As the South Africa report wryly put it: *«The real citizens are those with cash.»*

In the case of infrastructure services, privatisation has often combined a profit-maximizing incentive with monopoly power. Examples abound. During the late 1990s, the privatisation of electricity in Brazil led to a 65% increase for residential consumers, far higher than the rate of inflation. In Peru, privatised electricity companies, under no restrictions on setting tariffs, raised real prices by a factor of 14 between 1992 and 2002.

The many faces of privatisation

The narratives on basic services in the Social Watch reports suggest that «privatisation» is experienced through different policies across countries and service sectors. The most direct form of privatisation is divestiture: the permanent sale of public assets to the private sector. This usually involves a formal public auction, with the winner offering the highest bid. Another form of privatisation is a long-term concession, in which the state retains formal ownership but pays a firm (or NGO) to manage its assets, make investments, and deliver specific services. (Certain variations on concessions, such as the lease or affermage, do not require the private operator to finance investments.) A common variation on the lease, especially in energy and water services, is the «Build-Operate-Transfer» arrangement, in which a firm constructs and then manages a utility over a long period of time, before turning the assets over the government.

The word «privatisation» is gradually disappearing from documents produced by development banks. The preferred term for virtually any form of private sector control over services is now «public-private partnership» (PPP).[3] While the term «partnership» evokes ideas of cooperation and mutual interest, PPPs are essentially adversarial relationships in which the state's responsibility is shifted from providing services directly to making sure that someone else does. In health and education, a common type of PPP is «contracting out,» in which the government can sub-contract services with firms or NGOs ranging from school and hospital maintenance, to education and medical care. While there are significant differences between «final sale» privatisation and lease or management forms of PPPs, all require contracts, government monitoring, regulation and enforcement. And most require incentives or public resources in order to serve poor people.

Many Social Watch reports identified commercial pricing as a prelude to privatisation. While the introduction and increase in user fees does not remove the government from direct provision of basic services, many authors conceive of the market logic that requires even the poorest citizens to dedicate more of their private income for these essentials as preparation for private provision. Finally, many identify what one report describes as privatisation «by default». The erosion of public resources needed to maintain quality public services—often accompanied by deregulation allowing private sector participation and investment—has resulted in decreasing quality of public services and a corresponding growth of private provision of services, for those who can pay.

In Bulgaria, the privatised water monopoly raised prices twice within three years despite a contract stipulating stable prices during that period. In Ghana, where water rates increased sharply in the mid 1980s and early 1990s, the Social Watch report cites recent research that concludes: *«The commercialisation of water* [has] *led the poor to see water supply as a key factor in their poverty-striken situation.»*

Private provision of key social services has also resulted in increased costs for public providers, and ultimately to taxpayers. In Malaysia in the mid 1990s, privatisation of essential medical services such as drugs and hospital supplies, led directly to increased costs for government provision of health care without improvements in services. The 1996 privatisation of support services such as maintenance, equipment and cleaning increased operational costs four to five times.

In other cases, while private provision may not yet have been implemented, the price of public services has gone up. In particular, cost-recovering «user fees» on public services have been imposed by governments that lack the budget (or perhaps the political commitment) to deliver universal basic services, especially in health and education. In Colombia, education reforms in the 1990s have forced parents to pay for a wide range of school-related services, including building maintenance, academic materials, phone, water and electricity—even the salaries of janitors and secretaries!

While increased user fees are a great burden to those who can pay them, they can be catastrophic for those who cannot. The South Africa report cited a study, conducted by a prestigious research institute that revealed that almost 10 million people had their water service disconnected between 1994 and 2002, primarily as the result of non-payment. (Private provision was launched in 1997) There were reports that disconnections in poor rural communities and urban squatter settlements have forced some to turn to contaminated water sources, causing cholera outbreaks and resulting in hundreds of deaths.

Another worrisome trend that emerges from the Social Watch reports is gradual privatisation that has resulted not from a deliberate policy choice, but rather from neglect. To borrow a telling phrase from the Uruguay report, privatisation is occurring «by default,» as government fails to either fund adequately or reform essential public services. In country after country, public funding has continually decreased over time, leaving government-run services vastly inferior to private ones. At the same time, deregulation and even special incentives have enabled private providers to enter and expand in the market for basic services. When commercially-priced private alternatives co-exist with under-funded public services, the result is a «two tier» system in which those with sufficient income enjoy improved services, while the poor have access to only those of the low quality.

In Chile, a country with strong institutions and impressive economic growth, education reform has helped channel public subsidies to private schools that are free to select among the most prepared and well-off students. As municipalities with fewer resources are forced to take on more low-income students, quality has suffered, inducing more parents to reject free public education.

In Costa Rica, where quality public education has been a major factor in social equity and high living standards, a private school boom now draws better off students away from public schools with declining resources. As the authors of the country report lament, *«Thus, education has changed from being a mechanism for social mobility to becoming an instrument of status and exclusion.»* The Malaysia report repeats an alarmingly common theme across countries: *«two systems have emerged: higher quality private education for those who can afford it and poorer quality public education for those with low incomes.»* The Nepal and Uganda reports present virtually identical outcomes of income-based social exclusion in health and education.

In some cases, the growth of private service provision is not simply an alternative to the public sector, but can become a direct threat to it. For example, in Germany's health care system, *«The deregulation process… is proceeding with caution, yet it has implications for society as a whole. People with a sufficiently high income are allowed to opt out of the statutory health insurance funds. The private insurers can offer their services to young (and healthy) people far more cheaply. As a result, the statutory health insurance funds are retaining a larger proportion of higher cost members.»* Similarly in the Netherlands, cuts in public health spending have been accompanied by the growth of private insurance whose availability is based upon ability to pay. The United States report sums up a global trend in what economists sometimes call «cherry picking» or «cream-skimming»: *«As the official number of poor* [in the United States] *increases, states have been given greater responsibility, but fewer resources to supply basic services to the poor. Attempts to privatise public services targeted to help the poor have been limited by lack of interest*

3 For a detailed glossary of PPP types, see «Public-Private Partnerships: Terms Related to Building and Facility Partnerships», United States Government Accounting Office, April 1999, available at: http://www.gao.gov/special.pubs/Gg99071.pdf

from the private sector: the services are not lucrative enough. The last two decades have seen an erosion of public sector employment as federal, state and municipal governments grant private contractors the more profitable service investment opportunities, such as transportation to and from wealthy suburbs, while leaving less lucrative markets to be serviced by the public sector.»

Around the world, the quality of public services declines even as citizens pay more for them. While market enthusiasts blame government corruption and incompetence, they cannot explain why many public sector institutions in both the developed and developing world actually deliver high quality and widely accessible services. One obvious reason is resources. As decades of «adjustment» and fiscal austerity have eroded national budgets, governments have fewer funds to satisfy greater needs. In India, for example, public spending on education plummeted from 4.4% of GDP in 1989 to just 2.75% ten years later. While India's public funding of health care was 1.25% of GDP in 1993, it dropped to 0.9% in 1999. Spain's social budget, which has undergone major cutbacks, led the authors of that country's report to issue and impassioned call for equity: «*Therefore, we must discuss not only privatisation, but also commitment and solidarity. A state plan is urgently needed; not only to care for the homeless but to address poverty and exclusion in general, with defined budgets that allocate a higher percentage of the GDP to social expenditure. To defend human, economic and social rights of all citizens based on social interest, not economic profitability, the state needs to increase public expenditure and redirect public resources to areas such as education, health and nutrition, where those resources will be most likely to bring about redistribution of income and opportunity.»*

In addition to addressing the impact on the poor and general performance problems, many Social Watch reports also focused on the effects of privatisation on specific vulnerable groups. A considerable number of reports discussed the impact of service privatisation on women. The Honduras report speaks for many: *«The disappearance of State responsibility for maintaining public services has led to women having to double or treble their workday to take on a greater workload at home, with more hours of voluntary work in the communities and in activities generating income, to the detriment of their health, quality of life and leisure.»*

In Chile, where health insurance is subject to commercial pricing, insurance premiums for women of child-bearing age are three to four times higher that those for men in the same age bracket. Under the logic of market pricing, *«women's reproductive life is penalised»*. Similarly in Colombia, commercialised health insurance has not only reduced significantly the overall percentage of people with coverage, but also discriminated against women, a slight majority that represents only 39% of those with insurance.

Some reports also explored the relationship between privatisation and traditional community approaches to service provision. The Thailand report was particularly emphatic about the role of culture and «local voices of wisdom» in the management of water resources. In discussing planned reform river basin management, the report stated: «*The top-down participation [proposed by] the state will involve an organisation of water user groups and a river basin sub-committee that will oversee the local water resource management and lay down strict rules for all water users, whose management methods are different owing to their communal cultures. Moreover, each river basin is ecologically different and features different irrigation systems that require various management and maintenance techniques.»*

The report went on to argue that water «knowledge» required not only technical know-how, but also an appreciation of sustainability in a given socio-cultural context. From this perspective, natural changes—even those that cause uncertainty in production—are seen as «normal phenomena» that people should not seek to control. Moreover, the traditional community-based approach is not driven by the premise that optimal efficiency maximizes output, but rather that moderation ensures sustainability.

Performance and quality

Privatisation proponents routinely assert that private firms deliver services more efficiently, with higher quality, and pay more attention to customer needs. Sometimes they do. And sometimes they don't. Before being resold in 2002, Bulgaria's private water company routinely overcharged customers, randomly cut off services, and failed to respond to consumer complaints. Between 2000 and 2001, El Salvador's privatised electric companies could do no better than 44,000 power outages and a half million customer complaints. Among customers of the country's main electricity distributor, one in three had a complaint.

For Malaysia's electricity users, frequent outages are still a major problem years after privatisation. Following the privatisation of the urban water systems of Rabat and Tetuan in Morocco, prices increased while service was characterized by unclear, irregular and often extremely inaccurate billing. In the Nicaragua report, the list of complaints resulting from electricity privatisation is breathtaking: «*The monopoly has violated approved regulations, schedules of rates, and scope, conditions and quality of service. The «corporate encouragement» they received allowed them to operate with impunity towards users and pay no attention to claims for collection of unfairly charged rates (errors in invoicing, non-recorded energy, overdue payments, etc.), altered readings of the metres, services paid for but not delivered for public street lighting, voltage failures, damage to small domestic appliances, loss of products by companies, and so on.»*

A future for public services?

The stories presented in the Social Watch reports, as well as extensive evidence gathered from all over the world, reveal the privatisation of basic services to be a risky policy choice that can harm vulnerable groups and rule out the establishment of a social contract that promotes equity. In infrastructure services, transferring a natural monopoly to a private firm often leads to higher prices. This is particularly likely in the absence of a capable and autonomous regulator, which is typically the case in developing countries with weak institutions. In the social services, user fees and the deterioration of public health care and education quality hit the poor hardest. Budget cuts and incentives for private providers to attract better off consumers impose poor quality and limited access upon those without cash in hand.

To assert that private sector participation in services always results in poor performance or social exclusion is certainly an exaggeration. To argue that this reform approach often fails to deliver promised benefits and has hurt the poor is not. Nevertheless, in spite of troubling outcomes in the services that matter most to people's lives, policies that promote private provision are gaining momentum rather than causing circumspection.

Where does this momentum come from? First, it comes from budget crises. In all too many cases, privatisation, whether through increased user fees or sale of assets, is primarily a macroeconomic measure to cut public deficits or reduce debt levels. As Lebanon report argues: *«The main reason for privatisation in Lebanon is fiscal. With 85% of government spending going to fixed expenditures (wages and debt servicing), there is little room for further austerity. Government officials argue that the proceeds from massive privatisation were Lebanon's only way out of the debt trap.»*

For many governments under pressure from the IMF to balance their budgets, privatisation simply means revenue, not poverty reduction. After all, according to the rationale behind fiscal discipline, deficits and debt can only go so high, inflation must be controlled, and government can't pay for everyone's needs. That is true enough. But it begs the question: *What can and should government provide for its citizens, and through what means?* It doesn't seem terribly daring to assert that basic services should be very high on any government's list of priorities.

Yet by pushing for privatisation and commercialisation of these services, powerful countries and global institutions actually make it much easier for governments to neglect their most basic obligations and avoid tough political choices needed to meet them. If citizens must dig deep into their pockets to pay for water and health care, government can spend public resources elsewhere, even if the poor do not benefit. Moreover, when services are available on a «cash only» basis, political leaders need not pursue progressive taxation or cross-subsidy arrangements that might irritate influential groups.

Another reason for the mainstreaming of service privatisation is that in many cases, public services perform very badly or exclude the poor. Many Social Watch reports identify highly inadequate and unreliable government services that often exclude the poor. The need to improve such services is a more defensible position than balancing budgets. The argument is compelling: *If services are already low quality or widely unavailable, how could any reform make things worse?*

Two responses to the privatisers' moralistic argument are in order. First, the problem of bad services simply cannot be isolated from the fiscal constraints described above. Privatisation proponents instinctively blame unsatisfactory public services on incompetence or corruption. While these are certainly factors at times, insufficient resources have seriously eroded public sector capacity over twenty years of budget austerity. Through what has been dubbed the «defund and defame» strategy, as government services become worse or more expensive (or both), citizens become less resistant to private sector alternatives. Second, as so many Social Watch reports demonstrate, privatising a failing public service is no guarantee for serving the poor. While a private firm may increase efficiency, it may do so in part by raising prices beyond the reach of the poor.

(One clever suggestion to solve this problem is to provide a subsidy for poor consumers or directly to a company that serves low-income people who cannot pay market prices. However, longstanding difficulties in targeting subsidies make this approach unworkable in countries with weak institutions for identifying and registering the poor. More to the point, it raises the question: why provide scarce public resources for a profit-maximizing enterprise instead of at least attempting to reform the existing public service first?)

Finally, privatisation is being pushed by international governance institutions, the governments that control them, and the corporations that lobby both groups. As examples from the reports illustrate, the World Bank has used loan conditionalities to promote privatisation of services, commercialisation of prices and liberalisation of foreign investment in basic service sectors. In 2001, the International Finance Corporation, the Bank's private sector arm, targeted infrastructure and social services as «frontier sectors» for privatisation.

The Bank's 2002 Private Sector Development (PSD) strategy, which was strongly promoted by the Bush Administration, envisions the segregation of profit-making from loss-making services. Dividing up customers in this way facilitates «cherry-picking» or «cream-skimming» by businesses that buy up the profitable services (i.e., those catering to those with sufficient cash income, primarily urban and middle class consumers) and leave the unprofitable services (i.e., those used by the poor) to the government or non-governmental organisations. The arrangement could permanently rule out the possibility of public cross-subsidies, in which wealthier consumers help cover costs for low-income consumers. It could institutionalise the two-tier system described in so many Social Watch reports, leaving low quality services for the poor.

The world's premier development organisation recently released a working draft of its 2004 World Development Report (WDR), entitled *Making Services Work for the Poor*. Using highly selective evidence and paying scant attention to downside risks, the document promotes replacing national public services with private firms, NGOs or local government and communities. It largely dismisses the option of increasing public funding, and completely ignores the role of adjustment lending in eroding public service budgets. Given that many properly funded public services work well even in very poor countries, and given a better understanding of how transparency and citizen participation can increase the accountability of public institutions, the WDR's silence on reform of existing government services seems to be based more on ideology than analysis.

The mixed record of private provision of basic services does not justify a categorical rejection of privatisation policies. In the same vein, poor performance among some government-run services hardly justifies the global rollback of the state now being carried out by the leading development institutions. Determining whether reform of services should be undertaken through private provision or under state control should be done through an analysis of social needs and institutional conditions on a case-by-case basis.

However, because the risks of privatisation can seriously—and permanently—harm the livelihoods of the world's poorest people, a cautious approach to reform is appropriate. Today the international lending institutions have taken the position of «privatise first and ask questions later». In too many cases, such naïve confidence in the processes and outcomes of market reform has imposed hardship on precisely the groups those organisations are entrusted to protect. It is time to shift the burden of proof from those who question risky solutions to those who propose them. ■

Citizens' Network on Essential Services (CNES)
www.challengeglobalization.org

Public services at risk: GATS and the privatisation agenda

Citizens' Network on Essential Services

WTO negotiations on General Agreement on Trade in Services (GATS) are threatening essential public services–including water–throughout the world. In the current negotiations, which were launched in November 2001, governments are pressuring each other to open up services to private sector and non-profit (NGO) providers, even in socially sensitive areas such as water, health and education. The GATS could undermine progress toward social and environmental goals because it limits the ability of governments to regulate or provide services. For instance, it could jeopardize access to water and other services by poor and vulnerable groups.

The problem in a nutshell [1]

WTO negotiations on General Agreement on Trade in Services (GATS) are threatening essential public services—including water—throughout the world. In the current negotiations, which were launched in November 2001, governments are pressuring each other to open up services to private sector and non-profit (NGO) providers, even in socially sensitive areas such as water, health and education. For the most part, it is the powerful Northern governments and their corporate constituencies that are driving the process of liberalisation of services. The GATS could undermine progress toward social and environmental goals because it limits the ability of governments to regulate or provide services. For instance, it could jeopardize access to water and other services by poor and vulnerable groups.

Confusing jargon and cheerful reassurances of WTO leaders obscure the real objective of GATS: expanding the rights and protections of corporate investors. Alarmingly, the GATS negotiations are proceeding under a veil of secrecy, thereby limiting public debate. Also lacking are even-handed analyses of the impact of liberalisation in different sectors which could inform such a debate. Worse still, once a decision to open up a sector is made, it is virtually irreversible, no matter how damaging the resulting economic or social impact may be. This undemocratic process and the potential for adverse social impacts make citizen action imperative.

General description of GATS

GATS is one of most far-reaching agreements of the World Trade Organization. Its purpose is to progressively liberalise «trade in services» among WTO members. Trade in services is defined very broadly to include direct foreign investment in services. Among other things, liberalisation entails eliminating any government measure that could favour a domestic provider over a foreign one, such as preferential public subsidies. Significantly, it also includes ending public monopolies, as well as deregulation whenever a regulation is considered too burdensome for foreign investors and service providers.

Implications for government services

WTO leaders have dismissed and even ridiculed claims that GATS will lead to the privatisation of government services. They support their assertion by pointing to a provision stating that GATS does not apply to services «supplied in the exercise of governmental authority,» as well as GATS language which protects governments' right to regulate. But such language provides cold comfort to those concerned about the potential for limiting government regulation and policy. Northern industrial lobbies make no secret of their intention to pursue urban infrastructure markets throughout the developing world. However, it is the Agreement's fine print that tells the real story.

According to the GATS, a service is «supplied in the exercise of governmental authority» only when it is «supplied neither on a commercial basis, nor in competition with one or more service suppliers.» Crucially, both of these key terms are undefined, and will be determined only by WTO dispute settlement panels, which have historically tended to side against government regulators. Similarly, the GATS recognises the «right to regulate» only to the extent that regulations are not inconsistent with GATS, a judgement that again will be made not by governments but by appointed WTO dispute panellists. Thus any assurances that GATS protects government services must be greeted with scepticism, if not disbelief.

Scope and duration

GATS covers virtually any action, rule or regulation that has a direct or indirect effect on trade in services. As the WTO acknowledges, GATS defines trade in service so broadly that it becomes «directly relevant to many areas of regulation which *traditionally have not been touched upon* by multilateral trade rules.» The all-inclusive nature of GATS threatens to seriously constrain the ability of national governments to undertake actions or policies to advance social, developmental of environmental priorities. Moreover, any commitment to liberalise services that a government makes in response to a request by another country will apply to all WTO members, under the Most Favoured Nation rule.

Even more troubling than the scope of GATS is its virtual *irreversibility.* Although it is true that in principle a country may undo its GATS commitment in a given service sector, in practice it can only do so by compensating affected trading partners or facing retaliation in the form of trade sanctions. The WTO states that «because unbinding is difficult, [government] commitments [to a sector] are virtually guaranteed conditions.» As Sinclair has observed, GATS is driven by «an insidious bias» that skews national policy processes: *«Wherever there is domestic multipartisan consensus, it is conceivable that country-specific exceptions* [for services] *will endure. But wherever there are serious ideological divisions on contentious issues, country specific limitations that protect* [certain domestic services] *are likely to endure on until a* ***single government*** *committed to a market-oriented approach eliminates them,* ***binding all future governments.*** *In this way, GATS interferes with the normal ebb and flow of policy-making in a democratic society.»*

1 This paper draws on the pioneering work of several policy advocacy organisations, particularly *Facing the Facts*, by Scott Sinclair and Jim Grieshaber-Otto of the Canadian Centre for Policy Alternatives.

Interests pushing GATS

The expansion of GATS into new service sectors—including infrastructure services traditionally provided exclusively by governments—is high on the agenda in the current round of WTO negotiations. G-7 governments see trade in services—sectors in which they are highly competitive—as a way to reduce growing trade deficits. More importantly, opening up new markets in services responds to powerful domestic constituencies. Because the service sector is often over half of a country's economic output, it represents the «final frontier» for northern transnational firms, especially those that have limited growth potential in mature North American and European markets.

These companies are using their political influence to lobby their governments to help pry open service sectors within developing and developed countries alike. The main organizations representing these firms include the European Service Network, and the U.S. Coalition of Service Industries, a 67-member lobby organisation whose top 12 members had combined revenues of about USD 700 billion in 2000.[2] In promoting GATS, the US Trade Representative has emphasized that «the United States is a competitive exporter in each» sector being negotiated.

Negotiating process

GATS negotiations are conducted in secret. Governments in WTO negotiations have routinely made deals without input or even awareness of elected parliamentarians, to say nothing of citizens. In April the EU sent confidential requests for opening a wide array of service sectors to 29 developing countries. Only because the documents were leaked to the press was the public informed of the critical details of the negotiations.

The Doha Declaration sets out specific deadlines for the Services negotiations.

- *30 June 2002*: *Initial* requests to open service sectors. Requests can be made in any service sector, and can be submitted at any time during the negotiations through the end of 2004.
- *31 March 2003*: Deadline for WTO members to make their *initial* offers to expand the reach of the GATS by indicating the additional specific commitments they are prepared to make.
- *September 2003*: GATS negotiations in Mexico.
- *1 January 2005*: Conclusion of the current round of WTO/GATS negotiations, including those to expand the GATS. Initial requests and offers will continue until this date.

In theory, any WTO member may make a request to any other member. In practice most of the requests that are not between northern countries will be from north to south, due to the fact that northern countries are far more competitive in most services. Developing countries with little negotiating experience are finding themselves pressed to make decisions with long-term consequences, typically without the benefit of a policy impact analysis, and often under extreme deadline pressure. In other words, if a government (or future government) realises after GATS negotiations are finalised that it should have insisted on an exception for a particular sector—for instance, if liberalisation results in uneven access or poor quality—it will simply be too late to act.

The need for citizen action

The potential for GATS to reach into new sectors is growing steadily, making public awareness a matter of urgency. GATS «creep» occurs in two stages. First, governments propose that GATS apply to new services. At this stage, citizen action is crucial for limiting the sectoral scope of the Agreement. In the water sector, for example, drinking water does not currently fall under the GATS. Mobilization is therefore essential to ensure that the EU proposal to apply GATS to drinking water is rejected in international negotiations. (Sewage and sanitation services are already included as environmental services.) Second, after a sector is made subject to GATS rules, each government is urged to make specific commitments to opening that sector. Citizen action must respond to and prevent the expansion of GATS at both stages.[3] ■

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www.challengeglobalization.org

2 See www.corpwatch.org

3 EDITOR'S NOTE: More information about the GATS is available from the Corporate Europe Observatory and Transnational Institute jointly publish GATS Watch (www.gatswatch.org), a bulletin which provides timely updates of GATS-related news. Their website also includes a list of useful publications on GATS. *Facing the Facts* and other GATS-related studies are available at the Canadian Centre for Policy Alternatives web site (www.policyalternatives.ca).

Privatising human rights – the impact of globalisation on adequate housing, water and sanitation

MILOON KOTHARI

While the debate continues at the international level on whether or not globalisation can bring benefits to the world's poor, the fact remains that the deepening inequalities of income and opportunity between and within nations has led to an increase in the number of people without adequate and secure housing. The human rights of people and communities to housing, water and sanitation–guaranteed under international law and commitments of development targets made at global summits including the Millennium Summit and the World Summit on Sustainable Development–continue to erode as the process of privatisation deepens and accelerates. It is time to rethink the current global economic and social policies and to recommit ourselves to the human rights principles and standards that offer the only real paradigm for improving the lives of millions of the poor.

It is estimated that 600 million urban dwellers and over a billion rural persons now live in overcrowded and poor quality housing without adequate water, sanitation, drainage or garbage collection. More than 1.2 billion people still have no access to safe drinking water, and 2.4 billion do not have adequate sanitation services. This grave situation puts lives and health continually at risk. It also threatens a range of human rights, including the right to adequate housing. Globalisation policies have accelerated the trends towards privatising human rights, such as water, often leading to the violation of the rights of the poor.

While the debate continues at the international level on whether or not globalisation can bring benefits to the world's poor, the fact remains that the deepening inequalities of income and opportunity between and within nations has led to an increase in the number of people without adequate and secure housing. The human rights of people and communities to housing, water and sanitation—guaranteed under international law and commitments of development targets made at global summits including the Millennium Summit and the World Summit on Sustainable Development—continue to erode as the process of privatisation deepens and accelerates. It is time to rethink the current global economic and social policies and to recommit ourselves to the human rights principles and standards that offer the only real paradigm for improving the lives of millions of the poor.

UN human rights bodies have been increasingly concerned with the deleterious impacts of privatisation on the realisation of human rights.[1] Most recently, in September 2002, the Committee on the Rights of the Child had a day of general discussion on the role of private sector service providers, and in November 2002, the Committee on Economic, Social and Cultural Rights (CESCR) adopted General Comment No. 15 on the right to water.[2] This report reviews some of these recent developments as well as the preliminary results of research undertaken for my work as UN Special Rapporteur on Adequate Housing.[3]

1 See also the work of the UN Special Rapporteurs on «The Right to Food» (Mr. Jean Zeigler) and «The Right to Drinking Water and Sanitation» (Mr. El Hadji Guisse) at www.unhchr.ch.

2 Committee on Economic, Social and Cultural Rights. General Comment No. 15 «The Right to Water», E/C.12/2002/11, November 2002.

3 Commission on Human Rights. «Report of the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, Mr. Miloon Kothari», E/CN.4/2002/59, March 2002, paragraphs 49-65. See also papers prepared by David Westendorff, Deepika Naruka and Liana Cisneros. Research is currently underway in the MERCOSUR countries: Uruguay, Argentina, Paraguay and Brazil, www.coopere.net/direitoshumanosrmc/index.htm. See also the «Global Survey on the Right to Adequate Housing and Social Services» prepared by Social Alert, as a contribution to the work of the Special Rapporteur, at www.socialalert.org/e-camp.html

The right to an adequate and secure home

Every woman, man, youth and child has the human right to a secure home and community in which to live in peace and dignity. This human right has received global recognition and is firmly established in a number of international human rights instruments,[4] most notably in the International Covenant on Economic, Social and Cultural Rights. By ratifying these treaties and instruments, States have voluntarily accepted the obligations to progressively realise the right to food, health, adequate housing and a range of other rights and services, including water and sanitation, which are essential for the well being of their citizens.

Globalisation and the process of increasing economic integration have limited the capacity of States to provide adequate resources for fulfilling the economic, social and cultural rights of their citizens, including housing and essential social services. Several macroeconomic factors influence the availability of resources for social spending, including:

- Small or even negative returns from trade liberalisation by developing countries, particularly Least Developed Countries;
- Financial volatility following deregulation of capital flows coupled with interest rate hikes which affect access to credit and mortgages;
- Increased land speculation as a result of more competition for prime locations in rapidly globalising cities, which often forces out low-income residents to less desirable locations with poor service availability;
- Heavy burdens of debt servicing;
- Fiscal constraints and austerity measures imposed by the IMF and the World Bank which are primarily designed to reduce public spending, and invariably lead to reductions in financial allocations to social sectors; and
- The process of public sector reform, particularly through decentralisation and privatisation.

Increased competition among cities to attract capital and businesses for generating employment and sources of tax revenues has led to widening inequalities between cities, with consequent discrepancies in the level of essential services provided to citizens. In the urban housing sector, reliance on market mechanisms has tended to result in neglect of the poor. The continuing deterioration of conditions faced by the majority of the poor around the world has caused tremendous concern that unfettered globalisation cannot bring about the fulfilment of economic, social and cultural rights, including the right to adequate housing.

4 See www.unhchr.ch/housing/i2echou.htm.

Notwithstanding the constraints and difficulties placed upon them, central governments still have an important role to play in reconciling macroeconomic policies with social objectives, keeping in mind the primacy of their human rights obligations. Governments have the responsibility to make targeted interventions in order to ensure universal access to public services, including water and sanitation, on a fair and equitable basis; this is fundamental for the fulfilment of the right to adequate housing.

Privatisation of water and sanitation

Water is essential to human life and to all life on Earth. The freshwater resources are part of the global commons, a collective resource, not a private commodity to be bought, sold or traded for profit.[5] Access to drinking water is one of the key aims of the UN's Millennium Development Goals (MDGs) to be achieved by 2015, and is directly linked to the achievement of other MDGs related to poverty, food, health and housing.

Sanitation has been historically accorded less attention, despite even lower rates of access and the great need for more support to this area. Some 2.4 billion people worldwide are estimated to lack adequate access to sanitation, more than twice the number of persons who lack access to safe drinking water. Sanitation is an important component of adequate housing, and is related to other rights including the right to life, health, food, and even to security and education. A welcome development is the recent establishment of a new target, agreed at the World Summit on Sustainable Development, to halve the number of people without access to sanitation services by 2015.

Privatisation of water and sanitation services warrants close attention when assessing the impact of globalisation on the right to adequate housing. Without access to potable water the right to adequate housing loses its meaning. A clear State obligation contained in General Comment No. 15 is the responsibility to ensure that «no household should be denied the right to water on the grounds of their housing or land status» and that «deprived urban areas, including informal human settlements, and homeless persons, should have access to properly maintained water facilities». The CESCR has also continually elaborated on the matter of the indivisibility of human rights and the inter-relatedness of the right to adequate housing with other economic, social and cultural rights.

Striking the balance between the promised gains of privatisation in terms of economic efficiency and reduced cost of services and its social costs is a very complex and delicate matter for many governments and international policy institutions. In fact, corporate globalisation, and its clear expression of privatisation of services, is one of the greatest threats to universal access to clean drinking water and sanitation. By turning a social good and scarce resource into an economic commodity, the world's economic and policy planners claim that existing water resources can be managed and consumed efficiently in accordance with competitive market principles. However this is far from the truth, and there are many important reasons for opposing privatisation.

From a human rights perspective, three primary lessons can be drawn from experience with the privatisation of water services:

Private businesses put too much emphasis on profits and cost recovery

Privatisation often leads to rate increases. Cash-strapped and indebted governments are pressured through IMF and World Bank policies to raise consumer fees for water in order to attract private sector investment in the water services. In many cases, companies get profit guarantees written into their contracts.[6] Another concern is that the World Bank and regional development banks often advocate for «unbundling» of services, which separates the profitable and unprofitable areas of water and sanitation services. The unprofitable sectors such as infrastructure, sewage treatment, providing water to slum settlements and rural water service, remain in the public sector. Unbundling the water services sector and making subsidies explicit is considered part of the groundwork necessary to provide private water companies with attractive investment packages.[7]

Privatisation often leads to job losses. Massive layoffs are common as companies try to minimise costs and maximise profits. Often, services and water quality are put at risk due to understaffing; thus lay-offs have a double negative impact as they hurt consumers as well as the workers involved.

Services to vulnerable groups are inadequate and of poor quality

Privatisation often results in reduced access by the poor to basic social services. In developing countries, finding safe and affordable water is a daily struggle for the majority poor population. In many cities and towns in developing countries, between 50% and 70% of the population live in slums and squatter settlements without adequate housing or basic services. Many of the poor end up paying up to twenty times more than the rich for water.[8] Higher prices for water mean the poor have to use less or go without. Risks to service delivery stemming from privatisation—interruptions in service or deterioration in the quality of water—pose serious health hazards. These can occur in any number of scenarios related to privatisation, for example in cases of projects failing (Tucuman, Argentina), of contracts becoming unworkable (Dolphin Coast, South Africa), of the company failing (Azurix, Buenos Aires province, Argentina), of socially unsustainable price increases (Cochabamba, Bolivia), and of corruption and distorted accounting (Grenoble, France). The increase in water prices has a particularly adverse impact on the poor due to their inability to access clean water and can pose serious health risks.[9]

Private operators are not accountable to the public

Privatisation can reduce accountability and local control. In many cases governments make long-term deals with the water companies, granting them exclusive distribution rights, thus sanctioning monopolies. Multinational corporations are accountable to their shareholders, not to the citizens in the countries where they operate. There have been cases of corruption in the privatisation process, where the system of checks and balances is weak.[10] Contract workings and details are usually done behind closed doors and this encourages bribery, while the common citizens, who are directly affected, are kept in the dark.[11]

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5 In General Comment No. 15, the CESCR categorically states that: «The human right to water is indispensable for leading a life in human dignity. It is a prerequisite for the realisation of other human rights…Water should be treated as a social and cultural good, and not primarily as an economic good».

6 For example, if residents use less water than predicted, companies can raise rates so profits do not fall below a predetermined level.

7 Sara Grusky. *Profit Streams: The World Bank and Greedy Global Water Companies*, Public Citizen report, September 2002 (www.citizen.org/documents/ProfitStreams-World%20Bank.pdf).

8 «WSSCC and UN-Habitat Call for Urgent Action to Address Water and Sanitation crisis», Water Supply and Sanitation Collaborative Council and UN-Habitat Press Release, 29 January 2002.

9 For example, in South Africa, water charges imposed in 1999 forced some poor people in Kwagulu-Natal to rely on polluted river supplies for their water. Public health officials trace a 2001 cholera outbreak, which killed dozens, to the water pricing policy. General Comment No. 15 states that «violations of the obligation to respect follow from the State party's interference with the right to water. This includes…discriminatory or unaffordable increases in the price of water.»

10 The World Bank promotes the French system of water privatisation through concessions. However, this system was discredited by an official French audit report in 1997. According to the report, the system suffers from corruption, lack of transparency and lack of competitiveness. The French newspaper *Le Monde* warned that the French system «left elected councillors on their own, without support, to deal with conglomerates wielding immense political, economic and financial power». David Hall, PSIRU «World Bank-Politburo of Water Privatisation», www.bicusa.org/ptoc/htm/psiru_water.htm.

11 Allegations of corruption have occurred in many regions of the world. For example, the French multinationals Suez-Lyonnaise and Vivendi were convicted in France of paying bribes to obtain water concessions. Yet the WB has continued to support these companies. In South Africa, protesters claimed that Suez-Lyonnaise was taking excessive profits, grossly overcharging for its services, and leaving the municipality unable to pay its workers a living wage.

There is a need to strengthen the participatory monitoring mechanism, as it is extremely difficult to reverse privatisation once implemented. Multilateral trade agreements provide corporations with powerful legal recourse. Legal claims for compensation by private water companies make terminating contracts prohibitively expensive. Ensuring that local needs are addressed through wider community participation is an essential factor in promoting broader accountability. In the Philippines, where cost recovery is well above the Asian average, water districts have an organisational structure that provides representation for users. In the state of Rajasthan, India, a civil society organisation, Tarun Bharat Sangh, has shown remarkable results by working with villagers to regenerate groundwater through environmental restoration.[12]

Privatisation also undermines water quality and ecological sustainability. Water companies work to weaken water quality regulations and environmental standards when they are perceived as increasing the costs of doing business. Also, encouraging consumption is a typical strategy of any private corporation driven by the profit motive. In 1996, a World Bank team led by John Briscoe—now in charge of water policy—criticised leakage levels of between 1% and 5% in Germany's public sector system for being *too low*. According to the report, water should be allowed to leak away if the cost of stopping the leak is greater than the price for which the water could be sold at a profit. Briscoe's team not only thought that the private water companies would waste more water—they encouraged it.[13]

Aware of the bleak water predictions, corporations are in a rush to obtain access to water, which they can sell at huge profits. Mass extraction of water from its natural sources can result in ecological imbalances such as aquifer depletion and groundwater contamination.[14] Once aquifers are depleted or contaminated, they are almost impossible to restore.

In light of these concerns, it is important to note that some of the best practices found in water and sanitation provision in developed and developing countries are publicly operated. The vast majority of people in North America, Europe and Japan receive water and sanitation services from publicly owned and operated facilities. These often compare favourably in terms of efficiency with privately operated facilities. Some examples of reforms of public sector water undertakings can be found in São Paulo, Brazil; Debrecen, Hungary; Lilongwe, Malawi and Tegucigalpa, Honduras.[15] Indeed, a multi-country comparison of public service delivery in developing countries found that «purely public water supply systems were among the best performing services overall».[16]

Women and inadequate housing, water and sanitation

The consequences of having inadequate or no access to water are devastating—especially for women and children.[17] When water is not readily available it is particularly the women and children who have to spend a large amount of time fetching water back to their houses. This has detrimental impact on their health, security and education. It has been found that where there are no latrines girls commonly avoid school.

Women and girls carry the bulk of the burden in providing water for households in rural areas and often have to walk great distances in search of water to meet minimal household needs.[18] In the poorer countries, one in five children die before the age of five, mainly from infectious diseases related to inadequate or impure water.[19] Water stress contributes to many other hardships for women. As an example, in India, because of the low availability of water, vegetation growth is low, which means there is less green fodder, which decreases production of both milk and cow dung, which is used for fuel and manure. Lower production of cow dung means reduction in agricultural yields. Low agricultural yields affect food quality and the nutrition of women. There is thus a vicious cycle of water and ecological destruction affecting the health of women and causing «eco-stress».[20] Also, with increasing opportunities for women to engage in productive employment activities, their time increasingly carries monetary value. In many instances, if this cost is included in the decision-making about the choice of technology and strategies for household water security, it will be found that in rural areas women and girls are paying far more for water than they do in urban areas.[21]

Lack of sanitation facilities affects both men and women, but sanitation needs and demands differ with gender. Women have particular needs and concerns of privacy, dignity and personal safety. The lack of sanitation facilities in the homes can force women and girls to use secluded places, which are often away from home, exposing them to the risk of sexual abuse; in other circumstances, girls are forced to defecate only at home and help their mothers to dispose of human and solid waste. Because of this extra work girls might have to stop attending school. The lack of access to clean and sufficient water and sanitation facilities contribute to diseases, which result in more expenses, and thus perpetuate the vicious cycle of poverty and disease. This cycle is further aggravated by other impacts of the lack of hygiene and sanitation facilities: for example, it is primarily girls (and women) who are more likely to be kept at home to look after ailing family members. This leads to reduced school attendance and poorer educational performance. Studies have also found that the access to sewage disposal often depends on the sex of the head of household; for example in Nairobi, Kenya, about 9.2% of female-headed households used the bush for faecal disposal, whereas in the male-headed households the rate dropped to 2.2%.[22]

In many countries, women and men do not enjoy equal access to basic resources and services. Female-headed households have less access than males, and if the services are privatised then the problem increases. Greater attention needs to be paid to the discrimination women face and to policies and measures adopted to alleviate it. There is also a need for laws and policies that regulate or define the habitability of housing to take into consideration the special needs of women.[23]

International cooperation

The Millennium Declaration adopted by the General Assembly recognised «solidarity» and «shared responsibilities» as fundamental values essential to international relations in the twenty-first century.[24] Such recognition is necessary for the essential task of evolving strategies for distributive justice, including land reform and increases in social spending on areas critical to the realisation of the right to adequate housing, such as access to potable water and sanitation. Such a reallocation or redistribution needs to be balanced with targeted support from international cooperation, including «joint» and «separate» action by States, as called for by the general obligations to international human rights instruments.

12 E/CN.4/2002/59 (see footnote 3).

13 David Hall, *op. cit.*

14 Ginger Adams Otis. «World Without Water», August 2002.

15 For further examples and evidence, see David Hall, «Water in public hands», June 2001, available at www.psiru.org.

16 Quoted in Brendan Martin, «Privatisation of municipal services: potential, limitations and challenges for the social partners», ILO Working Paper No. 175, Geneva, ILO, 2001, p. 28.

17 An estimated 2.2 million people in developing countries, most of them children, die every year from diseases associated with lack of access to safe drinking water, inadequate sanitation and poor hygiene. See www.unicef.org

18 According to the Water Supply and Sanitation Collaborative Council, the average distance that women in Africa and Asia walk to collect water is 6 km. The weight of water that women in Africa and Asia carry on their heads is about 20 kg. From «WASH Facts and Figures», Information sheet.

19 *Human Rights, Poverty Reduction and Sustainable Development: Health, Food and Water,* OHCHR Background Paper, WSSD Johannesburg, 26 August-4 September 2002.

20 Ray Parsuram. «Its Grave, Not Watery», *Grassroots*, 4 February 1998.

21 Also, equity issues need to be kept in mind not only as between men and women but also between rich and poor women, as women from different socio-economic situations have different needs, which affect their level of interest and participation in various activities. See *Gender Issues in Watershed Management* by Vasudha Pangare, Oikos, India, 2002.

22 Data collected by the Mazingira Institute - Nairobi, Kenya, for my forthcoming report (E/CN.4/2003/55) on «Women and Housing» for the Commission on Human Rights.

23 These queries and points have been raised in the Questionnaire on women and adequate housing developed by the Special Rapporteur on adequate housing, available at www.unhchr.ch/housing.

24 General Assembly resolution 55/2, paragraph 6.

In achieving these objectives, it is critical to recognise the obligations on States implicit in the legal provisions on international cooperation,[25] given the current global reality of growing income disparities and attendant increases in poverty and marginalisation. Serious attention must be paid to the need to assist developing countries in their efforts to improve the housing and living conditions of the poor and inadequately housed, through «joint and separate action» as provided in article 2.1 of the Covenant on Economic, Social and Cultural Rights, including by ensuring that States' international policies, or policies evolved at multilateral fora and institutions, are formulated so as to respect the full realisation of economic, social and cultural rights for all.

The solidarity and fraternity dimensions of international cooperation under international human rights instruments create the imperative that no action may be taken nor global social policies adopted which could inhibit States' abilities to implement the commitments they have to their people stemming from their obligations under these instruments. Most recently, in General Comment No. 15 on the right to water, the CESCR stated: «To comply with their international obligations in relation to the right to water States parties have to respect the enjoyment of the right in other countries. International cooperation requires States parties to refrain from actions that interfere, directly or indirectly, with the enjoyment of the right to water in other countries.» The comment continues, «Steps should be taken by States parties to prevent their own citizens and companies from violating the right to water of individuals and communities of other countries.»

States also need to examine policies—those of their own and of others—towards international institutions and international agreements, to ensure they are consistent with covenanted obligations on the right to adequate housing, including access to basic social services. Such reviews should include the human rights implications of World Trade Organisation trade agreements, particularly the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), country assistance agreements and agreements with the World Bank and IMF, as well as poverty reduction strategies such as the Poverty Reduction Strategy Papers (PRSPs).

Numerous UN human rights bodies have urged caution in the face of the existing international thrust on trade in services.[26] The human rights obligations[27] both at the national and international levels give a clear warning to the negotiators of trade agreements to step back from the expansion of any agreements such as GATS, that leads to the privatisation of social services and the entry of corporations into the arena of providing social goods such as water. Such a step would, given the experience thus far, effect negatively on the realisation of human rights. Human rights obligations, in fact, provide legal instruments for conscientious states to argue against the expansion of global trade and investment agreements into the sphere of recognised human rights.

The way forward

It is essential that policies and programmes for international cooperation be aimed at assisting States to develop strategies for social justice and equitable distribution of resources and opportunities, including through land reform and well-targeted spending on essential social services such as credit, potable water, electricity, heating and sanitation. In areas where these services are inadequate, more sensitive planning mechanisms need to be established so that the needs of the poor can be appropriately addressed.

In assessing whether privatisation is the correct option and in monitoring the privatisation of essential social services, it is important to employ a human rights approach. Such an approach would be aimed at achieving sustainable development and poverty reduction;[28] it would take into account gender perspectives and empower people by ensuring their participation; it would ensure that subsidies are guaranteed for those who cannot afford to pay.

Such an approach would also sharpen focus on key «gaps»—the divide between the «haves» and the «have-nots»—in different sectors and highlight the accountability of institutions of governance. The areas where some of the most problematic gaps appear are: water supply and sanitation, gender equity and empowerment, and institutional and financial restructuring. Sanitation, for example, is deemed to be a key determinant of vulnerability to water-related diseases, and the «sanitation gap» may indicate where investment in water supply should be redirected towards sanitation and hygiene improvements. A comparable gap between reality and official statistics is also evident.[29]

Local authorities and organisations of civil society in many cities around the world are seeking to provide alternative approaches[30] to urban development and management. Among these is the «Human Rights Cities» initiative, in which towns and cities[31] have made commitments to implementing participatory budgets, preparing local development plans or attempting to guide municipal decision-making by adopting a human rights framework, implementing thoroughgoing decentralisation of administration and decision-making through democratic processes.

This brief review has shown the urgency of undertaking systematic research across the world to assess the impact of privatisation of housing, water and sanitation on the human rights of low-income and marginalised communities. It is essential that we develop human rights-based indicators and benchmarks to assist in the implementation of human rights (and MDG's) relevant to these issues.[32] The primary role for States and civil society is to ensure the rigorous implementation of human rights principles and instruments. This will ensure that national and international trade, investment and debt policies and agreements are designed with respect to the rights of individuals and communities. It will also ensure that the principles that guide neo-liberal approaches on the privatisation and commodification of housing, water and sanitation, such as «cost recovery» and «unbundling,» can be challenged by the human rights principles of «non-discrimination and equality», «progressive realisation» and «accountability». Failure to grasp the enormous potential that human rights have for sustaining environment and development and ensuring social justice will only lead to a world where we will witness dispossession and homelessness on an even larger scale. ■

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25 Article 28 of the Universal Declaration of Human Rights proclaims that everyone is entitled to a social and international order in which the rights and freedoms contained in the Declaration can be realised, and articles 2.1, 11, 15, 22 and 23 of the International Covenant on Economic, Social and Cultural Rights build upon the foundation for international cooperation in Articles 55 and 56 of the Charter of the United Nations, and the obligation for states to recognise the essential role of international cooperation and to reaffirm their commitment to take joint and separate action. Also see the *Limburg Principles on the Implementation of the International Covenant on Economic, Social and Cultural Rights*, paragraphs 29-34.

26 See, for example, Report of the High Commissioner for Human Rights, «Liberalisation of Trade in Services and Human Rights», E/CN.4/Sub.2/2002/9 and Resolution 2002/11 of the UN Sub-Commission on the Promotion and Protection of Human Rights.

27 General Comment No. 15, for example, cites as a violation of State commitments to the Covenant of Economic, Social and Cultural Rights if there is «failure of a State to take into account its international obligations regarding the right to water when entering into agreements with other States or with international obligations».

28 For a path-breaking approach to poverty reduction See *Draft Guidelines: A Human Rights Approach to Poverty Reduction,* Office of the High Commissioner for Human Rights, 2002 at www.unhchr.ch/development/povertyfinal.html

29 For example, 100% of Jamaica's urban population was said to have had sanitation by the early 1990s, but a report on Kingston, Jamaica's largest city, indicates that only 18% of the population is connected to sewers, 27% have soakaway pits, 47% use pit latrines and 8% report no sanitary facilities at all. See *Cities in a Globalizing World: Global Report on Human Settlements 2001*, pp. 114-125, United Nations Centre for Human Settlements (Habitat), 2001.

30 See for example the ongoing work at the World Social Forum (Porto Alegre) on the *World Charter for the Right to the City*. Current draft available at: www.hic-mena.org. Also see *Charter of Porto Alegre*, signed by more than 50 Mayors from the Southern Cone of Latin America and a selection from other cities around the world.

31 These include Rosario, Argentina; Nagpur, India; Kati, Mali; Thies, Senegal; Dinajpur, Bangladesh; Graz, Austria; The People of Abra, Philippines; Elfasher City, Sudan. For more information on how the work in these cities was initiated and is evolving, see the information on the People's Movement for Human Rights Education (PDHRE) at www.pdhre.org

32 For one such attempt see my forthcoming report to the UN Commission on Human Rights (E/CN.4/2003/5).

The marketisation of social reproduction in the new service-led economy

Marina Fe B. Durano

Policies are implemented within an institutional setting that dictates the distribution of costs and benefits. Among the challenges that we face today is the need to create a set of policy and legal instruments that will reconstruct the gender-biased institutional setting within which globalisation currently operates. The markets have generated a structure of incentives that encourages women to undertake productive activities. But we know of hardly any incentives to encourage men to take over caring responsibilities. The result is that social reproduction is being moved out of the households and into the privatised market sphere in what appears to be a move out of the frying pan and into the fire.

Introduction

Among the characteristics of the current wave of globalisation is the rise of the service industry and the increase in trade of services activities. Developed countries that are leading the way have progressively become more service-led economies over the last two decades. These economies have prized highly skill-intensive, knowledge-intensive and technology-intensive services since these provide the highest returns and largest added value. Meanwhile, the de-industrialised manufacturing sectors of developed countries have increasingly moved their operations to developing countries in the form of foreign direct investment while retaining control over productive activities in their headquarters.

The service sector in developing countries echoes the characteristics of the low-skilled, low-value-added nature of their manufacturing sectors, which have declined as a result of competitive threats from imported substitutes brought in by trade liberalisation. Thus, the polarisation between developed and developing worlds remains and even intensifies.

As this industrial and employment structural shift occurs, women are unable to move up the value-added ladder since the possession of skills, knowledge and technology continues to favour men. Furthermore, services sectors that support social reproductive work,[1] such as community, social and personal services, education services, and health services, are losing public financial support as the market is being presented as a more efficient method of providing these services. This occurs at a time when the stability of government budgets is constantly threatened by waves of financial and economic crisis.

Providing care, however, must continue, and «socially imposed altruism» is relied upon to ensure that provision occurs. Ascribing caring roles to women puts them under the double burden of productive and social reproductive work. The nature of the service sub-sectors where women are heavily involved are determined by these role expectations. The sub-sectors differ according to whether women predominantly act as consumers or act both as consumers and producers. In the case of the latter, services are least valued as they tend to be dichotomised between the formally regulated and the informally regulated, with women in the informal sector being most vulnerable to crisis.

The process of trade liberalisation and globalisation has placed a focus on the service sector, which used to be considered non-tradable. The insistence of investment[2] as a way of trading services facilitates the opening of service markets to foreign interests. When coupled with privatisation of state assets and corporations in the sector, the marketisation of services for social reproduction is practically guaranteed.

1 According to UCLA Economics Professor Sule Ozler, «*Social reproduction* describes all those activities and processes by which human beings are directly and indirectly maintained, materially and psychologically. These activities are embedded in social, and historically specific structures. Social reproduction can take place though various organizations such as the state, community organizations, and the family (child care, care of the elderly, care of the «workers» can be provided by all these institutions). Most of social reproduction in modern economic systems, however, takes place in the family, and more often than not, through unpaid labour of women.»

2 More precisely, commercial presence is the third mode of supply in the General Agreement on Trade in Services. The other modes of supply are cross-border supply, consumption abroad, and movement of persons.

The rise of the service economy

Not only have negotiations over tariffs in manufactured exports lost relevance over the recent decades, but developed economies have also seen a shift in their industrial and employment structure from manufacturing to services mainly because of technological advances and ever increasing specialisation. By the mid-1990s, the share of services in the gross domestic product of industrialised countries was around 70%. Newly industrialised economies have services at around the 50-60% range while developing countries are close to 40% (Kang, 2000).

Over this period there has been a perceived decline in the price of services, particularly for transport and communication. Jones and Kierzkowski (1990) think that this decline explains the increased use by manufacturing firms of global production chains as a production strategy. Thus, we find a fragmentation of production into production blocks that are then distributed among various countries, mainly developing countries. Certainly, the intermediate goods produced by these productions blocks constitute much of global trade today. According to Milberg (1999), trade within firms now represents 30-50% of the trade volume of the major industrialised countries. This means that imported inputs are becoming increasingly important for these countries. Much of this has been made possible by the decline in the price of transport, which has lowered the cost of the physical movement of goods and the decline in the price of communication, which has lowered the cost of coordination between the headquarters and the production blocks.

With the spread of the production process across the globe comes the need for other supporting services such as finance, accounting and legal services to follow in the wake of fragmentation of production. Corporations using this production strategy have to decide whether these support services will continue to be supplied internally within the firm or outsourced to the service market. The rise in the number of service firms indicates that many have chosen the latter course. These services have to take on a trans-national character in order to service their corporate clients and, therefore, there is a push to open up service markets to these multinational service corporations.

At the same time, the location choice of the production blocks depends upon the availability of cheap labour—usually female—and a set of fiscal and other economic incentives provided by the governments of developing countries to encourage foreign direct investment.

The care economy

Fragmentation is not only happening among production firms. Households are also experiencing a similar kind of fragmentation; more and more socially reproductive services are being outsourced as more and more women participate in productive activities in the market. The rise in women's participation in the labour force, encouraged by export-oriented policies, cannot be understood simply as a contribution to economic growth. However, women's participation in production is conditional on the presence of a replacement for neglected social reproductive work.

Social reproductive work covers those services that have clear caring functions, which are particularly important in a setting where there are dependants—children, elderly and the infirm. Women's role as primary care providers is a social imposition. Social norms on family obligation assign to women the greater responsibility for care. Feminist economists have sometimes referred to the provision of these services as the «care economy».

When women enter the workforce, the household work that they traditionally performed must still be done. The replacement for the working woman can take many forms. It might be timesaving household appliances such as washing machines and dryers, laundromats or vacuum cleaners. It might be the laundrywoman or the housekeeper, part-time cooks or fast food delivery chains. It might be full-time nannies, babysitters on an hourly basis, or childcare services. It might be the elder daughters, the grandparents, or any other member of the family. The increase in hiring of domestic services helps explain to a certain extent the informal service market, which is mainly made up of these services. The provision of care is thus undertaken in the following ways: through the unpaid labour of female members of the household, through technological advances in household appliances, or through the service market.

Outsourcing of domestic services may not be as complex and sophisticated as the global production chains but it can and does take on a global character. In developed countries where both female and male labour force participation rates are very high and kinship systems are no longer a reliable source of support, the domestic services must be bought from the market.

Low wages in high stress situations characterise many services provided by women, such as nursing, teaching, and domestic care work. Rules on international migration are conveniently amended to fill the gaps in labour supply for these sectors. The Philippines is well known to provide domestic servants to families in Hong Kong, for example. There is also recruitment in some Caribbean countries, to provide teachers to the US public school system.

The occupational segregation as discussed is echoed in female-male wage inequality. This segregation accounts for a significant portion of the gender wage gap. And since the rise of the service economy depends to a great extent on skills, knowledge and technology, one can expect a widening of this gender wage gap in the future. Sassen (1998) has already established an exacerbation of inequality in profits and earnings within the global cities that have served as the base for service industries. An additional stimulus to greater inequality is the increasing «casualization» of employment in the service sector as firms have less demand for intermediate skills and full-time employment.

The decline of publicly provided services

Sometimes it is not very easy to identify what we mean by publicly provided services. There are many terms: social services, social welfare, social funds, social insurance, social safety nets, social security, social policy, social budgets, and so on. These terms refer to a mode of delivery but they all contain social services. Whatever we mean by publicly provided services, the provision of services has been threatened by budget cuts and privatisation, especially in debt-burdened economies. Publicly provided services have been sold to private companies or now use a voucher system or impose a form of user fee. When privatisation is coupled with trade liberalisation, the general experience is that the burden of social care will intensify for women, since women are the default providers of care.

Even when public services are available some questions have to be raised regarding the nature of these services. Infrastructure services do not meet the needs of female users. Social services have a paternalistic approach to the provision of care. Social welfare and insurance rely on the concept of a male breadwinner when programmes are developed.

Services may be divided into infrastructure services and social services. These two could not be farther apart from each other. Both, however, are very important to women. The difference between these two is in the manner of participation by women as producers or as users. Infrastructure services tend to carry a male gender association because men dominate the design, engineering and constructions aspects while women tend to be users of these services. Water and energy infrastructure in rural areas could help lower the time girls spend in collecting water and firewood and thus increase the time available for schooling, if planning and design recognised women as primary users of these services.

A different picture is drawn with social services where women are generally involved in both its production and use. Rather than women being able to control and determine the nature of provision as producers and users of social services, they have to accept that service provision at present is paternalistic, serving only to support and reinforce the «caregiver» roles of women. Since women are directly involved in the care of the family, they should be the ones receiving income support or be the target of social subsidies. Immunisation programmes, nutrition programmes, and so on, tend to target mothers, for example. This approach can be criticised for taking an instrumentalist view of women.

Social welfare programmes have not adjusted to the rise of the service economy. As the labour market becomes more informal and casual, welfare regimes based on the traditional manufacturing employment relations become irrelevant. Not only is there a need to reorient social welfare and insurance away from its male breadwinner bias (Elson and Cagatay, 2000), but reorientation is also needed to include those now outside of the regulatory scope as well as those beginning to fall outside of the regulatory scope of public social support in line with the reorganisation of the labour market.

This is not to say, however, that such programmes do not help women. These are necessary and supportive of their caring functions and help to ease their social reproductive burdens. The criticism with these programmes involves their inability to challenge the gender norms of caring.

Concluding remarks

Among the challenges that we face today is the need to create a set of policy and legal instruments that will reconstruct the gender-biased institutional setting within which globalisation currently operates. Policymakers can no longer ignore the interactions between economic policy and gender norms. The latter invariably dictate social behaviour and reaction to economic policies.

Policies are implemented within an institutional setting that dictates the distribution of the costs and benefits. Policy instruments are chafing against rigid institutions. The policies themselves cannot be expected to change the institutional arrangement of property rights and care obligations because they are not created to do so. The inconsistent results that literature on gender and trade have found are explained by this separation of the policy instrument from its institutional setting.

Although challenges by women and the women's movement to the institutional arrangements have been made, resistance remains strong. We know that the markets have generated a structure of incentives that encourages women to undertake productive activities. But we know of hardly any incentives to encourage men to take over caring responsibilities.

This is a dilemma for feminist advocates and activists. Policymakers only want to talk about policies and not about the interaction of policies with institutions. Without serious attention paid to the institutions, economic policy will always fail women. In the worst cases, policies will exploit women.

Finally, while there are differing views on the analysis of the care economy, there is agreement on the «concerns about the future quality of life in a capitalist marketplace in which paid care services are playing an increasingly important role» (Badgett and Folbre, 1999). Gender-blind policies are converging to move social reproduction out of the households and into the privatised market sphere in what appears to be a move out of the frying pan and into the fire. ■

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Forging a Global Partnership for Development: Some critical issues

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Goal Eight of the Millennium Development Goals does not have detailed enough targets to define the objectives and actions that are needed in the area of global finance, including the problems of debt, capital flows and a healthy system of financing for development. The emerging paradigm calls for developing countries to take a pragmatic approach to globalisation and liberalisation and to integrating their domestic economies with the global economy in the areas of finance, trade and investment. However, the financial system as a whole–increasingly characterised by the absence of regulations, transparency or a fair set of rules for resolving the conflicts between debtor and creditor countries–requires an overhaul.

The origins of the Millennium Development Goals (MDGs) lie in the United Nations Millennium Declaration, which was adopted by all 189 UN Member States (147 of them represented by their head of State or government) on 8 September 2000. The Declaration embodies many commitments for improving the lot of humanity in the new century. Subsequently the UN Secretariat drew up a list of eight MDGs, each of them accompanied by specific targets and indicators. Goal 8 is to «develop a global partnership for development.» As of November 2002, there are seven targets listed under Goal 8, and 17 indicators to measure progress towards them (see box).

Successful development efforts require appropriate policies at both domestic and international levels. International factors have become proportionately more important in recent years as a result of globalisation. Developing countries have generally become more integrated into the world economy, and their development prospects and performance are more dependent on global economic structures and trends. More importantly, many policies that used to be made solely or primarily at the national level are now very significantly influenced at international fora and by international institutions. This applies especially to those developing countries that are dependent on the international financial institutions for loans and debt restructuring and that must abide by loan «conditionalities». However, it also applies to developing countries that are members of the World Trade Organisation, as they are obliged to align national laws and policies to conform to the WTO's legally binding agreements. Thus, the «external economic environment»—comprising global economic structures and trends, and the policies determined or influenced by international agencies such as the International Monetary Fund, the World Bank, the WTO, the UN, and developed-country groupings such as the Group of Eight, the OECD and bilateral aid agencies—does have tremendous impact on a typical developing country.

The extent to which a developing country is able to make progress on many of the MDGs (especially Goal 1, to eradicate poverty and hunger, but also Goals 4, 5 and 6, relating to health, and Goal 7, on environmental sustainability) depends not only on domestic policy choices, but also on how «friendly» or «hostile» the external economic environment is to that country. Four examples can illustrate this.

- The continuous fall in prices of export commodities has caused tremendous income and foreign exchange losses to many developing countries and is a major cause of persistent or increased poverty at the local community level.
- The financial instability and sharp currency fluctuations caused by large inflows and outflows of external funds have led many developing countries (including those considered the most successful among them) into financial and economic crises, with dramatic and sudden increases in poverty rates.
- Many developing countries have suffered declines in or threats to their industrial jobs and farmers' livelihoods as a result of inappropriate import liberalisation policies, partly or mainly caused by external policy influences resulting from loan conditionalities or multilateral trade rules.
- Cutbacks in social sector expenditure, as well as the introduction of the «user-should-pay» principle as a result of structural adjustment policies in the past have been identified as significant factors in the deterioration of social well being of vulnerable and poor groups in several developing countries.

These examples, as well as the continuation of the debt crises in many countries, show that attempts to improve domestic policies, however exemplary, are not sufficient, if developing countries are to attain the MDGs. There is a clear need to forge a «global partnership for development» to underpin or at least to accompany the other efforts for attaining these goals.

Towards a pragmatic approach to the integration of developing countries

Perhaps the most important, and most difficult, set of development policies that a developing country has to decide on concerns the interface between domestic policies and the world economy. Whether, how, when, to what extent, in which sectors, and in which sequence to integrate the domestic economy and society with the international economy and society are simple but vital questions that face developing countries. There is no consensus in the international discussion on these issues; instead there is much debate and many controversies about the definition, nature and consequences of globalisation.

The emerging paradigm calls for developing countries to take a pragmatic approach to globalisation and liberalisation, and to be deliberate in choosing how best to integrate their domestic economy with the global economy in the areas of finance, trade and investment. This approach recognises that interaction with the global economy can benefit a developing country, perhaps significantly. But the terms of interaction are crucial if the potential benefits are to be realised, and if costs and damage are to be avoided. Too rapid a rate of integration, or integration in the wrong areas or in the wrong way, can be harmful rather than helpful.

For example, too great a dependence on commodity exports, and an increase in export volume when there is a global over-supply of a particular commodity, can be detrimental. Excessive financial liberalisation (for example, in allowing local institutions to freely borrow from abroad in foreign currency) can lead to a debt repayment crisis if the right regulations and conditions are not in place. A policy of selective integration, done carefully and appropriately, is therefore of the utmost importance. It should replace the still-dominant approach of «big-bang» liberalisation, adopted quickly and without regard to differences between countries.

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This change in approach should first be considered at the national level when governments choose their development strategy. However, it must be recognised that most developing countries do not have the luxury of choosing their approach on economic integration because of the determining influence of loan and aid conditionalities, or because of the rules they had agreed to in the WTO. Thus, MDG 8 assumes central importance. In creating a global partnership for development, there is an underlying need for an understanding that developing countries should have the right to take an appropriate and pragmatic approach towards selectively integrating their domestic economy with the world economy. This understanding should be the basis for the systems of international trade, finance, investment, aid, and intellectual property rights. The policies, rules and conditionalities arising from these systems should reflect the realities facing developing countries, and their needs. Without this change in attitude at the international level, it would be difficult or even impossible to attain a global partnership for development; and it would also be difficult for developing countries to attain the other MDGs.

The need for global financial reform

In working towards Goal 8, a major element is the reform of the global financial architecture. This need for reform is embedded within the first target accompanying Goal 8: «Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.» A note under the target says that this «includes a commitment to good governance, development and poverty reduction, both nationally and internationally.»

It can be argued that the present global financial system is not open: many financial transactions, including those involving speculative activities, highly-leveraged institutions such as hedge funds, and derivatives are non-transparent and non-accountable. It is not adequately rule-based: there is absence of or inadequate regulation over many kinds of activities of the financial institutions, and over the massive international flows of funds. It is also not predictable: witness the volatility, fluctuations and unpredictability of exchange rates, and inflows and outflows of funds that countries are subjected to.

The lack of regulation and predictability of the global financial system has been a source of destabilisation for many developing countries. In recent years there has been a series of devastating financial and economic crises, including those that hit Mexico, Thailand, Indonesia, South Korea and Malaysia, Russia, Turkey, Argentina, Uruguay and Brazil. There have been conflicting reasons given for these crises, but one of the dominant explanations is that the affected countries suffered from bad political and economic governance. This is quite remarkable, as most of those countries had been lavishly praised just prior to their crises as shining examples of good economic management.

A more accurate and credible explanation is that these meltdowns were caused by the financial liberalisation and deregulation that has swept the world since the early 1970s, when the Bretton Woods system of fixed exchange rates collapsed. As a result, there has been an explosive increase in financial speculation as investment funds and speculators move rapidly across borders in search of profits. In recent years, many developing countries were also advised to deregulate and liberalise their financial systems. Controls over the inflow and outflow of funds were relaxed significantly. This led to excessive short-term borrowing by local firms and banks, as well as the entrance of international players who invested, speculated and manipulated currencies and stock markets.

The prevailing mainstream view that liberalisation was beneficial and posed little danger to developing countries had been promoted by the international financial institutions and the major developed countries. The latter were eager to obtain more market access for their financial institutions to the emerging markets. It is now widely recognised that when the crisis struck in East Asia in 1997, the IMF made it worse by misdiagnosing the cause and promoting even further financial liberalisation as part of its loan conditionalities. It also pushed a policy package (including high interest rates, tight monetary and fiscal policies and closure of local financial institutions) that converted a financial-debt problem into a structural economic recession.

Conclusion

Reforms are urgently required at both international and national levels, as a great number of developing countries are still heavily indebted even after two decades or more, while increasing numbers of other developing countries have become heavily indebted. The financial system as a whole requires an overhaul. In reforming it, the interests of developing countries should be given the highest priority.

Goal Eight of the Millennium Development Goals does not have a detailed enough target to define the objectives and actions that are needed in the area of global finance, including the problems of debt, capital flows and a healthy system of financing for development. Therefore, more detailed targets, as well as more and better indicators, should be articulated in this field. Most important, however, is the need to flesh out the various measures, policies and frameworks required to make the financial system a key component to a «global partnership for development» rather than the problem it now is. ■

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GOAL 8

Develop a global partnership for development

- Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory. Includes a commitment to good governance, development and poverty reduction—nationally and internationally.
- 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.
- Address the special needs of landlocked and small island developing States.
- Deal comprehensively with developing countries' debt problems through national and international measures to make debt sustainable in the long term.
- In cooperation with the developing countries, develop decent and productive work for youth.
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
- In cooperation with the private sector, make available the benefits of new technologies—especially information and communications technologies.

Source: United Nations (http://www.un.org/millenniumgoals/index.htm

Europe for business or Europe for its people? The European Union and the GATS

Mirjam van Reisen

The European Union (EU) prides itself on its social democracy, the core common value that connects the people and member states. Yet the GATS negotiations challenge this very foundation of the EU, as they further weaken the ability of EU member states to decide social policy, even in key areas such as health, education, water and sanitation. The GATS negotiations give unprecedented access to business, at the expense of democratic control and decision-making by elected representatives. The GATS threatens the very fabric of the EU, both in its social dimension and its democratic character. It is not surprising, therefore, that there is an increasing pressure from social movements, including trade unions, to stop the current negotiations.

Commercial services: a crucial sector for the European Union

For Europe the service industry is of crucial importance. The EU is the world's largest exporter of commercial services, accounting for 26% of total global services transactions and for more than 40% in terms of balance of payments. The EU is also the world's largest importer of commercial services. The services sector employs 69% of all jobs in the EU and accounts for more than 70% of total output.[1] The EU had a constant 24% share of World Trade Volume in commercial services from 1995 until 2000 [2]:

TABLE 1

World trade volume in billions of USD

	1995	2000
EU	332.56	583.25
USA	252.71	518.56
Japan	143.54	201.15
Rest of the World	668.16	1,146.28
World Total	1,396.97	2,449.24
EU as % total	24	24

The European Commission—the executive arm of the EU—attaches great priority to the General Agreement on Trade in Services (GATS) negotiations, and it is also quite clear about the nature of GATS. On its information web site it introduces the negotiations as follows: *«The GATS is not just something that exists between governments. It is first and foremost an instrument for the benefit of business. The Commission is keen to help business in advancing and developing liberalisation under the GATS. But it also needs the active involvement of business, so that the EU's policy corresponds to the real export and economic growth interests of our service industries.»*[3]

While the Commission continues to maintain that the GATS agreement has the purpose of creating multilateral rules for creating a level playing field in services and will lead to potential economic benefits for developing countries, it is clear that the drive behind the GATS is the wish to conquer the lucrative global market for services.

There are several serious problems with the way the negotiations have been conducted so far:

- The *preferential access of business* in setting the pace, priorities and strategies for the negotiation, coupled with the lack of access of public and civil society organisations to get their concerns heard and addressed;
- The absence of defining conditions that would ensure that privatisation will be in the *public interest*, not only in developing countries but also in Europe;
- The *incompatibility* of the objectives of the GATS negotiations with the development objectives set out in the EU treaty;
- The possible *buy-offs* given for the requests for privatisation pursued by the EU abroad.

The preferential access of business

The invitation for input into the GATS negotiations has been almost entirely restricted to business. In an exchange with civil society organisations Commissioner Pascal Lamy made it very clear where he took most input from—even if this was disguised by a derogatory comment on NGOs: «*...it is notable that, while industry not surprisingly has actively been providing input, few substantive contributions have been received from NGOs.»*[4]

It is also clear that the EU goes as far as to publicly identify that it aims to target the negotiations towards business priorities: *«An active service industry involvement in the negotiations is crucial to target the EU's negotiating objectives towards the priorities of business.»*[5]

The broad involvement of industry in the negotiations is paralleled by tremendous secrecy of the negotiations that makes the decision-making process entirely non-transparent. Because of unnecessarily rushed procedures, imaginary deadlines and strict rules of confidentiality, national parliaments, the European Parliament and the 133 Committee of the member states have been left to rubberstamp the Commission's negotiation tactics, without being fully informed. The Commission justified this on strategic grounds relating to the complexity of the negotiations of «playing a one-hundred-and-forty-plus game in Geneva» and the «traditional way of doing this.»[6]

In the UK, Barclays Bank Chairman and President of the British Bankers Association Andrew Buxton, set up a structure to assure maximum involvement of the private sector in the GATS negotiation. On the basis of the Buxton model, a Liberalisation of Trade in Services Committee (LOTIS) and High-Level Group were established in 1996 to assure the maximum input of trade in the negotiations. They achieved their objective. The Corporate Europe Observatory (CEO) uncovered minutes (covering meetings in 2000 and 2001) exposing the business sector's privileged access to key negotiating information and the policy-making process on GATS in the UK. According to researcher Erik Wisselius, the distinction between public and private has become completely blurred within the UK. He observes: *«The LOTIS structures provide a private forum where government and business discuss strategies for ongoing WTO negotiations on liberalisation of trade in services. This allows the UK financial service industry an unjustified control over large parts of the UK trade policy agenda.»*[7]

1 European Services Forum, Information Pack, 13 November 2002.

2 *European Commission and WTO members' requests to the EC and its member states for improved market access for services*, consultation document, undated. http://europa.eu.int/comm/trade/services/imas.pdf

3 European Commission, *Opening World Markets for Services*, http://gats-info.eu.int/gats-info/g2000.pl?news=bbo, in part also quoted in Erik Wesselius, *Behind GATS 2000: Corporate Power at work*, The World Trade Organisation Series No. 4, TNI Briefing Series No. 2002/6, May 2002.

4 Reply from Commissioner Lamy to the open letters from NGOs regarding the services negotiations, July 2002.

5 European Commission, *Opening World Markets for Services, op. cit.*

6 Reply from Commissioner Lamy to the open letters from NGOs regarding the services negotiations, July 2002.

7 Erik Wisselius, *Liberalisation of Trade in Services: Corporate Power at Work,* http://www.gatswatch.org/LOTIS/LOTIS.html#note06, Minutes of LOTIS Committee meeting, 22 February 2001.

Business is receiving access into the negotiations that is denied to Non-Governmental Organisations, Members of the British Parliament or the general public. The minutes record a civil servant statement that *«the case for liberalisation of services was «vulnerable when the NGOs asked for proof of where the economic benefits of liberalisation lay.»*[8] The minutes also note a realisation on the part of the negotiators that health, education, water and energy were singled out by the NGOs because these are basic services that people *«have a right to receive from their governments.»*[9]

The new European business NGOs

In 1996 Buxton established with a colleague the Financial Leader's Group (FLG). This group included 40 CEOs, mainly from Europe and the US. The group was set up with the intention of bringing new life into the WTO negotiations on services. Commissioner Leon Brittan (UK), previously in charge of the negotiations on behalf of the Commission, recognised the «usefulness» of the input provided by the service industry in the negotiations and invited Buxton to set up a similar structure at the European level: the European Service Forum (ESF).[10] The ESF was launched in 1999 in a meeting hosted by the European Commission. This structure comprises 42 major European service companies to date, represented by their CEO's. The services include construction and related engineering services, distribution services (including food and water), energy services, environmental services, financial services, legal services and other professional services, telecommunications, postal and express delivery services, tourism and others. The objective of the ESF is to pursue the commercial profit-making interests of the European service industry abroad.

Even though the ESF is not representing a public interest it participated as a registered NGO at the Ministerial Conference in Seattle in December 1999 and in Doha in 2001, and, moreover, was an official member of the EU Delegation at these two conferences.[11]

After retiring from the European Commission Sir Leon Brittan became chairman of the high-level LOTIS Group.[12]

The European Water Force

One of the members of the ESF is Vivendi. This is the company built on the French General Water Company, original concessionaire for public water distribution in France.

Water is one of the big areas of the public service industry. The world water market is estimated to be worth more than USD 400 billion, according to some analysts. According to the World Bank, the water markets of the world are worth up to USD 800 billion, which makes them comparable in scale to the fossil fuel market. Water companies see GATS as a vehicle for opening up these water markets.[13] Water also seems to be a key issue for the EU in the GATS negotiations, with highly expanding and dynamic European water companies looking at water as an enormous potential market.

The world's leading provider of outsourced and privatised water is Vivendi Water, headquartered in Paris, with worldwide operations. It is part of Vivendi Environment, which had an increase in revenues from USD 21.3 billion in 1999 to USD 29.3 billion in 2001. Water accounts for almost half of its revenues and municipalities account for 74% of the water revenues.

In 1999 Vivendi acquired US Filter, North America's largest water company, and is now the market leader in the US. Through US Filter Vivendi gained important access to the lucrative US (public) market in water, which, according to US Environmental Protection Agency estimates, will need a USD 151 billion injection of public financing over the next 20 years to maintain the safety and quality of the US water infrastructure.

Vivendi now has several charitable foundations, among which is the Water Force Foundation, which undertakes development programmes and emergency and rehabilitation programmes to re-establish water facilities in areas struck by humanitarian or man-made disasters, such as China, Albania, Kosovo, Turkey, El Salvador and India. The Water Force foundation has a team of a hundred volunteers. Vivendi water is now working in over 100 countries, and in developing countries often through World Bank financed water programmes, as for instance in Niger and Burkina Faso.

On its web site the European Commission makes only scarce mention of its intention to advance the global access of Vivendi and others to public and commercial water services: *«Another area which could deserve further attention in further negotiations is water distribution, which falls under the heading of distribution services. Further liberalisation of this sector would offer new business opportunities to European companies, as the expansion and acquisitions abroad by a number of European water companies show.»*

On several occasions French President Jacques Chirac has been even clearer in promoting the interest of the European water companies, particularly referring to the Millennium Development Goals. He estimated the costs of basic infrastructure for water, energy and transport for developing countries at USD 404.3 million a year. During a roundtable on financing for development in poor countries Chirac referred to the need for developing countries to invest in key sustainable development sectors such as education, health, water and energy. He noted: *«There again the priority is the sectors of energy and water... France has established original methods in the area of water.»*[14]

During the same roundtable, UK Prime Minister Blair made clear and direct references to the desire to privatise public services related to the environment, including water: *«Our project is to generate financing for development by the private industrial sector and public services which will put in place sustainable development in the poorest countries of the world. We are looking to associate with private investment, the power to mobilise the states, all this in respect of the environment.»*[15]

But Betram Zagema puts the success of British privatisation of water in doubt: *«In 1989, when much of Britain's water was privatised, asset management plans and maximum price levels were agreed between the companies and the regulator. However, most companies underspent on investments and used their soaring profits to pay shareholders and management. Meanwhile, the infrastructure is crumbling, leakages are not repaired and sewers have been overflowing. Between 1989 and 1997, the companies involved were successfully prosecuted 128 times. Among other*

8 *Ibid.*

9 *Ibid.*

10 *Ibid.*

11 European Services Forum, Information Pack, 13 November 2002.

12 Erik Wisselius, *op. cit.*, quotes from Brittan's first speech as chairman of the LOTIS Group: «When I was the EU Commissioner responsible for trade negotiations I invited business leaders to become more involved... Now that I am in the private sector myself, I am especially pleased to take on the Chairmanship of the High-Level LOTIS Group.» In: Lord Brittan of Spennithorne, «Liberalising world trade: why business must make its voice heard», *IFSL World*, Edition 1, Spring 2001: http://www.ifsl.org.uk/about/benefits.cfm.

13 Bertram Zagema, *Milieu Defensie*, http://www.gatswatch.org/GATSandDemocracy/water.html

14 Jacques Chirac, at the Roundtable on Financing for Development in Poor Countries at the World Summit on Sustainable Development, Johannesburg, South Africa, 2 September 2002.

15 Jacques Chirac and Tony Blair in a joint press release at the World Summit on Sustainable Development in Johannesburg, South Africa, 2 September 2002.

things, they were charged with failure to meet leakage targets, as well as with water pollution and illegal sewage discharge. The penalties, however, have not been severe. Northumbrian, a subsidiary of Suez, was fined less than £10,000 [about USD 15,700] *for supplying contaminated water to 15,000 customers in 1997.»*[16]

Vivendi was involved in Buenos Aires with much the same result: *«In 1999 the regulator concluded that «the main goals set at privatisation have not been met, in terms of the raising of water quality standards or in expansion of the system.' Yet the regulator has little power to call the companies to account.»*[17]

Whether in Paris, or in World Bank-induced programmes for water provision in cities like Cochabamba, Bolivia, or Accra, Ghana, privatisation has lead to price increases of 200% or more, hitting particularly people living in poverty. The idea that profit-making companies can provide clean drinking water for the poor cannot be substantiated by facts: *«Yet while consumers face (spectacularly) higher bills as a result of water privatisation, the chief executives of the water companies have seen their salaries increase by similar degrees. Privatisation of water management also changes the logic of the system. The public goals of sustainable water management and universal delivery are replaced by the profit orientation of private companies.»*[18]

The German United Services Trade Union also concludes that the profits that must be generated for shareholders increase prices and lead to cutting corners in general maintenance. There is also evidence that the public sector continues to pay for the protection of drinking water, while the private companies increase their profits.[19]

In 2000 Vivendi went to the Paris Stock Exchange, then to the New York Stock Exchange. Meanwhile Vivendi has expanded much beyond water and is now the owner of major commercial pay television stations across Europe,[20] of Universal Studios in the US, and of publishing companies, including educational, telecommunications and music publishing.

European water companies have received and often still receive considerable state support enabling their expansion. The suggestion that the GATS negotiations are aiming to create a «level playing field» for all players needs to be seriously questioned, as does the stated objective that the privatisation of water distribution contributes to social and sustainable development.

The incompatibility of GATS and development; jobs, jobs, jobs, for whom?

The crucial importance of the GATS for the EU is seen in the preservation and creation of jobs, as reiterated continuously by Commissioner Lamy. However there is concern among NGOs that this will be at the expense of jobs and sustainable livelihoods in developing countries.

The European Union Treaty has a provision that European policies with an impact on developing countries need to take development policy objectives into account. The EC requests for liberalisation in services to developing countries specifically focus on three stipulations:

- that developing countries give up their right to require foreign investors to employ local people at the managerial level;
- that they give up their right to require foreign companies to form joint ventures with local companies;
- that they give up their right to restrict foreign investors from owning land in the country.

By giving up these rights developing countries give up the conditions that are necessary for Foreign Direct Investment to be beneficial to the sustainable development of their countries. The Irish group Conhlámh who researched this area concludes: *«Most developing countries have spent the last two decades under the direction of the IMF and World Bank undergoing «structural adjustment' in the expectation of becoming attractive to foreign investors and gaining from the development potential listed above. Now that many structural adjustment processes are well advanced, the EU is now seeking in the GATS negotiations to remove the very elements through which FDI could have a positive contribution to a country's development process.»*[21]

Recognising that the GATS is a bargaining forum the crucial question to be asked is what, if anything, developing countries are receiving in return for the concessions requested of them. In a statement to the GATS Council by Cuba, Dominican Republic, Kenya, Nigeria, Pakistan, Senegal and Zambia, a group of developing countries expressed concern at the lack of reciprocity in the process of the GATS negotiations: *«Developing countries have made what for them represented substantial commitments under GATS with respect to many service industries but have not received concessions of any meaningful economic value, including under the movement of natural persons mode of supply* [one of four modes of supply of services defined in the GATS]. *This imbalance was further accentuated by the major commitments that some developing countries undertook autonomously including under structural adjustment programmes… without receiving reciprocal benefits.»*[22]

The EU Parliament Socialist Party Group recognised this problem of upward pressure to liberalise. In a letter to Pascal Lamy, MEP van den Berg wrote on behalf of his colleagues in the group: *«You make a strong point on the lessons of GATS for our fears of upward pressure on commitments, but the acid test will be the conduct and outcome of post-Doha GATS negotiations, where the requests by the EU, among others, have in some cases systematically targeted the exclusions and qualifications listed by our trading partners.»*[23]

The Socialist Group in the EU Parliament emphasises the need for unequivocal assurance that the EU proposal would leave countries' rights to impose limits on foreign ownership, including joint venture obligations, intact, whether for established or new investments. In an earlier letter, Commissioner Lamy had indeed committed himself to this position.[24]

The lack of the EU to liberalise and reform its common agricultural policy, one of the major potential areas that could benefit developing countries, and where most of its employment and income-earning capacity is situated, is notable in this regard. It seems therefore that many of the concessions are achieved by sticks, rather than carrots, with the threat to withdraw aid and loans being used as one of the instruments for macro-economic conditionality.

16 Bertram Zagema, *Milieu Defensie*, *op. cit.*

17 *Ibid.*

18 *Ibid.*

19 See the German contribution in this edition of the Social Watch Report.

20 In France, Spain, Italy, Poland, Scandinavia, Belgium and the Netherlands.

21 *GATS Negotiations and the Right of Host Countries to Impose Performance Requirements,* Comhlámh Briefing Paper, November 2002, p. 3.

22 *Ibid.*

23 Dated 22 November 2002, Brussels.

24 Pascal Lamy to Max van den Berg, MEP, PES Group Vice-President, Brussels, 7 October 2002. Lamy states in the letter: «National treatment and possibility of joint ventures: leaving aside the question of whether limits on foreign ownership have the pro-development effect some might attribute to them, I would like to clarify that our proposals would leave countries' right to impose such limits intact. This applies both to established foreign investors and to new investments.»

The buy-off price for Europe?

Water provision in the context of environmental services, such as waste, is one important area of liberalisation requests from the EU to the US.[25] The important question is, what will the EU have to give in return for gaining greater access to the US market?

The EU has made specific commitments to liberalise primary and secondary education, higher education and adult education. So far the EU has received requests to privatise some higher education facilities, which might be regarded as a first step toward privatisation of the whole education sector.

As for health, the EC has committed hospital services and social services to the GATS. So far only a limited number of requests address health and social services, and these requests come, according to the information provided by the Commission, mainly from developing countries.

Mounting pressure

The EU Treaty of Nice, which is intended to define the competence and ways of working of the EU after its inclusion of Eastern Europe in 2004, has also been opposed on grounds related to GATS. In the Irish referendum of the Nice Treaty it was argued that the Treaty would diminish the control of EU member states over GATS areas, including social services. The diminished control at national level will not be matched by an increased accountability to the European Parliament. The Treaty will, therefore, severely limit the right of elected representatives to regulate vital public services (defined under article 133 of the Treaties of the EU). It is, therefore, expected to lead to an increasing «democratic deficit» on the issues, which are at the very heart of European social democracy.[26] Nevertheless the Irish people voted to approve the Nice Treaty, removing one of the last obstacles to its enforcement.

In conclusion it is useful to observe that the pressure by European social movements and trade unions is having some effect, and has perhaps brought about the summary publication and consultation process of the requests made to the EU.

This is also seen in a strengthening of positioning in the Socialist Group of the European Parliament, which states in a letter to Commissioner Lamy: *«Politically the stakes could hardly be higher. In this context it is hard—perhaps impossible—to defend politically a proposal for a new demarche in global governance, which essentially creates new rights for multinational investors, with no corresponding rights for employees, host communities, etc... Many of us believe that, in the present context, such rules can only be acceptable as part of a package which confers equally new substantial obligations on cross-border investors. It is, of course, hard to see how this can be achieved multilaterally while the current US Administration is in power. This leaves me wondering whether there is scope for an EU initiative or a «coalition of the willing»—bearing in mind the EU's dominant position in cross-border investment and the number of important investors headquartered within the Union.»*[27]

If such steps are unlikely to be realised the Socialist Group sends the following warning to Pascal Lamy in conclusion: *«I am thrown back on another sentiment expressed by several Group members: that perhaps the time is not right for the investment negotiations—or at least that they do not deserve the degree of priority that the EU currently accords to them.»*[28]

To what extent the European Parliament and the EU national parliaments will be able to influence, alter or set a halt to the negotiations will perhaps be a litmus test of the democratic character of the EU.

European Solidarity Towards Equal Participation of People (Eurostep) is a Brussels-based coalition of 20 European development organisations. Its members are: 11.11.11, ActionAid, ActionAid-Ireland, Concern, Deutsche Welt Hunger Hilfe, Forum Syd, Fundación Intermón Oxfam, Helinas, Hivos, IBIS, KEPA, Manitese, Mellemfolkeligt Samvirke, Movimondo, Novib, OIKOS, Oxfam GB, Swiss Coalition of Development Organisations, Terre des Hommes-Germany. ■

EUROSTEP
<admin@eurostep.org>

25 http://www.gatswatch.org/docs/EU%20requests/042-02.pdf.

26 Eamon Crudden in the *Irish Times*, 17 October 2002: «EU could force privatisation of services – Democratic control over whether a member-state or the EU decides to privatise public services must be maintained.»

27 Dated 22 November 2002, Brussels.

28 *Ibid.*

Globalisation and trade: challenges for the Arab World

Ziad Abdel Samad [1]

Dramatic international developments point to a trend of «the militarization of globalisation,» which can be considered a radical outcome of the failure of globalisation and traditional economic policies to secure social and economic equity. These developments are also indicative of a strong desire to strengthen direct control over the world's cultural, economic and intellectual resources by neoliberal hegemonic powers.

The power and influence of the international financial institutions and the WTO and the rising dominance of the multinational trade agreements led to the imposition of structural adjustment programmes; economic liberalisation; reduction of public expenditure on social services; privatisation of public administration; and the increased role and influence of the private sector in strategy formulations and implementations. These factors also caused countries to deviate from international agreements and conventions on human rights, poverty eradication, unemployment, environmental protection and social marginalisation policies.

The Arab region and the challenge of globalisation

Threats to overthrow the Iraqi regime are increasing. The war on Afghanistan has not yet achieved its final goals, and there are expectations that it will widen into financial, economic and cultural realms and involve other countries and regions under the excuse of fighting terrorism. This war is coupled with a serious undermining of human rights, liberties, and democracy on the national and international levels. It is also paralleled by one of the rare current models of foreign direct colonial settlement taking place in Palestine and parts of Syrian and Lebanese territories.

The «militarization of globalisation» and the fight against terrorism

Dramatic international developments point to a trend of «the militarization of globalisation,» which can be considered a radical outcome of the failure of globalisation and traditional economic policies to secure social and economic equity. These developments are also indicative of a strong desire to strengthen direct control over the world's cultural, economic and intellectual resources by neoliberal hegemonic powers.

Middle East civil societies, individually and collectively, have condemned the September 11 terrorist attacks on innocent civilians in the United States; they are convinced that terrorism is an illegitimate means to settle legitimate quests for social justice and fair international systems. The current war on Afghanistan, however, goes beyond a simple reaction to these attacks. The war is an international plan launched to reinforce the international dominance of some multilateral economic and industrial interests.

The war currently launched has a number of labels and justifications, including ideological, political and even racist names. It splits the world into pro-American and anti-American/pro-terrorism poles. The war was called a «Third World War against terrorism» in the National Security Strategy presented to the American Congress. Such terms stir up clashes between peoples and ignite fanatical reactions. This is worsened by the prevailing globalisation trends that have been associated with sweeping poverty, marginalisation and a widening of the gap between the North and the South and between the rich and poor. The trends are also associated with the prevalence of double standards in international relations, particularly in the Arab region. While Israel, the only State having nuclear arms in the region, is breaching human rights and all the United Nations' resolutions and conventions, the US insists on launching a war against Iraq, only because the latter is capable of manufacturing strategic weapons and is unable to respect democracy, human rights or social equity.

The Palestinian cause and the Israeli occupation

These latest military events are taking place in parallel with increasing Israeli aggressions against the Palestinian people and leadership. Israeli violence is based on weak justifications that revoke Palestinians' desire to sustain the democratic development that is their right. State violence can be seen in the systematic relocating of Palestinians and the misappropriation of their lands, which seems to be a major goal of the recent Israeli government. At the same time, Israeli occupation of Arab territories in Palestine, Lebanon and Syria continues. The Palestinians are still deprived of freedom, self-determination, and the right to return to their territories. They are also denied the right to build an independent State, within a context of clear and unlimited American protection of and support to Israel.

Stability, peace, and the opportunities for social and economic development in the Middle East will not materialise unless the Israeli occupation ends and settlements are completely dismantled. Solid national rights for the Palestinians must be ensured, namely the rights to return to their lands, to self-determination, and to build an independent State on Palestinian territories according to international laws.

The threat of a war against Iraq

The ongoing suffering of the Iraqi people is the result of the double siege exerted by the Iraqi dictatorship and totalitarian regime on the one side, and the unjust embargo imposed by the international community on the other. The foreign military presence in the Gulf, the continuous threats of war and the abolition of the Iraqi political system, despite the submission of the Iraqi regime to the UN Security Council Resolution 1441, and the popular and official international and Arab opposition, all constitute a serious threat to international stability and peace and an obstacle to socio-economic development in the region.

In this context, the war in Afghanistan and elsewhere in the name of the war against terrorism, the threats of war against Iraq, the occupation and the increasing Israeli aggression in Palestine are tangible expressions of the militarization of globalisation which is not only an Arab concern, but a challenge that all the world is facing. Thus, it implies the creation of a world alliance against the war preventing humanity from its catastrophic results.

Democracy and human rights

While Arab peoples reject all forms of violation of sovereignty, independence and self-determination, and particularly all kinds of foreign military presence in the Arab nations, a fanatical religious response should not be an alternative

1 Executive Director of the Arab NGO Network for Development. The author is grateful for the assistance of Zena Halabi.

to the governing systems. Strengthening democracy and popular participation, the respect of human rights, and social justice are all necessary conditions to overcome the challenges faced by the Arab populations.

Under these conditions, international reports and studies, such as the latest Arab Human Development Report published early in 2002 by the United Nations Development Programme (UNDP), underscore the fact that the freedom, democracy and human rights indicators of Arab countries are among the worst in the world.

The development challenges in the region and the international trade system

Instead of approving practical measures that reduce the gap between the North and the South, and endorsing policies to alleviate poverty and unemployment, the tendency of Arab state policies is to link development to trade liberalisation and to relate multilateral agreements on environmental, socio-economic and cultural rights to WTO agreements. Crucial issues, such as indebtedness, official development aid, sovereignty, and participation centre on trade liberalisation, encouragement of foreign direct investment, the substitution of multilateral conventions and agreements with bilateral commercial agreements and partnerships with the business sector and trans-national corporations.

The current international trade system revolves around the concept of market access. Trade negotiations and conflict resolutions are expected to secure countries' commitment to guaranteeing mutual access to markets. Open markets are expected to lead to sound developmental principles. The international trade system is still based on increasing the trade and capital volatility of goods and services, instead of searching for commercial arrangements to secure countries' development.

In order to establish a fair trade system, two prerequisites need to materialise. The first is a global economic environment that allows developing countries to use trade as a means for development instead of an end in itself. The second is a way out of the current trade system crisis that resulted from keeping developing countries away from decision-making mechanisms and exposing them to inappropriate financial and economic policies.

The argument relating trade liberalisation to economic growth is invalid theoretically and empirically, especially since trade is highly sensitive to external factors, local capabilities, and human resources. There is no evidence to prove that the removal of trade barriers would necessarily lead to improved economic performance. International experiences confirm that the actual conditions and regulations enforced by the WTO are very costly and beyond the means of many Arab countries.

Appropriate characteristics of a world trade system

Trade is not in itself an objective; it is a means to achieve local and international sustainable, equitable and balanced development—*human* development. It is therefore necessary to reconsider the inaccurate paradigm that relates trade liberalisation to development, poverty eradication, and the improvement of peoples' lives.

An ideal international trade system would be a balanced economic framework that takes into consideration the huge differences in productive, industrial and commercial capacities of developing and developed countries. It would consider the domestic features that differentiate each country from others without applying one formula to all countries. The global trade system needs to re-assess its objectives and mechanisms, so as not to lead developing countries to incur deficits that ultimately lead to debt traps.

Privatisation of services

The ideas derived from the Washington Consensus had a huge impact on the economic reforms of many developing countries. The way these countries interpreted these ideas, however, and how they chose to implement them, varied significantly. The applications and consequences of liberalisation and privatisation policies as analysed by eight Arab countries [2] are the core of the following discussion.

Before discussing the common trends found in the experiences of these countries, it is important to note that there are some differences from country to country in the impact of liberalisation and privatisation policies. The effects differ according to the position of each country in the international financial market (such as being members of the WTO, or Gulf Co-operation Council or EUROMED[3]), the nature of the economic system (strong state interference, institutionalised liberalisation or economic transition) and the date of application of liberalisation policies. Furthermore, there are noted differences in the political systems of each country in terms of judiciary, electoral and association laws and also their institutional regard to political parties. The institutional structure of each country determines the public participation in the decision-making process of liberalisation and privatisation.

Liberalisation and privatisation policies: characteristics and applications

A common trend noted in the design of liberalisation and privatisation policies is the absence of a unified and strategic vision of policies. Indeed, liberalisation and privatisation policies are observed differently in each sector and each privatisation case is treated differently. It is perceived that the service and non-productive sectors (such as real estate) are more subject to liberalisation regulations than the industrial sector (for example, in Egypt and Morocco); the lucrative service sector is often the first to be auctioned off.

Another trend is viewed in governments accepting double standards when establishing economic partnerships with regional organisations such as EUROMED. Although they promote the GATT agreement, such organisations still exercise protection on the free transfer of labour, local agricultural production and the textile industry, thus establishing differential benefits after closing such agreements (as in Egypt).

Furthermore, it is noted that through the process of liberalisation of economies and privatisation of public assets, the State is increasingly institutionalising its disengagement from the public sectors (Egypt, Morocco). This goes hand in hand with a systematic re-questioning of the universal entitlement to state services such as education and health.

The application of these policies lacks consistency and uniformity as the conditions and the beneficiaries of the privatisation deals are not made clear to the public (Bahrain, Tunisia). In this regard, corruption could also be mentioned, which can derail the whole process and lead to the misuse of revenues. Furthermore, some countries have reversed policies from public auctioning to nationalisation and back to auctioning, which causes international institutions to mistrust the local economies and diminishes their interest in the auctioned public assets (Lebanon).

The main goals of the privatisation policies are to sell off public assets to activate the economic cycle and to ensure growth. However, the paradox of such policies is the incapacity of the State to recreate jobs in the growing job

2 Sudan, Egypt, Lebanon, Morocco, Palestine, Tunisia, Jordan and Bahrain.

3 Euro-Mediterranean Partnership.

market due to its increasing disengagement from the economic sphere and its loss of control of its most lucrative sectors.

A trend common to most privatisation policies is their inability or unwillingness to include local civil societies in the decision-making process. This is best perceived in the lack of transparency noted in the closing of the privatisation deals, as well as in structural political problems (lack of democracy, lack of adequate organisation and mobilisation) that impede the development of critical voices and the presentation of alternatives to privatisation (Palestine, Bahrain, Jordan).

Observed consequences

The effects of liberalisation and privatisation are not yet fully apparent on national levels. While initial statistics on the direct results of the application of such policies are obvious, a long-term assessment on the results is not clear. This is mainly due to the relatively recent application of the policies, whose effects will be perceived only in the future. It is worth mentioning that privatisation is taking place under the pressure of budgetary deficits that require immediate cash flows. This leads to random privatisation without even evaluating feasibility. Moreover, most of the privatised sectors were rehabilitated and restructured in order to be profitable before being sold. The absence of general strategic remarks on the effects of these policies is related to the inability of the local civil societies and NGOs to monitor the privatisation process and acquire reliable data.

While it is hoped that privatisation will inject foreign currencies into local budgets, the first noted direct consequence of these policies is the increase in budget deficits due to the decrease in revenues (Lebanon, Tunisia, Egypt, and Jordan). The decrease in the budget revenues is attributed to the full application of the GATT agreement that exempts general transactions and customary tariffs from taxes (Egypt, Morocco). In some cases, these revenues were replaced by a new tax system such as the Value Added Tax, which has heavy social impact on the population.

Privatisation or economic growth does not necessarily mean social improvement or sustained social development. The prevalence of the profit motive in the privatisation process exerts a pressure to increase the profit margins and decrease salaries. The decrease in salaries directly affects the living standards of the middle and lower classes that are more sensitive to the increases in the cost of health and education, which are now private or semi-private services in some countries (Lebanon, Tunisia, Morocco).

Another consequence of the liberalisation and privatisation policies is the inability of the public sector to compete with foreign institutions due to the structural problems encountered by this sector in terms of capital inflow, efficiency, and service provision. Examples of this would be the tourism and service sectors in Egypt, which are suffering from severe competitive disadvantages with international organisations that benefit from experience, planning and an abundance of cash. This leads to the loss of shares of the local public services in the local markets, which directly sets them out of the economic sphere (Egypt, Morocco, Bahrain, and Lebanon).

The participation of women in the Arab workforce is still weak, but it is improving, with a few exceptions (Sudan). The negative effect of privatisation on the participation of women in the country's workforce is quite evident. This is due to the necessity of shrinking the number of employees in the hope of improving efficiency. The correlation between number of employees and general efficiency is not always valid, especially when other variables (like appointment on basis of political affiliation rather than merit) affect the productivity of workers. Nevertheless, in aiming at eliminating surplus labour, privatisation policies that tackle especially the health and education sectors, where women are predominant, affect women directly and unfairly. Women are the first to be laid off in crisis times, mainly because of cultural reasons that ascribe to women specific gender roles (Tunisia, Morocco).

Another noted consequence of privatisation is its negative effect on the environment. Due to the growing disengagement of the State from the economic spheres, it is less able to enforce laws that protect the environment. Moreover, due to the increasing absolute poverty levels (90% in Sudan), the population is forced to look for alternative means of survival, usually at the expense of environmental sustainability.

Some country-specific models of privatisation and liberalisation

This year's Palestinian Social Watch report states that the political debate on privatisation is currently on hold as a result of that country's unique dependence on either private or public sources for the provision of basic services such as health and water. Because of the historical absence and chronic inability of the State to provide services for the population, Palestinians rely on foreign NGOs for provision of health-related services and on the Israeli government for the provision of water for sanitation and irrigation.

Internal strife has a direct effect on the privatisation pattern of some countries, like Sudan. The federal government of Sudan started liberalisation and privatisation as early as the 1970s. Although the country was meeting its deadlines for debt servicing, international financial institutions like the World Bank and the International Monetary Fund were being prevented from insuring debt service rescaling and alleviations due to external political and economic vetoes against the Sudanese ruling regime. The negative effects of international sanctions coupled with negative consequences of privatisation were only worsened by internal civil strife that increased extreme poverty to alarming levels.

Towards an international alliance against war and an alternative globalisation

In light of this complex reality and the dangerous geopolitical changes the region is facing, there is a need for Arab civil society organisations, through social movements and NGOs, to play a role in political decision-making and monitoring national policies leading to more liberalised economies and services. They have to struggle in order to achieve social justice based on the respect of human rights, democracy, participation, the autonomy of the judiciary system and institutions, and the protection of the environment.

The major consequence of privatisation and the inadequate, inconsistent and opaque transfer of ownership to private sector programmes is the increase of people's suffering. Accordingly, a re-formulation of national policies based on transparency and accountability is needed. Civil society organisations should be strengthened and democratic systems should be established to ensure that ownership is not transferred to parties closely related to the governing officials, and that revenues are not misused.

In addition, the relationships between NGOs, social movements, and civil societies of the North and those in the Arab Countries should be reinforced. Strong and sound regional alliances with large international organisations are needed based on a clear understanding of liberal globalisation and its threats. This should be coupled with a vision of the possible alternatives set by popular coalitions.

Efforts should be made to build a different world where peace, justice, freedom and democracy rule.

Another Arab World is still possible. ■

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MEASURING PROGRESS

Some comments on country-to-country poverty comparisons

Andrea Vigorito [1]

Due to the highly controversial nature of poverty studies, some of the problems arising when establishing international measures are the same as those that are faced when countries establish national poverty lines. The World Bank has advocated making these comparisons according to consumption or income, and in particular, has established a threshold of one dollar per day per person, based on 1985 purchasing power parity. Although it might be useful to resort to income based measures, these on their own are insufficient, as concepts of poverty are becoming more complex and multidimensional. There is now a wide consensus regarding the fact that access to health and education is just as important as income and that in the future, the consensus will probably include empowerment and participation in citizen life.

Introduction

The purpose of this article is to highlight some problems that appear when comparing poverty rates among countries and particularly when trying to establish a common basis on which to make these comparisons. Many of these problems have been widely addressed by experts on the subject. In particular, we will examine whether the threshold proposed by the World Bank of a purchasing power parity (PPP) of one 1985 US dollar—the most commonly disseminated international poverty line at present—is a suitable indicator of poverty in various countries.

This discussion has been arranged into four sections. Section I will discuss the pertinence of establishing an international poverty line. Section II will go on to analyse the context in which it is advisable to make comparisons of well-being among countries and the discussion around the multiple dimensions of poverty will be reviewed. Section III examines how far it is possible to address poverty incidence using a single measure and questions the limits of the income space to evaluate people's well-being. Since several national studies show that this is not the case, Section IV suggests that an effort should be made to choose a wide array of indicators to rank countries with respect to many different criteria and dismisses the idea of uni-dimensionality. In particular, the data-gathering efforts of Social Watch could be used to strengthen efforts in this direction.

I. Why establish an international poverty line?

Setting national poverty lines plays an important role in formulating economic and social policies. In this respect, Atkinson (1993) proposed considering the existence of poverty lines as institutions and reported on the relevant role they play in the assessment of the social performance of a country through time. But is it valid to extend this reasoning to an international scale and consequently, is the establishment of a world poverty line going to help assess efforts made to reduce poverty, as proposed for example by the Millennium Development Goals? Without entering into a discussion of the relevance of a particular goal regarding poverty reduction, problems arising when establishing a single, international poverty line will be reviewed. Due to the highly controversial nature of poverty studies, some of these problems are the same as those that are faced when countries establish national poverty lines.

Comparison of poverty among countries can serve many purposes, from assessing the living conditions of people in different regions or countries to the allocation of resources from international financial aid. However, the concentration of efforts to identify the poor often is made without much discussion about the concepts implicit in comparing individual well-being, since most studies focus either on contributing to policy controversies or on the actual design of policies.

Explicit or not, making international comparisons of deprivation among countries requires the establishment of various criteria as a starting point. In particular, it requires deciding whether it is necessary and possible to establish a common poverty line against which all countries can be compared, and determining its characteristics.

Kanbur (2001) has argued very convincingly that this idea of counting the world's poor on the basis of a common line could be seen as «the finance ministry approach», which reflects the concern of many institutions about designing policies to struggle against poverty. However, this concern is not perceived in the same way by civil society and leads to confrontations because the perspectives and time horizons for comparison vary. From the standpoint of international bodies, and particularly international financial institutions, establishing international rankings is relevant. However, classifications made on the basis of a single poverty threshold necessarily simplify reality and disregard many factors that are important when seen from a national point of view or from a civil society perspective.

In this respect, the World Bank (WB) has advocated making these comparisons according to consumption or income, and in particular, has established a threshold of one dollar per day per person, based on 1985 purchasing power parity.[2] Supporting this point of view, Ravallion (2002) wrote that the use of national lines to make international comparisons leads to treating differently people or households who have similar real rates of consumption. He also recognises that this extreme line of poverty of the WB is conservative, as people who are considered poor by national standards are not considered so when using this poverty line. Even when the use of comparative poverty lines is agreed upon, should these be absolute or relative? In this respect, the question is if an international measure of poverty should consider absolute lack of income or should also consider inequality of income. Ravallion provides evidence that the WB has prepared relative poverty measures that still rely on a common international poverty line.

Furthermore, Ravallion also indicates that when analysing regions or countries, the WB experts do not use these international estimates, but rely on national poverty lines, something which can be noticed in the country reports prepared by this institution.

One of the criticisms of the WB poverty line is that it does not correspond to a capabilities or basic needs basket (see for example, Pogge and Reddy, 2002). But even setting an international basic food basket would be a very difficult task, especially considering the diversity among regions in meeting their caloric and nutritional needs. Any criteria of this sort would certainly lead to establishing baskets of different monetary values in different countries. Turning the food basket into a poverty line would also generate new problems as the relative prices of non-food goods vary significantly from one country to another.

In Latin America, the Economic Commission for Latin America and the Caribbean (ECLAC) chose a middle of the way path, as its poverty estimates are made on the basis of national basic food baskets, which are established on the basis of expenditure surveys or come from standard baskets according to the country, and are then multiplied by a common Orshansky coefficient to obtain regional poverty lines (ECLAC, 2000). This methodology attempting to harmonise national habits with international comparability criteria has also been questioned regionally because of the apparently arbitrary setting of the Engel coefficient at 0.5, although this value arises from previous research by the organisation.

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2 The methodology for derivation of the World Bank's international poverty line is described in various documents, among others, World Bank (2000). Basically, it is derived from a study of national poverty lines in over thirty countries, taking those corresponding to the poorest countries.

The WB threshold would probably appear low in middle-income regions where poverty and income inequality are high, as is the case in Latin America, labelled as the most unequal region in the world, particularly in regard to its per capita GDP. Although it is probable that the proportion of people living under this threshold in Latin America is smaller than in vast zones of Asia and Africa, there are nevertheless problems of severe malnutrition in the region and the cost of the basic food baskets established by many countries exceeds the WB threshold. Although an extremely low threshold will identify regions and countries where deprivation is extreme, it will often overlook other places with less acute, but still problematic, poverty. To recognise these less extreme cases we must use additional measures or indexes.

Furthermore, the establishment of a common threshold in terms of income or expenditure disregards the vast differences from country to country of the cost of and access to various services. Thus, if access to public health, housing and education varies from country to country, unsatisfied needs will also vary considerably. Gardiner *et al.* (1995), in their comparative study of relatively similar countries in the European Union, particularly the United Kingdom and France, show the serious problems arising in attempts to compare income and analyse the impacts of the different health and housing systems on these comparisons. Their results show that estimating these costs correctly led to different rankings among the European countries they considered. This observation must be kept in mind when performing comparisons solely according to income or expenditure.

The assessment of poverty in many countries has evolved toward a broader conception of poverty than the mere lack of income, including the comprehensive—but sometimes vague—idea of social exclusion. The efforts made by the United Nations Development Programme (UNDP), crystallised in the Human Development Index, also point to broadening the dimensions used to evaluate the performance of the different countries (see for example, UNDP, 2002). As concepts of poverty widen and become more complex, why is there still an interest in simplifying indexes and rankings? Although it is true that there is a strong link between social exclusion and poverty, the concept of social exclusion can be valid among groups whose income is not significantly different.

In order to obtain more illuminating comparisons, it might be useful to evaluate simultaneously international poverty rankings and the evolution of poverty measured by national thresholds. Criteria for measuring poverty vary from region to region. While in all the countries of the Americas absolute poverty lines are used, in Europe poverty is measured more often through relative poverty lines that arise from the idea that after having accomplished a reasonable satisfaction of basic needs, the main concern is with gaining access to the society's resources.

Income and consumption are difficult variables to measure, particularly in developing countries and the WB has contributed to the development of corrective measurement instruments and methodologies. The quality of income data varies significantly from country to country as household surveys use different criteria, cover different areas, and include different sources of income. The populations of different countries also have different propensions towards under-reporting.

Furthermore, using current income alone is a very important source of error, particularly among the poor, whose income is very erratic; in many countries, all or nearly all of poor people's income is in kind. Although it is therefore recommended that consumption be used as a more reliable indicator, in practice in many countries income is still used, because the countries do not gather periodic data on consumption.

Besides, there is an ongoing debate on the accuracy of the WB methodology used to set the international poverty lines. Pogge and Reddy (2002) question various aspects of these estimates and, in particular, question the way purchasing power parity (PPP) indicators are used. These authors criticise the fact that in the construction of these indexes, the WB uses the price of all the consumer goods, not only those consumed by the poor. This is derived from the fact that relative prices vary considerably from country to country, particularly the prices of tradable and non-tradable goods. While the former do not vary significantly from country to country, the latter do. According to Pogge and Reddy (2002), PPP is estimated weighing the prices incorporated into the index by average consumption. Thus, international comparisons should be based on goods and services consumed by the poor and not on any other type of goods. As a result of this methodological option, and due to recent changes in the estimation procedure, poverty rates are significantly underestimated and poverty trends are misleading. These authors consider that it would be possible to make more accurate international comparisons of poverty by correcting the estimation of PPP. A greater effort is needed in this direction.

In his reply to Pogge and Reddy, Ravallion (2002) acknowledges that PPP estimations present serious problems and that they should try to reflect consumption in lower income households in the distribution, but he does not consider that Reddy and Pogge's methodological proposals would lead to obtaining better estimates of poverty. In particular, he considers that the PPP calculation methodology proposed by Reddy and Pogge has serious problems.

II. The multiple dimensions of poverty

Kanbur (2001) points out that, in contrast to twenty-five years ago, there is now a wide consensus regarding the fact that access to health and education is just as important as income and that in the future, the consensus will probably include empowerment and participation in citizen life.

For this reason, the income method needs to be complemented by other dimensions, addressing the quality of life of households or individuals, given that not all individuals have the same rate of converting income into what Sen (1992) has called *functionings*. This concept refers to the insufficiency of equalising opportunities alone as a mechanism to achieve equity and eradicate poverty. Thus *functionings* are individual's abilities to take advantage of opportunities in different areas (being well nourished, access to health services, housing, etc.).

From this approach, it appears that the relationship between income and capabilities is parametrically variable among communities, families and even among individuals in the same family. This is based on two elements. In the first place, it varies according to differences in ages, gender, social roles, geographical location of the household, and other variables over which the individual may or may not have control. Secondly, there may be individual difficulties in converting income into *functionings;* it is probable that people with different needs and abilities require different amounts of income to achieve the same goals, and inequality may be more intense than what is perceived by looking at the space at income alone.

These considerations point to the fact that the identification of the poor exclusively by the income method leaves out dimensions that may be very relevant when defining the individual's access to available resources, especially when attempting to make international comparisons.

«If we go on to analyse poverty, the identification of a minimum combination of basic capabilities may be a good way of setting out the problem of assessing and measuring poverty. It may lead to very different results from those obtained when concentrating on the inadequacy of income as a criterion to identify the poor. The conversion of income into basic capabilities may vary greatly among individuals and also among the various societies, so that the possibility of achieving minimally acceptable levels of basic capability may be associated with different levels of minimally adequate income. The standpoint of poverty concentrated on income, based on the specification of income in a «poverty line» that does not vary among individuals, may be very mistaken in the identification and assessment of poverty.» (Sen, 1996, p. 68)

However, this does not mean discarding the idea of establishing an income threshold. In fact:

«As income is not desired for itself, any notion of poverty based on income must refer directly or indirectly to those basic purposes that promote income in its function as a means [to an end]. *In fact, in studies on poverty referring to developing countries, the income in the «poverty line» is frequently derived in an explicit way from reference to nutrition standards. Once it is recognised that the relationship between income and capabilities varies among communities and individuals in the same community, it will be considered that minimally acceptable levels of capabilities are variable: they will depend on personal and social characteristics. However, while minimum capabilities can be achieved*

by means of strengthening the level of income (given the other personal and social characteristics on which capabilities depend) it will be possible (for the specified social and personal characteristics) to identify a minimum adequate income to achieve minimally acceptable levels of capability. Once this correspondence has been established, it will not matter whether poverty is defined in terms of a failure of basic capability or as a failure in obtaining the corresponding minimally adequate income.» (Sen, 1995, p. 69)

Furthermore, in his work comparing India and China, Sen makes clear how two countries having very similar GDP have very wide differences in terms of basic capabilities for survival and education, a fact that also alerts us to the limitations of uni-dimensional comparisons.

III. Why use income?

The analysis of poverty and inequality made by economists has mainly focused on income and consumption and paid scant attention to other ideas about poverty until very late in the twentieth century. In her analysis of the origins of poverty studies, Ruggeri-Laderchi (2000) suggests that this lack of conceptualisation is typical of poverty studies prepared by economists since the birth of this field of study in Great Britain in the nineteenth century. According to her interpretation, the lack of interest in alternative definitions of poverty is related to the positivist vision predominating in the first poverty analyses, in particular in the studies by Rowntree and Booth, who were more concerned with estimating poverty and finding mechanisms to reduce it than with questioning ideas about the nature of poverty.

For many users and producers of poverty studies, income incorporates other dimensions of welfare, or at least it is considered that the lack of income is sufficiently correlated with deprivation in other dimensions to enable it to serve as a good summary. Furthermore, in regions where poverty and inequality are at extreme levels and worsening, it may be understandable that imperfect approaches such as poverty lines based on consumption and comparisons of welfare based on income are considered by many as sufficiently good shortcuts to deal with the most acute problems.

However, empirical studies carried out by Ruggeri-Laderchi for Peru and Chile make it evident that the other dimensions of poverty are not consistent with income in all cases. The same conclusion can be drawn from the myriad of studies that map basic needs and income poverty or even from the UNDP's Human Development Index.

Consideration should also be given to the fact that economists find income a very attractive variable because it is conceptually easier to relate to a standard analysis of economic change, making it possible to link evolution of poverty and inequality with the rest of the economy, in particular with the evolution of the labour market. This possibility makes easier the derivation of policy conclusions from poverty analysis (Rius and Vigorito, 2000).

Additionally, the disciplinary imperative of quantifiability is satisfied by income, which can be treated as a continuous variable. This difference between income and other variables that can be used to quantify poverty is very important. The sophistication of techniques available to apply to basic income indicators also helps to give the impression of objectivity that seems so essential to legitimise economic analysis in many areas (Rius and Vigorito, 2000).

IV. Toward multidimensional poverty assessments

The preceding paragraphs emphasise the need to consider the multiplicity of spaces where the needs of the world's population manifest themselves when trying to assess poverty levels. Although it might be useful to resort to income based measures, these on their own are insufficient, as concepts of poverty are becoming more complex and multidimensional, as Kanbur (2001) maintains. In turn, the studies showing that the classification of countries differs according to different types of needs measured, also argue for the use of a multiplicity of indicators to assess comparative performance. Very often these results contradict the wishes of policy-makers, for whom uni-dimensional classifications are simpler and therefore more attractive.

Although the attempt at making international comparisons in the space of income should not be abandoned, classifications of countries cannot consider income exclusively. Including other indicators gives a truer picture than using a single, universal measure of absolute poverty. The efforts made by *Social Watch* in collecting and publishing information should, in conjunction with other sources of international data, help to generate richer classifications, resulting in the systematisation and production of new, more valuable, indicators. Thus, the dimensions of access to drinking water and sanitation, malnutrition, life expectancy at birth, and distribution of income, considered together, offer a good starting point for describing the evolution and current level of living conditions in developing countries.

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Assessment of the advances up to 2000

Although for some of the commitments, information for the year 2000 has been obtained, the delay in obtaining information makes it impossible to handle these values for all the indicators used in this follow-up. The alternative continues to be reviewing the rate of progress or setbacks according to the latest available data, taking the year 2000 goal as the point of comparison.

In the area of education (**Goal 1: universalisation and completion of primary education**), the evolution over this period once more reveals a large number of countries for which the international organisations have no information available. Regarding the goal of **universalisation of primary education** measured based on the net enrolment rate, of a total of 132 countries with information for which a rate of progress could be measured, 24 countries show regression, with significant regression in three. Rapid progress towards meeting the 2000 goal was observed in 19 countries (12%), while another 36 were progressing at an insufficient rate. The goal relating to **completion of primary education** (measured on the basis of the percentage of children who reach fifth grade), out of the 130 countries with information, less than half have information after 1997 and in no case is the necessary information up to 2000 available to make a final assessment of the commitment. Considering the different rates observed for the countries, it is surprising to note that almost 30% of the countries revealed some regression, while 37% progressed favourably, although some at an insufficient pace (10%). Varying degrees of regression can be observed; in the Republic of Congo, Ethiopia, Gabon, Lesotho and India regression is slight, while in Rwanda, Mauritania and above all, Malawi, regression is more significant. In the group of countries that showed regression, it should be noted that values dropped in 24 countries that had already achieved the goal in 1990, in some cases falling below the 80% commitment (Hungary, Djibouti, Senegal and Zimbabwe).

The goal of 60 years for the indicator relating to **life expectancy (Goal 2)** has not implied an additional effort for the majority of the countries (62% of the 198 for which information is available), which at the beginning of the 1990s had already reached the goal. Nevertheless, save exceptions, the rest of the countries did not pass this threshold at the year 2000, and 12% have even lowered their life expectancy during the decade. Only six countries: Bangladesh, Bolivia, Comoros, India, Kiribati and Pakistan progressed to reach the goal and another 26 have improved their situation, but insufficiently. Regression, based on a life expectancy of less than 60 years, was concentrated in 24 African countries, with an average setback of five years of life, with a life expectancy in the year 2000 of 44.3 years. In turn, seven of these countries showed a very serious regression over the period (Botswana, Kenya, Lesotho, Namibia, Swaziland, Zambia and Zimbabwe) with setbacks of up to 18 years (Botswana). This serious deterioration in terms of life expectancy may be associated with the important weight of factors such as AIDS, malnutrition and armed conflicts that continue affecting the African continent in particular. Finally, the evolution of a group of 11 countries that had started the period with the goal achieved, but that have ended the decade with regression in relation to their initial situation, is a matter for concern.

The data for follow-up of **Goal 3** on **infant and under-five mortality** up to the year 2000 also makes it possible to undertake a final assessment for the commitment. In many countries (80%), **infant mortality** has dropped, but only one-third of these, 47 countries, had reached the goal. In 110 countries, the rate was insufficient and in 13, no changes took place throughout the decade. At the same time, setbacks were seen in 17 countries; the regression in Iraq and Botswana stands out because of its dimension. The **mortality rate of children under five** followed a similar evolution: out of the 192 countries with available data, 156 reduced mortality rates, but only 61 reached the goal. The group of countries showing setbacks in infant mortality also showed setbacks in the mortality rate of children under five, and the most critical situations were also to be found in Iraq and Botswana, were rates practically doubled.

Follow-up of the goal of reducing to half the **maternal mortality rate** between 1990 and 2000 has been prevented by the lack of comparable information over time, due to changes introduced in international statistics on how this is calculated. Maternal mortality rates per 100,000 live births are extremely heterogeneous and therefore the goals reflect very different situations. This can be illustrated by reference to the fact that the regional averages for maternal mortality range from 30 (for Europe and Central Asia) to 567 (for Sub-Saharan Africa) per 100,000 live births. The situations in Sierra Leone and Rwanda are particularly alarming for the extreme values they present, exceeding 2,000 maternal deaths per 100,000 live births.

The table for **Goal 5** shows **per capita daily caloric intake** as an indicator of food security. As no fixed target value was set for this goal, we chose to use the targets of the UN's Food and Agriculture Organisation, which establish a level of calorie intake that depends on the starting situation of the countries in 1990. For the year 2000, 70% of the countries for which information is available (155) showed progress and 47% of the countries reached 2000 having achieved the goal. Of the 34 (20%) countries that show setbacks, almost half show significant regression, in particular Iraq, Yugoslavia and Hungary (which in 1990 had reached the goal), which show drops of more than 1,000 daily calories per capita.

Goal 6 relates to the reduction in **malnutrition in children under five.** To construct the progress index, we took the values from 1990 or the next closest year, and from the last year available. Even so, we could only construct an index for a very limited number of countries (80) as in many cases we did not have information from both moments in time. In the resulting distribution of countries, 60% show progress. Of these, almost a quarter (11 out of 48) were progressing at a sufficiently rapid rate. Among the countries showing setbacks (23), Angola and Costa Rica had the highest rate of regression (although in the case of Costa Rica, the percentage of children suffering from malnutrition remained low).

With respect to **Goal 7**, the percentage of the population with **access to health care** has not been updated by the international sources that usually provide such information. The data are consequently out-of-date and scarce (available for 55 countries). Here we saw that of the 19 countries showing some progress, 13 were advancing rapidly and were on schedule to meet the target (Cameroon, Central African Republic, Guinea, Indonesia, Iran, Jordan, Malawi, Niger, Oman, Saudi Arabia, Senegal, Syria and Thailand). Eight countries (Benin, Colombia, Gabon, Madagascar, Maldives, Nigeria, Panama and Uganda) show setbacks. In some cases (Benin, Madagascar, Maldives and Uganda), more than 50% of the population lack access to healthcare services.

The table for **Goal 8** presents the evolution of indicators concerning **reproductive health** (proportion of pregnancies and deliveries attended by skilled personnel). The information relating to **pregnancies,** available for 91 countries, shows that one-third retained an almost universal level of coverage, in other words, they had achieved the goal. With respect to progress made, 48 countries show advances at a sufficient rate to meet the goal. Among the 14 countries where setbacks were registered, three showed an alarming rate of regression (Kenya, Myanmar and Nigeria). Particularly worrying is the case of Tanzania, which started with almost total coverage but reduced that figure by half in the period under consideration. With respect to medical coverage of **deliveries**, information is available for a total of 175 countries, 152 of which have two points of comparison over time. Fifty percent of the countries with complete information present values indicating they were on target to meet the goal of close to 100% coverage. Forty-six countries showed that although progress had been made, it was not sufficient to meet the 2000 goal. Setbacks were shown in 12% of the countries, and only China was regressing significantly. The eight countries whose situation remained unchanged had low levels of coverage, except Tunisia and the Solomon Islands, where coverage was close to 90%.

Of the 58 countries for which there were data regarding **cases of malaria (Goal 9)**, 64% had met the 2000 goal. However, a large group of countries are registering setbacks, and most of these were regressing very significantly.

Regarding control and eradication of diseases by means of **infant vaccination (Goal 10)**, the progress indicator is based on the situation with respect to four diseases: **tuberculosis, diphtheria, polio and measles**. Evolution over the decade shows that 38% of the countries for which data is available (72 out of 189), had met the 2000 goal, while in 31% of the cases insufficient progress was registered. However, 24% regressed during the decade in relation to this indicator, in particular Cape Verde, the Comoros, Republic of Congo, Djibouti, São Tomé and Principe showed considerable regression over this period.

In the case of **Goal 11,** to reduce **adult illiteracy** to half its 1990 rate, most of the countries for which data was available had made progress. Only two (Moldova and Tajikistan) had done so at a sufficient rate to reach the target, although it should be noted that their starting point was very close to absolute zero in the indicator. Within the other countries, the initial situation was very heterogeneous, implying very different efforts to reduce the illiteracy rate to half. A large group of countries had a starting level of almost universal rates of adult literacy but did not reach 100%. In particular, seven countries had rates of over 70% adult illiteracy in 1990 and on reaching the year 2000 two countries were still in the same position (Burkina Faso and Niger). Finally it should be added that this indicator is not available for the developed countries, which in general have stopped publishing figures for illiteracy on the understanding that it is a problem that has been overcome.

With respect to **access to sanitation (Goal 12a)**, of the 149 countries for which information is available, 48 (32%) have reached this goal. The lack of data for many countries on their initial situation has made it impossible to assess how far this achievement has implied an additional effort during the decade. Among the countries having data available for 1990, all had the requested universalisation. However, of countries for which data was available, those that started the period in a deficient position regarding the goal in no case reached the required threshold. Among them, 57 countries made insufficient progress. In three cases (Mali, Togo and Uganda) regression may be observed. It should be noted that no initial information was available for another 39 countries that did not reach universal sanitation by 2000, but for which it is impossible to assess progress over the decade.

Finally, as regards **access to safe water (Goal 12b)** (using as an indicator access to improved water sources), there is also a group of countries (30% of 157) that had already met the goal at the 1990 starting point. Among the others, only four achieved universal access (Bangladesh, Botswana, Comoros and Egypt). Thirty-one percent of the countries improved their situation over the decade but did not reach the goal. Furthermore, regression is noted in eight countries that had started below the required threshold. Among them, Colombia, Jamaica, Trinidad and Tobago and Philippines had shown setbacks from an initial situation that was relatively close to universal coverage (around 90%). During the 1990s, Argentina showed values close to the goal, but evolution up to 2000 shows a sharper regression than in other countries. Burkina Faso, Haiti and above all, Ethiopia, on starting the decade were very far from the goal, and this situation has worsened on reaching 2000.

		BASIC EDUCATION	CHILDREN'S HEALTH	FOOD SECURITY AND INFANT NUTRITION	REPRODUCTIVE HEALTH	HEALTH AND LIFE EXPECTANCY	SAFE WATER AND SANITATION
		%	%	%	%	%	%
Significant progress or goal already achieved		10.5	24.5	24.2	10.5	6.1	
Some progress		25.5	60.4	29.8	35.2	15.2	43.5
Significant regression		2.0	0.5	7.5	1.2	4.1	2.4
Some regression		10.5	8.3	13.0	4.9	9.6	7.3
Stagnation		9.8	6.3	9.9	6.2	1.5	15.3
Goal already met at the starting point		5.9			14.2	1.5	31.5
Countries with no starting point data. Met the goal by 2000		10.5			12.3	5.6	
Countries with goal met before the starting point still progressing		13.1		9.9	12.3	51.3	
Countries with goal met before the starting point but going backwards		12.4		5.6	3.1	5.1	
TOTAL		**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Total countries for which data are available		**153**	**192**	**161**	**162**	**197**	**124**
		%	%	%	%	%	%
SUMMARY OF PROGRESS + + +		54.9	84.9	64.0	72.2	74.1	75.0
SUMMARY OF REGRESSION + +		24.8	8.9	26.1	9.3	18.8	9.7
GOAL ACHIEVED OR ON TARGET + + +		39.5	24.5	34.2	49.4	64.5	31.5

There is no doubt that at a first glance, this summary table shows an overall improvement in all areas. This means that in all thematic areas most countries had made progress in the direction stipulated in the commitments and goals for the year 2000. However, the proportion of countries whose progress has enabled them to effectively achieve the goals is far from satisfactory.

The best performance is to be observed in the area of health and life expectancy, as 65% of the countries have achieved the goal. Unfortunately, as we have already pointed out, even this cannot be regarded as a huge step forward, since, if one looks closely at the table, one sees that of the 197 countries that have advanced in this respect, 113 had already reached the goal at the start of the period. As we explained above, this is because 60 years is a very low target for life expectancy, since a large number of countries had already exceeded that figure some time ago.

In reproductive health, almost half the countries have achieved the goals set or are on target. In basic education, 40% of the countries are in this situation and in the other areas no more than one-third of the countries are on schedule. In short, in all the areas the rate of progress is patently insufficient.

If we analyse the information on setbacks, we see that the area of food security and child nutrition shows the highest proportion of regression (26%), 42 of the 117 countries with available data. Regarding education, the proportion of countries showing regression (25%) is also significant.

Public expenditure

The following summary table shows the evolution in social expenditure (health and education) and spending on defence and external debt service.

	EDUCATION EXPENDITURE INCREASE	HEALTH EXPENDITURE INCREASE	DEFENCE EXPENDITURE REDUCTION	EXTERNAL DEBT EXPENDITURE REDUCTION
	PUBLIC EXPENDITURE ON EDUCATION AS % OF GNP	PUBLIC EXPENDITURE ON HEALTH AS % OF GDP	MILITARY EXPENDITURE AS % OF GDP	TOTAL DEBT SERVICE AS % OF GDP
	1985/87-1995/97	1990-1998	1990-2000	1990-2000
Significant progress (more than 1%)	29.6	21.5	27.7	34.5
Some progress (less than 1%)	32.0	39.2	45.5	19.1
Stagnation	4.0	6.2	8.9	0.9
Some regression (less than 1%)	17.6	24.6	11.9	10.0
Significant regression (more than 1%)	16.8	8.5	5.9	35.5
Total countries	**125**	**130**	**101**	**110**
OVERALL PROGRESS AND REGRESSION RATES				
Progress	61.6	60.8	73.3	53.6
Regression	34.4	33.1	17.8	45.5

In the light of new data, what was observed in the previous edition is still valid. A substantial number of countries show a favourable evolution of public spending in all the areas. Only in the case of expenditure on debt service does progress and regression roughly balance out.

With respect to cases at either end of the scale, in the area of education, there were increases of more than 2.5% for education in Jamaica, Bolivia, Paraguay, Poland, Latvia, Lesotho, Saint Lucia and Moldova and reductions of over 5% in Mongolia and Suriname.

As regards health spending, at one extreme, Bolivia, Belarus, Colombia, Estonia, Germany, Israel and Samoa show increases of more than 2% of their GDP, while at the other end of the scale Georgia, Kyrgyzstan and Macedonia FYR, show reductions of over 2%.

As noted previously, military spending and external debt service are generally considered to divert resources from social needs. For this reason, reductions in expenditure in these two areas are regarded as positive achievement towards social development. Considering the latest information, the countries situated at the two extremes in relation to these areas are Kuwait, Russian Federation, Oman and Mozambique at one end, with reductions in military spending of over 5% and, at the opposite end of the scale, with increases of over 2% of GDP, Algeria, Burundi, Sri Lanka and above all, Angola (15%). The share of GDP of external debt service fell by more than 10% in Guyana and Republic of Congo, while in Angola, Nicaragua and Slovakia it increased by the same amount.

Finally, in terms of Official Development Assistance (ODA), the table again shows that the majority of the donor countries (11 out of 22) registered a regression between 1990 and 2001 in the percentage of their GNP assigned to overseas aid. Norway, the Netherlands, and Sweden, although reducing their contribution, remain above the set goal of 0.7% of the GNP. Denmark also remains above this level and increased its aid since 1990. Luxembourg shows a substantive increase in the amount of aid offered between 1990 and 2001 and remains above the percentage stipulated in the commitment, thus achieving the target goal. In general, countries fulfilling their commitment continue to do so in spite of certain variations in the percentages within the period. On the other hand, countries showing regression are those that have never fulfilled their commitment throughout the period.

About the methodology

Social Watch here presents a summary of how well countries have performed in meeting the goals set for the year 2000 by the governments at the World Summit for Social Development of Copenhagen (WSSD) and the Fourth World Conference on Women of Beijing (WCW), based on the latest information available for this edition. The present report also includes an evaluation of the commitments defined in the Millennium Summit Declaration, with a critical vision of the new goals set out therein.

Four sets of tables have been constructed. The *first* is concerned with the twelve goals established at the Copenhagen Summit. A summary of the data in these tables (*Progress or Regressions in the Fulfilment of the Copenhagen Goals)* groups the objectives according to six main thematic areas. The *second* set of tables is based on indicators measuring progress and regression in the closing of the gender gap, the distribution of public expenditure (education, health, defence and foreign debt service), increases in development assistance and the ratification of key international conventions and agreements. The *third* set illustrates progress towards development goals announced at the Millennium Summit and includes a new summary table. Finally, the *fourth* set corresponds to the data represented graphically in the poster and incorporates several of the main social development issues, gathered at the corresponding Summits.

Sources

The initial difficulties we faced in obtaining and managing data still persist,[1] and we have maintained the criteria employed in earlier editions for the choice of information sources. We continue to use the most recent source provided by any of the respected international organisations, on the assumption that their data are reliable, even if some changes appear surprising and could be interpreted in different ways, or be seen to result from a variety of causes.

- In those cases where the most recent data were not to be found in these sources, we chose, from among the available alternative sources, those «secondary» sources whose data for previous years corresponded most closely to those published by the most respected sources;
- In those cases where alternative sources were available, we chose whichever source is commonly regarded as the best authority on the topic in question;
- In those cases in which neither of the above two criteria applied, we chose the source offering data from the greatest number of countries.

Data management in calculating the progress indexes

- When the only data available referred to a period (for example, 1990-1994) rather than a single year, we assigned the data to the year falling in the middle of the period (in this case, 1992), in order to allow us to calculate the rate of variation;
- In those tables in which the information for each country corresponds to a specific year, the rate of variation was calculated on the basis of those values, on the understanding that the accuracy of the information is better preserved this way, than in the alternative method based on periods;
- In cases where the goal was not defined numerically in the commitments, specific criteria were used—which are explained where relevant in the evaluation of the goals and their follow-up;
- Finally, in the tables on the poster accompanying this edition, which show «progress and regression» and «the present situation», other evaluation tools were employed. These take into account the absolute value of the indicators only, without relating them to the goals set. In these tables, the countries are ranked—with respect to both their «the present situation» and «progress and regression»—according to the distribution of values for each variable.

Goals set and follow-up

Continuing with the monitoring strategy *Social Watch* has been carrying out since 1997, evaluations are based on a «goal by goal» follow-up of the commitments made by the governments and the progress or regression they have made in each area. We present a series of tables that illustrate the evolution of countries with respect to the commitments made by governments at the WSSD and the WCW, as well as a summary table listing countries in alphabetical order, where the indicators are grouped according to broad thematic areas.

Social Watch selected what we consider to be the thirteen most important commitments from among those that can be measured quantitatively. As mentioned before, this year it has not been possible to monitor the thirteenth commitment—«Improve the availability of affordable and adequate housing for everyone, in line with the World Housing Strategy for the year 2000»—since once more the information available was inadequate. With respect to the other commitments, one or more indicators have been chosen, the relevance of which varies from case to case. From among the indicators corresponding most closely to the dimensions we wish to measure, we selected those that were available for a sufficient number of countries.[2]

In the case of commitments with goals set beyond 2000, we adjusted all paths to correspond to the decade under consideration here (1990-2000).

For commitments with goals not linked to specific figures, we took numerically defined goals from other summits where available.[3] In cases where the desired outcome was universal access, the goal established was access by 100% of the target population.

The goals were established with reference to the following variables:

Goal 1a: Percentage of children reaching 5th grade in primary school; Goal 1b: Primary school enrolment rate (net); Goal 2: Life expectancy; Goal 3a: Infant mortality rate (per 1,000 born live); Goal 3b: Under-5 mortality rate (per 1,000 born live); Goal 4: Maternal mortality (per 100,000 live births); Goal 5: Daily calorie intake; Goal 6: Percentage of under-5 children suffering from severe or moderate malnutrition; Goal 7: Percentage of the population with access to health services; Goal 8a: Pregnancies attended by skilled personnel (per 1,000 live births); Goal 8b: Percentage of deliveries attended by skilled personnel; Goal 9: Malaria cases (per 100,000 people); Goal 10: Percentage of under-1 children totally immunised; Goal 11: Illiteracy rate; Goal 12a: Percentage of the population with access to sanitation; Goal 12b: Percentage of the population with access to improved water sources.

All the tables relating to goals present the initial situation of the country (first column, 1990 or next closest year), the latest figure available (second column),[4] the rate of progress according to the goal set (third column, «progress or regressions»), and the goal set by the country's government for 2000 (final column). Given the delays in the publication of data, information

1 For example, the difficulty in obtaining information for the same year across the board, or the significant differences that exist between statistics provided for the same year by different sources.

2 These indicators and the corresponding tables are the same as in last year's edition.

3 For example, in the case of the goal of nutritional security, we adopted the goals proposed at the 1996 World Nutritional Summit.

4 In some tables, two additional columns are used to indicate the date of the information selected.

for the year 2000 is still not available for all indicators and it is therefore not yet possible to check whether the goals set for that year have, in fact, been reached. The information available, which corresponds to previous years, allows us to establish each country's rate of variation or progress at the date for which the latest data is available.

As we explained in previous editions, any progress index of the type used here implies the adoption of a normative path, which serves as the «ideal» against which progress can be measured. However, as we have already pointed out, each of the specific indicators may follow different paths. These model paths should either be determined by specialist bodies or be inferred from some previously existing study (for example, a longitudinal analysis). While it would be desirable to conduct our follow-up in this rigorous and exhaustive manner, we recognise that the majority of variables associated with the commitments do not meet these conditions. Furthermore, since the number of observations over time required for the construction of more precise evolutionary models is lacking in many cases, the only alternative was to opt for a simple and straightforward way of evaluating progress towards the fulfilment of goals.

In order to calculate progress and setbacks in relation to the goals set, we chose to «impose» a simple, uniform evolutionary reference model that would prove least demanding when evaluating changes over time or when comparing the evolution of different countries. Given the limitations of the methodology adopted, the conclusions reached are not, and cannot be, regarded as exhaustive or definitive; they are merely an approximation or useful guide. Ultimately, the resulting progress index classifies the actual value of each variable as ahead of schedule, on schedule or behind schedule, in relation to its projected value. For the follow-up of the goals set, we maintained this basic system, which generates a fulfilment index reflecting the degree to which countries had advanced towards achieving their established goals. This index has been re-scaled in sections (we converted the progress indexes to a reference scale of 1 to 5), and to make it easier to read and to eliminate the false impression of precision that a numerical progress index would give, «Progress or Regression» are represented by a series of symbols.

The categories resulting from this re-scaling are:

Significant regression

Some regression

Stagnation

Some progress

Significant progress or goal already achieved

«Significant progress or goal already achieved» applies to countries that had already achieved the goal by 1990, have reached the goal subsequently, or will reach the goal on schedule if they continue at their current rate of progress.

«Some progress» applies to countries with positive indexes, but where progress is not rapid enough to reach the goal on schedule.

«Stagnation» applies to countries where no significant changes (or quantitatively insignificant changes) have been recorded in the period.

«Some regression» applies to countries that show a negative value and a gradual process of regression.

«Significant regression» applies to countries that are regressing at a faster rate.

Additionally, where relevant, for those countries that had reached the goal by 1990, different icons are used in the «Progress or Regression» column to distinguish between four sub-groups: countries that had achieved the goal by 1990; countries for which no data is available for the year 1990, but which at the end of the period had reached the goal; countries that had achieved the goal by 1990 and continue to make progress; and countries that had reached the goal by 1990 but are experiencing setbacks.

In the table showing «Progress or regressions in the fulfilment of the Copenhagen goals», indicators are grouped in the following manner:

Goals 1a, 1b in the column headed Basic Education;

Goals 3a, 3b and 10 in the column headed Children's Health;

Goals 5 and 6 in the column headed Food Security and Child Nutrition;

Goals 8a and 8b in the column headed Reproductive Health;

Goals 2 and 7 in the column headed Health and Life Expectancy;

Goals 12a and 12b in the column headed Safe Water and Sanitation.

2015 goals adopted at the Millennium Summit

Millennium Development Goals as stated in the United Nations Resolution 55/2, September 2000

- To halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger and, by the same date, to halve the proportion of people who are unable to reach or to afford safe drinking water.
- To ensure that, by the same date, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and that girls and boys will have equal access to all levels of education.
- By the same date, to have reduced maternal mortality by three quarters, and under-five child mortality by two thirds, of their current rates.
- To have, by then, halted, and begun to reverse, the spread of HIV/AIDS, the scourge of malaria and other major diseases that afflict humanity.
- To provide special assistance to children orphaned by HIV/AIDS.
- By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers as proposed in the «Cities Without Slums» initiative.

In constructing the table on the follow-up of goals announced at the Millennium Summit, a similar scheme has been used. The difference lies in the fact that data on the years within the interval to be analysed is not yet available. The delay in obtaining information about the various social indicators to be monitored makes it impossible to establish real progress reports from the year 2000 on. Therefore, the method adopted to establish whether a country is performing at a pace good enough to reach the 2015 goals is to extrapolate from the pace at which it has been performing since the 1990s. A linear model has been adopted to establish trends, both past and normative, for the period between 2000 and 2015. In this way, comparison of the trend line gradients will make it possible to establish whether a country is «on track» to achieving the goals set out or has already achieved them, whether its pace is too slow to achieve them, or whether performance is stagnant or shows regression in absolute terms.

The table presented in this edition represents a systematic synthesis of all the indicators and their trends for all the countries for which comparative information was obtained.

In our understanding, nowhere in the commitments is it explicitly stated that the starting point for the new goals continues to be 1990. Beyond the indicators selected for measuring progress, it is important to pay attention to the timeframe used for this analysis.

A point that should be underscored is that *Social Watch* has decided to use the year 2000 as the starting point in their monitoring with respect to the Millennium Summit goals, *not* the year 1990, which is used by other institutions.

The pace of improvement to which the countries have committed themselves is not the same if considered from one or the other point in time.

Consider, for example, the goal of *reducing under-5 mortality by two thirds by 2015*. In the case of Gambia, with an under-5 mortality rate of 132 per thousand in 1990, and 61 per thousand in 1999, establishing the 2015 goal with a starting point in the year 1990 would result in a goal of 44 per thousand. If the 2000 value (or 1999, the nearest year for which data are available) is used as a starting point, the 2015 goal demands reducing the under-5 mortality to a rate to 20 per thousand live births.

It is evident that, starting from the 1990 value of the indicator, the countries will have achieved part of the goal in the 1990-2000 period and the additional demands moving towards the year 2015 will be obviously less.

We believe the adoption of the earlier starting point «lowers the bar» for governments and would lead to less significant progress over the next 15 years.

Finally, it may be seen that effectively extending the deadlines for fulfilling these goals by using an earlier starting point for measurement increases the pressure on those countries that have had some regression in the past decade. This may seem only logical, in the sense that this strategy demands more from those who have complied less. But it is undoubtedly a step backwards in that it places fewer demands for improvements on countries that have had *some* progress in the decade 1990-2000 but are still not acceptably closer to the 2000 goal.

Gender Inequality, Public Expenditure and Official Development Assistance

The changes that have taken place since 1990 in Women's Situation, Public Expenditure, and Official Development Assistance (ODA) are presented in three tables: «Gender Gap Evolution», «Changes in Public Expenditure» and «Trends of the Official Development Assistance».

In the analysis of women's status on the evolution of the gender gap, the progress or regression in the female to male ratio with reference to three basic areas was studied: illiteracy rates among 15-24 year-olds, unemployment rates and primary school enrolment rates.[5]

For the analysis of public spending, we concentrated on the evolution of expenditure on education as a percentage of Gross National Product (GNP), and on the evolution of expenditure on health, defence and external debt service as a percentage of Gross Domestic Product (GDP). The third table measures progress and setbacks in ODA *vis-à-vis* the goal set by developed countries to assign 0.7% of their GNP to aid.

In the first two cases, given that no specific goal was set, we chose to classify countries on the basis of relative progress and regression. For the table showing evolution of the gender gap the analysis consisted in considering the annual rate of variation in the female to male ratio in the three areas indicated above. Thus, three broad categories can be identified, corresponding to situations showing no change, progress or regression. The differences in the scale of progress or regression were measured by taking into account whether the countries were advancing or regressing above or below the average for each group.

The following criteria were used to produce the table on Changes in Public Expenditure: for Social Expenditure (education and health) countries were regarded as showing «significant regression» if the reduction in expenditure was equal to or greater than 1% of GNP; reductions of up to 1% were classified as «some regression»; those which showed no change or changes of one-tenth of one percentage point were classified as «no change»; «some progress» applies to those countries in which spending increased by up to 1%; and, finally, countries showing an increase of over 1% were classed as making «significant progress». For Defence Expenditure and External Debt, the criterion used was exactly the opposite, in other words, reductions in these areas' share of GDP were classified as progress.

The poster and its tables

This year's report once again includes a poster with a third set of tables summarising progress and setbacks on the basis of a selection of areas taken from the measurable goals established at the 1995 WSSD and WCW, and at the 2000 Millennium Summit.

The indicators used to produce two of the three tables are grouped in seven areas, each of which combine more than one variable: «Illiteracy» (adult illiteracy rates and illiteracy among 15-24 year olds); «Reproductive health» (percentage of pregnancies and deliveries attended by skilled personnel); «Food» (daily *per capita* calorie intake and percentage of under-5 children suffering from malnutrition); «Services» (percentage of population with access to sanitation, percentage of population with access to improved water sources and telephone lines per 1,000 inhabitants); «Childhood» (infant mortality rate, under-5 mortality rate, percentage of children reaching 5th grade and net primary school enrolment rate); and «Gender» (female to male ratio with respect to unemployment, gross enrolment rate in primary school and illiteracy among 15-24 year-olds).

The table **«Progress and Regression»** presents the countries in order from those showing greatest progress to those showing the highest levels of regression or stagnation. The way in which progress and regression have been calculated aims to reveal recent changes (between 1990 and the most recent date for which information is available) with respect to key indicators for selected commitments. Each variable was categorised on a scale ranging from significant progress to significant regression, taking into account the distribution of the annual growth rates registered between 1990 and the latest available date.

A second table, **«The Present Situation»** shows the current situation in each country with regard to the same series of chosen indicators. This table reflects the situation regarding social development based on the most recent data available. In other words, it shows how near or far countries are on average from achieving their targets, without indicating whether they are progressing towards them or not. The ranking was calculated by taking into account the distribution of values for each variable and converting them into four categories: the highest corresponds to those countries whose situation regarding the indicator in question is the best, and *vice versa* for the lower categories. In this way, the countries were classified in order, ranging from those showing the best performance to those with the worst record. The values relating to the current situation are as follows: 1) close to or beyond targets; 2) above average; 3) below average; 4) critical situation.

The table «Progress and Regression» therefore reflects the rate of progress, while the table «The Present Situation» provides a «snapshot» of countries' current situation. The two tables are designed to complement each other. A small advance in a country with a high level of social development is not the same as a small advance in a country that still has a long way to go.

A third table **«Political will»** reflects the current position of countries on issues directly linked to governmental decisions. This table includes five indicators: percentage of GNP assigned to education expenditure; percentage of the GDP assigned to health expenditure; percentage of GDP assigned to military expenditure; percentage of GNP assigned to ODA (for member countries of the Organisation of Economic Cooperation and Development, OECD); and number of key international Covenants and Agreements signed and ratified by governments.

Sources of the infographics «The Hood Robin Economy»

Notes to the graphs:

The main graph on net transfer of financial resources, and the table in the lower left corner are based on the data included by the UN secretary-general in his report on *«International financial system and development»*, UN General Assembly document A/57/151. 2 July 2002.

Figures on Official Development Assistance (ODA) are based on data provided by the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD).

Eurodad (www.eurodad.org) is the source of the data linking debt and HIV/AIDS.

Figures on trade and commodity prices are based on data from UNCTAD (www.unctad.org) and Third World Network (www.twnside.org.sg).

The graph on the cost of capital mobility for the poor is based on data published by Oxfam America in its report *«Global Finance Hurts the Poor. Analysis of the impact of North-South private capital flows on growth, inequality and poverty. An Oxfam America Report»*, May 2002. All figures are in 1995 dollars. The capital inflow-induced growth is estimated by the World Bank. The part of this income that benefited the poorest 20% is based on the poorest 20% of the population receiving between 3% and 10% of total income in most developing countries. The part of the transfers paid by the poor was estimated on the assumptions that (i) the whole fiscal cost is eventually paid for by extra taxes without reducing spending; (ii) the ratio of consumption taxes in total government revenues remains unchanged; (iii) consumption inequality remains unchanged; and (iv) the poorest 20% of the population only pays taxes on consumption, in the same proportion as the rich. This is a conservative estimate as tax and spending systems in developing countries are often regressive.

Global income inequality was estimated by UNDP's *«Human Development Report 1999»*.

Boxes on the burden of debt repayment are based on data from the World Bank's, *«Global Development Finance 2001»*, the Jubilee 2000 report *«Unfinished Business»* and the IMF website (www.imf.org).

5 We chose to consider the gross enrolment rate as this was available for a greater number of countries. While this rate includes matriculation of people over school age, we are of the opinion that this does not create a bias affecting the female to male ratio, which is the indicator used to determine the gender gap.

The criterion for listing the countries in these tables responds to three basic features:

1. the value of the average status or progress in all areas;
2. the quantity of areas for which the country has information;
3. the alphabetical order of the country's name.

The following points system, based on the distribution of variables, was used to construct the ranking measuring the advances shown in the table **«Progress and Regression»**. The general criterion applied consisted in calculating the Annual Rate of Variation (ARV) for progress and regression, and ranking countries according to whether they are above or below the respective average rates of progress or regression.

Reduction of adult illiteracy rate:
5) progressing with an ARV below -3.3%
4) progressing with an ARV above -3.3%
3) ARV close to 0%

Reduction of illiteracy among 15-24 year olds:
5) progressing with an ARV below -4.5%
4) progressing with an ARV above -4.5%
3) ARV close to 0%

Pregnancies attended by skilled personnel (per 1,000):
5) progressing with an ARV above 5.2%
4) progressing with an ARV below 5.2%
3) ARV close to 0%
2) regressing with an ARV above -1.7%
1) regressing with an ARV below -1.7%

Deliveries attended by skilled personnel:
5) progressing with an ARV above 2.6%
4) progressing with an ARV below 2.6%
3) ARV close to 0%
2) regressing with an ARV above -1.5%
1) regressing with an ARV below -1.5%

Daily calorie intake:
5) progressing with an ARV above 0.8%
4) progressing with an ARV below 0.8%
3) ARV close to 0%
2) regressing with an ARV above -0.9%
1) regressing with an ARV below -0.9%

% infant malnutrition:
5) progressing with an ARV below -4.6%
4) progressing with an ARV above -4.6%
3) ARV close to 0%
2) regressing with an ARV below 3.6%
1) regressing with an ARV above 3.6%

% of people with access to safe water:
5) progressing with an ARV above 1.2%
4) progressing with an ARV below 1.2%
3) ARV close to 0%
2) regressing with an ARV above -0.7%
1) regressing with an ARV below -0.7%

% people with access to sanitation:
5) progressing with an ARV above 1.3%
4) progressing with an ARV below 1.3%
3) ARV close to 0%
2) regressing with an ARV above -0.4%
1) regressing with an ARV below -0.4%

Telephone lines per 1,000 inhabitants:
5) progressing with an ARV above 7.2%
4) progressing with an ARV below 7.2%
3) ARV close to 0%
2) regressing with an ARV above -3.0%
1) regressing with an ARV below -3.0%

Infant mortality (under-1) per 1,000 live births:
5) progressing with an ARV below -3.1%
4) progressing with an ARV above -3.1%
3) ARV close to 0%
2) regressing with an ARV below 2.0%
1) regressing with an ARV above 2.0%

Primary school enrolment rate (net):
5) progressing with an ARV above 1.7%
4) progressing with an ARV below 1.7%
3) ARV close to 0%
2) regressing with an ARV above -1.0%
1) regressing with an ARV below -1.0%

% children reaching 5th grade:
5) progressing with an ARV above 2.9%
4) progressing with an ARV below 2.9%
3) ARV close to 0%
2) regressing with an ARV above -2.3%
1) regressing with an ARV below -2.3%

Child mortality (under-5) per 1,000 live births:
5) progressing with an ARV below -3.4%
4) progressing with an ARV above -3.4%
3) ARV close to 0%
2) regressing with an ARV below 2.1%
1) regressing with an ARV above 2.1%

The following points system, based on the distribution of variables, was used to construct the ranking measuring the «current situation» in the table **«The Present Situation»**. The general criterion applied consisted in first identifying those countries with values close to the target and then classifying the rest of the distribution according to whether their values were above or below average. The category «critical situation» refers to values of more than twice the average (in the case of goals that imply a reduction) or under half the average (in the case of goals that imply an increase).

% adult illiteracy:
4) 5% or less
3) between 5% and 22.2%
2) between 22.2% and 44.4%
1) more than 44.4%

% illiteracy among 15-24 year olds:
4) 5% or less
3) between 5% and 12.7%
2) between 12.7% and 25.4%
1) more than 25.4%

Pregnancies attended by skilled personnel (per 1,000):
4) 950 or more
3) between 949 and 789
2) between 788 and 395
1) less than 394

% deliveries attended by skilled personnel:
4) 95% or more
3) between 95% and 74.4%
2) between 74.4% and 37.2%
1) less than 37.2%

Daily calorie intake:
4) 3200 or more
3) between 3200 and 2700
2) between 2700 and 2300
1) less than 2300

% infant malnutrition:
4) 5% or less
3) between 5% and 21%
2) between 21% and 42%
1) 42% or more

% people with access to improved water sources:
4) 95% or more
3) between 95% and 78.1%
2) between 78.1% and 39.0%
1) less than 39.0%

% people with access to sanitation:
4) 95% or more
3) between 95% and 71.7%
2) between 71.7% and 35.8%
1) less than 35.8%

Telephone lines per 1,000 inhabitants:
4) 500 or more
3) between 499 and 202
2) between 201 and 102
1) less than 101

Infant mortality (under-1) per 1,000 live births:
4) less than 10
3) between 10 and 44.4
2) between 44.4 and 88.8
1) more than 88.8

Enrolment rate in primary school (net):
4) 95% or more
3) between 95% and 84.1%
2) between 84.1% and 42.0%
1) less than 42.0%

% children reaching 5th grade:
4) 95% or more
3) between 95% and 80.1%
2) between 80.1% and 60%
1) less than 60%

Child mortality (under-5) per 1,000 live births:
4) less than 10
3) between 10 and 64.3
2) between 64.3 and 128.6
1) more than 128.6

Points system for the table **«Political Will»**. The general criterion applied in constructing this table consisted in categorising the distribution into three broad groups. 1) between 0 and 2/3 of the mean 2) between 2/3 and 3/2 of the mean; and 3) more than 3/2 of the mean.

Cut-off values:

% GNP spent on education:
1) less than 3.11%
2) between 3.11% and 7.0%
3) 7.0% or more

% GDP spent on health:
1) less than 2.19%
2) between 2.19% and 4.95%
3) 4.95% or more

% GDP spent on military expenditure:
1) more than 4.02%
2) between 4.02% and 1.79%
3) less than 1.79%

% GNP spent on ODA (only OECD countries):
1) less than 0.26%
2) between 0.26% and 0.59%
3) 0.59% or more

Percentage of Key International Agreements signed and ratified.[6] Each country is assigned a percentage in accordance with its total points. The points awarded to each country were determined by adding the points assigned to each convention (2 points for each convention ratified, 1 for conventions that have only been signed and 0 for those which have not been signed).

1) less than 20.9%
2) between 20.9% and 47.2%
3) 47.2% or more

6 The key international conventions are those that appear in the tables on the centre pages of the current edition of *Social Watch*.

INFORMATION POVERTY

Commitment 9 (D): «(We will) ensure that reliable statistics and statistical indicators are used to develop and assess social policies and programmes so that economic and social resources are used efficiently and effectively.» *Copenhagen Declaration and Programme of Action*

Latest year for which information is available (1)

	IMPROVED WATER SOURCES (% OF POPULATION WITH ACCESS)	SANITATION (% OF POPULATION WITH ACCESS)	UNEMPLOYMENT (% OF TOTAL LABOUR FORCE)	BIRTHS ATTENDED BY SKILLED PERSONNEL (% OF TOTAL) (2)	GINI INDEX	MALNUTRITION (MODERATE & SEVERE)	MALNUTRITION (SEVERE)	ACCESS TO HEALTH SERVICES (% OF POPULATION WITH ACCESS)	SOCIAL PUBLIC EXPENDITURE
Afghanistan	2000	2000		1990		1997		1993	
Albania			1999	2000		2000	2000	1985	1998
Algeria	2000	2000	2000	2000	1995	2000	2000		
Andorra	2000	2000							
Angola	2000	2000	1996	1996		1995-2000	1995-2000	1991	
Anguilla				1990					
Antigua and Barbuda	2000	2000	1991	1998				1988	
Argentina	2000	2000	2000	1999					1998
Armenia			1998	2000	1996	2000	2000		
Aruba	2000		1997	1990					
Australia	2000	2000	2000	1999	1994			1998	1998
Austria	2000	2000	2000	1993	1995			1998	1998
Azerbaijan			2000	2000	1995	2000	2000		1998
Bahamas	2000	2000	1999	1990				1988	
Bahrain			2000	1995		1995	1995	1988	
Bangladesh	2000	2000	1996	2000	1996	1999-2000	1999-2000	1991	1980
Barbados	2000	2000	2000	1999				1988	
Belarus	2000		2000	1999	1998			1988	1998
Belgium			2000	1987	1996			1998	1995
Belize	2000	2000	1999	1991		1990-1998	1990-1998	1991	
Benin	2000	2000		1996		1996	1996	1991	
Bermuda			1997						
Bhutan	2000	2000		1994		1999	1999	1991	
Bolivia	2000	2000	2000	1998	1999	1998	1998		1998
Bosnia and Herzegovina				2000		2000	2000		
Botswana	1990	1990	1995	2000		2000	2000	1988	1998
Brazil	2000	2000	1999	1996	1998	1996	1996		1996
British Virgin Islands				1999					
Brunei Darussalam				1999				1985	
Bulgaria			2000	1999	1997			1988	1998
Burkina Faso	1990	2000	2000	1999	1998	1998-1999	1998-1999	1985	1990
Burundi	1990	1990	1992	2000	1998	2000	2000	1991	1998
Cambodia	2000	2000		2000	1997	2000	2000		
Cameroon	2000	2000		2000	1996	1998	1998	1988	1997
Canada	2000	2000	2000	1995	1994			1998	1996
Cape Verde	2000	2000	1995	1998		1994	1994	1988	
Cayman Islands			1997	1990					
Central African Republic	2000	2000	1995	2000	1993	2000	2000	1988	1980
Chad	2000	2000		2000		2000	2000	1991	
Channel Islands	2000	2000	2000			1995-2000			
Chile	2000	2000	2000	1998	1998	1999		1988	1998
China	2000	2000	2000	1999	1998	1998			1998
Colombia	2000	2000	2000	2000	1996	2000	2000	1988	1998
Comoros	2000	2000	2000	2000		2000	2000	1985	
Congo, Dem. Rep.	2000		2000	1998		1995	1995		1998
Congo, Rep.	2000	2000	1992	1991		1998-1999	1998-1999	1991	1997
Cook Islands				1998					
Costa Rica	2000	2000	2000	1999	1997	1996	1995-2000	1988	1998
Côte d'Ivoire	2000	1990		1999	1995	1998-1999	1998-1999	1988	
Croatia	2000	2000	2000	1998	1998	1995-1996			1998
Cuba	2000	2000	2000	1999		2000	2000	1988	
Cyprus	2000	2000	2000	1986				1991	
Czech Republic			2000		1996	1991	1991	1998	1998
Denmark	2000		2000	1987	1992			1998	1997
Djibouti	2000	2000	1991	1987		1996	1996	1983	
Dominica	1990	2000	1997	1999				1988	
Dominican Republic	2000		1997	1996	1998	2000	2000		1998
Ecuador	2000	2000	1999	1999	1995	1999	1999	1988	1990

INFORMATION POVERTY

Commitment 9 (D): «(We will) ensure that reliable statistics and statistical indicators are used to develop and assess social policies and programmes so that economic and social resources are used efficiently and effectively.» *Copenhagen Declaration and Programme of Action*

Latest year for which information is available (1)

	IMPROVED WATER SOURCES (% OF POPULATION WITH ACCESS)	SANITATION (% OF POPULATION WITH ACCESS)	UNEMPLOYMENT (% OF TOTAL LABOUR FORCE)	BIRTHS ATTENDED BY SKILLED PERSONNEL (% OF TOTAL) (2)	GINI INDEX	MALNUTRITION (MODERATE & SEVERE)	MALNUTRITION (SEVERE)	ACCESS TO HEALTH SERVICES (% OF POPULATION WITH ACCESS)	SOCIAL PUBLIC EXPENDITURE
Egypt	2000	2000	1999	2000	1995	1997	1997	1991	1998
El Salvador	2000	2000	1999	1998	1998	1998	1998		1997
Equatorial Guinea	2000	2000		1994					
Eritrea	2000	2000	1984	1995		1995	1995		
Estonia			2000		1998				1998
Ethiopia	2000	2000	1999	2000	1995	2000	2000	1991	1997
Fiji	2000	2000	1995	1998		1993	1993	1991	
Finland	2000	2000	2000	1993	1991			1998	1998
France			2000	1993	1995			1997	1995
French Guiana			1993						
French Polynesia	2000	2000	1998	1998					
Gabon	2000	2000		2000				1988	
Gambia	2000	2000		2000	1998	2000	2000		
Georgia	2000	2000	2000	1999	1996	1999	1999		1998
Germany			2000	1986	1994			1997	1998
Ghana	2000	2000	1995	1998	1999	1998	1998	1992	1995
Greece			2000	1983	1993			1997	1998
Greenland			1997						
Grenada	2000	2000	1998	1999					
Guadeloupe			1994						
Guam			1993	1999					
Guatemala	2000	2000	1995	1999	1998	1998-1999	1998-1999	1988	1996
Guinea	2000	2000		1999	1994	1999	1999	1992	
Guinea-Bissau	2000	2000		2000	1991	2000	2000	1985	
Guyana	2000	2000	1992	1995	1993	1997		1988	
Haiti	2000	2000		2000		1995-2000	1995-2000	1988	
Holy See									
Honduras	2000	2000	1999	1996	1998	1996	1996	1988	
Hong Kong, China			2000	2000	1996				
Hungary	2000	2000	2000	1980	1998	1980-1988	1980-1988	1997	1998
Iceland			2000	1984				1998	
India	2000	2000	1999	1999	1997	1998-1999	1998-1999	1985	1998
Indonesia	2000	2000	2000	1999	1999	1995-2000	1995-2000	1988	1998
Iran, Islamic Rep.	2000	2000		1997		1998	1998	1988	1998
Iraq	2000	2000		1994		1995-2000	1995-2000	1991	
Ireland			2000		1987			1997	1998
Isle of Man			2000						
Israel			2000	1987	1997			1988	1998
Italy			2000	1984	1995			1997	
Jamaica	2000	2000	1999	1997	2000	1999	1990-1998		
Japan			2000	1996	1993			1998	1990
Jordan	2000	2000	2000	1997	1997	1997	1997	1991	1998
Kazakhstan	2000	2000	1999	1999	1996	1999	1999		
Kenya	2000	2000	1994	1998	1997	2000	2000		1998
Kiribati	2000	2000		1998				1991	
Korea, Dem. Rep.				1995		1998		1988	
Korea, Rep.	2000	2000	2000	1997	1993			1998	1998
Kuwait			1998	1996		1996	1996	1988	1995
Kyrgyzstan	2000	2000	1999	1997	1999	1997	1997		
Lao PDR	2000	2000		2000	1997	2000	2000	1985	
Latvia			2000	1995	1998				1998
Lebanon	2000	2000	1997	1997		1996	1995-2000	1985	1998
Lesotho	2000	2000	1997	2000	1987	1996	1996	1988	1998
Liberia				1986				1988	
Libya	2000	2000		1996		1995	1995	1991	
Liechtenstein									
Lithuania	1999	1999	2000		1996				1998
Luxembourg			2000	1986	1994			1997	

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Latest year for which information is available (1)

	IMPROVED WATER SOURCES (% OF POPULATION WITH ACCESS)	SANITATION (% OF POPULATION WITH ACCESS)	UNEMPLOYMENT (% OF TOTAL LABOUR FORCE)	BIRTHS ATTENDED BY SKILLED PERSONNEL (% OF TOTAL) (2)	GINI INDEX	MALNUTRITION (MODERATE & SEVERE)	MALNUTRITION (SEVERE)	ACCESS TO HEALTH SERVICES (% OF POPULATION WITH ACCESS)	SOCIAL PUBLIC EXPENDITURE
Macao, China			2000	2000					
Macedonia, FYR	2000	2000	1998	1998		1999	1999		
Madagascar	2000	2000	1995	2000	1999	2000	2000	1988	1998
Malawi	2000	2000		2000		2000	2000	1988	1990
Malaysia			2000	1998	1997	1995-2000	1995-2000	1991	1998
Maldives	2000	2000		1994		1995	1995	1988	
Mali	2000	2000		1996	1994	1995-2000	1995-2000	1983	1980
Malta	2000	2000	1999	1993				1985	
Marshall Islands				1998					
Martinique						1996	1996		
Mauritania	2000	2000		1996	1995	1995	1995	1985	
Mauritius	2000	2000	1995	1999		1995-2000	1995-2000	1991	
Mayotte									
Mexico	2000	2000	2000	1997	1998	1998-1999	1998-1999	1987	1998
Micronesia, Fed. Sts.				1999				1991	
Moldova	2000		2000	1997	1997	1996			
Monaco	2000	2000							
Mongolia	2000	2000	1998	2000	1995	2000	2000	1988	1998
Morocco	2000	2000	1999	1995	1999	1992	1992	1991	1997
Mozambique	2000	2000		1997	1997	1997	1997	1988	
Myanmar	2000	2000	1999	1997		2000	2000	1985	1998
Namibia	2000	2000	1997	2000		1992	1992		
Nauru									
Nepal	2000	2000	1999	2000	1996	1998	1998	1983	1998
Netherlands	2000	2000	2000	1998	1994			1998	1998
Netherlands Antilles			2000						
New Caledonia			2000	1988					
New Zealand			2000	1995				1998	1998
Nicaragua	2000		2000	1998	1998	1998	1998		1996
Niger	2000	2000		2000	1995	2000	2000	1991	1980
Nigeria	2000	2000	1997	1999	1997	1999	1999	1991	
Niue				1996					
Northern Mariana Islands				2000					
Norway	2000		2000	1988	1995			1997	1998
Oman	2000	2000		1995		1995	1995	1991	
Pakistan	2000	2000	2000	1998-1999	1997	1990-1998	1990-1998	1991	
Palau	2000	2000		1998					
Panama	2000	2000	1999	1998	1997	1997	1990-1998	1988	1998
Papua New Guinea	2000	2000		1996	1996			1988	1996
Paraguay	2000	2000	1996	1998	1998	1998	1990-1998		1995
Peru	2000	2000	2000	1996	1996	1996	1996		1980
Philippines	2000	2000	2000	1998	1997	1996			1998
Poland			2000	1986	1998			1997	1998
Portugal			2000	1998	1995			1997	1980
Puerto Rico			2000						
Qatar				1996		1995		1991	
Reunion			1993						
Romania	2000	2000	2000	1999	1998	1991	1991	1985	1998
Russian Federation	2000		2000	1999	1998	1995	1995		1997
Rwanda	2000	2000		2000	1985	2000	2000		
Samoa	2000	2000		1998				1991	
San Marino			1999						
Sao Tomé and Principe				1989		1996	1995-2000	1988	
Saudi Arabia	2000	2000		1998		1996	1996	1991	
Senegal	2000	2000	1993	2000	1995	2000	2000	1990	1980
Seychelles			1987	1984				1991	
Sierra Leone	2000	2000		2000	1989	2000	2000	1985	1990
Singapore	2000	2000	2000	1998				1988	1998

INFORMATION POVERTY

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Latest year for which information is available (1)

	IMPROVED WATER SOURCES (% OF POPULATION WITH ACCESS)	SANITATION (% OF POPULATION WITH ACCESS)	UNEMPLOYMENT (% OF TOTAL LABOUR FORCE)	BIRTHS ATTENDED BY SKILLED PERSONNEL (% OF TOTAL) (2)	GINI INDEX	MALNUTRITION (MODERATE & SEVERE)	MALNUTRITION (SEVERE)	ACCESS TO HEALTH SERVICES (% OF POPULATION WITH ACCESS)	SOCIAL PUBLIC EXPENDITURE
Slovakia	2000	2000	2000		1992				
Slovenia	2000		2000	1992	1998				
Solomon Islands	2000	2000		1999				1988	
Somalia				1999		1999	1999	1985	
South Africa	2000	2000	1999	1998	1994	1995-2000	1995-2000		
Spain			2000	1983	1990			1997	1998
Sri Lanka	2000	2000	2000	1996	1995	2000		1988	1998
St. Kitts and Nevis	2000	2000		1998				1988	
St. Lucia	2000		1999	1997	1995			1988	
St. Vincent and Grenadines	2000	2000	1991	1999				1988	
Sudan	2000	2000	1992	1993		1990-1998	1990-1998	1991	
Suriname	2000	2000	1999	2000				1988	
Swaziland				1994	1994			1991	
Sweden	2000	2000	2000	1987	1992			1988	1998
Switzerland	2000	2000	2000		1992			1998	1998
Syrian Arab Republic	2000	2000	1991	1993		1995	1995	1991	1998
Tajikistan			1997	2000	1998				
Tanzania	2000	2000	1992	1999	1993	1999	1999	1991	1980
Thailand	2000	2000	2000	1995	1998	1993		1991	1998
Timor-Leste				1997					
Togo	2000	2000		1998		1998	1998		1980
Tonga	2000			2000				1991	
Trinidad and Tobago	2000	2000	1999	1997	1992			1988	
Tunisia	1990	1990	2000	2000	1995	2000	2000	1992	1998
Turkey	2000	2000	2000	1998	1994	1998	1998	1997	1998
Turkmenistan	2000	2000		2000	1998				
Turks and Caicos Islands				1999					
Tuvalu				1997					
Uganda	2000	2000	1997	1995	1996	1995	1995	1988	1980
Ukraine			2000	1999	1999	2000	2000	1988	
United Arab Emirates			2000	1995		1995	1995	1991	
United Kingdom	2000	2000	2000	1998	1995			1998	1998
United States of America	2000	2000	2000	1998	1997	1990-1998	1990-1998	1997	1998
Uruguay	2000	2000	2000	1999	1989	1995-2000	1995-2000		1998
Uzbekistan	2000	2000	1995	2000	1998	1996	1996		
Vanuatu	2000	2000		1995				1991	
Venezuela	2000	2000	1999	2000	1998	1999	1999		1980
Viet Nam	2000	2000		2000	1998	2000	1995-2000	1982	1998
Virgin Islands (U.S.)			1997	1990					
West Bank and Gaza			2000	2000		1996			
Yemen	2000	2000		1997	1998	1997	1997	1981	1998
Yugoslavia				2000		2000	2000		
Zambia	2000	2000	1996	1996	1998	1999	1995-2000	1988	1997
Zimbabwe	2000	2000	1999	1999	1995	1999	1999	1985	1998

(1) Consulted sources:

ILO: LABORSTA, the Labour Statistics Database website (http://laborsta.ilo.org)
OECD: Website Database 2002, (http://www.oecd.org)
UNDP: Human Development Report 2001 and 2002
UNICEF: The State of the World's Children 2001 and 2002; Website Database (www.childinfo.org)
United Nations: United Nations Statistics Division Website (www.un.org/Depts/unsd/)
WHO: Website (http://www.who.int/home-page/)
World Bank: World Development Indicators 1999, 2000, 2001 and 2002;
World Development Index Data Query website (http://devdata.worldbank.org/data-query/);
World Development Report 1999, 2000 and 2001

(2) World Development Indicators Database 2000, World Bank, showed data for 1998 or 1999 that did not appear in later editions of the same source or in other sources. Therefore, this information has not been used in this edition.

COMMITMENT 1A: To achieve completion of primary education of at least 80% of school age children by 2000

Percentage of children reaching 5th grade

	APPROX. 1990		RECENT DATA		PROGRESS OR REGRESSION	GOAL 2000
	(Year)	(%)	(Year)	(%)		(%)
Average		**80**		**83**		
Algeria	1990	94	1998/1999	95	⊙▶	80
Bahrain	1990	89	1998/1999	96	⊙▶	80
Belize	1990	67	1998/1999	78	→	80
Benin	1990	55	1994	61	→	80
Botswana	1990	97	1998/1999	88	◀⊙	80
Brazil	1991	72	1993	71	←	80
Brunei Darussalam	1991	95	1994	92	◀⊙	80
Bulgaria	1990	91	1993	93	⊙▶	80
Burkina Faso	1990	70	1998/1999	68	←	80
Cambodia	1993	49	1996	49	II	80
Chad	1990	53	1998/1999	55	→	80
Chile	1994	92	1995	100	⊙▶	80
China	1990	86	1998/1999	97	⊙▶	80
Colombia	1990	62	1998/1999	69	→	80
Comoros	1991	46	1992	79	⟶	80
Congo, Dem. Rep.	1990	55	1992	64	⟶	80
Congo, Rep.	1990	62	1994	55	⟵	80
Costa Rica	1990	82	1997	90	⊙▶	80
Côte d'Ivoire	1990	73	1995	75	→	80
Croatia	1992	100	1993	98	◀⊙	80
Cuba	1990	92	1994	100	⊙▶	80
Cyprus	1990	100	1995	100	◎	80
Denmark	1990	94	1994	100	⊙▶	80
Djibouti	1990	87	1998/1999	77	◀⊙	80
Ecuador	1992	40	1995	85	⟶	80
El Salvador	1991	58	1995	77	⟶	80
Eritrea	1992	83	1998/1999	95	⊙▶	80
Estonia	1992	93	1994	96	⊙▶	80
Ethiopia	1992	58	1995	51	⟵	80
Finland	1990	100	1995	100	◎	80
Gabon	1987	66	1994	59	⟵	80
Gambia	1991	87	1994	80	◀⊙	80
Guatemala	1985	39	1995	50	→	80
Guinea	1990	59	1998/1999	87	⟶	80
Guyana	1990	87	1995	91	⊙▶	80
Hungary	1991	98	1993	60	◀⊙	80
Iceland	1993	99	1994	99	◎	80
India	1986	62	1998/1999	60	←	80
Indonesia	1990	84	1999/2000	90	⊙▶	80
Iran, Islamic Rep.	1990	90	1999/2000	98	⊙▶	80
Ireland	1990	100	1998/1999	95	◀⊙	80
Italy	1990	100	1995	99	◀⊙	80
Japan	1990	100	1993	100	◎	80
Jordan	1990	100	1998/1999	98	◀⊙	80
Kiribati	1990	98	1996	95	◀⊙	80
Korea, Rep.	1990	99	1995	98	◀⊙	80
Lao PDR	1991	53	1998/1999	54	→	80
Lesotho	1990	71	1998/1999	68	←	80
Macedonia, FYR	1992	95	1995	95	◎	80
Madagascar	1990	22	1998/1999	51	→	80
Malawi	1990	64	1994	34	⟵	80
Malaysia	1990	98	1993	99	⊙▶	80
Mali	1990	72	1995	84	⟶	80
Malta	1990	100	1995	100	◎	80
Mauritania	1990	75	1995	64	⟵	80
Mauritius	1990	98	1996	99	⊙▶	80
Mexico	1990	80	1998/1999	89	⟶	80
Mozambique	1990	33	1998/1999	46	→	80
Namibia	1991	63	1998/1999	83	⟶	80
New Zealand	1990	90	1996	97	⊙▶	80
Nicaragua	1990	46	1998/1999	55	→	80
Niger	1990	62	1998/1999	61	←	80
Norway	1990	100	1994	100	◎	80
Oman	1990	96	1998/1999	94	◀⊙	80
Panama	1988	82	1999/2000	92	⊙▶	80
Papua New Guinea	1990	59	1994	59	II	80
Paraguay	1990	70	1998/1999	76	→	80
Peru	1988	92	1998/1999	88	◀⊙	80
Poland	1990	98	1994	97	◀⊙	80
Qatar	1990	64	1994	99	⟶	80
Rwanda	1990	60	1998/1999	45	⟵	80
Samoa	1995	86	1998/1999	83	◀⊙	80
San Marino	1990	100	1995	100	◎	80
Saudi Arabia	1990	83	1998/1999	95	⊙▶	80
Senegal	1990	85	1998/1999	77	◀⊙	80
Seychelles	1991	93	1995	100	⊙▶	80
Solomon Islands	1990	85	1993	81	◀⊙	80
Spain	1991	100	1992	98	◀⊙	80
Sri Lanka	1990	94	1995	83	◀⊙	80
Sudan	1990	94	1998/1999	87	◀⊙	80
Swaziland	1990	76	1998/1999	76	II	80
Sweden	1990	100	1995	97	◀⊙	80
Switzerland	1990	76	1992	78	⟶	80
Syrian Arab Republic	1990	94	1995	94	◎	80
Tanzania	1990	79	1998/1999	81	⟶	80
Togo	1990	50	1998/1999	52	→	80
Tonga	1990	84	1992	92	⊙▶	80
Trinidad and Tobago	1990	96	1995	97	⊙▶	80
Tunisia	1990	87	1998/1999	92	⊙▶	80
Turkey	1990	98	1993	95	◀⊙	80
United Arab Emirates	1990	80	1998/1999	92	⟶	80
Uruguay	1990	94	1998/1999	86	◀⊙	80
Venezuela	1990	86	1998/1999	91	⊙▶	80
West Bank and Gaza	1994	100	1995	100	◎	80
Zimbabwe	1990	94	1995	79	◀⊙	80
COUNTRIES WITH NO RECENT DATA						
Belgium	1986	81			◎	80
Burundi	1991	74				80
Cameroon	1989	66				80
Cape Verde	1988	60				80
Central African Republic	1990	24				80
Greece	1990	99			◎	80
Haiti	1989	47				80
Iraq	1987	72				80
Jamaica	1989	96			◎	80
New Caledonia	1989	95			◎	80
Philippines	1988	75				80
St. Lucia	1991	95			◎	80
Suriname	1987	100			◎	80
Ukraine	1990	59				80
COUNTRIES WITH NO STARTING POINT DATA						
Albania			1994	82	⊙	80
Angola			1998/1999	4		80
Argentina			1998/1999	95	⊙	80
Aruba			1998/1999	97	⊙	80
Bhutan			1998/1999	87	⊙	80
Bolivia			1998/1999	82	⊙	80
Cook Islands			1998/1999	51		80
Czech Republic			1998/1999	98	⊙	80
Dominica			1998/1999	91	⊙	80
Dominican Republic			1998/1999	84	⊙	80
Equatorial Guinea			1998/1999	16		80
France			1998/1999	98	⊙	80
Lebanon			1998/1999	91	⊙	80
Liberia			1998/1999	33		80
Morocco			1998/1999	82	⊙	80
Myanmar			1998/1999	69		80
South Africa			1998/1999	76		80
Thailand			1998/1999	97	⊙	80
Tuvalu			1993	96	⊙	80
Uganda			1998/1999	45		80
Viet Nam			1998/1999	83	⊙	80
Zambia			1998/1999	78		80

Source: UNESCO Website Database 2002 (http://www.unesco.org).

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
◎ **Goal already met at the starting point**
⊙ **Countries with no starting point data. Met the goal by 2000**
⊙▶ **Countries with goal met before the starting point still progressing**
◀⊙ **Countries with goal met before the starting point but going backwards**

⟵ **Significant regression**
← **Some regression**
II **Stagnation**
→ **Some progress**
⟶ **Significant progress or goal already achieved**

COMMITMENT 1B: To provide universal access to basic education for all school age children by 2000

Primary school enrolment rate (net)

	APPROX. 1990 (Year)	(%)	RECENT DATA (Year)	(%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average		**81**		**85**		
Algeria	1990	93	1999/2000	97	⟶	100
Australia	1990	99	1999/2000	95	◂⊙	100
Austria	1988	92	1999/2000	91	←	100
Bahamas	1991	96	1998/1999	88	◂⊙	100
Bahrain	1990	99	1999/2000	94	◂⊙	100
Bangladesh	1990	64	1998/1999	78	→	100
Barbados	1989	83	1999/2000	90	→	100
Belgium	1990	97	1999/2000	101	⊙▸	100
Belize	1991	94	1999/2000	104	⟶	100
Benin	1991	49	1999/2000	70	→	100
Bolivia	1990	91	1999/2000	99	⟶	100
Botswana	1990	93	1999/2000	84	⟵	100
Brazil	1990	86	1999/2000	97	⟶	100
Brunei Darussalam	1991	91	1994	91	II	100
Bulgaria	1990	86	1999/2000	95	⟶	100
Burkina Faso	1990	27	1999/2000	35	→	100
Cambodia	1996	98	1999/2000	89	◂⊙	100
Canada	1990	97	1999/2000	99	⊙▸	100
Cape Verde	1989	99	1998/1999	99	⊚	100
Central African Republic	1990	53	1998/1999	53	II	100
Chad	1995	40	1999/2000	57	→	100
Chile	1990	88	1999/2000	89	→	100
China	1990	97	1999/2000	93	◂⊙	100
Colombia	1991	69	1999/2000	88	→	100
Congo, Dem. Rep.	1990	54	1998/1999	33	←	100
Costa Rica	1990	86	1999/2000	91	→	100
Côte d'Ivoire	1990	47	1999/2000	58	→	100
Croatia	1990	79	1999/2000	72	←	100
Cuba	1990	92	1999/2000	99	⟶	100
Cyprus	1990	101	1999/2000	81	◂⊙	100
Czech Republic	1993	91	1999/2000	90	←	100
Denmark	1990	98	1999/2000	99	⊙▸	100
Djibouti	1990	32	1999/2000	31	←	100
Ecuador	1993	90	1999/2000	98	⟶	100
Egypt	1993	88	1999/2000	92	→	100
El Salvador	1989	73	1998/1999	81	→	100
Eritrea	1993	28	1999/2000	40	→	100
Estonia	1992	94	1999/2000	98	⟶	100
Ethiopia	1988	30	1999/2000	31	→	100
Fiji	1991	101	1998/1999	99	◂⊙	100
Finland	1992	99	1999/2000	100	⊙▸	100
France	1990	101	1999/2000	100	◂⊙	100
French Polynesia	1989	104	1995	103	◂⊙	100
Gambia	1989	52	1999/2000	70	→	100
Georgia	1994	84	1996	87	→	100
Germany	1992	84	1999/2000	87	→	100
Greece	1990	94	1999/2000	97	⟶	100
Guinea	1988	27	1999/2000	49	→	100
Guinea-Bissau	1987	45	1999/2000	54	→	100
Guyana	1990	93	1998/1999	97	⟶	100
Haiti	1990	22	1998/1999	81	⟶	100
Honduras	1991	89	1993	90	→	100
Hungary	1990	91	1999/2000	90	←	100
Iceland	1993	98	1999/2000	101	⊙▸	100
Indonesia	1990	98	1999/2000	91	◂⊙	100
Iran, Islamic Rep.	1989	95	1999/2000	75	◂⊙	100
Iraq	1988	94	1999/2000	93	←	100
Ireland	1990	91	1999/2000	90	←	100
Italy	1994	100	1999/2000	100	⊚	100
Jamaica	1990	96	1999/2000	94	◂⊙	100
Japan	1990	100	1999/2000	101	⊙▸	100
Jordan	1990	66	1999/2000	94	→	100
Korea, Rep.	1990	104	1999/2000	97	◂⊙	100
Kuwait	1991	45	1999/2000	66	→	100
Lao PDR	1991	61	1999/2000	82	→	100
Latvia	1992	83	1999/2000	93	→	100
Lesotho	1990	73	1999/2000	58	←	100
Luxembourg	1987	85	1999/2000	96	⟶	100
Macedonia, FYR	1990	94	1999/2000	94	II	100
Madagascar	1989	70	1999/2000	66	←	100
Malawi	1990	50	1999/2000	69	→	100
Mali	1990	21	1998/1999	43	→	100
Malta	1990	99	1998/1999	99	⊙▸	100
Mauritania	1993	47	1998/1999	61	→	100
Mauritius	1990	95	1999/2000	94	←	100
Mexico	1990	100	1999/2000	103	⊙▸	100
Mongolia	1994	75	1999/2000	90	→	100
Mozambique	1990	47	1999/2000	50	→	100
Namibia	1989	87	1999/2000	80	←	100
Netherlands	1990	95	1999/2000	100	⊙▸	100

	APPROX. 1990 (Year)	(%)	RECENT DATA (Year)	(%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average		**81**		**85**		
New Caledonia	1990	97	1991	98	⊙▸	100
New Zealand	1990	101	1999/2000	100	◂⊙	100
Nicaragua	1990	72	1999/2000	79	→	100
Niger	1990	25	1999/2000	21	←	100
Norway	1990	100	1999/2000	101	⊙▸	100
Oman	1990	70	1999/2000	65	←	100
Panama	1990	91	1999/2000	98	⟶	100
Papua New Guinea	1989	73	1998/1999	84	→	100
Paraguay	1990	93	1999/2000	91	←	100
Peru	1993	87	1999/2000	104	⟶	100
Philippines	1991	98	1995	101	⊙▸	100
Poland	1990	97	1999/2000	97	⊚	100
Portugal	1990	102	1999/2000	105	⊙▸	100
Qatar	1990	87	1998/1999	95	⟶	100
Romania	1992	77	1999/2000	93	→	100
Russian Federation	1993	95	1994	93	◂⊙	100
Samoa	1995	97	1999/2000	97	⊚	100
Saudi Arabia	1990	59	1999/2000	58	←	100
Senegal	1991	48	1999/2000	62	→	100
Singapore	1989	97	1995	93	◂⊙	100
Slovenia	1994	95	1998/1999	94	←	100
Spain	1990	103	1999/2000	102	◂⊙	100
Swaziland	1990	88	1999/2000	93	→	100
Sweden	1990	100	1999/2000	102	⊙▸	100
Switzerland	1990	84	1999/2000	99	⟶	100
Syrian Arab Republic	1990	98	1998/1999	92	◂⊙	100
Tanzania	1990	51	1999/2000	47	←	100
Togo	1990	75	1999/2000	91	→	100
Trinidad and Tobago	1990	91	1999/2000	93	→	100
Tunisia	1990	94	1999/2000	98	⟶	100
Turkey	1990	89	1996	99	⟶	100
United Arab Emirates	1990	94	1999/2000	78	⟵	100
United Kingdom	1990	97	1999/2000	99	⊙▸	100
United States of America	1990	96	1999/2000	95	◂⊙	100
Uruguay	1991	91	1999/2000	94	→	100
Vanuatu	1989	74	1999/2000	96	⟶	100
Venezuela	1990	88	1999/2000	88	II	100
Yugoslavia	1990	69	1999/2000	51	←	100
Zambia	1988	86	1999/2000	66	⟵	100
COUNTRIES WITH NO RECENT DATA						
Cameroon	1989	76				100
Nepal	1988	64				100
Suriname	1988	88				100
COUNTRIES WITH NO STARTING POINT DATA						
Albania			1999/2000	100	◎	100
Angola			1999/2000	27		100
Argentina			1999/2000	106	◎	100
Azerbaijan			1998/1999	90		100
Burundi			1999/2000	44		100
Comoros			1999/2000	55		100
Dominican Republic			1999/2000	91		100
Equatorial Guinea			1999/2000	79		100
Ghana			1998/1999	50		100
Guatemala			1999/2000	81		100
Israel			1999/2000	101	◎	100
Kyrgyzstan			1999/2000	82		100
Lebanon			1999/2000	71		100
Liberia			1999/2000	83		100
Lithuania			1999/2000	94		100
Malaysia			1999/2000	101	◎	100
Maldives			1999/2000	100	◎	100
Morocco			1999/2000	74		100
Myanmar			1999/2000	83		100
Netherlands Antilles			1999/2000	95	◎	100
Rwanda			1999/2000	97	◎	100
Sierra Leone			1999/2000	65		100
South Africa			1998/1999	95	◎	100
Sri Lanka			1998/1999	97	◎	100
St. Lucia			1999/2000	96	◎	100
Sudan			1999/2000	45		100
Tajikistan			1999/2000	87		100
Thailand			1999/2000	81		100
Uganda			1999/2000	109	◎	100
Viet Nam			1999/2000	96	◎	100
West Bank and Gaza			1999/2000	99	◎	100
Yemen			1998/1999	61		100
Zimbabwe			1999/2000	80		100

N.B. According to UNESCO, the Net Enrolment Rate cannot exceed 100%.
Values up to 105% show inconsistencies in the enrolment and/or population data.

Source: UNESCO Website Database 2002 (http://www.unesco.org).

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
⊚ Goal already met at the starting point
◎ Countries with no starting point data. Met the goal by 2000
⊙▸ Countries with goal met before the starting point still progressing
◂⊙ Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
II Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 2: To achieve a life expectancy of over 60 years by 2000

Life expectancy

	1990 (Years)	2000 (Years)	PROGRESS OR REGRESSION	GOAL 2000 (Years)
Average	**64.6**	**65.7**		
Afghanistan	41.5	43.0	→	60
Albania	71.2	74.0	⊙▸	60
Algeria	67.4	71.0	⊙▸	60
Angola	45.5	46.6	→	60
Antigua and Barbuda	73.8	75.1	⊙▸	60
Argentina	71.6	73.9	⊙▸	60
Armenia	71.7	73.6	⊙▸	60
Aruba [A]	76.2	76.5	⊙▸	60
Australia	77.0	78.9	⊙▸	60
Austria	75.7	78.2	⊙▸	60
Azerbaijan	70.8	71.7	⊙▸	60
Bahamas	69.2	69.3	⊙▸	60
Bahrain	71.4	73.1	⊙▸	60
Bangladesh	54.8	61.2	⟶	60
Barbados	74.9	75.4	⊙▸	60
Belarus	70.8	68.1	◂⊙	60
Belgium	76.0	78.2	⊙▸	60
Belize	72.4	74.1	⊙▸	60
Benin	51.9	53.0	→	60
Bolivia	58.3	62.6	⟶	60
Bosnia and Herzegovina	71.4	73.3	⊙▸	60
Botswana	56.8	39.0	⟵	60
Brazil	65.6	68.1	⊙▸	60
Brunei Darussalam	74.2	76.2	⊙▸	60
Bulgaria	71.4	71.5	⊙▸	60
Burkina Faso	45.4	44.2	←	60
Burundi	43.6	42.0	←	60
Cambodia	50.3	53.8	→	60
Cameroon	54.2	50.0	←	60
Canada	77.2	78.9	⊙▸	60
Cape Verde	65.3	68.8	⊙▸	60
Central African Republic	47.6	43.5	←	60
Chad	46.2	48.5	→	60
Channel Islands	76.9	78.8	⊙▸	60
Chile	73.7	75.6	⊙▸	60
China	68.9	70.3	⊙▸	60
Colombia	68.3	71.6	⊙▸	60
Comoros	56.0	61.0	⟶	60
Congo, Dem. Rep.	51.5	45.7	←	60
Congo, Rep.	51.2	51.3	→	60
Costa Rica	75.4	77.5	⊙▸	60
Côte d'Ivoire	49.8	45.8	←	60
Croatia	72.2	73.3	⊙▸	60
Cuba	75.0	76.5	⊙▸	60
Cyprus	76.5	77.9	⊙▸	60
Czech Republic	71.7	74.8	⊙▸	60
Denmark	74.7	76.4	⊙▸	60
Djibouti	47.8	45.8	←	60
Dominica	73.2	76.0	⊙▸	60
Dominican Republic	65.9	67.3	⊙▸	60
Ecuador	66.9	69.6	⊙▸	60
Average	**64.6**	**65.7**		
Egypt	62.8	67.5	⊙▸	60
El Salvador	65.6	70.1	⊙▸	60
Equatorial Guinea	47.2	51.0	→	60
Eritrea	48.9	52.0	→	60
Estonia	69.5	70.6	⊙▸	60
Ethiopia	45.0	42.3	←	60
Fiji	66.7	69.2	⊙▸	60
Finland	75.1	77.5	⊙▸	60
France	76.7	78.9	⊙▸	60
French Polynesia	69.6	73.0	⊙▸	60
Gabon	51.9	52.7	→	60
Gambia	49.3	53.3	→	60
Georgia	72.3	73.0	⊙▸	60
Germany	75.1	77.4	⊙▸	60
Ghana	57.2	56.9	←	60
Greece	76.9	77.9	⊙▸	60
Greenland [B]	65.1	65.3	⊙▸	60
Guam	74.3	77.6	⊙▸	60
Guatemala	61.4	65.2	⊙▸	60
Guinea	43.7	46.3	→	60
Guinea-Bissau	42.4	44.9	→	60
Guyana	63.7	62.9	◂⊙	60
Haiti	53.1	53.2	→	60
Honduras	64.9	66.0	⊙▸	60
Hong Kong, China	77.6	79.8	⊙▸	60
Hungary	69.3	71.2	⊙▸	60
Iceland	77.9	79.5	⊙▸	60
India	59.1	62.8	⟶	60
Indonesia	61.7	66.0	⊙▸	60
Iran, Islamic Rep.	64.7	69.1	⊙▸	60
Iraq	61.3	61.1	◂⊙	60
Ireland	74.6	76.3	⊙▸	60
Israel	76.1	78.4	⊙▸	60
Italy	77.1	78.7	⊙▸	60
Jamaica	73.2	75.3	⊙▸	60
Japan	78.8	80.7	⊙▸	60
Jordan	68.5	71.5	⊙▸	60
Kazakhstan	68.3	65.5	◂⊙	60
Kenya	57.1	47.0	⟵	60
Kiribati	56.8	61.9	⟶	60
Korea, Dem. Rep.	65.5	60.7	◂⊙	60
Korea, Rep.	70.3	73.2	⊙▸	60
Kuwait	74.9	76.6	⊙▸	60
Kyrgyzstan	68.3	67.3	◂⊙	60
Lao PDR	49.7	53.7	→	60
Latvia	69.3	70.4	⊙▸	60
Lebanon	67.9	70.4	⊙▸	60
Lesotho	57.6	44.0	⟵	60
Liberia	45.1	47.2	→	60
Libya	68.5	71.0	⊙▸	60
Lithuania	71.3	72.6	⊙▸	60

Source: World Development Indicators 2002, World Bank.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average

- ⊙ Goal already met at the starting point
- ⊙ Countries with no starting point data. Met the goal by 2000
- ⊙▸ Countries with goal met before the starting point still progressing
- ◂⊙ Countries with goal met before the starting point but going backwards

- ⟵ Significant regression
- ← Some regression
- ıı Stagnation
- → Some progress
- ⟶ Significant progress or goal already achieved

COMMITMENT 2: To achieve a life expectancy of over 60 years by 2000

Life expectancy

	1990 (Years)	2000 (Years)	PROGRESS OR REGRESSION	GOAL 2000 (Years)
Average	**64.6**	**65.7**		
Luxembourg	75.2	77.0	⊙▸	60
Macao, China	76.9	78.9	⊙▸	60
Macedonia, FYR	71.6	72.8	⊙▸	60
Madagascar	52.8	54.7	→	60
Malawi	44.6	38.8	←	60
Malaysia	70.5	72.5	⊙▸	60
Maldives	61.7	68.3	⊙▸	60
Mali	45.0	42.3	←	60
Malta	75.5	78.0	⊙▸	60
Mauritania	49.1	51.7	→	60
Mauritius	69.6	71.7	⊙▸	60
Mexico	70.8	73.0	⊙▸	60
Micronesia, Fed. Sts.	63.5	68.0	⊙▸	60
Moldova	68.3	67.8	◂⊙	60
Mongolia	62.7	67.0	⊙▸	60
Morocco	63.5	67.5	⊙▸	60
Mozambique	43.4	42.4	←	60
Myanmar	54.7	56.1	→	60
Namibia	57.5	47.2	⟵	60
Nepal	53.6	58.9	→	60
Netherlands	76.9	77.9	⊙▸	60
Netherlands Antilles	74.5	75.9	⊙▸	60
New Caledonia	71.0	73.2	⊙▸	60
New Zealand	75.3	78.2	⊙▸	60
Nicaragua	64.5	68.9	⊙▸	60
Niger	44.9	45.7	→	60
Nigeria	49.1	46.8	←	60
Norway	76.5	78.6	⊙▸	60
Oman	69.0	73.6	⊙▸	60
Pakistan	59.1	63.0	⟶	60
Panama	72.4	74.6	⊙▸	60
Papua New Guinea	55.1	58.6	→	60
Paraguay	68.1	70.4	⊙▸	60
Peru	65.8	69.3	⊙▸	60
Philippines	65.6	69.3	⊙▸	60
Poland	70.9	73.3	⊙▸	60
Portugal	73.7	75.6	⊙▸	60
Puerto Rico	74.8	76.1	⊙▸	60
Qatar	72.2	74.8	⊙▸	60
Romania	69.7	69.9	⊙▸	60
Russian Federation	68.9	65.3	◂⊙	60
Rwanda	40.2	39.9	←	60
Samoa	66.3	69.1	⊙▸	60
Sao Tomé and Principe	62.2	65.1	⊙▸	60
Saudi Arabia	69.0	72.5	⊙▸	60
Senegal	49.5	52.3	→	60
Seychelles	70.3	72.3	⊙▸	60
Sierra Leone	35.2	39.2	→	60
Singapore	74.3	77.7	⊙▸	60
Slovakia	70.9	73.1	⊙▸	60
Slovenia	73.3	75.3	⊙▸	60

	1990 (Years)	1999 (Years)	2000 OR REGRESSION	GOAL 2000 (Years)
Average	**64.6**	**65.7**		
Solomon Islands	64.5	68.6	⊙▸	60
Somalia	41.6	48.1	→	60
South Africa	61.9	47.8	◂⊙	60
Spain	76.7	78.2	⊙▸	60
Sri Lanka	70.2	73.1	⊙▸	60
St. Kitts and Nevis	67.2	70.8	⊙▸	60
St. Lucia	71.0	71.1	⊙▸	60
St. Vincent and Grenadines	70.5	72.9	⊙▸	60
Sudan	52.2	56.2	→	60
Suriname	68.7	70.2	⊙▸	60
Swaziland	56.6	45.6	⟵	60
Sweden	77.5	79.6	⊙▸	60
Switzerland	77.3	79.7	⊙▸	60
Syrian Arab Republic	66.4	69.7	⊙▸	60
Tajikistan	69.3	68.8	◂⊙	60
Tanzania	50.1	44.4	←	60
Thailand	68.5	68.8	⊙▸	60
Togo	50.5	49.3	←	60
Tonga	68.8	71.0	⊙▸	60
Trinidad and Tobago	71.1	72.6	⊙▸	60
Tunisia	70.3	72.1	⊙▸	60
Turkey	66.1	69.7	⊙▸	60
Turkmenistan	66.2	66.3	⊙▸	60
Uganda	46.8	42.1	←	60
Ukraine	70.1	68.3	◂⊙	60
United Arab Emirates	73.5	75.3	⊙▸	60
United Kingdom	75.6	77.3	⊙▸	60
United States of America	75.2	77.1	⊙▸	60
Uruguay	72.6	74.4	⊙▸	60
Uzbekistan	69.2	69.7	⊙▸	60
Vanuatu	64.5	68.4	⊙▸	60
Venezuela	71.2	73.3	⊙▸	60
Viet Nam	64.8	69.1	⊙▸	60
Virgin Islands (U.S.)	74.1	77.6	⊙▸	60
Yemen	52.2	56.5	→	60
Yugoslavia	71.6	72.5	⊙▸	60
Zambia	49.1	38.0	⟵	60
Zimbabwe	56.2	39.9	⟵	60
COUNTRIES WITH NO 1990 DATA				
Andorra		80.0	⊚	60
Bhutan		62.2	⊚	60
Grenada		72.5	⊚	60
Marshall Islands		65.0	⊚	60
Palau		70.0	⊚	60
San Marino		80.0	⊚	60
West Bank and Gaza		72.1	⊚	60

A: 1995 data taken as 1999

B: 1997 data taken as 1999

Source: World Development Indicators 2002, World Bank.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
◉ Goal already met at the starting point
⊚ Countries with no starting point data. Met the goal by 2000
⊙▸ Countries with goal met before the starting point still progressing
◂⊙ Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
॥ Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 3A: To reduce infant mortality by one third of the 1990 values or to 50 per 1,000 live births by 2000 if this figure is lower

Infant mortality rate (per 1,000 born live)

	1990	2000	PROGRESS OR REGRESSION	GOAL 2000
Average	**52**	**45**		
Afghanistan	167	165	→	50
Albania	36	27	→	24
Algeria	42	50	←	28
Angola	166	172	←	50
Argentina	25	18	→	17
Armenia	26	25	→	17
Australia	8	6	→	5
Austria	8	5	⟶	5
Azerbaijan	74	74	II	49
Bahamas	24	15	⟶	16
Bahrain	15	13	→	10
Bangladesh	96	54	→	50
Barbados	14	12	→	9
Belarus	18	17	→	12
Belgium	8	6	→	5
Belize	39	34	→	26
Benin	111	98	→	50
Bhutan	107	77	→	50
Bolivia	87	62	→	50
Bosnia and Herzegovina	18	15	→	12
Botswana	45	74	⟵	30
Brazil	50	32	⟶	33
Brunei Darussalam	10	6	⟶	7
Bulgaria	14	15	←	9
Burkina Faso	118	105	→	50
Burundi	114	114	II	50
Cambodia	80	95	←	50
Cameroon	85	95	←	50
Canada	7	6	→	5
Cape Verde	45	30	⟶	30
Central African Republic	115	115	II	50
Chad	118	118	II	50
Chile	18	10	⟶	12
China	38	32	→	25
Colombia	29	25	→	19
Comoros	88	61	→	50
Congo, Dem. Rep.	128	128	II	50
Congo, Rep.	83	81	→	50
Cook Islands	26	20	→	17
Costa Rica	14	10	→	9
Côte d'Ivoire	100	102	←	50
Croatia	12	8	⟶	8
Cuba	12	7	⟶	8
Cyprus	10	6	⟶	7
Czech Republic	10	5	⟶	7
Denmark	8	4	⟶	5
Djibouti	119	102	→	50
Dominica	19	14	→	13
Dominican Republic	53	42	→	35

	1990	2000	PROGRESS OR REGRESSION	GOAL 2000
Average	**52**	**45**		
Ecuador	43	25	⟶	29
Egypt	76	37	⟶	50
El Salvador	46	34	→	31
Equatorial Guinea	122	103	→	50
Eritrea	92	73	→	50
Estonia	18	17	→	12
Ethiopia	128	117	→	50
Fiji	25	18	→	17
Finland	6	4	⟶	4
France	8	4	⟶	5
Gabon	60	60	II	40
Gambia	103	92	→	50
Georgia	24	24	II	16
Germany	7	5	→	5
Ghana	74	58	→	49
Greece	10	5	⟶	7
Grenada	30	21	→	20
Guatemala	60	44	→	40
Guinea	145	112	→	50
Guinea-Bissau	153	132	→	50
Guyana	65	55	→	43
Haiti	102	81	→	50
Honduras	47	32	→	31
Hungary	15	8	⟶	10
Iceland	5	4	→	3
India	84	69	→	50
Indonesia	60	35	⟶	40
Iran, Islamic Rep.	54	36	⟶	36
Iraq	40	105	⟵	27
Ireland	8	6	→	5
Israel	10	6	⟶	7
Italy	9	6	⟶	6
Jamaica	17	17	II	11
Japan	5	4	→	3
Jordan	35	28	→	23
Kazakhstan	54	60	←	36
Kenya	63	77	←	42
Kiribati	65	52	→	43
Korea, Dem. Rep.	26	23	→	17
Korea, Rep.	8	5	⟶	5
Kuwait	14	9	⟶	9
Kyrgyzstan	69	53	→	46
Lao PDR	120	90	→	50
Latvia	16	17	←	11
Lebanon	32	28	→	21
Lesotho	102	92	→	50
Liberia	157	157	II	50
Libya	34	17	⟶	23
Lithuania	17	17	II	11

Source: UNICEF Website 2002 (http://www.childinfo.org/).

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
Goal already met at the starting point
Countries with no starting point data. Met the goal by 2000
Countries with goal met before the starting point still progressing
Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
II Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 3A: To reduce infant mortality by one third of the 1990 values or to 50 per 1,000 live births by 2000 if this figure is lower

Infant mortality rate (per 1,000 born live)

	1990	2000	PROGRESS OR REGRESSION	GOAL 2000
Average	**52**	**45**		
Luxembourg	7	5	→	5
Macedonia, FYR	34	22	⟶	23
Madagascar	103	86	→	50
Malawi	146	117	→	50
Malaysia	16	8	⟶	11
Maldives	80	59	→	50
Mali	152	142	→	50
Malta	11	5	⟶	7
Marshall Islands	63	55	→	42
Mauritania	120	120	ıı	50
Mauritius	21	17	→	14
Mexico	37	25	→	25
Micronesia, Fed. Sts.	26	20	→	17
Moldova	30	27	→	20
Mongolia	77	62	→	50
Morocco	66	41	⟶	44
Mozambique	143	126	→	50
Myanmar	91	78	→	50
Namibia	65	56	→	43
Nepal	100	72	→	50
Netherlands	7	5	→	5
New Zealand	10	6	⟶	7
Nicaragua	52	37	→	35
Niger	191	159	→	50
Nigeria	114	110	→	50
Norway	8	4	⟶	5
Oman	25	12	⟶	17
Pakistan	96	85	→	50
Palau	28	24	→	19
Panama	27	20	→	18
Papua New Guinea	79	79	ıı	50
Paraguay	30	26	→	20
Peru	58	40	→	39
Philippines	45	30	⟶	30
Poland	16	9	⟶	11
Portugal	13	6	⟶	9
Qatar	19	12	⟶	13
Romania	27	19	→	18
Russian Federation	21	18	→	14
Rwanda	107	100	→	50
Samoa	33	21	⟶	22
San Marino	9	6	⟶	6
Sao Tomé and Principe	69	58	→	46
Saudi Arabia	34	24	→	23
Senegal	90	80	→	50
Seychelles	17	13	→	11
Sierra Leone	185	180	→	50
Singapore	7	4	⟶	5
Slovakia	14	8	⟶	9
Average	**52**	**45**		
Slovenia	8	5	⟶	5
Solomon Islands	29	21	→	19
Somalia	133	133	ıı	50
South Africa	45	55	←	30
Spain	8	5	⟶	5
Sri Lanka	20	17	→	13
St. Kitts and Nevis	30	21	→	20
St. Lucia	20	17	→	13
St. Vincent and Grenadines	22	21	→	15
Sudan	75	66	→	50
Suriname	35	27	→	23
Swaziland	77	101	←	50
Sweden	6	3	⟶	4
Switzerland	7	3	⟶	5
Syrian Arab Republic	37	24	⟶	25
Tajikistan	57	54	→	38
Tanzania	102	104	←	50
Thailand	34	25	→	23
Togo	88	80	→	50
Tonga	23	17	→	15
Trinidad and Tobago	21	17	→	14
Tunisia	41	22	⟶	27
Turkey	64	38	⟶	43
Turkmenistan	56	52	→	37
Tuvalu	40	38	→	27
Uganda	100	81	→	50
Ukraine	18	17	→	12
United Arab Emirates	12	8	⟶	8
United Kingdom	8	6	→	5
United States of America	9	7	→	6
Uruguay	20	15	→	13
Uzbekistan	47	51	←	31
Vanuatu	52	35	→	35
Venezuela	23	20	→	15
Viet Nam	36	30	→	24
West Bank and Gaza	32	22	→	21
Yemen	98	85	→	50
Yugoslavia	25	17	→	17
Zambia	108	112	←	50
Zimbabwe	53	73	←	35
COUNTRIES WITH NO 1990 DATA				
Andorra		6		
Antigua and Barbuda		13		
Liechtenstein		10		
Monaco		4		
Nauru		25		

Source: UNICEF Website 2002 (http://www.childinfo.org/).

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
Goal already met at the starting point
Countries with no starting point data. Met the goal by 2000
Countries with goal met before the starting point still progressing
Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
ıı Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 3B: To reduce under-5 mortality by one third of the 1990 values or to 70 per 1,000 live births by 2000 if this figure is lower

Under-5 mortality rate (per 1,000 live births)

	1990	2000	PROGRESS OR REGRESSION	GOAL 2000
Average	**76**	**66**		
Afghanistan	260	257	→	70
Albania	45	31	→	30
Algeria	53	65	←	35
Angola	283	295	←	70
Argentina	28	21	→	19
Armenia	31	30	→	21
Australia	10	6	⟶	7
Austria	9	5	⟶	6
Azerbaijan	105	105	II	70
Bahamas	29	18	⟶	19
Bahrain	19	16	→	13
Bangladesh	144	82	→	70
Barbados	16	14	→	11
Belarus	21	20	→	14
Belgium	9	6	⟶	6
Belize	49	41	→	33
Benin	185	154	→	70
Bhutan	166	100	→	70
Bolivia	122	80	→	70
Bosnia and Herzegovina	22	18	→	15
Botswana	58	101	⟵	39
Brazil	60	38	⟶	40
Brunei Darussalam	11	7	⟶	7
Bulgaria	16	16	II	11
Burkina Faso	210	198	→	70
Burundi	190	190	II	70
Cambodia	115	135	←	70
Cameroon	139	154	←	70
Canada	9	6	⟶	6
Cape Verde	60	40	⟶	40
Central African Republic	180	180	II	70
Chad	198	198	II	70
Chile	20	12	⟶	13
China	49	40	→	33
Colombia	35	30	→	23
Comoros	120	82	→	70
Congo, Dem. Rep.	207	207	II	70
Congo, Rep.	110	108	→	70
Cook Islands	32	24	→	21
Costa Rica	16	12	→	11
Côte d'Ivoire	155	173	←	70
Croatia	13	9	→	9
Cuba	13	9	→	9
Cyprus	12	7	⟶	8
Czech Republic	11	5	⟶	7
Denmark	9	5	⟶	6
Djibouti	175	146	→	70
Dominica	23	16	→	15
Dominican Republic	65	48	→	43

	1990	2000	PROGRESS OR REGRESSION	GOAL 2000
Average	**76**	**66**		
Ecuador	57	32	⟶	38
Egypt	104	43	⟶	69
El Salvador	60	40	⟶	40
Equatorial Guinea	206	156	→	70
Eritrea	155	114	→	70
Estonia	22	21	→	15
Ethiopia	193	174	→	70
Fiji	31	22	→	21
Finland	7	5	→	5
France	9	5	⟶	6
Gabon	90	90	II	60
Gambia	154	128	→	70
Georgia	29	29	II	19
Germany	9	5	⟶	6
Ghana	126	102	→	70
Greece	11	6	⟶	7
Grenada	37	26	→	25
Guatemala	82	59	→	55
Guinea	240	175	→	70
Guinea-Bissau	253	215	→	70
Guyana	90	74	→	60
Haiti	150	125	→	70
Honduras	61	40	⟶	41
Hungary	16	9	⟶	11
Iceland	5	4	→	3
India	123	96	→	70
Indonesia	91	48	⟶	61
Iran, Islamic Rep.	72	44	⟶	48
Iraq	50	130	⟵	33
Ireland	9	6	⟶	6
Israel	12	6	⟶	8
Italy	10	6	⟶	7
Jamaica	20	20	II	13
Japan	6	4	⟶	4
Jordan	43	34	→	29
Kazakhstan	67	75	←	45
Kenya	97	120	←	65
Kiribati	88	70	→	59
Korea, Dem. Rep.	35	30	→	23
Korea, Rep.	9	5	⟶	6
Kuwait	16	10	⟶	11
Kyrgyzstan	83	63	→	55
Lao PDR	163	105	→	70
Latvia	20	21	←	13
Lebanon	37	32	→	25
Lesotho	148	133	→	70
Liberia	235	235	II	70
Libya	42	20	⟶	28
Lithuania	21	21	II	14

Source: UNICEF Website 2002 (http://www.childinfo.org/).

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
Goal already met at the starting point
Countries with no starting point data. Met the goal by 2000
Countries with goal met before the starting point still progressing
Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
II Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 3B: To reduce under-5 mortality by one third of the 1990 values or to 70 per 1,000 live births by 2000 if this figure is lower

Under-5 mortality rate (per 1,000 live births)

	1990	2000	PROGRESS OR REGRESSION	GOAL 2000
Average	**76**	**66**		
Luxembourg	9	5	⟶	6
Macedonia, FYR	41	26	⟶	27
Madagascar	168	139	→	70
Malawi	241	188	→	70
Malaysia	21	9	⟶	14
Maldives	115	80	→	70
Mali	254	233	→	70
Malta	14	6	⟶	9
Marshall Islands	92	68	→	61
Mauritania	183	183	II	70
Mauritius	25	20	→	17
Mexico	46	30	⟶	31
Micronesia, Fed. Sts.	31	24	→	21
Moldova	37	33	→	25
Mongolia	107	78	→	70
Morocco	85	46	⟶	57
Mozambique	235	200	→	70
Myanmar	130	110	→	70
Namibia	84	69	→	56
Nepal	145	100	→	70
Netherlands	8	5	⟶	5
New Zealand	11	6	⟶	7
Nicaragua	66	45	→	44
Niger	320	270	→	70
Nigeria	190	184	→	70
Norway	9	4	⟶	6
Oman	30	14	⟶	20
Pakistan	128	110	→	70
Palau	34	29	→	23
Panama	34	26	→	23
Papua New Guinea	112	112	II	70
Paraguay	37	31	→	25
Peru	75	50	⟶	50
Philippines	66	40	⟶	44
Poland	19	10	⟶	13
Portugal	15	6	⟶	10
Qatar	25	16	⟶	17
Romania	32	22	→	21
Russian Federation	26	22	→	17
Rwanda	178	187	←	70
Samoa	42	26	⟶	28
San Marino	10	6	⟶	7
Sao Tomé and Principe	90	75	→	60
Saudi Arabia	44	29	⟶	29
Senegal	148	139	→	70
Seychelles	21	17	→	14
Sierra Leone	323	316	→	70
Singapore	8	4	⟶	5
Slovakia	15	9	⟶	10

	1990	2000	PROGRESS OR REGRESSION	GOAL 2000
Average	**76**	**66**		
Slovenia	9	5	⟶	6
Solomon Islands	36	25	→	24
Somalia	225	225	II	70
South Africa	60	70	←	40
Spain	9	5	⟶	6
Sri Lanka	23	19	→	15
St. Kitts and Nevis	36	25	→	24
St. Lucia	24	19	→	16
St. Vincent and Grenadines	26	25	→	17
Sudan	123	108	→	70
Suriname	44	33	→	29
Swaziland	110	142	←	70
Sweden	6	4	⟶	4
Switzerland	8	4	⟶	5
Syrian Arab Republic	44	29	⟶	29
Tajikistan	78	73	→	52
Tanzania	163	165	←	70
Thailand	40	29	→	27
Togo	152	142	→	70
Tonga	27	21	→	18
Trinidad and Tobago	24	20	→	16
Tunisia	52	28	⟶	35
Turkey	78	45	⟶	52
Turkmenistan	76	70	→	51
Tuvalu	56	53	→	37
Uganda	165	127	→	70
Ukraine	22	21	→	15
United Arab Emirates	14	9	⟶	9
United Kingdom	9	6	⟶	6
United States of America	10	8	→	7
Uruguay	24	17	→	16
Uzbekistan	62	67	←	41
Vanuatu	70	44	⟶	47
Venezuela	27	23	→	18
Viet Nam	50	39	→	33
West Bank and Gaza	40	25	⟶	27
Yemen	142	117	→	70
Yugoslavia	30	20	⟶	20
Zambia	192	202	←	70
Zimbabwe	80	117	⟵	53
COUNTRIES WITH NO 1990 DATA				
Andorra		7		
Antigua and Barbuda		15		
Liechtenstein		11		
Monaco		5		
Nauru		30		

Source: UNICEF Website 2002 (http://www.childinfo.org/).

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
Goal already met at the starting point
Countries with no starting point data. Met the goal by 2000
Countries with goal met before the starting point still progressing
Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
II Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 4: To reduce maternal mortality to one half of the 1990 level by 2000

Maternal mortality rate (per 100,000 live births)

	1995	GOAL 2000
Average	**348**	
Afghanistan	820	410
Albania	31	16
Algeria	150	75
Angola	1300	650
Argentina	85	43
Armenia	29	15
Australia	6	3
Austria	11	6
Azerbaijan	37	19
Bahamas	10	5
Bahrain	38	19
Bangladesh	600	300
Barbados	33	17
Belarus	33	17
Belgium	8	4
Belize	140	70
Benin	880	440
Bhutan	500	250
Bolivia	550	275
Bosnia and Herzegovina	15	8
Botswana	480	240
Brazil	260	130
Brunei Darussalam	22	11
Bulgaria	23	12
Burkina Faso	1400	700
Burundi	1900	950
Cambodia	590	295
Cameroon	720	360
Canada	6	3
Cape Verde	190	95
Central African Republic	1200	600
Chad	1500	750
Chile	33	17
China	60	30
Colombia	120	60
Comoros	570	285
Congo, Dem. Rep.	940	470
Congo, Rep.	1100	550
Costa Rica	35	18
Côte d'Ivoire	1200	600
Croatia	18	9
Cuba	24	12
Cyprus	0	0
Czech Republic	14	7
Denmark	15	8
Djibouti	520	260
Dominican Republic	110	55
Ecuador	210	105
Egypt	170	85
El Salvador	180	90
Equatorial Guinea	1400	700
Eritrea	1100	550
Estonia	80	40
Ethiopia	1800	900
Fiji	20	10
Finland	6	3
France	20	10
French Polynesia	20	10
Gabon	620	310
Gambia	1100	550
Georgia	22	11
Germany	12	6

	1995	GOAL 2000
Average	**348**	
Ghana	590	295
Greece	2	1
Guadeloupe	5	3
Guam	12	6
Guatemala	270	135
Guinea	1200	600
Guinea-Bissau	910	455
Guyana	150	75
Haiti	1100	550
Honduras	220	110
Hungary	23	12
Iceland	16	8
India	440	220
Indonesia	470	235
Iran, Islamic Rep.	130	65
Iraq	370	185
Ireland	9	5
Israel	8	4
Italy	11	6
Jamaica	120	60
Japan	12	6
Jordan	41	21
Kazakhstan	80	40
Kenya	1300	650
Korea, Dem. Rep.	35	18
Korea, Rep.	20	10
Kuwait	25	13
Kyrgyzstan	80	40
Lao PDR	650	325
Latvia	70	35
Lebanon	130	65
Lesotho	530	265
Liberia	1000	500
Libya	120	60
Lithuania	27	14
Luxembourg	0	0
Macao, China	20	10
Macedonia, FYR	17	9
Madagascar	580	290
Malawi	580	290
Malaysia	39	20
Maldives	390	195
Mali	630	315
Malta	0	0
Martinique	4	2
Mauritania	870	435
Mauritius	45	23
Mexico	65	33
Moldova	65	33
Mongolia	65	33
Morocco	390	195
Mozambique	980	490
Myanmar	170	85
Namibia	370	185
Nepal	830	415
Netherlands	10	5
Netherlands Antilles	20	10
New Caledonia	10	5
New Zealand	15	8
Nicaragua	250	125
Niger	920	460
Nigeria	1100	550

	1995	GOAL 2000
Average	**348**	
Norway	9	5
Oman	120	60
Pakistan	200	100
Panama	100	50
Papua New Guinea	390	195
Paraguay	170	85
Peru	240	120
Philippines	240	120
Poland	12	6
Portugal	12	6
Puerto Rico	30	15
Qatar	41	21
Reunion	39	20
Romania	60	30
Russian Federation	75	38
Rwanda	2300	1150
Samoa	15	8
Saudi Arabia	23	12
Senegal	1200	600
Sierra Leone	2100	1050
Singapore	9	5
Slovakia	14	7
Slovenia	17	9
Solomon Islands	60	30
Somalia	1600	800
South Africa	340	170
Spain	8	4
Sri Lanka	60	30
Sudan	1500	750
Suriname	230	115
Swaziland	370	185
Sweden	8	4
Switzerland	8	4
Syrian Arab Republic	200	100
Tajikistan	120	60
Tanzania	1100	550
Thailand	44	22
Timor-Leste	850	425
Togo	980	490
Trinidad and Tobago	65	33
Tunisia	70	35
Turkey	55	28
Turkmenistan	65	33
Uganda	1100	550
Ukraine	45	23
United Arab Emirates	30	15
United Kingdom	10	5
United States of America	12	6
Uruguay	50	25
Uzbekistan	60	30
Vanuatu	32	16
Venezuela	43	22
Viet Nam	95	48
West Bank and Gaza	120	60
Yemen	850	425
Yugoslavia	15	8
Zambia	870	435
Zimbabwe	610	305

N.B. The redefinition of the methodology used for calculating this indicator does not allow having two comparison points yet.

Source: UNICEF Website 2002 (http://www.childinfo.org/).

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
Goal already met at the starting point
Countries with no starting point data. Met the goal by 2000
Countries with goal met before the starting point still progressing
Countries with goal met before the starting point but going backwards

Significant regression
Some regression
Stagnation
Some progress
Significant progress or goal already achieved

COMMITMENT 5: To achieve food security

To ensure caloric supply according to the FAO suggested levels (*)

	1990 (Cal./day)	2000 (Cal./day)	PROGRESS OR REGRESSION	GOAL 2000 (Cal./day)	GOAL 2010 (Cal./day)
Average	**2617**	**2681**			
Afghanistan [B]	1914	1539	⟵	2115	2336
Albania [C]	2657	2864	⟶	2678	2700
Algeria [E]	2903	2944	→	2951	3000
Angola [A]	1746	1903	→	2004	2300
Antigua and Barbuda [C]	2491	2396	←	2594	2700
Argentina [E]	2910	3181	⟶	2955	3000
Australia [F]	3218	3176	◂⊙		3200
Austria [F]	3490	3757	⊙▸		3200
Bahamas [E]	2747	2443	⟵	2871	3000
Bangladesh [B]	2082	2103	→	2300	2540
Barbados [F]	3215	3022	◂⊙		3200
Belgium [F]	3531	3701	⊙▸		3200
Belize [C]	2628	2888	⟶	2664	2700
Benin [C]	2318	2558	⟶	2502	2700
Bermuda [E]	2878	3036	⟶	2938	3000
Bolivia [B]	2095	2218	→	2314	2556
Botswana [C]	2391	2255	←	2541	2700
Brazil [E]	2755	2985	⟶	2875	3000
Brunei Darussalam [E]	2736	2832	→	2865	3000
Bulgaria [F]	3537	2467	◂⊙		3200
Burkina Faso [B]	2084	2293	→	2302	2543
Burundi [B]	1877	1605	⟵	2074	2290
Cambodia [B]	1830	2070	⟶	2021	2233
Cameroon [B]	2174	2255	→	2402	2653
Canada [F]	2995	3174	⟶	3096	3200
Cape Verde [F]	3009	3278	⟶	3103	3200
Central African Republic [B]	1923	1946	→	2124	2347
Chad [A]	1688	2046	⟶	1970	2300
Chile [C]	2553	2882	⟶	2626	2700
China [E]	2713	3029	⟶	2853	3000
Colombia [C]	2419	2597	⟶	2556	2700
Comoros [A]	1864	1753	←	2071	2300
Congo, Dem. Rep. [B]	2130	1514	⟵	2353	2599
Congo, Rep. [B]	2107	2223	→	2327	2570
Costa Rica [E]	2733	2783	→	2863	3000
Côte d'Ivoire [C]	2395	2590	⟶	2543	2700
Cuba [F]	3076	2564	⟵	3137	3200
Cyprus [F]	3279	3259	◂⊙		3200
Czech Republic [F]	3650	3104	◂⊙		3200
Denmark [F]	3153	3396	⟶	3177	3200
Djibouti [A]	1862	2050	→	2069	2300
Dominica [F]	3036	2994	←	3117	3200
Dominican Republic [C]	2225	2325	→	2451	2700
Ecuador [C]	2498	2693	⟶	2597	2700
Egypt [F]	3176	3346	⟶	3188	3200
El Salvador [C]	2435	2503	→	2564	2700
Ethiopia [A]	1670	2023	⟶	1960	2300
Fiji [C]	2605	2861	⟶	2652	2700
Finland [F]	3140	3227	⟶	3170	3200
France [F]	3505	3591	⊙▸		3200
French Polynesia [E]	2832	2853	→	2915	3000

	1990 (Cal./day)	2000 (Cal./day)	PROGRESS OR REGRESSION	GOAL 2000 (Cal./day)	GOAL 2010 (Cal./day)
Average	**2617**	**2681**			
Gabon [C]	2356	2564	⟶	2522	2700
Gambia [C]	2460	2474	→	2577	2700
Germany [F]	3311	3451	⊙▸		3200
Ghana [A]	1831	2699	⟶	2052	2300
Greece [F]	3525	3705	⊙▸		3200
Grenada [C]	2658	2764	⟶	2679	2700
Guatemala [C]	2462	2171	⟵	2578	2700
Guinea [B]	1988	2353	⟶	2195	2425
Guinea-Bissau [C]	2486	2333	⟵	2591	2700
Guyana [C]	2342	2582	⟶	2515	2700
Haiti [A]	1785	2056	⟶	2026	2300
Honduras [C]	2326	2395	→	2506	2700
Hungary [F]	3711	3458	◂⊙		3200
Iceland [F]	3056	3342	⟶	3127	3200
India [C]	2292	2428	→	2487	2700
Indonesia [C]	2624	2902	⟶	2662	2700
Iran, Islamic Rep. [E]	2843	2913	→	2921	3000
Iraq [F]	3303	2197	◂⊙		3200
Ireland [F]	3644	3613	◂⊙		3200
Israel [F]	3367	3562	⊙▸		3200
Italy [F]	3591	3661	⊙▸		3200
Jamaica [C]	2620	2693	⟶	2660	2700
Japan [E]	2822	2762	←	2909	3000
Jordan [E]	2896	2749	⟵	2948	3000
Kenya [A]	1889	1965	→	2084	2300
Kiribati [D]	2591	2957	⟶	2645	2700
Korea, Dem. Rep. [C]	2529	2185	⟵	2613	2700
Korea, Rep. [F]	3037	3093	→	3118	3200
Kuwait [C]	2281	3132	⟶	2482	2700
Lao PDR [B]	2159	2266	→	2385	2635
Lebanon [F]	3182	3155	⟵	3191	3200
Lesotho [C]	2296	2300	→	2490	2700
Liberia [B]	2100	2076	←	2320	2563
Libya [F]	3255	3305	⊙▸		3200
Madagascar [B]	2139	2007	←	2362	2609
Malawi [B]	1935	2181	⟶	2138	2361
Malaysia [E]	2758	2919	⟶	2876	3000
Maldives [C]	2345	2592	⟶	2516	2700
Mali [C]	2313	2403	→	2499	2700
Malta [F]	3214	3543	⊙▸		3200
Mauritania [C]	2562	2638	⟶	2630	2700
Mauritius [E]	2882	2985	⟶	2941	3000
Mexico [F]	3103	3165	⟶	3151	3200
Mongolia [C]	2233	1981	⟵	2455	2700
Morocco [F]	3088	2964	⟵	3144	3200
Mozambique [A]	1840	1927	→	2057	2300
Myanmar [C]	2620	2842	⟶	2660	2700
Namibia [C]	2163	2649	⟶	2416	2700
Nepal [C]	2481	2436	←	2588	2700
Netherlands [F]	3282	3294	⊙▸		3200
Netherlands Antilles [D]	2407	2573	⟶	2549	2700

Source: FAOSTAT 2002, FAO Website (http://www.fao.org/).

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
◎ Goal already met at the starting point
◎ Countries with no starting point data. Met the goal by 2000
⊙▸ Countries with goal met before the starting point still progressing
◂⊙ Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
II Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 5: To achieve food security

To ensure caloric supply according to the FAO suggested levels (*)

	1990 (Cal./ day)	2000 (Cal./ day)	PROGRESS OR REGRESSION	GOAL 2000 (Cal./ day)	GOAL 2010 (Cal./ day)
Average	**2617**	**2681**			
New Caledonia [E]	2825	2741	⟵	2911	3000
New Zealand [F]	3247	3252	⊙▸		3200
Nicaragua [C]	2227	2227	II	2452	2700
Niger [B]	2153	2089	←	2378	2627
Nigeria [C]	2376	2850	⟶	2533	2700
Norway [F]	3147	3414	⟶	3173	3200
Pakistan [C]	2412	2452	→	2552	2700
Panama [C]	2373	2488	→	2531	2700
Papua New Guinea [B]	2228	2175	←	2461	2718
Paraguay [C]	2421	2533	→	2557	2700
Peru [B]	1946	2624	⟶	2150	2375
Philippines [C]	2364	2379	→	2526	2700
Poland [F]	3343	3376	⊙▸		3200
Portugal [F]	3495	3716	⊙▸		3200
Romania [F]	3041	3274	⟶	3120	3200
Rwanda [B]	1979	2077	→	2186	2415
Sao Tomé and Principe [B]	2184	2390	→	2412	2665
Saudi Arabia [E]	2973	2875	⟵	2987	3000
Senegal [C]	2316	2257	←	2501	2700
Seychelles [C]	2315	2432	→	2500	2700
Sierra Leone [B]	1986	1863	←	2194	2423
Solomon Islands [B]	1969	2277	⟶	2175	2402
Somalia [A]	1788	1628	←	2028	2300
South Africa [F]	2920	2886	←	3057	3200
Spain [F]	3248	3352	⊙▸		3200
Sri Lanka [B]	2203	2405	→	2434	2688
St. Kitts and Nevis [C]	2634	2685	⟶	2667	2700
St. Lucia [C]	2666	2838	⟶	2683	2700
St. Vincent and Grenadines [C]	2395	2579	⟶	2543	2700
Sudan [C]	2139	2348	⟶	2218	2300
Suriname [C]	2449	2652	⟶	2571	2700
Swaziland [C]	2607	2620	→	2653	2700
Sweden [F]	2974	3109	⟶	3085	3200
Switzerland [F]	3344	3293	◂⊙		3200
Syrian Arab Republic [F]	3184	3038	⟵	3192	3200
Tanzania [B]	2144	1906	⟵	2368	2616
Thailand [C]	2142	2506	⟶	2405	2700
Togo [D]	2469	2329	⟵	2582	2700

	1990 (Cal./ day)	2000 (Cal./ day)	PROGRESS OR REGRESSION	GOAL 2000 (Cal./ day)	GOAL 2010 (Cal./ day)
Average	**2617**	**2681**			
Trinidad and Tobago [D]	2680	2777	⟶	2690	2700
Tunisia [F]	3166	3299	⟶	3183	3200
Turkey [F]	3565	3416	◂⊙		3200
Uganda [D]	2324	2359	→	2505	2700
United Arab Emirates [F]	3028	3192	⟶	3113	3200
United Kingdom [F]	3220	3334	⊙▸		3200
United States of America [F]	3487	3772	⊙▸		3200
Uruguay [D]	2534	2879	⟶	2616	2700
Vanuatu [E]	2654	2587	←	2822	3000
Venezuela [D]	2390	2256	←	2540	2700
Viet Nam [D]	2219	2583	⟶	2448	2700
Yemen [B]	2018	2038	→	2229	2462
Yugoslavia [F]	3673	2570	◂⊙		3200
Zambia [B]	2044	1912	←	2258	2494
Zimbabwe [B]	2111	2117	→	2331	2575
COUNTRIES WITH NO 1990 DATA					
Armenia [E]		1944			3000
Azerbaijan [C]		2468			2700
Belarus [F]		2902			3200
Bosnia and Herzegovina [F]		2661			3200
Croatia [F]		2483			3000
Eritrea [F]		1665			2300
Estonia [E]		3376			3000
Georgia [F]		2412			3200
Kazakhstan [F]		2991			3200
Kyrgyzstan [F]		2871			3000
Latvia [F]		2855			3200
Lithuania [F]		3040			3200
Macedonia, FYR [E]		3006			3000
Moldova [F]		2764			3000
Russian Federation [F]		2917			3200
Slovakia [F]		3133			3200
Slovenia [F]		3168			3200
Tajikistan [C]		1720			2700
Turkmenistan [E]		2675			3000
Ukraine [F]		2871			3000
Uzbekistan [E]		2371			3000

(*) Goals taken from the World Food Summit, 1996.

A: Countries that must achieve a minimum of 2,300 cal.

B: Countries that must grow 1% per year.

C: Countries that starting off with less than 2,300 cal. can reach 2,700 cal.

D: Countries that starting off with more than 2,300 cal. can reach 2,700 cal.

E: Countries that starting off with more than 2,700 cal. can reach 3,000 cal.

F: Countries that starting off with more than 2,950 cal. can reach 3,200 cal.

In the case of countries for which Dietary Energy Supply (DES) under 2,700 cal. is predicted for year 2010, the commitment should aim at rising by 20% (1% per year) between 1990-92 and 2010, or in a higher proportion if needed to meet the minimum.

Source: FAOSTAT 2002, FAO Website (http://www.fao.org/).

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
⊙ **Goal already met at the starting point**
⊙ **Countries with no starting point data. Met the goal by 2000**
⊙▸ **Countries with goal met before the starting point still progressing**
◂⊙ **Countries with goal met before the starting point but going backwards**

⟵ **Significant regression**
← **Some regression**
II **Stagnation**
→ **Some progress**
⟶ **Significant progress or goal already achieved**

COMMITMENT 6: To reduce severe and moderate malnutrition of under-5 children to one half of the 1990 rate by 2000

Percentage of under-5 children suffering from severe and moderate malnutrition

	APPROX. 1990 (Year)	(%)	RECENT DATA (Year)	(%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average		**23.1**		**20.9**		
Algeria	1992	9.2	2000	6.0	→	4.6
Angola	1989	20.0	1996	40.6	⟵	10.0
Bahrain	1989	7.2	1995	8.7	←	3.6
Bangladesh	1990	65.8	1999/2000	47.8	→	32.9
Benin	1987	35.0	1996	29.2	→	17.5
Bhutan	1988	37.9	1999	18.7	⟶	19.0
Bolivia	1990	11.1	1998	9.5	→	5.6
Brazil	1989	7.0	1996	5.7	→	3.5
Burundi	1987	37.5	2000	45.1	←	18.8
Cameroon	1991	15.1	1998	21.0	←	7.6
Chile	1993	1.6	1999	0.8	⟶	0.8
China	1992	17.4	1998	9.6	⟶	8.7
Colombia	1989	10.1	2000	6.7	→	5.1
Comoros	1992	18.5	2000	25.4	←	9.3
Congo, Rep.	1987	23.9	1998/1999	13.9	→	12.0
Costa Rica	1990	2.8	1996	5.1	⟵	1.4
Côte d'Ivoire	1986	12.4	1998/1999	21.4	←	6.2
Croatia	1994	0.7	1995/1996	0.6	→	0.4
Djibouti	1989	22.9	1996	18.2	→	11.5
Dominican Republic	1991	10.3	2000	4.6	⟶	5.2
Ecuador	1986	16.5	1999	14.8	→	8.3
Egypt	1990	10.4	1997	11.7	←	5.2
El Salvador	1988	15.2	1998	11.8	→	7.6
Eritrea	1993	41.0	1995	43.7	←	20.5
Ethiopia	1992	47.7	2000	47.1	II	23.9
Ghana	1988	30.3	1998	24.9	→	15.2
Guatemala	1987	33.2	1998/1999	24.2	→	16.6
Guyana	1993	18.3	1997	11.8	⟶	9.2
Haiti	1990	26.8	1994/1995	27.5	←	13.4
Honduras	1992	18.0	1996	24.5	←	9.0
India	1990	63.9	1998/1999	47.0	→	32.0
Indonesia	1987	39.9	1999	26.4	→	20.0
Iran, Islamic Rep.	1995	15.7	1998	10.9	→	7.9
Iraq	1991	11.9	2000	15.9	←	6.0
Jamaica	1991	4.6	1999	3.9	→	2.3
Jordan	1990	6.4	1997	5.1	→	3.2
Kenya	1993	22.6	2000	22.7	II	11.3
Lao PDR	1993	44.0	2000	40.0	→	22.0
Lesotho	1992	15.8	1996	16.0	II	7.9
Madagascar	1992	40.9	2000	33.1	→	20.5
Malawi	1992	27.6	2000	25.4	→	13.8
Malaysia	1990	25.0	1999	18.3	→	12.5
Maldives	1994	39.0	1995	43.2	←	19.5
Mali	1987	30.6	1995/1996	43.3	←	15.3
Mauritania	1991	47.6	1996	23.0	⟶	23.8
Mexico	1988	14.2	1998/1999	7.5	⟶	7.1
Mongolia	1992	12.3	2000	12.7	←	6.2
Morocco	1987	12.1	1992	9.0	⟶	6.1
Mozambique	1995	27.0	1997	26.1	→	13.5
Myanmar	1990	32.4	2000	36.0	←	16.2
Nepal	1995	48.5	1998	47.1	→	24.3
Nicaragua	1993	11.0	1998	12.2	←	5.5
Niger	1992	42.6	2000	39.6	→	21.3
Nigeria	1990	35.3	1999	27.3	→	17.7
Oman	1991	24.3	1995	23.6	→	12.2
Pakistan	1991	40.2	1995	38.2	→	20.1
Panama	1992	6.1	1997	6.8	←	3.1
Paraguay	1990	3.7	1998	5.0	←	1.9
Peru	1992	10.7	1996	7.8	→	5.4
Philippines	1990	33.5	1996	28.2	→	16.8
Russian Federation	1993	4.2	1995	3.0	⟶	2.1
Rwanda	1992	29.4	2000	29.0	II	14.7
Sao Tomé and Principe	1986	16.6	1996	16.0	II	8.3
Senegal	1992	21.6	2000	18.4	→	10.8
Sierra Leone	1990	28.7	2000	27.2	→	14.4

	APPROX. 1990 (Year)	(%)	RECENT DATA (Year)	(%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average		**23.1**		**20.9**		
Sri Lanka	1993	37.7	2000	33.0	→	18.9
Sudan	1993	33.9	1995	16.7	⟶	17.0
Syrian Arab Republic	1993	12.1	1995	12.9	←	6.1
Tanzania	1992	28.9	1999	29.4	II	14.5
Thailand	1987	25.3	1993	18.6	→	12.7
Togo	1988	24.6	1998	25.1	II	12.3
Tunisia	1988	10.3	2000	4.0	⟶	5.2
Turkey	1993	10.4	1998	8.3	→	5.2
Uganda	1989	23.0	1995	25.5	←	11.5
Uruguay	1989	6.2	1994/1995	4.5	→	3.1
Venezuela	1990	7.7	1999	4.7	→	3.9
Viet Nam	1989	45.0	2000	33.1	→	22.5
Yemen	1992	30.0	1997	46.1	←	15.0
Zambia	1992	25.2	1999	25.0	II	12.6
Zimbabwe	1988	11.5	1999	13.0	←	5.8
COUNTRIES WITH NO RECENT DATA						
Belize	1992	6.2				
Central African Republic	1994	27.3				
Czech Republic	1991	1.0				
Fiji	1993	7.9				
Hungary	1988	2.2				
Japan	1990	2.5				
Namibia	1992	26.2				
Romania	1991	5.7				
Seychelles	1988	5.7				
Solomon Islands	1989	21.3				
Trinidad and Tobago	1987	6.7				
COUNTRIES WITH NO STARTING POINT DATA						
Afghanistan			1997	48.0		
Albania			2000	14.3		
Armenia			2000	2.5		
Azerbaijan			2000	16.8		
Bosnia and Herzegovina			2000	4.1		
Botswana			2000	12.5		
Burkina Faso			1998-99	34.3		
Cambodia			2000	45.9		
Cape Verde			1994	13.5		
Chad			2000	27.6		
Congo, Dem. Rep.			1995	34.4		
Cuba			2000	4.1		
Gambia			2000	17.0		
Georgia			1999	3.1		
Guinea			1999	23.2		
Guinea-Bissau			2000	23.1		
Kazakhstan			1999	4.2		
Korea, Dem. Rep.			1998	60.0		
Kuwait			1996	9.8		
Kyrgyzstan			1997	11.0		
Lebanon			1996	3.0		
Libya			1995	4.7		
Macedonia, FYR			1999	6.0		
Mauritius			1995	16.4		
Moldova			1996	3.2		
Qatar			1995	5.5		
Saudi Arabia			1996	14.3		
Somalia			1999	25.8		
Ukraine			2000	3.0		
United Arab Emirates			1995	14.4		
United States of America			1988-94	1.4		
Uzbekistan			1996	18.8		
West Bank and Gaza			1996	4.4		
Yugoslavia			2000	1.9		

Source: World Development Indicators 2001 for approx. 1990 data, UNICEF Website 2002 (http://www.childinfo.org/) for recent data.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
Goal already met at the starting point
Countries with no starting point data. Met the goal by 2000
Countries with goal met before the starting point still progressing
Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
II Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 7: To provide access to health care services for all by 2000

Percentage of population with access to health services

	1990 (%)	1990-95 (%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average	**82**	**76**		
Bahrain [A, D]	100	97	◂⊙	100
Bangladesh [A]	38	45	→	100
Benin [G]	41	18	⟵	100
Bhutan [A]	65	65	II	100
Cameroon [A]	15	80	⟶	100
Central African Republic [A]	13	52	⟶	100
Chad [F]	26	30	→	100
Chile [A]	95	97	⊙▸	100
Colombia [A]	87	81	⟵	100
Cuba [A]	100	100	⊙	100
Cyprus [A]	95	100	⊙▸	100
Egypt [A]	99	99	⊙	100
Ethiopia [A]	45	46	II	100
Fiji [A]	100	99	⊙	100
Gabon [A, D]	87	72	⟵	100
Ghana [A]	65	60	←	100
Guatemala [A]	60	57	←	100
Guinea [A]	32	80	⟶	100
Haiti [A]	45	60	→	100
Honduras [A]	62	69	→	100
Indonesia [A]	43	93	⟶	100
Iran, Islamic Rep. [A]	73	88	⟶	100
Iraq [A]	93	93	II	100
Jordan [A]	85	97	⟶	100
Korea, Dem. Rep. [A, D]	100	100	⊙	100
Korea, Rep. [A]	100	100	⊙	100
Kuwait [C]	100	100	⊙	100
Lesotho [A]	80	80	II	100
Libya [A]	100	95	◂⊙	100
Madagascar [A]	65	38	⟵	100
Malawi [A, D]	35	82	⟶	100
Maldives [A, D]	75	42	⟵	100
Mauritius [A]	100	100	⊙	100
Mexico [A]	91	93	→	100
Micronesia, Fed. Sts. [A, D]	75	73	←	100
Mongolia [A]	100	95	◂⊙	100
Mozambique [A]	30	39	→	100
New Zealand [A]	100	100	⊙	100
Niger [F, G]	30	99	⟶	100
Nigeria [F]	67	51	⟵	100
Oman [F]	89	96	⟶	100
Panama [A]	82	70	⟵	100
Papua New Guinea [A]	96	96	⊙	100
Qatar [A]	100	100	⊙	100
Samoa [A]	100	100	⊙	100
Saudi Arabia [A]	93	97	⟶	100
Senegal [G]	40	90	⟶	100
Seychelles [A]	99	99	⊙	100
Singapore [A, D]	100	100	⊙	100
Sudan [A]	70	70	II	100
Syrian Arab Republic [A]	83	90	⟶	100
Thailand [F]	59	90	⟶	100
Tonga [A]	100	100	⊙	100
Trinidad and Tobago [A]	99	100	⊙▸	100
Uganda [A]	71	49	⟵	100
COUNTRIES WITH NO RECENT DATA				
Antigua and Barbuda [A]	100		⊙	100
Australia [A]	100		⊙	100
Austria [A]	100		⊙	100
Bahamas [A]	100		⊙	100
Barbados [A]	100		⊙	100
Belarus [A]	100		⊙	100
Belgium [A]	100		⊙	100
Botswana [A]	86			100
Bulgaria [A]	100		⊙	100
Canada [A]	99		⊙	100
Cape Verde [A]	82			100
Costa Rica [A]	97		⊙	100
Côte d'Ivoire [A]	60			100
Denmark [A]	100		⊙	100
Dominica [A]	100		⊙	100
Ecuador [A]	80			100
Finland [A]	100		⊙	100
Guyana [A]	96		⊙	100
Israel [A]	100		⊙	100
Liberia [A]	34			100
Luxembourg [A]	100		⊙	100
Netherlands [A]	100		⊙	100
Norway [A]	100		⊙	100
Poland [A]	100		⊙	100
Sao Tomé and Principe [A]	88			100
Solomon Islands [A]	80			100
Sri Lanka [A]	90			100
St. Kitts and Nevis [A]	100		⊙	100
St. Lucia [A]	100		⊙	100
St. Vincent and Grenadines [A]	80			100
Suriname [A]	91			100
Sweden [A]	100		⊙	100
Switzerland [A]	100		⊙	100
Turkey [A]	100		⊙	100
Ukraine [A]	100		⊙	100
Zambia [A]	75			100
COUNTRIES WITH NO 1990 DATA				
Afghanistan [C]		40		100
Algeria		98	○	100
Angola		24		100
Argentina		71		100
Belize		95	○	100
Bolivia		67		100
Brazil [F]		71		100
Burkina Faso		90		100
Burundi		80		100
Cambodia		53		100
China		88		100
Congo, Dem. Rep.		26		100
Congo, Rep.		59		100
El Salvador		40		100
Gambia [D]		70		100
Guinea-Bissau [D]		41		100
India		85		100
Jamaica		90		100
Japan		100	○	100
Kenya		77		100
Kiribati		100	○	100
Lao PDR		67		100
Lebanon		95	○	100
Malaysia		88		100
Morocco		70		100
Myanmar		60		100
Namibia		59		100
Nicaragua		83		100
Pakistan		55		100
Paraguay		63		100
Peru		44		100
Philippines		71		100
Rwanda		80		100
Sierra Leone		38		100
Swaziland		55		100
Tanzania		42		100
Tunisia [B]		90		100
United Arab Emirates		99	○	100
Uruguay		82		100
Vanuatu		80		100
Viet Nam		90		100
Yemen		38		100
Zimbabwe		85		100

A: 1988 data taken as 1990; **B**: 1992 data taken as 1990-95;
C: 1993 data taken as 1990-95; **D**: 1991-93 data taken as 1990-95;
E: 1991 data taken as 1990; **F**: data from IBGE, Brazil 1998.

Source: World Development Indicators 1998, World Bank, for 1990 data; Human Development Report 1998, UNDP, for 1990-95 data; HFADB 1999, WHO, for 1991-93 data.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
⊙ **Goal already met at the starting point**
○ **Countries with no starting point data. Met the goal by 2000**
⊙▸ **Countries with goal met before the starting point still progressing**
◂⊙ **Countries with goal met before the starting point but going backwards**

⟵ **Significant regression**
← **Some regression**
II **Stagnation**
→ **Some progress**
⟶ **Significant progress or goal already achieved**

COMMITMENT 8A: To provide access to reproductive health care services to all

Pregnancies attended by skilled personnel (per 1,000 live births)

	1989-90	RECENT DATA (Year)		PROGRESS OR REGRESSION	GOAL 2000
Average	**639**		**741**		
Australia	999	1991	1000	◎	1000
Bahrain	990	1995	971	◂◎	1000
Bangladesh	400	1999-2000	333	←	1000
Belize	915	1999	959	→	1000
Benin	690	1996	803	→	1000
Bolivia	379	1998	690	→	1000
Botswana	710	2000	968	⟶	1000
Brunei Darussalam	1000	1994	1000	◎	1000
Burkina Faso	488	1998-99	607	→	1000
Cambodia	520	2000	377	←	1000
Cameroon	560	2000	753	→	1000
Central African Republic	376	1994-95	669	⟶	1000
Chad	220	2000	416	→	1000
Colombia	589	2000	908	→	1000
Comoros	760	2000	743	←	1000
Cuba	1000	2000	1000	◎	1000
Dominican Republic	434	1996	983	⟶	1000
Egypt	500	2000	529	→	1000
Equatorial Guinea	148	1994	370	⟶	1000
Ethiopia	130	2000	267	→	1000
Gabon	860	2000	944	→	1000
Ghana	650	1998	875	→	1000
Guatemala	340	1998-99	596	→	1000
Guinea-Bissau	500	2000	620	→	1000
Honduras	777	1996	842	→	1000
India	700	1998-99	595	←	1000
Indonesia	765	1997	894	→	1000
Iran, Islamic Rep.	690	1997	765	→	1000
Iraq	650	1996	780	→	1000
Jamaica	674	1997	990	⟶	1000
Jordan	750	1997	956	⟶	1000
Kenya	900	2000	761	⟵	1000
Kiribati	602	1994	880	⟶	1000
Kuwait	700	1994-96	950	⟶	1000
Lao PDR	80	2000	288	→	1000
Madagascar	783	2000	730	←	1000
Malawi	760	1992	897	⟶	1000
Mali	280	1995-96	469	→	1000
Mauritania	387	1990-91	480	⟶	1000
Mongolia	984	2000	970	◂◎	1000
Morocco	323	1997	420	→	1000
Mozambique	540	1997	714	→	1000
Myanmar	901	1997	758	⟵	1000
Namibia	820	1992	872	⟶	1000
Nepal	180	2000	270	→	1000
New Zealand	950	1994	950	◎	1000
Nicaragua	865	1998	815	←	1000
Niger	328	2000	410	→	1000
Nigeria	855	1999	636	⟵	1000
Oman	980	1999	960	◂◎	1000
Papua New Guinea	675	1996	775	→	1000
Philippines	767	1998	857	→	1000
Rwanda	820	2000	924	→	1000
Saudi Arabia	700	1996	900	⟶	1000
Senegal	737	1999-2000	772	→	1000
Sri Lanka	863	2000	984	⟶	1000
Sudan	540	1992-93	746	⟶	1000
Syrian Arab Republic	400	1993	510	→	1000
Tanzania	950	1999	488	◂◎	1000
Thailand	534	1996	859	⟶	1000
Tunisia	719	1994-95	790	→	1000
United Arab Emirates	760	1995	968	⟶	1000
Uruguay	556	1997	940	⟶	1000
Viet Nam	728	2000	683	←	1000
Yemen	260	1997	343	→	1000
Zambia	800	1996	956	⟶	1000

	1989-90	RECENT DATA (Year)		PROGRESS OR REGRESSION	GOAL 2000
Average	**639**		**741**		
COUNTRIES WITH NO RECENT DATA					
British Virgin Islands	1000			◎	1000
Burundi	800				1000
Liberia	829				1000
Qatar	1000			◎	1000
St. Kitts and Nevis	1000			◎	1000
St. Lucia	1000			◎	1000
Trinidad and Tobago	976			◎	1000
United States of America	983			◎	1000
COUNTRIES WITH NO STARTING POINT DATA					
Albania		2000	952	⊙	1000
Algeria		1988-92	580		1000
Antigua and Barbuda		1998	820		1000
Argentina		1991-93	950	⊙	1000
Armenia		2000	923		1000
Austria		1991-93	1000	⊙	1000
Azerbaijan		2000	687		1000
Barbados		1999	890		1000
Belarus		1999	999	⊙	1000
Bosnia and Herzegovina		2000	992	⊙	1000
Brazil		1996	857		1000
Cape Verde		1998	993	⊙	1000
Chile		1991-93	950	⊙	1000
Costa Rica		1999	696		1000
Côte d'Ivoire		2000	875		1000
Czech Republic		1993	990	⊙	1000
Dominica		1999	999	⊙	1000
Ecuador		1998	688		1000
El Salvador		1998	760		1000
Eritrea		1995	489		1000
Finland		1991-93	1000	⊙	1000
France		1991-93	990	⊙	1000
Georgia		1999	953	⊙	1000
Grenada		1999	980	⊙	1000
Guinea		1999	707		1000
Haiti		2000	788		1000
Kazakhstan		1999	910		1000
Kyrgyzstan		1997	973	⊙	1000
Lebanon		1995	870		1000
Lesotho		1995	876		1000
Libya		1995	808		1000
Macedonia, FYR		1997	1000	⊙	1000
Mexico		1995	861		1000
Moldova		1997	988	⊙	1000
Pakistan		1999	276		1000
Panama		1998	722		1000
Paraguay		1998	890		1000
Peru		1996	673		1000
Sierra Leone		2000	680		1000
Slovenia		1992	980	⊙	1000
Somalia		1999	323		1000
South Africa		1998	942		1000
St. Vincent and Grenadines		1999	918		1000
Suriname		2000	906		1000
Tajikistan		2000	713		1000
Togo		1998	820		1000
Turkey		1998	675		1000
Turks and Caicos Islands		1999	820		1000
Uganda		1995	912		1000
Uzbekistan		2000	972	⊙	1000
Venezuela		2000	897		1000
West Bank and Gaza		2000	956	⊙	1000
Zimbabwe		1999	931		1000

Source: HFADB 1999, WHO, for 1989-90 data; UNICEF Website 2002 (http://www.childinfo.org/) for latest data.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
◎ Goal already met at the starting point
⊙ Countries with no starting point data. Met the goal by 2000
⊙▸ Countries with goal met before the starting point still progressing
◂◎ Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
ıı Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 8B: To provide access to reproductive health care services to all

Percentage of deliveries attended by skilled personnel

	APPROX. 1990 (Year)	APPROX. 1990 (%)	RECENT DATA (Year)	RECENT DATA (%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average		**69**		**73**		
Angola	1990	17	1996	23	→	100
Antigua and Barbuda	1990	86	1998	100	⟶	100
Argentina	1990	96	1999	98	◎▸	100
Australia	1990	99	1991	100	◎▸	100
Austria	1993	100	1993	100	◎	100
Bahrain	1990	94	1995	98	⟶	100
Bangladesh	1990	14	1999-2000	13	←	100
Barbados	1990	98	1999	91	◂◎	100
Belarus	1990	100	1999	100	◎	100
Benin	1990	38	1996	60	→	100
Bhutan	1990	12	1994	15	→	100
Bolivia	1990	46	1998	59	→	100
Botswana	1990	77	2000	99	→	100
Brazil	1990	73	1996	92	⟶	100
Brunei Darussalam	1990	98	1994	98	◎	100
Burkina Faso	1990	43	1998-99	31	←	100
Cambodia	1990	47	2000	34	←	100
Cameroon	1990	58	2000	56	←	100
Cape Verde	1990	49	1998	89	⟶	100
Central African Republic	1990	46	2000	44	←	100
Chad	1990	15	2000	16	→	100
Chile	1990	98	1998	100	◎▸	100
China	1990	85	1999	70	⟵	100
Colombia	1990	85	2000	86	→	100
Comoros	1990	24	2000	62	→	100
Costa Rica	1990	97	1999	98	◎▸	100
Côte d'Ivoire	1990	45	1998-99	47	→	100
Cuba	1990	99	1999	100	◎▸	100
Dominica	1988	96	1999	100	◎▸	100
Dominican Republic	1990	90	1996	99	⟶	100
Ecuador	1990	64	1999	99	⟶	100
Egypt	1990	46	2000	61	→	100
El Salvador	1990	87	1998	90	→	100
Eritrea	1993	6	1995	21	⟶	100
Ethiopia	1990	8	2000	10	→	100
Finland	1990	100	1993	100	◎	100
France	1993	99	1993	99	◎	100
Georgia	1990	95	1999	96	◎▸	100
Ghana	1990	44	1998	44	II	100
Grenada	1988	81	1999	99	⟶	100
Guatemala	1990	35	1998-99	41	→	100
Guinea	1990	31	1999	35	→	100
Haiti	1990	20	2000	27	→	100
Honduras	1990	47	1996	55	→	100
India	1990	35	1998-99	42	→	100
Indonesia	1990	36	1999	56	→	100
Iran, Islamic Rep.	1990	74	1997	86	→	100
Jamaica	1990	92	1997	95	→	100
Japan	1990	100	1990	100	◎	100
Jordan	1990	87	1997	97	⟶	100
Kenya	1989	50	1998	44	←	100
Kiribati	1990	74	1994	72	←	100
Korea, Rep.	1990	95	1990	98	◎▸	100
Kuwait	1990	99	1996	98	◂◎	100
Lao PDR	1990	30	2000	21	←	100
Lesotho	1990	50	2000	60	→	100
Libya	1992	76	1995	94	⟶	100
Macedonia, FYR	1988	88	1998	97	→	100
Madagascar	1990	57	2000	46	←	100
Malawi	1990	55	1992	55	II	100
Malaysia	1990	98	1998	96	◂◎	100
Maldives	1990	55	1994	90	⟶	100
Mali	1990	24	1995-96	24	II	100
Malta	1990	98	1993	98	◎	100
Mauritania	1990	40	1990-91	40	II	100
Mauritius	1990	97	1999	99	◎▸	100
Mexico	1990	69	1997	86	→	100
Mongolia	1990	97	1998	93	◂◎	100
Morocco	1990	40	1995	40	←	100
Mozambique	1990	30	1997	44	→	100
Myanmar	1990	52	1997	56	→	100
Namibia	1990	68	2000	76	→	100
Nepal	1990	8	2000	12	→	100
Netherlands	1990	100	1998	100	◎	100
New Zealand	1990	65	1994	95	⟶	100
Nicaragua	1990	61	1998	65	→	100
Niger	1990	15	2000	16	→	100
Nigeria	1990	31	1999	42	→	100
Oman	1990	92	1995	91	←	100
Pakistan	1990	18	1998-99	20	→	100
Panama	1990	84	1998	90	→	100
Papua New Guinea	1990	33	1996	53	→	100
Paraguay	1990	66	1998	71	→	100
Peru	1990	53	1996	56	→	100
Philippines	1990	53	1998	56	→	100
Portugal	1989	98	1989	98	◎	100
Qatar	1990	97	1996	98	◎▸	100
Rwanda	1990	26	2000	31	→	100
Saudi Arabia	1990	90	1996	91	→	100
Senegal	1990	47	1999-2000	51	→	100
Solomon Islands	1990	85	1994	85	II	100
Sri Lanka	1990	94	1993	94	→	100

Source: The UN Statistical Division 1999, for all 1990 data; UNICEF Website 2002 (http://www.childinfo.org/), for latest data.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
◎ **Goal already met at the starting point**
◉ **Countries with no starting point data. Met the goal by 2000**
◎▸ **Countries with goal met before the starting point still progressing**
◂◎ **Countries with goal met before the starting point but going backwards**

⟵ **Significant regression**
← **Some regression**
II **Stagnation**
→ **Some progress**
⟶ **Significant progress or goal already achieved**

COMMITMENT 8B: To provide access to reproductive health care services to all

Percentage of deliveries attended by skilled personnel

	APPROX. 1990 (Year)	(%)	RECENT DATA (Year)	(%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average		**69**		**73**		
St. Kitts and Nevis	1993	97	1998	99	⊙▸	100
St. Lucia	1993	98	1997	100	⊙▸	100
St. Vincent and Grenadines	1993	73	1999	99	⟶	100
Suriname	1990	91	1996	95	→	100
Swaziland	1990	56	1994	56	II	100
Syrian Arab Republic	1990	67	1993	76	⟶	100
Tanzania	1990	44	1999	36	←	100
Togo	1990	32	1998	51	→	100
Tonga	1990	95	1991	92	◂⊙	100
Trinidad and Tobago	1990	98	1997	99	⊙▸	100
Tunisia	1990	90	2000	90	II	100
Turkey	1990	76	1998	81	→	100
Uganda	1989	38	1995	38	II	100
Ukraine	1990	100	1999	100	⊚	100
United Arab Emirates	1990	96	1995	96	⊚	100
Uruguay	1990	96	1999	100	⊙▸	100
Vanuatu	1990	79	1994	87	⟶	100
Venezuela	1990	97	2000	95	◂⊙	100
Viet Nam	1990	79	2000	70	←	100
Yemen	1992	16	1997	22	→	100
Yugoslavia	1993	90	2000	99	→	100
Zambia	1990	51	1996	47	←	100
Zimbabwe	1990	69	1999	73	→	100
COUNTRIES WITH NO RECENT DATA						
Afghanistan	1990	8				100
Algeria	1992	77				100
Bahamas	1990	100			⊚	100
Belgium	1990	100			⊚	100
Belize	1990	77				100
Bulgaria	1990	100			⊚	100
Burundi	1990	24				100
Canada	1990	100			⊚	100
Congo, Rep.	1990	50				100
Cyprus	1990	98			⊙▸	100
Djibouti	1990	79				100
Estonia	1990	95			⊚	100
Fiji	1990	100			⊚	100
Gabon	1988	79				100
Gambia	1990	44				100
Guinea-Bissau	1993	50				100
Guyana	1990	93				100
Iraq	1990	54				100
Ireland	1990	99			⊙▸	100
Israel	1990	99			⊚	100
Italy	1990	100			⊚	100
Average		**69**		**73**		
Korea, Dem. Rep.	1990	100			⊚	100
Luxembourg	1990	100			⊚	100
Micronesia, Fed. Sts.	1990	82				100
Norway	1990	100			⊚	100
Poland	1990	99			⊚	100
Samoa	1990	52				100
Sao Tomé and Principe	1990	63				100
Seychelles	1990	99			⊚	100
Singapore	1990	100			⊚	100
Somalia	1990	2				100
Sudan	1990	86				100
Sweden	1990	100			⊚	100
Switzerland	1990	99			⊚	100
Thailand	1990	71				100
United States of America	1990	99			⊚	100
COUNTRIES WITH NO STARTING POINT DATA						
Armenia			2000	97	◎	100
Azerbaijan			2000	88		100
Bosnia and Herzegovina			2000	100	◎	100
British Virgin Islands			1999	100	◎	100
Cook Islands			1991	99	◎	100
Croatia			1998	100	◎	100
Denmark			1987	100	◎	100
Equatorial Guinea			1994	5		100
Germany			1986	100	◎	100
Kazakhstan			1999	99	◎	100
Kyrgyzstan			1997	98	◎	100
Lebanon			1994-96	89		100
Niue			1990	99	◎	100
Palau			1990	99	◎	100
Romania			1996	99	◎	100
Russian Federation			1999	99	◎	100
Sierra Leone			2000	42		100
Slovenia			1992	100	◎	100
South Africa			1998	84		100
Tajikistan			2000	71		100
Turkmenistan			2000	97	◎	100
Turks and Caicos Islands			1999	88		100
Tuvalu			1990	100	◎	100
Uzbekistan			2000	96	◎	100
West Bank and Gaza			2000	97	◎	100

Source: The UN Statistical Division 1999, for all 1990 data; UNICEF Website 2002 (http://www.childinfo.org/), for latest data.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
⊚ Goal already met at the starting point
◎ Countries with no starting point data. Met the goal by 2000
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⟵ Significant regression
← Some regression
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COMMITMENT 9: To reduce mortality and morbidity due to malaria by 20% of 1995 levels in at least 75% of countries affected

Malaria cases (per 100,000 people)

	1994	2000	PROGRESS OR REGRESSION	GOAL 2000
Average	**5022**	**3460**		
Angola	6377	8796	⟵	5101
Bangladesh	143	40	⟶	114
Belize	4787	856	⟶	3830
Benin	10398	11915	←	8318
Bhutan	2238	283	⟶	1791
Bolivia	480	379	⟶	384
Botswana	2089	476	⟶	1672
Brazil	360	344	→	288
Burkina Faso	4637	6061	⟵	3710
Burundi	14022	48528	⟵	11217
Cambodia	870	477	⟶	696
Cameroon	1065	3423	⟵	852
Central African Republic	2562	2487	→	2050
Colombia	6	250	⟵	5
Congo, Rep.	362	5916	⟵	289
Costa Rica	1428	38	⟶	1142
Djibouti	1050	753	⟶	840
Dominican Republic	22	6	⟶	17
Ecuador	267	686	⟵	214
Equatorial Guinea	3812	2506	⟶	3049
Guatemala	214	350	⟵	171
Guinea	8567	11161	⟵	6853
Guyana	4819	334	⟶	3855
Haiti	331	15	⟶	265
Honduras	949	543	⟶	759
India	243	193	⟶	195
Iran, Islamic Rep.	77	27	⟶	61
Kenya	23068	545	⟶	18454
Lao PDR	1111	755	⟶	889
Malawi	49410	27682	⟶	39528
Malaysia	299	57	⟶	239
Mexico	14	6	⟶	11
Myanmar	1582	225	⟶	1265
Namibia	27209	1466	⟶	21767
Nepal	45	33	⟶	36
Nicaragua	1035	400	⟶	828
Niger	9238	2132	⟶	7390
Oman	341	28	⟶	273
Pakistan	82	58	⟶	65
Panama	26	36	⟵	21
Papua New Guinea	14974	1692	⟶	11980
Paraguay	12	124	⟵	10
Peru	528	257	⟶	422
Philippines	345	15	⟶	276
Saudi Arabia	56	33	⟶	45
Solomon Islands	35980	16971	⟶	28784
South Africa	25	143	⟵	20
Sri Lanka	1540	1111	⟶	1232
Suriname	1115	3485	⟵	892
Tanzania	27343	1208	⟶	21875
Thailand	177	130	⟶	141
Togo	8274	8939	←	6619
Turkey	7	17	⟵	6
Vanuatu	2285	3208	⟵	1828

	1994	2000	PROGRESS OR REGRESSION	GOAL 2000
Average	**5022**	**3460**		
Venezuela	64	94	⟵	51
Viet Nam	1189	95	⟶	952
Yemen	260	152	⟶	208
Zambia	44498	34274	⟶	35598
Zimbabwe	2964	5422	⟵	2372
COUNTRIES WITH NO RECENT DATA				
Algeria	1			1
Brunei Darussalam	13			10
Cape Verde	6			4
Cuba	133			106
El Salvador	51			41
Iraq	500			400
Kuwait	50			40
Maldives	7			5
Morocco	1			1
Qatar	74			59
Singapore	8			7
Syrian Arab Republic	4			3
Trinidad and Tobago	2			1
COUNTRIES WITH NO STARTING POINT DATA				
Armenia		4		
Azerbaijan		19		
Chad		196		
Comoros		1946		
Congo, Dem. Rep.		2963		
Côte d'Ivoire		12162		
Eritrea		344		
Ethiopia		635		
Gabon		2202		
Gambia		17376		
Georgia		5		
Ghana		15348		
Guinea-Bissau		16455		
Indonesia		48		
Lebanon		1		
Madagascar		2363		
Mali		4505		
Mozambique		18108		
Nigeria		30		
Russian Federation		1		
Rwanda		6518		
Sao Tomé and Principe		31614		
Senegal		553		
Sierra Leone		9311		
Sudan		13932		
Swaziland		2913		
Tajikistan		302		
Turkmenistan		1		
Uganda		46		
Uzbekistan		1		

Source: Human Development Report 2002, UNDP.

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COMMITMENT 10: To eradicate, eliminate or control the main diseases constituting sanitary problems on a world level by 2000

Percentage of under-1 children totally immunised

	SUMMARY	TUBERCULOSIS (%)			DPT (%)			POLIO (%)			MEASLES (%)		
		1990 1994	1997 1999	PROGRESS OR REGRESSION	1990 1994	1997 1999	PROGRESS OR REGRESSION	1990 1994	1997 1999	PROGRESS OR REGRESSION	1990 1994	1997 1999	PROGRESS OR REGRESSION
Afghanistan	→	44	48	→	25	35	→	18	35	→	20	40	→
Albania	⟶	81	93	⟶	94	97	⟶	97	97	⊚	96	85	◂⊙
Algeria	⟶	92	97	⟶	58	83	⟶	72	83	→	53	83	⟶
Andorra						90			90			90	
Angola	→	48	52	→	24	22	←	28	46	→	38	46	→
Antigua and Barbuda [A]	⟶				100	99	⊚		99	⊙	89	99	⟶
Argentina	→	100	99	◂⊙	87	88	→	84	91	→	93	99	⟶
Armenia	→	83	93	⟶	81	91	→	92	97	⟶	95	91	◂⊙
Australia [B]	II				95	88	◂⊙		88		86	89	→
Austria [A]	→				90	90	II		95	⊙	60	90	⟶
Azerbaijan	⟶	50	99	⟶	84	99	⟶	94	99	⟶	82	99	⟶
Bahamas [B]	←				87	81	←		82		86	86	II
Bahrain [A]	⟶		72		95	97	⊙▸		97	⊙	87	94	⟶
Bangladesh	←	95	91	◂⊙	69	72	→	94	72	⟵	82	71	⟵
Barbados [B]	←				91	87	←		86		87	86	←
Belarus	⟶	93	99	⟶	85	99	⟶	93	99	⟶	96	98	⊙▸
Belgium [A]	II				94	96	⟶	100	96	◂⊙	85	83	←
Belize [B]	←		96		91	87	←		84		86	82	←
Benin	→	90	90	II	78	79	→	81	77	←	73	79	→
Bermuda					62						63		
Bhutan	II	96	90	◂⊙	84	88	→	84	89	→	79	76	←
Bolivia	→	91	96	⟶	41	78	→	86	78	←	53	79	→
Bosnia and Herzegovina [B]	⟶	24	99	⟶		90		45	90	⟶		83	
Botswana	⟶	92	97	⟶	56	90	⟶	78	92	⟶	55	86	→
Brazil	⟶	92	93	→	66	90	⟶	68	98	⟶	78	99	⟶
Brunei Darussalam [A]	→		98	⊙	100	92	◂⊙		97	⊙		94	
Bulgaria	→	98	98	⊚	99	96	◂⊙	97	97	⊚	98	96	◂⊙
Burkina Faso [C]	→	63	76	→		42			42			53	
Burundi	→	62	84	→	86	74	←	50	65	→	75	75	II
Cambodia	II	78	71	←	38	49	→	54	52	←	34	55	→
Cameroon	→	46	77	→	36	48	→	31	48	→	36	62	→
Canada [B]	⟶					97	⊙		76			96	⊙
Cape Verde [B]	⟵		75		88	69	⟵		70		79	61	⟵
Cayman Islands [C]	⟶				95		⊚				82		
Central African Republic	←	82	62	⟵	61	33	⟵	29	36	→	67	39	⟵
Chad	→	43	45	→	20	21	→	18	33	→	23	30	→
Chile [A]	→		94		97	94	◂⊙		95	⊙	81	96	⟶
China	←	94	92	←	97	90	◂⊙	94	90	←	98	90	◂⊙
Colombia	←	99	93	◂⊙	87	74	⟵	95	75	◂⊙	82	75	←
Comoros [B]	⟵		84		94	75	⟵		75		87	67	⟵
Congo, Dem. Rep. [B]	←		30		36	25	←		21		37	15	⟵
Congo, Rep.	⟵	94	39	⟵	77	29	⟵	79	29	⟵	77	23	⟵
Cook Islands			74			70			70			63	
Costa Rica	←	97	89	◂⊙	95	86	◂⊙	88	84	←	90	88	←
Côte d'Ivoire [B]	→		84		42	62	→		62		40	62	→
Croatia [B]	⟶	92	96	⟶		93		85	93	⟶		92	
Cuba	⟶		99	⊙	92	94	→		96	⊙	94	96	⟶
Cyprus [A]	⟶				93	98	⟶		98	⊙	76	90	⟶
Czech Republic	→	98	98	⊚		98	⊙	98	97	◂⊙		95	⊙
Denmark [A]	⟶				95	99	⊙▸	95	99	⊙▸	84	92	→
Djibouti [B]	⟵		26		85	23	⟵		24		85	21	⟵
Dominica	⟶		99	⊙	69	99	⟶		99	⊙	96	99	⊙▸
Dominican Republic	→	64	90	⟶	69	73	→	98	71	◂⊙	96	96	⊚
Ecuador	→	100	99	◂⊙	75	80	→	78	70	←	67	99	⟶
Egypt	⟶	95	99	⟶	87	94	⟶	91	95	⟶	87	95	⟶
El Salvador	⟶	83	99	⟶	80	94	⟶	92	92	II	98	99	⊙▸
Equatorial Guinea [B]	→		48		14	40	→		40		18	24	→
Eritrea [B]	⟶	46	98	⟶		93		36	93	⟶		88	
Estonia	⟶	99	99	⊚	76	95	⟶	87	95	⟶	82	92	→
Ethiopia	←	50	46	←	49	21	⟵	36	35	←	38	27	←
Fiji [A]	→		95	⊙	82	86	→		89		72	75	→
Finland	→	99	99	⊚	90	99	⟶	100	95	◂⊙	97	96	◂⊙
France	⟶	78	84	→	95	98	⊙▸	92	97	⟶	71	84	→
French Polynesia					81						62		
Gabon	←	97	89	◂⊙	78	37	⟵	66	31	⟵	76	55	⟵
Gambia	←	98	96	◂⊙	92	88	←	92	90	←	86	88	→
Georgia	→	67	94	⟶	69	90	→	69	84	→	81	80	←
Germany [A]	→				80	85	→	90	80	⟵	50	75	⟶

Source: The State of the World's Children 1996, UNICEF, for 1990-94 data; UNICEF Website 2002 (http://www.childinfo.org/), for 1997-99 data.

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Percentage of under-1 children totally immunised

	SUMMARY	TUBERCULOSIS (%) 1990 1994	TUBERCULOSIS (%) 1997 1999	TUBERCULOSIS (%) PROGRESS OR REGRESSION	DPT (%) 1990 1994	DPT (%) 1997 1999	DPT (%) PROGRESS OR REGRESSION	POLIO (%) 1990 1994	POLIO (%) 1997 1999	POLIO (%) PROGRESS OR REGRESSION	MEASLES (%) 1990 1994	MEASLES (%) 1997 1999	MEASLES (%) PROGRESS OR REGRESSION
Ghana	⇒	61	88	⇒	50	72	⇒	48	72	⇒	52	73	⇒
Greece	→	50	88	⇒	54	88	⇒	95	87	◂⊙	76	88	→
Grenada B	⇒				81	88	→		87		85	94	⇒
Guam					56						57		
Guatemala	⇒	70	91	⇒	66	78	→	73	78	→	68	83	→
Guinea	→	75	72	←	20	46	⇒	70	44	⇐	25	52	⇒
Guinea-Bissau	←	95	74	◂⊙	61	38	⇐	68	42	⇐	53	70	→
Guyana B	→		91		82	83	→		83		77	87	→
Haiti	→	42	71	→	41	43	→	40	43	→	31	54	→
Honduras	⇒	95	93	←	84	95	⇒	95	95	◎	90	98	⇒
Hong Kong, China					84						80		
Hungary	⇒	100	99	◂⊙	99	99	◎	99	99	◎	99	99	◎
Iceland	⇒		98	⊙	99	99	◎		99	⊙	99	99	◎
India	←	96	68	◂⊙	92	55	⇐	91	61	⇐	87	50	⇐
Indonesia	←	100	85	◂⊙	87	72	←	93	83	⇐	86	71	⇐
Iran, Islamic Rep.	⇒		99	⊙	91	99	⇒		99	⊙	85	99	⇒
Iraq A	←		75		83	76	←	50	67	→	83	63	⇐
Ireland B	II		90		65	86	→		86		78	77	←
Israel A	⇒				91	96	⇒		96	⊙	91	94	→
Italy A	⇒		81		83	95	⇒		96	⊙	43	70	→
Jamaica	←	100	88	◂⊙	86	84	←	93	84	⇐	69	96	⇒
Japan	→	93	91	←	87	71	←	94	97	⇒	66	94	⇒
Jordan A	⇒				92	97	⇒	96	97	⊙▸	87	94	→
Kazakhstan	⇒		99	⊙	80	98	⇒		99	⊙	95	99	⊙▸
Kenya	⇒	92	96	⇒	42	79	⇒	84	81	←	41	79	⇒
Kiribati B	←		70		97	78	◂⊙		77		75	62	←
Korea, Dem. Rep. B	←		64		98	37	◂⊙		77		98	34	◂⊙
Korea, Rep.	←	72	75	→	74	74	II	74	71	←	93	85	←
Kuwait A	←				94	94	II	98	94	◂⊙	98	96	◂⊙
Kyrgyzstan	→	97	98	→	99	98	◂⊙	84	98	⇒	99	97	◂⊙
Lao PDR B	⇒		63		18	56	⇒		64		32	71	⇒
Latvia	⇒	89	99	⇒	85	95	⇒	72	99	⇒	97	97	◎
Lebanon B	⇒				82	94	⇒		94		39	88	⇒
Lesotho	→	59	95	⇒	77	85	→	59	82	→	87	77	←
Liberia			43			23			25			35	
Libya A	⇒		97	⊙	62	94	⇒		94		59	92	⇒
Lithuania	⇒	96	99	⇒	76	93	⇒	88	88	II	89	97	⇒
Luxembourg A	⇒		59		90	98	⇒		98	⊙	80	91	→
Macao, China					83						57		
Macedonia, FYR	⇒	96	97	⊙▸		95	⊙	91	95	⇒		98	⊙
Madagascar	←	81	72	←	71	55	⇐	64	58	←	57	55	←
Malawi	←	99	84	◂⊙	87	84	←	98	74	◂⊙	81	83	→
Malaysia A	⇒		99	⊙	89	93	→		93		70	88	⇒
Maldives A	←		98	⊙	94	92	←		92		96	86	◂⊙
Mali	⇒	67	84	⇒	42	52	→	39	52	→	43	57	→
Malta B	II		91		63	92	⇒		92		80	60	⇐
Marshall Islands B	II		81		92	66	⇐		86		52	93	⇒
Mauritania B	→		75		33	40	→		44		38	62	→
Mauritius	←	87	86	←	85	85	II	89	85	←	76	79	→
Mexico	⇒	98	99	⊙▸	66	96	⇒	92	96	⇒	78	95	⇒
Micronesia, Fed. Sts. B	←		52		85	76	⇐		76		81	79	←
Moldova	→		99	⊙		97	⊙		98	⊙		99	⊙
Monaco	II		99	⊙	100	99	◂⊙		99	⊙	100	99	◂⊙
Mongolia	⇒	90	97	⇒	69	94	⇒	77	94	⇒	92	93	→
Morocco	→	93	93	II	81	91	→	87	91	→	79	90	→
Mozambique	→	78	84	→	46	61	→	55	56	→	59	57	←
Myanmar	→	83	88	→	69	83	→	77	87	→	68	85	→
Namibia	←	100	80	◂⊙	38	72	⇒	79	72	←	77	66	←
Nauru C	→		78			50			36			100	⊙
Nepal	→	61	86	⇒	80	76	←	62	70	→	68	73	→
Netherlands A	⇒				97	97	◎		97	⊙	94	96	⇒
New Zealand A	II	20			90	88	←	68	85	⇒	90	83	←
Nicaragua	⇒	89	99	⇒	66	83	→	84	93	⇒	82	99	⇒
Niger	→	32	47	→	22	28	→	20	41	→	25	36	→
Nigeria	←	46	54	→	56	26	⇐	35	25	←	48	41	←
Niue	→		100	⊙		100	⊙		100	⊙		100	⊙
Northern Mariana Islands					12								
Norway A	⇒		98	⊙	86	95	⇒		91		87	93	→

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Percentage of under-1 children totally immunised

	SUMMARY	TUBERCULOSIS (%)			DPT (%)			POLIO (%)			MEASLES (%)		
		1990 1994	1997 1999	PROGRESS OR REGRESSION	1990 1994	1997 1999	PROGRESS OR REGRESSION	1990 1994	1997 1999	PROGRESS OR REGRESSION	1990 1994	1997 1999	PROGRESS OR REGRESSION
Oman	⟶	96	98	⟶	98	99	⊙▸	97	99	⊙▸	98	99	⊙▸
Pakistan	←	78	78	II	83	56	⟵	66	58	←	76	54	⟵
Palau A	←				100	96	◂⊙		96	⊙	98	96	◂⊙
Panama	→	95	99	⟶	86	92	→	83	96	⟶	99	90	◂⊙
Papua New Guinea	←	91	70	⟵	67	56	←	66	45	⟵	66	58	←
Paraguay	←	97	72	◂⊙	79	66	←	83	65	⟵	70	92	→
Peru	⟶	91	97	⟶	72	93	→	87	92	→	64	93	⟶
Philippines	←	89	87	←	88	79	⟵	88	79	⟵	85	79	←
Poland	⟶		96	⊙	96	98	⊙▸		98	⊙	95	97	⊙▸
Portugal	→	92	88	⟵	89	97	⟶	92	96	⟶	85	96	⟶
Qatar A	→		99	⊙	82	92	→		92		79	87	→
Romania	⟶		99	⊙	96	97	⊙▸		98	⊙	92	98	⟶
Russian Federation	⟶	87	96	⟶	60	95	⟶	82	97	⟶	81	97	⟶
Rwanda	⟶	32	94	⟶	57	85	⟶	23	85	⟶	55	87	⟶
St. Kitts and Nevis	II		99	⊙	100	99	◂⊙		99	⊙	100	99	◂⊙
St. Lucia A	→		99	⊙	91	89	←		89		83	95	⟶
St. Vincent and Grenadines A	→		99	⊙		95	⊙		99	⊙		87	
Samoa	⟶		99	⊙	90	98	⟶		98	⊙	89	91	→
San Marino	→		97	⊙		98	⊙		100	⊙		96	⊙
Sao Tomé and Principe B	⟵		80		92	73	⟵		72		71	59	⟵
Saudi Arabia	⟶		99	⊙	92	96	⟶		96	⊙	88	94	→
Senegal	→	71	90	⟶	66	60	←	55	60	→	57	60	→
Seychelles	⟶		99	⊙	99	99	◎		99	⊙	86	99	⟶
Sierra Leone	←	60	73	→	83	46	⟵	43	61	→	75	62	←
Singapore	⟶	98	98	◎	85	94	⟶	92	95	→	84	93	→
Slovakia	⟶		96	⊙	99	99	◎		99	⊙	99	99	◎
Slovenia B	→		96	⊙		92			93			98	⊙
Solomon Islands A	⟶		99	⊙	77	86	→		84		70	96	⟶
Somalia	←	48	39	←	18	18	II	23	18	←	30	26	←
South Africa A	→		97	⊙	74	76	→		72		79	82	→
Spain B	II				93	94	→		94		97	93	◂⊙
Sri Lanka	⟶	86	97	⟶	86	99	⟶	88	99	⟶	80	95	⟶
Sudan	←	78	65	←	62	50	←	70	50	←	57	53	←
Suriname B	⟶				83	85	→		84		65	85	⟶
Swaziland	→		97	⊙	89	99	⟶		97	⊙	86	82	←
Sweden A	⟶		13		99	99	◎		99	⊙	95	96	⊙▸
Switzerland B	II				90	94	⟶		92		90	81	⟵
Syrian Arab Republic A	⟶		95	⊙	90	94	⟶		94		87	97	⟶
Tajikistan	II	69	98	⟶	94	81	←	74	84	→	91	79	⟵
Tanzania B	←		87		78	76	←		74		79	72	←
Thailand	⟶	98	98	◎	85	97	⟶	93	97	⟶	70	96	⟶
Togo	←	73	76	→	77	41	⟵	71	47	⟵	65	43	⟵
Tonga A	→		100	⊙	94	94	II		94		86	97	⟶
Trinidad and Tobago A	⟶				89	90	→	85	90	→	79	91	⟶
Tunisia	→	80	97	⟶	91	96	⟶	97	96	◂⊙	88	84	←
Turkey	→	72	89	→	74	79	→	81	79	←	67	80	→
Turkmenistan	⟶	94	99	⟶	79	98	⟶	92	98	⟶	80	97	⟶
Tuvalu C	→		100	⊙		84			83			94	
Uganda	←	100	83	◂⊙	77	55	⟵	79	55	⟵	74	53	⟵
Ukraine	⟶	89	99	⟶	79	99	⟶	91	98	⟶	89	99	⟶
United Arab Emirates A	⟶		98	⊙	89	94	→		94		78	95	⟶
United Kingdom A	→		99	⊙	85	93	→		93		89	91	→
United States of America B	⟶					96	⊙	79	91	⟶		92	
Uruguay	→	99	99	◎	97	93	◂⊙	88	93	→	97	93	◂⊙
Uzbekistan	⟶	89	98	⟶	79	99	⟶	51	99	⟶	85	96	⟶
Vanuatu A	⟶		99	⊙	76	93	⟶		87		66	94	⟶
Venezuela	⟶	95	97	⊙▸	61	77	→	73	87	⟶	61	82	→
Viet Nam	→	95	95	◎	85	93	⟶	94	93	←	85	93	→
Yemen B	←		78		89	72	⟵		72		74	74	II
Yugoslavia A	→		99	⊙		95	⊙		98	⊙		84	
Zambia	II	100	94	◂⊙	71	84	→	88	85	←	68	90	→
Zimbabwe B	→		88		78	81	→		81		76	79	→

A: Countries with summary based on three indicators.

B: Countries with summary based on two indicators.

C: Countries with summary based on one indicator.

Source: The State of the World's Children 1996, UNICEF, for 1990-94 data; UNICEF Website 2002 (http://www.childinfo.org/), for 1997-99 data.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
◎ Goal already met at the starting point
⊙ Countries with no starting point data. Met the goal by 2000
⊙▸ Countries with goal met before the starting point still progressing
◂⊙ Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
II Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 11: To reduce adult illiteracy to at least one half of the 1990 level

Illiteracy rate

	1990 (%)	2000 (%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average	**28.8**	**22.4**		
Albania	23.0	15.3	→	11.5
Algeria	47.4	33.3	→	23.7
Argentina	4.3	3.2	→	2.1
Armenia	2.5	1.6	→	1.3
Bahamas	5.6	4.6	→	2.8
Bahrain	17.8	12.4	→	8.9
Bangladesh	65.0	58.7	→	32.5
Belarus	0.7	0.4	→	0.4
Belize	10.9	6.8	→	5.4
Benin	73.6	62.6	→	36.8
Bolivia	21.8	14.5	→	10.9
Botswana	31.9	22.8	→	15.9
Brazil	19.1	14.8	→	9.5
Brunei Darussalam	14.5	8.5	→	7.2
Bulgaria	2.8	1.6	→	1.4
Burkina Faso	83.6	76.1	→	41.8
Burundi	63.0	52.0	→	31.5
Cambodia	38.3	32.2	→	19.2
Cameroon	37.5	24.2	→	18.8
Cape Verde	36.2	26.2	→	18.1
Central African Republic	66.7	53.3	→	33.4
Chad	72.3	57.4	→	36.2
Chile	5.9	4.2	→	3.0
China	23.1	15.9	→	11.5
Colombia	11.5	8.3	→	5.7
Comoros	46.2	44.1	→	23.1
Congo, Dem. Rep.	52.5	38.6	→	26.3
Congo, Rep.	32.9	19.3	→	16.4
Costa Rica	6.1	4.4	→	3.0
Côte d'Ivoire	66.7	53.2	→	33.4
Croatia	3.1	1.7	→	1.6
Cuba	4.8	3.3	→	2.4
Cyprus	5.7	2.9	→	2.8
Djibouti	47.0	35.4	→	23.5
Dominican Republic	20.6	16.4	→	10.3
Ecuador	12.3	8.4	→	6.2
Egypt	52.9	44.7	→	26.5
El Salvador	27.5	21.3	→	13.8
Equatorial Guinea	26.7	16.8	→	13.4
Eritrea	53.6	44.3	→	26.8
Ethiopia	71.3	60.9	→	35.6
Fiji	11.4	7.1	→	5.7
Gambia	74.4	63.4	→	37.2
Ghana	41.6	28.5	→	20.8
Greece	5.1	2.8	→	2.5
Guatemala	38.9	31.4	→	19.5
Guinea-Bissau	72.8	61.5	→	36.4
Guyana	2.8	1.5	→	1.4
Haiti	60.3	50.2	→	30.2
Honduras	31.5	25.4	→	15.7
Hong Kong, China	10.0	6.5	→	5.0
Hungary	0.9	0.7	→	0.5
India	50.7	42.8	→	25.3
Indonesia	20.4	13.1	→	10.2
Iran, Islamic Rep.	36.5	23.7	→	18.3
Iraq	54.7	44.1	→	27.4
Israel	9.2	5.4	→	4.6
Italy	2.3	1.6	→	1.2
Jamaica	17.9	13.1	→	9.0
Jordan	19.0	10.3	→	9.5
Kenya	29.2	17.6	→	14.6
Korea, Rep.	4.1	2.2	→	2.1
Kuwait	23.3	18.0	→	11.6
Lao PDR	63.8	51.3	→	31.9
Latvia	0.2	0.2	II	0.1
Lebanon	19.7	14.0	→	9.8
Lesotho	22.1	16.6	→	11.0
Liberia	60.6	46.0	→	30.3
Libya	31.9	20.0	→	15.9
Lithuania	0.7	0.4	→	0.3
Macao, China	9.5	6.2	→	4.7
Madagascar	42.0	33.5	→	21.0
Malawi	48.2	39.9	→	24.1
Malaysia	19.2	12.5	→	9.6
Maldives	5.5	3.3	→	2.7
Mali	74.4	58.5	→	37.2
Malta	11.5	8.0	→	5.8
Mauritania	65.2	59.8	→	32.6
Mauritius	20.1	15.5	→	10.1
Mexico	12.1	8.6	→	6.1
Moldova	2.5	1.1	⟶	1.3
Mongolia	1.8	1.1	→	0.9
Morocco	61.3	51.1	→	30.7
Mozambique	66.5	56.0	→	33.3
Myanmar	19.3	15.3	→	9.6
Namibia	25.1	18.0	→	12.6
Nepal	69.5	58.2	→	34.8
Netherlands Antilles	4.4	3.5	→	2.2
Nicaragua	37.2	33.5	→	18.6
Niger	88.6	84.1	→	44.3
Nigeria	51.4	36.1	→	25.7
Oman	45.3	28.3	→	22.7
Pakistan	64.6	56.8	→	32.3
Panama	11.0	8.1	→	5.5
Papua New Guinea	43.4	36.1	→	21.7
Paraguay	9.7	6.7	→	4.8
Peru	14.5	10.1	→	7.2
Philippines	7.6	4.7	→	3.8
Poland	0.4	0.3	→	0.2
Portugal	12.7	7.8	→	6.4
Puerto Rico	8.5	6.2	→	4.2
Qatar	23.0	18.8	→	11.5
Romania	3.0	1.9	→	1.5
Russian Federation	0.8	0.4	→	0.4
Rwanda	46.7	33.2	→	23.4
Samoa	24.8	19.8	→	12.4
Saudi Arabia	33.7	23.7	→	16.9
Senegal	71.7	62.7	→	35.8
Singapore	11.1	7.7	→	5.6
Slovenia	0.4	0.4	→	0.2
South Africa	18.8	14.7	→	9.4
Spain	3.7	2.4	→	1.9
Sri Lanka	11.3	8.4	→	5.6
Sudan	54.0	42.2	→	27.0
Swaziland	28.4	20.4	→	14.2
Syrian Arab Republic	35.2	25.6	→	17.6
Tajikistan	1.8	0.8	⟶	0.9
Tanzania	37.0	24.9	→	18.5
Thailand	7.6	4.5	→	3.8
Togo	55.7	42.8	→	27.9
Trinidad and Tobago	8.6	6.2	→	4.3
Tunisia	40.9	29.0	→	20.4
Turkey	22.1	14.9	→	11.0
Uganda	43.9	32.9	→	21.9
Ukraine	0.6	0.4	→	0.3
United Arab Emirates	28.8	23.7	→	14.4
Uruguay	3.4	2.3	→	1.7
Uzbekistan	1.4	0.8	→	0.7
Venezuela	11.0	7.4	→	5.5
Viet Nam	9.5	6.6	→	4.7
Yemen	67.3	53.7	→	33.7
Zambia	31.9	21.9	→	15.9
Zimbabwe	19.3	11.3	→	9.7

Source: World Development Indicators 2002, World Bank.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
Goal already met at the starting point
Countries with no starting point data. Met the goal by 2000
Countries with goal met before the starting point still progressing
Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
II Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

COMMITMENT 12A: To provide access to safe drinking water and adequate sanitation for all

Percentage of population with access to sanitation

	1990 (%)	2000 (%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average	**68**	**73**		
Argentina [B]	82	85	→	100
Australia	100	100	◎	100
Austria	100	100	◎	100
Bangladesh	41	48	→	100
Barbados [A]	100	100	◎	100
Benin	20	23	→	100
Bolivia	52	70	→	100
Botswana	60	66	→	100
Brazil	71	76	→	100
Burkina Faso [A]	24	29	→	100
Burundi	87	88	→	100
Cameroon	77	79	→	100
Canada	100	100	◎	100
Central African Republic	24	25	→	100
Chad	18	29	→	100
Chile	97	96	◂⊙	100
China	17	40	→	100
Colombia	83	86	→	100
Comoros	98	98	◎	100
Côte d'Ivoire	46	52	→	100
Cyprus	100	100	◎	100
Dominican Republic	66	67	→	100
Ecuador	70	86	→	100
Egypt	87	98	→	100
El Salvador	73	82	→	100
Ethiopia	8	12	→	100
Finland	100	100	◎	100
Ghana	61	72	→	100
Guatemala	70	81	→	100
Guinea	55	58	→	100
Guinea-Bissau	44	56	→	100
Haiti	23	28	→	100
Honduras	61	75	→	100
Hungary	99	99	◎	100
India	16	28	→	100
Indonesia	47	55	→	100
Iran, Islamic Rep. [A]	81	83	→	100
Jamaica	99	99	◎	100
Jordan	98	99	⊙▸	100
Kenya	80	87	→	100
Libya	97	97	◎	100
Madagascar	36	42	→	100
Malawi	73	76	→	100
Mali	70	69	←	100
Malta	100	100	◎	100
Mauritania	30	33	→	100
Mauritius	100	99	◎	100
Mexico	70	74	→	100
Morocco	58	68	→	100
Myanmar [A]	45	64	→	100
Namibia	33	41	→	100

	1990 (%)	2000 (%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average	**68**	**73**		
Nepal	20	28	→	100
Netherlands	100	100	◎	100
Nicaragua	76	85	→	100
Niger	15	20	→	100
Nigeria	53	54	→	100
Oman	84	92	→	100
Pakistan	36	62	→	100
Papua New Guinea	82	82	II	100
Paraguay	93	94	→	100
Peru	60	71	→	100
Philippines	74	83	→	100
Senegal	57	70	→	100
Singapore	100	100	◎	100
South Africa	86	87	→	100
Sri Lanka	85	94	→	100
Sudan	58	62	→	100
Sweden	100	100	◎	100
Switzerland	100	100	◎	100
Tanzania	84	90	→	100
Thailand	79	96	→	100
Togo	37	34	←	100
Trinidad and Tobago	99	99	◎	100
Tunisia	76	84	→	100
Turkey	87	90	→	100
Uganda [A]	84	79	←	100
United Kingdom	100	100	◎	100
United States of America	100	100	◎	100
Viet Nam	29	47	→	100
Yemen	32	38	→	100
Zambia	63	78	→	100
Zimbabwe	56	62	→	100
COUNTRIES WITH NO STARTING POINT DATA				
Afghanistan		12		100
Albania		91		100
Algeria		92		100
Andorra		100	⊙	100
Angola		44		100
Antigua and Barbuda		95	⊙	100
Azerbaijan		81		100
Bahamas		100	⊙	100
Belize		50		100
Bhutan		70		100
Bulgaria		100	⊙	100
Cambodia		17		100
Cape Verde		71		100
Channel Islands [B]		100	⊙	100
Congo, Dem. Rep.		21		100
Costa Rica		93		100
Croatia [B]		100	⊙	100
Cuba		98	⊙	100

	1990 (%)	2000 (%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average	**68**	**73**		
Djibouti		91		100
Dominica		83		100
Equatorial Guinea		53		100
Eritrea		13		100
Fiji		43		100
French Polynesia [B]		98	⊙	100
Gabon		53		100
Gambia		37		100
Georgia		100	⊙	100
Grenada		97	⊙	100
Guyana		87		100
Iraq		79		100
Kazakhstan		99	⊙	100
Kiribati		48		100
Korea, Dem. Rep.		99	⊙	100
Korea, Rep.		63		100
Kyrgyzstan		100	⊙	100
Lao PDR		30		100
Lebanon		99	⊙	100
Lesotho		49		100
Macedonia, FYR [B]		99	⊙	100
Maldives		56		100
Moldova		99	⊙	100
Monaco		100	⊙	100
Mongolia		30		100
Mozambique		43		100
Palau		100	⊙	100
Panama		92		100
Romania		53		100
Rwanda		8		100
Samoa		99	⊙	100
Saudi Arabia		100	⊙	100
Sierra Leone		66		100
Slovakia		100	⊙	100
Solomon Islands		34		100
St. Kitts and Nevis		96	⊙	100
St. Lucia		89		100
St. Vincent and Grenadines		96	⊙	100
Suriname		93		100
Syrian Arab Republic		90		100
Tajikistan		90		100
Turkmenistan [B]		100	⊙	100
Ukraine		99	⊙	100
Uruguay		94		100
Uzbekistan		89		100
Vanuatu		100	⊙	100
Venezuela		68		100
West Bank and Gaza		100	⊙	100
Yugoslavia		100	⊙	100

Source: UN Statistical Division Website (http://www.un.org/depts/unsd/), except for (A) World Development Indicators 2002, World Bank, for 1990 data and (B) World Development Indicators 2002, World Bank, for 2000 data.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
◎ Goal already met at the starting point
⊙ Countries with no starting point data. Met the goal by 2000
⊙▸ Countries with goal met before the starting point still progressing
◂⊙ Countries with goal met before the starting point but going backwards

← Significant regression
← Some regression
II Stagnation
→ Some progress
→ Significant progress or goal already achieved

COMMITMENT 12B: To provide access to safe drinking water and adequate sanitation for all

Percentage of population with access to improved water sources

	1990 (%)	2000 (%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average	**75**	**80**		
Argentina [B]	94	79	⟵	100
Australia	100	100	⊚	100
Austria	100	100	⊚	100
Bangladesh	94	97	⟶	100
Barbados [A]	100	100	⊚	100
Bolivia	71	83	→	100
Botswana	93	95	⟶	100
Brazil	83	87	→	100
Burkina Faso [A]	53	42	←	100
Burundi	69	78	→	100
Cameroon	51	58	→	100
Canada	100	100	⊚	100
Central African Republic	48	70	→	100
Chile	90	93	→	100
China	71	75	→	100
Colombia	94	91	←	100
Comoros	88	96	⟶	100
Côte d'Ivoire	80	81	→	100
Cyprus	100	100	⊚	100
Dominica [A]	97	97	⊚	100
Dominican Republic	83	86	→	100
Ecuador	71	85	→	100
Egypt	94	97	⟶	100
El Salvador	66	77	→	100
Ethiopia	25	24	←	100
Finland	100	100	⊚	100
Ghana	53	73	→	100
Guatemala	76	92	→	100
Guinea	45	48	→	100
Haiti	53	46	←	100
Honduras	83	88	→	100
Hungary	99	99	⊚	100
India	68	84	→	100
Indonesia	71	78	→	100
Iran, Islamic Rep. [A]	86	92	→	100
Jamaica	93	92	←	100
Jordan	97	96	◄⊙	100
Kenya	45	57	→	100
Libya	71	72	→	100
Madagascar	44	47	→	100
Malawi	49	57	→	100
Mali	55	65	→	100
Malta	100	100	⊚	100
Mauritania	37	37	II	100
Mauritius	100	100	⊚	100
Mexico	80	88	→	100
Morocco	75	80	→	100
Myanmar [A]	64	72	→	100
Namibia	72	77	→	100
Nepal	67	88	→	100
Netherlands	100	100	⊚	100
Nicaragua	70	77	→	100
Niger	53	59	→	100

	1990 (%)	2000 (%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average	**75**	**80**		
Nigeria	53	62	→	100
Norway	100	100	⊚	100
Oman	37	39	→	100
Pakistan	83	90	→	100
Papua New Guinea	40	42	→	100
Paraguay	63	78	→	100
Peru	74	80	→	100
Philippines	87	86	←	100
Senegal	72	78	→	100
Singapore	100	100	⊚	100
Slovenia	100	100	⊚	100
South Africa	86	86	II	100
Sri Lanka	68	77	→	100
Sudan	67	75	→	100
Sweden	100	100	⊚	100
Switzerland	100	100	⊚	100
Tanzania	38	68	→	100
Thailand	80	84	→	100
Togo	51	54	→	100
Trinidad and Tobago	91	90	←	100
Tunisia	75	80	→	100
Turkey	79	82	→	100
Uganda	45	52	→	100
United Kingdom	100	100	⊚	100
United States of America	100	100	⊚	100
Viet Nam	55	77	→	100
Yemen [A]	66	69	→	100
Zambia	52	64	→	100
Zimbabwe	78	83	→	100
COUNTRIES WITH NO 1990 DATA				
Afghanistan		13		100
Albania		97	⊙	100
Algeria		89		100
Andorra		100	⊙	100
Angola		38		100
Antigua and Barbuda		91		100
Aruba [B]		100	⊙	100
Azerbaijan		78		100
Bahamas		97	⊙	100
Belarus		100	⊙	100
Belize		92		100
Benin		63		100
Bhutan		62		100
Bulgaria		100	⊙	100
Cambodia		30		100
Cape Verde		74		100
Chad		27		100
Channel Islands [B]		100	⊙	100
Congo, Dem. Rep.		45		100
Congo, Rep.		51		100
Costa Rica		95	⊙	100
Croatia [B]		95	⊙	100

	1990 (%)	2000 (%)	PROGRESS OR REGRESSION	GOAL 2000 (%)
Average	**75**	**80**		
Cuba		91		100
Denmark		100	⊙	100
Djibouti		100	⊙	100
Equatorial Guinea		44		100
Eritrea		46		100
Fiji		47		100
French Polynesia [B]		100	⊙	100
Gabon		86		100
Gambia		62		100
Georgia		79		100
Grenada		95	⊙	100
Guinea-Bissau		56		100
Guyana		94		100
Iraq		85		100
Kazakhstan		91		100
Kiribati		48		100
Korea, Dem. Rep.		100	⊙	100
Korea, Rep.		92		100
Kyrgyzstan		77		100
Lao PDR		37		100
Lebanon		100	⊙	100
Lesotho		78		100
Macedonia, FYR [B]		99	⊙	100
Maldives		100	⊙	100
Moldova		92		100
Monaco		100	⊙	100
Mongolia		60		100
Mozambique		57		100
Palau		79		100
Panama		90		100
Romania		58		100
Russian Federation		99	⊙	100
Rwanda		41		100
Samoa		99	⊙	100
Saudi Arabia		95	⊙	100
Sierra Leone		57		100
Slovakia		100	⊙	100
Solomon Islands		71		100
St. Kitts and Nevis		98	⊙	100
St. Lucia		98	⊙	100
St. Vincent and Grenadines		93		100
Suriname		82		100
Syrian Arab Republic		80		100
Tajikistan		60		100
Tonga		100	⊙	100
Turkmenistan [B]		58		100
Ukraine		98	⊙	100
Uruguay		98	⊙	100
Uzbekistan		85		100
Vanuatu		88		100
Venezuela		83		100
West Bank and Gaza		86		100
Yugoslavia		98	⊙	100

Source: UN Statistical Division Website (http://www.un.org/depts/unsd/), except for (A) World Development Indicators 2002, World Bank, for 1990 data and (B) World Development Indicators 2002, World Bank, for 2000 data.

COUNTRIES IN BLUE: Countries with starting point above average
COUNTRIES IN GREY: Countries with starting point below average
⊚ Goal already met at the starting point
⊙ Countries with no starting point data. Met the goal by 2000
⊙► Countries with goal met before the starting point still progressing
◄⊙ Countries with goal met before the starting point but going backwards

⟵ Significant regression
← Some regression
II Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

PROGRESS OR REGRESSIONS IN THE FULFILMENT OF THE COPENHAGEN GOALS

	BASIC EDUCATION	CHILDREN'S HEALTH	FOOD SECURITY & CHILD NUTRITION	REPRODUCTIVE HEALTH	HEALTH & LIFE EXPECTANCY	SAFE WATER & SANITATION
Afghanistan		→	⟵		→	
Albania	○	→	⟶	○	⊙▶	○
Algeria	⟶	II	→		○	
Andorra					○	○
Angola		←	←	→	→	
Antigua and Barbuda		⟶	←	⟶	⊙▶	○
Argentina	○	→	⟶	⊙▶	⊙▶	←
Armenia		→		○	⊙▶	
Aruba	○				⊙▶	○
Australia	◀⊙	→	◀⊙	⊙▶	⊙▶	◉
Austria	←	⟶	⊙▶	⊙▶	⊙▶	◉
Azerbaijan		→			⊙▶	
Bahamas	◀⊙	→	⟵	◉	⊙▶	○
Bahrain	◉	→	←	→	◉	
Bangladesh	→	→	→	←	→	→
Barbados	→	→	◀⊙	◀⊙	⊙▶	◉
Belarus		→		⊙▶	◀⊙	○
Belgium	⊙▶	→	⊙▶	◉	⊙▶	
Belize	→	→	⟶	→	○	
Benin	→	→	→	→	←	→
Bermuda			⟶			
Bhutan	○	→	⟶	→	→	
Bolivia	⟶	→	→	→	⟶	→
Bosnia and Herzegovina		→		○	⊙▶	
Botswana	←	←	←	→	⟵	→
Brazil	→	⟶	→	⟶	⊙▶	→
British Virgin Islands				⊙▶		
Brunei Darussalam	II	⟶	→	◉	⊙▶	
Bulgaria	⟶	II	◀⊙	◉	⊙▶	○
Burkina Faso	II	→	→	II	←	II
Burundi		→	⟵		←	→
Cambodia	II	←	⟶	←	→	
Cameroon		←	II	II	→	→
Canada	⊙▶	⟶	⟶	◉	⊙▶	◉
Cape Verde	◉	→	⟶	⟶	⊙▶	
Cayman Islands		⟶				
Central African Republic	II	←	→	→	→	→
Chad	→	→	⟶	→	→	→
Channel Islands					⊙▶	○
Chile	→	⟶	⟶	⊙▶	⊙▶	II
China	◉	→	⟶	⟵	⊙▶	→
Colombia	→	→	→	→	←	II
Comoros	⟶	II	←	II	⟶	→
Congo, Dem. Rep.	→	←	⟵		←	
Congo, Rep.	⟵	II	→		→	
Cook Islands		→		○		
Costa Rica	→	→	←	⊙▶	⊙▶	○
Côte d'Ivoire	→	←	→	→	←	→
Croatia	←	⟶	→	○	⊙▶	○
Cuba	⟶	⟶	⟵	⊙▶		○
Cyprus	◀⊙	⟶	◀⊙	⊙▶	⊙▶	◉
Czech Republic	→	⟶	◀⊙	○	⊙▶	

◉ **Goal already met at the starting point**
○ **Countries with no starting point data. Met the goal by 2000**
⊙▶ **Countries with goal met before the starting point still progressing**
◀⊙ **Countries with goal met before the starting point but going backwards**

⟵ **Significant regression**
← **Some regression**
II **Stagnation**
→ **Some progress**
⟶ **Significant progress or goal already achieved**

PROGRESS OR REGRESSIONS IN THE FULFILMENT OF THE COPENHAGEN GOALS

	BASIC EDUCATION	CHILDREN'S HEALTH	FOOD SECURITY & CHILD NUTRITION	REPRODUCTIVE HEALTH	HEALTH & LIFE EXPECTANCY	SAFE WATER & SANITATION
Denmark	⊙▸	⟶	⟶	⊙	⊙▸	⊙
Djibouti	←	II	→		←	⊙
Dominica	⊙	→	←	⊙▸	⊙▸	⊚
Dominican Republic	⊙	→	→	⟶	⊙▸	→
Ecuador	⟶	⟶	→	⟶	⊙▸	→
Egypt	→	⟶	→	→	⊙▸	→
El Salvador	→	⟶	→	→	⊙▸	→
Equatorial Guinea		→		⟶	→	
Eritrea	→	→	←	⟶	→	
Estonia	⟶	→		⊚	⊙▸	
Ethiopia	←	→	→	→	←	II
Fiji	◂⊙	→	⟶	⊚	⊙▸	
Finland	⊙▸	→	⟶	⊙▸	⊙▸	⊚
France	⊙▸	⟶	⊙▸	⊙▸	⊙▸	
French Polynesia	◂⊙		→		⊙▸	⊙
Gabon	⟵	←	⟶	→	←	
Gambia	II	→	→		→	
Georgia	→	→		⊙▸	⊙▸	⊙
Germany	→	→	⊙▸	⊙	⊙▸	
Ghana		→	→	→	←	→
Greece	→	⟶	⊙▸		⊙▸	
Greenland					⊙▸	
Grenada		→	⟶	⟶	⊙	⊙
Guam					⊙▸	
Guatemala	→	→	←	→	II	→
Guinea	→	→	⟶	→	→	→
Guinea-Bissau	→	→	⟵	→	→	→
Guyana	⟶	→	⟶		◂⊙	
Haiti	⟶	→	→	→	→	II
Honduras	→	⟶	II	→	→	→
Hong Kong, China					⊙▸	
Hungary	←	⟶	◂⊙		⊙▸	⊚
Iceland	⊙▸	→	⟶		⊙▸	
India	←	→	→	II	⟶	→
Indonesia	⊚	→	→	→	⟶	→
Iran, Islamic Rep.	⊚	⟶	→	→	⟶	→
Iraq	←	⟵	←	→	←	
Ireland	←	→	◂⊙	⊙▸	⊙▸	
Israel	⊙	⟶	⊙▸	⊚	⊙▸	
Italy	◂⊙	⟶	⊙▸	⊚	⊙▸	
Jamaica	◂⊙	←	→	→	⊙▸	←
Japan	⊙▸	→	←	⊚	⊙	
Jordan	II	→	←	⟶	⟶	⊚
Kazakhstan		II		⊙	◂⊙	⊙
Kenya		II	→	⟵	⟵	→
Kiribati	◂⊙	→	⟶	→	⟶	
Korea, Dem. Rep.		→	⟵	⊚	◂⊙	⊙
Korea, Rep.	◂⊙	→	→	⊙▸	⊙▸	
Kuwait	→	→	⟶	→	⊙▸	
Kyrgyzstan		→		⊙	◂⊙	⊙
Lao PDR	→	→	→	II	→	
Latvia	→	II			⊙▸	

⊚ Goal already met at the starting point
⊙ Countries with no starting point data. Met the goal by 2000
⊙▸ Countries with goal met before the starting point still progressing
◂⊙ Countries with goal met before the starting point but going backwards
⟵ Significant regression
← Some regression
II Stagnation
→ Some progress
⟶ Significant progress or goal already achieved

PROGRESS OR REGRESSIONS IN THE FULFILMENT OF THE COPENHAGEN GOALS

	BASIC EDUCATION	CHILDREN'S HEALTH	FOOD SECURITY & CHILD NUTRITION	REPRODUCTIVE HEALTH	HEALTH & LIFE EXPECTANCY	SAFE WATER & SANITATION
Lebanon	⊙	→	⟵		⊙	⊙
Lesotho	←	→	→	→	←	
Liberia		ǁ	←		→	
Libya		⟶	⊙▸	⟶	⊚	→
Lithuania		→			⊙▸	
Luxembourg	⟶	⟶		⊚	⊙▸	
Macao, China					⊙▸	
Macedonia, FYR	ǁ	⟶		⟶	⊙▸	⊙
Madagascar	ǁ	→	ǁ	←	←	→
Malawi	←	→	→	→	→	→
Malaysia	⊙▸	⟶	→	◂⊙	⊙▸	
Maldives	⊙	→	→	⟶	←	⊙
Mali	→	→	ǁ	→	←	ǁ
Malta	⊙▸	→	⊙▸	⊚	⊙▸	⊚
Marshall Islands		→			⊙	
Mauritania	←	→	⟶	→	→	→
Mauritius	ǁ	→	⟶	⊙▸	⊙▸	⊚
Mexico	⟶	⟶	⟶	→	→	→
Micronesia, Fed. Sts.		→			ǁ	
Moldova		→		⊙	◂⊙	⊙
Monaco		ǁ				⊙
Mongolia	→	→	⟵	◂⊙	⊚	
Morocco	⊙	⟶	ǁ	ǁ	⊙▸	→
Mozambique	→	→	→	→	ǁ	
Myanmar		→	→	←	→	→
Namibia	→	→	⟶	→	⟵	→
Nauru		→				
Nepal		→	ǁ	→	→	→
Netherlands	⊙▸	⟶	⊙▸	⊚	⊙▸	⊚
Netherlands Antilles	⊙		⟶		⊙▸	
New Caledonia	⊙▸		⟵		⊙▸	
New Zealand	⊚	→	⊙▸	→	⊙▸	
Nicaragua	→	→	←	ǁ	⊙▸	→
Niger	←	→	ǁ	→	→	→
Nigeria		→	→	←	⟵	→
Niue		→		⊙		
Norway	⊙▸	⟶	⟶	⊚	⊙▸	⊚
Oman	←	⟶	→	←	⟶	→
Pakistan		→	→	→	⟶	→
Palau		→		⊙	⊙	⊙
Panama	⟶	→	ǁ	→	←	
Papua New Guinea	→	←	←	→	→	→
Paraguay	ǁ	→	ǁ	→	⊙▸	→
Peru	→	⟶	→	→	⊙▸	→
Philippines	⊙▸	→	→	→	⊙▸	ǁ
Poland	◂⊙	⟶	⊙▸	⊚	⊙▸	
Portugal	⊙▸	⟶	⊙▸	⊚	⊙▸	
Puerto Rico					⊙▸	
Qatar	⟶	⟶		⊙▸	⊙▸	
Romania	→	→	⟶	⊙	⊙▸	
Russian Federation	◂⊙	→	⟶	⊙	◂⊙	⊙
Rwanda	ǁ	→	→	→	←	

⊚ **Goal already met at the starting point**
⊙ **Countries with no starting point data. Met the goal by 2000**
⊙▸ **Countries with goal met before the starting point still progressing**
◂⊙ **Countries with goal met before the starting point but going backwards**

⟵ **Significant regression**
← **Some regression**
ǁ **Stagnation**
→ **Some progress**
⟶ **Significant progress or goal already achieved**

PROGRESS OR REGRESSIONS IN THE FULFILMENT OF THE COPENHAGEN GOALS

	BASIC EDUCATION	CHILDREN'S HEALTH	FOOD SECURITY & CHILD NUTRITION	REPRODUCTIVE HEALTH	HEALTH & LIFE EXPECTANCY	SAFE WATER & SANITATION
Samoa	◂⊙	⟶			⊙▸	⊙
San Marino	◉	⟶			⊙	
Sao Tomé and Principe		II	→		⊙▸	
Saudi Arabia	II	⟶	⟵	→	⟶	⊙
Senegal	II	→	II	→	→	→
Seychelles	⊙▸	→	→	◉	⊙▸	
Sierra Leone		→	II		→	
Singapore	◂⊙	⟶		◉	⊙▸	◉
Slovakia		⟶			⊙▸	⊙
Slovenia	←	⟶		⊙	⊙▸	◉
Solomon Islands	◂⊙	→	⟶	II	⊙▸	
Somalia		←	←		→	
South Africa	⊙	←	←		◂⊙	→
Spain	◂⊙	→	⊙▸		⊙▸	
Sri Lanka	⊙▸	→	→	→	⊙▸	→
St. Kitts and Nevis		→	⟶	⊙▸	⊙▸	⊙
St. Lucia	⊙▸	→	⟶	⊙▸	⊙▸	⊙
St. Vincent and Grenadines		→	⟶	⟶	⊙▸	⊙
Sudan	◂⊙	→	⟶	⟶	→	→
Suriname	◉	→	⟶	→	⊙▸	
Swaziland	→	←	→	II	⟵	
Sweden	◉	⟶	⟶	◉	⊙▸	◉
Switzerland	⟶	→	◂⊙	◉	⊙▸	◉
Syrian Arab Republic	◂⊙	⟶	⟵	→	⟶	
Tajikistan		→			◂⊙	
Tanzania	→	←	←	←	←	→
Thailand	⊙	→	→	⟶	⟶	→
Togo	→	→	←	→	←	II
Tonga	⊙▸	→		◂⊙	⊙▸	⊙
Trinidad and Tobago	→	→	⟶	⊙▸	⊙▸	←
Tunisia	⟶	⟶	⟶	→	⊙▸	→
Turkey	→	⟶	II	→	⊙▸	→
Turkmenistan		→		⊙	⊙▸	⊙
Tuvalu	⊙	→		⊙		
Uganda	⊙	→	II	II	⟵	II
Ukraine		→		◉	◂⊙	⊙
United Arab Emirates	II	⟶	⟶	→	⊙	
United Kingdom	⊙▸	→	⊙▸		⊙▸	◉
United States of America	◂⊙	→	⊙▸	◉	⊙▸	◉
Uruguay	II	→	→	⟶	⊙▸	⊙
Uzbekistan		II		⊙	⊙▸	
Vanuatu	⟶	⟶	←	⟶	⊙▸	⊙
Venezuela	→	→	II	◂⊙	⊙▸	
Viet Nam	⊙	→	→	←	⊙▸	→
Virgin Islands (U.S.)					⊙▸	
West Bank and Gaza	⊙▸	→		⊙	⊙	⊙
Yemen		→	II	→	→	→
Yugoslavia	←	→	◂⊙	→	⊙▸	⊙
Zambia	⟵	←	←	→	⟵	→
Zimbabwe	◂⊙	←	II	→	⟵	→

- ◉ **Goal already met at the starting point**
- ⊙ **Countries with no starting point data. Met the goal by 2000**
- ⊙▸ **Countries with goal met before the starting point still progressing**
- ◂⊙ **Countries with goal met before the starting point but going backwards**
- ⟵ **Significant regression**
- ← **Some regression**
- II **Stagnation**
- → **Some progress**
- ⟶ **Significant progress or goal already achieved**

GENDER GAP EVOLUTION

	ILLITERACY (15-24 YEARS)	UNEMPLOYMENT	GROSS PRIMARY ENROLMENT
Afghanistan			▼
Albania	▼	▲	■
Algeria	▽	■	■
Angola			▲
Argentina	▲	△	▽
Armenia			▲
Aruba		▼	
Australia		▽	■
Austria		■	■
Azerbaijan		▼	△
Bahamas	▽	△	■
Bahrain	▲		■
Bangladesh	■	▽	▼
Barbados		▽	▽
Belarus		▲	▽
Belgium		▼	■
Belize	▲	△	▽
Benin	▼		▽
Bolivia	■	△	▽
Bosnia and Herzegovina			■
Botswana	△	▽	■
Brazil	△	▲	▼
Brunei Darussalam	▲		■
Bulgaria		▽	■
Burkina Faso	■		▽
Burundi	△		△
Cambodia	△		▲
Cameroon	▲		△
Canada		■	■
Cape Verde	△		▽
Central African Republic	■		△
Chad	■		▽
Chile	■	△	■
China	▼		▲
Colombia	△	▽	▽
Comoros	■		■
Congo, Dem. Rep.	■		▲
Congo, Rep.	△		▲
Costa Rica	△	△	■
Côte d'Ivoire	△		▽
Croatia		▼	▽
Cuba			■
Cyprus		△	△
Czech Republic		△	■
Denmark		△	■
Djibouti	■		■
Dominican Republic	△	△	▽
Ecuador	▽	▽	■
Egypt	■	△	■
El Salvador	■	▼	▼
Equatorial Guinea	▲		
Eritrea	■		▼
Estonia		▼	■
Ethiopia	■		▼
Fiji	■		△
Finland		△	■
France		▽	■
French Polynesia			△
Gambia	▽		■
Georgia		▽	■
Germany		▽	■
Ghana	■		■
Greece		▽	■
Grenada		▲	
Guatemala	▽		▽
Guinea			▼
Guinea-Bissau	■		▼
Guyana			▽
Haiti	■		▼
Honduras	△	▽	■
Hong Kong, China	▲	▽	△
Hungary		■	■
Iceland		■	■
India	■		■
Indonesia	▲		■
Iran, Islamic Rep.	△		▲
Iraq	■		■
Ireland		▽	▽
Isle of Man		■	
Israel		▽	▽
Italy		▽	■
Jamaica	△	▽	■
Japan		▽	■
Jordan	▲	▼	▼
Kazakhstan			■
Kenya	△	■	■
Korea, Rep.		△	■
Kuwait	△		▼
Kyrgyzstan			■
Lao PDR	▽		■
Latvia		▼	■
Lebanon	■		△
Lesotho	▲	▲	■
Liberia	▼		▼
Libya			■
Lithuania		△	■

▲ **Above average rate of countries still progressing**
△ **Below average rate of countries still progressing**
■ **Growth rate below 1% per year**
▽ **Above average rate of regressing countries**
▼ **Below average rate of regressing countries**

GENDER GAP EVOLUTION

	ILLITERACY (15-24 YEARS)	UNEMPLOYMENT	GROSS PRIMARY ENROLMENT
Luxembourg		■	▽
Macao, China		▼	■
Macedonia, FYR		▽	■
Madagascar	■		■
Malawi	■		▼
Malaysia	▲		■
Maldives	■		■
Mali	■		▼
Malta	▲	▽	■
Mauritania	■		▼
Mauritius	△		■
Mexico	▲	▽	■
Moldova			■
Mongolia	▲		■
Morocco	■	■	▽
Mozambique	■		▽
Myanmar	▲		△
Namibia	△	■	△
Nepal	▽		■
Netherlands		▽	■
Netherlands Antilles	▼	▽	
New Caledonia			△
New Zealand		■	■
Nicaragua	■	■	▽
Niger	■		■
Nigeria	△	▼	▲
Norway		■	■
Oman			△
Pakistan	■	▲	▼
Panama	■	△	■
Papua New Guinea	■		▽
Paraguay	△	△	■
Peru	■	▼	■
Philippines	▲	▽	■
Poland		■	■
Portugal		▽	■
Puerto Rico	▽	■	▽
Qatar	▲		■
Romania		▼	▽
Russian Federation			▲
Rwanda	△		▼
Samoa	■		△
Saudi Arabia	△		△
Senegal	■		▽
Sierra Leone			▽
Singapore		△	△
Slovakia		■	■
Slovenia		■	△
Solomon Islands			▽
Somalia			△
South Africa	■		■
Spain		■	■
Sri Lanka	▲	▽	■
St. Lucia		▼	
Sudan	△		■
Suriname		△	
Swaziland	△		▽
Sweden		▽	■
Switzerland		▽	▽
Syrian Arab Republic	■		■
Tajikistan		△	▽
Tanzania	△		△
Thailand	■	▽	■
Togo	▽		■
Trinidad and Tobago	▽	△	■
Tunisia	■		■
Turkey	▼	▽	■
Turkmenistan			▽
Uganda	■	▲	▼
Ukraine		▼	△
United Arab Emirates	△		△
United Kingdom		▽	■
United States of America		△	■
Uruguay	▲	■	■
Uzbekistan		▲	■
Vanuatu			▽
Venezuela	▲	▲	■
Viet Nam	■		■
Yemen	■		▽
Yugoslavia			■
Zambia	■	▽	▲
Zimbabwe	▼	▼	△

NB: This table does not refer to the exclusive evolution of women's advances but to the evolution of the gender gap in the three areas shown. Regarding the countries' classification, break values were obtained from the growth rate of the gender gap for each variable.

Sources:
Unemployment: World Development Indicators, World Bank 2002; UN Statistical Division Website (http://www.un.org/depts/unsd/).
Illiteracy (15-24 years): World Development Indicators 2002, World Bank.
Gross Primary Enrolment: UNESCO Website Database 2002 (http://www.unesco.org); World Development Indicators 2002, World Bank.

▲ **Above average rate of countries still progressing**
△ **Below average rate of countries still progressing**
■ **Growth rate below 1% per year**
▽ **Above average rate of regressing countries**
▼ **Below average rate of regressing countries**

CHANGES IN PUBLIC EXPENDITURE

	EDUCATION EXPENDITURE INCREASE		HEALTH EXPENDITURE INCREASE		DEFENCE EXPENDITURE REDUCTION		EXTERNAL DEBT EXPENDITURE REDUCTION	
	Public expenditure on education as % of GNP (B)		**Public expenditure on health as % of GDP** (B)		**Military expenditure as % of GDP** (A)		**Total debt service as % of GDP**	
	1985/87-1995/97		**1990-1998**		**1990-2000**		**1990-2000**	
Albania			▼	E			▽	
Algeria	▼	M	▽		▼		▲	
Angola					▼	E	▼	
Antigua and Barbuda		D	▼					
Argentina	▲	G	▼	E	■		▼	
Armenia				E				
Australia	△	C	△		△			
Austria	▽	C	△	E	△			
Azerbaijan	▼		▼	E				
Bahamas			▽					
Bahrain	▽				▲			
Bangladesh	△	G H	▲		▽		△	
Barbados	▲	D F	▽					
Belarus	△		▲					
Belgium	▼	G C Q	▽	E	△			
Belize	△		△				▼	
Benin			■				▼	
Bhutan	△		▲				△	
Bolivia	▲		▲		△		▽	
Botswana	▲		△		△		▲	
Brazil	△		▽	E	△		▼	
Brunei Darussalam						K L		
Bulgaria	▼		▽	E	▲		▼	
Burkina Faso	▲	F	△	E	▲		▼	
Burundi	△		▽		▼		△	
Cambodia					■		▲	
Cameroon			△		△		▼	
Canada	△	C F	▽	E	△			
Cape Verde							▼	
Central African Republic						K	△	
Chad						L	▼	
Chile	△		△		△		△	
China	■		▽	E	△		■	
Colombia	▲	G H	▲		△		▲	
Comoros							▽	
Congo, Dem. Rep.							▲	L
Congo, Rep.	▲	D	△				▲	
Costa Rica	△		▼		■		▲	
Côte d'Ivoire			▽				△	
Croatia			■	E				
Cuba	▽							
Cyprus	△	J			▲			
Czech Republic		C	▲	E			▼	
Denmark	△	C	▽	E	△			
Djibouti					▲	L	▲	
Dominica			▽				▽	
Dominican Republic	▲		△				△	
Ecuador	■		△				△	
Egypt	△				▲		▲	
El Salvador	▽	D	▲		▲		▲	
Equatorial Guinea	■	D F					▲	
Eritrea		M				E		
Estonia			▲	E				
Ethiopia	△		△	E	▽	E	▲	
Fiji			△		△	E	▲	
Finland	▲	C	▼	E	△			
France	△	C	△	E	△			
Gabon	▼	M	△			L	▼	
Gambia	▲		△	E	■		▲	
Georgia		F	▼	E				
Germany		C	▲	E		I		
Ghana	△		△	E	▽		▼	
Greece	△	C	■		▽			
Grenada	△		▽				▽	
Guatemala	▽	G H	△		△		△	
Guinea	△		△			K	▲	
Guinea-Bissau						L	△	
Guyana	▼		▲				▲	
Haiti			△				△	
Honduras	▼		△			E	▲	
Hong Kong, China	△							
Hungary	▼	C			△		▼	

No data

▲ **Significant progress (more than 1%)**

△ **Some progress (less than 1%)**

■ **Stagnation**

▽ **Some regression (less than 1%)**

▼ **Significant regression (more than 1%)**

CHANGES IN PUBLIC EXPENDITURE

	EDUCATION EXPENDITURE INCREASE		HEALTH EXPENDITURE INCREASE		DEFENCE EXPENDITURE REDUCTION		EXTERNAL DEBT EXPENDITURE REDUCTION	
	Public expenditure on education as % of GNP (B)		**Public expenditure on health as % of GDP** (B)		**Military expenditure as % of GDP** (A)		**Total debt service as % of GDP**	
	1985/87-1995/97		1990-1998		1990-2000		1990-2000	
Iceland	△	C	△	E	■			
India	■				△		△	
Indonesia	△	D G P	△	E	△		▼	
Iran, Islamic Rep.	△		△		▼		▼	
Ireland	▽	C	△		△			
Israel	△	C F	▲		▲			
Italy	▽	C	▽	E	■			
Jamaica	▲		△				▲	
Japan		F	▲		▽			
Jordan	▲		■		▲		▲	
Kazakhstan	▲		▽	E				
Kenya	▽		■		▲		▲	
Korea, Rep.	▽	C	△	E	△		▼	
Kuwait	△				▲			
Kyrgyzstan	▼		▼	E				
Lao PDR	▲		▲				▼	
Latvia	▲		▲	E				
Lebanon		H			▲		▼	
Lesotho	▲				△	E	▼	
Libya								
Lithuania	△	D	▲	E				
Luxembourg	▽	C	■	E	△			
Macedonia, FYR			▼					
Madagascar	■	R			■		▲	
Malawi	▲				△		▲	
Malaysia	▼		▽		△		▲	
Maldives	▲		△				△	
Mali	▼		△		▽		▼	
Malta	▲				△			
Mauritania		H					▲	
Mauritius	▲				△		▼	
Mexico	▲	C	△		▽		▼	
Moldova	▲		▼	E				
Mongolia	▼				▲			
Morocco	▽	G H	△		▽		▼	
Mozambique			▽		▲		△	
Myanmar	▽	G F H	▽		▲			
Namibia			▽	E		K		
Nepal	▲		△		■		△	
Netherlands	▼	C	△	E	△			
New Zealand	▲	C	△	E	△			
Nicaragua	▼	M	▲		△		▼	
Niger		M				E	▲	
Nigeria	▼	O P	▽		▽		▲	
Norway	▲	C	△	E	▲			
Oman	△		△		▲		▽	L
Pakistan	▽		▽	E	▲		△	
Panama	△		△		△	E	▼	
Papua New Guinea			▽		▲		▲	
Paraguay	▲	G H	▲		△		▲	
Peru	▽		▲				▼	
Philippines	▲		△	E	△		▽	
Poland	▲	C	▽	E	△		▼	
Portugal	▲	G C Q	▲		△			
Qatar	▼	F						
Romania	▲		▲	E	▲			
Russian Federation	△	C				N	▼	
Rwanda			△		△		▼	
Samoa			▲	E			▽	
Sao Tomé and Principe							▼	
Saudi Arabia	△				▲			
Senegal			▲		△		△	
Seychelles	▼		▲		▲		▲	
Sierra Leone					▽		▼	
Singapore	▽		△		■			
Slovakia			△				▼	
Slovenia								
Solomon Islands	▽	D F					▲	
South Africa	▲		△		▲			
Spain	▲	C	△		△			
Sri Lanka	△		△	E	▼		△	
St. Kitts and Nevis	△	R	△				▼	

No data
▲ **Significant progress (more than 1%)**
△ **Some progress (less than 1%)**
■ **Stagnation**
▽ **Some regression (less than 1%)**
▼ **Significant regression (more than 1%)**

CHANGES IN PUBLIC EXPENDITURE

	EDUCATION EXPENDITURE INCREASE		HEALTH EXPENDITURE INCREASE		DEFENCE EXPENDITURE REDUCTION		EXTERNAL DEBT EXPENDITURE REDUCTION	
	Public expenditure on education as % of GNP (B)		**Public expenditure on health as % of GDP** (B)		**Military expenditure as % of GDP** (A)		**Total debt service as % of GDP**	
	1985/87-1995/97		**1990-1998**		**1990-2000**		**1990-2000**	
St. Lucia	▲	F	△				▼	
St. Vincent and Grenadines	△	F	▽				▼	
Sudan					△		▽	
Suriname	▼	F						
Swaziland	△		△		▽		▲	
Sweden	▲	C	▽		△			
Switzerland	△	C	▲		△			
Syrian Arab Republic	▽		△		▲		▲	
Tajikistan			△					
Tanzania			▽			K E	▲	
Thailand	▲		▲		△		▼	
Togo	▽		▽				▲	
Trinidad and Tobago	▼	F	■				▲	
Tunisia	▲		▽		△		▲	
Turkey	▲	R C	▲	E	▼		▼	
Turkmenistan			△					L
Uganda	▽	D G			△		△	
Ukraine	△		▽	E				
United Arab Emirates	▽		■					
United Kingdom	△	C	△	E	▲			
United States of America	△	C F	▲	E	▲			
Uruguay	△		▽		△		▲	
Uzbekistan	▼	D	▼			E		
Vanuatu	▼						△	
Venezuela	△	F	△		△		▲	
Viet Nam			▽				▼	
Yemen					▲		△	
Zambia	▽		▲		▲		▽	
Zimbabwe	▽	F	▽	E	▽		▽	

A: As a result of a number of limitations in the data, comparisons of military expenditure data over time and across countries should be made with caution; **B:** Data refer to total public expenditure on education, including current and capital expenditures, and to the most recent year available during the specified period; **C:** Last data may not be strictly comparable with those for earlier years as a result of methodological changes; **D:** 1985/87 data refer to a year or period other than that specified; **E:** Data refer to 1999; **F:** 1995/97 data refer to a year or period other than that specified; **G:** 1985/87 data refer to the ministry of education only; **H:** 1995/97 data refer to the ministry of education only; **I:** Data refer to the Federal Republic of Germany before reunification; **J:** Data refer to the Office of Greek Education only; **K:** 1990 data refer to 1991; **L:** 2000 data refer to 1998; **M:** 1995/97 data do not include expenditure on tertiary education; **N:** Data refer to the Soviet Union; **O:** 1985/87 data refer to the central government only; **P:** 1995/97 data refer to the central government only; **Q:** Data refer to the Flemish community only; **R:** 1985/87 data do not include expenditure on tertiary education.

Source: Human Development Report 2002, UNDP.

No data
▲ **Significant progress (more than 1%)**
△ **Some progress (less than 1%)**
■ **Stagnation**
▽ **Some regression (less than 1%)**
▼ **Significant regression (more than 1%)**

TRENDS OF THE OFFICIAL DEVELOPMENT ASSISTANCE (% OF GNP)

	1990	2001	PROGRESS OR REGRESSION		1990	2001	PROGRESS OR REGRESSION
Australia	0.34	0.25	←	Japan	0.31	0.23	←
Austria	0.25	0.29	→	Luxembourg	0.21	0.82	⟶
Belgium	0.46	0.37	←	Netherlands	0.92	0.82	◂⊙
Canada	0.44	0.22	⟵	New Zealand	0.23	0.25	→
Denmark	0.94	1.03	⊙▸	Norway	1.17	0.83	◂⊙
Finland	0.65	0.32	⟵	Portugal	0.24	0.25	→
France	0.60	0.32	⟵	Spain	0.20	0.30	→
Germany	0.42	0.27	←	Sweden	0.91	0.81	◂⊙
Greece	-	0.17	→	Switzerland	0.32	0.34	→
Ireland	0.16	0.33	→	United Kingdom	0.27	0.32	→
Italy	0.31	0.15	←	United States	0.21	0.11	←

Source: OECD, Website Database 2002 (http://www.oecd.org).

⊙▸ **Countries with goal met before the starting point still progressing**
◂⊙ **Countries with goal met before the starting point but going backwards**
⟵ **Significant regression**
← **Some regression**
ıı **Stagnation**
→ **Some progress**
⟶ **Significant progress or goal already achieved**

Table of signatures and ratifications of international treaties mentioned in the Millennium Declaration

As of 9 October 2002

A: Rome Statute of the International Criminal Court. 1998 (Rome, Italy). Entry into force: 1 July 2002.

B: Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction. 1997 (Oslo, Norway). Entry into force: 1 March 1999.

C: Protocol II on Prohibitions or Restrictions on the Use of Mines, Booby-Traps and Other Devices as amended on 3 May 1996 annexed to the Convention on Certain Conventional Weapons. 1996 (Geneva, Switzerland). Entry into force: 3 December 1998.

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H: Convention on Biological Diversity. 1992 (Rio de Janeiro, Brazil). Entry into force: 29 December 1993.

I: United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa. 1994 (Paris, France). Entry into force: 26 December 1996.

J: Convention on the Elimination of All Forms of Discrimination against Women. 1979 (New York, USA). Entry into force: 3 September 1981.

	A	B	C	D	E	F	G	H	I	J
Afghanistan		●			●		●	●	●	○
Albania	○	●	●		●			●	●	●
Algeria	○	●			●			●	●	●
Andorra	●	●			●	●	●		●	●
Angola	○	●			●			●	●	●
Antigua and Barbuda	●	●		●	●		●	●	●	●
Argentina	●	●	●	●	●	●	○	●	●	●
Armenia	○				●			●	●	●
Aruba	●							●		●
Australia	●	●	●	○	●		○	●	●	●
Austria	●	●	●	●	●	●	○	●	●	●
Azerbaijan				●	●	●	●	●	●	●
Bahamas	○	●		●	●			●	●	●
Bahrain	○				●			●	●	●
Bangladesh	○	●	●	●	●	●	●	●	●	●
Barbados	○	●		●	●			●	●	●
Belarus					●		●	●	●	●
Belgium	●	●	●	●	●	●	○	●	●	●
Belize	●	●			●	○	○	●	●	●
Benin	●	●		●	●	○	○	●	●	●
Bermuda					●					
Bhutan				●	●			●		●
Bolivia	●	●	●	●	●		○	●	●	●
Bosnia and Herzegovina	●	●	●		●	○	●	●	●	●
Botswana	●	●			●			●	●	●
Brazil	●	●	●	●	●	○	○	●	●	●
Brunei Darussalam		○			●					
Bulgaria	●	●	●	●	●	●	●	●	●	●
Burkina Faso	○	●			●	○	○	●	●	●
Burundi	○	○		●	●	○		●	●	●
Cambodia	●	●	●	●	●	○	●	●	●	●
Cameroon	○	●		●	●	○	○	●	●	●
Canada	●	●	●	○	●	●	○	●	●	●
Cape Verde	○	●	●		●	●	●	●	●	●
Cayman Islands		●			●			●		
Central African Republic	●				●			●	●	●
Chad	○	●			●	○	○	●	●	●
Channel Islands										
Chile	○	●		●	●	○	○	●	●	●
China			●	●	●	○	○	●	●	●
Colombia	●	●	●	●	●	○	○	●	●	●
Comoros	○	●			●			●	●	●
Congo, Dem. Rep.	●	●			●	●	●	●	●	●
Congo, Rep.	○	●			●			●	●	●
Cook Islands		○		●	●			●	●	
Costa Rica	●	●	●	●	●	○	●	●	●	●
Côte d'Ivoire	○	●			●			●	●	●
Croatia	●	●	●	○	●	○	●	●	●	●
Cuba				●	●	○	●	●	●	●
Cyprus	●	○		●	●		○	●	●	●
Czech Republic	○	●	●	●	●	●		●	●	●
Denmark	●	●	●	●	●	●	○	●	●	●
Djibouti	○	●		●	●			●	●	●
Dominica	●	●			●	●	●	●	●	●
Dominican Republic	○	●		●	●	○		●	●	●
Ecuador	●	●	●	●	●	○	○	●	●	●
Egypt	○			○	●		●	●	●	●
El Salvador		●	●	●	●	●	○	●	●	●
Equatorial Guinea		●		●	●			●	●	●
Eritrea	○	●			●			●	●	●
Estonia	●		●	○	●			●		●
Ethiopia		○			●			●	●	●
European Community				●				●	●	
Faeroe Island										
Fiji	●	●		●	●			●	●	●
Finland	●		●	●	●	●	○	●	●	●
France	●	●	●	●	●	○	○	●	●	●
Gabon	●	●			●	○	○	●	●	●
Gambia	●	●		●	●	○	○	●	●	●
Georgia	○			●	●			●	●	●
Germany	●	●	●	●	●	○	○	●	●	●
Ghana	●	●			●			●	●	●
Greece	●	○	●	●	●	○	○	●	●	●
Greenland										
Grenada		●		●	●			●	●	●
Guam										
Guatemala		●	●	●	●	●	●	●	●	●
Guinea	○	●		●	●			●	●	●
Guinea-Bissau	○	●			●	○	○	●	●	●
Guyana	○	○			●			●	●	●
Haiti	○	○			●	○	○	●	●	●
Holy See		●	●		●	●	●			
Honduras	●	●		●	●	●	●	●	●	●
Hong Kong, China					●					●
Hungary	●	●	●	●	●	○	○	●	●	●
Iceland	●	●		●	●	●	●	●	●	●
India			●	●	●			●	●	●
Indonesia		○		○	●	○	○	●	●	●
Iran, Islamic Rep.	○				●			●	●	
Iraq					●					●
Ireland	●	●	●	●	●	○	○	●	●	●
Isle of Man					●					●
Israel	○		●	○	●	○	○	●	●	●
Italy	●	●	●	●	●	●	●	●	●	●
Jamaica	○	●		●	●	●	○	●	●	●
Japan		●	●	●	●	○	○	●	●	●
Jordan	●	●	●		●	○	○	●	●	●
Kazakhstan				○	●	○	●	●	●	●
Kenya	○	●			●	●	○	●	●	●
Kiribati		●		●	●			●	●	
Korea, Dem. Rep.					●			●		●
Korea, Rep.	○		●	○	●	○	○	●	●	●
Kuwait	○				●			●	●	●
Kyrgyzstan	○				●			●	●	●
Lao PDR					●			●	●	●
Latvia	●		●	●	●	○	○	●		●

Source: United Nations Treaty Collection Website, Database «Status of Multilateral Treaties Deposited with the Secretary General» (http://untreaty.un.org/).

- ● **Ratification, accession, approval, notification or succession, acceptance or definitive signature**
- ○ **Signature not yet followed by ratification**

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	A	B	C	D	E	F	G	H	I	J
Lebanon					●	○	○	●	●	●
Lesotho	●	●		●	●	○	○	●	●	●
Liberia	○	●			●			●	●	●
Libya					●			●	●	●
Liechtenstein	●	●	●	○	●	○	○	●	●	●
Lithuania	○	○	●	○	●	○		●		●
Luxembourg	●	●	●	●	●	○	○	●	●	●
Macao, China					●			●		●
Macedonia, FYR	●	●			●	○	○	●	●	●
Madagascar	○	●			●	○	○	●	●	●
Malawi	●	●		●	●	○	○	●	●	●
Malaysia		●		●	●			●	●	●
Maldives		●	●	●	●	○	●	●	●	●
Mali	●	●	●	●	●	●	●	●	●	●
Malta	○	●		●	●	●	○	●	●	●
Marshall Islands	●	○		○	●			●	●	
Mauritania		●			●			●	●	●
Mauritius	●	●		●	●	○	○	●	●	●
Mayotte										
Mexico	○	●		●	●	●	●	●	●	●
Micronesia, Fed. Sts.				●	●	○	○	●	●	
Moldova	○	●	●		●	○	○	●	●	●
Monaco	○	●	●	○	●	●	○	●	●	
Mongolia	●			●	●	○	○	●	●	●
Morocco	○		●	●	●	●	●	●	●	●
Mozambique	○	●			●			●	●	●
Myanmar					●			●	●	●
Namibia	●	●			●	●	●	●	●	●
Nauru	●	●	●	●	●	○	○	●	●	
Nepal					●	○	○	●	●	●
Netherlands	●	●	●	●	●	○	○	●	●	●
Netherlands Antilles					●			●		●
New Caledonia										
New Zealand	●	●	●	○	●	●	○	●	●	●
Nicaragua		●	●	●	●			●	●	●
Niger	●	●		○	●		○	●	●	●
Nigeria	●	●			●	○	○	●	●	●
Niue		●		●	●			●	●	
Northern Mariana Islands										
Norway	●	●	●	●	●	○	●	●	●	●
Oman	○				●			●	●	
Pakistan			●		●	○	○	●	●	●
Palau				●	●			●	●	
Panama	●	●	●	●	●	●	●	●	●	●
Papua New Guinea				●	●			●	●	●
Paraguay	●	●		●	●	●	○	●	●	●
Peru	●	●	●	●	●	●	●	●	●	●
Philippines	○	●	●	○	●	○	○	●	●	●
Poland	●	○		○	●	○	○	●	●	●
Portugal	●	●	●	●	●	○	○	●	●	●
Puerto Rico										
Qatar		●			●	●	●	●	●	
Romania	●	●		●	●	●	●	●	●	●

	A	B	C	D	E	F	G	H	I	J
Russian Federation	○			○	●	○		●		●
Rwanda		●			●	●	●	●	●	●
Samoa	●	●		●	●			●	●	●
San Marino	●	●			●	○	○	●	●	
Sao Tomé and Principe	○	○			●			●	●	○
Saudi Arabia					●			●	●	●
Senegal	●	●	●	●	●	○	○	●	●	●
Seychelles	○	●	●	●	●	○	○	●	●	●
Sierra Leone	●	●			●	●	●	●	●	●
Singapore					●	○		●	●	●
Slovakia	●	●	●	●	●	○	○	●	●	●
Slovenia	●	●		●	●	○	○	●	●	●
Solomon Islands	○	●		○	●			●	●	●
Somalia					○				●	
South Africa	●	●	●	●	●	○		●	●	●
Spain	●	●	●	●	●	●	●	●	●	●
Sri Lanka				●	●	●	○	●	●	●
St. Kitts and Nevis		●			●			●	●	●
St. Lucia	○	●		○	●			●	●	●
St. Vincent and Grenadines		●		○	●			●	●	●
Sudan	○	○			●	○		●	●	
Suriname		●			●	○	○	●	●	●
Swaziland		●			●			●	●	
Sweden	●	●	●	●	●	○	○	●	●	●
Switzerland	●	●	●	○	●	●	○	●	●	●
Syrian Arab Republic	○				●			●	●	
Tajikistan	●	●	●		●	●	●	●	●	●
Tanzania	●	●		●	●			●	●	●
Thailand	○	●		●	●			○	●	●
Timor-Leste	●									
Togo		●			●	○	○	●	●	●
Tonga					●			●	●	
Trinidad and Tobago	●	●		●	●			●	●	●
Tunisia		●			●	○	●	●	●	●
Turkey					●	○	●	●	●	●
Turkmenistan		●		●	●			●	●	●
Tuvalu				●	●			○	●	●
Uganda	●	●		●	●	●	●	●	●	●
Ukraine	○	○	●	○	●	○	○	●	●	●
United Arab Emirates	○				●			●	●	
United Kingdom	●	●	●	●	●	○	○	●	●	●
United States of America	○		●	○	○	○	○	○	●	○
Uruguay	●	●	●	●	●	○	○	●	●	●
Uzbekistan	○			●	●			●	●	●
Vanuatu		○		●	●			●	●	●
Venezuela	●	●			●	○	●	●	●	●
Viet Nam				●	●	●	●	●	●	●
Virgin Islands (U.S.)										
West Bank and Gaza										
Yemen	○	●			●			●	●	●
Yugoslavia	●				●	○	○	●		●
Zambia	○	●		○	●			●	●	●
Zimbabwe	○	●			●			●	●	●

Source: United Nations Treaty Collection Website, Database «Status of Multilateral Treaties Deposited with the Secretary General» (http://untreaty.un.org/).

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Table of signatures and ratifications of key international agreements

As of 9 October 2002

1: International Covenant on Economic, Social and Cultural Rights, 1966. Entry into force: 3 January 1976.

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6: Convention Relating to the Status of Refugees, 1951. Entry into force: 22 April 1954.

	1	2	3	4	5	6
Afghanistan	●	●	●	●	●	
Albania	●	●	●	●	●	●
Algeria	●	●	●	●	●	●
Andorra		○	○	○		
Angola	●	●				●
Antigua and Barbuda			●	●	●	●
Argentina	●	●	●	●	●	●
Armenia	●	●	●	●	●	●
Aruba				●		
Australia	●	●	●	●	●	●
Austria	●	●	●	●	●	●
Azerbaijan	●	●	●	●	●	●
Bahamas			●		●	●
Bahrain			●	●	●	
Bangladesh	●	●	●	●	●	
Barbados	●	●	●		●	
Belarus	●	●	●	●	●	●
Belgium	●	●	●	●	●	●
Belize	○	●	●	●	●	●
Benin	●	●	●	●		●
Bermuda						
Bhutan			○			
Bolivia	●	●	●	●	○	●
Bosnia and Herzegovina	●	●	●	●	●	●
Botswana		●	●	●		●
Brazil	●	●	●	●	●	●
Brunei Darussalam						
Bulgaria	●	●	●	●	●	●
Burkina Faso	●	●	●	●	●	●
Burundi	●	●	●	●	●	●
Cambodia	●	●	●	●	●	●
Cameroon	●	●	●	●		●
Canada	●	●	●	●	●	●
Cape Verde	●	●	●	●		
Cayman Islands				●		
Central African Republic	●	●	●			●
Chad	●	●	●	●		●
Channel Islands						
Chile	●	●	●	●	●	●
China	●	○	●	●	●	●
Colombia	●	●	●	●	●	●
Comoros			○	○		
Congo, Dem. Rep.	●	●	●	●	●	●
Congo, Rep.	●	●	●			●
Costa Rica	●	●	●	●	●	●
Côte d'Ivoire	●	●	●	●	●	●
Croatia	●	●	●	●	●	●
Cuba			●	●	●	
Cyprus	●	●	●	●	●	●
Czech Republic	●	●	●	●	●	●
Denmark	●	●	●	●	●	●
Djibouti						●
Dominica	●	●				●

	1	2	3	4	5	6
Dominican Republic	●	●	●	○	○	●
Ecuador	●	●	●	●	●	●
Egypt	●	●	●	●	●	●
El Salvador	●	●	●	●	●	●
Equatorial Guinea	●	●				●
Eritrea	●	●	●			
Estonia	●	●	●	●	●	●
Ethiopia	●	●	●	●	●	●
Faeroe Islands						
Fiji			●		●	●
Finland	●	●	●	●	●	●
France	●	●	●	●	●	●
French Polynesia						
Gabon	●	●	●	●	●	●
Gambia	●	●	●	○	●	●
Georgia	●	●	●	●	●	●
Germany	●	●	●	●	●	●
Ghana	●	●	●	●	●	●
Greece	●	●	●	●	●	●
Greenland						
Grenada	●	●	○			
Guam						
Guatemala	●	●	●	●	●	●
Guinea	●	●	●	●	●	●
Guinea-Bissau	●	○	○	○		●
Guyana	●	●	●	●		
Haiti		●	●		●	●
Holy See			●	●		●
Honduras	●	●		●	●	●
Hong Kong, China	-	-	-	-	-	-
Hungary	●	●	●	●	●	●
Iceland	●	●	●	●	●	●
India	●	●	●	○	●	
Indonesia			●	●		
Iran, Islamic Rep.	●	●	●		●	●
Iraq	●	●	●		●	
Ireland	●	●	●	●	●	●
Isle of Man						
Israel	●	●	●	●	●	●
Italy	●	●	●	●	●	●
Jamaica	●	●	●		●	●
Japan	●	●	●	●		●
Jordan	●	●	●	●	●	
Kazakhstan			●	●	●	●
Kenya	●	●	●	●		●
Kiribati						
Korea, Dem. Rep.	●	●			●	
Korea, Rep.	●	●	●	●	●	●
Kuwait	●	●	●	●	●	
Kyrgyzstan	●	●	●	●	●	●
Lao PDR	○	○	●		●	
Latvia	●	●	●	●	●	●
Lebanon	●	●	●	●	●	

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	1	2	3	4	5	6
Lesotho	●	●	●	●	●	●
Liberia	○	○	●		●	●
Libya	●	●	●	●	●	
Liechtenstein	●	●	●	●	●	●
Lithuania	●	●	●	●	●	●
Luxembourg	●	●	●	●	●	●
Macao, China				●	●	
Macedonia, FYR	●	●	●	●	●	●
Madagascar	●	●	●	○		●
Malawi	●	●	●	●		●
Malaysia					●	
Maldives			●		●	
Mali	●	●	●	●	●	●
Malta	●	●	●	●		●
Marshall Islands						
Mauritania			●			●
Mauritius	●	●	●	●		
Mayotte						
Mexico	●	●	●	●	●	●
Micronesia, Fed. Sts.						
Moldova	●	●	●	●	●	●
Monaco	●	●	●	●	●	●
Mongolia	●	●	●	●	●	
Morocco	●	●	●	●	●	●
Mozambique		●	●	●	●	●
Myanmar					●	
Namibia	●	●	●	●	●	●
Nauru		○	○	○		
Nepal	●	●	●	●	●	
Netherlands	●	●	●	●	●	●
Netherlands Antilles				●		
New Caledonia						
New Zealand	●	●	●	●	●	●
Nicaragua	●	●	●	○	●	●
Niger	●	●	●	●		●
Nigeria	●	●	●	●		●
Northern Mariana Islands						
Norway	●	●	●	●	●	●
Oman						
Pakistan			●		●	
Palau						
Panama	●	●	●	●	●	●
Papua New Guinea			●		●	●
Paraguay	●	●	○	●	●	●
Peru	●	●	●	●	●	●
Philippines	●	●	●	●	●	●
Poland	●	●	●	●	●	●
Portugal	●	●	●	●	●	●
Puerto Rico						
Qatar			●	●		
Romania	●	●	●	●	●	●
Russian Federation	●	●	●	●	●	●

	1	2	3	4	5	6
Rwanda	●	●	●		●	●
Samoa						●
San Marino	●	●	●	○		
São Tomé and Principe	○	○	○	○		●
Saudi Arabia			●	●	●	
Senegal	●	●	●	●	●	●
Seychelles	●	●	●	●	●	●
Sierra Leone	●	●	●	●		●
Singapore					●	
Slovakia	●	●	●	●	●	●
Slovenia	●	●	●	●	●	●
Solomon Islands	●		●			●
Somalia	●	●	●	●		●
South Africa	○	●	●	●	●	●
Spain	●	●	●	●	●	●
Sri Lanka	●	●	●	●	●	
St. Kitts and Nevis						●
St. Lucia			●			
St. Vincent and the Grenadines	●	●	●	●	●	●
Sudan	●	●	●	○		●
Suriname	●	●	●			●
Swaziland			●			●
Sweden	●	●	●	●	●	●
Switzerland	●	●	●	●	●	●
Syrian Arab Republic	●	●	●		●	
Tajikistan	●	●	●	●		●
Tanzania	●	●	●		●	●
Thailand	●	●				
Timor-Leste						
Togo	●	●	●	●	●	●
Tonga			●		●	
Trinidad and Tobago	●	●	●			●
Tunisia	●	●	●	●	●	●
Turkey	○	○	●	●	●	●
Turkmenistan	●	●	●	●		●
Tuvalu						●
Uganda	●	●	●	●	●	●
Ukraine	●	●	●	●	●	●
United Arab Emirates			●			
United Kingdom	●	●	●	●	●	●
United States of America	○	●	●	●	●	
Uruguay	●	●	●	●	●	●
Uzbekistan	●	●	●	●	●	
Vanuatu						
Venezuela	●	●	●	●	●	
Viet Nam	●	●	●		●	
Virgin Islands (U.S.)						
West Bank and Gaza						
Yemen	●	●	●	●	●	●
Yugoslavia	●	●	●	●	●	●
Zambia	●	●	●	●		●
Zimbabwe	●	●	●		●	●

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Table of Ratifications of Fundamental ILO Conventions

As of 14 October 2002

C87: Freedom of Association and Protection of the Right to Organise Convention, 1948
C98: Right to Organise and Collective Bargaining Convention, 1949
C100: Equal Remuneration Convention, 1951
C105: Abolition of Forced Labour Convention, 1957
C111: Discrimination (Employment and Occupation) Convention, 1958
C138: Minimum Age Convention, 1973
C182: Worst Forms of Child Labour Convention, 1999

	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		ELIMINATION OF FORCED AND COMPULSORY LABOUR	ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION		ABOLITION OF CHILD LABOUR			FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		ELIMINATION OF FORCED AND COMPULSORY LABOUR	ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION		ABOLITION OF CHILD LABOUR	
	C 87	C 98	C 105	C 100	C 111	C 138	C 182		C 87	C 98	C 105	C 100	C 111	C 138	C 182
Afghanistan	□	□	■	■	■	□	□	Dominican Republic	■	■	■	■	■	■	■
Albania	■	■	■	■	■	■	■	Ecuador	■	■	■	■	■	■	■
Algeria	■	■	■	■	■	■	■	Egypt	■	■	■	■	■	■	■
Angola	■	■	■	■	■	■	■	El Salvador	□	□	■	■	■	■	■
Antigua and Barbuda	■	■	■	□	■	■	■	Equatorial Guinea	■	■	■	■	■	■	■
Argentina	■	■	■	■	■	■	■	Eritrea	■	■	■	■	■	■	□
Armenia	□	□	□	■	■	□	□	Estonia	■	■	■	■	□	□	■
Australia	■	■	■	■	■	□	□	Ethiopia	■	■	■	■	■	■	□
Austria	■	■	■	■	■	■	■	Fiji	■	■	■	■	■	□	■
Azerbaijan	■	■	■	■	■	■	□	Finland	■	■	■	■	■	■	■
Bahamas	■	■	■	■	■	■	■	France	■	■	■	■	■	■	■
Bahrain	□	□	■	□	■	□	■	Gabon	■	■	■	■	■	□	■
Bangladesh	■	■	■	■	■	□	■	Gambia	■	■	■	■	■	■	■
Barbados	■	■	■	■	■	■	■	Georgia	■	■	■	■	■	■	■
Belarus	■	■	■	■	■	■	■	Germany	■	■	■	■	■	■	■
Belgium	■	■	■	■	■	■	■	Ghana	■	■	■	■	■	□	■
Belize	■	■	■	■	■	■	■	Greece	■	■	■	■	■	■	■
Benin	■	■	■	■	■	■	■	Grenada	■	■	■	■	□	□	□
Bolivia	■	■	■	■	■	■	□	Guatemala	■	■	■	■	■	■	■
Bosnia and Herzegovina	■	■	■	■	■	■	■	Guinea	■	■	■	■	■	□	□
Botswana	■	■	■	■	■	■	■	Guinea-Bissau	□	■	■	■	■	□	□
Brazil	□	■	■	■	■	■	■	Guyana	■	■	■	■	■	■	■
Bulgaria	■	■	■	■	■	■	■	Haiti	■	■	■	■	■	□	□
Burkina Faso	■	■	■	■	■	■	■	Honduras	■	■	■	■	■	■	■
Burundi	■	■	■	■	■	■	■	Hungary	■	■	■	■	■	■	■
Cambodia	■	■	■	■	■	■	□	Iceland	■	■	■	■	■	■	■
Cameroon	■	■	■	■	■	■	■	India	□	□	■	■	■	□	□
Canada	■	□	■	■	■	□	■	Indonesia	■	■	■	■	■	■	■
Cape Verde	■	■	■	■	■	□	■	Iran, Islamic Rep.	□	□	■	■	■	□	■
Central African Republic	■	■	■	■	■	■	■	Iraq	□	■	■	■	■	■	■
Chad	■	■	■	■	■	□	■	Ireland	■	■	■	■	■	■	■
Chile	■	■	■	■	■	■	■	Israel	■	■	■	■	■	■	□
China	□	□	□	■	□	■	■	Italy	■	■	■	■	■	■	■
Colombia	■	■	■	■	■	■	□	Jamaica	■	■	■	■	■	□	□
Comoros	■	■	■	■	□	□	□	Japan	■	■	□	■	□	■	■
Congo, Dem. Rep.	■	■	■	■	■	■	■	Jordan	□	■	■	■	■	■	■
Congo, Rep.	■	■	■	■	■	■	■	Kazakhstan	■	■	■	■	■	■	□
Costa Rica	■	■	■	■	■	■	■	Kenya	□	■	■	■	■	■	■
Côte d'Ivoire	■	■	■	■	■	□	□	Kiribati	■	■	■	□	□	□	□
Croatia	■	■	■	■	■	■	■	Korea, Rep.	□	□	□	■	■	■	■
Cuba	■	■	■	■	■	■	□	Kuwait	■	□	■	□	■	■	■
Cyprus	■	■	■	■	■	■	■	Kyrgyzstan	■	■	■	■	■	■	□
Czech Republic	■	■	■	■	■	□	■	Lao PDR	□	□	□	□	□	□	□
Denmark	■	■	■	■	■	■	■	Latvia	■	■	■	■	■	□	□
Djibouti	■	■	■	■	□	□	□	Lebanon	□	■	■	■	■	□	■
Dominica	■	■	■	■	■	■	■	Lesotho	■	■	■	■	■	■	■

Source: ILOLEX. ILO Website Database (http://www.ilo.org/).

■ **Convention ratified**
□ **Convention not yet ratified**
⊡ **Convention denounced**

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C87: Freedom of Association and Protection of the Right to Organise Convention, 1948
C98: Right to Organise and Collective Bargaining Convention, 1949
C100: Equal Remuneration Convention, 1951
C105: Abolition of Forced Labour Convention, 1957
C111: Discrimination (Employment and Occupation) Convention, 1958
C138: Minimum Age Convention, 1973
C182: Worst Forms of Child Labour Convention, 1999

	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		ELIMINATION OF FORCED AND COMPULSORY LABOUR	ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION		ABOLITION OF CHILD LABOUR	
	C 87	C 98	C 105	C 100	C 111	C 138	C 182
Liberia	■	■	■	□	■	□	□
Libya	■	■	■	■	■	■	■
Lithuania	■	■	■	■	■	■	□
Luxembourg	■	■	■	■	■	■	■
Macedonia, FYR	■	■	□	■	■	■	■
Madagascar	■	■	□	■	■	■	■
Malawi	■	■	■	■	■	■	■
Malaysia	□	■	⊡	■	□	■	■
Mali	■	■	■	■	■	■	■
Malta	■	■	■	■	■	■	■
Mauritania	■	■	■	■	■	■	■
Mauritius	□	■	■	□	□	■	■
Mexico	■	□	■	■	■	□	■
Moldova	■	■	■	■	■	■	■
Mongolia	■	■	□	■	■	□	■
Morocco	□	■	■	■	■	■	■
Mozambique	■	■	■	■	■	□	□
Myanmar	■	□	□	□	□	□	□
Namibia	■	■	■	□	■	■	■
Nepal	□	■	□	■	■	■	■
Netherlands	■	■	■	■	■	■	■
New Zealand	□	□	■	■	■	□	■
Nicaragua	■	■	■	■	■	■	■
Niger	■	■	■	■	■	■	■
Nigeria	■	■	■	■	■	■	■
Norway	■	■	■	■	■	■	■
Oman	□	□	□	□	□	□	■
Pakistan	■	■	■	■	■	□	■
Panama	■	■	■	■	■	■	■
Papua New Guinea	■	■	■	■	■	■	■
Paraguay	■	■	■	■	■	□	■
Peru	■	■	■	■	■	□	■
Philippines	■	■	■	■	■	■	■
Poland	■	■	■	■	■	■	■
Portugal	■	■	■	■	■	■	■
Qatar	□	□	□	□	■	□	■
Romania	■	■	■	■	■	■	■
Russian Federation	■	■	■	■	■	■	□
Rwanda	■	■	■	■	■	■	■
San Marino	■	■	■	■	■	■	■
Sao Tomé and Principe	■	■	□	■	■	□	□
Saudi Arabia	□	□	■	■	■	□	■
Senegal	■	■	■	■	■	■	■
Seychelles	■	■	■	■	■	■	■
Sierra Leone	■	■	■	■	■	□	□
Singapore	□	■	⊡	■	□	□	■
Slovakia	■	■	■	■	■	■	■
Slovenia	■	■	■	■	■	■	■
Solomon Islands	□	□	□	□	□	□	□
Somalia	□	□	■	□	■	□	□
South Africa	■	■	■	■	■	■	■
Spain	■	■	■	■	■	■	■
Sri Lanka	■	■	□	■	■	■	■
St. Kitts and Nevis	■	■	■	■	■	□	■
St. Lucia	■	■	■	■	■	□	■
St. Vincent and Grenadines	■	■	■	■	■	□	■
Sudan	□	■	■	■	■	□	□
Suriname	■	■	■	□	□	□	□
Swaziland	■	■	■	■	■	□	□
Sweden	■	■	■	■	■	■	■
Switzerland	■	■	■	■	■	■	■
Syrian Arab Republic	■	■	■	■	■	■	□
Tajikistan	■	■	■	■	■	■	□
Tanzania	■	■	■	■	■	■	■
Thailand	□	□	■	■	□	□	■
Togo	■	■	■	■	■	■	■
Trinidad and Tobago	■	■	■	■	■	□	□
Tunisia	■	■	■	■	■	■	■
Turkey	■	■	■	■	■	■	■
Turkmenistan	■	■	■	■	■	□	□
Uganda	□	■	■	□	□	□	■
Ukraine	■	■	■	■	■	■	■
United Arab Emirates	□	□	■	■	■	■	■
United Kingdom	■	■	■	■	■	■	■
United States of America	□	□	■	□	□	□	■
Uruguay	■	■	■	■	■	■	■
Uzbekistan	□	■	■	■	■	□	□
Venezuela	■	■	■	■	■	■	□
Viet Nam	□	□	□	■	■	□	■
Yemen	■	■	■	■	■	■	■
Yugoslavia	■	■	□	■	■	■	□
Zambia	■	■	■	■	■	■	■
Zimbabwe	□	■	■	■	■	■	■
Total of 175	141	152	156	159	157	118	131
Africa (53)	45	52	51	48	49	36	39
Americas (35)	32	31	35	32	32	22	26
Asia (42)	20	25	28	34	32	19	28
Europe (45)	44	44	42	45	44	41	38

Source: ILOLEX. ILO Website Database (http://www.ilo.org/).

■ **Convention ratified**
□ **Convention not yet ratified**
⊡ **Convention denounced**

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	A	B		C	D		E	F	
	PERCENTAGE OF UNDER-5 CHILDREN SUFFERING FROM SEVERE AND MODERATE MALNUTRITION	PRIMARY SCHOOL ENROLMENT RATE (NET)	PERCENTAGE OF CHILDREN REACHING 5TH GRADE	UNDER-5 MORTALITY RATE (PER 1,000 LIVE BIRTHS)	GROSS FEMALE PRIMARY ENROLMENT RATIO AS % OF MALE RATIO (*)	GROSS FEMALE SECONDARY ENROLMENT RATIO AS % OF MALE RATIO (*)	PERCENTAGE OF POPULATION WITH ACCESS TO IMPROVED WATER SOURCES	MALARIA CASES (PER 100,000 PEOPLE)	HIV CASES
Afghanistan				II	←	←			
Albania		⊙		⟶	⊙	⟶	⊙		
Algeria	⟶	⊙	⊙	←	→	⟶			
Andorra				⟶			⊙		
Angola	←			←	←	⟶		←	←
Antigua and Barbuda				⟶					
Argentina		⊙	⊙	→	⊙	→	←		II
Armenia				→	⟶				←
Aruba			⊙				⊙		
Australia		⊙		⟶	⊙	←	⊙		→
Austria		←		⟶	⊙	⊙	⊙		←
Azerbaijan				II	⊙	→			←
Bahamas		←		⟶	←	II	⊙		→
Bahrain	←	←	⊙	→	⊙	⊙			
Bangladesh	⟶	⟶		⟶	⟶	⟶	⟶	→	II
Barbados		⟶		→	←	⟶	⊙		
Belarus				→	←	←	⊙		←
Belgium		⊙	⊙	⟶	⊙	⊙			←
Belize		⊙	→	→	⊙	←		→	←
Benin	→	⟶	→	→	⟶	→		←	←
Bhutan	⟶			⟶				→	II
Bolivia	→	⊙		⟶	→	→	⟶	→	←
Bosnia and Herzegovina				→	→	←			
Botswana		←	←	←	⊙	←	⟶	→	←
Brazil	⟶	⊙	←	⟶	⊙	←	→	II	←
Brunei Darussalam		←	←	⟶	⊙	→			
Bulgaria		⊙	⟶	II	⊙	←	⊙		
Burkina Faso		→	←	→	→	⟶	←	←	←
Burundi	←			II	←	⟶	⟶	←	←
Cambodia		←	II	←	⊙	⟶		→	→
Cameroon	←			←	←	→	→	←	←
Canada		⊙		⟶	⊙	⊙	⊙		←
Cape Verde		⊙		⟶	⊙	→			
Central African Republic		II		II		→	⟶	II	←
Chad		⟶	→	II	⟶	→			←
Channel Islands							⊙		
Chile	⟶	→	⊙	⟶	⊙	←	⟶		←
China	⟶	←	⊙	→	⊙	⟶	→		←
Colombia	⟶	⟶	→	→	⊙	←	←	←	←
Comoros	←		⟶	⟶	⟶	⟶	⟶		
Congo, Dem. Rep.		←	⟶	II		→			
Congo, Rep.	⟶		←	II				←	←
Costa Rica	←	→	⟶	→	⊙	→	⊙	→	→
Côte d'Ivoire	←	→	→	←	→	→	→		←
Croatia	⟶	←	⊙	⟶	II	←	⊙		→
Cuba		⊙	⊙	⟶	⊙	←			←
Cyprus		←	⊙	⟶	→	→	⊙		←
Czech Republic		←	⊙	⟶	⊙	→			→
Denmark		⊙	⊙	⟶	⊙	⊙	⊙		→
Djibouti	⟶	II	←	→	→	⟶	⊙	→	
Dominica				⟶			⊙		
Dominican Republic	⟶			→	⊙	←	→	→	II
Ecuador	→	⊙	⟶	⟶	⊙	←	⟶	←	←
Egypt	←	⟶		⟶	→	⟶	⟶		

⊙ 2015 goal already met according to the latest available data

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→ If the pace of period 1990-2000 is kept, it will not be enough to achieve 2015 goal

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El Salvador	⟶	→	⟶	⟶	←	←	⟶		←
Equatorial Guinea				→				→	←
Eritrea	←	→	⊙	→	→	←			
Estonia		⊙	⊙	→	⊙	⊙			←
Ethiopia	‖	‖	←	→	←	←	‖		→
Fiji		⊙		→	⊙	←			
Finland		⊙	⊙	→	⊙	⊙	⊙		←
France		⊙	⊙	⟶	⊙	⊙			→
French Polynesia		⊙			⊙		⊙		
Gabon			←	‖					
Gambia		→	←	→	⟶	⟶			→
Georgia		⟶		‖	⊙	→			←
Germany		→		⟶	⊙	⊙			←
Ghana	→			→	→	⟶	⟶		←
Greece		⊙	⊙	⟶	⊙	→			←
Grenada				⟶			⊙		
Guatemala	⟶		→	→	→	→	⟶	←	→
Guinea		→	⟶	→	⟶	→	→	←	
Guinea-Bissau		→		→	⟶	→			←
Guyana	⟶	⊙	⟶	→	⊙	←		→	←
Haiti	←	⟶		→	→	←	←	→	←
Honduras	←	⟶		⟶	⊙	←	⟶	→	→
Hong Kong, China						→			←
Hungary		←	←	⟶	←	‖	⊙		←
Iceland		⊙	⊙	→	⊙	⊙			←
India	⟶		←	→	→	→	⟶	→	←
Indonesia	⟶	←	⟶	⟶	⊙	⟶	⟶		←
Iran, Islamic Rep.	⟶	←	⊙	⟶		⟶	⟶	→	
Iraq	←	←		←	←	←			
Ireland		←	⊙	⟶	⊙	⊙			←
Israel		⊙		⟶	←	←			
Italy		⊙	⊙	⟶	⊙	←			←
Jamaica	→	←	⊙	‖	⊙	←	←		←
Japan		⊙	⊙	⟶	⊙	⊙			←
Jordan	⟶	⟶	⊙	→	←	←	←		
Kazakhstan				←	→	←			←
Kenya	←			←	→	⟶	→	→	←
Kiribati			⊙	→					
Korea, Dem. Rep.				→			⊙		
Korea, Rep.		⊙	⊙	⟶		→			←
Kuwait		⟶		⟶	→	→			
Kyrgyzstan				→	⊙	→			←
Lao PDR	→	⟶	→	⟶		→		→	‖
Latvia		⟶		←	←	→			←
Lebanon				→	⊙	→	⊙		
Lesotho	←	←	←	→	⊙	←			←
Liberia				‖	→	⟶			
Libya				⟶		→	→		
Liechtenstein				⟶					
Lithuania				‖	→	‖			←
Luxembourg		⊙		⟶	←	→			
Macao, China						←			
Macedonia, FYR		←	⊙	⟶		←	⊙		‖
Madagascar	→	←	⟶	→	⊙	←	→		←

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Malawi	→	⟶	←	→	⟶	⟶	→	→	←
Malaysia	⟶	⊙	⊙	⟶	←	→		→	→
Maldives	←	⊙		⟶	⊙	→	⊙		
Mali	←	→	⟶	→	⟶	→	→		←
Malta		⊙	⊙	⟶	⊙	←	⊙		
Marshall Islands				→					
Mauritania	⟶	⟶	←	II	⟶	⟶	II		
Mauritius		←	⊙	→	⊙	←	⊙		
Mexico	⟶	⊙	⟶	⟶	⊙	→	⟶	←	II
Micronesia, Fed. Sts.				→					
Moldova				→		←			←
Monaco				⟶			⊙		
Mongolia	←	⟶		→	⊙	→			II
Morocco	⟶			⟶	⟶	→	→		
Mozambique	→	→	→	→	←	⟶			→
Myanmar	←			→	→	→	→	→	
Namibia		←	⟶	→	⊙	←	→	→	←
Nauru				⟶					
Nepal	→			⟶	⟶	⟶	⟶	←	←
Netherlands		⊙		⟶	⊙	⊙	⊙		←
Netherlands Antilles		⊙							
New Caledonia		⊙	⊙		⊙	→			
New Zealand		⊙	⊙	⟶	⊙	→			II
Nicaragua	←	→	→	⟶	←	←	→	→	←
Niger	→	←	II	→	→	⟶	→	→	
Nigeria	⟶			→	⟶	⟶	→		←
Norway		⊙	⊙	⟶	⊙	⊙	⊙		←
Oman	→	←	←	⟶	→	⟶	→	→	
Pakistan	→			→	⟶	⟶	⟶	→	←
Palau				→					
Panama	←	⊙	⟶	→	⊙	←		←	←
Papua New Guinea		⟶	II	II	→	⟶	→	→	←
Paraguay	←	←	→	→	⊙	←	⟶	←	
Peru	⟶	⊙	←	⟶	⊙	→	→	→	←
Philippines	⟶	⊙		⟶	⊙	⟶	←	→	→
Poland		⊙	⊙	⟶	⊙	←			
Portugal		⊙		⟶	⊙	←			→
Puerto Rico					⊙	→			
Qatar		⊙	⊙	⟶	→	⟶			
Romania		⟶		⟶	←	→			→
Russian Federation	⟶	←		→	←	→	⊙		←
Rwanda	→	⊙	←	←	II	⟶			←
Samoa		⊙	←	⟶		←	⊙		
San Marino			⊙	⟶					
Sao Tomé and Principe	→			→					
Saudi Arabia		II	⊙	⟶	→	→	⊙	→	
Senegal	→	→	←	→	⟶	⟶	→		→
Seychelles			⊙	→					
Sierra Leone	→			II	⟶	⟶			←
Singapore		←		⟶	→		⊙		→
Slovakia				⟶	⊙	→	⊙		→
Slovenia		←		⟶	⊙	→	⊙		←
Solomon Islands			←	⟶		⟶			
Somalia				II	→	→			

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South Africa		⊙		←	⊙	←	II	←	←
Spain		⊙	⊙	⟶	⊙	⊙			←
Sri Lanka	→	⊙	←	→	⊙	←	⟶	→	→
St. Kitts and Nevis				⟶			⊙		
St. Lucia		⊙	⊙	→			⊙		
St. Vincent and Grenadines				→					
Sudan	⟶		←	→	→	⟶	⟶		
Suriname				→				←	←
Swaziland		⟶	II	←	⊙	→			←
Sweden		⊙	⊙	⟶	⊙	⟶	⊙		←
Switzerland		⊙	⟶	⟶	←	⊙	⊙		←
Syrian Arab Republic	←	←	II	⟶	⊙	⟶			
Tajikistan				→	←	←			←
Tanzania	←	←	→	II		⟶	⟶	→	←
Thailand	⟶		⊙	→	←	→	→	→	→
Togo	←	⟶	→	→	⟶	→	→	II	←
Tonga			⟶	→			⊙		
Trinidad and Tobago		→	⊙	→	⊙	→	←		←
Tunisia	⟶	⊙	⟶	⟶	⊙	⟶	→		
Turkey	⟶	⊙	⊙	⟶	⊙	→	→	←	
Turkmenistan				→	→	⊙			II
Tuvalu			⊙	→					
Uganda	←	⊙		→	⟶	→	→		→
Ukraine				→	←	⟶	⊙		←
United Arab Emirates		←	⟶	⟶	→	→			
United Kingdom		⊙		⟶	⊙	→	⊙		←
United States of America		⊙		→		←	⊙		←
Uruguay	⟶	→	←	→	⊙	←	⊙		←
Uzbekistan				←	←	←			←
Vanuatu		⊙		⟶	⟶	→		←	
Venezuela	⟶	II	⟶	→	←	←		←	
Viet Nam	⟶	⊙		→	⊙	←	⟶	→	←
West Bank and Gaza		⊙	⊙	⟶					
Yemen	←			→	⟶	⟶	→	→	
Yugoslavia		←		⟶	←	→	⊙		
Zambia	II	←		←	→	⟶	⟶	→	←
Zimbabwe	←		←	←	⊙	→	→	←	←

Sources:

Severe and moderate malnutrition: UNICEF Website 2002 (http://www.childinfo.org/)

Primary school enrolment: UNESCO Website Database 2002 (http://www.unesco.org)

Children reaching 5th grade: UNESCO Website Database 2002 (http://www.unesco.org)

Under-5 mortality: UNICEF Website 2002 (http://www.childinfo.org/)

Gross female primary and secondary enrolment: UNESCO Website Database 2002 (http://www.unesco.org)

Access to improved water sources: UN Statistical Division Website (http://www.un.org/depts/unsd/) and World Development Indicators 2002, World Bank

Malaria: Human Development Report 2002, UNDP

HIV: UNAIDS Website (http://www.unaids.org)

(*) ⟶ show a higher pace than the mean of countries progressing towards the goal.

⊙ **2015 goal already met according to the latest available data**

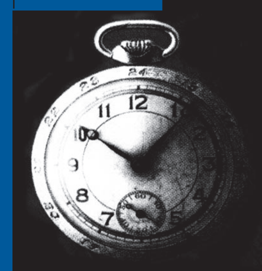
⟶ **If the pace of period 1990-2000 is kept, it will achieve the 2015 goal or has already achieved goal**

→ **If the pace of period 1990-2000 is kept, it will not be enough to achieve 2015 goal**

II **If the pace of period 1990-2000 is kept, it will remain stagnant**

← **If the pace of period 1990-2000 is kept, it will continue experiencing regression**

NATIONAL REPORTS



In the hands of the oligopoly of foreign capital

During the 1990s, economic policies were characterised by a strengthening of the neo-liberal model, promoted by multilateral credit institutions. Thus the public and financial services, following a process of privatisations, were monopolised by an oligarchy of private companies with foreign capital. Devaluation was mainly due to the «Convertibility Law», which was supported until the bitter end by the IMF and the «financial community». The massive capital flight during 2001 sealed Argentina's fate.

Institutional crisis and foreign-controlled economy

During 2002, the situation of human rights in Argentina returns repeatedly to the events of December 2001. The unprecedented economic, political and social crisis that the country was undergoing at that time gave rise to a social outbreak leading to the end of the consensus over the neo-liberal policies implemented during the 1990s. Over a period of fifteen days, five presidents succeeded each other, leaving the country in a state of institutional instability, the worst since the return to democracy in 1983.

During the 1990s, economic policies in Argentina were characterised by a strengthening of the neo-liberal model, promoted by multilateral credit institutions. Throughout this period, the Argentine State guaranteed maintenance over time of an extremely high rate of foreign exchange, largely financed by the high level of indebtedness and with no relation whatsoever to the country's productive structure.[1]

Thus the public and financial services obtained high profitability and, following a process of privatisations, were monopolised by an oligarchy of private companies with foreign capital. This process included the privatisation of most of the essential public services, such as electric energy, gas, telephones and oil. The massive transfer of public companies to private hands coincided with an increasingly-foreign-controlled economy, which, combined with the complete liberalisation of the capital account, allowed for currency to be sent abroad without restriction. In turn, this has caused an amount of Argentine capital equal to the country's foreign debt to be located abroad.[2] The situation became increasingly unsustainable and by the end of the year 2001, resulted in a devaluation of almost 75% of the peso vis-à-vis the US dollar.[3]

Argentina's devaluation was caused in large part by the «Convertibility Law», which pegged the peso to the US dollar. Initially launched to reduce high inflation, the inflexible exchange rate was supported until the bitter end by the IMF and the «financial community» as a key to stability. Yet the peso's value rose along with the dollar's, making imports artificially cheap and increasing deficits in the balance of payments that investors eventually concluded were unsustainable. The massive capital flight during 2001 sealed Argentina's fate.

The demands for change so dramatically expressed by society have remained unaltered in the framework of the transitional government headed by Eduardo Duhalde, who has limited himself to managing the crisis, without implementing alternative solutions to the erosion of the social rights of increasingly wider sectors of the population.

The social variables became totally out of control as a logical consequence of a process characterised by concentration of wealth and an unprecedented increase in poverty. As a result, the strengthening of the neo-liberal, socio-economic model launched by the military dictatorship installed in 1976, with the support and promotion of multilateral credit institutions, has caused Argentina to experience currently the worst crisis in its history as a nation.

In turn, the maintenance of social protests within peaceful terms, perhaps the only achievement that the transitional government could show, was totally demolished on 26 June 2002. During a demonstration of the most impoverished sectors in the south of Greater Buenos Aires, security forces launched a brutal repression, qualified by the president himself as a virtual «hunt». Its most tragic result was the murder of two demonstrators by members of the repressive groups.

For its part, the transitional agenda has limited itself to discussions about the perpetuation of the present political-economic model of organisation, without social issues occupying any leading place. Civil society is distant from the fora where the dominant groups struggle against each other to avoid taking on responsibility for the costs of the crisis, leading to a clear degradation in the quality of the democratic system.

Along these same lines, another manifestation of the institutional crisis is reflected in the impeachment proceedings launched against the Supreme Court of Justice of the Nation. At the beginning, promotion of the proceedings was in the hands of the Executive Power; however, following a series of sentences contrary to its interests (qualified as extortionate by the President of the Nation), impeachment proceedings became diluted, and finally, in October 2002, they were rejected. This dispute among the State powers reached levels beyond the bounds that a constitutional process of such institutional importance can take and only diminished the State power's already weakened credibility, perhaps to a point of no return.

Alarming indicators: poverty and extreme poverty

The development of social variables during 2002 showed that the economic policies implemented over the past years have only raised poverty and extreme poverty indexes to levels that are incompatible with a democratic system. In May 2002, approximately 18.5 million people (53% of the total population) were under the poverty line,[4] while 8.7 millions (24.8% of the total) were

1 In 1991, the Argentine public sector's foreign debt was USD 58,588 million. Ten years later, this debt amounted to over USD 144 billion.

2 In this respect, a commission of the Nation's Chamber of Deputies, pointed out that in December 2001, money abroad (financial and non-financial assets) belonging to Argentine residents, amounted to some USD 127,074 million, placed in deposits, shares, goods, currency, etc. This is not a new phenomenon, as according to the deputies the variation in assets abroad between 1992 and 2001, was USD 73,332 million. Julio Gambina, *Seis meses en picada: datos de la crisis económica,* FJA Centre for Studies, Training and Information, June, 2002.

3 Following the December 2001 crisis, the Argentine peso devalued vis-à-vis the US dollar, going from a parity of ARS 1= USD 1, to ARS 3.60 = USD 1 in October 2002.

4 According to the methodology used by the National Institute for Statistics and Census (INDEC), in the Permanent Survey on Households (EPH), poverty is measured with the «poverty line» method, consisting of establishing, on the basis of household income, if there is the capacity to satisfy – by means of the purchase of goods and services – a set of food and non-food requirements, considered as essential.

considered to be in extreme poverty.[5] The latter variable underwent a 135% increase over the period between October 2000 and May 2002.[6]

The situation is different in the various regions of the country, as in many urban areas in the country the number of poor people has reached even more scandalous figures, with a peak of 78.3% in the province of Formosa. The situation is even more dramatic taking into account that out of the total number of poor people, 8.32 million are children and young people; this means that 70% of the children and young people under 18 years of age live in poor homes. In turn, 4.14 million live in extreme poverty.

Again, the most serious situation is to be found up country, especially in the Northern provinces, where the proportion of poor children reaches 80% and 87.7% in Formosa. There are another eleven urban centres where poverty in children under 14 years of age is greater than 70%.[7] Furthermore, in Formosa, Corrientes, Posadas and Concordia, in May 2002 over 50% of the population of children under 14 years of age was extremely poor.[8]

It is incomprehensible to observe that in a country where food production could cover the needs of 330 million people, about one quarter of the population (almost 9 million people) go hungry.[9] With regard to the mortality rate of children under one year of age, according to figures of the Argentine Paediatrics Society, 11,000 deaths take place per year: one baby every 48 minutes.[10] Out of this total, 60% of the deaths are due to preventable causes.

In this context of poverty and extreme poverty, the significance of the increase in the population with employment problems must also be addressed. Presently, according to recent data from the National Institute of Statistics and Census (INDEC) corresponding to the survey made in May 2002, the unemployment rate reached a historic record. In fact, presently in Argentina there are 3.04 million unemployed recorded, 21.5% of the EAP. Under-employment reached 18.6%, that is to say, 2.63 million people. The highest levels of unemployment are to be found in Greater Catamarca (25.5%), Greater Cordoba (25.3%), Greater Rosario (24.3%) and Greater Buenos Aires (22%). In one year, there were 755,000 more unemployed people, according to the Permanent Household Survey undertaken in May 2002 in 28 urban centres of the country.

Considering the exceptional levels of poverty and extreme poverty, being employed does not imply access to a decent life. INDEC data indicate that the income of 25.7% of those employed is not enough to cover the basic food and service basket required by an adult to be above the poverty line. Furthermore, while the great majority of Argentines becomes poorer, a small fraction becomes increasingly wealthy, continuing the process of concentration of wealth and radically transforming the social structure existing in the country.

Consequently, on comparing the income of the poorest 10% and the richest, the latter is today 33.6 times greater than the former. That is, while the poorest 10% in Argentina collects 1.1% of income, the richest 10% keeps 37.6%.[11] This gap is probably the widest in the history of Argentina and largely explains the social disintegration our country is presently facing.

The crisis in the health system

During the last months of 2001, a health care crisis was triggered that had no precedent in our country, becoming more serious during 2002. This tragically complemented the situation of malnutrition mainly affecting children and old people.

The lack of social security and access to medication and the shortage of basic material in the public hospitals were perhaps the most important and notorious elements showing up in the socio-economic crisis Argentina is facing. To them should be added the reappearance of poverty-related diseases that had been eradicated years ago.

The first symptom of this deep crisis became visible when a great number of citizens were unable to obtain medication essential to treat their illnesses. On the one hand, the impossibility of the most important social services to repay debts to their lenders caused the suspension of care to their members by the pharmacies. On the other, the devaluation of the peso vis-à-vis the dollar and uncertainty about its value generated speculation on the part of the laboratories, drug companies and pharmacies, causing an exorbitant increase in the price of drugs.

In addition, the already deteriorated health care system in the public hospitals – which over the past years has had to face an increase in demand due to the higher levels of poverty and extreme poverty – collapsed, due to the shortage in their reserves of antibiotics, corticoids and essential drugs for the treatment of patients with transplants, cancer and those suffering from HIV/AIDS, etc. The reserves of all kinds of basic material, from rubber gloves and sterilisation materials to oxygen refills, were also exhausted. The situation is so serious that many hospitals have implemented a system of exchange of materials to ensure their operation. Additionally, legal action has been taken by many people, aimed at returning to a normal provision of drugs and continuity of treatment.

The government's relief assistance as response

In response to this most serious social situation, the government has implemented a series of social programmes repeating the assistance-type approach guiding public policies over the past decade. How to fight poverty is not discussed, only how to contain the poor; therefore, redistribution of income and strict respect for social rights are issues missing from official discourse.

Under these terms, and in order to guarantee the «right to family inclusion» (sic), during April 2002 a Programme for Heads of Households was launched, with coverage consisting of payment of ARS 150 (approximately USD 40) under certain conditions.

It should be noted that this programme established a deadline for the registration of candidates, which prevented many individuals from having access to its benefits. Furthermore, the term of this programme only extends to 31 December 2002, generating great uncertainty over its continuity.

The social plan designed by the National Government does not cover even half the basic food needs of a typical family. According to official surveys, the value of the basic food basket corresponding to two adults and two children, in September 2002, amounted to ARS 324.06 (USD 86).

It may therefore be concluded that the programme implemented on a national level is not aimed at fighting poverty by means of a strategy that seriously aims at an equitable distribution of income, but one that can only be considered as palliative assistance, aimed at lessening the magnitude of the social conflict.

Finally, the intervention of the National Government to palliate the deficit in the health care system has been, to all intents and purposes, insufficient. The health care crisis is another sample of the weakness and incapacity of Argentine institutions to face violation of basic human rights, such as life and health.

Drugs have been stripped of their social nature and have become simple commodities, subject to the laws of supply and demand, while those politically responsible for guaranteeing health to the whole population have only succeeded in taking isolated measures that usually become – at the most and so far – a decalogue of good intentions.

Summing up, the Argentine government omits the definition of lasting and responsible economic policies giving priority to substantial equality and the full accomplishment of social rights, the only way of reconstructing a true democracy. Under these terms, 2002 has witnessed an advance of the social disintegration process, placing at serious risk the viability of Argentina as a nation, both at present and in the future. ■

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5 The concept of the «extreme poverty line» used by INDEC endeavours to establish whether the households have sufficient income to cover a food basket, able to satisfy a minimum threshold of protein and energy requirements. In this way, households going beyond this threshold or line are considered to be in extreme poverty.

6 Source: SIEMPRO, based on EPH and CNPV 2001 data.

7 We are dealing with San Luis – El Chorrillo, San Juan, Jujuy – Palpalá, La Rioja, Salta, Santiago del Estero, Tucumán, Córdoba, Paraná, Rosario and Santa Fe.

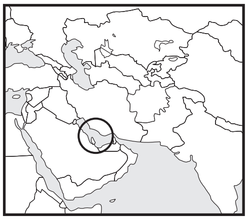
8 EPH, INDEC, May, 2002.

9 According to data from the Secretariat of Agriculture and the Agronomy Faculty of the UBA, published by the Cash Supplement of the *Pagina 12* newspaper on 31 March 2002, in the year 2002, 99 million tons of food will be produced, enough to feed 330 million people.

10 «Muere un bebé cada 48 minutos», *La Nación*, 27 July 2001.

11 As a point of comparison, in 1974 the gap between the first and the tenth income decil was 12.3 times, while in 1989 with hyperinflation in full swing, this reached 23.1 times. Equis, based on the INDEC EPH index, May, 2002.

Scarce transparency in services policies



It is expected that Bahrain, with increasing poverty and unemployment, will soon be the first Gulf Cooperation Council state to legislate privatisation. After beginning in a few sectors, such as transportation and sanitation, privatisation is expected to gain momentum and be extended to the ports and electricity production.

The Kingdom of Bahrain is a founding member of the WTO. As a developing country, it was given a period of adjustment and exceptions under the GATT before being completely integrated into the WTO. As a member of Gulf Cooperation Council (GCC), a regional political and economic block whose members (except Saudi Arabia) are WTO members, Bahrain's integration within GCC keeps pace with the WTO as the two organisations require the implementation of similar steps.

Lack of transparency in transportation privatisation

The State has declared its intention to privatise many state enterprises and services. It is expected that Bahrain will soon be the first GCC state to legislate privatisation. After beginning in a few sectors, such as transportation and sanitation, privatisation is expected to gain momentum and be extended to the ports and the production of electricity.

The State privatised the Public Transport Corporation in 2002 for which the Ministry of Transport chose a provider of the service without receiving a monetary offer, an action which is contrary to transparency and the public interest. It became known that the joint venture includes local business officials and a Malaysian company. It is expected that most Bahraini drivers currently employed by the Public Transport Corporation will be dismissed and partially replaced by foreign drivers, thus adding to the serious unemployment problem. No official study on the effect of privatising transportation has been done. Public transport fares are likely to triple, with the promise of better service, such as air-conditioning, and more frequent buses.

The privatisation of sanitation services undertaken by the Central Municipality Corporation in Muharaq, the second largest city, is a pilot scheme for the total privatisation of this sector. As result of the privatisation, garbage truck drivers were dismissed (with compensation), adding to the ranks of the unemployed. However, garbage is now collected earlier than before, and more garbage containers have been provided, including special ones for recycling. Recycling of glass bottles and paper, undertaken by an NGO, resulted in employment of some Bahraini workers, boosted the economy, and benefited the environment as a result of privatisation.

Telecommunications: will rates go down?

The State has also liberalised the telecommunications sectors. The national communication company, BATELCO, has been a monopoly for decades, but the government declared that this sector will be opened to competition in a few months. There have been complaints that BATELCO charges higher rates than similar companies in the GCC for telecommunications services. It is yet to be seen whether liberalisation will result in lower rates.

Quality of education may suffer

In 2002, the government licensed several private universities and colleges, along with the official university (the University of Bahrain), the Nursing College, and the GCC university (the Gulf University). The Bahrain Training Institute is the largest in the country. Private specialised institutes also exist.

In September 2001, HM the King ordered the reduction of university fees (around USD 1,327) to 25% of their former cost, and exempted poor students, making university education affordable to wider sectors of the population. However, with more than 20,000 students and the same facilities and staff, the quality of education may suffer. This year the Faculty of Law opened, and more schools are expected to follow. The fees for the National Training Institute were also slashed. In addition, more government and private sector funds have been allocated for training, which will contribute to alleviating unemployment and poverty.

Oil: restructuring and dismissals

The restructure and merger of the two national oil companies in 2002 (BAPCO and BANOCO) is expected to result in the dismissal of hundreds of workers. The restructuring of GULF AIR (GCC carrier) has already resulted in the dismissal of more than 150 employees while the merger of two local domestic banks has also resulted in the dismissal of tens of the staff. These layoffs are examples of a wider trend that will prevail as a result of integration within the WTO and GCC Custom Union.

The professed thesis is that privatisation, restructuring and mergers will produce more efficient and competitive firms in a global free-market economy. This remains to be seen.

Increased poverty and unemployment

Until now no official poverty line or measurement has existed, and thus the percentage of the population living in poverty is not officially reported. Some economists estimate that the minimum income for a decent standard of living for a family of six is BHD 309/month (USD 820). The Social Insurance Fund statistics show that many Bahrainis earn less than BHD 120/month (USD 318). This is below the minimum wage guideline adopted by the Ministry of Labour for some sectors of the economy and the minimum wage at the government sector, which is BHD 150/month (USD 398). Consequently, this segment of the population is under the poverty line as suggested from official wage statistics.

According to such different sources as the Ministry of Labour and Social Affairs, the organisations, especially women's groups, and the charity funds, the amount of people living in poverty has increased, which the government has acknowledged. The king realised the inadequacy of the assistance provided to the poor and ordered the establishment of permanent funds (BHD 25 million - USD 66.25 million) for the assistance of widows, orphans and the temporarily unemployed.

To reduce the burden of lower income people, HM ordered the slashing of public housing loans to 50% and electricity bills for the past two years to 50% for those with limited income. These steps are designed to alleviate the burden of impoverished people. Recently, HM ordered a study to be conducted on whether Bahraini workers employed by companies completely or partially owned by the government are entitled to own shares in the firms as well as share in their profits. During October of 2002, aid benefactors from the Ministry of Labour were granted shares worth 30% of Alseef Mall. Currently, the government is considering making the Labour Ministry's minimum wage guideline an official legal requirement.

Unemployment and unwillingness to accept employment contribute greatly to poverty, as Bahrain lacks a social security system for the unemployed. Because of this, the toughest problem is high unemployment, currently estimated at 15% among the Bahraini workforce. This is in contrast to the fact that foreign labour constitutes two thirds of the workforce. There is consensus that not all foreign workers are needed, as there is open or not declared unemployment among them, especially among the Asians. The Asian workforce competes with local workers and pushes salaries downward. Consequently, many unemployed Bahrainis will not accept prevailing salaries and therefore prefer unemployment. Currently, the foreign workforce is 65% of the total labour force. The Ministry of Labour and the Directorate of Immigration authorise the employment of Asian workers, who are willing to work for lower wages. However, many importers inflate their needs and secure monthly fees from the foreign worker. ■

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Corruption and mismanagement threaten jute mills

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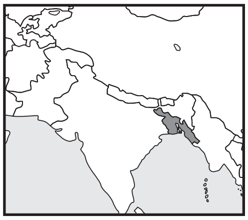

The jute sector was dominant in the economy in terms of manufacturing sector output, employment, and foreign exchange earnings. It contributed 87% of total merchandise export earnings at the time of the country's independence. The change of government in 1975 paved the way for a change in the nationalisation policy and a process of privatisation was initiated. This report discusses the impact of the nationalisation and later privatisation of the jute mills on the national economy and on the jute workers.

Bangladesh won its independence on 16 December 1971 after a nine month long liberation war. Much of the country's infrastructure was devastated during the war. A large number of industrial and commercial enterprises were damaged and abandoned by their Pakistani owners, creating a managerial vacuum. In a difficult situation, the government tried to move the wheels of commerce and industry by undertaking their management by its own hand. Further, the socialist ideology of the leading Awami League led to the nationalisation of the manufacturing, banking, finance, transport and communication sectors in March 1972. As a result, the State came to own 92% of the fixed assets of the modern manufacturing sector. As part of the programme, all 77 jute mills of the country were nationalised. The jute sector was dominant in the economy in terms of manufacturing sector output, employment and foreign exchange earnings. It contributed 87% of total merchandise export earnings at the time of independence.

It has been argued that nationalisation was undertaken without much preparation for efficient management of the nationalised industries. Lack of efficient management, lack of operational autonomy, a rigid wage structure, controlled pricing policies, corruption, and other problems turned the State-Owned Enterprises (SOEs) into money-losing enterprises. These concerns depended on huge state subsidies, which proved to be very costly. Against this backdrop, the change of government in 1975 paved the way for a change in nationalisation policy and a process of privatisation was initiated.

Nationalised businesses served political objectives and fed corruption

Critics hold that nationalisation had been carried out quite mechanically without any attention to the capacity of the public sector to run the mills. As mentioned, there were vacuums in the top managerial positions caused by the exodus of the Pakistani management during the war. These positions were filled by mid-level officials and even by clerks on some occasions. The nationalised mills thus had weak management from the beginning.

After nationalisation, the higher authorities, the mill managers and the Collective Bargaining Agents started misappropriating the funds and resources of the mills. The number of officers and staff members was raised by about 35% to 40% above that in the pre-liberation period. Another round of increases in management personnel, by another 30% to 40%, took place after the violent political changes in the country in 1975, following a series of coups and counter-coups. On both occasions the appointments were based on political considerations. On many occasions the mill authorities showed inflated figures for purchase of jute and in order to cover up this mischievous act, set fire to the jute in the warehouses, burning the whole stock to ashes. Consequently, the quality of production suffered and the mills began to lose money. The mounting losses and inefficiency of the enterprises began to negatively impact on the economy. The inefficient operation of SOEs led to a massive drain of resources, conservatively estimated at 4.9% of GDP annually since 1991. The public financial institutions have also performed poorly, suffering from significant and understated losses and capital shortfalls. The inefficient services of SOEs in energy, telecommunications, banking, railways, ports and other public utilities have increased the cost of doing business in other sectors of the economy and have reduced consumer welfare.

Mixed results of non-transparent privatisation process

The government, instead of trying to address the real problems of the mills through better management, better labour relations and improved productivity, initiated a process of privatisation of the SOEs, including the jute mills, under the advice of the World Bank. The overall experience with privatisation, however, has not been encouraging. A World Bank study of the performance of the privatised units divested during the 1980s reports that nearly 50% of the enterprises (or 245 out of 497 small industrial enterprises, excluding large jute and cotton textiles) have been closed down. A depleted asset base, high debt liabilities and inefficient management are responsible for this deplorable situation. The privatised large-scale jute and cotton textile mills have also exhibited mixed results in terms of investments, productivity, profitability and other measures of efficiency.[1]

Binayak Sen, analysing a sample of 205 manufacturing units, found a high incidence (40%) of post-divesture closures with 5% of the units not traceable at all. The study, however, observes two areas of improvement: out of the 112 enterprises currently in operation, 40% diversified their businesses by introducing new products and 60% showed profits as against 38% before divesture.[2]

It is difficult to provide any conclusive judgement on the true magnitude of privatisation because of a lack of hard statistics. A World Bank study in 1997 showed that a total of 1,089 enterprises were privatised in Bangladesh between 1972 and 1996. A study by the International Labour Organisation[3] estimates the number of such enterprises at 1,083, of which 610 were industrial enterprises.[4] Between 1978 and 1986, 43 jute mills were privatised. It should

1 R. Sobhan. «Disinvestment and Denationalisation Profiled Performance», in *The Bangladesh Journal of Political Economy*, Vol. 6, No. 2, 1985.

2 Binayak Sen. *Wither Privatisation: Results of an Exploratory Survey of the Disinvested Industries in Bangladesh*, mimeo, Dhaka: BIDS, 1997.

3 International Labour Organisation, *Retraining and Redeployment of Workers Affected by Privatisation in Bangladesh*. Geneva: ILO, 1999.

4 Editor's Note. Apart from jute mills, a survey dated February 1991, commissioned during the government of President Shahabuddin, found that over 50% of the privatised units were not operational. Also a World Bank study carried out during 1991-1996 found that out of 13 privatised enterprises, five closed, one was not operational, and four continued to make losses after privatisation. That was in the context of an IMF and World Bank privatisation scheme for Bangladesh, which included the sale of 42 public enterprises and came to a standstill in 1991 but later started again, with the results mentioned above.

be noted that between 1986 and 1991 not a single SOE was privatised and 26 enterprises have been privatised since 1993. It may be further noted that the government has also resorted to closing enterprises to solve problems in the nationalised sector. Closure of unviable mills has been limited to six mills in jute manufacturing since the early 1990s so far, while a larger number of textile and steel and engineering mills were closed in recent years. The most notable example is the recent closure of the Adamjee Jute Mills.

The privatisation process was not transparent. There was no open bidding, and the valuation of jute mills that were privatised was not done in a transparent manner. Just prior to privatisation, profitable SOEs became losing concerns, and mills were sold at a very low price through an unholy alliance between the owners and policymakers. Furthermore, corruption took place in managing the mills even after they had been privatised. It very often happened that the owner himself overvalued the price of purchased jute or other raw materials, as well as the machinery, and showed a loss on the balance sheet. This enabled the owner to default on bank loans. Some of the mills that had been restored to their former owners were later sold to new, inexperienced entrepreneurs. Privatisation was not to be the answer to the problems of the ailing jute industry.

The situation of the mills has also been made worse by some other factors such as excessive manpower, outdated machinery, and declining demand in both domestic and international markets. This has resulted in continuous losses and closure of some mills, resulting in the loss of jobs and production.

Social impact

The social impact of privatisation has been heavy. About 89,000 workers were laid off during the 1995-97 period. Studies of the employment situation based on a survey of 205 privatised enterprises[5] indicate that the workforces of the firms still in operation have been reduced by about 25%. When taking into account those privatised firms that closed, nearly 40% of the workers previously employed in the SOEs lost their jobs. Furthermore, there has been a tendency to replace permanent workers with temporary workers, decreasing the job security of those who remain.

It has been very hard for the workers who have lost their jobs to find alternative employment. There are few jobs available and there is little retraining of workers to facilitate reemployment. Consequently, some workers have entered the informal labour market doing odd jobs like rickshaw pulling and working as day labourers.

While the mills were in operation, the workers used to live reasonably good lives. Since they lost their jobs, they have faced adversities. Many of them have not been able to feed their children properly let alone send them to schools or provide them with needed healthcare services. Some of the workers have sold the assets accumulated during their working lives, and some have sold the land inherited from their parents. In addition to losing their assets, laid-off workers face rising indebtedness, as most of them are living on borrowed funds.

As mentioned earlier, some of the privatised mills were sold again to new owners. They, too, were inefficient in running the mills and had to eventually close them. The new owners did not even meet the legal severance payments to the workers when the mills closed.

Women do not work in the mills and hence the privatisation process did not directly affect them. But as part of a family that is undergoing economic hardships, women bear disproportionate amount of the burden. They will be the first to be withdrawn from schools, for example, and they often have to sacrifice their share of food for other members of the family.

The government has tried to safeguard workers' interests recently by offering compensation packages to the retrenched workers. Some of these compensation schemes are «golden handshakes» and «voluntary departure schemes». While the financial packages seem generous, they cannot be a good substitute for life-long employment when jobs are scarce. The government is also arranging for retraining of workers.

Conclusions

Management vacuums and socialist ideologies motivated nationalisation of enterprises in manufacturing and commerce, including the jute manufacturing sector. The sector suffered from weak management and corruption from the beginning. Instead of addressing the real problems of the nationalised sector, the government undertook privatisation of the SOEs, including the jute mills. The privatisation process was itself non-transparent, and the private owners proved to be as inefficient and corrupt as their predecessors. Throughout the whole period the politically powerful were able to appropriate the assets of the mills and get richer. The ordinary labourers have suffered and their sufferings have increased with the closure of the mills. Government should undertake effective safety net programmes to safeguard labour interests. ■

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5 Binayak Sen, *op. cit.*

BOLIVIA

Water and privatisation: doubtful benefits, concrete threats

Tom Kruse   Cecilia Ramos

The Bolivian experience of privatisation of the companies that manage and distribute water is a good window on the conflicts triggered by the privatisation of basic services. It also shows the enormous difficulty – some say the impossibility – of making the search for profit compatible with an equitable and sustainable supply of basic services; that is, making privatisation benefit the poor.

X-ray of a conflict

Today, the body regulating basic sanitation covers 22 drinking water and sewage systems in the country. Fourteen are cooperatives, seven are municipal companies, and one – the largest in La Paz and El Alto – is a private concession.[1] There would have been two private companies, but in 2000, the privatisation of the Cochabamba water system was reversed following mass mobilisations opposing it.

General data indicate that access to water (number of connections) has improved over the past years but there is no clear correlation with privatisation (a single concession). At the same time, privatisation involves a reassignment of costs that the promoters of privatisation themselves recognise as producing «adverse welfare effects,»[2] – that is to say, they are «anti-poor.» Underlying these are the financial parameters demanded by the financing institutions: full cost recovery and the elimination of direct or cross subsidies.[3]

Cochabamba

The failure of water privatisation in Cochabamba is well known and much debated worldwide. A relative scarcity of water creates excessive reliance on groundwater sources and interruptions in the service. Up to 60% of the water distributed is lost or not invoiced because of the inadequacies of an old distribution system. Half of the approximately 500,000 inhabitants are not connected to the water network and depend on cistern trucks that sell the water – perhaps the most expensive in the region – or on systems built by local communities. The unequal access to water reflects inequities in the society at large.

Since the beginning of the 1990s, the World Bank had been demanding privatisation of the municipal water company, SEMAPA, as the only solution to the water problem in Cochabamba. In 1996, the WB conditioned a USD 14 million loan to SEMAPA to its privatisation. [4] And in 1997, the IMF, WB and IDB conditioned debt cancellation of another USD 600 million to the privatisation of SEMAPA.[5]

The process was complicated for several reasons: the local elite tied the water system concession to the execution of a very ambitious and costly construction project; the company had a large debt to be taken on by the concessionaire; the WB demanded a rigorous application of full cost recovery; and the company managed to establish a guaranteed high rate of returns during the negotiations. All these costs – reached by consensus during an absolutely secret process between the company, the government and local elites – was to be reflected in the water rates *prior* to any improvement in the water system.

In September 1999, a leasing contract was signed in favour of the Aguas de Tunari consortium, directed by the giant engineering and building company, Bechtel Enterprises of the U.S. The contract set up a monopolistic concession.

At the beginning of 2000, bills for water containing a rise of between 200% and 300% started arriving and the reaction was not long in coming. A consumer rebellion broke out in the city, and in rural and peri-urban areas people mobilised against Aguas de Tunari. These joint efforts ended in April 2000 with confrontations with the police and armed forces, the declaration of a state of siege, hundreds of people wounded and one death. On 10 April 2000, the government announced rescission of the contract and substantial changes in the law that had covered it and had left self-managed systems and rural customs unprotected.

La Paz

The first water privatisation in Bolivia occurred in 1997 when the government granted a water concession to Aguas de Illimani, a consortium led by Suez Lyonnais des Eaux, now Ondeo. Before privatisation the water rates were increased by nearly 60% for domestic use, 18% for commercial use and 21% for industrial use.[6] At the time of the concession, there was a further 19% increase. The rates were «dollarised,» but then «de-dollarised» because of protests in December 2000.[7] The rate structure is progressive (the cost per unit increases with more consumption). Previously, the consumption of 10 cubic meters of water was free, but now all water consumption is invoiced, which represents a clear blow to the poor.[8]

The problem facing the company was – and continues to be – how to make money selling water where 60% of the population have an income of USD 0.80 per day. How to get water to poor homes at the least cost in order to guarantee profits for the shareholders? The answer was a «joint ownership» system, cutting costs by placing pipes over patios and pavements (not under the streets) and taking advantage of user labour. These measures reduced connection costs, which had been prohibitive for the poor. To guarantee financial feasibility, making privatisation viable, extraordinary efforts were necessary: technical standards had to be significantly relaxed; construction, maintenance and risk costs had to be transferred to the users (community «participation»); campaigns had to be set up promoting greater water consumption; micro-credits had to be offered for the construction of bathrooms and showers; and the financial cooperation agencies had to fund the necessary research and training activities to implement the system.

Although coverage expansion rates are considerable, their viability in the future under the commercial rationale of Ondeo is fragile. A WB report concludes that

1 http://www.sisab.gov.bo/empresasreguladas.html

2 Grover Barja & Miguel Urquiola, «Adverse Welfare Effects,» in *Captalisation, Regulation and the Poor: Access to Basic Services in Bolivia.* WIDER Discussion Paper, No. 34, 2001, p. 1.

3 Barja & Urquiola, *op. cit.*, p. 20.

4 *Opinión* (Cochabamba), 23 January 1996, p. 5A.

5 *El Diario* (La Paz), 1 July 1997, p. 5A.

6 Carlos Crespo, «La concesión de La Paz a los cinco años: elementos para una evaluación,» 2001, www.aguabolivia.org, p. 1.

7 Barja & Urquiola, *op. cit.*, p. 22.

8 *Ibid.*

from the standpoint of the company, the new connections for the poor could well represent net losses; furthermore there are no incentives for the company to carry out the necessary cultural re-engineering to increase consumption. The report also considers that the rate structure, in which the unit cost of water increases with consumption, makes it «unprofitable to serve homes having low levels of consumption.»[9] Thus, the sale of water to poor people is not a profitable business.

Today the concession is presented as an example of feasible, efficient privatisation with «pro-poor» effects. However, there are various problems. The users have already denounced the bad quality and fragility of the works. While the promoters argue that the «joint ownership» system at least gives something to the poor, others – among them the Neighbourhood Councils – consider that to make privatisation viable, separate and unequal systems are being institutionalised – adequate systems for the rich and poor systems for the poor.[10]

Rural communities, water and the rules of the game

Over 40% of the population live in rural areas, where it is estimated 5,450 irrigation systems are in operation. Approximately 4,700 of these are «micro-irrigation» systems in the hands of peasants and traditional communities.[11]

Far from being a simple commodity, water is the central element in a whole set of social and cultural processes in thousands of local management systems, which materialise the innovative capacity and collective sacrifice of their authors and managers.

There is a basic contradiction between the requirements of the major water sellers and concessionaires and the vision of rural communities and peasant organisations. For this reason, renewal of the Water Law has failed: over 30 drafts have been submitted and rejected. The last attempt at creating a new Water Law dates back to 1998, and was blocked by organised peasants. They rejected taxes or licences on waters used for generations, a system of concessions favouring company stakeholders and in particular, the establishment of a Water Superintendent with wide powers to grant and rescind rights over water, with no social oversight or monitoring.[12]

In view of the impossibility of adopting a Water Law, the government «smuggled in» a Drinking Water Law, resulting from an IDB financed consultancy. The Law contained all the things that the peasants rejected: a commercial orientation, preferences for major commercial concessionaires, ignorance of the «usage and customs» and the de facto creation of a water «Tsar».

Opposition to the Drinking Water Law ended with imposed revisions in favour of the peasants, and an explicit mention of respect for traditional «usage and customs.» However, the process of revision is stagnant in Congress because of opposition from Aguas de Illimani and the WB. A specialist on the matter commented, «a call by Aguas del Illimani to the World Bank could do more than the peasant mobilisations.»[13]

Exports of crude water: the wolf in the chicken run

In Northern Chile, overuse of aquifers has produced deserts and resulted in the establishment of protected areas to limit exploitation of groundwater. The mining companies in Northern Chile must seek water elsewhere and have the neighbouring Bolivian territory, the north of Potosi, in their sights.[14]

Since 2000, local elites in Potosi have attempted three times to open up the business of exporting crude water. Each time, more or less successfully, regional, peasant and professional organisations have opposed it, arguing that Bolivia must avoid the environmental problems produced in Chile, not replicate them. A global water policy for the region must be drawn up that will attend to the socio-economic needs of its inhabitants, among the poorest in the country; only then, if possible, could «surplus» water be exported.

The government commissioned a study to define global policies that will take into account environmental criteria and socio-economic needs, while verifying the existence of those «surplus» waters. However, private consulting companies will foot the costs of preparing the study, and in the event «surplus» water is found to exist, the companies will have the right to exploit and market it. Thus, the government has asked the wolf to find out if there are chickens in the chicken run, so that he can later eat them.

Doubtful benefits, concrete threats

The forces which support commercialising and privatising water are strong and have considerable influence on legislative processes. Conflicts arising from privatisation have led to injured people, lost lives and postponed solutions. Privatisation and the continuous pressure for more commercialisation pose real and constant threats:

- *The «blind» imperatives of commercialisation and necessary profitability ignore the cultural importance of water*. Water in Bolivia is anything but a simple economic commodity. In thousands of rural and urban communities people manage and use water according to a complex set of social and cultural concepts.
- *The companies are powerful, the State weak.* Although the provision of water through public companies requires a strong and efficient State, regulating a trans-national company may require even more strength and efficiency. In the Cochabamban conflict, the State showed itself to be incapable of adequately negotiating, regulating and managing a concession or representing and defending the interests of the population.
- *There are democratic deficiencies in privatisation processes*. Privatisation and the legislation to protect and sustain it, create an obvious democratic deficit regarding the transparency necessary for true public participation and oversight. To achieve privatisation, the government has had to «smuggle in» legislation, distort laws already adopted and sign contracts with iron clauses of «confidentiality» that effectively make public monitoring impossible.

What does GATS imply in this setting?

GATS will exacerbate these problems in three ways:

- *By imposing privatisation.* While the country is debating privatisation, GATS will help impose it by allowing state bodies to provide services only «in the exercise of governmental authority,» which is defined as that «which is not supplied commercially or in competition with one or more service suppliers.» The definition is so restrictive that almost no public operator in Bolivia would qualify.
- *By restricting public debate.* While a strong participation of society in disputes over water regulations has been the case, under GATS these debates will be prohibited. The object of GATS discipline is not the services themselves, but what *the Governments do or may do that can affect the trading of a service*. Therefore, it is an instrument par excellence to limit «interference» by legislation and governmental administration in the operation of the «free» market, and implies an explicit abandoning of the sovereignty of courts and legislatures.
- *By preventing policy change.* GATS discipline places investors' rights above citizen rights and makes privatisations almost impossible to reverse. The failed «experiment» of water privatisation in Cochabamba *has* been reversed, showing how urgent it is to be able to minimise the cost of correcting errors. GATS will make it impossible or more expensive for society to make «corrections.»

Bolivia is already experiencing that threat. The U.S. Bechtel Company is demanding compensation for the rescission of its concession contract, arguing in the WB closed arbitration panel that it has been the victim of an «expropriation» of its property. Under GATS, the proliferation of this type of litigation by private companies against sovereign States will be inevitable. ■

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9 Vivien Foster, «Economic and Financial Evaluation of El Alto Pilot Project: Condominial Water and Sewage Systems and Related Innovations,» http://wbln0018.worldbank.org/eap/eap.nsf/Attachments/Water-Informe/$File/InformeFinalApr09.pdf, 2001, p. 14.

10 See Crespo, *op. cit.*, p. 7.

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12 «Documento de Discusión y Consulta,» 27 April 1999, reproduced in *TUNUPA*, No. 2, May 1999.

13 Comment to the author by an analyser having a decade of experience on water issues in International Cooperation.

14 Juan Aluralde, «Mitos y realidades sobre la exportación de aguas al norte de Chile,» mimeo, 2002, p. 9.

BRAZIL

The implicit agenda of a conservative patrimonial reform

LUIZ CARLOS DELORME PRADO   LEONARDO WELLER[1]

Although it was argued that the proceeds from privatisation would be invested in social reforms, from 1995 it became clear that those revenues generated an important inflow of international capital, to be used not for social investment, but rather to finance trade deficits and debt service. The economic results of privatisation were mixed, while in social terms they have been a failure.

The National Programme of Privatisation (PND) was created under the Collor Government in 1990 by Law 8.031/90. Two institutions implemented this programme: the National Council of Privatisation (CND) and the National Bank of Economic and Social Development (BNDES). The CND was the main planning council of the privatisation processes. It reported directly to the presidency and had ministerial status. The BNDES managed the National Privatisation Fund (FND), which is the trustee of privatisation revenues.

Objectives and official justifications of the PND

The privatisation programme was launched as one of the bold conservative structural economic reforms proposed by president Fernando Collor to end the economic crisis of the late 1980s. (The short Collor presidency was marked by accusations of corruption that led to his impeachment in 1992.) Succeeding presidents deepened the process. Privatisation officially had two main objectives:

- *Improve efficiency*. Privatisation policy assumes that the private sector is more efficient than the public sector. Supporters argued that increased productivity achieved through private entrepreneurship would spill over to the rest of the productive structure.
- *Reduce government expenditure*. By privatising the state companies, the State would no longer be responsible for investment (or losses). Therefore, the government would be able both to reallocate those resources to other areas, such as health and education, and to increase its budget surplus.

The implicit agenda of PND

The true reasons for privatisation became evident after the *Plano Real* was launched in 1994. Although the Cardoso government argued that the proceeds from privatisation would be invested in social reforms, from 1995 it became clear that those revenues would also help supply foreign capital funds to finance the huge current deficits caused by the exchange rate policy, which in turn was used to strengthen the currency and curb inflation. (See Table 1).

In order to maintain a stable exchange rate, it was necessary to import capital. In addition to privatisation revenues, the government obtained foreign capital through high interest on its bonds. Over time this forced the government to allocate more revenues to service its growing debts.

The PND worked in both these directions. While the resources deposited in the FND increased the government's revenue, foreign groups bought almost half of equity sold by PND. Therefore, the privatisation programme generated an important inflow of international capital, to be used not for social investment, but rather to finance trade deficits and debt service.[2]

TABLE 1

Current account (USD billions)

YEAR	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
CC balance	6.1	(0.6)	(1.7)	(18.0)	(23.5)	(30.8)	(33.4)	(25.4)	(24.7)	(23.2)
CC balance/GDP	0.9	(0.8)	(0.9)	(2.8)	(3.2)	(3.8)	(4.2)	(4.8)	(4.1)	(4.6)

Source: Conjuntura Econômica/FGV

The privatisation process

From 1990 to 1992, 18 steel and petrochemical companies were sold to the private sector. During 1993 and 1994, PND privatised 14 companies, completing the transference of the Brazilian steel industry to the private sector. In 1995, the PND started the privatisation of public services, such as urban electricity and public transport firms. In 1996, the privatisation programme of companies owned by the federal states began. During 1995 and 1996, the PND privatised 19 companies. The privatisation process was extended to telecommunications in 1997, when PND revenues came to USD 26.3 billions, more than its combined revenues from 1991 to 1995.[3] In 1998, the PND collected its largest revenues, USD 35.7 billion. During 1997 and 1998, the PND privatised most of the state companies. After 1999, the privatisation process lost steam, with revenue dropping to USD 4.2 billion in 1999. After increasing in 2000 to USD 10.2 billion, the programme's revenue fell to USD 2.8 billion in 2001 and to USD 2.0 billion in 2002. The PND completed the privatisation of the electricity sector in 2000. In 2001, the programme completed the telecommunications concession bidding. Privatisation in 2002 was in the banking sector. Of total PND revenues of USD 105.3 billion, USD 70.6 billion came from the privatisation of federal government companies, while the remaining USD 34.7 billion came from state (provincial) companies. Summing up, 65% of the revenue of the privatised companies belonged to the public service sector. Among those, 62% were in energy and telecommunication, 29% were in the productive sector and 6% in the financial sector.[4] Foreign investors had an important role in the PND: 48.3% of all the resources invested in the programme was international capital. Americans, Spanish, Portuguese and Italian were the main foreign investors. (See Table 2)

Privatisation proponents appear to have lost political support for their policies. The loss of dynamism of the PND since 2001 is largely due to stronger public opposition to attempts to sell out large government companies such as *Petrobras*, *Banco do Brasil* and *Caixa Econômica Federal*. Another reason for the slowing pace of privatisation is increasing scepticism about its efficacy in areas such as electric energy, in the wake of the disastrous electricity shortage that plagued families and business during 2001.

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2 There is some controversy about social expenditure in Brazil. See Sonia Draibe, «As Políticas Sociais nos Anos 1990», in Renato Bauman, *Brasil: Uma Década em Transição*, ECLAC, Campus, 2000.

3 Data from BNDES.

4 *Ibid.*

TABLE 2

Foreign investors in PND (USD millions)

COUNTRY	PND	FEDERAL STATE - OWNED COMPANIES	TELECOMMUNICATIONS	TOTAL	%
USA	4,318	6,024	3,692	14,034	16.5
Spain	3,606	4,027	5,042	12,675	14.9
Portugal	1	658	4,224	4,882	5.7
Italy	-	143	2,479	2,621	3.1
Chile	-	1,006	-	1,006	1.2
Belgium	880	-	-	880	1.0
UK	2	692	21	715	0.8
Canada	21	-	671	692	0.8
Sweden	-	-	599	599	0.7
France	479	196	10	686	0.8
Others	1,903	908	532	3,343	2.7
Total Foreign Investors	11,210	13,654	17,270	42,134	48.3
General Total	30,480	27,949	28,793	87,222	100.0

Source: BNDES

Results of the privatisation process

From an economic perspective, the results of the privatisation process depend on each sector. The best efficiency gains were made in manufacturing companies, such as steel, mining, airplanes and petrochemicals. The most celebrated case is *Embraer*, a state owned aerospace firm that became one of the world's largest commercial airplane manufacturers after privatisation.

However, in the public service sectors results were mixed. There was some improvement in telecommunications, as the supply of fixed and mobile telephone lines increased sharply. In the process of modernising telecommunications, private firms sometimes imported technology and abandoned domestic expertise, in some cases using foreign manpower in place of the dismissed domestic engineers and technicians. The most famous case was *Embratel*, the government's main telecommunications holding company, which in June 1998 was sold to WorldCom, an American firm that went bankrupt after a major accounting fraud was revealed. *Embratel* was set up in 1969 to run all the interstate and international Brazilian telecommunications. Since its foundation, this company used satellites for international and domestic communication, and since 1985 it has had its own satellites. It was a pioneer in developing a huge optical fibre network in Latin America. The rapid growth of the Internet in Brazil was only possible because *Embratel* developed the infrastructure in Latin America. Their engineering also had a strategic role in the development of the Internet network and data transmission in Brazil. The new owner, WorldCom, does not seem to be a well-run company, as its recent financial problems have shown. What efficiency gains could this new owner have brought to a firm that had been one of the most professionally run and strategically capable Brazilian public companies?

Electric power and transmission companies have been only partially privatised. Privatisation is complete for public electricity distribution companies, most of which were state (province) owned. The performance of those companies after privatisation was mediocre, the quality of services was inconsistent, and the price charged for services increased enormously. Between 1996 and 1998, PND accomplished 18 of the 22 privatisation bids of electrical companies. During these years, average electrical tariffs increased 45%. Residential consumers got the largest increase of 65%, while tariffs to industries, the commercial sector and rural consumers increased respectively 30%, 31% and 25%.[5] These increases were much higher than inflation in the same period.

Lack of public investment and overconfidence in the privatisation programme led also to the 2001 energy crises, which forced the country to go into an electricity rationing programme. The imbalance of supply and demand in this industry shows that the groups that bought the electric companies have not been investing enough. The electric system is based on hydroelectric power and depends on transmission over long distances. Consumers (about 47.2 million units) are concentrated in the industrialised Southeast States. The electric system must balance changes in generator power due to rainy seasons with the needs of the different regions. Because electricity demand has been growing faster than GNP, it takes a huge annual investment (BRL 6-7 billion per year – USD 2-2,34 billion) to keep pace with consumption. The level of investment in the electric system as a whole, that is, including generator, transmission and distribution, was for 1994 only half the average level of investment of the 1980s. From 1980 to 1989 the annual investment in this sector was USD 12.6 billion. From 1990 to 1993 this was reduced to USD 8.1 billion. From 1994 on, it was USD 5.5 billion or less.[6]

In social terms privatisation has been a failure. The new owners laid off a huge number of workers. During the 1990s employment in the public sector was reduced by 43.9%.[7] The group of companies originally owned by the state sector lost 546,000 jobs on all levels, from 1989 to 1999.[8] Many experienced engineers and technicians were replaced by workers from (foreign) headquarters or from contract firms.[9] Payroll expenditures were also reduced but at the same time the company began to pay much higher salaries for their foreign executives and advisers. The conservative argument that Brazil's well-trained workers would trade off low wage public jobs for well paid private ones was shown to be absolutely false. During the 1990s 48% of the new jobs created belonged to just three occupations: domestic employees, salesmen, and building construction workers. The growth of unemployment for people with eight or more years of education grew 620%, much more than the unemployment rate of people with less than one year of education, which grew 189%.[10]

Nor was the objective of using privatisation revenue to decrease government expenditure accomplished. Despite the fact that the government did not have to invest in privatised companies, the government's debt increased dramatically after 1994. Between 1994 and 2001 the domestic public debt grew 330%, from BRL 153 billion in 1994 to BRL 661 billion in 2001.[11] This was caused mainly by high interest being paid to attract foreign capital, but also by the sterilisation of monetary supply increases, through a policy of reserve accumulation, which was needed to guarantee capital account liberalisation.[12]

The external debt grew from USD 148 billion in 1994 to USD 226 billion in 2001, and government expenditure with payment of interests reached about 10% of GNP during 1999-2001. That is, resources from privatisation were too small (in view of the increased government expenditure required to pay the necessary interest, due to the large current account deficit) to keep a low exchange rate up to 1998. Finally, even though Brazil was compelled to change its exchange rate policy in 1999 after a financial crisis, exchange rate instability has persisted and the country now faces the prospect of another crisis.

Conclusion

The conservative patrimonial reform did not deliver promised benefits. A decade after the programme started, the results are mixed in economic terms, while in social terms – employment impacts and the costs for households and small businesses – they were negative. Except among entrepreneurs and the press, privatisation was never widely supported in Brazil. However, because the government was able to link the PND with its successful policies to control inflation, it was considered a legitimate economic policy. During the 1990s, and particularly up to the end of Cardoso's first term, public opinion was not strongly against privatisation. This began to change during his second term. The conservative economic plan was under strong criticism and public opinion was growing sceptical of mainstream economists' explanations for the failure of Brazilian economic development. Finally, the economic and financial crisis of the last two years has definitively discredited the conservative project. All presidential candidates in 2002 stated, in different degrees, that Brazil's economic model should be changed. ■

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5 Data from ANEEL (Electric Energy National Agency).

6 Data from Eletrobras.

7 Marcio Pochman, *A Década dos Mitos*, Sao Paulo: Editora Contexto, 2001.

8 *Ibid.*, p. 30. According to Pochman from 1989 to 1999 the unemployment rate in Brazil grew from 3% to 9.6% of the labor force. That is, the number of people looking for a job jumped from 1.8 million in 1989 to 7.6 million in 1999.

9 *Ibid.*, p.74, for a comparison between occupations, years of education and remuneration.

10 *Ibid.*, pp. 73-74.

11 Data from Banco Central do Brasil. Nevertheless, according to Castelar Pinheiro Public Debt was smaller than it would be without privatisation. See Armando Castelar Pinheiro, *A Experiência Brasileira de Privatização,* BNDES, Texto para Discussão 82, Rio de Janeiro, 2001.

12 «Sterilisation» neutralises the monetary expansion caused by increased capital inflows. Up to 1996 Brazilian Reserves of foreign currency grew. If all this increase were to be exchange for *reals*, (and so increase the domestic monetary supply) this could have some nasty effects on the inflation rate. So the government offered public bonds with high interests rate to contract the domestic money supply.

The big sale in the water supply market

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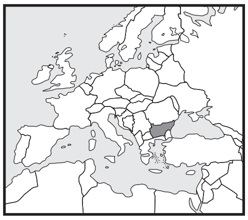

Water supply, electricity, health and transport services, sectors that were formerly state monopolies, have all been privatised. This report focuses on the privatisation of water, which has been characterised by non-transparency and ineffectiveness, higher rates and a lack of infrastructure improvements. The restructuring of the water supply sector has already had a negative impact on the social and economic status of the population, as higher prices have eroded real household income.

Governmental water supply strategy

According to the water supply draft strategy for development, transformation and management, which will be adopted by the end of 2002 by the Ministry of Regional Development and Public Works, BGL 7.7 billion (approximately USD 3.85 billion) in private foreign investments is needed to improve the country's water supply. In addition to the private sector, other financial resources include the pre-accession EU funds and direct state investment. The concrete parameters of the sharing of the investments will be identified in the National Programme for Economic and Regional Development. The main problem is the inefficiency in the management of a water supply operated by 51 state and municipal companies (providing potable water and sanitation) and the enormous losses of transferred water due to antiquated infrastructure, about 90% of which needs to be modernised. The result is the high cost of potable water for consumers.

The World Bank has demanded a new strategy for the involvement of the private sector in water supply, which includes a concession, followed by the contracts for management and concrete services. The strategy for privatisation involves mixed forms of operation such as the plan for the private investor to build a property, use it for a certain period and subsequently transfer ownership of the asset to the State.[1] The government intends to implement the concession strategy in other big cities such as Khaskovo, Pernik, Kyustendil, Dimitrovgrad, Vidin, Montana, Vratza, etc. According to the government, the main advantage of the concession policy is the expected high amount of private investment and the possibility for the State or municipality to have control over the investors. Now, after the rejection of the scheme in Varna and Schoumen, whether or not the other cities will adopt this model is uncertain.

The case of Sofia Water

The use of the water supply in Sofia was given by concession to the International Water Ltd., a foreign company, at the end of 1999. In 1998-1999, 20 foreign companies expressed a preliminary interest in operating the capital's water supply of potable water and sanitation plus repairing the existing infrastructure. On 6 October 1999, the winner of the bid in which four companies (among them Vivendi and the French company Lyonnaise des Eaux, which intended to bid for Varna and Schoumen as well but in consortium with Aqua Mundi) took part, International Water Ltd. (a consortium between US Bechtel Enterprise and British United Utilities International), signed a 25-year concession contract with the municipality of Sofia. The Sofia Water Joint Stock Company was established with 75% of shares belonging to the International Water Ltd. and 25% to the Sofia municipality. In November 1999, experts from Raiffeisen Investment (an international consultants' group) warned that International Water Ltd. would probably be incapable of investing in Sofia Water due to the lack of demand for the company's shares in the international finance markets and uncertainty about company's financial status and investing capacity.

Poor performance, higher bills and a lack of new infrastructure

It quickly became evident that International Water Ltd. was incapable of fulfilling its contractual obligations. In July 2002, the municipality of Sofia accused International Water of both contract violations and poor performance. Most consumers have been forced to pay disproportionately high water bills in advance due to the mistakenly reported high quantities of consumed water that have not actually been consumed.[2] The media publicized the case of an elderly, retired woman living in a flat who got a water bill as if she had an Olympic swimming pool. The concessionaire attributed the excessive charges to a new software system.

The present rates (for citizens and companies) of the potable water are very high under the excuse that the water supply utilities are very old and need modernisation. The Sofia Water company is also accused of ignoring complaints by consumers such as delayed reaction to emergencies (for example, a failure in the central water-supply network and the subsequent flooding of streets, basements, etc.); random stoppages in water supply to homes and districts; and chaos in servicing consumers. The transparency promised by the British company vanished. Moreover, the Sofia municipality has indirectly sided with the British investor against the interests of the taxpayers by not fulfilling its rights for control as a member of the joint stock company, Sofia Water. Other complaints against the new company, such as non-compliance of the new infrastructure, namely the new water-meters, with the current standards and low water pressure on high floors, are currently under discussion.

Because of poor performance, the municipality threatened to cancel the contract with the foreign investor. However, no concrete steps were taken. In the meantime, other scandals took place, such as the appointment of sub-contractors to maintain infrastructure. According to legal experts, the procedure for the selection and appointment of the four firms' sub-contractors also violated the contract.

1 Concession contracts last up to 35 years. The first one for 25 years was for Sofia, the capital of the country. Upon the advice of the World Bank and EU consultants, such contracts were planned for Varna (the sea «capital») and Shoumen (a city in the northeast part of the country) as pilot programs. However, after the recent failure of the concession scheme in Sofia, the municipal authorities in the both cities rejected the pilot project.

2 Each month Sofia consumers pay USD 2.6 million for drinking water, 36% of which is lost due to dilapidated infrastructure, theft and non-registered companies. Every day 700,000 cubic meters of water are directed to water pipes in Sofia while consumers actually receive only 448,000 cubic meters.

Who is the owner?

International Water Ltd. has sold its shares in the Sofia Water company, but the public does not know the new owner's identity, even though this investor controls the water supply of 1.3 million consumers. Although the mayor of Sofia claims that he has been unofficially informed about the sale, the new contract needs to be approved by the Municipality Council of Sofia and European Bank for Reconstruction and Development (EBRD), the latter being the financing institution of the concession contract. The National Committee on Water Supply announced that International Water Ltd. had not been registered in Great Britain. It was registered in the Netherlands to benefit from liberal taxation as a foreign company operating in a third country.

Where does the bill end?

Although the provisions of the concession contract stipulated the preservation of the initial rates for the first three years, the price of water increased twice during the second year of the contract. Sofia Water also demanded an additional increase of 16-17% in October 2002 because of the urgent need to repair the Beli Izkar dam reservoir—one of the capital's main sources of potable water. The Sofia City Council did not approve the demand for the new price increase until the end of 2002. It argued that the rate of inflation is low and under control because Bulgaria is under the Monetary Board, and that the company has obligations under the contract to modernise the whole water supply infrastructure, including the dam reservoir as a part of the system.

Omonit, the regulatory agency, found out that the initial owners of Sofia Water reported spending USD 6.2 million, but the company could only present relevant documents for just USD 1.9 million. The investor justifies the expenditure with the high commission it had to pay to the EBRD and consultant fee to Price Waters Coopers consultants. There is no transparent information for what services the fee included.

The media revealed that EBRD gave Sofia Water a loan of EUR 35 million for the repair of water supply infrastructure and delivered EUR 15 million of that amount on 22 December 2000. From this amount EUR 13.5 million was transferred outside the country by United Utilities International and International Water Ltd. Relevant documentation was presented by independent experts in January 2001 to the Bulgarian parliamentarians from all political parties in the three Sofia electoral regions. Clearly, not only the municipality takes the side of the foreign investor (whomever it is now), but so does the State as a whole, including Parliament and the competent Ministry of Regional Development and Public Works, by ignoring the dubious fulfillment of the contract which undoubtedly affects the interests of water consumers and taxpayers.

The Sofia case is characterised not only by the illegal increase of water rates for the population, excessively high bills, and payment of non-consumed water, but also by the lack of a long term strategy for the repair of the water supply system. Reconstruction projects typically occur in case of emergencies, and thus the water may be cut at any time. Some reconstruction projects started in the summer of 2002, but they do not involve systematically the whole water infrastructure of the capital. Partial reconstruction of Beli Iskar dam reservoir was one of Sofia Water's justifications for the 16% increase in the water rates dating from 5 October 2002. On the other hand, in its bid for the contract the initial foreign investor promised BGL 81 million in investments for 2002 and BGL 340 million for the next 15 years. The winner proposed the highest price for the concession rights and the highest amount of the offered investments. All these parameters were included as main provisions in the concession contract.

The big sale

The privatisation of the water supply firms in the other locations also resulted in non-transparency and ineffectiveness at repairing old infrastructure. With the amendments of the water laws, the infrastructure—the network of pipes, pump stations and purifying stations—will be withdrawn from the companies' assets as state or municipal property under different legal forms. The use of such assets will then come under the control of the private investors. The process will start in 2003, as by the end of 2002 the law for the national regulation of the sector will be in effect. A new agency that will supervise the quality and the level of the service as well as the price of the water will be in place starting in 2004.

Consequently, the big sale of the sector will begin in 2003. The selected concessionaire will have the right to manage the water supply for up to 35 years from entering into a contract, the terms of which could be prolonged by the mutual consent of the parties based on the decision of the Council of Ministers (the governing body according to art. 6 of the Law on Concessions) but for no more than 50 years (art. 3 of the Law on Concessions). In exchange, a certain amount of investment is required. For example, for the failed scheme in Varna and Shoumen, the minimum amount announced was USD 108-110 million. In this case, in order to avoid the scandals that plagued Sofia Water, the law is expected to regulate and control the investments and the performance of the contract. However, it should be stressed that the process of privatisation and liberalisation of the water supply market is influenced by highly paid foreign consultants promoting the interests of the potential foreign investors and themselves at the expense of the taxpayers.

The rights affected

The right to an adequate standard of living as agreed upon in the United Nations Millennium Development Goals Declaration means that States have to ensure that all trade agreements under WTO auspices, as well as the process of privatisation and liberalisation of basic public services, will not jeopardise the social and economic condition of their citizens, their fundamental rights to life and development, as stated in art. 8 (1) of the UN Declaration on the Right to Development.

The International Financial Institutions continue to insist on marketising services previously in the public and non-commercial realm, arguing that investments in these areas will have a major effect on growth and poverty reduction and that they need to increase dramatically by attracting new sources of finance. However, it is clear that privatisation and liberalisation of the basic public services without any protective measures from the State could result in impoverishment of the population as a whole and violation of the right to life, the right to an adequate standard of living and the right to development. Any similar policy would deprive citizens of their right to economic and social protection from the State. The restructuring of the water supply sector in Bulgaria has already had a negative impact on the social and economic status of the population, as higher prices have eroded real household income.

Recommendations

The Bulgarian government has to take all possible measures to minimise the negative effects of the privatisation and liberalisation of basic services through including parameters for the protection of the social and economic rights of citizens and their social security status in the negotiation process with the WTO, IMF and EU. The State has to comply with all previous international obligations arising from international agreements to which Bulgaria is already a party, including the International Covenant on Economic, Social and Cultural Rights.

Bulgaria should include viable mechanisms for the control and supervision of private domestic and foreign investors in the service sectors in its domestic legislation before further service liberalisation proceeds.

The State has to undertake adequate legislative and other measures to avoid and limit corruption among state and municipal bodies in the process of liberalisation of the trade in services that is imposed externally. ■

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The long road to poverty eradication

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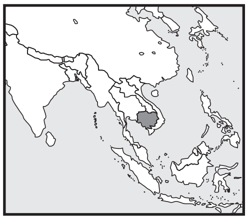

Despite official policy pronouncements and some genuine efforts to reform the health and education sectors, structural obstacles, most particularly low budgetary allocations and disbursement systems that are slow and not always transparent, block progress and have a debilitating effect on the quality and delivery of services. The deep structural macro-economic problems worsen year after year and paralyse the whole public health sector. Access to key natural resources are auctioned off to be commercialised, leading to further impoverishment of the population.

The Paris Peace Agreement of October 1991 ended more than two decades of civil war and international isolation, which had reduced Cambodia to a state of near collapse. The rapid transition to an open-market economy and generous terms for foreign investment during the 1990s took place in a climate of ongoing political instability amidst strong external pressure for political and administrative reform.

The political consequences of almost 30 years of conflict have received much analysis and discussion. The consequences for people's economic, social and cultural rights to development have so far not been comprehensively examined. The present analysis considers the process of privatisation of basic services and access to natural resources, which have long been the sources of subsistence for the rural poor. Currently 36% of the population earn less than USD 1 each day. Halving that poverty level by 2015 appears to be a daunting job.

The forgotten priority

Because of serious budgetary limitations, the Royal Cambodian Government is unable to contribute adequately to social and economic development. The current national budget allocation to the social sector is vastly inadequate for the needs of the population groups most at risk. These groups include the thousands of people disabled by war and landmines, the elderly and elderly widows in particular, the unemployed and large number of under-employed who are struggling to raise their children, and the ever-growing number of widows and orphans left behind by the AIDS epidemic.

Government debt reached USD 558 million, or 17% of GDP, by the end of 2001. Most of the debt is from loans from the World Bank and the Asian Development Bank with a ten-year grace period. Cambodia will begin to pay its first debt service commitment, about USD 500,000, in 2003.

Table 1 shows budgetary allotments to the various sectors in 2000 and 2001. (Actual expenditures were about 80% of the allotment in 2000 and about 82% in 2001.)

TABLE 1

Budget expenditure through the National Treasury

	USD MILLIONS		PERCENTAGE	
	2000	2001	2000	2001
TOTAL BUDGETED EXPENDITURES	390	413	100	100
Defence & Security	114	106	29.2	25.7
Education and Health	68	87	17.4	21
Economic Ministry	27	38	6.9	9.2
Other State Institutions	102	110	26.2	26.7
Investment	79	72	20.2	17.4

Source: Sok Hach and Sarthi Acharya, *Cambodia's Annual Economic Review 2002*, Cambodia Development Resource Institute, 2002.

Cambodia's neighbour, Thailand, spends much more on the social sector, as seen in table 2.

TABLE 2

A Comparison of social and economic development investment

	CAMBODIAN GOVERNMENT	THAILAND
Health care	USD 7 per person	USD 150 per person
Public infrastructure development	USD 6 per person	USD 180 per person

Source: Sok Hach and Sarthi Acharya, *Cambodia's Annual Economic Review 2002*, Cambodia Development Resource Institute, 2002.

In 1999, NGOs and donor nations financed 46% of the total spending on education, while households and the government each financed 27%. For health care, households financed up to 82% of the total cost, while donor countries and NGOs financed up to 14% and government only 4%. These structural problems worsen year after year and paralyse the health sector. Cambodian families often have to sell their land and vital assets to finance their healthcare needs.[2]

Despite official policy pronouncements and some genuine efforts to reform the health and education sectors, structural obstacles, most particularly low budgetary allocations and disbursement systems, which are slow and not always transparent, block progress and have a debilitating effect on the quality and delivery of services to the people.

Privatisation and management of natural resources

Land and forest concessions have been widespread since 1993. The 1987 Fisheries Law, which auctioned off and commercialised fishing resources, put fishermen around the Great Tonle Sap Lake in extreme poverty. Thirty-eight percent of people in this area live under the poverty line. The commercial fisheries have destroyed fish resources through over-fishing, and this has led to violent conflicts between local communities and fishing lot operators.

Widespread protests by local communities against the commercial fishing operators have led to some reforms being undertaken by the Royal Government. Through these reforms 56% of the fishing grounds were released to local communities to establish community fisheries. However, most of the released sites proved to be unproductive.

The right to self-determination means that people must have access to the means of subsistence. Where 84% of the population still depend on the natural resource base for their livelihood, access to land, forests and fisheries is vital for their very survival. Denial of that access as a result of the concession system has severely affected people's livelihood, especially in relation to food security.

1 Most of the content of this report was extracted from the 2001 Cambodian NGO Report on the International Covenant on Economic, Social, and Cultural Rights.

2 Cambodian Development Resource Institute. *Social Assessment of Land in Cambodia*, 2001.

The incidence of poverty and indigence in rural Cambodia is high, and often spills over into the cities: farmers defeated by flood, drought, debt and increasingly by landlessness, drift to the city and take shelter in one of at least 500 settlements for the urban poor which currently house around 35,000 families.

Governance and socially vulnerable groups

Poor governance and entrenched corruption contribute directly to poverty, and call out for the adoption of legislative measures. There has been a marked increase in official corruption but no real effective action taken to put a stop to it. In particular, the failure of the government to provide adequate salaries to its workers induces them to extort illegal payments from users of public services such as roads, schools and hospitals. Poor people who cannot make illegal payments often go without health care and education. The high cost of public education to families means that the majority of children in Cambodia still fail to complete their basic schooling.

Corruption has put children greatly at risk. Illegal adoption practices, child pornography, and the sexual exploitation of children are matters of serious concern. It is estimated that there are 80,000 to 100,000 commercial sex workers in Cambodia, of whom about 30% are thought to be less than 18 years of age. The sexual exploitation of children, mainly girls, is directly related to prevailing attitudes towards gender roles. Between 400 and 800 Cambodian women and children are trafficked to foreign countries for sex each month.[3] This puts the population of child sex workers at about 5,000 in Phnom Penh alone.[4]

The effect of poor governance is also felt in the countryside, where conflicts often erupt into violent armed confrontations without any formal mechanisms to control or stop them. In the city, poor communities are constantly threatened with eviction for the purposes of «development» or for plans for the «beautification» of the urban landscape. At least ten evictions occurred during 2001, displacing thousands of families, many with little notice, and relocating them to areas with inadequate provision for basic infrastructure and services.

Finally, unenforced laws leave workers vulnerable. Although the Cambodian Labour Law of 1997 is judged to be fair and comprehensive, apart from the garment and shoe-making factories, very few employees have benefited from its enactment. Even within the foreign-owned garment and shoe factories, ignorance of the law and abuse of the workers' right to organise is widespread, according to a recent International Labour Organisation report and studies by a local NGO. The main failure lies with the government, which has not provided an efficient monitoring tool for assessing working conditions and protecting employees from employers' intervention with their union.

The bitter outcome for the poor of a decade of open foreign investment

The government adopted a liberal investment regime, embodied in the Investment Law adopted by the National Assembly on 4 August 1994.[5] Liberalisation and high incentives for foreign investment for over a decade, have increased GDP from USD 2,151 million in 1993 to USD 3,234 million in 2001, and increased employment from four million to five million. However, economic growth has failed to spur economic development in Cambodia, which did not trickle down to the ordinary citizen.

Poverty has increased over the decade. The poverty rate figure for Cambodia is 36%, but the poor are concentrated mainly in remote provinces where poverty can reach as high as 90%.

The 2002 Cambodia Poverty Reduction Strategy Paper measures poverty by using two standards: the «Food poverty line» and the «Overall poverty line».

As defined by this paper, the food poverty line implies «an adequate income for a person to consume a food basket that provides at least 2,100 calories of energy per day and a small allowance for non-food items such as shelter, and clothing.»[6] In 1993-1994, the food poverty line was 20%; in 1999, it was standing at 28.9%. Poverty has also increased during the decade if measured through the Overall Poverty line—which takes non-food consumption into consideration—from 39% to 51.1%.

Besides the growth of poverty, a wider disparity has been created between a few powerful government officials and the ordinary majority. There is more and more migration of rural young people to the city, mostly of women to work in the garment industries. Large land and forest concessions to foreign companies have disenfranchised many rural farmers. Many of them lost their productive land and natural resources on which they depended for their livelihood. There have been repeated natural disasters of flood and drought, which devastated the farmers' rice production and threatened the food security of many rural communities.

Illegal payments have made the cost of doing business in Cambodia very high. Corruption is the main complaint of all businesses. Porous borders make legitimate businesses unable to compete with contraband products. The main income for the government is tax on gasoline, which has made the cost of production very costly, especially for small and medium-sized businesses and farmers. To make matters worse, the unreliable justice system makes business in Cambodia risky and unpredictable. In addition, the «dollarisation» of the Cambodian economy has made its products expensive and unable to compete with Vietnamese and Thai goods.

The premature opening of the economy to free trade without first going through capacity-building and strengthening the current public administration and education system has attracted foreign companies that are only searching for short term profits. These companies will soon deplete Cambodia of its natural resources and worsen its serious economic and social problems.

In short, the process of change is long and painful. ■

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Will Canada pawn or polish the jewel in the crown of its social security system?

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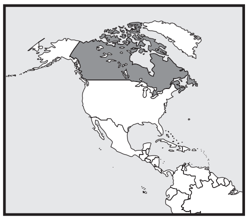

Canada's most treasured social programme is public health care. For almost forty years, access to doctors and hospitals has been based on need, not ability to pay.[1] Today the very purpose of public health care is in debate, from what is funded, to how it is delivered. How has a nation that has long viewed health care as a basic human right found itself here? Public uncertainty has emerged in the shadow of growing inequality and chronic public underfunding, and has been fed by the trade agenda of expanding commercialisation.

The backdrop: growing inequality, greater vulnerability

After more than fifteen years of aggressively pursuing policies that provide less from the state and more from the market, the economy is growing more rapidly than that of all other G7 nations. That's the good news. The bad news is that economic growth has not led to economic security for most individuals, or for society as a whole.

Ironically, as real choices narrow for a growing number of people, those who *are* getting ahead are demanding greater choice. The affluent, by agitating for more personal choice, are breaking a historic consensus around health care, with profound implications for all society. Health care is the last public service to be dragged into the battle between the need for security and the desire for choice.

The pressure: funding health care

Though Canadian citizens for the last seven years have consistently indicated a willingness to pay more in taxes to support public health care, politicians have not listened. Instead, they have cut taxes. Starting in some provinces in 1996, by 2000 all provinces and the federal government were cutting tax rates while characterising public health care as unaffordable and unsustainable. The total impact of these cuts is estimated at almost USD 26 billion in lost revenues in 2002 alone.[2]

As a result, public healthcare services have been starved for resources. The federal government reduced healthcare transfers to the provinces by USD 5.5 billion between 1995 and 2000,[3] while the provinces themselves cut over USD 1 billion in the mid 1990s.[4] Inadequate labour supply stems partly from global shortages of health professionals, and partly from explicit government choices. Policies over the past decade included: limiting enrolments to medical schools and deregulating tuition fees, which have skyrocketed; laying off thousands of nurses and other health professionals; and implementing early retirement packages.

Not all medically necessary services are publicly insured under the Canada Health Act. Access to prescription drugs and healthcare services provided outside a doctor's office or hospital – such as nursing home care or long-term care – are not guaranteed. The degree of public coverage depends on the province of residence and determines the amount spent on these services, publicly and privately.

Extending the Canada Health Act to comprehensively cover medically necessary care will cost billions of dollars. However, compared to the administrative savings, economies of scale and regulatory power of single payer systems, people pay even more when the same services are provided through increasingly privatised forms of funding. The question is not whether health care costs will increase; they inevitably do. The only real questions are: who gets access to health services, and on what basis – need or ability to pay?

Despite the funding cuts, between 1990 and 2000 a growing and ageing population drove public expenditures for health care up by 50%; private healthcare spending rose 73%. (Public spending accounts for 70% of all spending on health care.[5]) Without renewed federal support, most provinces will be unable to carry the costs alone. That means more cutbacks in public provision. Chronic underfunding of public health care has led to two forms of privatisation: covert and overt.

Covert privatisation

The amount of time people spend in hospital has dropped, partly due to medical advances and partly due to cutbacks.[6] More patients are being released from hospital «quicker and sicker,» placing more demands on their immediate support network. It is estimated that 75% to 90% of home care is provided voluntarily by family and friends, mostly women.[7]

But fewer people are providing such care, due to falling birth rates, increased labour force participation by women, more single parents and geographically dispersed families. This has led to the increased use of paid home care services, which doubled during the 1990s.

Health care is the provinces' single largest and fastest growing budgetary expenditure. Provinces have contained costs by de-listing insured services. Some de-listed services, for example some intravenous transfusions, are so costly that even the non-poor face difficult financial choices. For the poor, elderly and disabled, the choice is often between rent and food.

Overt privatisation

Corporations advertise to «consumers» (except where prohibited by law) or market to physicians to increase the demand for pharmaceuticals, medical technologies and diagnostic techniques. Public services become partially privatised through user fees and co-payment mechanisms. Delivery is privatised when an increased share of public funds flows to for-profit service providers. All three forms of overt privatisation are on the rise.

More provinces are responding to public demands for improved access to health care by asserting that for-profit businesses can provide it «faster, better, cheaper» than not-for-profit organizations. A growing number of public contracts

1 Access to acute healthcare services (doctors and hospitals) has been a right of citizenship since 1966, but today there is intense debate about the future of healthcare. Three provincial commissions have recently made recommendations regarding the funding and delivery of public healthcare. At the federal level a Senate Committee and an appointed Commission will recommend changes for the federal role in healthcare by the end of 2002.

2 Finance Canada, The Fiscal Balance: The Facts, October 2002, see http://www.fin.gc.ca/toce/2002/fbcfacts4_e.html

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6 CIHI, *Hospitalisation Statistics, Table 3: Hospital Days and Average Length of Stay for Canada, Provinces and Territories, 1994/95 to 1999/00*. Ottawa: September 2001.

7 Canadian Home Care Human Resources Study, *Phase I Final Report*, Ottawa: February 2002, p.4

for the provision of long-term care and home-care have been signed with for-profit suppliers in the past two years. Communities everywhere are challenging this approach and mounting public pressure has led to some hopeful developments.

In Saskatchewan, the Prince Albert Regional Authority took over for-profit lab services and achieved significant savings. After a group of citizens exposed fraud and abuse at a large for-profit US homecare firm, the government of Manitoba imposed strict standards for care, forcing the company out. The government then purchased service provision from not-for-profit organisations, as it had before. Alberta has made major investments to modernise its public system's diagnostic capacity, reversing a decision to increase supply through private businesses.

These moves saved money, improved quality, or extended access by moving away from the use of for-profit service providers. They raise a serious question: why increase the use of for-profit care in the first place?

In the fall of 2002, the governments of British Columbia, Alberta and Ontario announced funding for investor-owned clinics and hospitals. While small in number, these provincial initiatives are testing the waters about the political legitimacy of «profitisation» in health care.

These proposals use private investors to provide the capital, and sometimes land, to build or expand public infrastructure. The government leases the facility at rates of minimum payment set for 25 to 30 years (but as long as 60 years). These payments exceed debt charges through public borrowing and provide a guaranteed rate of return to shareholders. The government incurs no debt but, in the end, like all renters, the public owns nothing. The contract may or may not stipulate that the owner/investor must offer the government first right of refusal to purchase at fair market value.

In Prince Edward Island, a government decision in 2001 to build a hospital using this sort of public-private financing scheme was reversed within months due to public pressure. The hospital is now being built exclusively with public funds, is owned by the government, and will operate as a not-for-profit enterprise. Communities across the country are organising similar campaigns of resistance.[8]

The context: accelerating commercialisation, NAFTA and GATS [9]

Contrary to assurances made by government officials, Canada's healthcare system is not fully shielded from NAFTA and the General Agreement on Trade in Services. Though safeguards for public health care exist, health insurance is an explicit service category covered by these agreements. As provinces increase commercial involvement in public health care, they narrow the scope of existing safeguards, facilitating entry for foreign investors, and making it harder for future governments to reverse the trend towards private, for-profit health services.

The conflict between domestic health policy and international trade policy objectives is glaring. International trade treaties are designed to facilitate and expand commercialisation, limiting government's regulatory discretion so that services are provided according to market principles: demand driven by ability to pay, supply driven by the ability to make money. This conflicts with the purpose of Canadian Medicare – demand and supply driven by need (with «need» defined through the «single payer» system of government purchase, and the ability to meet need constrained by the ability to raise public revenues).

Viewed through the lens of trade, public health consumers represent untapped commercial opportunities, while public health systems represent unfair competition. In Canada, public healthcare spending has grown at an average annual rate of over 8% over the last 25 years. Private spending has almost doubled since 1990.[10] With over USD 63 billion, and growing, spent on health, the commercial potential in Canada is vast.

Dangers from trade agreements include:

- *Non-discrimination rules.* If foreign health insurers lose a part of their market share due to the expansion of publicly insured programmes- such as drug therapies or home-care – they could demand compensation under NAFTA expropriation provisions or the GATS monopolies provisions. If public policies favour local community-based health providers or not-for-profit providers, foreign corporations could use NAFTA and GATS rules against discrimination to demand compensation or right of entry into the market. Under Most-Favoured Nation rules, once any foreign provider operates in a market, all foreign providers are entitled to the same access.
- *Intellectual Property Rights.* WTO and NAFTA intellectual property rules require a minimum of 20 years of monopoly patent protection and forbid the stockpiling or export of generics. This is driving up drug costs and restricting the availability of affordable medicines to cope with health emergencies. A vivid example is the «Cipro» affair: in October 2001, Canada was almost blocked by a major pharmaceutical company when it tried to purchase enough antibiotic (patented or generic) to treat mass exposure to anthrax, a bio-terrorist threat of unknown proportions at the time.

The response: what should the Canadian government do?

Trade and public health objectives have conflicting principles. They cannot both lead. Health care is a quintessential human right. Canada recognised this when it helped author the Universal Declaration of Human Rights in 1948 and signed onto the International Covenant on Economic, Social and Cultural Rights in 1976. The hallmark principle of the Canada Health Act is equity of access. The Canadian government must take decisive action now to halt the commercialisation of health care before the trade treaties make it too costly to reverse. This action should include:

- Explicitly recognising the primacy of international human rights law over trade and investment treaties.
- Pursuing universal exemptions for public health services with all negotiating partners (not just country-specific exemptions) at the WTO Doha Round and the FTAA negotiations.
- Withdrawing its support for investor vs. state dispute settlement procedures that allow investors to directly challenge public policy measures.
- Withdrawing its 1995 GATS commitment covering health insurance.
- Opening the government's trade policy position to full public scrutiny and participation, including full disclosure of all negotiation sessions and documents.
- Assuring high quality care by establishing and enforcing clear national performance standards in return for public funds.
- Expanding public provision of health care to include drugs and medically necessary treatments, and increasing federal financing to make this possible.

The Canadian choice

Nations are characterised by the way they define and meet the basic needs of all their citizens. The provision of health care based on need, not ability to pay, means that every person has access to the solidarity of all when struck by illness. This evokes the meaning of Canadian citizenship more effectively than does a passport or an army, a currency or a diplomatic corps.

The choices made by the federal government in the next year will not only characterise what kind of nation we are; they will also signal what can be expected or hoped for among people elsewhere. Public health care is the jewel in the crown of our social programmes and social achievements. Whether our governments see it as a treasure or an asset to be liquidated remains to be seen. ■

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8 see http://www.healthcoalition.ca

9 The following draws from Matthew Sanger and Scott Sinclair, *Putting Health First: Canadian Healthcare Reform, Trade Treaties and Foreign Policy*. www.policyalternatives.ca.

10 CIHI, *NHEX 1975 – 2001*. Ottawa: 2002. Series C.

The brutal rationale of privatisation

ANA MARÍA ARTEAGA[1]

«Beyond euphemisms, privatisation of health, social security and education operated by neo-liberals has imposed a brutal rationale: depending on the amount of money you have, you will have so much health care, quality of education for your children and pension upon retirement. If you are privileged, you will have access to privileged services. If you are poor, you will have to make do with what the public system is able to give you.» [2]

Basic social benefits: a question of the market

The paragraph quoted above is an illustration of the effects on the majority of Chileans of the wide-ranging reforms of the health, education and social security systems introduced in the eighties by the military regime (1973-1989). These changes involved breaking away from the orientation of social policies that had been in force since the twenties which were mainly aimed at lessening social inequalities through the redistribution of income, widening of social security and extension of the primary school, secondary school and university systems.

This radical change was made by the military government based on a two-fold argument: on the one hand, attributing to the State historical inefficiency as a resource management and distribution entity and, on the other hand, maintaining that economic growth is the only way of improving the welfare of the population. Seeking the maximum reduction of social expenditure, cutbacks in benefits and incorporation of the market as a supplier, the State fulfilled a subsidiary role, only intervening in situations of structural deficiency in specific sectors left to satisfy their most basic needs by themselves. In fact, the economic dimension was imposed as the fundamental criteria when applying social policies.

The military government's postulates resulted in two substantive actions: focalisation of social expenditure and the entry of private companies and the market into areas that traditionally had been the State's responsibility: education, health, social security and housing. In all these areas, funding and access mechanisms were changed, restoring the idea of the «consumer» as a basic element of the system, who would have freedom of choice within the spectrum of possibilities offered by the market. For this purpose it became essential to promote individualism – a concept totally opposed to the culture of collectivity and social participation that the previous governments had promoted – an objective that was made easy with the dissolution of the various existing organisations and the prohibition by decree of any form of social organisation.[3]

Education: the increase of social stratification

During the eighties, adopting the perspective of a «subsidiary State», the military regime handed over all public primary schools to the municipalities; promoted the participation of the private sector through per-capita subsidies equivalent to those delivered to public schools; changed funding of higher education; facilitated the establishment of private universities; and transferred most of the technical education centres to business associations.[4]

Although the reforms effectively managed to reduce the burden of education on government expenditure and achieved a more efficient management of the system, they dramatically increased segregation and unequal opportunities for the school population because of the difference in resources and equipment existing in the municipalities themselves and the advantages given to private operators. Private schools, in addition to the per capita subsidy equivalent to that awarded to public schools, were authorised to select the type of students to be admitted and to collect part of the tuition from agents, which led to their recruitment being focused on the sectors of better-off families. As a result, public establishments have increasing concentrations of students from lower income sectors (87.22% of their total enrolment), while in subsidised private schools this percentage is barely over 56% of their students.[5]

In fact, school performance assessments made by the Ministry of Education point to the existence of a close correlation between the socio-economic level and school performance. The assessment established that, in spite of the special programmes applied by the last three democratic governments to improve the quality of education in the low-income student population, a considerable gap remains between results obtained by students from higher and lower income homes.[6]

These findings may be added to those obtained this year from the Academic Aptitude Test, which secondary school students take if they want to enter university, showing that among students with the lowest results, 61% came from public schools. This situation shows that although progress has been made in terms of making basic and secondary education universal, it is not leading to a democratising effect in higher education.

The dramatic differences existing in the quality of education have increasingly resulted in families avoiding public education as an option for their children (in spite of the fact that it is the only free education available), as it is considered to limit access to higher education and, therefore, the possibility of the social mobility this usually entails. This is shown in a survey carried out among parents of school-age children faced with the alternative of having to choose, in which 60% declared that they preferred a private, subsidised establishment rather than a public school.[7] This option has led to private, subsidised education increasing its enrolment from 15% in 1981 to 35.8% at present, while public education has decreased its coverage from 78% of total enrolment to 53.7%.[8]

Although since the mid-nineties public expenditure on education has doubled and important reforms have been introduced in the educational system, in practice, policies explicitly aimed at achieving greater equity have been scant and the results fairly poor. Therefore, the central problem no longer resides in the coverage of the school system – for decades now quite satisfactory concerning basic education (98.6%) and secondary

1 The autor is thankful to Josefina Hurtado (Colectivo CON/SPIRANDO) and Lorena Fríes (Programa Ciudadanía, Corporación La Morada) for their collaboration.

2 Fernando De Laire. «El discurso del 21 de mayo y los debates emergentes» *Revista Mensaje*, July 2002.

3 See: Javier Martínez and Magdalena Palacios. *Informe sobre la Decencia*, Ediciones SUR, Santiago, Chile, 1996.

4 Among other measures, registration fees were substantially increased, students were granted loans and a system of competition for state funds was created. Until the reform, only state bodies provided higher education.

5 Ministry of Planning, CASEN Survey, 2000, Santiago, Chile.

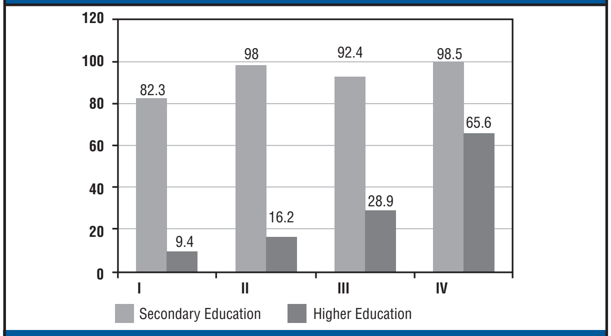
6 The MECE Programme (Improvement of Quality and Equity in Education), which focused on all public schools, has been the most successful so far. Current programmes «900 Schools» and «High-School For All» aim at improving school performance and access to higher education for poor students.

7 CEP (Centre for Public Studies) Survey, Santiago, December, 1996.

8 Ministry of Education, *Compendio de Información Estadística 2000.*

CHART 1

Secondary and higher education coverage per income quintile (%)



education (90%).[9] The major challenge that the authorities must face today consists of reverting something that global coverage rates do not fully show: an increasing segregation and inequality of opportunities generated by the system due to the differences in the existing quality of education. Definitively, the model continues to be deficient regarding the criteria of equity, as so far it has been unable to prevent the worst provision of education being found in the sectors of greatest material and cultural poverty.

Health system: private interests for public services

The insecurity and mistrust regarding the educational system is shown equally for the health system that together with the pension system comprised the so-called «modernisations» of the social area introduced at the end of the seventies. This was seen in a national survey on Human Security, showing that the majority of the population is neither confident it will receive timely attention nor in a position to pay health care costs in the event of a serious illness.[10]

Until the reform, the country had a national health service managed by the State, on which the most important health establishments and facilities depended. The system – recognised for its competence – provided a wide coverage to the population while a small number of private services and clinics were aimed at the higher income sectors.

The reform carried out at the end of the seventies essentially consisted in decentralising the official system and in privatising an important part of the services. Following the reforms in the system, each wage-earning person had to choose between the official system or entering some Health Insurance Institution (ISAPRE), where he/she was obliged to pay a percentage (7%) of his/her total remuneration and freely contribute additional resources according to each person's capacity. In practice, each health plan is unique, and the quality of benefits and coverage largely depends on the insured person's level of income. In fact, the ISAPRE is not a health insurance system – although it has this status – but a system of private health insurances where the variables of sex, age and state of health determine the price of the premium.[11]

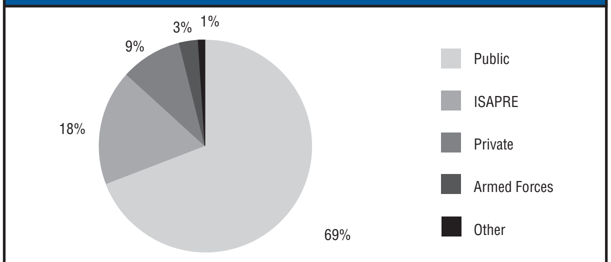
In Chile where a high percentage of the population lack resources to personally face the costs of health care, the ISAPRE system has proved to be particularly discriminatory against women.[12] Firstly, access to the system depends on the income of each individual, and thus women are manifestly in a situation of inequality due to their lower earning capacity (in proportion they earn 40% less than men); also, the majority of women are outside the remunerated workforce and therefore excluded from a direct relationship with the social security system.[13] Secondly, the system significantly increases the cost of health care for all benefits associated with pregnancy, childbirth and maternity.

In fact, the insurance policy for a woman worker of childbearing age may cost between 3 and 4 times more than a man's policy at the same age. That is, women's reproductive life is penalised.[14] The discrimination is of such magnitude that some ISAPRE have even reached the point of proposing «without uterus plans,» urging women to avoid pregnancies and thus not increase their health costs.[15] Discrimination is not limited to women: it also affects people over 50. Thus, people with over 20 years of contribution to the same ISAPRE will progressively see the cost of their premiums increase as they grow older, and their plan can become 8 times more expensive than when they entered the system.[16]

Costs in the private health care system have been critical in the evolution of the ISAPRE system, and membership has decreased consistently from 1.7 million people since 1977, to 1.3 million people in June 2001. The participation of women was 34.4% of the June 2001 total, a figure very similar to the rate of women's participation in the workforce. It should also be noted that the growth rate in numbers of women beneficiaries has consistently dropped over the past decade, going from 20.8% in 1991 to 1.7% in 1997, and has even shown a significant percentage of withdrawals from the system, which in June 2001 reached 5.5%.[17]

CHART 2

Female population in the health insurance system



Recently, the discussion on gender discrimination in health care systems has taken on particular relevance – and placed the women's movement on maximum alert – because of the government's proposal to fund part of the AUGE Plan (Universal Access with Explicit Guarantees) for health care reform with resources that the State uses to pay maternity leave.[18] In active rejection of the proposal, the movement has insisted to the authorities and the public on the error committed by confusing labour rights with health rights, due to the fact that the wrongly called «maternal subsidy» is no more than a maternity salary allocated to pre- and post-natal leave, a right consecrated in Chile since 1924 and internationally recognised in international conventions on workers' rights.[19] As declared by specialists from the Centre for Studies on Women (CEM), «…the country needs a reform of the health system. The main objective in terms of gender equity is to eliminate the various discriminations women are subject to in the ISAPRE system.» [20] ■

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9 Ministry of Planning, CASEN Survey, 2000, Santiago, Chile.

10 CEP-PNUD 1997 Survey, in: *Desarrollo Humano en Chile. Las paradojas de la modernización*, UNDP, 1998.

11 See: Apolonia Ramírez C. «Situación de la mujer trabajadora en el sistema de ISAPRES», in: *Economía y Trabajo en Chile*, Annual Report No. 7, Labour Economy Programme (PET), Santiago, Chile, 1998.

12 In Chile, 20.6% of the population (3.81 million) lack the monthly income necessary to buy a basic food basket. Ministry of Planning, CASEN Survey, 2000.

13 According to INE (National Statistical Institute) only 36.1% of women belong to the economically active population (EAP) compared to 74.9% of men.

14 The public health care system is not exempt from this type of situation. For example, it does not allow the woman partner of a member to be a dependent, demanding that the couple be legally married, nor does it allow a woman to have a man as family dependant.

15 Centro de Estudios de la Mujer (CEM). *Argumentos para el Cambio* No. 52, June, 2002, Santiago, Chile.

16 Newspaper *El Mercurio*, 19 October, 2002.

17 Apolonia Ramírez. «Género y Sistema de ISAPRES», in: *Género, equidad y reforma de la Salud en Chile. Voces y Propuestas desde la Sociedad Civil*; OPS, MINSAL, SERNAM, Santiago, March, 2002.

18 The AUGE Plan is an important part of the reforms being promoted by the government to broaden the right and access to health care.

19 See: «Propuestas para la Reforma de la Salud en Chile», Parlamentos de Mujeres por la Reforma de la Salud, 28 May 2002.

20 *Argumentos para el cambio*, CEM, *op. cit.*

The violation of social rights within market rationale

ALBERTO YEPES P.

Privatisation of social services is being imposed by the international funding institutions through severe and never-ending structural adjustment programmes. In these programmes pressure is put on the government to change social policies to make social services profitable; thus health, education, social security and access to water, energy, telecommunications and environmental sanitation services can be operated by private agents, guaranteeing them high profit margins.

Transfer of the public heritage to private capital

Privatisation of basic services has skewed income distribution enormously, making the rich richer and the poor poorer. The State has favoured accumulating public assets in the hands of financial groups, delivering state companies at prices close to one third of their real value.

The first step in the privatisation of these companies has been to increase the rates of public services to make them attractive to private capital. Over the past five years, the rate for water consumption has increased an average of 238%[1] for the poorest stratum of the population in the nine main cities. Water privatisation is the next objective in the sights of the financial corporations.[2]

In privatisation of highways, telecommunications, and production and distribution of energy, pre-established profit margins have been guaranteed for multinational companies and other purchasers, which the State must pay if the companies do not manage to obtain the expected profits. In this way, privatisations have installed a form of capitalism without risk in which the profits of the companies do not depend on the goods or services actually produced and sold, but on predicted sales. The risks for losses or profits not collected must be taken on by the citizens through the public budget and by the state companies that have been obliged to deliver huge compensations to the private companies with which they have been obliged to «compete» under these unfair conditions.

Education as a business

The policies ordered by the World Bank and the Inter-American Development Bank have continued to organise education according to market rationales, placing the country among those having the highest percentage of schools in private hands. With these levels of privatisation achieved, the agreements with the IMF have now been set out in a constitutional reform, again reducing the amount of resources that the State should allocate to healthcare and public education. This reform, approved despite one of the greatest social mobilisations of the last decade, will generate a reduction of close to USD 2.5 billion between 2002 and 2008, an amount freed to pay public debt creditors.

Along the road to privatisation of educational institutions, the State has virtually reduced its commitment to state education to funding the teaching staff. Students' families must cover the costs of maintenance and conservation of school facilities, acquisition of materials, payment of public water, telephone and energy services, acquisition of teaching aids and payment of salaries to non-teaching staff such as wardens, secretaries, cleaning and maintenance personnel. These costs have to be covered by payments that the families must make for registration, boarding facilities and other economic resources received from the sale and provision of teaching services to students.[3] It is not surprising that with so many costs falling to students the Human Development Report for Colombia 2000 has noted that in 1997 the reasons for 46% of school age children and young people not attending school were strictly economic, mainly the high academic costs and the need to work.[4]

The neo-liberal educational reforms have gone further than in any other country in the continent. As a result of de-regulation and privatisation policies and market criteria in the provision of educational services, the right to education has become one of the most difficult rights to achieve. The impoverishment of nearly 29 million Colombians has already placed outside the classroom 3.1 million children who do not have sufficient resources to pay for the right to enter or remain in school.

In Colombia, not only is basic education not free, but since 1991, the Constitution has introduced a system of collecting fees in official educational institutions. All children and young people who want to enter basic education, with very few exceptions, must pay. In spite of the fact that Colombia has ratified conventions such as the International Covenant on Economic, Social and Cultural Rights and the Convention on the Rights of the Child, in which the State has promised to ensure free basic education for all children, standards and policies openly ignore this mandate. Recently the Committee on Economic, Social and Cultural Rights pointed out that the Colombian constitution is not adjusted to the provisions of International Covenant on ESCR as it does not guarantee the right to free education for all.[5]

Since 1990, a series of reforms have been introduced that have raised the cost of education enormously. Over the past seven years, the price index for education increased by 40% with relation to the general price index. At the same time, the State increased spending on education between 1991 and 2001, from 3% to 5% of the GDP, while private family expenditure on education has already reached a level of nearly 4.5% of the GDP.

In spite of this, coverage continues to be low in middle schools (26%), basic secondary education (52%), and pre-primary education (34%). For basic primary education, coverage has reached 82%, showing some improvements, but it is still under the average for Latin America and the Caribbean. The increase in official and family expenditure on education has not resulted in a proportional increase in coverage and quality for almost 60% of the population living in poverty.

1 Most of the data in this report have been obtained from a study made by the General Comptroller of the Nation in August 2002, with the title of «Colombia entre la Exclusión y el Desarrollo.»

2 In sectors such as energy generation, the State only possesses 35.5% of the assets and the privatisation process is still ongoing.

3 Decree No. 1857, Article 2 (1994).

4 UNDP and the National Planning Department— Social Mission, *Report on Human Development. Colombia 2000.* Alfaomega Grupo Editor: May 2001, p. 201.

5 Committee on Economic, Social and Cultural Rights. 27th Session. E/C.12/1/Add.74

In rural areas, almost 30% of the children who are admitted have to give up their studies during the year. The deteriorating quality of this education is indicated by the poor results from international quality tests.

The process of privatisation of education in Colombia has progressed so fast that 30% of the available places for primary and secondary education are to be found in the private sector, where costs are not within the reach of the poor population. For higher education, only 25% of the available places are to be found in the public sector. This situation is worsened by the economic crisis that has led 12% of the private school students to give up their studies and seek admission in state schools, which are increasingly scarce, given the state policy of eliminating funding for educational supplies.

The high dropout rate in public education is a direct consequence of high costs. The latest studies on school dropouts estimate that over a million students leave private or state schools each year.[6] The causes of school dropouts are mainly related to the economic crisis, the armed conflict and dislike of schooling.[7] In rural areas, the average dropout rate is between 17% and 30% of the total number of students.[8]

The healthcare market

Law 100 (1993) reformed the healthcare system to enable private companies to take over a major part of healthcare services through a market of insurance contracts. For those having the capacity to pay, a system of contributions was established and a subsidised regime was created to cover the poorest sector of the population, with the assurance that by the year 2000 the whole population would be covered. Full coverage was not achieved, but has instead decreased. Before privatisation was established in 1993, membership reached 75% of the population and in 2002 only 62% was covered. Access to health care is today more inequitable; while 20% of the population with the highest income had an insurance coverage of 75% in the year 2000, only 35% of the poorest quintile had coverage. The resulting system is also discriminatory in relation to women: despite the fact that 51% of the population are women, 60.9% of participants of the health system are men, thus reflecting the imbalance of women's participation in the labour market.[9]

In spite of being insured, many people cannot receive care because they cannot afford complementary payments. Thus, before privatisation, 67.1% of the people who declared they required health care received it, while in the year 2000, only 51.1% of those requiring care were seen by a doctor. The situation is even more serious in rural areas where 48% of the population are not members of any health system.[10]

Private health costs increased by 50%, rising from 3% to 4.5% of the GDP between 1993 and 1999. Public expenditure also rose by 57% from 7.2% to 10% of the GDP over the same period. Private insurance companies are responsible for managing the major part of these resources. In December 2001, the private Health Provision Companies (HPCs) covered 70% of the market of the health contribution system, while state HPCs covered only 30%.

Privatisation of the provision of health services has led to high margins for middlemen; the HPCs and the Subsidiary System Administrators (SSA) in hands of the private sector retain a major part of the resources, absorbing increases in expenditure made by the State and by families. The General Comptroller of the Nation has pointed out that, on an average, the SSAs retain 40% of the money from social security assigned to the subsidised system.

Free market reforms have led to deterioration in the general health of the population. Between 1990 and 2000, the number of children under one year of age that had received the complete cycle of vaccinations dropped from 67.5% to 52%, enabling a return of epidemics such as measles, which for years had been non-existent. Privatisation of the health sector has stratified Colombian society and discriminated against the neediest sectors. A system has been established for the very poor (subsidised), one for middle-income population (contributive) and another for the rich (prepaid medicine), while 38% of the population are not covered. Treatment is differentiated both in services and in rights, on the basis of each person's economic capacity to join in one of these systems, thus shaping an increasingly divided society.

Privatisation has led to private insurance companies managing care for the more affluent, while the public sector takes care of the poor. In this competition, the State has replaced the subsidies to supply that it delivered to state hospitals, clinics and healthcare centres with subsidies to demand. This situation has led to several bankruptcies and the subsequent closing of many of the hospitals and clinics that care for the low-income population.

New concessions to the multinational pharmaceutical companies make healthcare costs even higher for the poor and worsen the deficit of public health institutions. The Government decided by decree[11] to prohibit production and import of generic drugs, which had been available at a low cost, for a period of five years. This enormous sacrifice of the health of the population was made in response to a demand by the United States government so that certain Colombian exports could hope to obtain tariff benefits in this market.

Conclusion

Lack of access to social services and their increasing costs have led to a rise in the number of people in poverty. According to data from the General Comptroller of the Republic, 59.8% of the population live under the poverty line; according to a recent study by the World Bank this figure is 64%.[12] In 1998 there were 21 million poor people in Colombia and in 2002 this figure reaches 24 million, among whom nine million live in extreme poverty.[13] Privatisations have not improved access by the population nor the quality of social services for the poorest sector. Privatisations have increased privilege and exclusion and have promoted a regressive redistribution of resources from the middle and lower classes to the most powerful, while reducing access to health care, education and social security for the neediest sectors of the population. ■

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6 Mario Jiménez Gómez, «Aumenta deserción escolar» in *Revista Semana,* 29 September 2002.

7 According to the Survey on Living Conditions carried out in 1997, and the Study on School Dropout Paths, made by the Restrepo Barco Foundation in 2001 and 2002.

8 «No da tregua la deserción escolar en el país», in newspaper *El Tiempo*, 6 September 2002.

9 Colombian Platform on Human Rights, Democracy and Development. *Alternative report to the Fourth Colombian State Report to the International Pact on Economic, Social and Cultural Rights Committee*. No. 110.

10 General Comptroller of the Nation, *op. cit.,* p. 129.

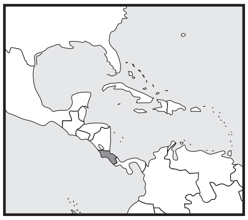
11 Decree No. 2085 (2002).

12 «Pobreza siguió en aumento» in *Portafolio,* 5 August 2002.

13 National Planning Office data.

Selling our grandparents' inheritance

Ana Felicia Torres Redondo   Carlos Pentzke Pierson [1]



Within the context of the economic crisis, the rapid loss of mechanisms of social mobility and economic, political and cultural break down, a real and symbolic rupture is occurring, under progressive and unorthodox procedures, in various fields of the State's monopolistic of the provision of services, such as electricity, health care and education. Attempts at privatising a public institution or a complete sector have faced strong opposition among the people.

Between 1940 and 1975, Costa Rica reaped important benefits in terms of human development. However, the 1980s – linked to the economic stabilisation and structural adjustment programmes – saw the emergence of a crisis that the country has not managed to overcome completely. «Although it is true that primary indicators showed a trend towards recovery and stabilisation or moderate growth …the previous period's rapid pace of progress has not been recovered.»[2]

As part of this stagnation, it may be pointed out that almost one third of the population is living in poverty, or very close to it. The country has made scant progress in improving the two factors that will enable this population to overcome poverty and the country to pave the way for development: education and the creation of quality jobs. Two other critical areas reveal threats to the promotion of development: the deficit in the transport infrastructure and the high public debt. Faced with all these limitations is a dismantled State, without resources and urgently requiring tax reform based on a new fiscal pact.

It is important to note that the population has lost trust in the basic institutions of democracy, such as the political parties. The presidential, parliamentary and municipal elections held in 2002 showed clear criticism and sanction by the electorate of the two-party system. In spite of a very high rate of abstention (31%), the population that did vote redistributed power, recomposing the legislative power and, to a lesser extent, the municipal power. The population feels that transparency is necessary to verify that campaign promises are actually being accomplished during the government's period in office. A clear indicator of the changes taking place in Costa Rican political culture is that women achieved 33% representation in the legislative body. Thus, the monopoly of the traditional political parties and the patriarchy has started to crumble.

Privatisation «à la Costa Rican»

Within the context of the economic crisis, the rapid loss of mechanisms of social mobility and economic, political and cultural break down, there has been a real and symbolic rupture of the state «monopoly» in the provision of services in various fields, such as electricity, health care and education. Hence, the way is being paved for a gradual but sustained process of privatisation, which started in the 1980s with the sale of some state companies involved in sugar, cement and fertiliser production. Rapidly, other forms of privatisation were launched in the framework of the Structural Adjustment Programmes, mostly affecting sectors such as health.

Privatisation of public services has taken root in Costa Rica through progressive and unorthodox means. Since the reform process started, the dominant sectors perceived that an orthodox implementation of neo-liberal measures would be counter productive to the country's stability. Furthermore, when the reforms were launched in the 1980s, Central America was undergoing a period of political and military conflicts, sufficient reason to avoid internal instability. Finally, there is growing awareness among the population that the achievements obtained through the people's struggles in the 1930s and later strengthened following the civil war in 1948, belong to the people and must therefore be defended.

Parts of work processes previously carried out by the State that are attractive to private capital have been privatised: for instance, the concession of public works, a mechanism whereby private companies can build public facilities – such as highways – and manage them for a given period. The privatisation of public health clinics for management by private cooperatives is another example. In addition to these services, health care and education have also been clear targets of privatisation, as State management of these fields has deteriorated, both in quality and in coverage.

The attempts at privatising public institutions or entire sectors have faced strong opposition among the people, making governance impossible. In May 2000, the population mobilised to oppose the Rodriguez Administration's attempt to privatise energy and telephone services. For 15 days, the country witnessed roadblocks, confrontations with the police, universities at a standstill, and large-scale demonstrations protesting against both the Legislative Assembly and the President of the Republic.

Paving the way for «two Costa Ricas»?

Little by little, public education and health care services have become mechanisms for social exclusion, remaining as the only option for people with few economic resources. Meanwhile, a small group of Costa Ricans educate their children at private schools, colleges and universities and have private professional care for their preventive and curative health. In this kind of privatisation, there is no doubt that public and private health care and educational supply co-exist, but competing at a disadvantage.

TABLE 1

Income from EBAIS care – Private companies (2002)

COMPANY	HEALTH AREAS	USERS	# EBAIS	INCOME (USD millions)
COOPESALUD	Pavas, San Miguel y San Rafael de Desamparados	150,000	27	5,722
COOPESANA	Santa Ana, San Francisco de Dos Ríos, San Antonio de Desamparados	73,000	17	2,784
ASEMECO	Escazú, La Carpio y León XIII	98,000	15	3,738
Total		**321,000**	**59**	**12,244**

Source: «Cooperativas y Clínica Bíblica en duelo por EBAIS», in La República, 13 September 2002

1 This chapter was prepared at CEP-Alforja, with the collaboration of the following organisations: Fedeagua, Fecon and ANPE. Contributions were also made by the Consumer Defence Commission, Ministry of Economy.

2 United Nations Development Programme. *Estado de la Nación en Desarrollo Humano Sostenible*. Report #7. San José, Costa Rica, 2001, p. 51.

TABLE 2

Regular education institutions and services by functional unit, Initial public and private education enrolment (2002)

LEVEL, BRANCH	STATE	ENROLMENT	PRIVATE	ENROLMENT	PRIVATE SUBSIDISED	TOTAL
Pre-primary	1,946	82,366	326	14,590	17	2,289
I & II cycles	3,628	498,086	258	32,054	18	3,904
III cycle and diversified education	398	248,861	162	23,337	20	580
Academic	320	196,732	160	23,184	17	497
Technical	76	51,158	2	153	3	81
Artistic	2	971	-	-	-	2
Total	6,777	846,844	754	70,148	66	7,597

Source: Prepared by the authors from the web page, Ministry of Public Education (www.mep/cuadromatricularegular.html)

The privatisation and profit-making rationale has taken root not only in the realm of private medicine, but also within state institutions, in which health units – Basic Teams for Comprehensive Health Care (EBAIS), clinics and hospitals – fall into the so-called «management commitments». This mode of operating emphasises the ability of the health management units to implement the budget they request, although no quality control accompanies the process.

Education, a mechanism and forum for social mobility *par excellence*, has seen a surge of private academic and technical schools at all levels. The possibility of private education is increasing strongly, vis-à-vis a public education that no longer receives 6% of the constitutionally granted GDP. Additionally, the coverage and quality of public education has deteriorated, and public schools have serious dropout problems, especially at the secondary level. Private education, although occasionally deficient in quality, is generally of better quality than public education. Thus, education has changed from being a mechanism for social mobility to becoming an instrument of status and exclusion. There are two Costa Ricas: a private and a public one.

Water: «mind your own business»

Like many other countries, Costa Rica already has a brisk trade in drinking water. Gradually, the people are becoming familiar with the idea that water supply is a private matter. The State monopoly has been symbolically broken. With out-of-date legislation and a broken down and dispersed government, a series of bills are to be found currently in the legislature, which in some way encourage privatisation by enabling private companies to have access to water concessions.

Currently, the Lorena de Santa Cruz community in the Province of Guanacaste is the object of a request by a private company to exploit one of the richest aquifers in the region. The region's main wetlands[3] are also located in this community. If this exploitation were to take place, it could have dire consequences: the projected extraction could substantially decrease the amount of water in the communities' wells and affect supply; and the wetlands could dry up, and the main rivers substantially decrease their flow. This situation would have serious adverse effects on aquatic biodiversity, affecting migratory birds which nest and feed in the wetland.

The Costa Rican Institute for Aqueducts and Sewage has announced that there will be a crisis in the supply of drinking water by the year 2015. With chaotic land planning and voracious tourist activity developing in the country on a major scale, a national discussion on the availability, present use, and present and future demand for ground and surface water is needed urgently.

Already several coastal communities have had to fight battles with trans-national tourist companies. Private management of this resource for tourist purposes has placed at risk present and future access to drinking water by entire communities. Biodiversity in wetlands is also seriously threatened by the unregulated use of groundwater.

The rope always breaks at the thinnest point: women and poor people

Within this scenario, poor families – 21 of every 100 – must make do with public education and health care services, under the conditions of access and quality described in the preceding paragraphs.

Privatisation of health care and education directly affects poor families headed by women, which are on the increase, more than poor families headed by men. Outstanding among these, are poor homes having young women as family heads. Furthermore, in Costa Rica, as in most of the countries, women have fewer resources than men do. Thus, as to be expected, it is women who will have to make do with deteriorated public health care and education services for themselves and their children, because they do not have the resources to pay for private medicine and education services.

Additionally, participation of women in the labour force is increasingly strong in the informal sector of the economy. Few women in this sector of the economy can obtain insurance and therefore have access to public health services.

The government is submitting to the United Nations System the second and third report on compliance with the Convention for the Elimination of All Forms of Discrimination against Women (CEDAW). In spite of the fact that the country shows significant development in this field, the report also reveals negative trends and important structural obstacles to the eradication of violence against women. One of the main trends is related to the inequity in economic participation and access by women to productive resources. Privatisation of education, health care and water are among the factors favouring the trend to exclude women and the poor from the benefits of development. ■

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3 Wetlands are ecosystems depending on natural or artificial, permanent or temporary, stagnant or moving water systems. They may be fresh or salt water or a combination of both (brackish). The wetlands include the coast and part of the sea up to a depth of six metres at low tide

Adjustments, debt and privatisations: what will become of our rights?

SUSANA CHU YEP JORGE ACOSTA ARIAS PATRICIO PAZMIÑO FREIRE

The sale of state companies required by the IMF, the scaling down of the State through mass dismissal of workers, reduction in government spending, the elimination of subsidies to basic services and fuel, cutbacks in wages and salaries, the protection of international creditors through FEIREP and the intensification of the extractive model of overexploiting resources–these are characteristics of the public policy implemented by the national government, following the guidelines of international bodies.

An unprecedented economic and financial crisis

In 1999, Ecuador suffered an unprecedented economic and financial crisis that led to a 7% drop in real GDP, a 200% devaluation of the Sucre (the national currency), a moratorium on the foreign debt, and an increase in poverty to 70% of the population. Official protection of corrupt bankers, freezing of bank accounts, and the implementation of «dollarisation» (adopting the dollar as currency) led to an indigenous uprising, followed on 21 January 2002, by the removal from office of President Jamil Mahuad and installation of his Vice-President, Gustavo Noboa.

The International Monetary Fund's «support» of the «new» Ecuadorian government resulted in the imposition of new structural adjustment measures in the negotiation of the Tenth Letter of Intent. The IMF also posed as a mediator and surety before the international creditors in the renegotiation of the private foreign debt, through the exchange of Brady Bonds for Global Bonds, valued at USD 5 billion and agreed upon at interest rates of 12% and 10% (up to three times higher than the Libor rate in force on the international market). This renegotiation has not led to a drop in the heavy debt burden on the State's General Budget (Presupuesto General del Estado or PGE), as payment of public foreign and domestic debt service[1] represents over 35% of the PGE, vis-à-vis 19% assigned to fulfilling State obligations regarding economic and social rights (education, health, generation of employment and support to production).

Although dollarisation has led to a certain economic stability following the 1999 crisis, this has not generated a substantial improvement of the Ecuadorian economy, but a serious weakening of the country's productive and social structure. The adoption of the dollar as currency is causing non-traditional export products and even those aimed at the domestic market (which are very vulnerable to imports from neighbouring countries that have suffered devaluation) to lose competitiveness. This problem becomes more serious as the interest rate for loans[2] remains high in a dollarised economy.

This can be observed in the considerable growth of imports and in the contraction of exports, contributing toward a trade deficit of USD 600 million during the first half of 2002, estimated to rise to USD 1.6 billion by the end of the year. This figure represents approximately 8% of the estimated GDP for 2003.

The possibility of solving this recession in the productive apparatus depends on an improvement in competitiveness, which would have three components: an increase in productivity (hard to achieve without considerable investment in technology, not forthcoming in the short-term), a drop in internal production costs (particularly labour and tax costs), and particularly important, government support to these sectors (which, in the present context of free trade discourse, seems hard to achieve).

1 Debt service in the budget is approximately USD 2 billion in 2002.

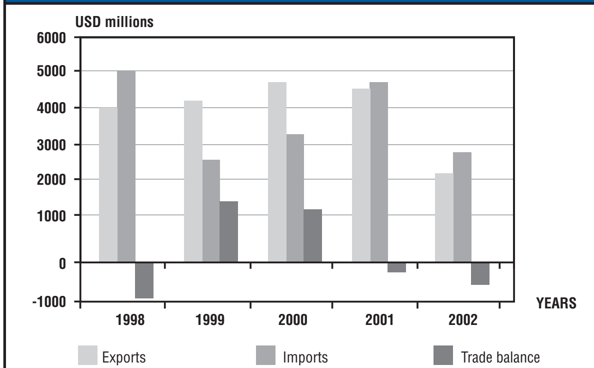
2 The active rate of interest fluctuates between 15% and 20%.

Social impact and perverse priorities

Within this economic context, 40% of the Economically Active Population (EAP) is under-employed, and almost one million Ecuadorians, or 8% of the population, have migrated, most to Spain, Italy and the United States.[3]

CHART 1

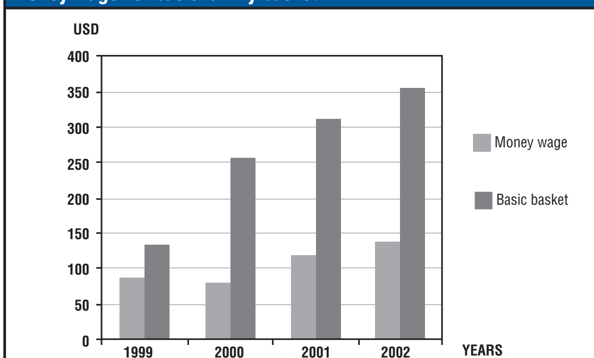
Evolution of the trade balance



Source: Monthly Bulletins of the Ecuadorian Central Bank

CHART 2

Money wage vs. basic family basket



Source: National Statistics and Census Institute (INEC)

3 According to the Migrations Office, 504,203 Ecuadorians left the country between 1999 and 2000. Paradoxically, these migrants generate the second item in the country's income, by sending monthly remittals amounting to approximately USD 1.4 billion in 2001 and are the true pillars of dollarisation.

Furthermore, there is a consumer gap among families, because the average monthly salary in 2002 – USD 140 – is not enough to cover half the cost of the basic family basket, priced in August 2001, at USD 330.

Since 45% of fiscal income within the PGE depends on the sale of oil and its by-products, the State has proposed to increase oil exploitation substantially using private capital, through the construction of the Pipeline for Heavy Crude Oil (Oleoducto de Crudos Pesados - OCP), calling for bids for new oil fields in the Ecuadorian Amazon and the extension of contracts with current oil companies.

In this context, the IMF required promulgation of the Organic Law for Fiscal Responsibility, Stabilisation and Transparency (4 June 2002). This law establishes a limit of 3.5% in real terms of Public Expenditure growth, except for the payment of public debt, and considers the creation of a Stabilisation, Social and Productive Investment and Reduction of Public Indebtedness Fund (Fondo de Estabilización, Inversión Social y Productiva y Reducción del Endeudamiento Público - FEIREP) with tax income generated by OCP as from 2004. These resources will be allocated as follows: 70% to buy back the public debt and to pay the debt with the Ecuadorian Social Security Institute (Instituto Ecuatoriano de Seguridad Social - IESS), 20% to stabilise oil income and 10% for investment in health and education. This clearly shows that the priority of government policies in the use of public funds and natural resources is to pay the debt over social investment.

Furthermore, tax policies are not aimed at creating an equitable system. The weight of value added tax (VAT), an indirect and regressive tax, has increased over the past years, from 1.4% of the GDP in 1983/84 to 8% in 2001, representing over 25% of the State's total income and 51% of the total non-oil income in 2002. Income tax, which is a direct and progressive tax, grew little during the same period and represented 3.2% of the GDP in 2001, equal to 20% of non-oil income and 11% of total income.

Considering that 70% of the population is in a situation of poverty, these figures show a tax system that favours the richer classes and is detrimental to the majority of the population.

Adjusting up to strangulation?

Based on the instability of international oil prices, the restriction in monetary policy imposed by dollarisation, and the tax surplus required by the IMF, the State has justified the sale or concession of public companies (electricity and telecommunications) to generate alternative sources of government income in addition to oil by reducing government spending, increasing oil prices, cutting or freezing wages and reducing the operating costs of ministries. They hope thus to sustain the national budget.

However, this course has a very narrow intention: the government must generate other sources of income to cover the budget and generate a surplus, because oil income is pledged and will be used to pay the debt.

Privatisation of public companies in Ecuador has met with problems: the opposition of trade unions and social organisations and the public perception of corruption and lack of transparency in these processes.

In an attempt to carry out a public auction of the electric companies in April 2002—despite an intensive campaign to convince the people of the advantages of privatisation, the arrival of fresh capital and the benefits of «free» competition—the government was unable to achieve the sale. Despite efforts to implement laws for greater flexibility of the labour market (prohibition of the right to join trade unions, work by the hour, mass dismissals, sub-contracting, etc.), public rates for basic services (Table 1) were increased. Debt was transferred from companies that could be privatised to the Ecuadorian State (as in the case of the electric companies, where the State took on a debt of USD 300 million to «increase» market value). The State changed laws to ensure control of the company by foreign capital (sale of 75% of the public company's shares instead of 51%).

To facilitate the privatisation process, the State was obliged to give «guarantees» to the companies, ensuring profitability through the authorisation to raise the rates of basic services, allowing the establishment of private monopolies, providing tax exemptions (particularly of VAT and taxes on imports of machinery and equipment), relaxing environmental regulations and granting permission for the companies to repatriate unlimited amounts of profits.

The recurring argument of the State that it is necessary for public companies to be efficient and competitive has led to a substantial increase in the rates for basic services over the past years, in an attempt to make them more appealing for sale. Water, gas and electricity rates have increased by 40% per year over the past three years, causing a consequent escalation in prices of goods and services,[4] resulting in very high rates of inflation: 61% in 1999, 97% in 2000 and 23% in 2001. Increasingly fewer Ecuadorians are able to have access to these basic services and to the products of the basic family basket, showing a clear deterioration in the population's quality of life.

TABLE 1

Increase in the price of basic services (energy, gas and water)	
December 1999	34%
December 2000	42%
December 2001	49%
June 2002	28%

Source: Monthly Bulletins of the Ecuadorian Central Bank

The Letter of Intent being discussed with the IMF will seriously fetter the new president, who is to take office in January 2003. Under the premise of government discipline and adjustment of accounts, the out-going government has committed itself to having a primary surplus[5] by 2003 of 6.9% of the 2003 GDP (approximately USD 1.4 billion). This means that the new government will have to «save» 23% of the State's total budget, cutting back on social and productive investment, increasing the rates of basic social services (electricity, water, telephone), and selling public companies. These «savings», according to the law adopted for Government Transparency, will serve to guarantee payment of the foreign debt. By decision of the IMF, negotiations with the out-going government have been suspended and will be continued with the newly elected President.

However, while the business community is pressing for a cutback in production costs, and more assistance and incentives for the exportation of their products and the importation of raw material, most of the population is trapped by an unceasing dollarised inflation and a lack of employment that is obliging more and more Ecuadorians to leave the country.

The privatisation process, the shrinking of the State through dismissal of workers, and the sale of state companies required by the IMF, together with mandated cutbacks in government expenditure, the elimination of subsidies to basic services and fuel, the reduction of wages and salaries, the protection of international creditors through FEIREP and the intensification of the extractive model of over-exploitation of resources—these are characteristics of the public policy implemented by the national government under the guidelines of international organisations like the IMF.

This model, favouring macroeconomic variables, violates systematically and with impunity the economic, social, cultural, and environmental rights of millions of Ecuadorians to a decent life, health, education, a healthy environment and fair and dignified employment. These rights are protected by the Political Constitution of the Republic and by international conventions and agreements that the government of Ecuador and international organisations are obliged to consider, protect, respect and fulfil. ■

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4 The items of water, energy and gas represent 11.1% of the Consumer Price Index (CPI); however, they represent 17.3% of the Producer Price Index (PPI).

5 The primary surplus corresponds to the total government expenditure, minus interest on public debt.

Privatisation: a process with cracks

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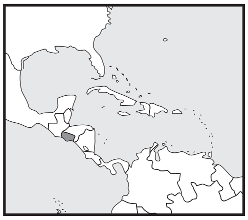
GLORIA GUZMÁN MARIO ANTONIO PANIAGUA[1]



The privatisation discourse promised to reduce the size of the State, reduce the deficit, provide better services and supply the State with immediate resources, which would be used to cancel the short-term debt and be invested in infrastructure or social expenditure. However, even the private sector has recognised that there has been a lack of transparency in decision making. In fact, the implementation of privatisation has involved many sacrifices, including privatisation of banking and de-nationalisation of the public assets.

The siren's song of the privatisation discourse

During the 1990s, the Salvadorean economic context was oriented towards strengthening the market, reducing and modifying the State's role, reforming taxes, liberalising the economy, privatising part of the State's assets[2] and modernising and opening up to global markets. These objectives are based on the programmes for Stabilisation and Structural Adjustment, determining an increase in the price of services, in tax collection and a restrictive monetary and tax policy.[3]

The privatisation discourse promised to reduce the size of the State and the fiscal deficit, provide better services and supply the State with immediate resources, which would be used to cancel the short-term debt and be invested in infrastructure or social expenditure. However, even the private sector has recognised that there has been a lack of transparency in decision making.[4] For the developing Salvadorean economy, the implementation of privatisation has involved many sacrifices, including privatisation of banking and de-nationalisation of the public assets.

During the past three five-year periods, big business has been favoured to the detriment of the quality of life of the majority. For example, tax reform has been regressive: to replace the loss of income from privatisations, the Cristiani administration introduced a 10% value added tax (VAT); the Calderón Sol administration increased it to 13%, and the present Flores Pérez administration eliminated exceptions to VAT applied to drugs, grains and other food staples. Reports indicate that each week the treasury does not collect USD 654,500 VAT paid by consumers due to tax evasion by Salvadorian businesses.[5]

The rules of the game indicate that the country has adopted the rationale of a concentrated and exclusionary model, responding to a traditional neo-liberal conception, applied uncompromisingly.[6] According to an editorial entitled «Privatisation: the economic fanatism of modernization» published by the Magazine of Central American Studies,[7] the most scandalous privatisation was that of banking due to its lack of transparency. Even though the law was openly broken to enable twenty-three family groups to take over banking, no public body has been willing to investigate this egregious criminal operation. Undoubtedly, private banking is more efficient now after privatisation, but the orientation of its credits and high interest rates have not encouraged national production nor strengthened the weaker areas of the economy.

TABLE 1

Programme of neo-liberal measures in El Salvador

ADMINISTRATION	YEAR	MEASURES HAVING A NEO-LIBERAL CONTENT
President Alfredo Cristiani (1989-1994)	1989	-Privatisation of coffee and sugar exports
	1990	-Privatisation of the Hotel Presidente
	1991	-Privatisation of banking, oil imports and external consultations of the health care system -Closing of the Supply Regulation Institute (Instituto Regulador de Abastecimientos - IRA) and the Urban Housing Institute Instituto de Vivienda Urbana - IVU) -Implementation of Value Added Tax -Reduction in tariffs
	1992	-Privatisation of the National Agricultural College
President Armando Calderón Sol (1994-1999)	1995	-Privatisation of the sugar mills
	1998	-Privatisation of electricity distribution, telecommunications, pension system and some public hospital services
	1999	-Privatisation of the car licensing system
President Francisco Flores Pérez (1999- 2004)	2000	- Dollarisation
	2002	-Concession of security and boarding for Social Security, Port and health services

Source: Social Watch El Salvador

The privatisation of telecommunications is indicative of the process as a whole. Various studies showed that the National Telecommunication Administration (ANTEL) was a profitable public institution which did not need to be privatised, when the true solution was modernisation.[8]

The pension fund and the distribution of electricity now faces a high concentration of wealth in a few hands. Not coincidentally, the same business groups buying shares are the same as those holding political power. In addition to controlling the financial and banking systems, these family and business groups control the companies related to them, coffee exports, the distribution of fertilisers, the production of cement, beer, non-alcoholic beverages, bottled water, new cars, air transport, shopping centres and hotels.[9]

Social security: neglect of wide vulnerable sectors

Before the reforms in El Salvador (1996-1998), the public pension system certainly had some serious problems, such as the population coverage, the cost of social security, and employer evasion and default. The State used the problems with social security to justify privatisation, arguing that the paying population would reap enormous benefits.

1 The authors appreciate the collaboration of César Villalona, researcher and economist; Francisco Javier Ibisate, University chairholder; and Action for Health in El Salvador, APSAL.

2 Privatisation is defined as transferring State assets to private business groups, that is, with «the transfer of goods and services from the public sector to the private sector». M.I. Guerra et al., «La privatización, sus formas y su proceso», *Realidad*, No. 49, January-February 1996, p. 26.

3 Assessment of the World Summit of Social Development, 1995-2000, p. 19.

4 National Meeting of Private Enterprise (ENADE) 2001, p. 10.

5 *El Diario de Hoy*. Business section, 7 September 2002.

6 Assessment of the World Summit of Social Development, 1995-2000, p. 19.

7 Revista de Estudios Centroamericanos (ECA), March 1998.

8 Interview with Father Francisco Javier Ibizate, an economist and professor at the Central American University, UCA.

9 Revista de Estudios Centroamericanos (ECA), July-August, 2002, p. 595.

Five years have passed since the privatisation of the pension system was launched, and the results show that the future regarding social security for workers is uncertain and discouraging.[10] In spite of the fact that the coverage increased between 1997 and 1999, going from 10.6% to 31% of the EAP, the system still has problems: wide segments of the population, such as those undertaking informal activities or under-employed, agricultural workers and people providing services in the domestic area, are left out.

The costs of such a system have fallen on a population whose minimum wage has not changed in the past four years. Before the reform, the workers' contribution to the social security system represented 1.5% of their salary. In 1998 this amount increased to 4.5%, representing a 300% increase in the cost, and by 2002, contributions represented 6.25% of the salary, an increase of 417%.

The data indicate that in spite of the increase in contributions, workers are still not guaranteed an adequate pension upon retirement. Additional factors are negatively affecting the amount of such a pension: commissions collected by the pension fund administrators, presently 36% per year for the management of such individual funds, which can be increased according to the free will of the pension administrators.

Linking this modus operandi with the inequity existing regarding men's participation (61%) and that of women (39%) in the formal labour sector, a labour structure based on sexual division of work becomes obvious, in which women are excluded from the present pension system.

Electric energy: higher costs and worse service

The UCA submitted an analysis showing that the administration of Calderón Sol had become trapped between the promise of not increasing the price of electricity and the legal conditions under which the operation was sold to private enterprise. The government hoped that, in the short term, the price of distributing electric energy would drop and the service would improve. However, this did not happen and the problem persists.

Presently, the main disagreement is over the absence of a balance between the quality and the cost of the service. Between 2000 and 2002, electricity was cut 44,000 times, and the public made over half a million complaints. The companies and officials attributed this to the damage suffered by the network because of the war and the earthquakes in 2001. Furthermore, the main electric energy distributor in the country's central zone receives one complaint per three users, in part because of the loss of the subsidy, which the government eliminated in 2000.[11]

Hence, the companies' recent announcement that they are revising the charge for distribution or use of the network, representing 25% of the monthly rate paid by users, has generated controversy. Over the past five years, the price of client service has constantly risen. According to the distributor, the increases may reach as much as 81%. Of the total cost of the invoice, only 61% corresponds to energy consumed; the remaining 39% is shared between network use and client service.[12]

Health: more expensive services and dwindling accesibility

The predominance of the market rationale for health services has become a serious problem when complying with the right to health. The first crisis of the public sector took place between April and May 1998. At that time, the Salvadorean Medical Association (CMES) promoted a trade union movement demanding improvements in national public health:[13] termination of the purely governmental procedure to reform the health system; reactivation of the search for a viable solution to the health sector reform; the ratification of the loss of credibility in the Ministry of Public Health and Social Welfare as an institution able to promote the necessary changes; and recognition of CMES leadership in the health sector.

For two years now, health care policy has dropped from public view. However, the process of change has not halted, and structural reforms to facilitate the sale of some basic health care services have been carried out from the top down. Recently, a proposal made during the Third National Meeting of Private Enterprise (ENADE 2002) on the urgent need to modernise the Salvadorean Social Security Institute (ISSS) renewed the awareness of a crisis in the public health sector. The proposal consisted of establishing modalities for concession, purchase of services and free choice, which always involve privatisation.

Facing the different forms of medical service sales, the interruption of dialogue and other orchestrated forms, the ISSS workers decided to suspend their tasks progressively and gradually hand over the various hospitals to the insurance authorities.

Privatisation of social security and other public health network services will not only make services more expensive, but access to health services will depend on families' financial conditions. According to the Housing Survey on Multiple Purposes for 2002, presently 60% of the total expenditure on health comes directly from users. That is, sustainability of expenditure on health depends on the population's payments, either through taxes or in direct investment.

Conclusion: the facts belie the theory

Clearly, privatisation is not a synonym of efficiency and even less a necessary condition for achieving the sustainable national development of a country.

In El Salvador, the privatisation process has raised fears and hopes. Official sources are presenting free trade as a means to strengthen the country's economy. However, concern arises when the large countries that support this hypothesis, do not fulfil their own commitments towards the countries of the South. The contradiction is strengthened when wealth is concentrated among the national business groups, when government deficit grows, when the foreign debt reaches 32.6% of the GDP in 2001 and when the State fails to ensure constitutional functions such as free basic social services. Ultimately, we can conclude that the theory of privatisation has not fulfilled its promises. ■

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10 According to ILO/2000 report, the situation of pension funds throughout the world indicates that 90% of the world's workers never receive any type of old age benefit or pension, either because the funds for such a purpose are insufficient or non-existent or because the funds record increasingly larger deficits as the population ages and the cost of pension benefits rise.

11 *Enfoques. La Prensa Gráfica.* 6 October 2002, p. 3c-7c.

12 *Enfoques, op. cit.*

13 Citizen Proposal for Health, Salvadorean Medical Association, July, 1999.

The unacknowledged social implications

The privatisation of services previously delivered by state-owned companies or public institutions began in the 1980s, and its pace intensified in the 1990s. In addition to the negative social impact of privatisation on consumers, the first casualties of privatisation have usually been the workers and the poor. Development co-operation, whose primary goal is poverty eradication, is using its limited resources, paid out of public funds, to engage in economic development on behalf of major corporations.

Background

In early 2000, negotiators at the WTO in Geneva began a new round of talks on GATS (General Agreement on Trade in Services). The aim is the progressive liberalisation of all markets for services, including all public services, with no sector being excluded from GATS on principle. The intention is for all services to be subject to the WTO's principles of market access and equal treatment of foreign and domestic suppliers. This is a particularly sensitive issue since the markets for services are mainly protected through national provisions such as laws, regulations, and ecological and social standards, rather than by «classical» trade barriers such as tariffs.

Due to the lack of clarity in the GATS definition of services supplied «in the exercise of governmental authority», public services in particular are likely to come under more intense pressure, for as soon as there is competition from private suppliers, which is already happening in many cases, the GATS provisions apply. Among other things, GATS aims to ensure that private suppliers have equal access to government funding for public services or services supplied on the basis of public contracts. However, this increased competition will mean that the public funding available for services of general interest will further decrease.

The WTO is obliged to carry out an impact assessment on GATS, but this has not yet taken place. All WTO members were required to file their liberalisation *requests* to their trading partners by the end of June 2002. In line with the timetable for the GATS negotiations, they must submit their liberalisation *offers* to the countries concerned by the end of March 2003. The European Commission is negotiating GATS on behalf of the EU Member States, with the Federal Ministry of Economics taking the lead role on the German side.

The privatisation of services previously delivered by state-owned companies or public institutions began in the 1980s, and its pace intensified in the 1990s. Most Germans are probably unaware, for example, that private security firms now employ 145,000 people, often poorly trained and earning a pittance of a wage, which amounts to more than half the number employed by the police with its 270,000 officers. The privatisation of postal services is also well under way.

Above all, the privatisation of telecoms made the headlines: at first, call charges decreased markedly, confirming many Germans' suspicion that the public utilities' overriding features seemed to be poor performance and lack of innovation. However, in the deregulated electricity markets, only large-scale consumers benefited from the pledged price cuts.

In addition to the social impact of privatisation on consumers, the first casualties of privatisation are usually the workers, as the German Federation of Civil Servants explains: «The private transport companies are able to submit more attractive bids in response to calls for tender because they generally pay their staff lower wages and maintain smaller administrative units. These arguments are used by the employer German Rail [*Deutsche Bahn AG*] at the annual wage rounds in order to drive wages steadily downwards.»

Water does not come cheap

The water and waste-water management industry is likely to respond negatively to further privatisation, as this sector deals with a basic human need and involves environmental policy decisions which have far-reaching implications. In view of this fact, the United Services Trade Union (Ver.di) takes a harsh view of the measures being undertaken in this area: «The privatisation of the water industry has certainly not led to any reduction in charges or prices. The fact that profits must be generated for shareholders increases prices over the short and medium term. To conceal this fact, there is a tendency to dispense with the regular maintenance which is necessary to guarantee security of supply, as well as the investment required to safeguard resources.»

The trade union also focuses on the risk that private companies will make handsome profits through the sale of drinking water, while the costly business of protecting drinking water is left to public funds. Ver.di is therefore lobbying «for a sustainable water industry in which the precautionary and «polluter pays» principles play a key role. Monitoring and control of pollutant dischargers are tasks for the public institutions.»

The privatising trends in the water industry are also reflected in German development policy, where co-operation between the private and public sectors has been promoted vigorously in recent years. A recent study by World Economy, Ecology and Development (WEED) reveals that private companies are being given targeted support to ensure that the German water industry «plays a major role in the global market, which is becoming increasingly significant», to quote Uschi Eid, Parliamentary State Secretary at the Ministry for Economic Co-operation (BMZ). According to the study, the firms «have been able to conclude long-term licensing agreements to operate waterworks or secure lucrative contracts to construct water treatment plants. For such companies, projects in Albania, Montenegro or Namibia open the doors to the global market, with government and political support in this competitive environment. In effect, development co-operation, whose primary goal—according to its own assertions—is poverty eradication, is using its limited resources, paid out of the public funds, to engage in economic development on behalf of major corporations. Yet the poorer population groups continue… to receive a second- or third-rate supply.»

Health care: State intervention required

The deregulation process in the German health care system is proceeding with caution, yet it has implications for society as a whole. People with a sufficiently high income are allowed to opt out of the statutory health insurance funds. The private insurers can offer their services to young (and healthy) people far more cheaply. As a result, the statutory health insurance funds are retaining a larger proportion of higher cost members. The resulting problems are described as follows in a «Memorandum on the Reform of the Health System» [1]:

«It is inaccurate to speak of a «general explosion of costs» in the health system. The rise in total health expenditure over the last two decades has kept pace with overall economic growth… At the same time, the «exploding costs» analogy… completely ignores the far more serious problems statutory health insurance faces on the revenue side. Experience to date has shown that the economic incentives resulting from competition… have led, and continue to lead, to undesirable evasion tactics…, with state intervention always being required to correct them.»

Pensions: greater risk for low income sectors

During the last legislative term, a law was adopted to reinforce the role of voluntary private pensions compared with compulsory insurance. It is left up to employees to decide whether, in addition to their statutory insurance provision, they wish to take out life insurance which is then subsidised by the State. As early as October 2000, a statement by the *Diakonisches Werk* of the Protestant Church in Germany took the following position on this issue:

«Due to its different functional logic, private provision cannot replace statutory provision, however… There are two key reasons in favour of… providing reliable safeguards of living standards for middle and lower income groups: private insurance is rarely taken out by persons whose pension provision is inadequate. Voluntary provision—even if subsidised by the State—is rarely an option for persons on low incomes… because the population groups at greatest risk of being impoverished consume all their available income.»

Germany's role in the GATS negotiations

A striking feature of the GATS negotiations is their complete lack of transparency. Citizens with an interest in the process are denied access to key information, and even Members of the Parliament [*Bundestag*] are given only limited information by the Economics Ministry.

However, fault lines are appearing within Germany's Red-Green Government which could be used by campaigning organisations to undermine progress of the negotiations. For example, the Study Commission on Globalisation of the World Economy set up by the German *Bundestag* recommends that decisions on the adoption of further commitments should not be taken until after the submission of impact assessments on the GATS negotiations and public debate of their findings. It also recommends the «exclusion of education and other services of general interest from the GATS negotiations.» Finally, the report states: «The Federal Government and the European Commission are urged to notify all interested NGOs, trade unions and associations at an early stage of all proposals for negotiation, including the EU's liberalisation requests to its trading partners and such requests from third states to the EU, as well as relevant liberalisation offers, and to give these organisations an opportunity to state their opinion.»

This recommendation conflicts with the conditions supposedly adopted for WTO members, which are described by the Economics Ministry as follows: «In accordance with the conditions for all WTO members, the various requests to trading partners must be treated confidentially and cannot be divulged to non-governmental bodies, either in full or in part.» (Economics Ministry, letter of 8 August 2002, original emphasis).

Yet the assertion that requests to trading partners cannot be divulged to «non-government bodies» conflicts with the Economics Ministry's own practice, for the Ministry itself released the negotiating drafts of the «133 Committee» in Brussels, which coordinates Europe's international trade policy, to a number of organisations. On this issue, the federal government's response to a Minor Interpellation submitted by the Party of Democratic Socialism (PDS) on 22 April 2002 states that «The federal government has released elements of the current drafts on EU requests to trading partners to a number of directly-affected business associations, as well as to the German Trade Union Federation (DGB), in order to give them an opportunity to state their opinions.» Why this practice cannot be extended to relevant NGOs and other lobby groups as well, in line with the Study Commission's recommendation, is unclear. This unequal treatment is undemocratic and therefore unacceptable.

The Education Minister's shifting position

The Education Ministry's position on GATS is also problematic. When the news became public in June 2001 that the EU—despite assertions to the contrary—had agreed to liberalisation requests from the USA regarding the higher education sector, it was apparent that this sensitive sector would be subject to GATS negotiations. Education Minister Edelgard Bulmahn then felt compelled to respond. Despite insisting that «We must not leave education to the market,» [2] she nonetheless went on to endorse the commercialisation of education: «Education services are covered by the GATS Agreement… The objective cannot be to exclude these services from the negotiations, but merely to make a clearer distinction between marketable and non-marketable services here.»

The Minister regards higher education and distance learning, at least, as marketable services. However, the GATS negotiations already cover a far wider area. At the last world trade round, the EU negotiated two clauses allowing public services and subsidies for these services to be excluded from the provisions of the GATS Agreement. Yet in the current round, these clauses have been challenged by a number of WTO members. If they are indeed deleted, even if only on a selective basis, private universities, for example, would have the same legal entitlement to subsidies as state universities. The competition for public funding, which has intentionally been capped, would further intensify, and the share left over for the state system would inevitably decrease. ■

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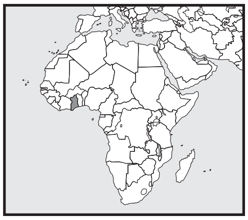
1 The authors of the Memorandum on the Reform of the Health System are the following: Professor Heinz-Harald Abholz, President of the German Association for General Medicine; Klaus Kirschner, MdB, SPD, Chairperson of the German Bundestag Committee on Health; Monika Knoche, MdB, Alliance 90/The Greens, member of the German Bundestag Committee on Health; Professor Rolf Rosenbrock, member of the Expert Council for Concerted Action in the Health System; Horst Schmitthenner, managing member of the Executive Committee of the Metalworkers Union.

2 *Frankfurter Rundschau*, 8 July 2002.

The struggle over water

GYEKYE TANOH KATHY CUSACK[1]



The plan to privatise the urban water supply system by March 2003 has become a defining battlefield. For the poor, the commercialisation of water, combined with lack of investment in the sector and regressive socio-economic distribution, is a key factor in their poverty-striken situation. At the heart of the issue are questions of need versus profit, and whether water is a right or a commodity.

The Ghanaian government's plan to privatise the country's urban water supply system by March 2003 has become a decisive battlefield regarding the long-running influence of the Bretton Woods Institutions, bilateral funding agencies and transnational companies over Ghana's economic policies. Public mobilisation against the policy has provoked intolerant pronouncements by a government that proclaims itself the guardian of Ghanaian traditions of liberal democracy. At the international level, on the other hand, the anti-privatisation campaign has thrust Ghana back into the centre of activism against the policies of the World Bank and the International Monetary Fund.

The planned privatisation of the urban water supply is part of a larger programme that could eventually sell off core public enterprises—ranging from a highly profitable cocoa factory to the troubled Ghana Airways. It is part of the rapidly intensifying process of transferring key aspects of essential social services from the public to the private sector. In addition to water, specifically targeted services include electric power generation and distribution. At the heart of the issue are questions of need versus profit, and whether water is a right or a commodity.

The government of Ghana estimates that about 66% of urban residents and only 37% of rural dwellers have access to potable, piped water. However 78% of the urban poor do not have regular access to potable water because they lack connections. This majority of urban residents buy their daily supplies from water merchants at an average cost of USD 0.34 (at August 2002 prices), or 54% of the minimum daily wage. In contrast, the more affluent urban minority who are connected to the public system spend a daily average of about USD 0.05, or about 8% of the daily minimum wage. In other words, the daily expenditure on water for the urban poor is on average seven times the expenditure of upper class urban households.

Not surprisingly, Ghanaians perceive the parastatal, monopolistic Ghana Water Company (GWC) as inefficient, corrupt and unreliable. This criticism is due to multiple factors: years of under-investment in maintenance and expansion of facilities, poor management, operational inefficiency and opportunistic political meddling by governments, especially with tariff levels. These factors have eroded public patience and sympathy for the utility and strengthened the government's case for privatising water. It argues that the sector's problems stem from public ownership, and that privatisation will deliver more water to more people, cheaply, efficiently, reliably, and without corruption.[2]

Privatisation: a creeping but radical programme

In addition to politicians, top water executives in the public sector strongly support the privatisation process. The government department undertaking the day-to-day work of privatisation, the Water Sector Restructuring Secretariat, is funded by global pro-privatisation institutions such as the World Bank, the UK's Department for International Development and Japan's Overseas Economic Cooperation Fund.

Hailed for many years as a model for the successful implementation of neo-liberal economic policies, Ghana joined the Heavily Indebted Poor Countries scheme early in 2002 and is now even more beholden to the World Bank and IMF. The current World Bank Country Assistance Strategy (CAS) for Ghana classifies «private sector involvement» in the provision, operation and management of public and social infrastructure as a key institutional reform whose implementation will trigger varying levels of Bank support (or punitive action if conditions are not met).[3]

A creeping but radical change has been taking place in Ghana's water policy. In the mid-1980s and again in the early 1990s, rationalisation of the water sector meant a combination of mass layoffs (36% of Ghana Water Company workers), tariff increases and the withdrawal of government subsidies for water. More tariff rises are planned before March 2003. Furthermore, rural and small urban water supply systems have been separated and placed under the management of a Community Water and Sanitation Agency (CWAS). There was also some re-capitalisation through government borrowing and Official Development Assistance support (estimated to amount to 8% of water investment needs) and foreign «technical assistance» which took the form of rudimentary line management, replicating inside GWC the very «loss of sovereignty» that has characterised the broader adjustment process.

Until it came to power two years ago the ruling New Patriotic Party (NPP) vehemently opposed the privatisation policy.[4] The chosen institutional mechanism for the NPP's privatisation policy is a «private-public partnership» or private sector participation (PSP). The primary mechanisms to ensure the institutional and entrepreneurial independence—as well as financial viability—of water services, include self-financing, better efectiveness through private investment and profit incentives, and the greater efficiency of consumers' water use through price mechanisms.

The national urban water system will be divided into two discrete business units, to be run by two companies, each of which will enjoy a monopoly in its market/service area. For an undisclosed fee, private sector operators will lease each of the two urban water systems for ten years. During that time they will be responsible for «rehabilitation, renewal and operation» of the water supply, billing and collection, and management and disbursement of water revenues.

Together, the two private companies will contribute USD 130 million—one tenth of the required investment for rehabilitation and expansion over ten years, according to Government and water industry figures. The private companies are

1 Gyekye Tanoh is the Southern coordinator of CAP-W; Kathy Cusack is coordinator of the Nkyinkyim Anti-Violence Project.

2 Sir William Halcrow & Partners Ltd., *Final Report of Consultancy Services for the Restructuring of the Water Sector*, 1995; Stone & Webster Consultants, *Information Memorandum – Enhanced Leases for the Operation, Maintenance and Management of Urban Water Supply Systems in Ghana,* March 2001; Republic Of Ghana Ministry of Works & Housing, *Enhanced Lease Contract, Invitation for Pre-Qualification*, May 2002.

3 See e.g. World Bank, *Ghana – Country Assistance Strategy: 2001-2003*, June 2000.

4 Earlier privatisation plans ran aground in 1999 when it was revealed that «Azurix» (the water subsidiary of Enron, the scandal-ridden and now bankrupt utility giant), which won the water privatisation bid, may have paid USD 5 million in bribes to Ghanaian government officials.

not responsible for directly providing or raising funds. The Government will fund and underwrite an Operational Investment Fund from which private companies will borrow at 1% interest, while prevailing interest rates in Ghana run between 29% and 50%. All other investment is to be provided directly by the Government.

Accordingly, the Government has cut the water investment programme from USD 1.3 billion to USD 530 million (of which the Government directly provides USD 400 million and provides or guarantees the remainder of USD 130 million for private «investors»). In other words, the economic criteria for private sector profitability in water *service* rehabilitation, maintenance and management will restrict water *system* expansion and overall public investment. Crucially, the public sector is stuck with the deficit-creating aspects of the water system—sewerage, rural water and sanitation, system expansion and capital investments—by an arrangement that ensures that major revenue from billing goes to the private sector.

Minimum profit rates for private water companies are guaranteed and protected from market conditions by IMF-imposed full cost recovery and automatic tariff adjustment mechanisms. Long-term exchange rate depreciation has already taken a heavy toll on the financial viability of the existing public utility. In 1998, losses due to currency exchange rate depreciation, dependence on foreign imports and external financing (e.g. interest on loans) made up 93% of the operational losses of the water company. Since only foreign multinational companies are bidding for the water privatisation contract, the reliance on foreign inputs (and labour) will certainly increase distortions created by exchange rate depreciation. With privatisation, the automatic tariff adjustment formula ensures that these will be passed on to the consumer.

The specific performance targets under «level of service criteria» include full metering, billing and collection and the reduction of unaccounted-for or «non-revenue» water (NRW) from its current level of around 50% to 25% within the 10 years. NRW reduction depends on financial resources to repair and replace defective infrastructure, as well as improved administration. Efficient revenue management and a reduction in NRW are enhanced, among other things, by cutting off water supply to users who are unable to pay.

While profitability and financial viability of the provider are central priorities of the Government's water policy, social demand is marginalized. Ghana's water privatisation policy explicitly exempts private water companies from providing services to urban low-income communities that are not already connected to the public system. Private company service obligations also exclude all small urban and the entire rural population (grouped under the CWAS), namely the majority of the country, which does not represent an attractive market. These make up the 70% of the population who live on less than USD 1 a day and for whom access to water is determined by policies based on a «demand-driven approach, with [community] self-selection and clear commitment to enhance sustainability by [communities] contributing 5-7% of [water] investment cost.»[5]

In this policy, «coverage», in the context of «self-selection» based on economic demand, is constantly re-defined to scale down the service level and reduce the per capita demand from 45 to 20 litres per day.[6] Yet even when defined at this lower level, the national drinking water supply [in non-municipal areas] dwindled from supplying 46% of the population in 1992 to 30% in 1998.

Antagonism of civil society into the breach

The long incubation of widespread scepticism, disaffection and outright opposition to neo-liberal policies has become an open struggle with the creation of the Coalition Against Privatisation of Water (CAP-W). Originally initiated by a local NGO, the Integrated Social Development Centre (ISODEC), CAP-W has now grown to become a mass civil society campaign led by the Ghana Trade Unions Congress (TUC), the largest labour organisation in the country.

CAP-W defines itself as a broad-based coalition of individuals and civil society organisations united around six activities:

- A mass civil society campaign of public debate, education and mobilisation to stop the transfer of water supply to foreign monopolistic control.
- Direct citizen involvement in decisions about the alternatives for reforms in the water sector.
- The inclusion of a public sector option in water supply and restructuring, to be drafted and publicised by GWC, the existing public sector supplier.
- Full public disclosure of all documents and details of transaction proposals, bids and negotiations involving all parties involved in the so-called PSP.
- Full public funding and public sector community management for all rural and non-municipal CWAS systems.
- Access to water for all Ghanaians, backed by a statutory right to water, by 2008.

CAP-W maintains that water privatisation is a major threat to public accountability, democratisation, equitable social development and the realisation of poverty reduction goals. It has been engaged in a range of activities including research, advocacy and networking, signature campaigns, teach-ins, and local action committee work. These organised networks also aim to become grassroots instruments for ensuring the accountability of a socially responsible public water utility and water policy.

The work of CAP-W has been bitterly denounced by government officials, who claim the group is made up of unpatriotic privileged persons (and in one instance «terrorists») with access to clean water who do not care whether the excluded enjoy the same. However, CAP-W's work has forced a much higher level of domestic and international discussion on the water privatisation issue than has taken place on any previous Ghanaian privatisation.

The report of an April-May 2002 international fact-finding mission to Ghana (FFM), led by British MP Jenny Tonge, and including prominent water engineers, has become a central focus of public debate. During their visit the group met government representatives as well as a broad range of civil society groups and individuals. The FFM concluded «the current Private Sector Participation (PSP) proposal is not the optimal option for ensuring expanded access to clean and affordable water for the people of Ghana». It recommends that «the Government of Ghana continue ... open dialogue and consultation with a broad representation of stakeholders regarding alternative approaches to expanding access to clean and affordable water».

While CAP-W has hailed the report, the Government has discredited it as «bogus and fraudulent,» and made clear it does not intend to consider the FFM's findings and recommendations. To reinforce the government's stand, the Ministry of Works and Housing launched a campaign in the state-owned media attacking both the FFM report and CAP-W, calling them left-wing ideologues and propagandists.

Scrambling for a drop: women's unequal burden

There is evidence of increasing daily household labour, especially health care responsibilities, for women and girls. The commercialisation of water adds directly to this burden, since as the Ministry of Health shows, 70% of all diseases treated in outpatient clinics in Ghana are water-related. Water scarcity also increases household tensions that lead to violence against women and children.[7]

The brutal cuts and restructuring pursued so far in the process of water sector reform with a view to «getting the price right» is an appalling example of the differential impact of SAP policies. The commercialisation of water, combined with lack of investment in the sector and generally regressive socio-economic distribution, have led the poor to see water supply as a key factor in their poverty-striken situation.[8] Yet the World Bank extolled the increased market efficiency resulting from these reforms, citing GWC as a model for reforming public sector companies.[9]

This form of privatisation—that of «Public-Private Partnership» or «Private Sector Participation»—is rationalised as a shift away from exclusive focus on market efficiency to harnessing the dynamism and resources of the private sector to make it operate for the social good. This rationalisation fits in with the shift in approach supposedly inherent in the Poverty Reduction Strategy Programmes. Yet *plus ça change, plus la même chose*. Although one of the PRSP's «novel» features is the requirement for widespread social participation, Ghana's PRSP, and water reform in particular, is drawing widespread criticism from civil society groups because of shortcomings in its participatory process. ■

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5 Ghana Ministry of Works & Housing, *WATER: Comprehensive Development Framework,* November 1999.

6 *Ibid.*

7 K. Cusack, research notes on «The Economy and Violence Against Women,» unpublished, Accra 2002. Also: M. Grieco, «Living Infrastructure: The Role of Children In Refuse Disposal and Water Provision in Ghana,» *Social Policy Journal,* Vol. 1, No. 1, June 2000, pp. 55-68 (CSPS, University Of Ghana, Legon).

8 See: Appiah, Demery & Laryea-Adjei, *Poverty in a Changing Environment,* in «Economic Reforms in Ghana: The Miracle and the Mirage,» ed. E. Aryeetey, J. Harrigan & M. Nissanke (James Currey, Oxford 2000), p. 313.

9 World Bank. *Bureaucrats in Business,* Washington DC, 1995.

The invisible price women have to pay for privatisation

Ana María Ferrera Suyapa Martínez Filadelfo Martínez
Mirta Kennedy María Elena Méndez

Within the framework of the free trade treaties progress is being made in the process of public service privatisation in Honduras. The disappearance of State responsibility for maintaining public services has led to women having to double or treble their workday to take on a greater workload at home, with more hours of voluntary work in the communities and in activities generating income, to the detriment of their health, quality of life and leisure.

Political context

In January 2002, Ricardo Maduro, a nationalist conservative, took office to head the government. Maduro presented himself as a leader breaking with conservative models and managed to receive most of the votes because of his campaign's central proposal: the promise to solve the problems causing citizen insecurity in a country showing a rapid rise of violence.

Although the National Party won the presidency with an ample majority, it does not control the National Congress, and thus the minority parties can play a role in legislative decisions. However, in practice this has not implied a greater capacity for negotiation due to the political compromises neutralising these parties.

In spite of the apparent democratisation implied by the electoral process, women are poorly represented in the legislature, although the Equal Opportunities Act established a quota of 30% female participation in the posts elected by the people. The electoral results reflected only 5% and 17% female participation in Congress in permanent and alternate posts respectively, as compared to 9% and 11% during the previous period. This situation has not favoured the promotion of gender equity policies.

Unpopular macro-economic measures

The government is facing serious problems with the fiscal deficit exceeding 10% of the GDP and is therefore studying new income-tax increases and the possibility of raising the value added tax from 12% to 15%. The macro-economic measures taken by the present government, such as the Financial Balance and Social Protection Law, known as «the package», continue to implement unpopular structural adjustment models. These policies are aimed at increasing direct taxation for the middle class and indirect taxation for the population in general; reducing taxes and tax incentives for the large and transnational companies; and privatising state services while leaving the informal and small-enterprise sector unprotected, where women have considerable participation.

Six months after taking office, the new administration submitted its plan for government, characterised by superficiality in addressing issues such as gender equity and human rights.

The government plan adheres to the Free Trade Agreement for the Americas (FTAA) and has no country proposal, not even foreseeing measures to buffer the repercussions expected from increased poverty, which will affect the majority of the population. The government's economic policy continues to be one of opening up frontiers and markets, to the detriment of national production and food security. Honduras is negotiating free entry of North American products without taking measures to guarantee minimal protection of national rural producers and other sectors of the economy.

The multi-year government plan contemplates the creation of incentives for the installation of the maquila[1] industry and the improvement of highway infrastructure within the framework of the free trade treaties. According to those defending these treaties, another important component is the development of tourism. However, on examining the figures for Central America, this item represents only 4% of the total loans to be granted, and 96% will be divided between highway intercommunication and improvement of the telephone network, benefiting traffic in trade.

Tourism as a strategic item in the government's economic plan promotes the eviction of ethnic Garifuna peoples from the Caribbean coast to make way for the installation of transnational tourist developments, an industry linked to the promotion of prostitution and the sexual exploitation of minors in the region.

Foreign debt and HIPC

According to World Bank figures, Honduras foreign debt was USD 5,121 million (80.2% of GDP) in 2001.[2] Through the application of the HIPC initiative, the country will receive a reduction in debt service over the next seven years, provided a series of conditions that the international financial institutions have negotiated with the government are fulfilled.[3]

The lack of «agreement» with the International Monetary Fund has prevented Honduras from achieving finalisation of the HIPC initiative foreseen for mid-2002. The Poverty Reduction Strategy (PRS) and an alleviation of the foreign debt are closely linked to this «agreement», which demands a substantial improvement in fiscal deficit management and «freezing» of salary expenditure in the government sector, presently accounting for 70% of the total public expenditure.

Moving towards privatisation

Within the framework of the free trade treaties, as part of the United States' strategy to have greater control over world and regional markets, progress is being made in the process of public service privatisation in Honduras. The service for reading the meters belonging to the state electricity company has been privatised and is managed by the SEMEH Company, and 60% of energy generation is in the hands of private companies. This situation is more serious considering that the energy is produced in thermal plants fuelled by oil, while Honduras has the greatest hydraulic energy potential in Central America.

Airport operations have been leased under disadvantageous conditions for the country. Critical sectors of private enterprise have denounced the bid as fraudulent. The North American company INTERAPORT was favoured, which has involved a drastic increase in the price of airport use and no improvement in the quality of service.

1 Translator's note: Maquila: sweatshops or factories producing consumer goods for the US market.

2 World Bank, http://www.worldbank.org/data/countrydata/aag/hnd_aag.pdf

3 These conditions are set out in documents such as the Letter of Intent with the IMF and the Poverty Reduction Strategy.

The National Congress is presently discussing the Water Law Framework, which is in fact the elimination of the state company SANAA presently managing these services. Under this law, management of water supply systems is handed over to the municipalities, which in turn can lease them to private companies. In San Pedro Sula, the second largest city in the country, the state company DIMA was replaced by the private company Aguas de San Pedro, an Italian company that has increased costs while failing to achieve any improvement in coverage or quality.

Basic health packages[4] will be implemented in the framework of the PRS. These packages—a total of 100,000—will be managed by private organisations as a first step towards privatising the health care system. Since the previous administration, this system is no longer a «public» health system. It should be noted that the health care service units operate with a shortage of human and material resources, and the shortage of drugs is chronic.

The weakened educational system is also tending towards privatisation. In the secondary education sector, 39% of the services have already been privatised. Out of the total number of schools corresponding to the first six years of primary education, 81% have fewer than six teachers, and of these, 62.2% have only one teacher.[5] According to the first school census carried out in 2000, 6% of the schools in Honduras did not have any teachers.

The municipality of Tegucigalpa, the capital city, implemented a privatised system for monitoring parking, involving the application of heavy fines. Various media have denounced the fact that the company is managed by a recognised violator of human rights responsible for the disappearance and torture of civilians during the 1980s.

The present government administration has maintained a reduced allocation of state resources to the institutions set up during the 1990s in the framework of state gender equity policies, such as the Special Public Prosecutor's Office for Women and the Family Departments, which defended and cared for women affected by violence. This reduction in resources for these services is accentuating the trend towards their dismantling. Over the past few years, the budget increase for basic health, education and the Public Ministry (public defence) has been two percentage points per year, lower than the annual average growth rate of the population (2.4%).

The gender impact of privatisations

The disappearance of State responsibility for maintaining public services has led to women having to double or treble their workday to take on a greater workload at home, with more hours of voluntary work in the communities and in activities generating income, to the detriment of their health, quality of life and leisure.

The government's economic plan is characterised by privatisation of public services and adherence to free trade treaties under the assumption that sources of employment for young women will be opened up with the operation of the maquilas. However, women, and especially young women, have paid a high price for it. These processes generate new forms of concealed inequality for women, preventing them from finishing their education and prolonging their productive working hours, causing damage among the young, female work force.

This damage of women's labour has produced multiple adverse effects due to the deplorable working conditions: for example, in agro-industries such as melon growing or shrimp farms high concentrations of toxic products are used, causing women to become disabled at an early age. These working conditions seriously affect women's rights, such as violation of the right to personal integrity, sexual abuse and harassment, induction to abortion, forced sterilisation, and violation of the right to liberty and freedom of expression.

Anti-democratic retrogression and the reaction of women's and civil society movements

During the first months of government, the National Congress, without the participation of organised civil society, concentrated on reforming and approving a series of laws. The reform of article 205, item 10 of the Constitution of the Republic increased the powers of the National Congress, granting it the ability to «construe the Constitution of the Republic at regular sessions, in a single legislature, with two thirds of the votes of the totality of the members.» This act is considered by civil society as a technical coup d'etat—throughout the whole of Honduran constitutional history, the interpretation of the Constitution has never been a power of the National Congress but has always been performed by the Supreme Court of Justice through its Constitutional Chamber. With this action, the National Congress has upset the balance of State powers by appropriating a power that belongs to the Supreme Court of Justice.

In January 2002, Congress adopted and ratified the reforms to the Constitution of the Republic, establishing the creation of a Supreme Auditing Office, responsible for preventing and fighting corruption. This proposal is considered by civil society and women's organisations as incomplete and having hidden interests as the proposal does not guarantee the independence of the Office, nor are the participation of civil society or mechanisms for social auditing clear in this law.

In July 2002, civil society became organised in a forum, in which women's organisations were represented, under the name of Civil Society Coalition for an independent Supreme Auditing Office, generating a national debate about guaranteeing a real and true participation of society. However, in spite of the fact that consultations were held all over the country, there are serious fears that the recommendations set forth will not be considered by the deputies, as many politicians are accused of corruption.

The National Women's Institute (INAM) is operating with foreign cooperation resources, outside the priority interests of the government, without a dialogue with most of the women's movements. INAM spends resources on international consultations, the results of which have never been seen, and uses strategies for division to neutralise the discontent of organised women in the face of poverty, exclusion and institutional weakening.

It is also important to note that the measures set up for the reduction of domestic violence are being undermined, as in the case of the Public Ministry's Special Prosecutor's Office for Women. The Investigation Police have been separated from the Public Ministry and incorporated into the Security Secretariat, leaving the Special Prosecutor's Offices unprotected. Consequently, this creates obstacles for women to denounce violence as there are no resources for the investigation and implementation of immediate protection measures as established in the Law against Domestic Violence. ■

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4 As a first stage, these basic packages are aimed at communities with difficulties in accessing the health system and consist of displacing a technical team, to provide care in the various Health Secretariat programmes: clinical health care, training of voluntary personnel, house visits and follow up on cases. This Programme for strengthening the health system (PRIESS) is financed with IDB funds, available until 2005.

5 The average teacher-student ratio is one teacher per 34 students.

Erosion of rights and marketisation of development

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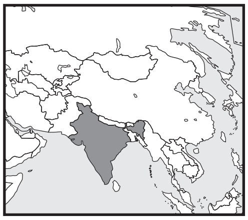

The national development paradigm is a paradox. On the one hand, there is a professed commitment to meeting the Millennium Development Goals by respecting, protecting and fulfilling economic, social and cultural rights. On the other hand, there is clear policy prioritisation towards privatisation of services that affect the basic rights of the most marginalised, such as education, health, water and food distribution. In contrast with the «the language of rights», policy prescriptions push basic services away from the responsibilities and obligations of the State.

Evidence of this trend is the glaring gap between policy pronouncements and budgetary allocation. During the period of economic liberalisation from 1992 onwards, the budgetary commitment in real terms has decreased. The State's presence in health, education and water—which historically has been overwhelming—has slowly started to disappear, with the space being filled by private, for-profit investment. This is most obvious from an analysis of budget expenditure in these core sectors over the last decade as a percentage of GDP. Withdrawal of subsidies and state investment in these sectors is another definitive indicator.[2]

The basic rights of marginalised groups such as Dalits (commonly called Untouchables), Adivasis (indigenous communities that make up about 25% of the population), landless labourers, women and poor children are significantly eroded amidst policy declarations that mask inadequate financial allocation.

The cost of the State's withdrawal from education

India has a literacy rate of 65% but only 54% of women are literate.[3] School dropout rates have increased over the last five years, and are higher for girls. Only 43.6% of girls are enrolled in primary school, and of these, only 40.1% go on to middle school. Disparities between girls in rural and urban areas and between Dalits, Adivasis and other minorities are also sharp.[4] Delinquent children and children of prisoners and sex workers are deprived of elementary education by the precincts.[5]

Overall public expenditure on education has dropped from a peak of 4.4% of the GDP in 1989 to 2.75% in 1998-1999.[6] Primary education is still not free or compulsory despite the Constitution's 93rd Amendment and a 1993 Supreme Court decision, which makes education a fundamental right for children between six and fourteen years old.[7] With current expenditure on primary education around 1.5% of GDP, it is estimated that an increase to 2.8% of the GDP can help fulfil constitutional obligations.[8]

1 John Samuel is the Executive Director of the National Centre for Advocacy Studies (NCAS), Pune, and a visiting fellow at IDS Sussex. Bobby Kunhu is a human rights lawyer working with the NCAS.

2 We do not have exact figures for the withdrawal of state subsidies. Since these sectors are controlled by individual states, there are no national figures currently available. But we have evidence that the State has withdrawn subsidies in education for specific educational institutions. The budget for the University Grants Commission (the umbrella organisation for Indian Universities which provides the grants and funds required for the universities and government fellowships for students) has also been decreasing continuously. There has been similar withdrawal of public funding from primary health care.

3 Government of India. *Provisional Census Report*. New Delhi: Department of Census, 2001.

4 R. Govinda Ed., *Indian Education Report*. New Delhi: Oxford University Press, 2002.

5 *Ibid.*

6 Jean Dreze and Amartya Sen. *Indian Development and Participation*. New Delhi: Oxford University Press, 2002.

7 *Unnikrishnan* v. *Union of India,* 1993.

8 Kirit S. Parikh and R. Radhakrishna Eds., *India Development Report 2002,* New Delhi: Oxford University Press, p. 107.

The last decade has witnessed the increasing withdrawal of the State from education, especially higher education, which was historically under state control. The State has left the universities to fend for themselves, and in quite a few cases made them dependent on private funding. The resultant increase in costs makes higher education almost wholly inaccessible to marginalised groups despite various legislative provisions aimed at improving their access.

Health: the major risk is poverty

India is characterised by serious health risks. More than 100,000 women die of anaemia every year. In 1991, 87.5% of all pregnant women were found to be anaemic. Nearly 600,000 children die every year because of diarrhoea, while 56% of children under five years of age have iron deficiency anaemia. It is estimated that 200 million people are exposed to the risk of iodine deficiency disorders and that 63 million suffer from goitre. About two million cases of malaria are reported yearly, despite the National Malaria Eradication Programme. India has 3.86 million HIV/AIDS patients, second after South Africa, despite the National AIDS Control Programme.

The greatest risk factor for poor health is poverty. The worst health indicators are found among the most marginalised groups. For instance, the Adivasis have the highest incidence of infant mortality at 84.2 per 1,000 live births, followed by the Dalits with 83 and the other less privileged castes with 76 compared to the national average of 70.[9]

There is no law enacted for establishing health services and regulation and planning of private health care is lacking. While there has always been a large presence of private stakeholders in health services, the new National Health Policy 2001 furthers state withdrawal from the health sector, as it focuses on involving non-state actors in the primary healthcare sector. However, the policy is a central government policy and since health is a state matter under the Constitution, it technically has only a persuasive effect on the state governments.

The Indian healthcare system is becoming increasingly commercialised. Nearly 70% of the healthcare infrastructure, and over 80% of doctors, are in the private sector. People directly finance, through user fees and purchase of healthcare goods, nearly 80% of the total healthcare expenditure.[10] The result is that healthcare spending is the first cause of indebtedness among poor households. Aggregate healthcare expenditure is 5.2% of the GDP, of which only 14% is from public resources.[11] The trend in India shows a decline in the public financing of health care from 1.25% of GDP in 1993-1994 to 0.9% in 1999-2000 (against the World Health Organisation's recommendation of 5%).[12]

9 Voluntary Health Association of India (VHAI), report on the Draft National Health Policy 2001.

10 Prakasam Gnana *et al., Advocacy Update. Campaign for Peoples Right to Health*, Pune: NCAS, October-December 2001.

11 *Ibid.*

12 Centre for Monitoring Indian Economy (CMIE), Public Finance.

The State has historically played a major role in terms of pharmaceutical subsidies, as well as direct and indirect investment in research and development. However, as a direct consequence of the World Trade Organisation's intellectual property rights agreements (TRIPS), state drug subsidies have drastically decreased, raising prices. The complete withdrawal of state subsidies and enforcement of a new patent regime, which will prevent reverse engineering—and therefore affordable production of generic drugs—may be completed as early as 2005. This would result in bringing drug prices up to US levels, while wages remain at Indian levels.

The state trend of withdrawing from public health spending can be seen in Table 1.

TABLE 1

Expenditure of central and state governments on health

YEARS	PERCENTAGE OF GDP AT CURRENT MARKET PRICES
1993-1994	1.25
1994-1995	1.22
1995-1996	1.02
1996-1997	0.95
1997-1998	1.00
1998-1999	1.11
1999-2000	0.90

Source: CMIE, Public Finance

This policy steers the healthcare system towards urban specialist-based health care, thereby alienating the most marginalised citizens. The current achievements in the primary health sector pursuant to the National Health Policy of 1983 were possible only because of direct state investment. Kerala, which has the best health indicators in the whole country, has the best state-supported health infrastructure. But in this state also, the government has announced the privatisation of the primary health centres and is planning to introduce a fee for using the state health services.

Rural areas and those regions that already have poor health infrastructure, will suffer directly because of state withdrawal from the health sector. Traditionally, it has been the state role in the health sector that provided health services for women from the marginalised communities, ranging from contraception to hysterectomies.

Plundering the most contested natural resource: water

One third of India is drought prone. Water is the country's most contested natural resource, having significant impact on rights to livelihood of people in general, and the marginalised in particular. There is increasing disparity in access to water and inter- and intra-regional conflict over water is increasing.[13] In many cases, water is being brought from Adivasi and rural areas to feed the growing water needs in urban areas. For example, drinking water for Bombay is obtained from the Adivasi areas in Thane. Coca Cola has started a plant in an Adivasi area in the Palakkad district of Kerala and their tube wells have resulted in a sharp decline in the water table there.

The State has shifted its stand from the National Water Policy of 1982, with its emphasis on community-owned water resources, to the New Water Policy, declared in 2002, which focuses on encouraging private sector participation in water:

«Private sector participation should be encouraged in planning, development and management of water resources projects for diverse uses, wherever feasible... Depending upon the specific situations, various combinations of private sector participation in building, owning, operating, leasing and transferring water resource facilities, may be considered.»[14]

This policy has also been adopted by many of the state governments, and water privatisation has begun in several states. The government of Chattisgarh has leased out the River Sheonath in the Durg region for a period of 22 years on a Build Own Operate Transfer (BOOT) scheme to the private corporation Radius Water Limited, despite protests from civil society and local communities. For centuries this river has provided water for the villagers living by its banks for irrigation, fishing, drinking, washing and bathing. Now the corporation regulates these activities, banning fishing and the diverting of water for irrigation within the 18-kilometre radius it controls. The contract also covers ground water and meters have been installed on tube wells supplying water to local industries. The corporation sells water at USD 0.26 per cubic metre. At a supply rate of four million litres of water per day it is thus expected to generate revenues of USD 127 million in 20 years. There are other water privatisation schemes in the offing including a USD 340 million project in Tirupur, Tamil Nadu, Burgaon, Madhya Pradesh and Vishakapatnam in Andhra Pradesh.[15]

Water in India has traditionally been community owned property. Dependence on water is quite high, given that many people depend on small agricultural holdings and fisheries for their livelihood. The privatisation of water, by giving private interests control over these important sectors, is paving the way for large agriculture multinationals to take over these sectors completely.

Conclusion

The most significant effect of a decade of moving toward privatisation is the erosion of human capability caused by a lack of access to basic services, which are becoming increasingly unavailable or unaffordable. The privatisation of basic services essentially excludes a large number of marginalised peoples from making a living and attaining empowerment. Limited access to water, the stagnation of agriculture[16] and layoffs from enterprises once in the public sector, have led to reduction in jobs. This has contributed to an increased migration to the urban areas, where the unemployed and alienated provide a fertile breeding ground for extremist interests.

Depriving people of water and basic services leads to poverty and social exclusion, which can in turn lead to social conflicts. When this trend is coupled with a crisis in governance, there is accelerated erosion of civil and political rights and shrinking tolerance of dissent. ■

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13 The ongoing stalemate between Karnataka and Tamil Nadu over the sharing of Cauvery waters is a good example.

14 National Water Policy, 2002, para. 13.

15 *Outlook*, 23 September 2002.

16 Also because of the fall in prices of agricultural products due to the lifting of tariff barriers on imports.

ITALY

Federalism, privatisation and an individualist philosophy

ALESSANDRO MESSINA MARTINO MAZZONIS

Currently Italy is experiencing several radical institutional changes that are causing traumatic transformations in the life of its citizens. As a result of an ongoing debate, an institutional reform to decentralise the organisation of the State was implemented. This is a dangerous mechanism that occurs in a general framework where impulses towards privatisation are multiplying. The government is using it instrumentally in order to reduce the State's role as guarantor of individual rights.

This reform, which was hastily approved by Parliament and lacks an appropriate institutional structure, has resulted in an unprecedented shift of jurisdiction over the delivery of important services, such as health and education. Specifically, certain responsibilities were transferred to the regions without enough transfer of resources with which to deliver essential services. There was no decentralisation of taxation, and with the last budget law for 2003 Berlusconi has cut the transfers to local authorities. Moreover, there were no instruments envisaged to create a balance between poorer and richer regions (per capita GDP in Lombardy is more than double that of Calabria).

The European Union in its latest Councils meetings of Prime Ministers is still suggesting to all members that public services should be privatised. At the same time, Italy's internal stability pact (signed by the regions and the central government), which proposes the obligations agreed upon between national states and the European Union at a national level, imposes fiscal restraints on the country's twenty regions and forces them to cut local welfare. This is the context in which the change of government (Berlusconi's takeover) took place, as well as the neo-liberal choice of the new cabinet inviting the local authorities to privatise municipalised companies (transports, waterworks, etc.). Article 35 of the budget law for 2002 asked local authorities to privatise public services such as transport or water distribution, echoing the decisions of the European Union. All in all, the outcome produced by federalism, the European Union and the government threatens to become a potpourri where services are privatised, consumer prices grow and the differences between regions increase.[1] The enormous gap already existing in terms of the quality of services and structure of the labour market is in danger of widening if the decentralisation reform of the State fails to include instruments with which to balance resources at a central level.

U-turn on rights

Italy is the European country with the fewest instruments of income protection (unemployment benefits). Flexible employment results in very few part-time contracts, which are prevalent in Europe. On the other hand, temporary employment in Italy is very widespread – Italian companies choose to lower the cost of labour and to have low levels of social protection in order to be competitive in international markets. The number of persons who are defined as self-employed by Eurostat is almost double the European average and equals 26.2% of the total work force (only Portugal and Greece have higher percentages). Such a high percentage of self-employed citizens certainly does not refer to professionals, but rather to those who have collaboration contracts,[2] although the tasks they carry out are typical of full employment. According to ISTAT, the National Institute of Statistics, 20% of the labour force, work in these conditions and this is the segment of labour where poverty is more frequent.

According to ISTAT, in 2001 12% of the population lived in relative poverty (7.83 million persons; 2.63 million families), 66% in the South, while those who lived in absolute poverty were 3.28 million, 4.2% of the population, 75% in the South. Between 2000 and 2001 countrywide poverty decreased 0.3%, but it increased in the South where long-term, female and youth unemployment rates, and the spread of irregular labour still reach very high levels.

The impact of monetisation of welfare

Italy's poor ranking in gender empowerment is due in part to the trend towards the monetisation of the welfare system. Many regions tend to substitute the assignment of money (detaxation, vouchers, allowances) for assistance and care systems (of the elderly, children, handicapped). In practice, however, poor families tend to prefer using these assignments as general income support consequently increasing the burden of women, who must now also perform the jobs of care and assistance. These additional household responsibilities make the participation of women in the labour market more difficult, or subsidiary to men's (part-time, alternation between outside employment and domestic care, etc.).

In addition, monetisation of welfare can be socially regressive. In certain cases, as with school vouchers that are intended to grant a right to education, traditional welfare instruments have been transformed into a veritable instrument of redistribution towards the upper classes: in some regions 90% of the school vouchers have been bestowed on private school students, children of the upper class, who comprise no more than 5-7% of the student population.

Plummeting public expenditure

In such a difficult social framework, political debate on welfare is constantly tied to the debate on resources: proponents of privatisation maintain that Italy's public sector is too expensive. However, is a private system really cheaper? And, is it true that Italians spend too much on rights?

If we compare Italian public expenditure with that of other European countries, Italy tends to be below average.[3] Its relatively low level of public

1 It goes without saying that no serious debate has taken place in the country on the reform of the State in a federal direction or on privatisation. The government continues with covert reforms with a strong impact, local bodies differentiate their welfare models and public resources are redirected in favour of the richer classes, with a manoeuvre of reverse redistribution.

2 Contingent workers, subcontractors that go to the office every day, have a working schedule and a boss, but are treated as self employed in juridical terms: no vacations, no medical insurance, no pension scheme, etc.

3 In the EU expense for social protection reached 27.6% of GDP in 1999. In that period Italy spent 25.3% of its GDP for social protection and only came above Spain, Luxembourg and Portugal among EU countries. Between 1990 and 1999 the percentage of Italian expenditure of its GDP grew 0.6%, compared to the EU's growth of 2.1%, France's 2.4%, Germany's 4.2% (but it underwent reunification), Great Britain's 3.9%.

expenditure is largely the result of lower spending on welfare assistance and, to a certain extent, health care. In 1999 Italy spent 5.8% of its GDP on health care, against France's 8.1%, Germany's 8%, Great Britain's 6.4% and an EU average of 7.1%. In 1998 the United States, whose system is almost totally private, spent 5.7% of GDP on public health care. Besides, we should take into consideration that per capita GDP figures for all these countries are higher than Italy's. Therefore, in absolute terms, per capita expenditure is also higher: according to the UNDP, Italy is third from the bottom in per capita expenditure among the twenty largest economies and spends, on the whole (private plus public expenditure), 61% less than the United States, while delivering health care that is nevertheless judged much superior.

If we go on to analyse the health care system, one of the notable successes of Italian welfare (the second highest quality in the world according to WHO classification), we may observe that, within the regional management of health care, the regions spending more are those that redirect resources towards a private health system. While the public system is bound to efficiency criteria rather than profit, the private system tends to hospitalise people who have no need of it, to prolong hospitalisation, and to prescribe more expensive treatments in order to receive higher refunds from the regions' coffers. The deficit of Lombardy, leader in the privatisation process, and the country's richest region, grew tenfold in five years, and it grew more than the average of other regions in the public health sector.

Immigrants: between xenophobia and exploitation

The new laws passed by the government amount to a form of semi-slavery for foreigners who come to work in Italy. These laws seriously undermine immigrants' social conditions and rights, because they directly link the permit to enter the country to the existence of a contract, which gives the employer great power. If the contract is broken, the immigrant, no matter how long he/she has been living in the country, has to leave. Foreigners are employed by families to take care of children and the elderly, particularly in big cities. This is often irregular and badly paid labour, with few rights and a subservient relationship to the employer. Many of these people live with the family that employs them and depend on that family for a home. This is one of the factors leading to the placement of this labour force in vulnerable segments of the labour market, while at the same time there is a lack of corresponding public services (where foreign citizens could be actually employed with the same rights as other workers).[4]

The situation of asylum-seekers is even worse, as procedures have become more selective and available financial resources to process asylum requests constantly diminish. Asylum is not regulated by a law although it is guaranteed by the fact that Italy has signed the Geneva Treaty.

An individualist philosophy

Attention towards individual rights, the well being of the community, and the valorisation of a common heritage, apparently do not seem to be a prevailing trait of the Berlusconi administration. Many of its proposed or already approved regulations relieve public institutions of their social responsibilities and leave the individual halfway between the market and charity, to the exclusive advantage of big companies, especially large ones that can avoid competition, or to those colluding with political power.

It is certainly not due to chance that one of the Berlusconi administration's first acts was to render non-punishable the crime of fraudulent accounting practices. In other words, accounting fraud committed by a company administration was decriminalised. This measure, along with many others taken in the realm of judicial administration, besides partially undermining the administration of justice itself, is a clear result of Prime Minister and Foreign Secretary Berlusconi's judiciary problems[5] as well as those of some of his party's Parliament members.[6]

It is noteworthy that no measures are being taken to improve the quality of justice itself (e.g., legal processes take an extremely long time). Rather, they are all intended to protect the president's allies. As a matter of fact, Berlusconi's lawyers' strategy for his trials is centred on deferring the hearing until the offence for which the Prime Minister is judged becomes barred by limitation resulting from new legislation that he proposed, rather than demonstrating that no offence has been committed in the first place. In this case the government's strategy goes beyond an individualist philosophy and goes so far as to transform the ruling classes' private interests into national legislation.

From development aid to voluntary corporate charity

From this class perspective the suggestion of de-taxation made by the Italian government at the 2002 World Summit in Johannesburg is also emblematic: companies are granted tax relief and thus invited to dispense charity, replacing the states' contribution to development. The present government may transform the whole structure of development aid (ODA), depending on the will of corporations to spend on ODA to get tax benefits from the government. Worst yet is Berlusconi's and José María Aznar's proposal to tie development aid (in Italian *APS - Aiuto per lo Sviluppo*) to the repression of underground emigration («We will help you if you keep your citizens from emigrating»). Fortunately, the proposal did not pass at the European level. On the issue of development, the government's search for good publicity and the growing absence of the state go hand in hand, giving a clear picture of the government's tendency to engage in media-oriented political action. Tellingly, on different occasions the Prime Minister/Foreign Secretary has forcibly stated it was «a shame» that Italy should be the country with the lowest expenditure in Europe (and OECD) for development aid, but the allocated sum in the 2002 finance bill remained a meagre 0.13% of GDP.

In the meantime, there is no sign of a new law on development aid. Spectacular announcements without substance of financial commitments multiply (such as the proposal of a Marshall plan for Palestine), while trifling measures are heralded as grand interventions (the anti AIDS fund at the Genoa G8).

In 2002, at the International Conference on Financing for Development, in Monterrey, Mexico, the Italian government agreed to the commitment of increasing ODA to 0.39% of GDP within 2006. We shall see. The danger is that in order to declare the growth of ODA it will use the bookkeeping trick of adding up the money destined to reduce poorer countries' debt to the sum allocated at present. ■

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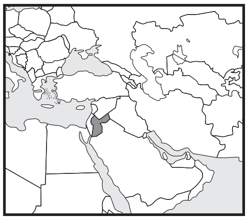
4 Paradoxically, the political and social sectors that most oppose immigration (especially *Alleanza Nazionale* and the *Lega Nord*, members of the government coalition) contribute to the increase of the entry of foreign persons in a poorly protected and unstable labour market through their promotion of private and family-oriented welfare. This is because the best solution for a family that is left with complete responsibility for an elderly person is often to employ a foreigner irregularly.

5 The Prime Minister, Paolo Berlusconi, MP Cesare Previti and others have been prosecuted for corruption and for many fiscal crimes, and they are changing both laws and the judiciary system in order both to avoid punishment or to postpone the trial until the terms for being judged are expired.

6 The latest proposal (which is being discussed while this report is being written) introduces the possibility for the defendant to advance a «legitimate suspect» claim (where the person being judged asks to move the process from one Court to another because he has a legitimate suspicion that the court is not fair towards him, and that he is being persecuted) on the impartiality of the court that has been summoned to judge him. Although this legal recourse already exists, within certain limits, these limits are eliminated by this proposal.

The money into the pockets of foreign companies

NATASHA SHAWARIB



The political instability in the region, along with Jordan's maturing economy, has prevented the domestic private sector from playing an integral role in privatisation and has opened the way for foreign investors to take over many previously public enterprises. As a result, profits made from privatised companies do not contribute to the Jordanian treasury, as structural adjustment continues to challenge welfare policies. Reduced public spending combined with low growth will increase poverty, which is already aggravated by high population growth.

The regional and global context

In every decade since Jordan's independence, the Middle East has witnessed major wars. Most of these have had severely negative impacts on Jordan's economy and ability to make social progress for its citizens, especially children and women. This decade is no exception. The January 2000 entry of Jordan into the World Trade Organisation and the 2001 Free Trade Agreement with the United States are also very significant developments for Jordan's future. Major economic and legislative reforms have been made to bring the Jordanian foreign trade regime into conformity with WTO requirements. In addition, Jordan made commitments on a wide range of services with liberal access for foreign suppliers and investors. Tariff rates were lowered with bound rates ranging from 0% to 30%; by the year 2010, the highest bound rate for specific tariff lines will be 20%. Concern has been expressed in several areas, especially industry, banking and customs. These sectors are not fully developed and fear competition on a global level; the Jordanian economy is still too under-developed to thrive under the rules and regulations of the WTO.

Jordan is facing some very significant challenges, many of which are largely beyond its control. Since September 2000, when the Palestinian independence uprising escalated, Jordan's economy suffered greatly from the drastic loss of tourism, which had been one of its largest foreign currency earners. Continuing strife in Palestine has drastically reduced Jordanian-Palestinian trade, negatively impacting both economies. Since the September 2001 attacks on the United States, the global security situation has further undercut tourism and capital flows. Furthermore, continued international sanctions and US war threats against Iraq stifle Jordan's economy, as Iraq was one of Jordan's largest trade partners. Nonetheless, economic growth in 2001 was high and the Kingdom closed the year with a 4.2% growth rate.

In November 2001, the government presented an Economic Social Development Plan (1999-2003) to accelerate reforms so that ordinary citizens could better enjoy the benefits of the country's development. Recognizing that a high poverty rate of 30% and a high population growth rate of 2.8% are among the obstacles to development, the plan called for accelerated globalisation to encourage private capital investment, and strengthened export development. It also called for targeted investments in human development areas such as health, education and rural development, as well as public sector reforms.

Politically, until a just peace settlement is reached in the Israeli-Palestinian conflict, securing the right of return and indemnity for Palestinian refugees, Jordan is likely to continue to experience external shocks that will have a negative impact on growth and sustainable development. Properly navigating globalisation and structural adjustment poses, in addition to opportunities, great risks for Jordan. Poverty eradication may accelerate or be impeded. In such a situation, Jordan's continued foreign aid should be used strategically to nurture policy changes to strengthen the position of women and children.

Civil society organisations need to gain access to information related to future privatisation plans and develop strategies to challenge them to protect the rights of the poor to quality, affordable and accessible public services.

Structural Adjustment Programme and privatisation

The economy is private sector oriented, with direct state ownership being relatively rare. The state plays a major role only in the mining sector and in public utilities (electricity, water, communications, and bus, railway and air transport). A series of policy initiatives were launched to reduce the government's direct participation in the productive sectors and allow the private sector to manage them.

Jordan started privatisation in the year 1996 by reducing the government stake in state-controlled enterprises. The programme aims at increasing the efficiency and productivity of the privatised firms, attracting foreign investments, deepening and developing the financial market, and limiting the role of government to be a regulator rather than an inefficient producer of goods and services.

The government considers privatisation as one of the centrepieces of its economic reform policy agenda. With reference to the Privatisation Law, a Privatisation Council, an Executive Privatisation Commission, and a Privatisation Proceeds Fund were established. Consistent with the government's strategy to avoid an unsustainable increase in public expenditure as a result of privatisation, the bulk of the proceeds will be invested in financial assets, used to retire public debt, or re-train or compensate dismissed workers. Also, the government intends to spend up to 15% of the privatisation proceeds on infrastructure and social sectors as well as on poverty reduction objectives.

Jordan has adopted a multi-track approach to privatisation. The most commonly applied method has been the sale of government shares in the public shareholding companies. Other privatisation methods include exclusivity agreements, as in the case of the Public Transport Corporation (PTC); leasing contracts, as in the case of the Aqaba Railway Corporation (ARC); and management companies, as in the case of the water and sewage systems in the Greater Amman area.

Privatisation is being implemented in two phases. During the first phase, several entities within the telecommunications, tourism, energy, industrial, transport, mining and water sectors are at some stage of privatisation. Achievements to date are the sale of the Jordan Cement Factories Company (JCFC); the granting of four bus concessions in the Greater Amman area; the Public Transport Corporation; the granting of a concession for the Ma'in Spa; the sale of the Jordan Telecommunication Corporation (JTC); a water management contract for the Greater Amman area; the Water Authority of Jordan (WAJ); the granting of a concession for the Aqaba Railway Company (ARC); and the sale of government shares in approximately 44 companies. Privatisation proceeds to date have exceeded USD 900 million.

The second privatisation phase entails restructuring options for privatising the National Petroleum Corporation, the Arab Potash Company, the Jordan Phosphate Mines Company, Royal Jordanian Airlines (RJ), the electricity sector (distribution and generation), the Petra Drilling Corporation, the Assamra Water Treatment Plant, the Royal Jordanian Air Academy, the Ministry of Supply agriculture business facilities, the Customs Department warehouses, the postal services and others. Efforts aimed at privatising government services are in full swing and are scheduled for completion in the latter part of 2002 or in 2003.

Economists express fears at the growing multinational dominance in these sectors. The latest official reports indicate the government is considering the sale of even more of its shares in local companies to private sector entities, both foreign and domestic, in order to generate more revenues. Already 51 institutions have been privatised, and provide USD 1 billion a year in profits for their investors. Privatisation's greatest problem is that money made from privatised companies goes into the pockets of foreign and domestic owners instead of into the Jordanian treasury.

Research indicates local investment in Jordan was reduced between 18% and 20% in the second half of the 1990s. The main reasons behind this reduction are the economic recession, the increase in interest rates, and the gradual slowing of economic growth following the Gulf War. The political instability in the region along with Jordan's maturing economy has prevented the domestic private sector from playing an integral role in privatisation and has opened the way for foreign investors to take over many previously public enterprises.

Jordan's fiscal budget has a deficit of 7% of GDP, largely due to shrinkage in public revenues; to close this gap the only option for the government is to raise taxes and the prices of local state-controlled commodities, which is happening already. The government is currently paying out 30% of its budget to service its debt, a burden that hinders any real economic and social development in the foreseeable future.

Social impact of privatisation policies

For privatised enterprises, the government tailored its solutions to the labour issue on a case-by-case basis, but with some common underlying trends. First, the government set up general rules preserving the rights of employees in all privatised enterprises. Second, in some cases, packages including compensation with share ownership, training, and placement assistance helped the workers with the transition. But, in most cases, particularly in rural areas where alternative employment opportunities are limited, the government decided to privatise first and solve the redundancy problem later.

In fact, the little privatisation or divestiture that took place in Jordan over the past few years has had little local impact on employment. The three main examples of this have been the government's divesting itself of the majority of shares in the Jordan Hotels and Tourism Company and a minority holding in the Jordan Cement Factories Company, as well as the franchising of Public Transport Corporation bus routes in the Amman area. In these examples, most of the relatively small number of employees worked in areas of the country that enjoy relatively high employment. In such cases, the direct creation of new jobs and the elimination of old ones resulted in little net effect on unemployment. These three cases may prove easy compared to other, imminent privatisations, including Royal Jordanian Airlines (RJ) and the Aqaba Railway. The workforce of the former is bloated and nationally distributed, while cutting the number of workers in the latter will have an impact in areas with high unemployment.

The privatisation of the Rashadiya Cement Factory

The Rashadyia Cement Factory is located five kilometres North of Qadissiya in the southern part of Jordan and plays a significant role in the local economy. As the Jordan Cement Factory Co. Ltd., it was established by the Government of Jordan in 1984 as a state owned enterprise and was a major employer in the area. The factory hired local people and provided vocational training to develop necessary skills.

In the 1990s, the government adopted an IMF structural adjustment package, which included a commitment to privatise inefficient state owned enterprises. The cement industry was one of the first sectors to undergo this process. In November 1998, 33% of the JCF's capital was sold to the Lafarge Group. Lafarge also bought shares from private investors and entities increasing its initial shares to almost 43% by the end of 1999. One percent of the shares were sold at a subsidised price to employees.

Under the terms of the privatisation a considerable number of staff was laid off in order to increase efficiency. The company's clinic, security, transport and education (training) departments were privatised first. Those who were working in these departments were offered a compensation package as an incentive to voluntarily leave their jobs. Laid-off staff received between USD 21,000 and USD 85,000, depending on their years of service and their last salary. Although the total amount of cash compensation appears large in many cases, the local people questioned the terms of the deal, and the limited power they had to influence the process.

The loss was not simply one of direct income, but of security in the longer term. Few other jobs were available in the area. Few of the laid-off employees had reached the social security retirement age; therefore the majority would have to pay the full amount themselves (their share of the social security tax and the employer's) until they reached the age of eligibility. They also lost the other benefits of employment, like health insurance. As a result, they felt that in the long term their loss was greater than the immediate cash compensation. ■

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To the detriment of women, children and the poor

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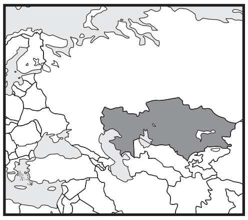

The policy of structural adjustments has led to a sharp reduction of social expenditures and the collapse of the social services sector. Privatisation of social sector entities has failed. Firms offered for sale were not in good condition or in great demand, so investors did not bid on them. In addition, privatisation of health and education has reduced accessibility, and had a negative impact on the poor and on women and children in particular.

Privatisation in Kazakhstan started in 1991 and was carried out in several stages: the retail trade and service sector from 1991 to 1992; the agro-industrial sector from 1993 to 1995; fuel and energy, transport, health, education, science and culture from 1996 on. Between 1991 and 1998, 17,070 entities were privatised; 3,276 were joint stock companies and economic partnerships and 2,606 entities were in the social sector.[1] In 2002 about 800 entities in the social sphere are slated to be privatised.

Before 1991 state ownership of companies was more than 90%; currently it is 20%, while the share of private companies is 80%. In nearly all sectors of the economy the influence of the private sector is prevalent. In 1999 the share of the private sector of the country's GNP was 50%; 70-75% of industries and 95% of businesses in agriculture and construction have been privatised.

But restructuring the economy has not led to more efficient businesses or services. The policy of structural adjustments has led to a sharp reduction of social expenditure and the collapse of the social services sector. For example, subsidies for housing and utilities, public transport and bread products have been abolished. The state revenue policy over the last years has stressed fiscal discipline as a way of combating inflation.

At present, in connection with the programme on fighting poverty, there is discussion about subsidising the utilities sector and health system to reduce consumer prices for services in these critical areas. At existing average income levels, half of the population is forced to choose between buying food and paying utilities.

On the one hand, privatisation of social sector entities has failed. Firms offered for sale were not in good condition or in great demand, so investors did not bid on them. On the other hand privatisation does not guarantee improvements in performance. Privatisation in the areas of health and education has reduced the public's access to these services.

Private health: inaccessible for the poorest

Privatisation in the health system is moderate: in 2001 the share of the private sector in the health system was 13.4%, including 11% of hospitals and 21.5% of outpatient clinics. The role of private medical institutions, funded from private sources, is limited, since the government covers most of the medical services provided to the population. The privatisation of pharmacies has been more dramatic; more than 57% of pharmacies have been privatised.

The quality of private medical institutions and pharmacies, as a rule, is high. However, access to them for the lower income groups is limited because of high prices. State-provided medical services are generally of lower quality. According to a survey of 1,000 households conducted by the World Bank, the level of satisfaction of the population in hospitals is 61%, in ambulance services 56%, and in outpatient clinics 53%.[2]

The deterioration of the education system

Pre-schools

Between 1991 and 2001 the number of kindergartens in cities was reduced by eight times (87.5%) and the number of children in them by seven times (85.7%), whereas in the rural areas the situation is even worse: 23 times (95.6%) reduction of kindergartens and 30 times (96.7%) reduction of children in them.

An absence of kindergartens (day nurseries) is typical for most villages. Currently 10.8% of children receive comprehensive pre-school education services; in rural areas only 2.4% do.

In the public kindergartens that remain, fees have been introduced, the rates of which, as with private kindergartens, are too high for poor families. There is limited access to services that are integrated with the pre-school programme, such as providing meals and primary medical and sanitary aid, including vaccinations. This has a dual negative impact: children are not adequately prepared to start school and their mothers and grandmothers, who have to look after them and provide early education, must forgo other types of activities such as income-generating jobs.

Secondary schools

Secondary education in Kazakhstan is obligatory. According to the World Bank survey, the level of satisfaction of respondents in state education services is as follows: primary school - 51%; secondary school - 55%; universities - 64%. «However, education services are perceived to be relatively corrupt, with 18% of households saying corruption was very widespread… only the courts and the police were perceived to be more corrupt.»[3]

The worsening of the education system has an impact on families. Many services previously provided through public schools, such as health and nutrition, nowadays have to be provided through the resources and efforts of the families themselves. Since women are traditionally engaged in bringing up children, reduction of social services and access to them creates a greater burden on women. Growing poverty and reduced accessibility and quality of education make it difficult for families to ensure a good education for their children. In such situations women have to re-orient their time toward their families, becoming forced housewives.

1 Privatisation in the Republic of Kazakhstan. See: http:www.president.kz/articles/economy_container.asp?lng=ru&art=privat

2 World Bank. *Kazakhstan: Governance and Service Delivery: A Diagnostic Report*, 24 May 2002. See: http://www.worldbank.org.kz/pdf/KazGovEng.pdf

3 *Ibid.*

Higher educational institutions

In September 2001 there were 185 higher educational establishments, two thirds of which were not state run. Non-state institutions enrol about 35% of students overall. Sixty-seven percent of students of the state higher educational institutions pay fees. There is a firm public opinion that a good quality education can be provided only by the state controlled higher educational establishments; young people with less preparation study at private colleges and universities and corruption there is higher. Over the last years the process of privatisation of the higher educational establishments is being completed through incorporation, with sale of shares to the professors of these institutions guaranteeing them further work there.

The negative impact of privatisation on women

Closures or privatisation of the institutions providing utilities and social services most directly infringes upon the interests of women and children, who are the main consumers of these services. Moreover, budget reduction and civil service cuts in these areas, where the majority of employees are women, have also had an adverse impact on women's employment and salaries.

Currently the system of granting of social benefits in Kazakhstan is being improved by targeting assistance to more vulnerable groups. However, obtaining benefits for children and socially targeted assistance is often complicated by the need for documentation, which can be costly to obtain.

- *Wages.* In Kazakhstan, more women are working in areas directly related to provision of services (such as health and social services, education, the hotel and restaurant business and finance). Women workers tend to be concentrated in the very areas of the social infrastructure where salaries are being reduced because of inadequate budgets.
- *Health.* The low quality of health among women is shown in the high percentage of anaemia (70%) due to poor nutrition. This in its turn affects infant mortality. In environmentally unfavourable zones the number of cancers has risen.

Worsening situation of the rural population

In rural areas the number of primary medical institutions has sharply decreased. At the beginning of 1999, 1,200 populated rural areas had no local medical services. Of the 5,400 primary medical and obstetric facilities and 1,810 primary medical and obstetric health centres that provided medical aid to pregnant women and nursing mothers in 1991, by 2001 there remained 4,700 and 441 respectively. Such practices as vaccination, diagnostics, and preventive examinations have all but disappeared. According to the data of the National Statistics Agency, in 2001 over 31% of sick people had to travel at least four kilometres to reach outpatient clinics or other centres to obtain medical aid.[4] There are no ambulance services. In some cases women have to deliver their children at home.

Rural schools are particularly hard hit by withdrawal of state funding. One hundred thirty rural schools are in a state of emergency. Coal supply is a problem in wintertime. The sanitary conditions in many rural educational institutions (availability of toilets, access to water) do not meet acceptable standards, affecting the general conditions and health of children.

Depriving poor children of education leads to a further deepening of social inequality and perpetuates poverty to the next generation. The lack of educational and employment opportunities in villages has caused a migration to larger towns of many people whose range of possible pursuits include both ordinary legal and socially dangerous activities (such as commercial sex, drug traffic, robbery, sale of children). Daily violation of labour and other rights of economically disadvantaged groups is observed, with women being the most vulnerable.

According to the data of a National Human Development Report survey of 1,800 households in six provinces (*oblysy*) of the country (Almaty, Atyrau, East Kazakhstan, Karaganda, North Kazakhstan and South Kazakhstan), 61% of respondents can barely meet their minimum material requirements. One-fourth of the respondents reported having to sell their property (clothes or furniture); 29.7% of respondents do not have winter clothes for all members of the family; one-fourth do not have money for essential medicines; 49.2% buy fruits and vegetables only in season (in summer), when they are not expensive. Only 3.2% of rural people receive free medical services; 70% of respondents lack necessary medical services near their homes. A little more than a half of respondents expressed satisfaction with the quality of medical care.

The majority of rural people are dissatisfied with the quality of potable water (51.5%); only about 4% have hot water at home. Only 42.7% of rural communities have a centralised water supply. Fewer than one-third of houses in populated areas have telephones. Moreover, in 2001 communication services were tending to reduce the number of telephone stations and increase service cut-offs to customers who are unable to pay.

Some sparsely populated rural areas are cut off from basic transport. In such provinces as Akmola, Kostanai and East Kazakhstan, 8.2%, 7.6% and 6.1% of households indicate that they need to travel more than one hour to reach the nearest public transport stop. In 2001 disruptions in electricity supply of households were noted as «very frequent» by 17% of rural households and as «frequent» by 25% of households. The most unstable situations were observed in Zhambyl (43.3%), Kzylorda (30.3%), Kostanai (27.8%) and Karaganda (16.5%). Over 91% of rural people in Zhambyl and over 56% of those in South Kazakhstan suffered from disruptions of their gas supply.

Conclusion

At this stage privatisation is viewed as a structural element of state policy with the anticipated long-term benefits of a wider tax base, the generation of jobs, and the supply of local markets with goods and services of local producers. However, no social programmes are being introduced to analyse the consequences of privatisation on the people or to improve the poor's access to social services. ■

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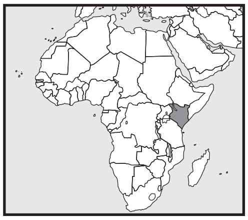
4 United Nations Development Programme (UNDP). *National Human Development Report.* Kazakhstan, 2002, (in printing).

The stark realities of an ideological orthodoxy

KENYAN SOCIAL WATCH COALITION [1]



Kenya has embarked on privatisation without any discernible ideological reservations. Far from achieving the goal of good governance, privatisation so far has widened the gender gap, made water more expensive than oil and turned patients away from hospitals untreated. In fact, privatisation has spread economic risks throughout society while channelling economic gains to the few.

Kenya has embarked on privatisation without considering the public good of essential services or the ethics of the market. The ideological rationale underlying Structural Adjustment Programmes (SAPs) is the imperative of enhancing private sector participation in the public/social sectors. This entails the privatisation of state-owned enterprises and/or commercialisation of public utilities and social services. In practice, these policies have been implemented without regard for the social objectives to which the majority of the host economies claim unreserved commitment. The efficiency imperative thus invoked by neo-liberal radicalism, wielding market power and supported by the promotion of goals such as transparency and competition, has yet to translate into a corresponding social ethics.

Where GATT has failed to deliver economic benefits from trade in goods to the poor,[2] GATS seems poised to deregulate and commercialise essential service sectors including health, education, drinking water, social security, natural resources, a number of municipal services as well as the environment and culture. Increased poverty and obscene social exclusion is what will follow.

The lack of a substantive legal framework

A government policy paper, *Public Enterprises Reform and Privatisation*, outlines the basis upon which the government pursues privatisation as demanded by the Bretton Woods Institutions in exchange for a clean bill of economic health. It purports to provide modalities, scope and principles governing the country's exercise in privatisation. However, the paper's framework fails to address the following critical issues and concerns:

- Critical engagement with the ideological rationale for privatisation;
- Public consensus on the options for privatisations, e.g., public offer for sale, management buy out, deferred public offer, leasing and contract management, etc.;
- The extent and scope of external participation;
- Procedures for valuation of public assets to be sold;
- Institutional mandate.

Non-transparent logrolling practices within the bureaucracy have, for all practical purposes, insulated the policy process from key stakeholders and corresponding democratic oversight structures and institutions. While IFIs have sold to the government the idea that privatisation is an inherent part of good governance, good governance of privatisation itself has been grossly lacking. In fact, privatisation has spread economic risks throughout society while channelling economic gains to the few.

The sale of public enterprises by a tenth of their value

The policy stage for privatisation of public assets was set in 1986 through Sessional Paper No. 10, *Economic Management for Renewed Growth.* However, the process was not put into practice until July 1992 when the government announced measures for privatising the 207 existing state corporations.

A total of 159 firms have since been privatised. While a paltry KES 5.9 billion (USD 75.2 million) has so far been earned from the sales of public assets whose market value is estimated as approximately 10 times higher, KES 4.1 billion (USD 52.2 million) of divestiture accruing has been used mainly for settling debts.

The privatisation of Kenya Airways left the government with a debt burden of KES 4.5 billion (USD 57.3 million) owed to external lenders and KES 1.6 billion (USD 20.4 million) of private debt guaranteed by the government. This had the negative effect of drawing away financial resources from the provision of basic social services. The ongoing privatisation of Kenya Re-insurance Company has the makings of a terrible rip-off through which a profit-making public enterprise, valued at approximately KES 7.8 billion (USD 99.3 million), is to be sold for a song (KES 800 million, about 10% of its value) and to a regime-friendly business interest to boot.

Education: widening the gender gap

Despite proclamations in the National Poverty Eradication Plan and the Poverty Reduction Strategy Papers (PRSP) that education costs will be reduced over time to levels affordable by all parents under Universal Primary Education, the KePIM report reveals that parents are paying more to keep children in school. This increase has occurred due to a raft of cost-sharing measures, e.g. building and maintenance funds, including payment for postage at KES 30 (USD 0.40) per pupil in Mgombezi in Kwale District; fees for security guards at KES 50 (USD 0.64) in Nyasore in Gucha District; teachers' salaries; and holiday coaching as practiced in Riontweka, Gucha District.[3]

Across the gender divide the deleterious effects of the high cost of education are weighted against the female poor—29.8% with no education compared to 20.8% of the male poor. The rate of poor males with primary education in 2000 was 64.7%, secondary education 13.6% and higher education 1%. The corresponding figures for female poor were 61.1%, 8.4% and 0.1%.[4] This divide exists because when

1 As represented by the following: Edward Oyugi (Social Development Network), Oduor Ongwen (Econews Africa), Alloys Opiyo (Undugu Society of Kenya), the late Ooko Ombaka (Public Law Institute), Eve Odete (Action Aid Kenya), Andiwo Obondo (DARAJA), Mary Wandia (FEMNET), Wahu Kaara (KENREN), Lumumba Odenda (Kenya Land Alliance), Gichira Kibara (Center for Governance and Development), Jennipher Miano (Kenya Human Rights Commission), Kangethe Mugai (People Against Torture), Churchil Suba (Education Rights Forum).

2 The expansion of GATT at the conclusion of the Uruguay Round in 1994 has brought within the purview of the multilateral trading system under the WTO sectors hitherto excluded from the realm of international trade. In the same vein, liberalisation aimed at removing so-called «distortions» of government interventions, such as research and development, has undermined the social objectives of economic development.

3 Kenya Participatory Impact Monitoring (KePIM). *Perspectives of the Poor on Anti-Poverty Results from Six Piloted Districts*, p. 68.

4 Second Report on Poverty in Kenya Vol. II, *Poverty and Social Indicators.*

confronted with the dilemma of which child to keep in school, many parents marry off their daughters in order to raise money to pay for the boys' education.

Labour layoffs and social insecurity

Privatisation has been associated with labour layoffs, retrenchments, social insecurity and increasing amounts of temporary and casual labour; and, contrary to what the World Bank wants us to believe, the putative performance of the formal economy in creating jobs continues to be abysmal. If privatisation is going to reduce poverty, it must be assumed that either the labour market is capable of absorbing laid off workers and/or that such losses are short term and that subsequent expansion under private ownership will compensate for initial job losses. Sadly, neither of these seems to apply. For instance, since August 2000, 40,000 civil servants, 12,000 employees of state corporations and 9,500 employees of public universities have been retrenched.

Health: «Take your dying husband away from here if you don't have money to pay the hospital»

Privatisation violates the spirit of the WHO-UNICEF Global Health Conference that endorsed the Alma Alta Declaration to advance health care to all by the year 2000. The declaration promotes mutually reinforcing principles that people are entitled to basic health rights and that society has the responsibility to ensure that peoples' health needs are met without discrimination.

Among the rural poor, up to 64% of babies are delivered at home compared with 47.7% for non-poor. Traditional birth attendants (TBAs) have become the most common source of assistance amongst the poor (44.4%) and non-poor (38%) in rural areas. Accessibility to and affordability of health services is difficult as indicated by the self-delivery in 20.5% and 11.4% among rural and urban poor respectively.[5]

The most dramatic effect of privatisation on the operation of health facilities has been the introduction, in 1989, of a pre-pay system, which requires that payments be made before the patient is treated. In Mtito Andei, Makueni, a doctor was overheard telling a woman accompanying her dying husband, «Take this person of yours away from here if you don't have money to pay the hospital».[6] In Mgombezi, Kwale, where the majority live on less than USD 1 a day, an average of KES 100 (USD 1.27) is required for each visit to the dispensary—that is KES 50 for the *Sindano* (injection), KES 10 for registration and the rest for *dawa* (medicine).

In the wake of increased privatisation, treating HIV/AIDS patients who can afford care has become a lucrative business. The patent law in the TRIPS agreement, at the behest of TNCs, prevents drugs from reaching poor people living with HIV/AIDS.

Water: more expensive than petrol

In Kenya, 56.7% and 59.6% of poor households draw drinking water from unsafe sources during the dry and wet seasons respectively. Unsafe sources include impurified well/rain water, lake/river/pond water, and water supplied by cistern trucks from either of the above sources.[7]

The key policy agenda governing the water sub-sector is the *Sessional Paper on Water Management.*[8] The priorities addressed in this policy recommendation include the rehabilitation of existing water supplies and the provision of affordable supplies, the utilisation of appropriate technologies and cross subsidisation of tariffs in order to improve accessibility.

The effect of the government's withdrawal from the provision of drinking water intrinsically violates the spirit of its social policy and, consequently, disqualifies access to safe water as a social need.

Whereas untreated water from springs, rivers and ponds is free—albeit potentially dangerous—for those who have to buy it from kiosks or water vendors, the prices range between KES 10-20 (USD 0.13-0.26) per 20 litre jerrycan, depending on location and time of year.[9] In Vihiga those who pay for piped water pay about KES 300 (USD 3.82), while consumers in Ngozini, Kwale, are paying KES 2.50-4 (USD 0.03-0.05) for a 20-litre jerrycan of water to access the piped water system.

When a litre of bottled drinking water costs twice as much as the same quantity of premium petrol, then the poor have good reason to doubt the benefits of privatisation of common public services, due to a combination of the privatisation policies and the failure of the government to provide adequate public service.

Effect of privatisation on children's education and health

The newly enacted Children's Act 2001 provides for, among other things, compulsory free basic education for every child and, in effect, incorporates into domestic policy the principles of the UN Convention on the Rights of the Child and the African Charter on the Rights and Welfare of the Child. In Kenya, however, enrolment, retention, completion and transition rates remain disturbingly low. Currently, only about 68.9% of children are in primary school, a sharp decline from 86.9% in 1999. This means that about 32% of children, about 3 million, do not attend primary school. Worse still, only about 47% complete primary school, and only 40% proceed to secondary school.

The 1999 population census revealed that private schools are concentrated in major urban centres where the number of parents who can afford to pay for private education is higher.

Concluding observations

The goal of good governance, in whatever sector, should be to develop capacities that are needed to realize development that gives priority to the poor, advances women, sustains the environment and creates needed opportunities for employment and other livelihoods. Sustainable human development places people at the centre of the development process and makes the creation of an enabling environment in which all people can enjoy a long, healthy and creative life the main objective of development.

Promoting sustainable human development will require the emergence of new forms of politics, new structures of power and new forms of expressing resistance against market totalitarianism. This must intensify in the new millennium as subaltern struggles such as those involving the Meru, Gikuyu and Maasai communities against the privatisation of Lewa Downs Wildlife Conservancy forest in Kenya,[10] maintain a dialogic transformation of the role of market fundamentalism and promise to generate the necessary paradigm shift. ■

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5 *Ibid.*

6 Kenya Participatory Impact Monitoring (KePIM), *op. cit.*, p. 45.

7 Second Report on Poverty in Kenya Vol. II, *op. cit.*

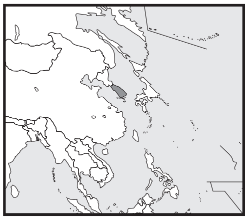
8 Government of Kenya (1999a) *Sessional Paper No. 1 on Water Resource Management and Development.*

9 The lowest price mentioned in Nyansore, Gucha was KES 10 and the highest in Elwak, Mandera was KES 25.

10 *The Daily Nation*, 22 August 2002, Nairobi, Kenya, p. 19-20.

Privatisation, conflict and discontent

PROF. KIM JIN SOO [1]



Privatisation in Korea has aroused intense debate and inspired many citizen mobilisations. While voices from the government insist that privatisation will strengthen industrial competitiveness and resolve the ill-effects of monopolies, labour unions, civil society and academia cry out that it will drain national wealth through sales abroad, degrade public services and deepen social inequality. Since there is no precedent of a successful privatisation and restructuring process being carried out without social consensus, the government should try to take the advice of civic groups rather than follow its present course.

On 11 November 2002, the Minister of Budget and Planning, Jang Seung-woo, said that the Southeast Subsidiary that split from the Korea Electric Power Corporation (KEPCO) would be sold off within the year. Also the two subsidiaries of the Korea Gas Corporation and some shares were to be disposed of within the year and the Korea District Heating Corporation was to be handed over to private owners through public subscription and open bidding. In addition, subsidiaries of 12 other public corporations are under reorganisation. In this way, and according to schedule, the privatisation of public corporations is to be rushed through 2003.

Between the nation and the market

Korean economic development has been led historically by the government on the basis of a 'development first' strategy. The government has not only played a big role in distribution but also become the champion of industrialisation by establishing corporations, the chaebol, groups of specialised companies with interrelated management. In the late 1980s the chaebol dominated South Korea's economy and were responsible for the expansion of the country's export capacity. For instance, in 1987 the revenues of the four largest chaebol were USD 80.7 billion, a figure equivalent to two-thirds of Seoul's total GNP. The top ten chaebol represented 40% of all bank credit in the country, 30% of value added in manufacturing, and approximately 66% of the value of all South Korean exports in 1987.

The Pohang Steel and Iron Company (POSCO) is typical of the former Korean model; founded as a state-run corporation, it became one of the largest steel companies, not only in Korea, but also all over the world. However, after the economic crisis at the end of 1997, because of restructuring and economic reform measures, full-scale privatisation has become government policy. The state-held majority shares of big corporations like POSCO and Korea Telecom were quickly disposed of.

Although network industries such as railways and electricity were regarded traditionally as beyond competition due to economic volume and the need for efficient system integration, the policy makers have pushed privatisation ahead, following models like those in England, New Zealand, Japan and California. Besides, the government's concern with international evaluation has sped up the process.

Shin Kook-hwan, Minister of Commerce, Industry and Energy, has stated, «If we postpone privatisation, the national credit of our economy will become a problem. Unless restructuring goes as planned, the sovereign rating will go down and it will cause a loss to the national economy worth trillions of dollars.»

While the voices from the government insist that privatisation will strengthen industrial competitiveness and resolve the ill-effects of monopolies, labour unions, civil society and academia are worried that privatisation will drain national wealth through sales abroad, degrade the quality of public services, deepen social inequality and increase price-fixing by dealers who are concerned only with profits (as in the power generating incident in California).[2]

In October 2001, labour unions of the transport, power and gas corporations together with social organisations established the Pan National Committee Against the Privatisation and the Sale Abroad of National Basic Industries. Conflicts between the government and civil society regarding privatisation increased. Following a labour meeting on 24 February 2002, in which more than 20,000 unionists participated—and although Korean law prohibits public-service employees from striking—the rail, gas and power labour unions went on a joint strike. After an agreement was reached regarding the rail and gas sectors, the power union—the utility where privatisation was being processed most quickly—went on a 35-day strike involving 5,300 people (95% of the workers).

This strike has shown that consensus on privatisation has not yet been reached in Korea; on the contrary, the widespread discontent about the enforced privatisation plan has increased.

Railways and power: competitiveness vs. labour insecurity

The government claims that privatisation is absolutely necessary to strengthen competitiveness in the railway industry. However, labour unions oppose it because the public service function will be de-emphasised as lines that do not generate a profit will be closed and fees will increase rapidly. About 7,300 employees, most of whom were in low-level positions, were laid off in the railway sector after 1998. Accordingly, the intensity of work by railway workers has greatly increased and the 24-hour shift became ordinary. During 2001, 34 railway workers died in industrial accidents. The ratio of railway workers who died in industrial accidents is 8.1%, which is four times the rate in the general workplace. Unionists equate privatisation with increased reductions of employees and labour insecurity.

In the power generating industry, the government plans to sell off KEPCO, a vertical monopoly, to private industry by separating power generating, transmission and distribution and dividing power generating into five parts. The power distribution is also to be divided and a new system (that government labels «competitive») will be introduced. However, this plan faces opposition by people from every walk of life who are concerned with insecurity of the

1 The author is a member of CCEJ Social Welfare Committee and also of the Department of Social Welfare at Kangnam University.

2 In 2001 California experienced a severe shortage of power stemming from deregulation of the state's energy market in 1996. Deregulation barred utilities from passing on higher prices for wholesale electricity to consumers.

power supply and the scope of fees. During the power-workers' strike, people from civil society, the education and religion sectors, and scholars in political science and sociology raised questions about the government's high-handedness and pointed out the lack of public agreement about privatisation. Even the junior level of management in the power generating company issued a statement criticising the government.

Dr. Park Tae-joo, a scholar from the Korea Institute for Industrial Economics and Trade, has pointed to an alternative to privatisation, proposing a coalition of public and private ownership within a competitive system. He took the Nordic energy model as an example, where power generation and distribution are divided and both state and privately run companies compete with each other. Dr. Park believes this is an ideal model for Korea because the security of the power supply and commercial self-management are organically linked together.

Public health, absolute shortage

After the 1997 economic crisis, the ideology and trend of widespread privatisation has caused the public health system to introduce a business philosophy and to emphasize efficiency over service. The public health institutions have been commissioned into private hands.

Because of the reduction in the number of public health institutions and the ideology of transforming them into competitive businesses there are problems, such as the decrease in medical services for the most vulnerable class, and the increase in costly treatments centred on services that provide good profits. In fact, about 90% of the Korean public health medical institutions are now funded by private funds. The private medical supply system and a weak public health system show the weaknesses of the government's policy.

The public health institutions in Korea are in short supply and most facilities are managed by public corporations or by civil commissions. Because of the restructuring of public health institutions, which now comprise only 16.7% of the country's medical institutions, the public health system has become weaker. The government implemented restructuring twice in June 1998 and June 2001 and closed 164 public health centres. Accordingly, the ratio of beds to potential patients decreased.

In the wake of a recent medical strike, not only the government but also civil groups and specialists in health and medicine have become acutely aware that it is necessary to expand the public health system. However, it seems that in the short run expanding and improving the public health institutions will be very difficult.

Untenable ground

The Korean economy has recovered admirably since the 1997 crisis, but this recovery has had side effects, such as a widening gap between rich and poor, increasing numbers of part-time workers, and the augment of the national debt due to the spending of public funds to overcome economic difficulties. Although one of the most promoted results of economic recovery is a sharp decrease of the unemployment rate (in May 2002, the unemployment rate was 2.9%, down from between 3 and 4% in 2001), part-time workers have increased by 51.5% (while permanent workers have increased by 48.5%). Of the part-time workers, temporary workers account for 34.3% and day workers for 17.1%. Management often forces workers into part-time status. The decline of the unemployment rate looks like increased employment stability, but as a matter of fact jobs are now considered less secure.

This labour instability is untenable ground for any process of privatisation and especially for the current plan of privatising via quick sales. Polls show that a vast percentage of the Korean population is very anxious about it. Since there is no precedent of a successful privatisation and restructuring process being carried out without social consensus, the government should try to take the advice of civic groups rather than follow its present course. ■

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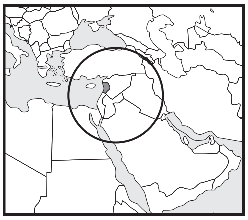
Confronting the fiscal crisis through privatisation

ZEINA ABLA



The main reason for privatisation is fiscal. Government officials argue that it is the only way out of the debt trap. However, private firms only invest where they expect to make a profit. The private sector, by its nature, prioritises short-term profit over any other social benefit. All in all, the «public good» value of basic services is considered less important than their fiscal potential.

The main reason for privatisation in Lebanon is fiscal. With 85% of government spending going to fixed expenditures (wages and debt servicing), there is little room for further austerity. Government officials argue that the proceeds from massive privatisation were Lebanon's only way out of the debt trap. The 2003 budget draft includes privatisation, securitisation operations, external financing, as well as expenditure cuts and increased taxes.[1]

In May 2000, Parliament adopted a law that set the framework for privatisation, empowering the government to corporatise State Owned Enterprises (SOE) and allocate proceeds to reduce public debt. The law also created the Higher Council for Privatisation, which determines the SOEs for sale, the time required for restructuring and sale, and the financial value of the institutions. The law also includes provisions for competition, consumer rights, environmental protection and employment for nationals. Nevertheless, privatisation decisions prioritised debt reduction at the expense of other economic, social and political goals.

Telecommunications, electricity and air travel

In 2002, Parliament passed legislation to allow private sector participation in the telecommunication and electricity sectors, while a law addressing the water sector and the national airline is still being considered. Privatisation of large public utilities like electricity, water and telecommunications services can generate significant revenue for debt reduction and reduce the burden on the government's budget. Nevertheless, these play a special role in a country's economy, serving the common interest and providing basic services that are essential to the livelihoods of all. Modern governments have generally assumed the responsibility for providing at least a minimum level of these services to all citizens regardless of income or location. In Lebanon, the «public good» value of these services was considered less important than their fiscal potential. The subsequent brief summary of recent developments with Lebanon's top privatisation candidates will introduce a discussion of privatisation's plausible social side effects, as Lebanon's decision makers have not investigated the policy's social cost, which remains low on the government's priority list.

- *Telecommunications (mobile phone sector).* This sector is the most profitable SOE, generating around USD 500 million in revenues with almost 40% going to the government under the management of two private companies that were established in 1995 according to a Build Operate & Transfer (BOT) agreement. Over the six-year period of private management, prices did not fall. After ending this arrangement (mid 2001) with the two private companies, the government attempted to attract international bids by mid 2002 for long-term operation licenses. However, no investors were officially reported by the set date, and the government decided to redo the licenses' auction towards the end of 2002. Although a State takeover was suggested until another auction takes place, operations remained under the management of the two companies that operate the network for the account of the government to re-open the auction at the end of 2002. All revenues from the current operations (until the end of 2002) revert to the State, with the latter paying the companies value of assets' depreciation and any incidental costs. Thus, the government ensured eventual licenses' sales while securing the continuity of the sector and rejecting the possibility of nationalisation.
- *Electricity: Electricté Du Liban.* In August 2002, the Parliament ratified a law to privatise Electricité Du Liban (EDL), which costs the government LP 400 billion (the equivalent of around USD 265 million) in subsidies annually. Losses are due to poor bill collection and theft, high cost of oil, and technical limitations. The collection ratio currently stands at 51% of the value of power generated and 61% of potential revenues. Consequently, EDL's deficit alleviation can significantly come from the revenue side. The law separated the electricity sector into two businesses: one for the production and distribution of electricity, which will be privatised, the other for the transportation of high voltage electricity, which will remain with the public sector. Forty percent of the electricity production and distribution company shares will be sold to the private sector within the next two years. The law allows for complete privatisation ultimately.
- *Air Travel.* The government did not want to offer (Middle East Airlines) MEA to the private sector before major restructuring and downsizing. Total wages amounted to USD 70 million per year. The airline had cost the government around USD 400 million since 1996. The restructuring plan transferred staff to affiliate companies such as ground and maintenance services, or offered early retirement or unemployment compensation with the help of a World Bank loan. About 1,200 employees were laid off or resigned, triggering conflict between company workers and the government. The dispute was settled by an agreement determining terms of layoffs.

Social impact of privatisation

Although only a post-privatisation empirical approach can assess the true impact of this measure, the following points aim to draw attention to some possible negative consequences that might be the result of privatisation in Lebanon.

Public finance and social spending

The fiscal crisis turned privatisation into a basic instrument to rehabilitate public finances. However, because private firms only invest where they expect to make a profit, they are reluctant to buy enterprises losing money, making major concessions necessary. Even in the case of the profitable telecom sector, the lucrative SOE did not attract investors or bids were not up to the government's expectations, forcing it to extend the deadline. If this profitable sector could not attract enough investment, much less should be expected from ailing SOEs, such as EDL.

The argument that privatisation will generate revenue, which facilitates increased social spending, is particularly weak. Lebanon's social and human

1 http://www.finance.gov.lb/main/govfin/bud03propweb.pdf

TABLE 1

Main privatisation candidates		
SECTOR	**CHARACTERISTICS**	**TIMETABLE**
ENERGY	17 thermal & hydraulic power plants;1,244 megawatts generated (90% of population needs); Biggest plants: Jiye & Zouk (producing 80% of electricity).	Law ratified in September 2002 to sell 40% of production & distribution.
WATER	85 departments to provide water in the country.	Law to privatise ratified in May 2002; No timetable set; Water management in Tripoli contracted to French company.
OIL REFINERIES	Non-operating currently; 500 employees still enrolled; Two refineries: Zahrani (21,000 barrels/day) & Tripoli (15,000 barrels/day).	Laws under consideration.
TELECOM	1.5 million fixed lines (40% of population); Contractual agreements between private companies & government to run mobile; More than 600,000 mobile subscribers.	Law to privatise ratified; Auction by end of 2002 to get bids for mobile operators.
POSTAL SERVICES	More than 1,100 employees.	Contractual agreement between private company & government.
TRANSPORTATION (Middle East Airlines)	Owned by the Central Bank; USD 100 million loss per year; Expected to break even in 2002; 4,500 employees reduced by 1,200; Upgraded bus fleet and terminals.	Awaiting favorable market conditions.
AIRPORTS & PORTS	Capacity increased to handle 6 million passengers; Another terminal and Queleiat airport are also being rehabilitated; Beirut port handles 60% of imports & 40% of exports; Tripoli is the second largest port after Beirut.	Studies underway to be submitted to Higher Privatisation Council.

development policy is «confined to economic considerations and which have remained captive of sectoral or technical perspectives» as noted in the UNDP Human Development Report (1997). Whether or not social expenditure is increased, it will not resolve the structural problems of disadvantaged groups if there is no official development policy to address such needs.

Investment

Proponents claim that privatisation will be designed to attract much more private investment, which would drive domestic growth and strengthen the external capital balance in key sectors. However, domestic investors in Lebanon are inhibited by a number of factors that diminish overall economic opportunity: reduced government spending, reduced private consumption resulting from additional taxes, a large trade deficit and an investment-savings gap. Although there is no doubt that contractionary measures dampen investment, there are few prerequisites in the Lebanese context that will increase investment under a privatisation policy. Indeed, domestic investment has been stagnant over the past five years.

Similarly, when considering small markets, foreign investors are attracted by stability, high productivity and economic growth, which remain absent in Lebanon. During the 1990s, approximately 90% of net FDI inflows[2] went to real estate, an unproductive sector.

Prices

Privatisation is intended to focus attention on financial performance. Furthermore, improvements in the supply of key services, such as water, electricity and telecommunications, can have downstream benefits for the wider economy. However, there is no unequivocal evidence that the private sector delivers lower prices to consumers than the public sector, unless controlled by an autonomous and capable regulator. Given its profit imperative, private monopolies tend to raise utility prices, having—in the case of basic utilities—a disproportionately negative effect on poor people.

Regarding electricity, EDL is suffering from huge deficits from low collection rates, which result from widespread violations and political exemptions that the government has been almost unable to eliminate. It is unlikely that the private investors will be able to improve collection, lacking the political power to cut exemptions and violations. Although violations by the public sector proved difficult to limit, raising prices would be an easier solution to the private sector to offset this loss because electricity is a basic utility with inelastic demand.[3] However, this would be felt mostly by lower income households.

Reduction of employment

While the impact of privatisation on employment varies across industries, most evidence points towards reductions in employment after privatisation. The usual reason cited for large-scale downsizing is that public entities are overstaffed. Reductions in the number of staff are seen as boosting productivity. However, overstaffing in Lebanon is not the cause of the low public sector productivity. According to the Civil Service Board, public administration has 24,200 civil service positions, yet permanent employees amount to 9,851 and temporary employees amount to 9,353; i.e. there is a shortage of workers.

Moreover, in Lebanon's poor economic environment, laid off workers are unlikely to find equivalent employment. Unemployment grew from 8.5% in 1977 to more than 20% in 2000, and currently over a quarter of the population suffers from full or partial unemployment.[4] In addition, layoffs generally hit unskilled labour harder, putting women at a higher risk because they lack more specialised skills. The risk of layoffs has led workers to compromise their rights. For instance, in the case of MEA many employees were unhappy with the new company's working conditions and opted for early retirement. In such an environment, employers can ignore safety and worker regulations and sweep aside or obstruct the formation of trade unions.

Inequality: transfer of assets to the better off

Privatisation programmes have done much more to enhance efficiency than equity. The negative wealth distribution effect arises primarily from the transfer of assets to the better off. The negative income distribution effect stems from higher prices and lower wages.

The distributional impact of price shifts will depend on the extent to which consumption of the goods and services in question varies by income group and if different levels of consumption, or categories of consumers, face different prices. However, in Lebanon utilities prices are the same regardless of income group. As previously noted, utilities are basic goods with inelastic demand, so changes in prices will disproportionately affect lower income households. Privatisation might improve access to products by means of business expansion, but in most sectors expansion is almost completed.

On the other hand, there are technical problems that would not facilitate an equitable distribution of the SOE shares. The weak capital markets and the very strong banking sector limit the possibilities for most lower income people to obtain financing. Currently, just 0.6% of all bank accounts hold more than 40% of total deposits, earning interest income free of taxes. Private sector participation in SOE will follow this uneven structure, moving the SOEs from public hands into the hands of a very limited segment of society that is able to participate in the privatisation process. Privatisation can therefore contribute to a consolidation of economic and political power in the interest of a group that rarely represents the poor.

In summary, there is an inherent conflict between utility privatisation and the interest of lower income groups because the profit motive—which provides the theoretical impetus for efficiency improvements—creates upward pressure on prices and downward pressure on costs, including workers' wages. The private sector, by its nature, prioritises short-term profit over any other social benefit. ■

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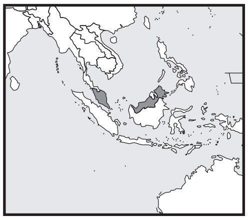
2 Central Bank of Lebanon Annual Report.

3 Electricity demand and usage does not proportionately vary with prices since it is a basic utility.

4 UNDP *Human Development Report 2001-2002.*

The high cost of private monopolies

MAGESWARI SANGARALINGAM MEENAKSHI RAMAN



Privatisation policies have been limited to a small elite who took over profitable public utilities and turned them into private monopolies. On several occasions, the objective of reduced fiscal burden backfired, as the government had to pay higher costs to bail out failed privatisations. For consumers, price increases have not brought about benefits. There is a serious need to review the entire privatisation policies to make the process more accountable and transparent.

Lack of transparency in an oligarchic economy

The government first announced the policy of privatisation in 1983. It represented a new approach to national development, complementing other policies such as Malaysia Incorporated, which was designed to increase the role of the private sector in economic development. Among the objectives were to reduce the financial and administrative burden on the government, to improve efficiency and productivity, and to facilitate economic growth.

The mechanisms used for privatisation have been diverse and include the sale of equity or assets, lease of assets, management contracts, build-operate-transfer or build-own-operate, build-transfer, and management buy out.[1] Sale of equity predominates in agriculture, manufacturing, finance, real estate and business, while build-own-operate is more dominant in infrastructure, such as electricity, gas and water.

From the outset, privatisation has been non-transparent. At the beginning, it was mainly done on a «first come first serve» basis. Projects that had been identified for privatisation, including those that were highly profitable under public ownership, were often awarded to individuals or companies with political connections, including United Engineers Malaysia, Fleet Group, Renong, Vincent Tan Chee Yioun and Ananda Krishnan, without payment. The entire privatisation process continues behind closed doors and beyond public accountability.

Initially, the public understood that only unprofitable enterprises would be privatised. However, ultimately even the most profitable state-owned enterprises like Telekom Malaysia (telecommunication services), Tenaga Nasional (electricity provider) and Pos Malaysia (postal services) have been privatised. National infrastructure assets, such as toll roads and key services of government hospitals, were awarded to Malaysian business groups, which were given long-term concessions to operate the ventures. In many cases, privatisation has transformed public monopolies into private ones, which too often have become the property of a select group of politically well-connected business tycoons, rendering the Malaysian economy more oligarchic.

The privatisation plan appeared to work well from the late 1980s to the mid-1990s. Boasting bullish cash-flow forecasts, companies involved in privatisation projects easily tapped capital markets and banks to finance their long-term, capital-intensive ventures. However, when the economic crisis hit in 1997, many of these companies were exposed as cash-poor and debt-heavy. Now the government is confronted with the awkward prospect of having to re-nationalise some of the country's privatised ventures.

Privatisation has caused fiscal problems because the government has had to bail out failed privatisation projects. In 2000, it paid more than MYR 192 million (USD 51 million) to re-nationalise sewage services. At that time, Bernard Dompok, a minister in the Prime Minister's Department, called sewage services a «special case» as the government had to «safeguard public interest and to avoid service disruptions». However, since then the government has also reacquired Malaysia Airlines and is in the process of taking over the Renong conglomerate and two urban light-rail transit systems for almost MYR 9 billion (USD 2.4 billion).

More worrisome are recent moves to privatise basic services like water, education and health care, which have all been widely accessible at a very low cost, especially for lower income people.

Water: the unfulfilled promise of governmental tariff control

In March 2002, the Malaysian Works Minister, Datuk Seri S. Samy Vellu, said that the Government may have to privatise water management to reduce the financial burden on state governments.[2] According to the Minister, the privatisation proposal followed the Asian Development Bank's recommendation to open up and privatise water management. He gave the assurance that water tariffs would always be subject to government control. Nevertheless, the Minister's proposal came under fire from consumer groups, such as the Consumers' Association of Penang, who argued that water is an essential public resource that must be controlled and managed by the government in the public interest.

Water authorities in several states (such as Johor, Penang and Kelantan) have already been privatised, and those in Selangor and Terengganu have been corporatised (run as companies but owned by the government). In the state of Penang, the Water Board has been privatised despite being one of the best managed and most profitable water authorities in the country. Five other states are expected to complete the privatization or corporatisation of their water supply during the Eighth Malaysia plan period of 2001-2005.

Privatisation of the country's water supplies is likely to involve a review of the existing tariff structure. Despite assurance to consumers that water rates would always remain under the government's purview, in April 2001, the price for domestic users in Selangor was increased to MYR 0.57 (USD 0.15) per cubic meter from MYR 0.42 (USD 0.11) for consumption of 20 cubic meters or less. Consumers protested, claiming that the increase was not justified because of the poor quality of piped water. Although rate increases are currently under government control, they are still open to lobbying by the water companies. The imposition of full-cost water pricing as a result of privatisation will only deprive more people of access to safe water by forcing poor communities to seek alternative sources. Uniform price increases for water use will also result in greater inequities between rich and poor.

1 The «Build-Operate-Transfer» (BOT) method involves the private sector constructing a facility using its own funds, operating it for a period known as a concession period and transferring it to the government at the end of that period. During the concession period, the private sector is allowed to collect revenue directly from the users of the facility or indirectly through an intermediary, usually a government institution. «Build-Operate» (BO) method is very similar to the «BOT» method except that the former does not involve the transfer of the facility to the government. Both these methods are normally accompanied by a grant of a licence and/or concession.

2 Foo Eu Jin. «Sell-off of Water Utility Inevitable to Douse Rising Expenses». *New Straits Times*, 29 March 2002.

Health care: increased costs without improvement in quality

The existing government health care delivery system has placed 90% of Malaysian citizens within an hour or 5km of a health centre and has been lauded by the World Health Organization as one of the most equitable health services in the Pacific region. However, the welfare system is threatened by privatisation.

In the Seventh Malaysia Plan (1996-2000), the government alluded to its intention to privatise medical services. This policy came under severe attack from consumer and other public interest groups and was not pursued by the government. Significantly, the subsequent Eighth Malaysia Plan, which charts the strategies and programmes to be undertaken by the federal government during 2001-2005, does not refer to the privatisation of medical services. However, the government has moved to corporatise public hospitals.

Many government hospital services, including pharmaceuticals and medical supply, as well as support services, had already been privatised in 1994 and 1996 respectively. These measures increased costs to the government, including higher drug prices, without a commensurate improvement in the services provided. The privatisation of the five hospital support services in 1996 (laundry, hospital equipment, facilities maintenance, cleaning services, and clinical waste disposal) increased operational costs four to five times.

In 1994, Malaysia's drug distribution system, which was run by the government's General Medical Store (GMS) was privatised, and state hospitals were required to procure their supplies from a new company, Southern Task Sdn. Bhd. (STSB), a subsidiary of Renong. An indication of the overall dismal performance of STSB was the move to change to another entity called Remedi Pharmaceuticals Sdn. Bhd. (PPSB) in 1996. A 1996/97 study carried out by the School of Pharmaceutical Sciences, University Sains Malaysia, found that privatisation of GMS has not resulted in any significant improvement in the overall drug distribution system.[4] On the contrary, the weighted price of drugs supplied in 1997 increased 3.2 fold.

Presently, patients are increasingly being asked to purchase their own medical supplies, such as drugs and surgical equipment, before being treated. Malaysians are rightly concerned as to whether the proposed corporatisation of government hospitals will similarly lead to sharply increased health care costs, particularly for the poor, elderly and chronically ill, as well as compromise the quality of publicly-funded medical care for all Malaysians.

Privatisation of education

Privatisation or corporatisation of institutions of higher education creates disparities in access. In anticipation of university corporatisation as well as the establishment of private universities, Parliament passed two new Acts in 1996, namely the National Higher Education Council Act and Private Higher Education Institutions Act. The University and University Colleges Act was also amended to contain provisions that allow the universities to initiate or participate in all forms of business.

In fact, two systems have emerged: higher quality private education for those who can afford it and poorer quality public education for those with low incomes. Universities have also undergone corporatisation since 1998. Consequently, fees have already gone up. Once again, such increases will adversely affect the lower income group. Despite promises that there will be more grants and scholarships, the government shifted the burden of educational costs on to students and their families.

Privatisation of sewage treatment and solid waste disposal

The privatisation of sewage treatment in 1993 in Malaysia was a major financial failure, as the company which was awarded the contract made huge losses and had to be bought back by the government in June 2000. Indah Water Konsortium (IWK), a company formed in 1993, was given a 28-year contract and assigned the responsibility of operating public sewage treatment facilities.

The company did not do well partly because a significant proportion of the public refused to pay their sewage bills, which had been previously paid under municipal charges. The treatment of sewage and wastewater remains in a deplorable state. Moreover, the company failed to treat water effectively. In 1999, less than 17% of the 5,409 treatment plants run by IWK complied with government discharge standards.[5]

The privatisation of solid waste disposal services in 1995 experienced several delays and was not fully implemented. Four regional consortiums were chosen to manage solid waste. Before privatisation itself is implemented, a Municipal Solid Waste Act has to be formulated. The government agreed that the consortiums could take over in stages by means of an interim service contract before the bill is passed. The local authorities will pay for the services rendered by the consortium. Our concern is that upon privatisation, the companies will charge consumers directly and increase fees.

Meanwhile, solid waste management continues to be a serious problem for many urban centres. Sanitary and waste problems are magnified significantly in high density, lower income urban areas with low cost apartments, squatters and other settlements occupied by low-income groups.

GATS and privatisation

Negotiations under the General Agreement on Trade in Services to liberalise the services sector are currently underway in the WTO.

In a confidential document leaked in April 2002, the EU requested Malaysia to open up, *inter alia*, its postal and courier services, telecommunications, energy and environmental services, including water supply and solid waste management. Civil groups fear that the EU is pressuring Malaysia behind the scenes to accept its requests. While the Malaysian public is being burdened by more privatisation of key public sector goods and services, pressures to hand over these areas to foreign companies add to concerns. However, NGOs within the country, such as the Third World Network and the Consumers Association of Penang, continue to pressure the government to ensure that these sectors are not subject to liberalisation.

Conclusion

The promised benefits of the government's privatisation policy have not been realised. The benefits have been limited to a small elite who took over profitable public utilities and turned them into private monopolies. On several occasions, the objective of reduced fiscal burden backfired, as the government has had to pay higher costs for supplies and bail out failed privatisation. For ordinary consumers, price increases have not brought about commensurate benefits or improved services. Hence, there is a serious need to review the entire privatisation policies of the government and to make the process more accountable and transparent. ■

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4 Mohd Izham Mohd Ibrahim, *et. al.* «Drug Distribution Systems in Malaysia: The Privatisation of the General Medical Store». Presented at the *National Conference on Privatisation and Health Care Financing*, 1997 in Malaysia, USM, Penang.

5 *The Star*, 23 December 1999.

Now the responsibility lies with the individuals

ARELI SANDOVAL TERÁN[1]

Stabilisation and structural adjustment programmes adopted following the foreign debt crisis in 1982 have included the total or partial privatisation of many state companies and activities in various sectors: industrial, financial, agriculture and stock-raising, mining, infrastructure, communications, petro-chemical and even social security. Along with cutbacks in social expenditure associated with trends to privatise public and basic services, the «novelty» lies with the transfer of State responsibility to private companies.

The pace of privatisations in the country has been as dizzying as the bankruptcies caused by the government. «Out of the 1,115 government-controlled companies existing in 1983, ten years later, only 213 remained.»[2] The companies sold included strategic and secondary ones, some generating profits and some losing money; many were sold at prices far below their real value.

The sales lacked transparency and the destination of the resources obtained is unclear. Affected workers have suffered because of mass dismissals and changes in collective contracts. Moreover, privatisations have met with scant or non-existent State regulations to ensure the promotion of the country's economic and social development in the medium and long term. The immediate objective of reducing public expenditure to put finances on a sound footing has taken priority over objectives of a strategic nature. Irresponsibility? Incapacity? Lack of vision? Corruption? Yes. But above all, privatisation is a consequence of importing an economic «development,» market-based model that minimises the State's economic role and social responsibility to such a degree that it generates greater inequity, poverty and environmental degradation. In addition, when the privatising process touches public services, be these strategic or basic, it limits the full enjoyment of fundamental economic, social and cultural rights (ESCR).

The privatising process in the field of public services has taken many forms. In the first place, it promoted the dismantling of government institutions and deregulation of activities to encourage free market play. For example, the disappearance of the National Commission for Peoples' Subsistence (CONASUPO) in the 1990s, which used to look after marketing basic grains and the establishment of guaranteed prices, has had a negative impact on the human right to food. Secondly, privatisation formally transferred service administration to the private sector, as in the case of social security and electricity.

Social security at the disposal of private capital

Through the legislative reform of 1991, the government of Salinas de Gortari established a system of Savings for Retirement (SAR), which converted pension funds administered by the State into privately capitalised and privately administered funds. Subsequently the Zedillo government promoted the new Law for Social Security[3] whereby the management of individualised accounts for each worker was handed over to the Retirement Funds Administrators (AFORE), converting the country's most important social funds into financial funds placed at the disposal of the major national and foreign financial groups. The reform also affected medical services, workers' compensation, childcare centres and other benefits, by promoting subrogation, or hiring of services within the private sector, and by restricting social benefits by transferring them to private insurance.[4]

As stated in the Alternative Report on the Situation of Economic, Social and Cultural Rights in Mexico, the Mexican government tied the development of the social security sector to the interests of private capital, transforming its supportive essence of intergenerational assistance, public sharing and subsidy into an open market and ignoring social rights guaranteed both by our Constitution[5] and by the International Covenant on ESCR.[6]

The consequences of this reform «would seem to make up a zero sum up game, where the government and the financial sector win, while most of those insured and rightful claimants, particularly those in lower income levels with less protection, run a high risk of losing.»[7] This is a regressive measure since it has caused the loss of acquired human rights, for example by increasing the number of weeks of contributions necessary to obtain an old-age pension.

The present administration has not addressed the need to widen social security coverage or improve the quality of services, and has continued cutting back on public expenditure in this sector. Entry into social security continues to be through participation in the formal work market.[8]

Yet health sector authorities stress that it is essential to have a social security reform project which will halt the deterioration of public institutions caused by underfunding, in the face of an increase in life expectancy and a sharp ageing process. Little is said about deterioration of salaries, unemployment and cutbacks in social expenditure that also put pressure on the sector's financial system. Santiago Levy, director of the Mexican Institute for Social Security (IMSS), has pointed out that the social security system «will lose its capacity for operation within the next ten years because all the resources will be allocated to paying pensions and we will not have the money to pay for drugs, children's day-care centres or any other additional programmes.»[9] As for proposals, he has suggested the need to reduce certain

1 Coordinator for Economic, Social and Cultural Rights. Citizen Diplomacy Programme, DECA Equipo Pueblo, A.C.

2 José Agustín, *Tragicomedia mexicana 3: La vida en México de 1982 a 1994*. México: Editorial Planeta, 1998, p. 192.

3 In force since July 1997.

4 Based on an analysis by Asa Cristina Laurell. *No hay pierde: todos pierden. Lo que usted necesita saber sobre la nueva ley del Seguro Social.* Instituto de Estudios de la Revolución Democrática-Coyuntura, 1996.

5 Part XXIX of article 123 on protection and welfare of workers, peasants and other social sectors and their families.

6 Article 9 on the right of all people to social security, in force in Mexico since 1981.

7 Ma. de Lourdes Fournier and Pedro H. Moreno. «Los problemas de la reforma zedillista de la seguridad social», in: Enrique Valencia Lomelí, coordinator. *A dos años: la política social de Ernesto Zedillo.* Red Observatorio Social, Mexico 1997, p. 202.

8 The social security institutions, Mexican Institute for Social Security (IMSS) and Institute for Insurance and Social Services for State Workers (ISSSTE), provide medical services and social coverage to 56.6% of the total population, comprising: 14.9 million active workers from IMSS and ISSSTE, 2.3 million pensioners (1.9 million from IMSS and 411 thousand from ISSSTE), 35 million families from both beneficiary groups. Source: Office of Economic Analysis. Communal Consultants. Newspaper *La Jornada,* 17 June 2002, p. 3.

9 Ciro Pérez Silva and Miriam Posada. «El IMSS, en riesgo de perder su capacidad operativa: Levy.» Newspaper *La Jornada,* 24 September 2002, p. 12.

benefits «in some way», increase «gradually and prudently the minimum age of retirement of workers» or «carefully» explore the option of co-insurance or co-payment.[10]

The gradual and silent process of health service privatisation in Mexico is set in this framework, as part of the structural reforms dictated by the international financial institutions. The modalities of this privatisation are: 1) fees for public services; 2) the subrogation of auxiliary services; 3) managerial administration and funding methods; and 4) the sale of assets or services. The most important modality in our country is «medical care covered by private insurance. The central objective is to solve health problems in the most radical way, offering private initiative a profitable and guaranteed market.»[11] What drives this process is «de-capitalisation and deterioration of social security and the offer of an individualised solution.»[12]

De-capitalisation of the sector has been taking place with the decrease in the budget for certain lines of healthcare and cutback of social expenditure due to the fall in oil prices. According to figures of the Finance Ministry, in 1999 cutbacks to the IMSS were MXP 1.693 million (USD 178.72 million) and MXP 97 million (USD 10.24 million) to the ISSSTE. In 2000 cutbacks were MXP 100 million (USD 10.11 million) to the Health Ministry, MXP 700 million (USD 70.80 million) to the IMSS and MXP 300 million (USD 30.34 million) to the ISSSTE. During 2002, cutbacks to the IMSS were MXP 2.5 billion (USD 245.94 million).

Furthermore, the Under-Secretariat for Disbursements of the Secretariat for Finance and Public Credit maintains that over the next years «it will be difficult for more public resources to be available for the health sector.»[13] However, this lack of resources is only a myth; it is enough to see the government's priorities in the disbursement budget of the Federation. For example, resources for the prevention and control of HIV/AIDS do not even represent one percent of what the government has invested in rescuing private banking since 1995.[14] Nevertheless, the health budget was cut again in 2002, and amidst this scenario, the Health Secretary, Julio Frenk, has on several occasions mentioned the possibility of establishing a generalised «peoples' insurance» which would rely on the ability of families to pay. The government's proposal, though not yet laid out in detail, is worrisome since it would not expand coverage of the present public service, but rather would transfer costs to individuals. That is, the peoples' insurance would not be a right but a commodity to be purchased by those who can pay for it. In a context of poverty and extreme poverty, such as the one experienced in Mexico, families do not have «surplus» to pay for such insurance.

Electricity decapitalised

Since 1995 in the World Bank (WB) Country Assistance Strategy (CAS) the privatisation of the national electric industry has been advocated. Technical assistance for the privatisation of infrastructure was considered a key strategic area and USD 30 million were allocated for this project in 1995. In the 1998 CAS Progress Report, the WB called on the Mexican government to privatise the electricity and oil sectors as a condition for international economic aid and WB-guaranteed support for private investment in the country.[15] The 1999 CAS underscored that privatisation of some sectors, such as electricity, was still on the agenda.

Furthermore, in the Letter of Intent and the Memorandum of Economic and Financial Policies of the Mexican government sent to the IMF in June 1999, it was specified (paragraph 9) that «the government will contribute to increasing investment through its plans to expand basic infrastructure, including co-investment with the private sector and with the participation of this sector in areas that were previously reserved to the State, such as the generation of electricity… This is the reason for the Government having sent a bill to Congress to allow competition on the electricity market and attract private investment to the electric industry.»[16]

Wide social and trade union opposition successfully halted this initiative. However, the present government maintains its intentions, and although inside the country President Vicente Fox promises that the electric industry will not be privatised, the offer has been reiterated to foreign investors on various occasions. The possible consequences of greater private investment in this sector are an increase in electricity rates, compromise of labour rights, and loss of control over an industry that is strategic for the development of the country. Additionally, as maintained by experts in this issue, the Mexican Electricians Union (SME) and democratic sectors of the General Trade Union of Electricity Workers of the Mexican Republic (SUTERM), this sector is not in crisis therefore privatisation is not necessary. In fact, in the last few years the government has been decapitalising it with systematic cutbacks on public expenditure. It is worth noting that over the last 50 years this national industry has consistently grown, demonstrating capacity and efficiency.

Conclusion

The Mexican State continues to ignore social protection, which it is obliged to provide under the terms of economic, social and cultural rights agreements, while the process of impoverishment of the population advances and disparities increase. In 1995 official figures showed that 42% (40 million people) of the Mexican population lived in poverty; in 2000, the poor increased to 53.7%[17], representing 45.9% of the total number of Mexican homes. Of these, 60.7% are located in rural areas and 37.4% in urban zones. In just five years the number of poor increased by over 10 million people.

TABLE 1

Proportion of the poor population in Mexico, 2000 (% of total population)

Nutrition poor	Urban	12.6
	Rural	42.4
	National	24.2
Capabilities poor	Urban	20.2
	Rural	50.0
	National	31.9
Assets poor	Urban	43.8
	Rural	69.3
	National	53.7

Source: Under-Secretariat for Planning and Assessment of the Secretariat for Social Development

Faced by this alarming situation, what is President Fox's government doing? It is not redefining the economic policy, but rather emphasizing structural adjustments, including cutbacks on social expenditure associated with privatising public and basic services. It is reducing social policy to a single strategy and programme against poverty, maintaining the compensatory, narrowly focussed assistance approach used by the previous administration. Finally, there is a «new» ingredient, added by the president of the Republic himself: the promotion of human – but not social – development by transferring State responsibility to private companies, using a «telethon» scheme of promoting the philanthropic work of private foundations to satisfy basic needs instead of designing and applying appropriate public policies. ■

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10 Declarations in the framework of the annual meeting of the Inter-American Conference on Social Security, Mexico City, 7 October 2002.

11 www.unam.mx/prolap/maingmex.html (synthesis by Thais Maingón and Cristina Torres of case studies entrusted by the Pan American Health Organisation to Asa Cristina Laurell and María Elena Ortega in 1991).

12 *Ibid.*

13 Angélica Enciso L. «Necesaria, la participación privada en servicios de salud: Hurtado López». Newspaper *La Jornada,* 30 July 2002, p. 3.

14 www.shcp.gob.mx and *La Jornada,* 5 June 2002, p. 48, Section on Society and Justice.

15 Sonia Del Valle. *Servicio Diario de Información de CIMAC, Comunicación e Información de la Mujer, A.C.,*18 February 1999; its Internet site is http://www.cimac.org

16 www.shcp.gob.mx

17 The most recent information available to the Technical Committee on Poverty Measurement, Secretariat for Social Development, is 2000 data. Moreover, the expert and academic, Julio Boltvinik, affirms that the proportion is higher, between 70% and 75%.

MOROCCO

On the way to deepening social inequalities

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Abdelkhalek Benzekri
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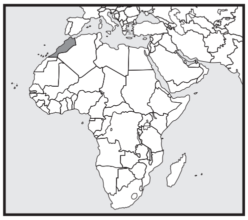

The privatisation policy is only one aspect of the Structural Adjustment Plan. Initially considered as a means to submit public companies to more rigorous management rules, today it is no more than an instrument to achieve the objective of budgetary balance and to have exceptional income to reduce the foreign debt and recover the confidence of capitalist partners. Health and education are undergoing an underhand process of liberalisation that will worsen social inequality rather than help provide access to services or ensure their efficiency.

At the end of the 1950s, the State implemented a network of «public services», in order to attend to the basic needs of the population: health, education, transport, water and electricity.

Between the 1960s and the 1990s, Morocco not only suffered from political repression, but also from the squandering of public property and national resources caused by a state bureaucracy which used illegal methods in the management of so-called public matters. Thus Morocco is considerably behind the other Maghreb countries, and coverage of essential needs continues to be the lowest in the region.

Privatisation launched at the beginning of the 1980s was mainly an attempt at assisting the emergence of a national industrial bourgeoisie. At the present time, under the pressure of the recommendations of the international institutions (World Bank and IMF), privatisation –increasingly open to international capital– is presented as a magic recipe to palliate the low performance of public companies, their faulty management, waste and corruption. However, international capital might impose exorbitant conditions on the State for the exploitation of the work force and national wealth.

In fact, the privatisation policy is only one aspect of the Structural Adjustment Plan. Initially considered as a means to submit public companies to more rigorous management rules, today it is no more than an instrument to achieve the objective of budgetary balance and to have exceptional income to reduce the foreign debt and recover the confidence of capitalist partners.

Between 1993 and 2001, 36 societies and 26 establishments reporting to the public sector were totally or partially transferred to the private sector. Among them are some large entities, such as SAMIR (a refinery), CTMLN (road transport), banks and loan institutions, and some urban transport as well as water and electricity distribution offices. The largest operation to be carried out was the opening of 35% of Maroc Telecom capital, to the benefit of Vivendi Universal.

It is predicted that the next few years will see the privatisation of important agencies in the telecommunication, automotive and sugar industries, as well as in banks and in air and maritime transport. Simultaneously, a reform of public entities bylaws (phosphates, electricity, drinking water, ports, railways, postal service) is underway, in order to facilitate liberalisation of the sectors involved, that is, quite simply, to privatise them.

And, finally, basic public services such as health, education and the postal service are undergoing an underhand process of liberalisation, characterised by the emergence of a private sector which competes with the public sector (or is grafted on to it), and the questioning of the principle of free and universal access. When the State monopoly is thus suppressed, all of these services will be included in the framework of GATS, which forces the State to apply the same treatment to the public and private sectors.

Impacts

Health: the withdrawal of the State harms the poorest

Although some progress has been made (extension of life expectancy, increase in the rate of child vaccination, etc.), the health sector is far from responding to the basic needs of the population. With 46 doctors per 100,000 inhabitants (of which 44% are concentrated in the cities of Rabat and Casablanca), a medical coverage reaching less than one tenth of the population and an infant mortality rate of 44 per 1,000, it is obvious that the State, which invests a mere 1.2% of its GDP on health expenditure, cannot ensure minimum medical care to the population, with 25% living under the poverty line, or very close to it. Besides being scarce, State medical care continues to be profoundly inequitable.

However, for the past ten years or so, the State has been progressively detaching itself from this issue.

- Consultations, free ten years ago, now cost MAD 60 (USD 5.6) in a public hospital. Patients must pre-pay their own drugs and other products, even in urgent cases.
- The obligatory medical insurance, recently adopted, excludes numerous categories of citizens (workers, students and the unemployed).
- Simultaneously, a whole network of private clinics and laboratories has developed, with very different levels of equipment, aimed at the big cities and the most affluent population. Thus, public expenditure on health represents 1.2% of the GDP, while private expenditure is 3.2% (according to 1998 figures).
- The establishment of paid access to health care and the extension of the private health system were not accompanied by a significant increase in State investment in infrastructure or staff. Therefore, it is not surprising that following a slight recovery, indicators such as maternal mortality or tuberculosis are again on the rise.

The main result of these developments is that whole regions and very broad social sectors are excluded from the right to basic health benefits. The elimination of free public health affects the most vulnerable sector of the population, even though in principle, they have the right to a «poverty certificate» which is issued only after a long and humiliating process.

Catastrophic public education

In Morocco, it is no exaggeration to speak of a «catastrophic public education.» Fifty-five percent of the population is illiterate and 67% of the illiterates are women. Two and a half million children lack schooling. Nine rural women out of ten cannot read or write.

TABLE 1

Evolution of health care (1990-2000)

	1990	2000
Number of doctors	8,838	12,439
Public sector	4,422	5,812
Private sector	4,416	6,624
Public hospitals: number of beds	26,326	25,106
Public hospitals: patients admitted	595,000	825,000
Cases of tuberculosis registered	26,010	31,444 [A]
Expenditure on public health (as % of GDP)	0.9	1.2

[A] Year 1999.

Source: Kingdom of Morocco. Office of Statistics. Statistical Year Books for Morocco and Social Indicators 2000.

The education sector is considered inefficient and burdensome, which, in fact, sustains the ongoing liberalisation policy for education. Actually, although the education sector is not being privatised (in terms of transferring a public sector to the private sector), the trend is to «promote the private teaching and training sector and to regulate its standards and operation».[1] Ways to stimulate the private sector include State validation of private school education, tax reductions or exemptions, subsidies, and training of executive personnel from the private sector paid for by the State.

Parallel to these measures to stimulate the private sector, the State foresees taking measures aimed at detaching itself from financial participation. These include establishing a specific tax to fund education, requiring contributions by local communities, requiring contributions by families, such as enrolment fees for secondary and higher education, and the elimination of all grants to students not based on merit.

Liberalisation of education is only just starting but will have long term consequences. Above all, the right of education for all will be eliminated. And it will be difficult to implement the continued education and updating of teaching personnel, mainly during the first basic cycle. Liberalisation also promotes education at different paces, which is to the detriment of the underprivileged. This accentuates structural inequities and social differences. Finally, liberalisation reduces access to primary education for girls from rural zones, which in turn prevents them from having access to the second cycle of basic education, due to a lack of lodging facilities.

Drinking water: increasing rates and worsening of services

In order to deal with rampant urban growth, in the 1980s Morocco launched Operation Social Branches in collaboration with the World Bank. The objective was that marginalised neighbourhoods with scant services would be connected to the urban network of drinking water supply at subsidised prices.

TABLE 2

Trends in education (1990-2000) - Total enrolment (in thousands)

	1990		2000	
	PUBLIC	PRIVATE	PUBLIC	PRIVATE
Primary education	2,394	89	3,842	177
Intermediate secondary education	776	7	1,043	15
Higher secondary education	315	15	484	28
Tertiary education	225	-	262 [A]	11
Gross school enrolment rate (%) (from 6 to under 23 years of age)	46.4 [B]		51.8	
Public expenditure on education as % of GNP [C]	6.1		5.0	

[A] 266 in 1994, [B] 1994, [C] Source: World Bank.

Source: Kingdom of Morocco. Office of Statistics. Statistical Year Books for Morocco and Social Indicators 2000.

1 National Charter for Education and Training.

However, the World Bank conditioned its «assistance» to the adoption of a policy adjusted to actual market prices, without considering either the special urban structure of these neighbourhoods or the solvency of their residents. The mechanisms adopted to aid the most underprivileged were shown to be unworkable due to a lack of knowledge about the urban weave of poverty-stricken neighbourhoods, the clandestine nature of the areas, undeclared rents, etc. In practice, it is the lower income users who pay more dearly for the cubic metre of water.

This phenomenon is made even more serious by the privatisation of services which had previously operated as autonomous inter-communal administrations. The Lyonnaise des Eaux Company, which had been evicted from Morocco at the time of independence, obtained the Casablanca concession, Vivendi obtained the Tetuan and Tangier concessions and a Portuguese-Spanish consortium obtained that of Rabat. In both Rabat and Tetuan, privatisation was accompanied by a double movement: an increase in rates and the worsening of services (irregular frequency of meter reading, lack of clarity in the invoices, serious invoicing errors, etc.).

Faced by the exasperation of users in Rabat, the Portuguese and then the Spaniards decided to withdraw. Vivendi declared it was interested (while it was facing the same protests from the residents of Tetuan). The transfer took place in 2002, under obscure conditions and partially behind the backs of the trustees (the urban communal authorities and the Ministry of Home Affairs).

Therefore, fundamental principles of public services have been attacked, such as:

- Access to water and electricity (basic goods) for everyone.
- The right of users and elected authorities to monitor the administration of services.
- Coverage of users' needs, which takes into account their living conditions first, and then addresses the interests of stakeholders.

Conclusion

The present assessment is far from exhaustive and only shows some aspects of the problem of privatisation. However, it is already possible to reach some conclusions:

- Under international pressure, the privatisation process in Morocco is well underway but no assessment of the impact of the first privatisations has been made before continuing along this path.
- This impact may be negative, both in terms of satisfying citizens' needs, and of how it affects employment and the struggle against poverty. It appears that its impact is to worsen social inequality rather than to help provide access to services and ensure their efficiency.
- The country's basic decisions regarding economic issues demand a transparent discussion, considering needs such as how to promote sustainable development, re-establish national sovereignty on an economic level and satisfy the needs of all citizens. ■

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Rockbottom economic status

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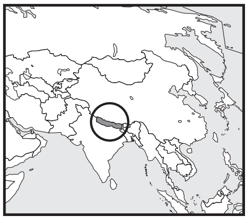

Economic liberalisation began in 1992. The foreign investment policy endevoured to attract foreign private investment but undermined the national interest. Nepalese entrepreneurs with limited resources and technical capacity were unable to compete with foreign private investors and hence were negatively affected. Privatisation of education and health has created two distinct classes and has benefited the higher income groups, in a country where approximately 42% of the population live below the poverty line.

Nepal now stands near the bottom of any international economic index. With a per capita income of USD 220 per annum, Nepal is the 12th poorest country in the world and the poorest in South Asia. It is ranked 142 out of 173 countries in the UN Human Development Report, 2002. Despite per capita growth rates averaging 2.2% per annum in the last two decades, poverty reduction has been slow. A 1995-96 household survey found that approximately 42% of the population lived below the poverty line.

The principal development objective of the government, as emphasised in the Ninth Five-Year Plan (1997-2002) and in the Poverty Reduction Strategy Paper (Tenth Five-Year Plan, 2002-2007), is to reduce the number of people living in absolute poverty. The Ninth Plan aimed at reducing the poverty rate from 42% to 32% by 2002 and as a long-term plan had set the objective of reducing absolute poverty to 10% by 2017. However, the Mid-Term Review of the Ninth Plan put the national poverty rate at 38%. Eighty percent of Nepal's population lives in rural areas, and rural and urban poverty rates are 41.4% and 23.9%, respectively, which shows that economic development is urban centered.

Low income, lack of employment opportunities (particularly in rural areas), poor public services, inefficient use of public resources and corruption have all contributed to low and unequal development. Under the authoritarian Panchyat regime (1960-1990), the people understandably did not resist any government policies. However, it is troubling that this situation has continued even after multi-party democracy was re-instated in 1990.

Beginning of liberal economic policies

Industrialisation in Nepal has historically been state-led. During the 1960s and 1970s, state-owned enterprises (SOEs) were formed to promote import substitution policies and create employment. Although the Bretton Woods Institutions imposed structural adjustment policies in the 1980s, economic liberalisation actually began in 1992. The Industrial Enterprise Act and the Transfer of Technology Act primarily promoted competition and private investment. Major reform measures included privatisation of public enterprises and entry of the private sector into health, education, imports and distribution of chemical fertilizers, infrastructure development and aviation services. Other reforms included deregulation of industrial licensing, rationalisation of tax measures and gradual reduction of subsidies. The 1992 foreign investment policy set provisions for attracting foreign private investment but undermined the national interest. Nepalese entrepreneurs with limited resources and technical capacity were unable to compete with foreign private investors and hence were frustrated by the induction of this regulation. Moreover, foreign private investors have taken any available opportunity that might otherwise have been enjoyed by the national investors.

The first elected government launched the privatisation programme in 1992 to improve efficiency of public resource allocation, increase private investment, and refocus government resources on the most critical areas of development. The Privatisation Act 2050 (1994) led to the privatisation of 17 enterprises during the Eighth and Ninth Plan Period (1992-2002).

Thus far, privatisation has been extremely discouraging. Out of 17 enterprises privatised, four have already closed down, including Nepal Jute Development Corporation and Tobacco Development Corporation. Other privatised enterprises, such as the paper mill, textile and brick factories, are barely surviving. In the case of Bansbari Leather Shoe Factory, national pride has suffered due to the hopeless circumstances of this enterprise. Machines have reportedly been transferred to India under the pretext of transferring industry, and Indian employees have displaced Nepalese employees. Still, the government argues that employment has increased, which certainly incenses national sentiment.

Nepal Bank Limited (NBL), the oldest bank in the country, which was privatised in 1997, is also in a critical situation. According to its staff, the performance of NBL before privatisation was sound despite cut-throat competition. The bank used to earn a good profit from its transactions and covered 30-35% of the total banking transactions in the country before privatisation, which has decreased to almost 23% at present. Corruption is said to have begun on a massive scale after privatisation, jeopardising the existence of the bank itself.[1] To the dismay of planners, there is not even one success story of a public enterprise improving after privatisation.

Although such basic services as water, sanitation, communication and health care have not yet been privatised, they are in the process. (Some other basic services, such as housing and transport, have never been under government control.) The participation of the private sector in telecommunications is limited to radio paging, FM Radio, print media, television and the Internet. Private sector operators have been issued licences to provide electricity and telephone services, and private TV transmission also began recently.

Privatisation of education: creation of two distinct classes

Before 1951, communities and individuals funded most schools. For the next 20 years, three types of schools existed: government-financed, government-aided and privately-financed. In 1971, the National Education System Plan was introduced and outlined clear-cut guidelines of financial support for education, to be shared between the government and the people. The government decided to pay teachers' wages while the schools' facilities were left to the communities to maintain. During the 1980s, the number of schools increased rapidly as did the amount of private expenditure in schools. This prompted the government to reduce the amount of support it provided to schools and increased the number of private education enterprises. Nepal now has more than 35,000 schools, 23% of which are privately owned.

1 K.C. Rajkumar. «Time to Rethink Privatisation», *The Rising Nepal*, 24 March 2000.

Since the 7th amendment of the Education Act in 2001, school education is no longer free. The previous democratic government had declared education free up to the secondary level, but decided to allow public schools to raise monthly fees from grade six onwards. The popular slogan of «Compulsory primary education» is far from being realised, and compulsory secondary education is an even more distant dream.

The Nepalese people were not given access to basic education until the mid 20th century. Even with massive investment in the education sector since 1951, the present literacy rate is only 53.7%,[2] far behind that of other developing countries in the region. Moreover, because of poverty, traditional beliefs and lack of awareness, many girls are excluded from education. In 1999, for every 100 boys enrolled in primary schools, only 78 girls were enrolled. In lower secondary and secondary levels, girl-boy enrolment ratios were 71% and 65%, respectively.[3]

Since the Nepal Communist Party (Maoist) launched the «people's war» more than six years ago, the poor quality of public education and profitability of private education have made schools a target of violence, including the abduction and murder of teachers, extortion, recruitment of students to join their militant force, or vandalism of school property. Several schools in remote villages have closed, and teachers have fled in fear of their lives. Rebels have so far killed nearly sixty teachers and physically abused hundred of others for failing to provide them with «donations» or for disobeying their orders.[4]

Undoubtedly, hundreds of thousands of children in private schools have gained a higher degree of education than they would have in government schools. However, the beneficiaries of privatised education have largely been the school owners, their relatives and a handful of children, mostly from better-off families. Privatisation in education has strengthened regional, social and economic inequality and exclusion by leaving out poor, marginalised and rural people who lack the income to send their children to private schools. As a result, private schools have not been established in the remote rural areas, where the people with the lowest literacy rates live.

Most urban residents, senior public servants, policy makers and senior politicians, all groups with a voice, no longer depend on public schools and do not consider them a priority. Mainstream development policies ignore villages because rural people have minimal political representation. This distinction in the quality of education has created two groups: those educated in private schools who have more opportunity for good jobs and those from the public schools who are considered less competent.

Although education receives the largest allocation of government expenditure,[5] resource utilisation is not efficient. The quality of public schools, the only ones available for poor people, is consistently low, and access for the poor is also constrained by several socio-economic factors. Dropout, repetition and failure rates are high in public schools. Less than 18% of primary school children complete primary grades on time, while secondary schools perform almost as badly. Low quality public education has also been linked to the increasing alienation between the local school system and the community, the high level of absenteeism and unprofessional conduct among school teachers, ineffective school monitoring, and a faulty student evaluation system. Approximately 60% of primary school teachers are still untrained.[6]

Health privatisation: benefiting the middle and upper income groups

The private sector is providing more health services, which has created more healthcare options. However, in a country where 90% of the population is still deprived of health care, the government has neglected this basic service. Like many other sectors, public health is in chaos. In several paying clinics, polyclinics and private hospitals medical services are provided at very high prices. Health benefits from the private sector's investments are largely limited to the middle and upper income groups residing in urban areas.

The rural poor, the majority of the population, have not benefited from privatised health services. If they have any access to health care at all, they get it only in government hospitals, where services are either free or provided at minimum cost. However, the quality of the public health institutions is largely sub-standard, due to the absence of health personnel and medical supplies. The hospitals and health centres in rural areas almost entirely lack doctors and nurses. The average ratio of doctors to people is four per 100,000.[7] The continuing violence has further disrupted whatever health services do exist in remote areas. Health workers have deserted most of the health centres. In the absence of adequate health services, more people are reported dying of treatable illnesses every day.

The second long term health plan (1997-2017) has been prepared in light of investment and priorities, morbidity rates and the proper utilisation of resources. Despite significant budget increases for health and education, the per capita expenditure in these sectors is lower than in most other developing countries. Almost 30% of the public expenditure in health is allocated to sectors other than primary health care. To improve these basic services, the government has to allocate resources to the primary health needs of the people and ensure that adequate services are provided to all people, rich and poor.

Conclusion

Because of a changed global economic environment and pressure from Bretton Woods Institutions (and obviously the WTO), Nepal has been compelled to embark upon the path of globalisation, liberalisation and privatisation. Since 1992, the role of the private sector in the national economy has increased. The government also promoted the development of the private sector and decided to privatise the SOEs in phases. Even after privatisation, the anticipated progress of the SOEs has not been achieved. Rather, unemployment has sharply increased, the investment of national capital has gone up, tax collection is minimal and the revenue generated from the privatised units is invariably spent without explanation.

Currently, privatisation of drinking water services is also under discussion. Privatisation would result in much higher monthly rates, which are now reasonable.

The politicisation and commercialisation of education, health, communication and other public sectors have prevented ordinary rural people from having access to basic services. Financial irregularities, institutionalised corruption and mismanagement plague the development projects and programmes implemented in the name of the poor. There are no regular and effective monitoring mechanisms to make these agencies accountable at any level.

If privatisation (excluding the basic services sectors–health, education, drinking water, etc.) is conducted successfully, some potential economic benefits are possible by increasing investment in both new and existing private enterprises and eliminating the drawbacks of public enterprises. Through the effective management of the production and distribution system, which must include poor, marginalised and vulnerable communities, privatisation could help foster further investment and increase employment, production, income, and government revenue, which would ultimately contribute to achieving the nation's most fundamental goal—poverty reduction. ■

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The poor unprotected

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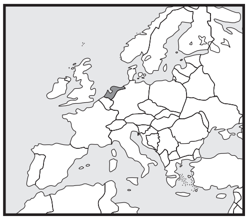

Privatisation increased in the 1990s, when the government needed to decrease its debt burden to make the economy competitive and to adopt the EURO. The focus was on making public services cheaper rather than on safeguarding public interests or fulfilling its human rights obligations. Underestimating the need for regulation, supervision and enforcement, the State has abandoned its human rights obligations. The poor, particularly women, have little protection against price increases and unemployment.

Privatisation in different stages [2]

Since the 1980s, Dutch governments have used privatisation as a pragmatic instrument to economise on the state budget and deal with the failures of state intervention. Privatisation increased in the 1990s, when the government needed to decrease its debt burden to make the economy competitive internationally and to adopt the EURO. Beginning in 1989, essential and non-essential services, such as telecommunications, electricity, postal services and the social security system, were privatised. At the same time, the government cut expenditures in many public sectors, including education and health.

Privatisation has been characterised by a two-stage approach, avoiding the radical option of selling off state assets immediately. During the first phase, state enterprises are restructured and become independent state-owned companies that gradually become a market-driven, profit-making corporation. During the next stage, the government sells all or part of the shareholdings. So far, the government has sold part of the shares of the companies that operate the regular postal services (TPG Post) and telephone services (KPN), while some local governments sold shares of local energy companies. Only cable (television and internet), the «post bank» (the government run postal service that also provides banking services), and extra pension provisions have been fully privatised. The water sector and the railways are still fully in government hands.

Regulatory issues such as universal access for the poor, consumer protection (quality, prices, safety, etc.) and fair competition played a minor role at the start of the privatisation process. When new laws and semi-independent regulatory agencies were established, the government's obligation to respect rights under the international Covenant on Economic, Social and Cultural rights was neglected. Attention to safeguarding jobs or income was achieved only because of resistance by civil servants' unions opposed to privatisation.

Some highly publicised negative experiences, especially with the railways, have given many political parties and the public second thoughts and have currently stalled the drive towards further privatisation. The need for stricter contracts and regulatory bodies to safeguard quality is now well recognised. However, national policy makers did not realise in time that their flexibility to respond to privatisation has been substantially constrained by the European Union. For instance, no preference can be given to national providers (which is now the case in the health service) or privatised companies, but competition for public procurement needs to be open to all European companies. The authorities cannot regulate the prices, buildings and operation of privately financed health institutions.[3] EU rules also prevent certain regulations that protect public interests.

1 The author is a researcher at the Centre for Research on Multinational Corporations, (SOMO). This contribution was coordinated by the National Committee for International Cooperation and Sustainable Development (NCDO). Special advise was provided by Alida Smeekes of the European Network Against Poverty and Gerard Oude Engberink, researcher and advisor on social issues to the city of Rotterdam.

2 See W. Hulsink, «Tides in infrastructure politics? Experiences with privatisation, liberalisation and regulatory reform in the Netherlands», paper, April 2001.

3 «Europa remt privatisering zorgstelsel af», *Het Financieele Dagblad*, 30 September 2000.

Privatisation of water so far halted

At the end of the 1990s, the water distribution sector had been restructured into approximately 20 independent commercial companies owned by local authorities. However, the majority of policymakers and government members opposed actual privatisation, arguing that profit-making motives could undermine quality, supply guarantees, sustainable management of water and public access.

However, the government's decision against privatisation of its own water does not apply to developing countries. One of the companies owned by local government (NUON) has formed a joint venture (CASCAL) with a British company (Biwater) to operate privatised water systems in different developing countries. These operations have raised concerns about job cuts and universal access. In spite of complaints by the Dutch Minister of Environment, parliamentarians and NGOs, in WTO negotiations on services (GATS), the Netherlands supported the EU's requests to developing countries to open up the water sector permanently to foreign companies without guarantees for universal access and quality. At the same time, the government has been supporting many bilateral and international initiatives for sustainable and equitable water distribution. The government sees a role for the private sector to invest in water access for all, through privatisation or public-private partnerships, provided that the government plays an important role to protect access to water for the poor.

Public-private co-operation in the health sector [4]

During most of the 1990s, the government not only cut the budget for health services but also introduced market-oriented measures to make hospitals and other health providers operate as efficient private companies. The health system was transformed into a public-private system in which private health insurance companies play an intermediary role between the patients and health providers. Citizens pay these companies fees according to their income. In addition to a «basic package» of health services, people can pay higher fees for insurance coverage of more or better services, thus ending the principle of equal coverage for all.

The quality of health services delivered by the public-private system is reasonably good but has been decreasing, while innovation has lagged. Problems of access and availability plague the health sector: waiting lists (even for life saving operations), insufficient capacity to deal with emergencies, lack of nurses and doctors (half a million Dutch people have no family doctor[5]), and little choice in health services. Thus, the State is failing to fulfil its obligation to provide an essential human right.

Some private health insurance companies took measures to improve coordination between different health services and shorten the time patients have to wait for treatment, including use of private or even foreign hospitals.

The State sets standards for private hospitals, requiring a permit, setting prices and regulating their operation and finances. Private hospitals are not allowed to profit

4 See *Sociaal en Cultureel Rapport 2002*, by Sociaal Cultureel Planbureau, 2002, pp. 322-326.

5 «Twaalf tips voor de zorg», in *Elsevier*, 22 June 2002

from «regular» care and complain that the State harms them financially. Therefore, they specialise in procedures that do not require patients to stay longer than one day.

The new Minister of Health declared in September 2002 that there should be much more room for the functioning of the market and private clinics. Health practitioners have rejected an increasing role for the private sector, sending patients to foreign clinics, or attracting foreign nurses. Concerns about the potentially negative impacts of greater private provision include:

- damaging public service: private health care services focus on highly profitable services and rich clients, leaving fewer funds for less profitable services or leaving them to the public sector;
- price increases by private health services, which are expensive and not subsidised by the State, make many specialised health services unaffordable for poor people;
- deteriorating working conditions and training opportunities due to pressure to cut expenditures.

Impact of market orientation on education

Primary and secondary education continues to be financed by the government, but the national government has introduced measures to increase standards while maintaining or decreasing expenses through market orientation, deregulation and autonomy. Together with budget cuts, these measures have led to increasing stress for personnel, a lack of teachers, an ageing infrastructure, as well as unequal quality and segregation.[6]

Due to the poor quality of public education, in recent years non-subsidised private primary and secondary schools have popped up. Although the quality is considered much better, the fees are high. This trend towards expensive, high quality private education is contrary to the Covenant (Art. 13.2.), which strives to provide free education at all levels. One initiative for basic education has been sponsored by businesses that are interested in teaching children the spirit of enterprise. However, the stability of corporate sponsorship, in which corporations fund schools in exchange for publicity, has yet to be determined.[7] Corporate sponsorship has increasingly allowed the private sector to enter all parts and all levels of education: in 2000/2001, 13% of the schools in primary education and 27% of the schools in advanced education received this kind of sponsorship.[8]

Conclusion: privatisation and social issues

In the processes of privatisation, the authorities have long focused on making public services cheaper rather than on safeguarding public interests or fulfilling its human rights obligations. Policy makers have underestimated the need for regulation, supervision and enforcement. For instance, ownership of shares in the privatised companies has not given the government the influence necessary to secure public interests[9]: the price increases by the NS train company could not be stopped by the State even though it fully owns the company. Other protections for consumers, citizens and workers, such as regulations and strict contract provisions, have not guaranteed lower prices, better quality or equal access.

In sectors in which the government has kept major control, i.e. health and education, budget cuts have resulted in poorer services and, consequently, more private provision. The State has increasingly abandoned its human rights obligation to provide sufficient and high-quality medical or education services to all. Orientation of these sectors towards the market conflicts directly with public interest.

Privatisation of anti-poverty policies

Poor people have little protection against the gradual increase in prices of some privatised services (see box). No Dutch law forbids cutting off people from water or energy services when they cannot pay the bill. Governmental poverty-reduction measures only include subsidies for education and housing. Some private initiatives have shown improved quality but often at high prices, thus limiting access to those who can afford it. The governmental policy to fight poverty by getting people back to work has been privatised but has had many implementation problems. Private «reintegration» companies only help the most employable people go back to work while leaving out many others.

Women: the vulnerable domestic rearguard

The lack of availability and quality of privatised (e.g. postal services, «post bank») and «marketised» (e.g. health, education, trains) services makes it more time consuming for women to access them and adds to the stress which they experience combining working and caretaking roles.[10] On days that children are sent home because of teacher shortages, women are more likely to leave work. The good privatised services are also expensive; thus, poor women are at a disadvantage. Decreasing job security and more demanding job requirements (flexibility, etc.) have not made it easier for women to work in the basic public services sectors. For instance, 60% of women family doctors give up their profession after 5 years, a result of the profession's high demands and insufficient resources of doctors and hospitals. Hospital reorganisations increased the number of managers, mostly men, while those caring for hospital patients, mostly women, had their jobs cut. ■

Lessons of privatisation of non-essential services

• Energy

Increased efficiency can hurt consumers. In preparation for full privatisation in the energy sector, many measures have been taken to liberalise electricity production and distribution, but some companies are still owned by local authorities. Privatisation of electricity networks has been put on hold. Corporate measures to increase the efficiency of electricity distribution and face international competition have revealed the following problems:

- prices for individual consumers have increased more than for business users[11] who can make price deals after liberalisation;
- customer invoices are sent out late, making it difficult for poor people to spread out costs;
- quality standards to guarantee electricity delivery, such as less investment in maintenance and security, have decreased;
- the working conditions and collective bargaining contracts have deteriorated, and jobs are being cut;
- strategies to compete internationally have not always been profitable. ESSENT and NUON sustained large losses after making expensive acquisitions abroad;
- expensive advertisements to attract customers might nullify the cost savings of liberalisation;
- incentives to encourage energy conservation have diminished.

• Privatised pension funds

Markets do not always guarantee profits. Since the State only provides for a basic pension income, employers and workers contribute to private pension funds. The employers determine their own contribution. The administration of the private funds has been mismanaged. Pension funds invested 46% (June 2002) of their capital in shares in the national and international stock market. After years of enormous gains, the value of shares tumbled, and in 2002 some pension funds could not cover 100% of the pension disbursements. The state supervisor has ordered measures to address the problem, which might result in higher payments for pensions (up to 50%), foregoing wage increases in return for more contributions from employers, or paying out lower disbursements.[12]

• Telecommunication

Private speculation has public costs. The government privatised all non-mobile telephone services by making the company operate as a private company (KPN) and selling a part of the shares on the stock market. In practice, there is only one private monopoly. The KPN has been praised for achieving more efficiency, innovation of many products, and stable or decreasing prices. However, it has been criticised for installing too much network capacity and pursuing unsuccessful strategies such as expensive acquisitions abroad. The resulting debt almost caused the collapse of the company, which was saved by job cuts, the sale or liquidation of some of its businesses, and a change to customer pre-payment. The government's shareholdership did not prevent KPN from becoming unsustainably indebted and putting the public interest at stake. The telecom sector specific supervisor (OPTA) does not have a mandate to supervise the quality of the services.

• The national railways

Private mismanagement harms public service. The «privatisation» of the railways is generally seen as a disaster. In fact, all shares of the train company NS have remained in government's hands, but NS has operated as a private company since 1992. Efforts to introduce competing private train services failed. Because of too few new trains, NS was unable to cope with the increasing number of passengers. Travellers had to cope with late, cancelled and overcrowded trains. Workers did not accept the new efficiency measures that eroded working conditions; strikes worsened the situation. This «private» monopoly was not supervised by a regulator to protect the interests of the consumers. After standards specified in the performance contract were not achieved, the government's imposition of sanctions did not result in an immediate improvement of service.

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6 *Sociaal en Cultureel Rapport 2002*, *op.cit.*, p. 552.

7 Diedema, «Leren in een sprookje», in *Intermediair*, 27 June 2002, p. 19.

8 F. Adams, H. Beerends, P. Krooneman, «Sponsoring in het onderwijs», for Regioplan Onderwijs en *Arbeidsmarkt BV*, 8 October 2001, p. ii.

9 «Overheid als aandeelhouder weinig zinvol», in *Het Financieele Dagblad*, 23 August 2002.

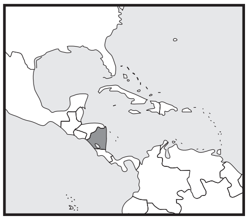
10 «De veeleisende samenleving», October 2002.

11 «Energiemarkt trends: Eindverbruikersprijzen electriciteit», at www.erergie.nl/emt/deel4-ozd.html

12 «Spoed geboden: babyboomers gaan met pensione», in NRC Handelsblad, 1 October 2002.

A nation in the dark

RUTH SELMA HERRERA M [1]



Privatisation has not resulted in any social benefit for the poorest people. The energy and telephone companies have not only raised the already «dollarised» price of services, but also increased requirements for access to these services and decreased quality. In addition to being a country of poor people, today Nicaragua is also a nation in the dark.

Socioeconomic indicators paint the picture of the inadequate development of basic social services in Nicaragua. According to official figures of the National Institute of Statistics and Census (INEC), 43% of the population live in poverty, 17% in extreme poverty and 40% in acceptable conditions. Almost three million Nicaraguans «do not have the necessary means to fulfil their basic needs.» Recent studies show that 54% of the country's 5.2 million inhabitants reside in urban areas; 73% of urban dwellers have access to electric energy. In rural areas, only 40% have electricity. According to official data, 80% of urban dwellers have access to drinking water compared to 28% of rural dwellers. Sanitation or latrines are available to 95% of the urban homes but to only 70% in rural areas.

Energy: an undervalued and secret sale

The privatisation process was launched in the 1990s under the government of Violeta Barrios, when she implemented radical changes in the political system and reversed the state property regime installed by the Sandinista People's Revolution. The decision to privatise basic services was put into practice at the end of the decade, in the context of governments abandoning their social responsibilities and of the policies promoted by the International Financing Institutions as part of the well-known packages of structural adjustments.

The incentives to privatising basic service companies, as illustrated by the case of domestic energy, are the economic scale at which they operate and the monopolies they enjoy. The government sold its undervalued state energy company to Unión FENOSA, a Spanish monopoly, with the agreement that they would not be sanctioned during the first two years of operation, thus adversely affecting user rights. Unión FENOSA now distributes 95% of the energy in the country to half a million registered users. Two years after the contract between the Alemán/Bolaños government and Unión FENOSA was signed, its contents have still not been made public despite its being a document of public interest.

The monopoly has violated approved regulations, schedules of rates, and scope, conditions and quality of service. The «corporate encouragement» they received allowed them to operate with impunity towards users and pay no attention to claims for collection of unfairly charged rates (errors in invoicing, non-recorded energy, overdue payments, etc.), altered readings of the metres, services paid for but not delivered for public street lighting, voltage failures, damage to small domestic appliances, loss of products by companies, and so on. Privatisation of energy did not bring about any positive impact such as greater coverage, lower rates or better quality of service. In practice, the poorest people are excluded from legally accessing energy.

During the 1990s, the generation of energy was privatised and only hydroelectric energy is still owned by the State. In 2002, the government attempted to privatise two hydroelectric plants, Hidrogesa-Geosa, and the National Water and Sewage Company (ENACAL). However, both actions have been postponed due to legal problems and to the criticism of consumers, indigenous peoples, the business sector, parliamentarians, and others who have generated opinion and press against these processes.

In September 2002, the National Assembly adopted Law 440, which prohibits granting water concessions for any purpose, and the preparation of a General Water Law was announced. ENACAL continues to be state owned, but its administrators favour privatisation. Its rising rates despite poor customer service have aroused much public questioning and criticism.

In the case of telephony, corporate encouragement is also economic and involves a market monopoly, which fails to protect the users' economic rights. The telephone companies have tightened conditions of service and applied drastic measures in their commercial relationships such as cutting off users.

In 2001, 40% of telephony was privatised in an operation that was highly questionable due to its lack of transparency. Although the low bidder was Telia Swedtel, the concession was granted to Megatel. In 2000, Nicaraguan Telecommunication and Postal Institute (TELCOR) sold its cell phone concession to BellSouth. Recently, the State granted another cellular telephone concession to Megatel, which together with BellSouth, now «owns» the market. Presently, these companies are facing each other for the control of the market with TELCOR, announcing lower rates, thus creating a trade conflict that might temporarily benefit users.

Health and education: concealed privatisation

Although in theory the basic health services—health centres, hospitals and outpatients clinics—continue to be state-owned, in practice they are partially privatised. As from the mid-1990s, the government separated social security from the Unified Health System, giving rise to partial privatisation, first with the appearance of social security clinics for those who were insured and their families and later with the creation of differentiated (boarding) services paid for in the public hospitals and clinics. As a result, state hospitals presently provide private, social security and «public» services, in which even the poorest people have to provide «contributions» in order to be treated because of the serious shortage of basic supplies such as medications and surgical equipment.

In the public hospitals where differentiated health care has been established, the poorest families have been excluded from specialised services (such as x-rays, laboratory services, drugs and surgery). These services are restricted to the privatised areas, excluding non-privatised or «boarding» areas.

The Ministry of Health is the governing body for health care and has 996 health units, 48.3% of which are in the Pacific zone. It includes 31 hospitals,

1 The author is Coordinator of the National Network for Consumer Defence. The present report has been prepared according to guidelines presented by Social Watch at the request of the Civil Coordination for Emergency and Reconstruction (CCER), with the financial support of the Department for International Development (DIFD) in Managua.

11 of which are located in Managua. Ninety percent of the Pacific population has theoretical coverage above the national average. On the Caribbean coast, this coverage only reaches 51%, while in the north and centre of the country, where the municipalities having the highest poverty rates are located, only 13% are covered.

Primary and secondary education have 50% of their establishments privatised, if it is considered that in 2001, 37% of the state schools (with an enrolment of 63% of the students) had come under the autonomous centre system. Fifty-five percent of the primary and secondary school teachers are to be found in this system. Additionally, many educational establishments have been operating under the private educational service system since they were founded.

In primary and secondary schools, the privatisation of educational services in the school autonomy programme is associated with increasingly high economic costs to families, who must cover all the operational costs not covered by inadequate government contributions. The centres under the state system also request «voluntary» contributions, and their teaching conditions and basic services have seriously deteriorated.

The impact of privatisation

The thesis of the «advantages of privatisation» is far from being fulfilled in Nicaragua. Services have become more expensive, quality has dropped and coverage has become stagnant; at least 50% of the population has no access to electric energy and communication services. Access to energy and telephone service by people in new settlements has been achieved through illegal connections. This has caused increased risks to the poorest users. Fires are frequent and adults and children have lost their lives due to poor connections and equipment. The process of «legalising» energy in the settlements by Unión FENOSA has become a source of conflict between the users and the company.

Nicaragua is not only a country of poor people; it is also a nation in the dark. The electric energy service has dramatically deteriorated since the privatisation of the National Electric Company (ENEL). People are generally dissatisfied with Unión FENOSA regarding public street lighting: the company does not address the claims for this service made by the communities, which are invoiced every month for the service even when it does not exist. Unión FENOSA refuses to replace damaged street lamps and does not provide maintenance of the system. The National Network for Consumer Defence has developed a strong information policy on the issue, which has led to increasingly stronger complaints by the users. Not only have the rates gone up—an operation questioned as illegal by the consumer organisations—but Unión FENOSA also frequently applies undue rates for various items such as marketing expenses, public street lighting, deposits, delays, non-recorded energy, rental of metres and a Value Added Tax of over 15%. This has led to a greater percentage of income in poor families being devoted to paying for energy, obliging them to seek illegal ways of maintaining access to this vital service.

ENITEL, the Nicaraguan telephone company, sold undervalued assets to Megatel, and the government granted the exploitation of a cellular telephone band and the backing to negotiate funds from international banking to finance the 50,000 lines offered. The company will substitute conventional municipal telephones with public card-operated telephones, although they are more expensive and less accessible to the users. Access to service and customer service for repairs has not improved and there are plans to close down most of the 60 existing municipal branches.

The sector's union leaders and informed users consider that the State has been the great loser in the privatisation of telephones. Not only did it give up a highly profitable company, but it also sold its assets at ridiculously low prices with very advantageous instalments and conditions enabling the «buyer» to pay with generated profits. The State also took on the financial «cleaning up» of ENITEL, which includes claims and pending court cases amounting to approximately USD 190 million, at the expense of the public treasury.

Because of the low quality of basic health services, there are many serious health problems, most of which could be avoided. The most frequent causes of morbidity and death are gastro-intestinal and respiratory diseases, and classical and hemorrhagic dengue fever. There is a high rate of premature death due to the lack of prenatal care. Mortality in children under five years of age is one third higher in rural areas than in the city. Prenatal care in rural areas is less common and the risk of death at birth is greater. Neonatal care represents 20.2% of care provided, while postnatal care represents 24% and child care, 45.5%. One out of three children is undernourished and 9% are severely undernourished. Chronic malnutrition is associated with food deficiency caused by the families' low income level.

Policies regarding basic services with a gender approach have not been identified. One of the exceptions in this field is to be found in health service planning though the Ministry of Health, where some programmes for women's health care have been instituted related to sex and reproductive health education, mother and child programmes and women's health problems.

Conclusion

The decision to privatise basic services was prepared over several years during the 1990s, in light of the political changes regarding the nature of the State brought about by transformations in the political system (during the Chamorro and Alemán administrations), and fed by pressure from international agencies in the framework of structural adjustment plans. These have had a very clear impact on the parliamentary agenda of the past few years.

In a country where there is no tradition of including effective citizen input in making laws or important decisions, the political weakness of the main opposition party—the Sandinista Front—and the attempts of the government to combine economic and social policy, have led to decisions on the privatisation of basic services being made without adequate information, without sufficient public debate and without the relevant consultations with the important sectors of civil society. ■

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The current undermining of the Welfare State

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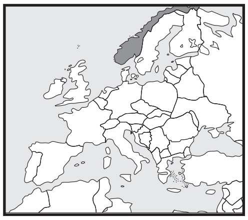

A society that promotes the winners and their interests at the expense of the weakest does not deserve the designation «civilised». The new poverty is being ignored, accepted or covered up by vulgar and seductive speeches about solidarity and fair distribution. The fact is that the large middle class has pulled a curtain over Norwegian reality.

Ivar Brevik

The Scandinavian welfare society model is built on the principles of poverty eradication and social inclusion. Until recently poverty has not been part of the political agenda in Norway. Most people have taken the benefits of an advanced social-democratic welfare state for granted and expect its continuing progress.

Together with the other Scandinavian countries, Norway has been regarded as a society that has minimised poverty. This has been explained by policies promoting high employment rates and egalitarian wage structures, the strong position of the trade unions, generous, universal social benefits and accessible and affordable basic public services. The state has played a key role in promoting fair distribution and redistribution, in which institutionalised universal welfare benefits (as opposed to targeted minimum support, based on needs assessments) and progressive, generic taxation have been the pillars. The system is oriented towards individual rights and the family plays a minor role in provision of financial support. Comparative research shows that the universal model has been more effective in combating social inequality and poverty than liberal social systems with specially targeted policies based on needs assessments.

Although Norway is fortunate enough to have an unemployment rate lower than that of most countries, social and economic inequalities are increasing. While average wages increased by 15% from 1995 to 1998, official figures show that the corporate fat cats increased their income by 35%. From 1993 to 1999 public consumption increased by 2% per year while private consumption increased 3.6%. The share of government spending was reduced from 52% to 43% of GDP between 1992 and 1999.

In the same period a number of expensive reforms in health and education obliging the local governments to increase their service provision have been introduced. This has created a situation where municipalities with small revenues are practically bankrupt and not able to meet their obligations towards their inhabitants. While a decentralised taxation and government system has created large differences in service provision among communities on the local level, the Norwegian state is wealthier than ever due to its petroleum resources.

When Norway explored large oil resources on its part of the seabed in the 1970s, the Petroleum Fund was established as a pension fund under the full control of the government. The purpose was to secure the future welfare of the Norwegian people. Since then the revenues have by far exceeded any expectations at the time. By the end of 2002 the size of the Fund is expected to pass USD 105 billion. As oil prices are extremely sensitive to international political conditions, the current threat of a war against Iraq increases the Norwegian petroleum revenues by USD 13.5 million per day (according to information from the government).

Thus the «black fortune» increases and decreases according to the whims of the international market. Nationally the political debate focuses on whether to save these revenues for the future or spend more now to improve the public sector. The Parliament has agreed that spending from the Fund is not to exceed 4% of its revenues.

One man's meat is another man's poison

The Petroleum Fund has been invested in several trans-national corporations and most of these investments have increased the value of the Fund. This is the priority for the Norwegian Parliament, which several times has turned down proposals to introduce ethical guidelines on investments. «Triple bottom line» guidelines would incorporate social, economic and environmental standards, as well as human rights, in investment decisions. Respecting international labour rights such as the rights to organise and negotiate, and the prohibition of child and forced labour would be self-evident in such a framework.

The Petroleum Fund's annual report for 2000 shows that 20% of investments have been in companies that the Global Unions have banned because of their relationship to the military dictatorship in Myanmar/Burma. While the International Labour Organisation (ILO) promotes boycott of the regime known for slave-like working conditions and oppression, the government of Norway chooses to invest there to secure future welfare at home. In a meeting with Norwegian NGOs at the Finance for Development meeting in Monterrey, Mexico, in March 2002, Prime Minister Kjell Magne Bondevik stated that the driving force behind investing the Petroleum Fund is to maximise profit in solidarity with future generations; he avoided the question about international solidarity with today's world inhabitants.

In the spring of 2002 increasing political pressure forced the Parliament to reverse its policy and acknowledge the inadequacy of the Fund's limited regulation on investments. In theory it has been possible to withdraw from businesses whose activities are in conflict with Norwegian International Law obligations or constitute a violation of basic human rights. Hard evidence brought to the public by the national newspaper *Dagbladet*, however, showed that Petroleum Fund investments had gone to companies producing landmines, violating the International Treaty Norway has signed. This forced the government to appoint an expert group with the mandate of developing a framework for ethical guidelines by 2004. Although civil society groups had been doing the research and advocating for years to put this issue on the agenda, none of their members were included when the expert group was appointed. The group of ten consists of people from business, administration and political backgrounds; many are economists and lawyers (some of whom, in former positions, have argued strongly against the introduction of such guidelines).

Norway has traditionally been one of the most generous providers of Official Development Assistance. In 2002 Norway spent 0.92% of GNP and has agreed to reach 1% by 2005. Over the last ten years Norwegians have earned an international reputation as peace negotiators in a number of armed conflicts around the world, including Sri Lanka, Colombia, Central America and the Middle East.

But now Norway is actively giving military support to the USA-led war, the so-called *Operation Enduring Freedom*, in Afghanistan. Despite appeals from the UN Secretary General Kofi Annan and the Afghan government for increased peacekeeping forces, the Norwegian government supports American unilateral warfare. The host country of the Nobel Peace Prize is expected to spend more than double the amount on military operations in a war that is being increasingly questioned by the public, than it will spend on humanitarian aid to the war's victims in the same period.

The privatisation crusade

According to a recent survey a majority of voters prefer good public services to tax reductions. Yet we are witnessing a global crusade led by multinational corporations and international financial institutions promoting privatisation. Norway's debate on privatisation of public services has created a deep divide in the Social Democratic movement: those who regard themselves as modern, without any fundamental objections to privatisation, confront those who oppose deregulation and the unlimited power of the market forces. There are numerous examples of outsourcing of profitable public undertakings and services at all levels and in many sectors. Even the cinemas in Oslo, which have been publicly and profitably run, are now going to be partly privatised.

Cleaning of public buildings, sanitation, transportation and nursing homes are among other areas formerly run by local governments that have been opened to competitive bidding over the last decade. Yet the rate of privatisation and outsourcing of local public services has been low in most sectors compared to that of other Scandinavian countries, due largely to strong opposition from the trade union movement.

Home sweet home

Housing is the area where Norway has gone much further in a neo-liberal direction than its neighbouring countries. Up to 1983 there were a considerable number of communal flats in Norway, distributed by the local authorities according to criteria such as seniority rights and need. The conservative government in power, however, strongly promoting private ownership of homes, removed communal regulations and established a system of taxation that favoured home ownership over renting. This deregulation made former rental houses subject to privatisation, but the system put large financial risk on the owners as net capital and mortgages were required. Currently approximately 75% of the population own the flats and houses they live in.

With the removal of public subsidies, rents increased by an average of 35-40% for the country as a whole between 1995 and 2001. In Oslo, rents doubled in the same period. From 1958 and 1999 the share of household budgets spent on housing increased from 13.6% to 24.8% (excluding mortgage instalments).

Current characteristics of poverty

In Norway, people's basic needs for survival are met, but the poor lack resources to sustain a living standard and a level of social participation that is regarded as normal in society. Social exclusion is not equivalent to, but is often a result of, relative poverty. (The poverty line is defined as less than 50% of the median income.)

Notwithstanding its impressive wealth, Norway has growing inequality. *OECD Economics Department Working Paper No. 189* showed that compared with twelve other OECD countries only Italy had a greater increase in disparity of income distribution from the mid-1980s to the mid-1990s. Other recent research shows that:

- 17% of Norwegians report that they have problems making ends meet.
- While 3% of ethnically Norwegian children live below the poverty line, the equivalent figure among children from ethnic minorities is 14%. 4% of Norwegian children and 23% of children from ethnic minorities live in families that have received social support sometime in the course of the past year.
- 36% of the unemployed in Oslo are of ethnic minority backgrounds, although minorities constitute only 9% of the city's population.
- Even though Norway is one of the world's best performers regarding gender equality, men are still better paid than women. The average wage for women employed fulltime is 86% of the male equivalent, and the difference has not been altered significantly during the last decade.
- 14% of single parents, of whom the large majority are women, live below the poverty line. This figure is two and a half times higher than in Denmark.
- Life expectancy is 12 years longer in the wealthier areas of Oslo than in the poorest neighbourhoods.

Popular response to the undermining of the Welfare State

Under the pressure of the current globalising economy, with trans-national corporations and the international financial institutions as the most prominent promoters of deregulation, the State's role in providing for its citizens is under attack. The considerable redistribution from public to private production and consumption and the ever-shrinking public share of GDP is causing severe fiscal problems. Neo-liberals blame the problems on the public sector itself, citing its lack of productivity and efficiency. Instead of reinvesting in state capacity, competitive bidding and privatisation are the only solutions they consider. The inadequacies of an impoverished public sector create dissatisfaction. Those who can afford to gradually turn to private services. This undermines the basis for maintaining public services, and threatens the legitimacy and existence of the universal welfare state. ■

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For the Welfare State is a national alliance of major trade unions, municipalities and grassroots organisations. It is established to build a broad popular alliance to improve the quantity as well as quality of public services, to confront the adverse effects of the current offensive of market forces, and fight privatisation, competitive tendering and neo-liberal policies. The perspective is internationalist, but the main task of Norwegian unions and activists is to organise the struggle at the national level.

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PAKISTAN

Extreme poverty, forced labour, «honour crimes»…

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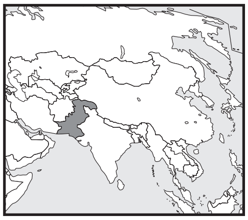

This report presents an overview of the dramatic Pakistani situation. Its 140 million people are among the world's poorest. High population growth and low social spending have deteriorated healthcare, education, sanitation and drinking water. Non-Muslim minorities experience routine discrimination. Child and forced labour and violence against women, subject to the rule of «honour killings», are part of a general climate of restricted public freedoms.

Pakistan's 140 million people are among the world's poorest (see table 1). High population growth (a 3% increase each year) and low social spending (see table 2) have deteriorated healthcare, education, sanitation and drinking water. Health services are particularly bad for the urban poor and rural population. On average there is one male doctor for a population of 1,923.[1] Private hospitals, which provide better medical facilities, are too expensive for the poor to use. Public hospitals lack treatment facilities and medicines. Long distances to the hospitals also deny many poor people access to healthcare.

TABLE 1

Human deprivation profile	
Population below poverty line	44%
Population without access to health services	45%
Population without access to safe water	12%
Population without access to sanitation	39%
Daily calorie supply	2,452
Illiterate adult women	70%
Malnourished children	38%
Infant mortality rate	81 (per 1,000 live births)
Under-5 mortality rate	112 (per 1,000 live births)
Child labourers	19 million

Source: Mehboob ul Haq, Human Development in South Asia 2001, Human Development Centre, Islamabad, Pakistan.

TABLE 2

Wealth and poverty	
Total GNP	USD 58.2 billion (1999)
GNP per capita	USD 470 (1999)
Income share: ratio of highest 20% to lowest 20% (1987-98)	4.3
Social security benefits expenditure (as % of GNP)	0.2
Public expenditure on education and health (as % of GNP)	3.6

Source: Mehboob ul Haq, Human Development in South Asia 2001, Human Development Centre, Islamabad, Pakistan.

Although the literacy rate has increased, the effective literacy rate is much lower. It is estimated that the male literacy rate is 53% and the female literacy rate is only 30%. There is a large disparity in literacy levels between rural and urban areas, and between highly developed and less developed provinces. For example, female literacy in rural Sindh is only 13%.

Discrimination against minorities

Although the government claims to provide equal rights for non-Muslim minorities—mainly Hindus, Christians and Ahmadis[2]—in practice these groups experience routine discrimination and live in fear and suppression. In many places liberal Muslims are also prevented from living their lives as they want.

After the September 11 terrorist attacks, Christians have become the target of assaults. Peace activist Aslam Martin was recently killed in Karachi. Islamic extremist organisations equate Christians with the western world and identify them as enemies of Islam. Minorities also face formal discrimination, such as being barred from holding elected as well appointed high offices. The government has taken small steps toward protecting minorities, such as ending separate elections and reserving seats in assemblies and the Senate. Yet full equality remains distant.

Child and forced labour

Many households depend on child labour for survival. While reliable statistics are not available, it is thought that about two thirds of children population work in services, manufacturing, fishery, agriculture and forestry. Despite legal prohibitions, industrial child labour is widespread, especially in textile factories and home-based production. By conservative estimates, one million children work as carpet weavers alone.

Forced labour exists in agriculture and other sectors of the economy. These people are first loaned money beyond their capacity to repay and then they continue to work under low wages and harsh conditions and they are not free to leave the creditor's work place until they fully repay the loan. Bonded families are paid less than others and are denied basic social and human rights. They are virtual slaves and are kept in permanent poverty. Hundreds of bonded labour families were in the private jails owned by feudal lords and big landlords mostly in the Sindh province. They were released with the help of the Human Rights Commission of Pakistan, some NGOs and social and political groups. Some of the freed families settled in Hyderabad. Recently ILO with the help of the National Rural Support Programme (NRSP), have undertaken their rehabilitation. The issue of forced labour is very acute in Mirpur Khas and Sanghar districts in Sindh. The exact number of bonded families cannot be counted but independent experts estimate them around 20,000.

Forced labourers and children trafficked from other countries have long worked in brick kilns, fisheries, shoe-making, power looms and carpet- making. High demand for cheap and docile workers ensures the continuation of rural child labour. Some reports indicate that police support child slavery and forced labour. Living conditions for these workers are appalling, and serious health problems, such as respiratory, skin and eye ailments, are common.

1 Mehboob ul Haq, *Human Development in South Asia 2001*, Human Development Centre, Islamabad, Pakistan.

2 The Ahmadis' claim to be Muslims has been rejected by parliament.

Poverty has led to increasing sexual exploitation of children. Child day-labourers are frequently kidnapped and sold into prostitution, or trafficked across national borders. Some brothel owners seek children who come from far away because they are powerless and least able to escape. In addition, many Pakistani children are smuggled as camel jockeys to the Gulf states; some are sold by their parents. Recently many young men were indoctrinated by religious fundamentalists and, often unknown to their parents, sent to Afghanistan to fight in the war against the United States. It is believed that thousands died in the fighting.

Violence against women

Violence against women is rising. Due to the lack of rule of law, corruption, retrogressive traditions and social acceptance of violence, women are frequently tortured, insulted, beaten and even killed. Gruesome incidents of «honour» killings, «naked walks» and physical torture against women are occurring in the country. Some are reported in the media but a large number of such cases go unreported. This reflects the status of women in the country.

In Sindh province alone, 129 people, mostly women, were victims of honour killings in 2001. In June 2002, a tribal council in Punjab ordered the gang-rape of an 18-year-old woman, as «punishment» to cast shame on her family after her 11-year-old brother allegedly had an affair with one of the tribe's divorced women.[3]

Tribal tradition (*Karo Kari*) mandates that a family whose honour has been offended by an illicit relationship should kill the man and woman involved. However, in practice the victims of these practices are mostly women. Under this custom, men who carry out the killing need not provide proof of their allegations or utilise the formal judicial system. Even the slightest suspicion of illicit relations by any woman can result in her being killed by her male relatives or husband.

«Honour» in Pakistan is defined by men. Women who defy those standards are often murdered by male family members. The practice seems to be spreading from rural areas to the city, claiming over a thousand victims in 2001 despite outspoken denunciation from political and religious leaders. Thus far the government has not passed a law to outlaw this custom.

Governance and civil society

Pakistan is a frontline state in the war against terrorism and is ruled by the military. The people of Pakistan continue to be denied the benefits of democratic governance. Human rights organisations, women's groups, the media, NGOs, and academic and professional organisations constitute the civil society organisations in the country. They are very active in promoting social development, protecting human rights and demanding good governance. But the continued military rule has not allowed them to function as effectively as they might. There are several constraints to their work, such as a controlled judiciary, limited political freedom, feudal and tribal culture and religious extremism.

Recommendations

- Democracy should be restored and sovereignty of the people over the State be ensured.
- Human rights, political rights, and religious and cultural freedom should be guaranteed.
- Rights of minorities should be protected.
- Unemployment and poverty should be reduced.
- More funds should be allocated for social sectors such as health, education, sanitation, drinking water and transport.
- The infamous honour killings, child abuse and child labour, and forced labour should all be eliminated.
- Religious extremism, particularly religious terrorism, should be controlled.
- All communities, regardless of traditions, should be subject to the national rule of law and socio-economic reforms. ■

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3 *Dawn*, 22 June 2002.

Relying on others: provision of water and health care

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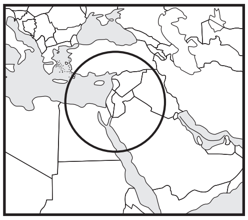

Palestinian dependence on Israel for water and on the international community for healthcare services underscores the crippled state of Palestinian welfare and its subjugation to Israeli military decisions. This is not the result of shortcomings of the traditional development approaches (in particular the differing incentive and sanction structures behind state and market approaches to basic service provision[1]) but of Israeli military and government policy towards the West Bank and Gaza.

The current failures in service provision should not be seen within the context of the past two years alone. Israeli policies since 1967, especially in the West Bank, have sought to promote Jewish over non-Jewish development. The consequence of these policies is Israeli cooption of the potential of both the Palestinian National Authority (PNA) and private organisations to provide basic services to Palestinians.

This assessment will look at two basic services: water and health care. The Israeli government has sought to control water resources in PNA areas. The impact of this control confounds normal state-vs.-market development theory, leading to questions about its applicability in Palestine. In the case of health care, the unique context of the Palestinian territories and the current crisis of Israeli invasion favour service provision by foreign NGOs, as opposed to traditional state or market approaches.

The water supply: dependent on a private Israeli monopoly

Water supply is dependent upon Mekorot, an Israeli private contracting company that supplies Israeli settlements in the West Bank and Gaza. Mekorot controls over 90% of all water resources in the Palestinian territories. (Private Palestinian dug or rainfall wells provide the additional 10%.) Mekorot is an outgrowth of Israeli military orders concerning the licensing of Palestinian wells and water supply that were put into place after the occupation of the Palestinian territory during the 1967 war. These orders placed the control of water sources in the hands of regional commanding officers, and eventually under control of the Israeli 1959 Water Law, in which all water is declared Israeli state property. Since 1967, Israel has worked to incorporate the occupied territories into the Israeli water system. After 1967, water was distributed from the Israeli system in the occupied territories by the Israeli Army's civil administration at the district level. Distribution was handed to the PNA upon its establishment, although the occupied territories are still linked to the Israeli settlement water network. Currently, the Palestinian Water Authority is responsible for purchasing water from Mekorot and providing it to the Palestinian districts that are responsible for final distribution.

Israelis use 85% to 90% of the water resources of the West Bank, either inside Israel through laterally drilled wells, or in Jewish settlements in the West Bank and Gaza Strip.[2] The drilling of Palestinian wells is forbidden without permission from the Israeli military authorities even in Palestinian ruled areas, as water issues are a part of final status talks to be negotiated in the future. Agricultural water use by the Palestinians has stayed at 1967 levels, and domestic use has only increased by 20% since 1967, despite a 300% increase in population during the same period.[3] Palestinians must cope with serious shortages and the Israeli monopoly's high prices. Water consumption prior to the Israeli invasions was rationed by Mekorot to provide 110 million cubic metres (MCM) of water to more than one million Palestinians and 50 MCM to 125,000 Israeli settlers, a ratio of 4:1 in favour of settlers. In Gaza this ratio was 12:1 in favour of settlers prior to the second Intifada. Prices for water for Palestinians were seven times those charged to settlers, a fact that the Israelis blame on the cost of distribution. Other sources claim «the issue is not the absolute price that Palestinians pay for water, which may indeed reflect real costs. The issue is one of blatant and formalised discrimination on the part of the Israelis.»[4] Mekorot essentially subsidises water provision for Jewish settlement of the West Bank, and taxes Palestinians to pay for the costs incurred.

The Israeli invasions of PNA areas since September 2000 damaged Palestinian water distribution systems and affected the safety of the supply. Direct attacks by the Israeli army to the Palestinian water infrastructure have amounted to USD 774,405 in damages since March 2002. Prices for drinking water have increased, especially in the private-sector trucking of water to non-networked villages, where prices are as much as 40% higher than pre-Intifada PNA rates. In response to Israeli water needs, Mekorot reduced water pressure in the West Bank in May 2002; the entire city of Hebron received less than 2000 cubic metres of water daily.[5] In April 2002, Israeli military forces tore up water pipelines entering the cities of Nablus and Jenin, leading to extreme shortages in some areas. The overall consumption per person in Jenin has been reduced to 20 litres per month, a rate 80% below World Health Organization estimates for reasonable health.[6] Israeli closures and curfews have reduced Palestinian access to safe water resources. The Union of Palestinian Health Work Committees (UPMRC) reported 95 cases of hepatitis A in Nablus during August 2002, and according to a USAID study, 30% of Palestinian homes currently have at least one case of diarrhoea as a result of contaminated water sources.

From the perspective of the policy debate over public or private provision of water, the Palestinian case does not fit simply into the established discourse. Currently the PNA, a state-like entity, purchases most Palestinian water from

1 The usual debates over the different incentives and the effectiveness of public or private service provision do not apply well to a situation of foreign military occupation. For a strong analysis of Palestine and development theory under occupation see «Theories of Development and Underdevelopment: the Particularity of Palestinian Dependence» in S. Roy, *The Gaza Strip: the Political Economy of De-Development*, Washington DC: Institute of Palestine Studies, 1995.

2 The West Bank has three main water basins that are consumed by the Israelis as follows: of the Western Basin, 91.4% Israel proper and 2.69% settlers; Northern Basin, 68.67% Israel proper, 3.33% settlers; and Eastern Basin, 29.41% Israel proper and 30.88% settlers.

3 The Palestinian population increased from 1,013,000 in 1967 to over 3.3 million in 2002. Cf. population statistics in http://www.pnic.gov.ps

4 D. Brookes and S. Lonergan, *The Economic, Ecological and Geopolitical Dimensions of Water in Israel*. Centre for Sustainable Regional Development, Victoria, Canada, 1993.

5 K. Kamphoefner, «Water Inequalities,» CPTnet, 9 September 2002, p. 1. See www.palestinemonitor.org.

6 Interview with Taher Nasser El-Dein, District Deputy of the Ramallah Water District, 28 October 2002.

an Israeli contracting company. Whether this is public or private provision is debatable. Also, given the current crisis, answering questions about the benefits of public or private water provision for Palestinians depends heavily on short-term considerations, leaving long-term discussions for a time when Palestinians again control their lives through the PNA. Israel's invasion has crippled the PNA's efforts to provide most basic services.

The healthcare sector: outside dependence for funding and supply

After the 1967 war Israel moved to incorporate the health care of Palestinians into the Israeli healthcare system by linking military control of hospitals in the West Bank and Gaza to its national healthcare system. Military orders from the late 1960s and 1970s banned Palestinians from opening new health clinics or hospitals, and the Israeli army took over the operation of most Palestinian hospitals. The situation in the occupied territories remained stable until the outbreak of the first Intifada in 1987, after which charitable societies and NGOs defied Israeli orders and opened healthcare clinics to care for the thousands of injured Palestinians. NGOs formed the basis of health care during the 1980s and early 1990s. In 1994, the Israeli military's civil administration of the West Bank and Gaza transferred authority for health care to the Palestinian Authority's Ministry of Health (MOH), which in turn has undertaken a process of integrating PNA, NGO and private healthcare provision. A major trend since the establishment of the PNA is the transfer of international funding from the non-governmental sector to PNA institutions, reducing the number of NGO clinics by 65% since 1993.

Before the start of the second Intifada in September 2000, an integrated strategy was being employed, recognising the importance of developing a national plan that included public, private and NGO sources. In 1999, there were 52 hospitals in the West Bank and Gaza, 14 run by the MOH, 24 run by NGOs and 14 run as private companies. Of primary healthcare centres, 60% were run by the MOH, 31% by NGOs and nine percent by the United Nations Relief and Works Agency for Palestinian Refugees (UNRWA). Ninety-four percent of hospital beds in the West Bank and Gaza are publicly provided either through the MOH, NGOs or UNRWA; only six percent are provided privately. In 1998, recognising the importance of the NGOs, the MOH began a system of outsourcing health care by funding services provided by NGOs. This parallel service provision approach includes either partial or full funding from MOH for NGO health services.

The Palestinian health sector depends on international support for funding and supply of healthcare services. Funding is given to the MOH through the PNA –funded through international sources– health insurance payments, and co-payments and fees. UNRWA is funded through donor countries. Palestinian NGOs depend on international donors either directly from governments or through international NGOs, and private clinics depend on outsourcing from the MOH, fees and charity. In 1999, the last period for which sector-wide statistics are available, the foreign funding distributed was nearly USD 175 million. To give a sense of the scale of this contribution to the Palestinian healthcare system, this figure may be compared with the overall budget for the MOH in 2000, which was USD 50 million not including salaries and approximately USD 95 million including salaries. In 1997, Japan provided the greatest proportion of international funding to the Palestinian healthcare system (39%).

Israeli actions since September 2000 have seriously damaged the Palestinian health sector –and indeed health itself–, mostly as a result of reduced expenditures on the part of public providers, and lack of access to services by the Palestinian population. The health of Palestinians has also suffered as a result of increased poverty, and a consequent decrease in ability to pay for health insurance. PNA losses in income due to Israeli seizure of tax income have averaged USD 20 million per month since April 2001. The Authority faced a 76% decline in revenues between the end of 2000 and the beginning of 2001.[7] The MOH reports that because of decreased income its hospitals and other facilities are now functioning at only 30% of capacity.[8] In 2001, 62.5% of households in Gaza reported difficulty in accessing health care because «they have faced problems…due to Israeli [road] closure.»[9]

In the face of the Israeli siege, the MOH implemented a strategy of «decentralisation» whereby local NGO and private health clinics were given additional authority. Strategies employed by the MOH to confront the health crisis included the purchasing of drugs on credit from local suppliers, coordination of medical efforts with national and international NGOs, the promotion of home care, and the development of mobile health teams. In many cases, increasing international aid efforts given to NGOs has propped up the healthcare sector. The Union of Palestinian Medical Relief Committees (UPMRC) reports that the total number of treated people in its clinics increased from 32,000 in 2000 to 308,000 in 2001, as a result of external funding increases, the fact that services are provided without charge, and the establishment of clinics throughout the West Bank and Gaza.[10] Anecdotal evidence shows that private healthcare companies are suffering. The inability of individuals to pay insurance, and the reduction in MOH funding, means that private suppliers have had to cut costs or go out of business. In some cases, private hospitals and clinics are being purchased by NGOs that are benefiting from increased international aid.

Conclusion

Developmental models of public versus private service provision do not apply to water and healthcare provision in Palestine. As a result of the current structure of water provision, Palestinians depend entirely upon Israeli price and supply controls for the provision of water. Palestinians cannot sanction these Israeli controls through either market or state mechanisms. Palestinians do not have the choice to purchase water through secondary sources –the market option– or voice opposition to Israeli water provision policy –the state provision option.

The overall dependence of the Palestinian healthcare system on international funding –especially important with the Israeli withholding of Palestinian tax revenues– leads to a structure that favours NGO provision of services over government or private healthcare provision. NGOs are more flexible given the changing circumstances and do not depend upon taxation for their funding. Neither do they depend on private wealth and insurance to cover the costs of their operations, as do private service providers.

Under the current circumstances, dependence on Israel for water will continue to dominate public and semi-public distribution networks in PNA areas regardless of Palestinian choices about public and private provision. In the health sector, circumstances dictate a return to the pre-PNA days of NGO service provision. ■

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7 World Bank Draft Report, «One Year of Intifada - The Palestinian Economy in Crisis,» World Bank, November 2001, p. 25.

8 Cited in The Palestinian Initiative for the Promotion of Global Dialogue & Democracy: Miftah, «Palestinian Humanitarian Disaster,» 10 July 2002. See www.miftah.org

9 Palestinian Central Bureau of Statistics, «Impact of the Israeli Measures on the Economic Conditions of Palestinian Households (3rd Round: July-August, 2001)» PCBS, 2001, p. 5. Available at http://www.pcbs.org.

10 Interview with Dr. Jihad Mashal, general director of UPMRC, 20 October 2002.

The neo-liberal State: debt, inequality and poverty

CARLOS MARCELO CASTILLO

The faithful compliance with the economic recipes imposed by international financial bodies has been carried out through the transformation of the State's role. The result has been more expensive services, weakened agricultural, livestock and industrial productive sectors, the deterioration of living conditions, a widening inequality gap and the acceleration of the debt spiral.

Over the past fifty years, the economy has closely followed the world economic cycle, since its form of international insertion has been based mostly on transport, trade and services. However, it was at the end of the 1980s and beginning of the 1990s that a process of sweeping changes began, in which the State was to be the main actor. Economic performance reflects the strong impulses toward globalisation and liberalisation on a world level and the adjustment policy context that accompany them. These pursue three basic objectives: the privatisation of public companies and services, the elimination of tariff barriers to open up markets, and the increased flexibility of the labour force. At the time, such policies were defined as the only way to overcome poverty and the increasing unemployment manifested during that period. Paradoxically, faithful compliance with these economic recipes, imposed by international financial bodies, has made services more expensive, weakened the agricultural, livestock and industrial sectors, caused a deterioration of living conditions, and significantly widened the gap between those who have more and those who have less.

The State's role in the economic transformation

In fact, six months after the 1989 invasion by the United States and the installation of the government of former president Guillermo Endara, a process of transition from an entrepreneurial State to a free market was initiated. Contrary to the opinions that predicted the State would be weakened or eliminated with the progress of globalisation, this process has made the State more important and has placed it at the service of major transnational companies that need it to maintain the conditions of accumulation and competitiveness, to preserve labour discipline and to increase capital mobility while blocking labour mobility. The so-called «neo-liberalism» means more than the withdrawal of the State from social security, that is to say, the elimination of public expenditure on programmes of social interest and the simultaneous privatisation of social services the State traditionally provided. It is a set of active policies, a new form of state intervention, aimed at increasing profitability of capital in a global internal market and at guaranteeing punctual payment of the foreign debt.

Under this perspective, the plan of the Vice President of the reconstruction government, Guillermo Ford, was implemented, with the objective of transforming the State's function and enabling the free play of supply and demand. The so-called «National Strategy for Development and Modernisation of the Economy: Policies of Restoration, Sustained Growth and Creation of Employment» maintained that the main problem for the Panamanian economy was the excessive intervention of the State. It added, «Panama's economic problems were a product of economic policies developing a philosophy of an 'activist state' instead of a free market philosophy. A productive state was developed, showing itself to be inefficient in investment projects as production operations, while it maintained an antagonistic position towards private enterprise, occupying its natural space. Public expenditure was used for various employment problems, to improve the distribution of income and to promote development through national investment by external funding, increasing taxes on the private productive sector—an economic policy of inward growth was developed to the detriment of exports.»

The document continued, «the economic policy proposed here has the central aim of reactivating the national economy and launching a period of sustained growth that will significantly improve the standard of living of the Panamanian people. Its general objectives are: 1) to increase the levels of employment and productivity; 2) self-sustainable growth; 3) the creation of a system generating more equitable opportunities.» These objectives were to be achieved through the application of three fundamental points: privatisation of public companies and services; opening up markets and labour flexibility.[1]

The privatisation programme is considered a «strategic component of the economic policy» and it comprises several objectives: a) to reduce the number of state entities; b) to transfer public sector activities to the private sector; c) to sell some companies or assets. Specific privatization criteria were also set forth: a) unprofitable companies; b) non-strategic activities; c) activities that are not being efficiently developed; d) activities that could be managed as trusts; e) those with possibilities for partial privatisation.

However, with the political erosion of the so-called «occupation regime» (a result not only of political contradictions, but also of the deterioration of the economy between 1988 and 1989 caused by economic sanctions), Panama suffered a loss in production reaching USD 2,334 million, and a further USD 1,246 million in capital flight, which prevented the regime, during its four and a half years in office, from fulfilling the privatisation programme. Nevertheless, as from 1984, the state economic policy was increasingly adjusted to neo-liberal conceptions and obligations.[2]

The Chapman Plan

Subsequently and with the same philosophical conception, the strategy known as «Public Policies for Comprehensive Development: Social Development with Economic Efficiency» was formulated. It was also known under the name of the Minister of Finance of the Pérez Balladares government, which took power in 1994. The Chapman Plan had the manifest objective of reducing poverty and extreme poverty, in addition to ensuring economic growth through efficiency and productivity. It was during this period that privatisation aspirations materialised, and nearly all the adjustments and privatisation plans were accomplished.[3]

1 Flexibility mainly refers to the adaptation of the organisation of production to market conditions.

2 Enoch Adames Mayorga, «La reforma del Estado en Panamá: procesos y tendencias» in *Acción y Reflexión Educativa,* No. 23, September 2000, Instituto Centroamericano de Administración y Supervisión de la Educación (ICASE), University of Panama.

3 So far the exception is Instituto de Acueductos y Alcantarillados Nacionales (IDAAN), which is still under national debate as it has generated increasing opposition in the light of the ill-fated experience in privatisation of electricity and telephony which have become notoriously more expensive, without achieving greater efficiency in the service, as was argued when they were being privatised.

Regarding the policy for restructuring public companies, the Chapman Plan held that «one of the limitations preventing enhancement and competitiveness of the economy is the inefficiency, unreliability and high costs of public services. To these factors should be added a historical deficiency of public services: expensive and unreliable electricity, scarce safe drinking water supply, deficient telephone services, expensive and inefficient ports, and poor public facilities.» To solve these problems in providing public services, the plan advocated administrative restructuring, the granting of concessions, service contracts with the private sector and outright privatisation.

As from the second half of the 1990s, the government imposed severe structural adjustment measures, overriding the opposition of the majority of the people. A tax and labour reform was introduced that favoured the highest income groups in the country. Legislation was passed to make the work force more flexible and the privatisation of public services was authorised, which immediately resulted in the near dissolution of the national economy and the progressive growth of poverty.

Almost five years after the publication of the document at the end of 1994, several important privatisations have occurred:

- Forty-nine percent of the Telecommunications Institute shares were sold to the Cable & Wireless Panama S.A. Company; the workers kept 2% of the shares and the state retained the rest.
- Law No. 6 of 3 February 1997 was promulgated, in which the institutional regulatory framework was set out for the provision of the public electricity service, permitting private generation and marketing of electricity. This framework enabled the splitting up of Institute of Hydraulic Resources and Electrification (IRHE) into seven private electric energy generating and distributing companies.
- The concession of the ports of Balboa and Cristóbal was granted to the Hutchinson company, and the development of new port sites located on the Atlantic, one to the north of the Port of Cristóbal at the exit of the Canal, and the other in the Province of Bocas del Toro, was granted to the Evergreen and Petroterminales de Panama companies.
- A reform of the Labour Code in force since 1972 was made in 1995. This code, which had been the result of worker struggles, was considered by the business community to be a «very advanced code for the Panamanian situation». The reforms were legitimised by a minority sector of organised workers, while for most of them it was seen to be damaging to the interests of the population as a whole and, on its approval, major demonstrations took place, triggering very violent street disorder.

Proceeds from privatisations generated a Development Trust Fund (FFD), which, by mid-2001 amounted to some USD 1,200 million (16.3% of the GDP and 26.6% of the state budget for the year 2002), generating USD 56.6 million in interest during 2001. The FFD was conceived as a means to struggle against poverty by funding policies and programmes of a social nature. Although by law the principal fund cannot be used, Panamanian society has an important decision pending about its most appropriate potential use from the standpoint of national development.

4 For a more detailed report on this point, see Iván Quinteros and William R. Hughes *Who owns Panama*, Panama, 2000.

5 Marco A. Gandásegui. *Socioeconomic Profile of Panama*, Panama, 2001.

Debt, inequality and poverty

All these measures, together with others over the period indicated, gave rise to a strong transfer of purchasing power towards the richer sectors to the detriment of the income of the poorer sectors of the population. The structural adjustment measures tended to favour the traditionally strongest economic sector of Panama that was linked to the financial sector and major international corporations.[4] While 68% of the economy in 1980 was concentrated in the service sector, in 2000 the figure had reached 82%. The secondary sector (manufacturing) had dropped from 18% to 10% over this 20-year span. The primary sector (agriculture and stock-raising) dropped from 16% to 8% between 1980 and 2000.[5]

These measures have sharpened inequality. Today Panama is considered one of the most unequal countries in the world; the poorest are very poor and the richest are very rich. Thus, while the lowest quintile (20% of the population) is responsible for 3.6% of the total consumption, the highest quintile consumes 53%. The poorest quintile receives 1.5% of the total income, while the richest quintile receives 63%.[6]

In spite of the relatively high per capita GDP (USD 3,080 in 1997), over one million people (37% of the population) live under the poverty line[7] and of these, over half a million (19% of the population) live in conditions of extreme poverty.[8] In general, poverty mirrors the regional average for Latin America and the Caribbean (37%), but extreme poverty is higher in Panama[9] (16% in LAC).

Half of all Panamanian children live in conditions of poverty and it is among the poor that the highest birth rates are recorded. Fifty-three percent of children under five years of age (over 160,000) and 48% of all minors under 18 years of age (over 500,000) live under the poverty line. Nearly one third live in conditions of extreme poverty. On the other hand, 27% of senior citizens (over 60 years of age) live in conditions of poverty, and 12% in extreme poverty. This smaller proportion of poor old people (compared to 37% of the total national population), points to a lower life expectancy among the poor than among the average population.[10] If we add aging of the population to the increasing pauperisation, the trend is towards an increase in the number of old poor people who lack social security coverage and therefore a considerable drop in the life expectancy of the population as a whole.

Furthermore, the debt has represented a very high percentage of the GDP over the last two decades and amounted to 58.3% in 1999, becoming an extraordinary drain on the state's budget (22.1% in 1999). This drain on the country's finances appears even clearer on considering absolute figures. At the beginning of the 1990s, foreign debt amounted to USD 3,500 million; near the end of the decade (1999) it was some USD 5,568 million The country has paid debt service amounting to USD 5,536 million between 1990 and 1999; that is to say, over the decade it paid up the amount of the initial debt plus USD 2,000 million in interest. However, the debt was not paid nor did it drop. On the contrary, it has grown considerably. ■

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6 World Bank. *Panama: Study on Poverty*. Washington, 2000.

7 The general poverty line is defined as the line of extreme poverty, plus an allocation for non-food items. This allocation is calculated as a proportion of the budget not assigned to food by those individuals having a total consumption near the extreme poverty line.

8 The extreme poverty line is defined as an annual per capital level of consumption necessary to satisfy the average daily minimum calories requisite of 2,280 (estimated by the Institute of Nutrition of Central America and Panama, INCAP, and the Ministry of Health, this minimum represents a weighted average based on the assumption of moderate activity). The annual cost of this minimum calorie requirement amounts to an extreme poverty line of USD 519.

9 World Bank, *op. cit.*

10 *Ibid.*

Social mobilisation against privatisation

JUAN CARLOS YUSTE DIEGO BROM

Privatisation in the 1990s was marked by state de-capitalisation, the absence of benefits for the people, high rates and insufficient coverage. In the year 2000 the promotion of privatising was reactivated through promulgation of the Law for Privatisation of State Companies. The attempt at privatising telecommunications within this legal framework was carried out in a context of swindles and corruption. Social mobilisation managed to have the law repealed, but it is feared that the privatising agenda will be taken up once again.

The failure of the 1990s wave [1]

Historically, the process of privatising state companies has not been very successful. It was started in 1991 – two years after the dictator, Alfredo Stroessner, was overthrown – with the adoption of various laws declaring several national companies subject to privatisation. In this context, the National Constituent Assembly studied the modification of the National Constitution, with the aim of establishing a legal and political framework that would promote strengthening and modernisation of the Paraguayan economy.

In 1991, the first state companies were privatised: the Paraguayan Alcohol Administration (APAL), the State Merchant Fleet (Flomeres), the Paraguayan Airline (LAP) and Paraguayan Steelworks (Acepar).

The state collected over USD 50 million with the sale of these corporations, but this income was diluted in state expenditure without having concrete effects on the population's daily life. Presently, all these companies – with the exception of LAP, which merged with Transporte Aéreo del Mercosur S.A. (TAM) – are either bankrupt or de-capitalised. In most of the sales of these state companies, the mass media denounced corrupt actions.

Since its foundation in 1909, APAL had the monopoly of aging, distilling and marketing sugar cane spirits (aguardiente). In 1991, its privatisation process was launched and it became the Paraguayan Sugar Cane Company (Cañas Paraguayas Sociedad Anónoma - Capasa). Today it is practically bankrupt. The purchasers of the company – shareholders, purveyors and APAL workers – acquired 70.8 % of the shares in 1996 for a total of approximately USD 2.7 million at today's exchange rate. In March 1998, the members of the corporation purchased the totality of the shares.

In January 1999, the Privatisation Council audited Capasa. The report, submitted in August 2002, revealed that the corporation had lost a total of USD 2.5 million at the present exchange rate over the 1996, 1997 and 1998 periods, or 47.5% of its original net worth. At the end of 1995, before privatisation, the only bank debt held by the company was under USD 200,000. In 1998, following three years of administration by the corporation, the total debt with the banking system amounted to almost USD 1.5 million. The auditors stressed that the company was highly profitable and that the increase in the debt was a result of poor administration.

Another example of the disastrous results of privatisation is the Paraguayan State Merchant Fleet, created in 1966 as a shipping line for river and maritime transport of passengers and cargo. It remained thus until 1991, when it was declared to be subject to privatisation and divided into five companies.

One of these, the Flota Mercante Paraguaya S.A. (Paraguayan Merchant Fleet), was sold at the end of 1996. The sale of the total number of shares amounted to approximately USD 4.8 million. Another of the companies arising from the privatisation was the Compañía Transporte Fluvial S.A. (River Transport Company), sold to Medill & Associates Financial Services[2] at the end of 1996. The sale of the total number of shares amounted to USD 4.8 million. In February 1998, a shipping agent informed the Ministry of Finance and the Privatisation Council that the three ocean-going vessels of the company had been robbed and abandoned in Porto Alegre, Brazil. The authorities were unable to find the company officials.

In April 1998, the Privatisation Council cancelled the contract with the company and ordered it to be officially inspected. Additionally, the Paraguayan State started legal action against the officials of Medill & Associates Financial Services for damages, demanding them to deliver the goods that had been sold. The main argument of the government was that the company had abandoned the vessels that they had sold it. This scandal caused great turmoil in the mass media, which underscored for many weeks the extremely poor business done by the State. In July 1999, the judge ruling on the case authorised the Paraguayan State to have the Privatisation Council resume management of the company. Presently the vessels that used to belong to the company are beached and practically useless, and the company has ceased operating.

Paraguayan Airlines (LAP) was established in 1963 as a company for passenger and cargo air transport. It was privatised in 1995. Eighty percent of the shares were sold to the Ecuadorian Consortium «Cielos de América» at a sales price of USD 22,125,000. The transfer was carried out in October 1994. The Cielos de América Consortium then transferred the company rights to TAM and Trans América Línea Aérea S.A. In 1999, TAM purchased the remaining shares (20%) at approximately USD 5 million. So far, the company has not paid out the total compensation to the state workers who had been part of LAP.

Finally, in 1997, the Paraguayan State sold Acepar to the Paraguayan Steel Works Consortium (Cosipar), comprising the Multi-active Cooperative of Acepar Workers and the Lorito S.A. Company. The sale amounted to USD 35 million. However, the buyers were unable to continue paying their instalments and a long conflict between them and the State started.

Insufficient coverage and excessive rates

In the sectors where private companies can offer their services on the market (such as housing, education, water and sewage, health and cellular telephony), naturally they only invest where they can obtain fast returns on their capital. Given the conditions of poverty of most of the population, the results are meagre coverage and a high cost of services.

1 Fernando Masi, compiler. *Privatizaciones en América Latina y en Paraguay.* Asunción: Centro de Análisis y Difusión de la Economía Paraguaya (CADEP), 2000.

2 The company Medill & Associates Financial Services was conformed by American capital at the moment of the purchase of the Paraguayan merchant fleet. Once the ships were found abandoned, the government tried to locate the directors of the company, but it was in vain. The company had dissolved.

Thus, in the health sector, 81% of the population does not have any medical insurance whatsoever. This rate is approximately 95% among the poorest groups of the population. Medical insurance by the Institute for Social Security (State IPS) covers 10.9% of the population, where constant complaints of corruption, misappropriation of funds, shortage of drugs and poor service are recorded. Only a small percentage of the population has private medical insurance, as most of these services have high costs.

Regarding urban public transport companies, the State grants licences to private companies enabling them to operate in a given area. This measure has not had a positive impact either, and the population constantly complains about the poor service they provide and the terrible state of repair of the buses. The service is interrupted during the night and the cost of tickets goes up several times a year. Presently the price of an inter-urban ticket is approximately USD 0.20, and the minimum wage is barely USD 180 a month. However, many companies continue to operate, given their privileged relationship with the politicians that protect them, because the main political parties use the transport companies' buses on voting days to take voters to the election centres. In return, the government in office grants the bus companies tax privileges and allows buses in poor condition to continue operating, even placing the lives of users at risk. The main transport companies owe millions of dollars to the state National Development Bank for loans taken out almost ten years ago.

Presently there are two state bodies responsible for regulating the public transport system: the National Transport Office (Dinatran) and the Metropolitan Area Transport Secretariat (Setama), which comprises officials from the executive power, the local governments and the municipalities. These bodies have obtained some victories for the citizenship, preventing an increase in the price of tickets on various occasions.

Regarding cellular telephony companies, 28.5% of the population enjoys the service,[3] which is only provided by private companies. The number of users continuously increases in spite of the high cost of calls. It is estimated that presently there are over 1,150,000 subscribers to the cellular telephony companies existing in the country. According to the National Telecommunication Commission, (Conatel), there are 50,000 new subscribers every month. However, the users continuously complain about over-invoicing, cuts in transmission and excessive costs.

Social mobilisation against privatisation

In 2000, President González Macchi reactivated the Reform Secretariat and promulgated Law 1615 on Privatisation of State Companies, set up as the legal framework for privatisation. The first state company on the privatising agenda was basic telephony (the National Telecommunication Administration, ANTELCO), which became a private company with 100% state capital under the name of COPACO, S.A. (Paraguayan Communication Corporation). The Reform Secretariat was advised by national and international companies that accompanied the process and prepared the technical framework. An international call for bids was made for the purchase of ANTELCO with submission of bids by the major multinational telephony companies (Telefónica Española, France Telecom and Deutsch Telecom, among others).

At the same time, severance negotiations started between the government and the workers of the former ANTELCO and at the end of 2001 an agreement was reached on the sale of COPACO. The government offered two options: either to pay two month salary per year of employment (option selected by 3,425 employees) or to pay one-and-a-half month salary per year of employment in cash and the remaining amount in shares of the new company (this option was selected by 962 employees). The total amount of compensation agreed on for the 4,287 employees amounted to some USD 79 million.

The privatisation process was marked by various corrupt actions, such as missing money (USD 192,174) under the previous minister and the Secretariat coordinator;[4] hiring of a notary public, a friend of the President of the Republic, for an amount of USD 536,000, to prepare a protocol that could have been done gratis by the High Notary of the Republic; and direct hiring of private companies (without an open bid), by the Reform Secretariat.[5]

This attempt at privatising basic telephony cost the State USD 6.4 million. This amount was shared in payment of foreign and national consultants, officials assigned to the Secretariat, travel and unnecessary payments to officials' friends, plus the explicit theft of USD 383,000 by the Reform Secretariat staff. These expenditures were funded from a World Bank loan of USD 12.6 million granted for the reform of the water and telecommunication sectors.

In the midst of these denunciations, peasant, trade union and left wing sectors set up the People's Democratic Congress that took up the repeal of Law 1615 as one of its main demands.[6] During May and June 2002, many mobilisations took place (such as the blockage of highways and demonstrations), which paralysed the country. Finally, following the repression of the demonstrators during which a young peasant died, Parliament repealed the law. The government then raised rates in sectors such as water, electricity, public transport and basic telephony, putting the blame on the suspension of privatisation. It also announced that 550 COPACO employees would be dismissed at the end of the year.

As a result, no legal framework presently exists in the country for privatisation. The official candidate of the National Republican Association (the government party, known as the Colorado Party) has stated the privatisation issue will be taken up again by the next government.

State decentralisation: a more hopeful direction

Through state decentralisation, the citizenship has achieved some successful ventures that are slowly being reproduced throughout the country. For example, in the drinking water sector, various communities, mainly those in municipalities near Asunción and the departmental capitals, have organised themselves and set up Sanitation Boards. These are organised in places the state drinking water services do not reach and, through a collaborative system, the neighbourhood establishes the whole system of water pipelines, distribution and sanitation for their own benefit. Each member of the community or family pays an accessible price for this service and can control it, as it is the neighbours themselves, with the acknowledgement of their municipalities, who administrate the funds and monitor the quality of the system. ■

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3 Office of General Statistics, Survey and Census (DGEEC). *Integrated Household Survey 2000-2001*.

4 Juan Ernesto Villamayor and Luis Sisul, respectively. The latter has fled the country and has an international search and capture warrant over him.

5 Baker & McKenzie, Banco Santander, Sanchís Asociados and the sub-consulting company Vouga & Olmedo.

6 Other demands were to curb the public banking reform process, to withdraw the law on highway concessions, to withdraw the anti-terrorist law, to withdraw the law on VAT on agricultural and livestock products in their natural state, and to struggle against corruption and impunity.

The people halt privatisation

HÉCTOR BÉJAR

The privatisation of electric energy services guaranteed the buyers that they would obtain large profits on their operation at the expense of the State and consumers. The State delivered captive consumer markets and converted a public monopoly into private ones. This process has nothing to do with a market economy, but rather with profitable commercialism, which the present government has maintained under pressure from the International Monetary Fund and other financial bodies.

Until 1990, electric lighting and drinking water services in Peru were supplied by public companies. In 1990, the government launched the privatisation process, converting public monopolies into private ones under a system that could be described as profitable commercialism, in which the cost of electricity to the consumer has increased 14 times. Following the departure of the autocrat Alberto Fujimori in 2000, civil society has so far managed to halt new privatisations that the Toledo administration wishes to carry out.

By the end of 1990, Peru had managed to instal a national energy network, mainly using hydroelectric energy fed by Andean mountain water and, in other cases, thermal oil plants. This network resulted from the cycle of nationalisations and public investment developed in Peru between 1968 and 1975 under the government of General Juan Velasco Alvarado and from prior private investments. Subsequent governments maintained state administration but neglected the financial health of the companies, maintaining low tariffs for electoral purposes, while the rate of inflation grew. Between 1985 and 1990, the administration of Alan Garcia subsidised industry, giving it cheap energy, thus causing enormous losses to the State's electricity companies. Following a period of hyperinflation that took place at the end of Garcia's term in office, public companies generating and distributing electricity were unable to invest in extending and modernising their services and, like the country's whole productive apparatus, found themselves in a disastrous situation.

Furthermore, the terrorist action triggered by Shining Path between 1980 and 1990, sabotaged the country's electric network as a method of war. Consequently, in 1990 most of the network was out of service as many transmission pylons had been blown up.

The disastrous condition of the electric network and the financial difficulties of the public companies that administered it served as a pretext for their sale. Alberto Fujimori won the elections in July 1990 and reopened relations with the World Bank, the Inter American Development Bank and the International Monetary Fund that had been suspended by President Garcia. In April 1992, Fujimori closed down Congress, annulled the regional governments and intervened the courts in an alliance with the Armed Forces. This illegal government fulfilled the instructions from Washington to sell the public companies, starting with the telephone, electricity and drinking water services.

In 1992, Decree-law 25844 divided the electric network into production, transmission, distribution and marketing activities in order to sell it in parts. The state company, *Electrolima,* was separated into three private law state companies. In 1994, it became *Edegel* (a production company), and *Edelnor* and *Edelsur* (distribution companies). *Edegel* was sold to the United States *Energy Corp.*; Edelnor was sold to the Chilean *Enersis* and the Spanish *Endesa*; and *Edelsur* was sold to the Canadian *Ontario Hydro* and to the Chilean *Chiquinta*. The country's main generating plant, the Mantaro Hydroelectric Plant, was to be sold later on.

In the process of selling the distributors, refunding the contributions made by underprivileged populations in Lima in the purchase of poles, networks and metres was not considered. Thus, in fact, goods were confiscated. A fact that the population accepted among the confusion and lack of transparency of the whole process. In addition, the State funded 560 electrification projects for the privatising companies for an amount (in July 2000 figures) of USD 104 million using the National Housing Fund (Fondo Nacional de Vivienda - FONAVI) composed of worker contributions from the whole country. At the end of this process, the companies did not reimburse the State for these funds, which in fact belonged to FONAVI. In June 2002, conciliation meetings took place between the State and *Edelnor*, which questioned this debt. An agreement was reached whereby *Edelnor* paid only USD 28 million, less than 40% of its debt. Similarly, *Luz del Sur* paid only USD 10 million, less than 27% of its debt. Congress has requested criminal trial of the State officials involved in such arrangements, but nonetheless the contributors to FONAVI have been adversely affected.[1]

Under the present regime, the production of electricity rose due to the combination of high state production (expected to be sold during the next privatisation programme) and low private production and distribution of energy.[2] Although no private investment took place, the State continued its effort to increase distribution to Andean poorer areas in particular.

Fujimori and the fettered State

The Fujimori administration fettered the State's capacity for regulation. Legislative Decree 662, for the Promotion of Foreign Investment, passed on 2 September 1991, and Legislative Decree 757, Framework Law for Private Investment, passed on 13 November 1991, granted purchasing companies the following advantages under legal stability agreements: special income taxes; unlimited availability of foreign currency; tax-free remission of profits, dividends and other income; use of the most favourable exchange rate; and the right to hire and fire workers at any time (2,000 workers from the former state company Electrolima, which was divided into several privatised electric companies, were forced to resign.[3]) It was also established that this agreement could not be affected by any law for a minimum of 10 years, with a maximum of 15. Arbitration would be resorted to in the event of controversy regarding the interpretation of the contract between the corresponding company and the

1 Investigation Commission on Economic and Financial Crimes Committed Between 1990 and 2001. *Informe Final de Investigación*. June 2002, p. 46.

2 According to data from the *Instituto Cuánto* using figures from the Ministry of Energy and Mines and the National Statistics and Computer Science Institute (INEI), in 1990 Peru produced a total of 13,162 gigawatts/hour, of which 10,170 corresponded to hydraulic energy and 2,992 to thermal energy. In the year 2000, Peru produced 19,027 gigawatts/ hour, of which 14,571 corresponded to hydroelectric energy and 4,456 to thermal energy. Instituto Cuánto. *Anuario Estadístico Perú en Números 2001*, Lima, 2001, p. 437.

3 Investigation Commission on Economic and Financial Crimes Committed Between 1990 and 2001. *Op. cit.* p. 45.

State. OSINERG, the body regulating electric tariffs, is not empowered to intervene in tax matters.

The major advantage for the companies was the increase in tariffs. While the administrations of Belaunde (1980-1985) and Garcia (1985-1990) had forced them to work with tariffs below their operational costs for the benefit of industry and urban consumers, after privatisation, the companies were entirely free to increase rates because OSINERG had no political leverage and did not provide for users' representation. As the economist Alan Fairlie has pointed out, once inflation had been controlled in 1992, the consumers paid 2,64 Soles (approximately USD 1.76) per 100 kw/hour in that year. In 2002 they had to pay 36,97 Soles at values readjusted for the exchange rate and inflation,[4] an increase of more than 14 times.[5]

Supreme Decree 120 enabled the companies to experience double depreciation of their assets, resulting in very low tax payments. For example, a study by the National Tax Administration Superintendence (Superintendencia Nacional de Administración Tributaria - SUNAT) of 110 major companies showed that under the terms of the benefits of this decree, tax collecting on income tax dropped from USD 281 million to USD 71 million between 1997 and 2000.

Article 33 of the Income Tax Law Regulations promulgated by Fujimori is sufficiently vague to allow companies to deduct from the net taxable income what they consider to be «tax losses» due to untaxed expenditures according to the «generally accepted accounting principles». For example, a company with a profit of USD 100 million, would be able to distribute up to USD 70 million tax free, or 70% because it includes accounting profits, among its shareholders. However, the company would not necessarily pay tax to the State as it has tax losses. This is the case with *Edegel*, which has shown accounting profits and tax losses between 1997 and 2000, enabling it to avoid paying taxes.

Furthermore, when a small company merges with a large one, the large company changes its name to that of the small company. As the assets of the large company are reassessed, the law enables it to deduct these depreciated assets from its income tax. The small company, which was formerly worth one, upon merging with the big company, worth 100, deducts as if it were worth 100, and therefore the merger does not pay income tax for a whole decade.[6]

Due to this systematic evasion – which employs mechanisms established by the government itself –, the State's capacity to collect revenue dropped, compromising funding of the national budget. While the GDP grew by 3.8%, tax income dropped from 14.1% to 12.3% of the GDP between 1997 and 2001.[7] Additionally, because of privatisation, 650 contracts for legal stability were signed with the State whereby tax conditions were frozen for ten years. Regardless of whether the rate of income tax went up or down, what these companies paid could not be changed.[8]

Inequity and deforestation: firewood for the poorest people

Meanwhile, the characteristic inequity of the electricity consumer market was maintained. In Metropolitan Lima, private companies enjoyed a monopolistic service, exploiting a captive audience of consumers without rights. As from 1993, the State expanded electricity to small villages in rural areas as part of the fight against poverty, but stumbled over peasant families' insolvency, which made it impossible for them to pay the costs. In spite of the growth of production and the expansion of the electricity network, only 42% of those in extreme poverty have electricity in their homes.[9]

The high cost of tariffs makes electricity unattainable for poor people. This continues to worsen the living conditions of underprivileged families, especially women and girls. In the city, the poor are obliged to use kerosene, a highly polluting fuel, for their lighting and cooking. Firewood is used by 67% of the extremely poor families, forcing girls in rural areas, following traditional customs, to carry the firewood on their backs for long distances. The daily consumption of firewood by peasants is one of the factors contributing to deforestation in the Andes while the lack of electricity prevents development and doubles women's workload.

The case of water: risky and not very lucrative

The privatisation process for drinking water was more complicated because the most important state company, SEDAPAL, had no way of controlling illegal extraction of water taking place in many parts of Lima, especially in marginalised neighbourhoods. Thus, acquiring water utilities was too risky and unattractive to investors during the initial stages of privatisation when companies that were more appealing, such as electric or telephone utilities, were available. Consequently, privatisation of water services was put on hold while other more desirable companies, such as *Petroperú* and the Peruvian Telephone Company, were sold.

People's reaction and an open future

Public opinion has started to oppose privatisation because of its lack of transparency and the damage it has caused consumers and the State, while the government has continued to sell various other companies. The discovery of the mafiosi network established by Fujimori and his «right-hand,» Vladimiro montesinos, which was unable to account for the USD 8 billion obtained from the sale of public companies, discredited the whole privatisation process.

Nevertheless, the Paniagua and Toledo administrations, which succeeded Fujimori, did not vary the privatisation policy of their predecessor and continue without any major objection to obey the pressure of the IMF, the World Bank and IDB. However, although the model has not changed, the political and social conditions have. Poverty and unemployment have increased, and Congress is more independent from the executive branch than before. In addition, the public, which was mobilised to restore representative democracy, remains vigilant, demanding transparency and accountability.

Consequently, although Toledo's government has insisted on continuing to sell companies during 2002 to fund the budgetary deficit, resistance by trade unions and the people have paralysed his objectives. Popular demonstrations and regional strikes promoted by the Light and Energy Workers Federation of Peru, regional fronts and mayors from the South and the Centre, have prevented the sale of the Mantaro Hydroelectric Plant and the Arequipa and Tacna electric companies. In June 2002, Toledo decided to postpone these privatisations following an agreement with the authorities of the department of Arequipa. The prospect of selling the *Egasa* (Arequipa) and *Egesur* (Tacna) electricity companies to the Belgian company *Tractebel* sparked violent disturbances in southern Peru, resulting in two deaths and over 100 injured, and forcing the militarisation of Arequipa, the second largest city in the country. The future is still to come. ■

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4 Statement by the economist Alan Fairlie to the newspaper *La República*, quoted in Federation of Light and Energy Workers of Peru, *Diagnóstico del Proceso de Privatización Eléctrica*, Lima, June 2002.

5 USD 1 = 3.36 Soles at 30 June 2002.

6 Investigation Commission on Economic and Financial Crimes Committed Between 1990 and 2001. *Op. cit*.

7 Ministry of Economy and Finance. *Presupuestos de la República 1997 y 2001*.

8 It is being discussed whether the arbitration clause is appropriate for tax disputes, because only the State can decide on the payment of taxes in accordance with its *jus imperium*. With *Edelnor* and *Edelsur*, the State has lost a total of USD 300 million in tax collection since privatisation. Furthermore, during a talk to congressional representatives for the Perú Posible government party held at the end of 2001, the head of SUNAT, Beatriz Merino, maintained that the State annually lost some USD 1 billion, due to the application of various tax exemptions. She reported that the electric companies owed around USD 20 million. In the same year, the Controller Commission and Economic Crimes Commission passed a sentence ruling in favour of *Luz del Sur* and *Edelnor* making payment. The ministers of Economy, Energy and Justice, backed by President Toledo and the opposition leaders, Alan Garcia and Lourdes Flores Nano, objected to the decision of Congress and stated that they were in favour of arbitration (which should not have applied as this was a tax issue), thus backing the companies' position. As expected, at the beginning of 2001 arbitration passed a sentence ruling against the State. The alternative of the judicial power could have been used, where the rulings of arbitration could have been questioned because they were addressing a prohibited issue, but the State abstained from appealing.

9 *Encuesta Nacional sobre Medición de Niveles de Vida* (ENNIV) 1994-1997.

The water case: increased rates for poorer services

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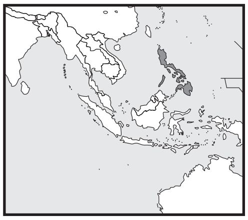

In August 1997, the government-run facility that provided safe drinking water to 11 million Metro Manila residents, the Metropolitan Waterworks and Sewerage Services (MWSS), was privatised. The MWSS story belies the claim that privatisation automatically provides additional funds to government or improves the efficiency and effectiveness of the management of companies. What it bolsters, however, is the concern that cost-recovery and profit-making are the primary goals of privatisation–even at huge economic and social costs to consumers and citizens.

The three waves of privatisation

In 1984, under pressure from mounting debt, the Marcos administration accepted a World Bank condition to formulate a policy that defined and explicitly limited the participation of government-owned or controlled corporations (GOCCs) in the economy. The policy also called for the disposal of non-revenue-generating GOCCs and the generation of funds from their sale to finance key development programmes, such as agrarian reform. During her first year in office (1986), President Corazon Aquino announced that she would continue implementing her predecessor's privatisation policies.[1]

Privatisation has taken place in three waves,[2] characterised by the Department of Finance (DOF) as the following: «reprivatisation» (first wave), aimed at raising revenues; «infrastructure privatisation» (second wave), aimed at mobilising the private sector to build infrastructure; and privatisation of the «social sectors» (third wave), in which the government sees its role as that of «enabler».[3]

The first wave began right after the 1986 EDSA Revolution that toppled the Marcos regime, and involved the disposal of GOCCs, most of which were linked to the cronies and relatives of deposed President Marcos. The second wave began in 1990, first encompassing the power sector and, later, other sectors such as infrastructure (roads, airports, sea ports), utility (water), and even information technology. The third and current wave, which started in the mid-1990s, is expected to cover social services such as housing, health, postal services and pension funds.

Accessibility problems in quality public education

Primary and, to some degree, secondary education remain largely under government control. However, in the areas of pre-school, technical/vocational and higher education, the private sector plays a big role. In 1997, the private sector accounted for 51.4% of total pre-school enrolment, 82% of technical/vocational enrolment, and 79% of college enrolment. In 1997, it contributed 42.7% of total education spending.[4]

The problems faced by the public education sector are not simply about access but also about quality. Although net enrolment is relatively high by regional standards, completion rate for primary education has not gone beyond its 1990 level of 67.6%. Poor quality is cited by various government-commissioned studies as a major factor in low primary school completion rates. More teachers, textbooks, and classrooms are critical for upgrading the quality of basic education and improving completion rates. By providing more resources for primary and secondary education, implementing budgetary reforms would go a long way toward creating higher social returns.

Quality health care: inaccessible and unaffordable for most

Access to public health care is a different story. Whereas education generally receives 18% to 22% of the national budget—surpassed only by debt servicing and local government allocations—health allocations have through the years consistently hovered at 3%. Worse, only 1% of the poor is covered by the government's health insurance system. Moreover, the National Health Insurance Programme is biased toward hospital care, usually available in urban, middle class communities, but often inaccessible to residents of rural areas. Public health specialist Jonathan Flavier states that quality health care, inaccessible and unaffordable for most, has long been «privatised».

Government policy in the last five years has been to encourage public hospitals, especially the specialised ones (e.g., heart, lung, and kidney centres), to become financially self-reliant by undertaking, among others, cost-recovery measures. This type of privatisation scheme, referred to as the «corporatisation» of public health care, is often justified on the grounds of social equity, since many patients of specialised hospitals come from the middle and upper classes and, therefore, can afford to pay.

It cannot be denied that these hospitals, through their indigent programmes, also cater to many of the poor. Thus, it is important that revenues from «corporatisation» efforts directly benefit health programmes for the poor. Current efforts at cross-subsidies have drawn a lot of public criticism because of design and implementation problems. But this does not mean that these should be scrapped, just improved upon. However, for the long term the State must prioritise basic health by increasing its budget—something not high on the Arroyo administration's list. The 2003 health budget is projected to decrease by 4% while defence spending is expected to increase by 7%.

Privatising public utilities: the case of water

In August 1997, the government-run facility that provided safe drinking water to 11 million Metro Manila residents, the Metropolitan Waterworks and Sewerage Services (MWSS), was privatised. This move—touted the biggest ever in the world of a water service utility—was hailed by its chief architect, the World Bank.[5] However, the results of the MWSS privatisation have revealed many pitfalls.

1 Leonor Briones. «Impacts of Privatization on Distributional Equity: The Case of the Philippines». Paper presented at the *Interregional Expert Group Meeting on the Impacts of Privatization on Distributional Equity*, UNDP, 20-24 September 1993 in New Delhi, India.

2 Lauro Ortile. «Privatisation in the Philippines». *Challenges and Opportunities in Energy: Proceedings of the 2nd Workshop on Economic Cooperation in Central Asia.* 1998 Manila: Asian Development Bank. <www.adb.org/Documents/Conference/ CAREC/Energy/chap15.pdf>

3 Filomeno Sta Ana. «Reforming the Pension System: Is Privatization a la Chile the Best Route?» Unpublished paper, 1997.

4 Rene Raya. «Financing Education in the Philippines». Action for Economic Reforms. Unpublished paper, December 2001.

5 Violeta Q. Perez-Corral. *MWSS: Anatomy of a Privatization Deal.* Quezon City: Freedom from Debt Coalition, 1998.

The privatisation of the MWSS was a «build-operate-transfer» arrangement. Under this scheme, ownership remains with the government but the facilities, properties, receivables, supplies, inventories, including all records and transactions, are turned over to the private sector. After 25 years, everything that was leased to and built by the concessionaires would revert to the government. A government regulatory office (RO) is responsible for setting the water rates and ensuring compliance of contracts by the concessionaires.

The winning bidders came from two Filipino oligarch families, the Ayalas and the Lopezes. They secured their bids by joining forces with two major global water companies—International Water (USA), and Lyonnaise des Eaux (France) respectively. The Ayala-led consortium, Manila Water Company, Inc. was awarded the East Zone concession; while the Lopez-led consortium, Maynilad Water Services, Inc., took over the West Zone concession.

The privatisation of the MWSS was intended to resolve the ongoing water crisis. Both concessionaires were expected to improve water supply (then, covering only 67%); expand sewerage services (then, with 8% coverage); and, reduce the 58% water losses (also called non-revenue water or NRW) due to pilferage and leaks. They also promised to lower water rates.

Less than a year after the awarding of their contracts, both concessionaires applied for rate increases at the RO. Fiercely opposed by citizens' groups, it was not granted. By early 2001, however, the two companies were pushing for contract revisions that would allow them to adjust water rates even without the approval of the RO. According to the two concessionaires, they were incurring losses as a result of exchange rate devaluation resulting from the Asian financial crisis, and required the flexibility to automatically adjust prices as needed.[6]

Despite huge protests by citizens' movements, President Arroyo, through the MWSS Board, approved an amendment of the concession agreement in October 2001, which gave Maynilad and Manila Water the power to automatically increase water rates without RO approval.

«Increased rates for poorer services»

In 2002, four years after privatisation, West Zone residents pay an average basic charge of PHP 15.46 (USD 0.30) per cubic meter of water, an amount higher than the pre-privatisation rate of PHP 8.78 (USD 0.17). East Zone residents, meanwhile, pay a lower rate of PHP 6.75 (USD 0.13) per cubic meter. However, additional costs such as the 10% VAT and the 10% environmental charge mean that the actual water rate of Maynilad is PHP 20 (USD 0.39) per cubic meter while that of Manila Water is about PHP10 (USD 0.20) per cubic meter—rates that are higher than before privatization.[7] Petitions from the two companies for another round of water price increases in January 2003 were recently granted. In particular, Manila Water was granted a rate increase of PHP 14.22 (USD 0.28) per cubic meter starting 1 January 2003 to be followed by yearly adjustments until 2005. On the other hand, Maynilad applied for a new rate of PHP 30 (USD 0.59) but was granted only PHP 26 (USD 0.51). The petitions are based on the rate-rebasing scheme that has been made mandatory under the amended contracts.[8]

A study by the Freedom from Debt Coalition (FDC) reveals that efficiency has not improved under the privatised regime. From 1997-2001, the proportion of NRW was actually 7% higher for Maynilad. NRW also rose from 45.2% to 48.3% in the case of Manila Water in spite the fact that they targeted NRW to go down by 16%.[9] Moreover, a fifth of the residents in the East and West Zones are still not connected to the water system.[10] Worse, under the amended contract, the concessionaires have been allowed to lower or postpone their performance targets. Little wonder then that many citizens' groups have criticised the government for «*dagdag presyo, bawas serbisyo*» (increased rates for poorer services).

Furthermore, not all MWSS financial obligations were absorbed by Maynilad, as required by the contract. The MWSS, for instance, had to borrow money to pay for the maturing loans of Maynilad, which had also requested a moratorium on payment of all concession fees since 2001 due to its ongoing financial difficulties.

The generous leeway given to Maynilad by government apparently was still not enough. In December 2002, Maynilad filed a notice of termination to the MWSS claiming that it was not able to live up to its responsibility of addressing lenders' concerns, a provision stipulated in one of the amendments written into the contract. As such, Maynilad was not able to clinch a USD 350 million loan from the Asian Development Bank and a number of private commercial banks, because of nagging doubts about Maynilad's viability.

As far as the MWSS—as well as citizen groups like FDC—are concerned, Maynilad enjoyed too many concessions and had only to look at its own backyard to explain its economic woes; inefficiencies in disbursement of funds, misprioritised spending (e.g. higher-than-average salaries of executives). But one cannot overlook the bigger picture to get a better sense of Maynilad's economic straits: its parent company, Benpres, long since in the red, faces USD 600 million in maturing loans. The word is out that banks are not willing to extend any more credit. As such, FDC asserts that this has severely affected Maynilad's capacity to invest in improving services. Government has stepped in and is calling for a compromise: one option is to give Maynilad a five year moratorium of payment of concession fees, which would mean PHP 14 billion (USD 262 million) of revenue losses for government. A legal battle has now ensued and the issue lies before an arbitration panel. Groups like FDC are gearing up for mass actions demanding that government stop coddling the Lopez oligarchs, and to take over the Maynilad operations of the West zone.

If privatisation is to work for both private investors and the public interest, a number of measures must be put in place. For one, a strong regulatory framework that effectively checks unethical corporate behaviour should exist. This includes the creation of a law prohibiting the concentration of more than one public utility in the hands of a single family or interest and the strengthening of anti-trust measures to curb monopolistic and unfair corporate practices, e.g., price fixing, tie-in arrangements, and the like.[11] Equally important, the regulatory body must have the financial capability to independently monitor the performance of contract obligations—unlike in the case of the MWSS which, due to lack of resources, was dependent on the data given to it by the very entities it was supposed to regulate. Finally, the participation of citizens' groups and social movements in regulation, and not just the business sector, must be ensured.

The MWSS story belies the claim that privatisation automatically provides additional funds to government or improves the efficiency and effectiveness of the management of companies. What it bolsters, however, is the concern that cost-recovery and profit-making are the primary goals of privatisation—even at huge economic and social costs to consumers and citizens. ■

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6 Malou Tabios, Rhoda Viajar and Jollete Fajardo. 2001. «Breaking New Ground: the Water Privatization Campaign». *PAID!*. Vol. 11, Nos. 1-2, November 2001. Quezon City: Freedom from Debt Coalition.

7 Interview with FDC water specialist Jolette Fajardo, 31 October 2002.

8 Rate-rebasing allows the concessionaires to re-validate assumptions made at the time they tendered their bids with a view to making the necessary adjustments.

9 Interview with Jollete Fajardo.

10 Jocelyn Cuaresma and Rommel Rabanal. «Is there water after privatization? The case of the MWSS.» Unpublished paper, October 2002.

11 Perez-Corral, *op. cit.*

An urgent need for public awareness

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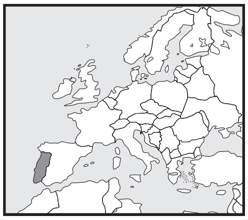

The history of privatisation policies in Portugal is not linked to structural adjustment programmes or other direct intervention by the World Bank or the IMF. Its effects are only now starting to be visible to the common citizen. The government directs all the processes aimed at the privatisation of public services, and the scarce and vague information that reaches the population is usually belated and incomplete.

The history of privatisation policies in Portugal is not linked to structural adjustment programmes or other direct intervention by the World Bank or the IMF. Its effects are only now starting to be visible to the common citizen. The government directs all the processes aimed at the privatisation of public services, and the scarce and vague information that reaches the population is usually belated and incomplete. The question now is how much of this process, and the rationale behind it, can be shared by people at large, who do not take part in the decision-making process directly. We believe a participatory stance must be adopted—that people should be encouraged to discuss and generate opinions and ideas on the current process of privatisation of public services, which will have an impact on everyone's life. Since privatisation is in its initial stage, the data available is very limited, and the consequences, especially for the most fragile segments of the society, are not yet clear.

Over the last century of Portuguese history, the State has had a very interventionist role in economy and society. The 1974 revolution that overthrew the dictatorship and restored democracy brought about the nationalisation of many companies and entire sectors, from banking to cement production. In 1986 Portugal joined the European Union, and was thus obliged to comply with competition laws and macroeconomic goals set by Brussels.

For the last 20 years, the public sector has been shrinking. State companies were privatised, and the number of public workers decreased as a percentage of the total workforce (although still a significant share – 14% in 2002). Apparently for political reasons, public employees also make up a significant share of voters, and no government ever forgets that while negotiating with their unions; public workers have obtained economic and social privileges, such as a lower retirement age and higher pensions. One positive aspect of the public service is gender equality: women earn the same as men, whereas in the private sector women earn on average about 66% as much as men (Eurostat).

The centre-right government that came into power in March 2002 has further diminished state intervention. Since then, government has made it a priority to control the budget deficit by the year 2004, as part of the European Union's Stability Pact. Cutting costs seems the more reasonable thing to do, as an increase in government revenue through higher taxes, besides being unpopular, is not very effective. Thousands of public workers under contract have been laid-off since May 2002; public institutes and agencies were closed down or merged, from environmental agencies to support institutions for drug addicts, and some government buildings are for sale.

The major opponents of these latest measures are state employees, who fear losing their jobs or privileges they have long enjoyed. Their unions are very active, taking social protest to the streets with calls for general strikes. At the same time there is increasing pressure to privatise public services.

Social security

Social security is a universal constitutional right. However, chronic under-funding, caused by an ageing population and stagnant population growth, has made changes necessary. In the short run, the proportion of pensioners will increase while the proportion of active workers, who contribute to pension funds, will decrease. The government has responded by proposing a new Basic Law for Social Security, which would allow workers above a certain wage level to choose between contributing to the public Social Security for their pensions—currently the only option available—or to subscribe to private retirement plans with a private insurance company. This Law is presently under discussion in Parliament and at the Council for Social Concertation, with representatives of the different social and economic sectors.

Some critics of the new law, especially the most left-wing political parties, argue that the funding crisis has been exaggerated by private insurance companies, which seek to persuade the public that the financial collapse of the social security system is imminent. They also argue that the proposed solution will only add stress to the public social security sector, which will receive less income as a result of diversion of funds to the private sector.

One of the ways previous governments intended to maintain social security revenues was through an increase in the retirement age for men and women. In 1993, the government increased the contributive lifetime from 36 to 40 working years, and women's retirement age increased from 62 to 65 years old. In addition, because under-funding is largely a result of social security tax evasion by small and medium size enterprises, the government intends to improve enforcement with more frequent inspections of these firms. According to the Commerce Confederation and the Industry Confederation, if the government is successful in its efforts, bankruptcy may be imminent for a large number of those companies, with a consequent increase in the number of unemployed and still greater stress on the social security system to pay unemployment subsidies.

Health care

The State provides universal health care for all, irrespective of economic status or place of residence. The National Health System comprises public and private hospitals, regional public health units, private pharmacies, private clinics, public and private labs, and freelance doctors. The role of the State is to ensure high quality service in both private and public institutions and to see that private healthcare providers follow rules governing competition. However, the public health sector has been criticised for not achieving its main goal of universal care. From a recent study from the Chamber of Pharmacists, the people's perception of public sector service, although positive, is less positive than their opinion of private institutions. To ensure good quality service and budget compliance, the State is now turning to private companies to manage state-owned hospitals and health units, starting in November 2002.

The biggest protest has come not from patients, but from health workers, who generally try to make the best of the scarce resources they have and now fear losing their jobs or being forced to work even harder, subject to the mandates of the new management. On the other hand, private management seems to support the interests of patients, especially when it increases quality without increasing the prices paid.

The only experience so far of private management of a public hospital, the Hospital Fernando da Fonseca near Lisbon, is not conclusive, as the government is asking for compensation from the hospital's management board for not having achieved its contractual goals, and the board is asking the government for funds that were supposedly part of the contract and never arrived (July 2002). Still the government is moving on with the private management model in 36 private hospitals, through partnerships with private groups and charities (Misericórdias).

Transport

Until 1997, all railway activities had been undertaken by the state-owned Caminhos de Ferro Portugueses (CP). CP was a vertically integrated monopoly, receiving significant financial support from the government. Since 1997, the railways have undergone restructuring to increase efficiency. The new railway model defines distinct levels of competence. In the same year, CP was divided into two different companies, separating infrastructure from operation: CP now provides passenger and freight transport services while a new state-owned company—Rede Ferroviária Nacional (REFER)—manages the infrastructure. Furthermore, in 1998 the Instituto Nacional do Transporte Ferroviário (INTF) was created as an independent rail authority responsible for the regulation and development of the rail transport sector. A new company, FERTAGUS, was created in July of 1999, as the first private operator, responsible for new suburban passenger service in the Eixo Norte-Sul (the urban region of Greater Lisbon). FERTAGUS assures the management and commercial exploitation (at the operational level as opposed to the infrastructure level) of the commuter railway line while its clients pay a fee for the use and management of the infrastructure to REFER. According to the daily information given by CP (available in the train stations), the results so far reveal improvements in the frequency and punctuality of both passenger and freight trains.

Because the infrastructure for this sector is extremely expensive, returns from investment take a long time. Therefore no private investor would risk its capital without assuring return rates demanded by stockholders. This raises the prospect of tariff increases and/or the lowering of the workers' wages as a means of generating greater returns in the short term.[1] This becomes a social issue because poorer and disadvantaged groups are generally more dependent on public transport and cannot easily find affordable alternatives.

Electricity

In 1976, the public company Electricidade de Portugal (EDP) was created, integrating all the former companies of production, transport and distribution (which had been nationalised in 1975). In 1997, the privatisation of EDP began. The restructured electricity sector would now be regulated by an independent regulatory agency, Entidade Reguladora do Sector Eléctrico (ERSE), which would be responsible for fixing the tariffs for electricity and supervising the rules of interaction between the public and private sectors.

The privatisation process had immediate consequences for EDP's workers, as some privileges like health care, child care and electricity discounts were cut off. While employees' living standards diminished considerably, it is legitimate to ask if the privileges they enjoyed before privatisation were fair in the first place.

Water

Aguas de Portugal is a national organisation with administrative autonomy. It was created in 1993 and integrates 14 multi-municipal concessionaires of water supply systems and sanitation, and 14 systems of urban solid waste disposal.

It is the second largest Iberian water operator and the eighth largest worldwide, according to the European Water Industry. The main objectives of Aguas de Portugal are management of water resources, promotion and development of the water infrastructure and cooperation with national and international organisations. The company provides basic service for seven million Portuguese consumers (70% of the total population) and for one million people in Brazil, Mozambique, Cape Verde and Timor-Leste, being a partner in projects for the development of water infrastructure in those countries.

In 2001 privatisation of the whole company was suggested. The plan was to begin by privatising 11% of the company in 2002 and 29% in 2003. Recently, the new government chose a different strategy to carry on the privatisation process: only the four profitable companies of the group will be privatised so that the existing public monopoly is not replaced by a private one.

There are some arguments against the privatisation of the profitable companies because it will diminish state revenues. In fact, due to the synergies of this kind of business, the sum of the value of the separate companies is EUR 3 million (USD 2.94 million) less than the value of the whole group. Another argument against privatisation is that currently this public company acts like a «public holding»: the profits of the profitable companies finance the investment of other companies of the group that are in start-up stages. This situation will change with privatisation, and Portugal has some remote and poor regions where significant investments, even if profitless, are necessary.

Moreover, in terms of its development cooperation policy, Portugal is committed to investing in the water supply and management sector in Mozambique, Timor-Leste, Angola, São Tomé and Principe, and the privatisation of Aguas de Portugal puts these commitments at risk.

Conclusion

At the moment there are no consistent data on the impact of privatisation in Portugal. The lack of public debate on the implications for people, especially the most disadvantaged, is a consequence of insufficient information. Politicians who are making important decisions on the terms of the privatisation of basic services, have more incentive to respond to lobbying pressures than to inform their constituents, and public opinion seems almost nonexistent on this issue.

Social protests against privatisation will not happen just because of general harm to society. They will only occur when people feel themselves to be directly affected, through loss of jobs, income or benefits. ■

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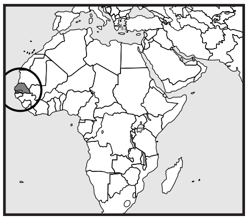
1 M. Manuel Marques Leitão and Moreira Vital. «Desintervenção do Estado, Privatização e Regulação dos Serviços Públicos» in *Economia e Perspectiva*, Vol. 2, No. 3/4, pp. 13-157.

Less State, fewer benefits

ABDOUL SOULEYE SOW



While applying structural adjustment programmes in the mid-1990s the government designed and implemented a sweeping plan for the privatisation of public companies. Since 1989, 27 public companies have effectively passed into private hands. The result has been the deterioration of the education system and the public health service, the degradation of food production and security, increased unemployment and the growth of exclusion and inequalities.

The most controversial privatisations in Senegal were those of SONEES (water), SONATEL (telecommunications) and SENELEC (energy), three sectors that for a long time had been considered strategic.

The main arguments put forward in favour of privatisation were increased demand for the services and the fact that the State was unable to assume the cost of the necessary investment in these sectors in the context of tight budgetary restrictions. Privatisation has so far taken two major forms. One consists of transferring assets (as is the case of SONATEL) and the other involves leasing (as in the case of SONES, the National Senegal Water Company, with a patrimonial body belonging to the State and a private management company).

This policy fits very well into the framework of the general strategy for State withdrawal from marketing, production and credit functions. The main beneficiaries, however, have been the foreign monopolies, to the detriment of national capital, workers and even the public services.

Privatisation to the benefit of foreign monopolies

In 1996, the Senegalese National Company for Water Exploitation (SONEES), the first major privatisation, was split into three units: the Senegalese National Office for Sanitation (ONAS); SONES, an entirely state patrimonial asset-holding company; and the Senegalese Water Company (SDE), responsible for the exploitation and distribution of water and whose main shareholder, Saur International (the French Bouygues Group), possesses 50.5% of the capital.

The privatisation of electric energy is a critical issue, as there is strong opposition from the trade unions. Privatisation of the generation and distribution of electricity was rejected several times until March 1999, when it ended up in the hands of a Franco-Canadian company, Elyo and Hydroquébec International. This party was to be responsible for meeting the demand for electric energy, which increases by at least 5% per year, by putting a major investment programme into operation. The State for its part, thanks to a special provision in the 1998 energy law that prohibits SENELEC (the National Electricity Company) from producing energy, was to authorise it to invest in order to increase its capacity to the level necessary to cover the demand for electric energy.

However, the new service suppliers never made the investment necessary to satisfy demand, which resulted in a shortage of electric energy and the rescission of the privatising contract.

A little under a year after the failure of this first attempt at privatising SENELEC with the Elyo-Hydroquébec consortium, the new authorities decided to re-launch the process of transferring the company to private hands, but made fundamental changes in the rules of the game. Now a total concession for a 10-year period has been made, covering production, transport and distribution. Furthermore, the State decided to increase the participation of the strategic partner. Privatisation would take place through the sale of 51% of the existing shares to a partner having a solid technical and strategic capacity. (The participation of the strategic partner was only 34% following the first privatisation operation in 1999.) Ultimately, this privatisation did not take place because Vivendi, the purchaser, was unable to assume its financial commitment.

The privatisation of the electric energy sector, always on the agenda, will not resolve the energy crisis. It has been presented nonetheless as a solution to the State's difficulties and a panacea for meeting the increased demand and reduced access to electricity throughout the country. Despite privatisation, the State objective of 60% urban electrification and 15% in rural areas, will not be achieved any time soon. The failure of this privatisation has been resounding, since this sector plays a major role in economic development. It is estimated that the electricity shortage has been the main reason for a drop in the 2002 growth rate.

In the telecommunication sector, the Senegalese State transferred 42% of the capital of the National Telecommunications Company (SONATEL) to France Cables and Radio (FCR), a branch of France Télécom. Pressed by its foreign creditors, the State sold an efficient and modern public entity.

This underlying problem with the privatisation of SONATEL has never been discussed publicly. Some sectors, and they are not the minority, believe the government should never have sold this gem of the national economy: it was a well managed public asset, well equipped, with up-dated technologies; its profitability increased year by year and its growth was continuous.

The only explanation for the privatisation of SONATEL is that it was one of the conditions imposed by the World Bank, which considered that the State should not operate in this area of the economy. However, it is ironic to note that France Télécom, the public company that bought up 42% of SONATEL capital, is a leader in the market and first in stock exchange capitalisation in its own country, at least up to 2002. The other paradox is that France Télécom has a debt of almost USD 69,000 million, owing to its eagerness to acquire foreign telecommunication companies, which endangers its own existence.

At all events, the privatisation of SONATEL has not generated any competition in the telecommunication market. Those who fear that private monopolies will take the place of the State monopolies have a reason to be concerned. The privatised SONATEL *is* a monopoly. It possesses the entire landline telephony network in Senegal. When it was a State company, it was responsible for installing the whole network of landline telephony in the country. However, that public service role did not survive privatisation.

On sharing out SONATEL investments, the State and France Télécom inherited the country's entire telephone network. Despite privatisation of the sector, SONATEL maintains a dominant position in the market. It establishes the rules, fixes the prices and determines access to the national and international telephone network. This lack of options when choosing operators obliges the Senegalese to resort to SONATEL without considering the price and the quality of the services. SONATEL dominates, but it is not able to fulfil its obligations:

requesting the installation of a landline can become a hard battle for a Senegalese. Is this a logistic problem or a decision to limit the landline telephone network, which is expensive to install? SONATEL will never reply to this question.

Clearly, the State must find other public management options that can contribute to consolidating national capital.

Privatisation without social benefits

SONATEL's spectacular profits have also caused great uproar. Many legitimately wonder why a company assured of permanent growth and with considerable assets, establishes such high rates for connection and use despite the citizens' economic difficulties and scant purchasing power. The usual reply, which justifies this policy by the need for reinvestment in the sector, does not sway the negative public opinion.

Investment in the telecommunication sector has not yet resulted in a significant extension of the network into rural zones, and therefore exclusion and inequality continue to prevail.

The doctrine of «less State, better State» has shown its limitations with the resounding failure of privatisations in the agricultural sector. Following the sudden and unplanned elimination of Sonagraines (the company responsible for marketing peanuts), the government has structured a network of 400 economic operators in the private sector, carefully selected and certified to market peanuts. In this way, the government has put peanut growers in the power of the private sector without giving them any real capacity for negotiation, threatening agricultural production and food security.

In the education sector, the deterioration of the system has led the most privileged people to enrol their children in private schools, thus feeding inequality and generating a two-track system. This is a *de facto* privatisation. For the past 15 years the World Bank has been convinced that, to solve the deficiencies of the education system, it is necessary to open it up to the private sector. The government, committed to paying the debt and with the imperious need to reduce budget deficits, has become incapable of fulfilling its obligations in this sector. The multiplication of conflicts with teachers, as well as student strikes, give further evidence of the erosion of State education.

The same trends are to be observed in the health sector: poorer public service, difficulties in accessing health care and drugs, and the flourishing of a two-track system. After many years of policies of government subvention and much talk about participation, the reality is that the burden on family budgets has increased.

In the employment sector, we are witnessing the loss of jobs in the industrial sector, caused on the one hand by the waves of privatisation that have left thousands of workers out of work and, on the other, by the fact that for years now the economic growth of Senegal (around 5% annually) has not resulted in the creation of new jobs. At the same time, informal or casual jobs are taking over a larger share of the economy. ■

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The widening gap between rich and poor

ANDILE MNGXITAMA   ANN EVELETH

The democratic gains of South Africa's 1994 transition rapidly came under pressure as the new leaders adopted neo-liberal policies in the face of demands of the poor majority for rapid socio-economic transformation. At the time,«12 million South Africans did not have access to clean drinking water, 21 million did not have access to adequate sanitation … and more than 20 million had no access to electricity,»[1] while 87% of the land was in the hands of about 60,000 white farmers.

The government adopted the Growth, Employment and Redistribution (GEAR) Strategy in 1996 to transform the economy. GEAR's main premise was that strong fiscal discipline, labour flexibility and privatisation would develop the economy by attracting foreign investments. Privatisation in its various forms, ranging from sale to «equity partnerships,» has been implemented in sectors ranging from tourism, to telecom, to airlines and railroads. Each of these privatisations has resulted in job losses and rising service costs. But privatisation has been justified on the grounds that these services fall outside the scope of state responsibility, and that it promotes efficiency and revenue generation for state development projects.

More pervasive than these highly publicised large privatisations has been the gradual expansion of a concept marketed as «public-private partnerships» (PPPs) between municipalities and (mainly) multinational capital. Since PPPs do not involve the sale of state assets, such deals are often hatched far from public scrutiny. While local states retain nominal ownership, corporations take charge of infrastructure development, delivery, pricing and collection. It is at this level that neo-liberalism has taken its heaviest toll on the poorest sector of the population, as principles of «cost recovery» take precedence over basic human rights, leading to widespread service disconnections. «Cost recovery» mechanisms are also increasingly applied by local governments even where there are no private partners.

Water

In keeping with «cost recovery» principles, basic services have been turned into commodities, eroding poor people's access to water provision, a local service in which PPPs have spread rapidly. The introduction of exorbitant user fees to communities that once received it for free represent the neo-liberal rejection of cross-subsidisation solutions offered by civil society, through which the rich could pay a higher portion of total service costs.

Instead, the involvement of multinationals and the over-riding profit motive in water delivery has led to the poorest consumers (especially in rural areas) paying higher fees to subsidise rich, mainly white, suburban and corporate users. For instance, 25% of the total water supply is consumed by industry and mining, 53% by commercial agriculture and 12% is used in domestic consumption, much of which is used up on items such as gardens and swimming pools, by the (mainly white) middle classes. Poor rural South Africans (about half the population), only consume 1%-2% of the national water supply.[2]

The main strategy for water is Build, Operate, Train and Transfer (BOTT), adopted in 1997, which privatises the provision of services, rather than the asset itself. After a long period of investing its own capital and «delivering» the service, the private company is supposed to hand over service delivery back to the government. During that period the private sector provides services on a pure profit basis in which «cost recovery» is the operating principle.

More than eight years after the end of apartheid, the fallacy of this policy is clear. About 12 million people lacked access to clean drinking water in 1994. Although the government reported that it had provided water access to seven million new consumers by February 2002, a damning report published by the statutory Human Sciences Research Council revealed that nearly 10 million people suffered water service disconnections in the same period. The true number of people now denied access to this basic life source may actually have grown since the end of apartheid.

Water disconnections are the main «credit control» mechanism employed by the multinational service providers, who are freed of the social obligation to provide water to the poor. For the poorest people, particularly those living in rural areas or dense urban informal settlements lacking adequate sanitation, these disconnections have resulted in cholera outbreaks and hundreds of deaths as people resort to using infected water sources. A system of pre-paid cards is used to compel payment. The cards are recharged at a fee and when the amount in the card is used up access is automatically terminated.

Electricity

The same phenomenon of widespread disconnections overshadowing the delivery of new services has occurred in the electricity sector—in advance of the planned listing of the state-owned electric company, Eskom, for private share options. In 1994, more than 20 million South Africans did not have access to electricity, and Eskom set targets to roll out more than 350,000 new connections annually in a major expansion drive. At the same time, however, Eskom began a process of «commercialisation» (the typical precursor to full-scale privatisation in South Africa), including stringent «credit control» and «cost recovery» measures.

According to a recent study by the Alternative Information and Development Centre (AIDC), the government's claims that Eskom's electrification programme has delivered four million new connections since 1994 are curiously offset by the fact that electricity consumption has declined over the same period. The explanation clearly lies in the growing number of disconnections and self-imposed low consumption by the poor as a result of inability to pay for electricity. The AIDC report found that monthly disconnections mushroomed from 22,320

1 «The Cost of Living: How Selling Basic Services Excludes the Poor», *South African People and Environments in the Global Market*, Booklet 3, Groundwork, 2002.

2 E. Cottle and H. Deedat, «The cholera outbreak: A 2000-2002 case study of the source of the outbreak in the Madlebe Tribal Authority areas, Uthungulu Region, KwaZulu-Natal.» RDSN, ILRIG, 2002.

in 1996 to 98,775 by 2001. The latest figure clearly shows the gains of the 29,167 new connections Eskom targets to make each month, with three times as many people losing access each month as gaining it, in a best-case scenario.[3]

Housing

The commercialisation of essential services like water and electricity has not stopped the State from linking its «cost-recovery» efforts to poor people's access to low-income or state housing. A recent study by the Rural Services Development Network found that more than two million people had been evicted from their homes since 1994 for failing to pay their water bills.[4] The principle by which poor people, dependent on State support, lose access to all services because of their inability to pay for one service is a source of widespread social discontent.

In addition to urban housing evictions directly related to non-payment for other services, municipal privatisation efforts targeting the sale of public low-income housing units has forced millions more out of their homes, the value of which they have already paid many times in rent, because they cannot pay the purchase price. Despite government claims to have delivered more than a million new houses since 1994, these evictions and forced removals of entire informal settlements—to make way for private «development» plans, including shopping malls and leisure parks—have obscured any gains.

The homeless are now required to make an «own contribution» before the state can provide housing grants. This policy allows those with funds to jump the queue. Both cost recovery and «own contribution» requirements in the context of widespread poverty are tantamount to the denial of citizenship rights. The real citizens are those with cash.

Joblessness and poverty

Fairly conservative estimates place the unemployment figure between 30% and 40% of the economically active population. Privatisation is a leading contributor to the growing unemployment rate. Unemployment has risen largely because, over the past 15 years, both the public sector and private firms shed lower-level permanent posts on a large scale. According to recent figures released by the State statistical institute (StatsSA), the average African household lost 19% of its real income since 1995, while average white household income grew by 15%. In stark contrast to the State's claims that it is «deracialising» the economy, the average white household earned six times as much as the average black household in 2000, while the racial income gap stood at 400% in 1995. Furthermore, the poorest 40% of households saw a 16% drop in their share of total income during the same period, with the richest 20% earning 65% of all household income.[5] StatsSA reports that the unemployment rate has soared from 16% in 1995 to almost 30% today. However, other estimates using different definitions of the «economically active» population put the unemployment rate between 40% and 43%.

Landlessness and food insecurity

The racially skewed legacy of land distribution in the country has not changed. Less than 2% of the country's 122 million hectares of land has changed hands through this programme since 1994, while 19 million poor and landless rural people and seven million poor and landless urban people need land.

Unemployed urban workers have returned to rural areas seeking land to grow food. Rising food costs have exacerbated the land crisis; the latest Household Subsistence Level Survey revealed that the poorest South Africans suffered in 2002 the highest annual rise (17.1%) in their basic living costs, about 60% of which is food, in 30 years. Rising food prices sparked such growing outrage in 2001 that the government has been forced to respond, albeit with minimal increases in social grants, or face the possibility of the food riots.[6]

While access to land for home food production represents a key mechanism through which the poor can avoid starvation, the government has overlooked this possibility in favour of its mantra of cost recovery. In 1999 it shifted the main land reform programme, land redistribution, from one targeting the poor to one targeting the creation of a black commercial farming class. The key mechanism through which this shift occurred is the imposition of an «own contribution» requirement for those seeking access to land through the Land Redistribution for Agricultural Development Programme (LRAD). This requirement discourages poor people, who are unlikely to afford their own capital inputs, from entering the agricultural economy.

Resistance and repression

Social movements have grown from strength to strength over the past few years.[7] The movements have engaged in a range of local and national actions, including land occupations, electricity re-connections, and reclaiming of homes for those forcibly removed or evicted, as well as marches and demonstrations. These movements joined forces—together with an array of international movements—to lead a 30,000-strong protest march during the World Summit on Sustainable Development in Johannesburg in August-September 2002 to highlight the gap between the government's stated commitment to sustainable development and the reality of declining levels of development in the wake of neo-liberalism.[8] Hundreds of activists were arrested and detained, particularly in the first week of the summit, and many were subjected to beatings and humiliation. Most cases were dropped by the time the protestors appeared in court. The gloves of democracy had clearly begun to wear thin.

Conclusion

In all sectors of the South African economy socio-economic policies grounded in the interests of domestic and foreign capital instead of predicated on economic growth have resulted in the growing accumulation of wealth in the hands of a small elite and the increasing impoverishment and exclusion of the majority. The desperation of the majority cannot continue without a major social disruption as people lose patience with the promises of «trickle-down» economics. The gap between rich and poor has already begun to transfer the centre of socio-economic debate from the halls of parliament to the streets, and this looks set to continue. ■

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3 Alternative Information and Development Centre, in «Back to candles and lamps», *Daily Dispatch*, 24 August 2002.

4 Cottle and Deedat, *op. cit.*

5 The percentage of households earning less than USD 73 a month grew from 20% in 1995 to 28% in 2000. During that period, the poorest 80% of households spent a larger proportion on food. «StatsSA income figures make gloomy reading», *Business Day*, 22 November 2002.

6 StatsSA, Household Subsistence Level Survey, October 2002. In the past year, according to the survey, the cost of the staple mealiemeal (cornmeal) rose by 110%, potatoes by 82%, cabbage by 60% and milk powder by 38.5%. According to a University of Cape Town Department of Medicine study, about 43% of South African households are unable to afford an adequate diet, cf. Andrew Trench, «Food prices break 30-year record», *Sunday Times*, 5 October 2002. There are also reports that children are dying of malnutrition, cf. Thabo Mkhize, «166 SA children die from starvation», *Sunday Times*, 21 July 2002.

7 Including the national Landless People's Movement, the Cape Town-based Anti-Eviction Campaign, the Durban-based Concerned Citizens Forum, and the Anti-Privatisation Forum.

8 Independent Media Centre, South Africa, at www.imc-sa.org.za

A priority debate postponed

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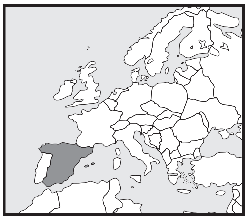

Since the mid-1980s, the successive governments have promoted privatisation as an instrument of either financial or public policy. So far, state bodies have shown little will to measure the social impact of this process – either in Spain or in Latin America, where Spanish capital has had an active role. It is urgent to increase public expenditure and redirect public resources to areas where they will be most likely to bring about redistribution of income and opportunity.

Little evaluation of social impact

Since the mid-1980s, the successive Spanish governments have promoted privatisation as an instrument of either financial or public policy.[1] More and more sectors have been privatised. The process is still at an early stage in the Basic Social Services (BSS), but the lack of assessments of the effects of privatisation on society – and particularly on its most underprivileged groups – shows the scant attention paid by public bodies to the social repercussions of their policies. We urge these bodies to carry out a study of the impact of the privatisation processes launched to date, and to make prior impact assessments that will facilitate democratic decision-making before implementing any future agreements. If there is a political will, the direction of future policies may be changed.

The present report refers to two dimensions of private sector participation in the provision of BSS.[2] In the national context, we analyse the progress the privatisation process has had in Spain over the past few years. In the international context, we describe the participation of Spanish companies in the privatisation of BSS in other countries, especially Latin America as the region receiving the greatest annual flow of Spanish investment.

The need to increase meagre social expenditure

The analysis of social service privatisation trends and their influence on poverty and exclusion needs to be framed in the context of guaranteeing basic social rights.

In Spain, expenditure on Social Protection in 1999[3] was 20.0% of the GDP, 7.4% less than the average European Union expenditure. This difference has progressively increased since 1994, when the expenditure on Social Protection in Spain was 22.8% of the GDP, vis-à-vis the European Union average of 28.4%.

With a population of over seven million people, or 18% of the population in Spain, living under the poverty line (FOESSA Report on living conditions in Spain) and with progressive cuts in benefits in the public sector, many social organisations have called on the government to increase social public expenditure. Government spending on social programmes is one of the most important instruments available to the State to influence redistribution of income and to promote social equity. However, the government has chosen privatisation, starting with private management formulas, without any serious debate on the possible alternatives.

Privatisation, commitment, solidarity: an urgent debate

In September 2002, the new Minister of Labour and Social Affairs, Eduardo Zaplana, announced the decision to introduce joint management in some of the public services and social benefits. This formula had already been used to meet budget shortfalls in Public Health and Education, when they were transferred to the Autonomous Communities (the regions and nationalities) without the guarantee of sufficient resources to pay for them. The past record of public commitment to social services for the less privileged does not bode well for the future privatisation of other BSS. This is the case of services aimed at the homeless, a network with an overwhelming proportion of private service providers.[4] Publicly owned centres amount to 21% of the total vis-à-vis 55% owned by religious institutions and 15% by other private sector groups. The weak presence of the public sector is even weaker if we consider the data regarding the management of each centre, as the publicly owned centres, especially the municipal ones, are often managed by non-governmental social bodies. According to this, the public sector is reduced to 14% with the private sector occupying nearly 80%.

In the field of public health, the Autonomous Communities had to resort to indirect taxes (petrol tax) to cover deficits. Also, private management of public health has increased considerably through arrangements with private companies to provide clinical services, including hospital management. In the field of education, arrangements with private schools have increased significantly. According to the analysis of the trade unions based on official data, the number of students enrolled in public schools drops 0.4% per year. Thus, between 1996 and 2002, public education has lost 2%, or some two million students.

The scarcity of public resources and the trend towards privatisation have a great impact on the ageing, who find themselves in «situations of dependency» because of age-related illnesses, and need more health services. Since 1996, the solution promoted by the present government has been to support private companies and initiatives, especially in the case of homes for dependent senior citizens, to better organise this «service market.» If we consider that nine out of ten «dependent» people are unable to afford a private insurance to cover such services – and that there is no public insurance available – the risk of their abandonment under such «privatising» solutions is imminent.

Therefore, we must discuss not only privatisation, but also commitment and solidarity. A state plan is urgently needed; not only to care for the homeless but to address poverty and exclusion in general, with defined budgets that allocate a higher percentage of the GDP to social expenditure. To defend human, economic and social rights of all citizens based on social interest, not economic profitability, the state needs to increase public expenditure and redirect public resources to areas such as education, health and nutrition, where those resources will be most likely to bring about redistribution of income and opportunity.

1 See: Germà Bel y Antón Costas, *La Privatización y sus Motivaciones en España: de Instrumento a Política*, Universitat Barcelona.

2 The concept of private sector participation in this article covers actions such as the sale of assets, sub-contracting of services, user rates and private-public associations.

3 According to Eurosat data, «Dépenses et Recettes», 1980-1999.

4 Pedro José Cabrera. *La Acción Social con Personas sin Hogar en España*. FOESSA-Cáritas. Madrid, 2000.

TABLE 1

Participation of Spanish companies in the privatisation of BSS in Argentina and Chile		
Investing company	**Company receiving investment**	**Sector of activity**
Adeslas Seguros de Salud	Hospitales Bazterrica	Health
Dragados y Construcciones	Aguas de Gran Buenos Aires	Water and waste management
Soc. Gral. Aguas Barcelona	Aguas Argentinas S.A.	Water and waste management
Soc. Gral. Aguas Barcelona	Aguas Provinciales de Sta. Fe	Water and waste management
Soc. Gral. Aguas Barcelona	Omaja	Water and waste management
Soc. Gral. Aguas Barcelona	Ormas ambiental	Water and waste management
Soc. Gral. Aguas Barcelona	Emos	Water
Iberdrola	Emp. Servicios sanitarios de los Lagos (Essal)	Sanitation services

Source: A. Arahuetes (2001) with data from Reuters, América Economía, Financial Times, The Wall Street Journal Americas, and the newspapers Expansión and Cinco Días.

Impact of Spanish companies in Latin American BSS

Seeking growth and expansion and better competition with leading companies in Europe, major Spanish companies in the 1970s started to enter Latin American markets, finding relatively low costs and good prospects for growth. Two decades later, with the increasing liberalisation of Latin American economies, the privatisation of state companies that provide basic services and public utilities,[5] and projections on growth rates higher than those for Spain, Spanish companies developed their role in the provision of BSS in those countries.[6] The focus was on water supply, sanitation, and health services and the majority of these investments were in Chile, Argentina and Bolivia. (See table 1).

The 30% participation of the Abengoa Company in the international consortium «Aguas de Tunari» to provide drinking water in Cochabamba, Bolivia, has been emblematic of Spanish investment abroad. Strong social movements denounced the shortcomings of earlier privatised concessions of drinking water services: the collapse of those concessions left the urban poor unconnected to the public network and generated risks to health, and the companies' lack of transparency. These protests, coupled with the deficiencies of the Drinking Water and Sanitary Sewage Law, caused both the abandonment of the water consortium and substantial changes in regulations.

This example shows that debate on the social repercussions of BSS privatisation assumes even greater importance in countries with high poverty and social inequality where, according to a recent assessment by UNDP, ECLAC and UNICEF, universal access to BSS had not yet been reached.[7]

The impact of the presence of Spanish companies in achieving social goals abroad will no doubt be determined by the role the State plays in the design, funding, provision and regulation of social services and by the way in which the State supports the capacity of consumers, workers and civil society organisations to express their views. The role of all these stakeholders, the attitude of private companies and the new forms of regulation and responsibility developed by the government and the country's political groups will be essential in guaranteeing universal access to these services and will determine the degree to which, at each stage, private interests back social equity policies.

Conclusion: the State should protect BSS from liberalisation

Therefore, we have underscored the role that the State can play, both in Latin America and in Spain, to ensure universal provision of social services. However, a broad analysis concludes that the General Agreement on Trade and Services (GATS) «could have devastating effects on the governments' capacity to alleviate the needs of their poorer and helpless citizens.»[8] The social movements urge governments not to subjugate the people's social needs to political and economic interests, and demand that the former be the ones to dictate the rhythm and flexibility of service liberalisation agreements. Basic Social Services should not be part of any liberalising commitment and the governments should maintain the right to limit liberalisation in those key areas, for the sake of national development and the reduction of poverty.[9] ■

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5 «Endesa launched internationalisation of its business in 1992, both for internal… and external… reasons, the need to seek markets in non-developed countries, the proliferation of deregulation and liberalisation initiatives…» Rafael Miranda, Endesa Councillor Delegate, «Estrategias de Internacionalización: la Experiencia de Endesa», ICE, No 799, 2002.

6 A. Arahuetes. *Las Inversiones Directas de las Empresas de Alemania, Francia, Italia, Reino Unido y España en América Latina en el Periodo 1990-2000,* 2001, and ECLAC, *La Inversión Europea en la Industria Energética de América Latina*, Series Seminarios y Conferencias.

7 A commitment taken on by the 20/20 Initiative, which aims at achieving basic social service coverage, as an essential goal to fight against the most extreme manifestations of poverty, ECLAC, *Equidad, Desarrollo y Ciudadanía.*

8 World Development Movement, «In Whose Service», London, 2001.

9 Oxfam Internacional, «Cambiar las Reglas: Comercio, Globalización y Lucha contra la Pobreza», 2002.

The damage of declining public investment on services

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Liberalisation and privatisation policies, and the new terms of international trade, have had negative impact on the national economy and the socio-economic status of the population. The decline in public investment in services has reflected negatively on human development, as indicated by the decline in calorie intake and the increase of the population under the poverty line. It was also reflected in the almost total failure to realise any of the government's targets in the fields of health, education, drinking water or sanitation.

Factors affecting human development

In 1996, the proportion of people under the poverty line in northern Sudan stood at 84.6% in the urban areas and 93.3% for the rural population and no state had a rate lower than 76% for urban centres and 80% for rural areas. Poverty and nutritional deficiency rates are expected to be much higher in war-torn southern Sudan, for which accurate figures are not available. The civil war, which has extended geographically and increased in intensity, has had very high costs in terms of human lives, with an estimated 2.9 million dead since 1983. The war has destroyed natural and financial resources while generating social and political instability. Environmental degradation caused by war, drought and mismanagement of resources has also resulted in lower bio-productivity.

Liberalisation and privatisation policies, and the new terms of international trade, have had negative impact on the national economy and the socio-economic status of the population. That impact is reflected especially in the collapse of the national manufacturing enterprises, because of their weak competitive position vis-à-vis imports. The economic embargo, declared and undeclared, against Sudan for most of the 1990s, has curbed the inflow of development aid, loans and investment. This has been the result of the ruling regime's international and foreign policies.

Official Development Assistance (ODA) per capita fell from USD 32 in 1989 to USD 3 by 1995 and to less than USD 0.50 by 1997. The suspension of ODA and limited flow of Foreign Direct Investment in the productive sector also contributed to the outflow of capital and savings (to buy imports) at a far greater rate than the inflow generated from exports. Foreign loans, far from solving economic problems, have themselves become an additional problem by causing a reduction in public expenditure. Sudan's external debts had grown to USD 24 billion, by the end of 1999, a rise of 77.4% over ten years, with a massive annual debt service of over USD 1.3 billion.[1]

Employment, wages, child labour and vagrancy

According to the Ministry of Manpower statistics (1990), the national unemployment rate is 16.5%; the rate is 13.0% for males and 28.0% for females, and 15.5% in rural areas and 19.6% in urban areas. Ironically, in the states where the public sector is the largest employer, unemployment is higher, mainly because of the laying-off of workers in conjunction with the requirements of Structural Adjustment Programmes (SAPs) and privatisation policies.

The fact that per capita income increased from the equivalent of USD 284 in 1996 to USD 288 in 1999 is rather misleading, as the purchasing power of money has seriously deteriorated through high inflation. Escalating prices and a freeze on wages are indicators of the deteriorating conditions of public sector employees and wage earners in general, and explain the exodus from the public sector.

Working children constitute 10% the total labour force and 24% of the total child population. Another social phenomenon, closely linked to child labour, is child vagrancy and homelessness. Available figures suggest some 66,000 children in Sudan are living in the streets, a rise of 5.4% between 1996 and 1999. This number is estimated to have risen by 13.9% in 2002.

Health indicators

Morbidity and mortality under-recorded

The leading five diseases (malaria, pneumonia, diarrhea, nutritional deficiency and septicemia) have together a morbidity rate 20.2% higher than the national rate, and more than 64% higher than the overall rate. However, these figures only reflect the sick people who are admitted to hospitals and recorded. A large number of disease incidents are not reported because of geographical inaccessibility and lack of health awareness. Many people have no access to health institutions, particularly after the introduction of the cost recovery programme within the SAPs package that was aggressively implemented between 1996 and 1998.

In 1997 it was estimated that 98% of the children under five and 81% of mothers in North Darfur had anaemia.[2] While the infant mortality rate shows a downward trend in the northern regions during the period from 1993 to 1999, the rate has increased for southern Sudan. The lowest rate recorded is in Khartoum, an indicator of the urban concentration of services. The maternal mortality rate has risen sharply from 365 per 100,000 live births in 1995 to 504 in 1999, an increase of 38% in four years.[3]

AIDS

According to official statistics, diagnosed AIDS cases rose from two in 1986 to 2,607 in 1999 to 8,222 (4,190 confirmed AIDS cases, 4,032 HIV carriers) in April 2002.[4] The average annual rate of increase between 1996 and 1999 had been as high as 27% and the prevalence rate is now 1.6%. Over 71% of the diagnosed cases are males, of whom 93% are in the 15-49 year-age group. During the last two years, the spread of AIDS that was denied before, was officially recognised, and more recently the government formed a council entrusted with taking the necessary measures to combat the spread of AIDS. Promotion of safe

1 H. A. Abdel Ati, «International Commitments and Developments since 1992 and their Implications for the Implementation of Agenda 21», in Sustainable Development in Sudan Ten Years After Rio Summit: a Civil Society Perspective, Khartoum, 2002.

2 UNICEF, Situation Analysis of Women and Children in the Sudan, Country office, Khartoum, 1999.

3 A. Ali, The Role of Population Education in the Process of Family Welfare in the Sudan, Ph.D. thesis, Geography Department, Faculty of Arts, University of Khartoum. 2001.

4 See the Ockenden Report in Abdel Ati, op. cit.

sexual behaviour, awareness and education seems to be the most effective means of fighting the disease, but very little has yet been done in this respect.

Basic education: dropout and absenteeism

School dropouts and absenteeism are serious problems. The average annual completion rates for the period 1996-1999 were 53.6% for both sexes, 50.8% for boys, and 57.2% for girls. School facilities (e.g., buildings, teaching materials) and training of teachers, which directly affect academic attainment and educational efficiency, are extremely poor in the vast majority of schools. The percentage of trained teachers in northern Sudan, which was 75% in 1991, dropped to 68.3% in 1996 and to 54.7% in 1999.[5] Regional variations are enormous, e.g. 86% in West Darfur, 67.1% in North Kordofan, and 50% in Gezira State.

Water: 90% of epidemics due to lack of drinking water

The overall water situation in the country is grim. Based on World Health Organisation estimates of per capita needs, current supply constitutes respectively 58.2%, 24.4% and 35.9% of urban, rural and total water requirements.[6] According to the WHO, about 90% of major epidemics in the Sudan are water-borne and water-related, causing the death of some 40% of children under five years of age.[7] Sudan's government has set the goal of universal access to safe drinking water and sanitary means of human waste disposal. To achieve that goal, the Comprehensive National Strategy (CNS) (1992-2002) gives priority to the following strategies: protection of water from pollution; increased community involvement; low-cost appropriate technology; and the availability of 18 litres per capita per day (L/C/D) for rural areas and 90 L/C/D for urban centres.[8]

Rural water supply

The total volume of rural water supply in all states of Sudan is estimated to be 528,336 cubic metres yielding an average per capita daily supply of 0.025 cubic metres for rural population. A sizable portion of supply is sometimes lost to evaporation and waste. The contribution of boreholes to the total supply is most significant, amounting to 69.2%, followed by hand pumps (12.1%), the system of rainwater collecting known as *hafirs* (11.8%), sand filters (6.4%) and wells (0.5%).[9]

Some regions, especially rural areas, have an acute shortage. Average per capita daily consumption ranges between a maximum of 35.3 litres in Khartoum and a minimum of only 2.3 in West Darfur State. For potable water the maximum and minimum figures in Sudan are 35.4 and 1.5 L/C/D respectively.

The rural water sector has depended for a long time on foreign funding, with some local community participation. Shrinking public investment has adversely affected progress in rural water supply programmes. The three-year programme carried out under the CNS had very low achievement rates during the period 1992-1995. The higher rates of achievement in the hand pump programme are primarily a result of the strong support from UNICEF, effective community participation and the appropriateness and cost effectiveness of the technology used.

Urban water supply

The last decade witnessed a surge in rural-to-urban migration. The urban population grew from 6.8 million in 1993 to 10.3 million in 1999 (a 51.5% increase). This has increased the pressure on the already limited urban water services. The target of the government is to provide piped water supply connections to 85% of the urban population by the year 2002, with the remaining 15% being served by public stand posts.

Targeted urban water consumption (90 L/C/D) had not been met up to 1999 in any of the 26 states of the country. The achievement rate was 56.8% for all the urban population; the highest rate was in Khartoum (81%) and the lowest recorded rate was in the Bahr El Ghazal region (13.6%). As for the type of supply, about 30% of all urban population had connections in 1999 (35.1% of the target) and no state had over 40% of its urban population with house connections. Thus, none of the CNS goals of urban water availability, type and quality of supply are expected to be achieved by the end of the CNS period (2002). Nor has the issue of regional disparities been addressed.

Concluding remarks

The decline in public investment in services has reflected negatively on human development. This is indicated by the drop in per capita calorie intake and the increase in the already high percentage of the population under the poverty line. It is also reflected in the almost total failure to realise any of the targets set by the CNS in the fields of health, education, drinking water or sanitation. Several trends merit special mention:

- Despite GDP growth, the positive trade balance and the increase in foreign debt, there is a decline in the development budget and social expenditure. Possible explanations are the high expenditure on the war (defence and security) and the halting of ODA and trade sanctions the country was subject to for most of the 1990s.
- Although incidence of disease was reduced, infant and maternal mortality have increased, which can only be attributed to poverty and/or poor services.
- The marked increase in child vagrancy is very much linked to the decrease in school enrolment and high dropout rates. With the increasing number of girls in the street as well, this poses the threat of spread of AIDS.
- All the indicators used confirm that great regional disparities persist. ■

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5 UNICEF, 1999, op. cit.

6 Water and Sanitation Project 2000; Tables 28 and 34.

7 UNICEF, 1999, op. cit.

8 WHO puts the need at 20 L/C/D for rural areas, 100 for Khartoum and 80 for the other urban centres.

9 UNICEF, 1999, op. cit.

Shape up or ship out!

MAGGIE SCHMEITZ

Surinamese society is moving towards privatisation and liberalisation among heated debates. Bad quality and high costs of public services make consumers demand the government to either shape up or ship out and give private initiative the chance to do it better. On the other hand, there is fear for the consequences to employment and the accessibility of quality services for the poor, and benefits from concessions to multinationals are questionable.

Liberalisation and privatisation are hotly debated issues in Suriname. Successive governments have successfully stalled the process of diminishing state control over a wide range of areas. The Constitution confers a predominant role for the State, which can be briefly described as too little *and* too much. On one hand, it is incomplete or vague on crucial issues, such as procedures for removing the president. On the other hand, it is excessively intrusive in economic and social areas. This burdens the executive branch of government with commitments that are almost impossible to fulfil. The extensive role assigned to the State impedes private sector development and increases the risk of the arbitrary use of power by the State.[1] The private sector has often complained «that the government is like a giant Cerberus, who watches over us constantly. Everything is forbidden, except that which is specifically allowed.»[2] While the government has acknowledged the necessity to reform the parastatal sector, it has not taken action to do so.[3]

Government as main provider

Government control takes the form of a political patronage system, where political factions, supporters and friends can be rewarded with civil service jobs, houses, and other scarce commodities.[4] Government employment makes up 44% of total employment. Women have the majority of lower echelon civil service jobs. Government spending (between 40% to 50% of GDP) is overwhelming, with the focus on government consumption: expenditures on wages, salaries, goods and services. According to the Inter-American Development Bank, in 1997 Suriname ranked first in Latin America and the Caribbean in expenditures on goods and services at 30.5% of GDP (average 9.9%), and in total government expenditures at 45.5% of GDP (average 22%).[5]

Privatisation in Suriname

The executive branch of government consists of the central government, local government, and over 100 parastatal agencies, legal bodies in which the government holds the main share. Parastatals can be categorised according to private law as non-profit foundations or for-profit corporations and according to public law as public or private enterprises. Governments delegate responsibility to a parastatal agency in order to side-step stifling civil service regulations. This delegation also enables ministries to attract staff outside the civil service.[6]

1 Inter-American Development Bank. Economic and Sector Study Series, *Governance in Suriname*, Washington, April 2001.
2 A.J. Brahim. «Wat verwacht het bedrijfsleven van de overheid,» in: *De efficiency binnen de Surinaamse overheid*, Progress Rotterdam, 1991.
3 Government of Suriname. *The National Reconstruction*, Multi-Annual Development Plan 1999-2003.
4 For a history of patronage, see Edward Dew, *The Difficult Flowering of Surinam,* 1978.
5 Inter-American Development Bank. *Central Government Consumption in Latin America and the Caribbean,* 1997.
6 Dr. H. O. Prade. «De verantwoording van het financieel beheer door de overheid en parastatale instellingen» in: *De efficiency binnen de Surinaamse overheid*, Progress Rotterdam, 1991

Access to water, electricity and telecommunication

Public and semi-public goods such as water, electricity and telecommunication are provided by parastatal utilities. The Central National Accountants Agency (CLAD) is responsible for controlling these utilities, and for reporting their findings to the National Auditors Office. The CLAD has recently been expanded but still has only one qualified accountant.[7] From 1990 to 1999, the Energy Company and the Telecommunication Company of Suriname did not once submit an annual report; the Surinamese Water Company submitted only one annual report. Of the companies under CLAD's control, 80% showed a profit and 60% had enough liquid assets to meet their obligations. Only 20% of the companies, however, were solvent, and none of them met the requirement of at least a 10% rate of return on total and loan capital. For 60% of the companies the costs for personnel were much too high related to total costs.[8]

In maintaining monopolies, the government is failing in its regulatory task of providing collective goods and services. Operations, whether delegated or not, are characterised by poor quality service, high costs, and missed opportunities for development. For example, Suriname is the most expensive telephone call destination from the United States in the whole western hemisphere (Suriname USD 1.11, Guyana USD 0.87, Trinidad and Tobago USD 0.61, and the Netherlands Antilles USD 0.26).[9] In addition to people in the interior who have no access to running water or electricity, many households both in rural and urban areas have no access because their neighbourhood is not part of the power or water company's infrastructure. A growing number of households have been disconnected from these services because they have not been able to pay the bill.

The electricity sector is also characterised by non-transparency. The majority of electricity is generated privately by a large bauxite company, the Suriname Aluminium Company (Suralco). As part of an agreement concerning the construction of the hydro-electricity plant, the bauxite company sells 80 million-kilowatt hours (kWh) per annum to the government at USD 0.004 per kWh. Instead of selling the electricity to the state distribution and generation company EBS, the government gives it to EBS for free. In return, EBS does not charge the government for the provision of electricity to government buildings and for the street lighting it provides. The accounting is further muddled because the government, which is often in arrears in payments, frequently deducts the cost of its electricity bills from the bauxite company's tax obligation.[10]

The feeble position of the government in trying to guarantee provision of services by international corporations was shown in October 2002, when Suralco safeguarded electrical power for its own operations before restoring electricity to the national energy company. Members of the government party subsequently approved the prioritising of power supply to the bauxite

7 Inter-American Development Bank. Economic and Sector Study Series, *op. cit.*
8 National Auditors Office of Suriname. *Annual Report 1999*, Paramaribo, 2000.
9 9-line Communications. *International Long Distance Rates*, USA 1999.
10 Inter-American Development Bank. Economic and Sector Study Series, *op. cit.*

operations. One legislator stated, «since the bauxite operation is the cork on which our economy floats, it had higher priority than supplying the population.»[11] A high-level mission from the firm's headquarters arrived to install a committee to deal with damage claims, but did not allow the government to include a representative on the committee. As the President put it: «We were friendly but surely dismissed by Suralco.»[12] This attitude shows how successive governments have been dealing with multinationals.

Access to and control over land

Article 41 of the Constitution states that «The nation has the inalienable right to take complete possession of its natural resources in order to utilise them to the benefit of the economic, social and cultural development of Suriname.» Virtually all land is state-owned; citizens can apply for free short- or long-term leases (maximum 75 years). Although in theory any citizen can apply, statistics show that fewer than 1% of females actually acquire a title to use land.[13] Bureaucratic procedures make it common for citizens to wait ten years or longer for a lease. In contrast, more and more private project developers have been able to secure leases in exclusive residential areas quickly for their better-off clients.

Huge concessions have been given out to multinationals from Canada, Indonesia and China, mainly for logging and gold mining. The benefits for the nation are questionable, as are issues of control, environmental damage and taxes. Furthermore, time and again tribal people living in the interior have endured violation of their traditional rights, as articulated in the Peace Accord signed in 1992. This treaty promised to create legal mechanisms by which citizens who reside in a tribal setting could secure a title to land in their respective living areas; it also determined the demarcation and size of these living areas, and the establishing of economic zones.[14] Ten years later, none of these promises has been kept and new concessions for the exploration of bauxite in West Suriname are under negotiation with two multinationals: Suralco/ALCOA from the USA and Billiton from the Netherlands.

Healthcare hollowed out

An estimated 89% of households in Suriname have a clinic or healthcare centre within a radius of five kilometres.[15] The Regional Health Service (RHS, 50 clinics or stations) is a parastatal foundation responsible for providing primary healthcare to the poor in the coastal area; it provides services to an estimated 120,000 free medical cardholders and an estimated 25,000 people covered by the State Health Insurance Fund. The RHS is supposed to offer free preventive services in cooperation with the national Family Planning Agency, an autonomous NGO, and Youth Dental Care.[16] Primary healthcare in the interior is provided by the Medical Mission, an NGO entrusted with this responsibility by the Ministry of Health in 1977. With 45 clinics and stations, it is supposed to cover the medical needs of an estimated 48,500 people (80% Maroons, 20% indigenous people).[17]

As the share of Total Government Expenditure (TGE) going to healthcare over the last year was only 3%,[18] it comes as no surprise that this medical infrastructure has been severely hollowed out. Clinics are in a bad state, understaffed, and have a continuous lack of medicine and equipment. In the interior, doctors are known to have surgery hours from the windows of their cars.[19] Furthermore, doctors serving in rural areas refer more and more pregnant women to a hospital in the capital, since they are not equipped to deal with possible complications at delivery, lacking, for example anaesthesia and blood for transfusions.[20] Medical services are also becoming more expensive. Though services are supposed to be provided for free, in practice patients have to pay.[21] The whole medical infrastructure is suffering from the fact that the government fails to fulfil its financial obligations. In the capital, out of four hospitals, two are private and religious-affiliated, one is a state enterprise, and one is a parastatal foundation. In the private hospitals, costs for patients are higher and wages for nurses are lower.

In recent years, the parastatal foundation's Lands Hospital has made headlines because of its financial problems. First, the manager sued the State for not fulfilling its financial obligations to pay nurses and other staff. The government responded by suing the hospital for allegedly not paying income taxes; that is, taxes on salaries and wages that were not received! Next, the hospital made headlines with the story of «kidnapping» babies. Since the hospital did not receive payment for deliveries, it resorted to holding babies hostage until their mothers paid their bills.

Although policy efforts have been made to reorganise the health sector and to expand the system of public health insurance, they have fallen short. Health institutions and the State Health Insurance Fund were faced time and again with government defaults. As a consequence patients are often confronted with the «no pay, no cure» treatment. More and more individuals and companies who can afford it made a shift to private health insurance, thereby eroding the basis for general health insurance further, and widening the gap between those who have access to quality healthcare and those who do not.[22]

Gender statistics for indigent and insolvent households who are issued a free medical card (29,335 in 1990 and 60,200 in 1998)[23] indicate that roughly twice as many women heads of households as men are registered.

Education: NGOs and private schools filling the gaps

Historically, religious-affiliated NGOs have been taking responsibility for providing primary education in rural areas and the remote interior. However, large groups of children in the interior do not get primary education on a regular basis because there are no teachers available, or because facilities (schools and houses for teachers) are inadequate. The education sector in general is badly affected by the social, political and economic situation (including strike after strike, and a shortage of qualified personnel) resulting in a wider gap between parents who can send their children to a private (paid) school, and those who cannot.

Facing the liberalisation of services; urgent need for domestic capital formation

Surinamese society is moving towards privatisation and liberalisation. On one hand, bad quality and high costs of public services make consumers (households and industries alike) demand the government to either shape up or ship out and give private initiative the chance to do it better. On the other hand, there is fear for the consequences to employment and the accessibility of quality services for the poor, specifically those living in remote areas.

However, there is broad agreement that government needs to shape up to face the challenges of competing in an increasingly globalised economy. Human resource limitations are just one of the obstacles defined for most members of the Caribbean Community (CARICOM).[24]

In Suriname, building productive capacity and strengthening institutions will be crucial to overcoming the heritage of a highly centralised, partisan policy. National competition will have to be stimulated, while clear and transparent regulation must be established for the distribution of public goods and services, taking into account structural and social concerns, as well as macro-economic and financial concerns. ■

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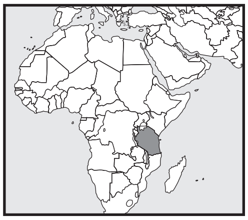
11 Radio 10. Interview with members of Parliament on the black-out, October 2002.
12 Radio 10. Interview with the President of Suriname on the consequences of the black-out, October 2002.
13 Sheila Ketwaru-Nurmohamed. *Situational Analysis of Women in Suriname,* Paramaribo, 2001.
14 Economic zones should safeguard traditional economic activities such as agriculture, hunting and small-scale logging and mining.
15 Ministry of Public Health. *Questionnaire, Health Conditions in the Americas*, 1997.
16 W. Bakker. *Health Conditions in Suriname*, 1996.
17 *Ibid.*
18 Ministry of Finance. Statistics from the Budget Office, 2001.
19 Interview with women's organisations in the district of Brokopondo, 2002.
20 Interview with doctors from the Regional Health Service in the district of Marowijne, 2002.
21 Seminars on Health Sector Reform, Ministry of Public Health/ PAHO.
22 *Ibid.*
23 Ministry of Social Affairs and Housing, Department for Research and Planning. *Table of Free Medical Card Clients 1990-1998,* 1999.
24 Judith Wedderburn, «Capital Investment and requirements for competitiveness,» paper prepared for the working group on CARICOM's Single Market and Economy, Jamaica 2002.

TANZANIA

Benefit of an elite at the expense of the poor majority



While some businessmen and investors cite GDP growth and higher efficiency as positive results of liberalisation, civil society finds that economic reform measures have reduced government services in communities, increased individual costs for social services, and caused job losses. The results have been regressive, as a small minority have benefited while the majority have become further impoverished and disenfranchised.

Notwithstanding rosy predictions of efficiency and investment, privatisation and structural adjustment have had adverse effects on Tanzania's rural poor. In 1992 the government adopted the Parastatal Reform Policy, whose objective was to help the private sector take advantage of business opportunities, while government fulfilled its traditional roles of maintaining law and order, and providing the economic and social infrastructure. The government had the task of creating a level playing field for economic competition and social development to take place under private sector control.

Retrenchment (downsizing) in public and private sectors has led to increased job insecurity, lower pay and high unemployment levels, with low-income women being the most vulnerable. Social inequality has escalated, especially in housing, education and healthcare.

Crops: once again, the colonial monopoly [1]

Through ongoing privatisation initiatives, the government, in conjunction with external multinationals, is removing local resources from the hands of the majority of the people and putting them in the hands of the few, within as well as outside the country. Many multinationals tend to repatriate their profits to make new investments in other countries, hence the government benefits only from national taxes, which do not benefit the local poor communities since social services have been reduced.[2]

Smallholder farming and livestock keeping, on which the majority of rural people rely for their livelihoods, have been thrown into crisis because of liberalisation measures such as the withdrawal of price support, soft loans, and subsidies for farm inputs. The majority of farm households in many areas depend heavily on off-farm activities to supplement declining farm incomes. Real returns for export and food crops have declined in many areas. Small farmers lack access to subsidies and loans that would allow them to modernise and increase productivity. Their crops are consequently of lower quality than those of large-scale farmers and bring lower prices.

There are widening disparities between large and small farmers, and between different agro-economic zones. Economic reforms have tended to favour large-scale capitalist enterprises such as plantations and large ranches in Tanzania. They have regained their old colonial monopoly over support systems such as credit, extension services, and marketing channels – and a growing number are foreign investors, including white-owned companies from South Africa.[3]

As usual, harder for women

The feminisation of poverty has occurred side by side with increased female labour force participation and increased female access to and control over cash incomes. Changes in women's economic activities, however, can only be understood in the context of the dramatic reduction of male employment and incomes. Most people employed in the formal labour market have been men, who have been most directly affected by retrenchment policies in the public sector and downsizing in the private sector.

At the same time, real wages in both the formal and informal sector have declined, as have real farm incomes. Many men, no longer able to provide for the cash needs of their families, are increasingly dependent on the incomes of women. Because of the decline in incomes and the economic hardships on small farms, urban migration has increased; the majority of the new city-dwellers are young people and women seeking extra and non-farm incomes. Child labour has become increasingly important to household economies.

In addition, because of user fees and withdrawal of government support, much of the burden for care of the sick and the elderly has been returned to the household level, primarily falling on women. It is estimated that women in the rural areas work more than 14 hours a day compared with 10 hours for men.[4]

Environmental degradation means water reserves dry up due to lack of forest cover, increasing the distance for the women fetching water. In all these experiences women are exploited further through the implementation of the IMF/government policies that demand increased crop yields without providing for technological innovations to facilitate them.

Trade liberalisation and the rise of unpaid labour

Both women and men increasingly depend on self-employment in the informal sector, which has no job protection, worker benefits, maternity leave, minimum wage or other worker support systems, and has been overlooked thus far by union organisers. The majority of informal sector workers earn extremely small incomes, which barely cover production costs. Women tend to be channelled into the least remunerative occupations within the informal sector; hence, women predominate in food manufacturing/ processing/sales work, whether they are small-scale operators or wage employees.

The twin policies of retrenchment and privatisation of parastatals have had a devastating impact on women, because of their greater dependence on the public sector for regular employment. Structural adjustment has resulted in the shrinking of less competitive sectors of the manufacturing industry such as tailoring and cloth manufacturing, and food processing, where, again, women employees were concentrated.

Unpaid labour of women, children and youth has increased in smallholder farming and informal sector activities, in order to reduce the costs of household economic activities. Unpaid labour is replacing paid wage labour, a backward step economically, socially, and politically. At the same time, the unpaid labour of women and children continues to provide the bulk of needs within the household and the community.

1 SAP-oriented measures have encouraged privatisation of local markets and reduced state financial support of the remaining few local marketing institutions, such as cooperative unions, which have deteriorated. Consequently, there is a growing trend for the prices of both food and cash crops in rural communities to be set by private traders, who have the means of reaching remote areas, and who enjoy direct access to foreign buyers.

2 Because it has not addressed problems such as transportation and extension services, trade liberalisation has exploited local farmers instead of supporting them.

3 Marjorie Mbilinyi, «Women Workers and Self-Employed in Rural Sector,» Report for ILO, Dar es Salaam, 1997.

4 Fenella Mukangara and Bertha Koda, *Beyond Inequalities: Women in Malawi* Harare: SARDC, 1997.

Increased poverty and rural-to-urban migration have also led to increased sex work among women, men and children, which is partly associated with the rise of sex tourism and expatriate workers. Young girls who move to the cities in search of a better life are recruited, as they get off trains and buses, to work in brothels or on the streets. Many others turn to sex work to escape from the low pay, harsh working conditions and sexual harassment experienced in domestic service, the other main job «opportunity» available to young rural girls in town.

The effects of adjustment reforms, therefore, have been especially harmful for most women: longer workdays, less access to basic resources like land and labour in some cases, reduced opportunities in formal wage employment and education, and increased financial responsibility for families and communities—too often in absence of support from the male partner.

Health care: mothers and babies held hostage [5]

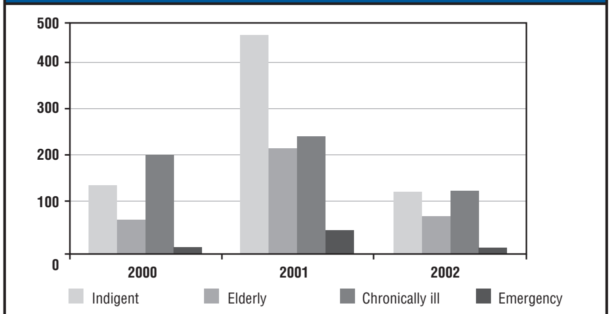
The Tanzanian health budget is still very small. In the year 1998-1999 the health budget comprised less than 5% of total government expenditures. For many years healthcare services, including maternal healthcare, were provided freely and subsidised by the government. With the introduction of structural adjustment policies such as cost sharing in the mid-1980s, healthcare services now require a fee payment. About half of all Tanzanians earn below poverty level of USD 1 a day, and are unable to meet required fees for medical treatments.

Despite cost-sharing exemptions for vulnerable categories such as the elderly, pregnant women, and the indigent, facilities are scarce and of very low quality. In addition, the elderly must go through a very cumbersome procedure to acquire a certificate of exemption.

Often these exempted groups have to buy medicine prescribed to them by doctors from a pharmacy. They must either struggle for money to afford the high cost of profit-oriented private services or perish, thus rendering the exemption policy irrelevant. Research conducted in the Kondoa district revealed that if a maternity patient fails to pay the required amount the normal procedure is that she will be given medical service but not discharged until costs are met.[6]

CHART 1

Exempt patients attended at Nachingwea District Hospital



A recent research done in the Lindi region in southern Tanzania showed that the so-called «exempt» patients in Nachingwea District Hospital are actually paying consultation fees and still have to obtain drugs elsewhere outside the hospital. In summary, it appears that the whole process of cost sharing actually hinders accessibility of health services.

Water: just for the happy few

The privatisation of the water supply in the 1990s has led to higher prices for this essential commodity. The government depends on the taxes from the private companies, so they raise tariffs. In order to maximise profits while improving service, the companies raise costs. This has led many consumers to abandon—or be cut off from— water services. In addition, private water providers have not promoted expansion of services to the rural areas. There are fewer sources of safe water, such as boreholes and protected streams in rural communities, many of which now have access to safe water only in areas where religious organisations or other NGOs have provided it.

Disseminating illiteracy

SAPs have had negative effects on the quality and availability of education. Cost sharing and the reduction in public spending on primary education tend to affect girls more adversely than boys. Structural adjustment required parents to contribute to the education of their children, but patriarchal customs favoured boys over girls in education. Enrolment in primary schools for both sexes had dropped since 1987, but now the trend is reversed since the Primary Education Development Policy in 2001 offers a free primary education to all children.

As women become more active in market-oriented non-farm activities, they have been forced to withdraw their children from school to work in the home. This has had an immediate effect on children's, particularly girls', access to schooling, and will have long-term social as well as individual costs.[7]

Tariffs that deplete forests

Private enterprises and investors, foreign or local, have the basic objective of earning maximum profits. The government's role, therefore, is to see to it that its citizens are not exploited and to provide basic services for them by taxing private businesses.

With the privatisation of parastatals that provide basic and essential services, such as water and electricity,[8] in some cases a semi-monopoly has been created. Where electricity tariffs are very high the rural poor cannot even dream of accessing these services. Charcoal and firewood are their only options for fuel, so they cut down trees. The increase in the acreage of crops by small farmers trying to compete with the larger, subsidised farms, has led to more deforestation, due to the slash-and-burn system of agricultural production highly practised in rural Tanzania. Great expanses of land lie unused and barren. For most rural women, this represents a further burden, since they have to travel further in search of firewood. ■

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Tanzania Women Lawyers Association (TAWLA)
Women Advancement Trust (WAT)
National Youth Forum (NYF)
Women in Law and Development in Africa (WiLDAF)
Women Legal Aid Centre (WLAC)
<wlac@intafrica.com>

5 According to the Tanzanian reproductive report in 1999, life expectancy was 48 years; infant mortality was estimated to be 99 per 1,000 live births. Maternal mortality is also very high, estimated to be 529 per 100,000 live births.

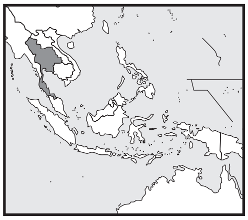
6 TGNP, «Gender Budget Initiative (GBI)» Dar es Salaam, report, 1998.

7 The Social Watch Shadow Report in June 2000 showed that illiteracy for both men and women was on the rise.

8 Electricity was privatised in 2001/2002.

The dark side of global markets

RANEE HASSARUNGSEE



The 1997 economic crisis led to the privatisation of lucrative state enterprises as an IMF requirement to reduce the debt, which was largely incurred by the private sector. However, the multinational corporations have not benefited Thailand, but they have returned profits to their own countries. At present, it is vital to define, prioritise and achieve an equilibrium between democratic development and market mechanisms. In this process, civil society should play an active role in maintaining basic human values.

Financial liberalisation: killing all birds with one stone

Thailand's economic development strategies have always relied on foreign investment capital. Between 1986 and 1989, the average annual inflow of foreign capital was USD 1.2 billion. The amount rose to USD 2 billion during 1990-1996 when Thailand began to liberalise its financial sector. Even in 1997 when the economic bubble burst, USD 3.8 billion of foreign investment flowed into the country.[1] The majority of this capital was invested in property and land development, public utilities, private health care, telecommunications, financial services, trade and marketing promotion, large-scale industrial projects and other direct investment.

The 1997 financial crisis created greater opportunity for foreign direct investment (FDI). 1998 saw the highest growth in FDI in the banking and finance sector, while the investment growth in the industrial sector grew 53.4% higher than in 1997. FDI increased because many businesses on the verge of bankruptcy had no choice but to let overseas multinational corporations take over their operations. Thailand's Board of Investment (BOI) was set up primarily to promote foreign investment. The BOI provided investment incentives, such as tax exemption for a certain number of years. Complete ownership of companies has been the latest promotion the BOI offered to bring in greater foreign investment capital. Thammawit research revealed that since foreign corporations have been allowed to own either majority or 100% shares of BOI-promoted companies, 135 such companies had their majority shares bought up by multinational corporations between November 1997 and March 1999.[2]

Increased investment capital brought in by multinational corporations spurred Thailand's export figures and integrated the national economy more closely with the global market system. A 1997 statistical report showed that two-thirds of total export value came from export companies operated by foreign investment capital. These multinational corporations, excluding food and rubber industries, accounted for approximately 80% of the industrial sector's total export volume.

Since 1987, industrial development strategies have principally emphasised promoting large-scale industries operated by multinational corporations, which were provided with tax privileges, tariff protection, and infrastructure facilities. Not surprisingly, such policies have simultaneously destroyed most of the medium- and small-scale domestic industries. These internal entrepreneurs had to cope with labour shortages, lack of access to capital, and unfavourable tax and tariff systems that put them at a disadvantage relative to their large-scale overseas counterparts.[3]

Thailand has not substantially benefited from the operations of multinational corporations. They have used various means, including transfer pricing, to return profits to their own countries. At the same time, inadequate attention has been paid to domestic value-added production and technology transfer, while comparatively high expenses on royalty fees of technical expertise were welcome. While some high-tech goods, such as machinery, mechanical instruments, and electronic circuits, were exported, most of these products were merely assembled in the country before being exported. In computer products, Thailand's top-export, imported components constituted 44-46% of export value.

In addition, exports faced fierce competition in global markets. According to a 2002 survey by the Export Promotion Department, Thai exports in high value electronics dropped 18.5%, being negatively affected by competition from China. Domestic crisis and competition combined to cause serious increases in industrial unemployment and «flexible» employment: low-paid, informal sector jobs without any welfare benefits that are taken primarily by women.[4] Formal sector workers who kept their jobs found their bargaining power seriously weakened and labour rights eroded.[5]

Privatisation: purchased with natural resources as a premium

The 1997 economic meltdown also made the privatisation of lucrative state enterprises unavoidable. The government was obliged by the IMF to privatise State Owned Enterprises (SOEs) to reduce the debt, which was largely incurred by the private sector. For example, in Thailand's November 1997 Letter of Intent, the government stated that it had completed the preliminary work to increase the role of the private sector in energy, public utilities, communications, and transport sectors. The government intended to reduce its stake in the national airline (then 93%) and Bangchak petroleum company (then 80%) to well below 50%. It also submitted to Parliament the necessary legislation to facilitate the privatisation of the SOEs that were not yet corporatised.

Recently, it has been reported that many of the biggest privatisations were conducted without transparency. In the case of Petroleum Thailand, the top three institutional shareholders are affiliated with Merrill Lynch, while the largest individual shareholders had personal connections to the political party in power.

1 Anuch Abhabhirom *et al., Thailand Trends*, No. 13 «Thailand's Society, Knowledge and Stance in the Global Forum», Thailand Research Fund, 15 May 2002, p. 55.

2 Thammawit Therd-udomtham *et al.*, «Thailand's Industrial and Technological Development Over the Past Five Decades», seminar on *Five Decades of Thailand's National Economic and Social Development Plan*, Faculty of Economics, Thammasat University, 12 June 2002, pp. 7-20.

3 Niphon Phuaphongsakorn, 1999, «Thailand's Industrial Development and the Idea of Self-sufficient Economy», an article presented to the *1999 Annual Conference of Thailand Development Research Institute on Self-sufficient Economy*, 18-19 December 1999.

4 Worawit Charoenlert and Bandit Thanachai-setthawut, «Economic and Social Crisis and the Future of Thai Labour», *1997 Thailand's Turning Point*, the Political Economy Centre, November 2001.

5 Work Report, Women Workers Section, Friends of Women Foundation, September 2002.

The government has announced the privatisation of Thai Thanakhan Bank, THAI (Plc), Telephone Organisation, Airport Authority and the Krung Thai Bank (Plc). The 2003 privatisation list includes the Port Authority, Communication Authority, and the Metropolitan Waterworks Authority, while in 2004 the Electricity Generating Authority, Metropolitan Electricity Authority, Provincial Waterworks Authority, and Provincial Electricity Authority will follow suit.[6]

Radical changes: uprooting the majority's livelihood and resources

Privatisation of «public goods», such as water, has already occurred to a certain extent. According to one of the principal conditions of the ADB's USD 600 million Agricultural Sector Programme Loan, the government is obliged to end agricultural subsidies, charge farmers current market interest rates, restructure the water resource management system, speed up the passage of the National Water Resource Act, and establish market-based water pricing. Another USD 200 million loan from the World Bank was also granted to the Natural Resource Management Project, aiming at improving water management in the Chao Phraya River Basin. The World Bank has indicated that more efficient water management includes tradable user rights.[7]

The government granted a concession to the East Water Co. Ltd. (Plc), which was set up by the Provincial Waterworks Authority and co-invested by a private company from Singapore, to provide and sell water resources to urban and industrial sectors of Thailand's eastern region. It also awarded a concession to a joint venture between a Thai private firm and a British counterpart to produce untreated water for the Provincial Waterworks Authority office in Pathum Thani, an important industrial area adjacent to Bangkok. Still more concessions were granted to private companies to produce water supplies to be sold to Provincial Waterworks Authority offices in several provinces.

The State Enterprise Policy Committee met on 29 December 1999 and approved an urgent study on privatisation by a private consulting firm. Such privatisation procedures included full water supply concessions that allowed the private sector to operate all systems of production, sale and services, as well as maintenance, metering, invoicing, and bill collecting. The concessions, to be granted in five river basins, would last for 25 years and have direct impacts on farmers all over the country. For example, under a framework that privileges «maximum returns» when water is scarce, farmers could find their user rights transferred to users in other sectors.

Local voices of wisdom

A study on public participation in water privatisation by Chulalongkorn University's Social Research Institute provided insight into local attitudes on the management of resources. It revealed that in many areas the majority of the population felt they needed to participate in the management of water at the river-basin levels. Many of these people were well informed and already involved in river-basin management because they have had to deal with serious problems related to natural resources: water pollution by industrial factories and urban communities, conflicts over water between the farm and industrial sectors, soil salinity, deforestation of watershed areas, and overproduction of sand deposited along the river banks.

However, the participation envisioned by the people is different from that suggested by the State. The State's top-down approach will involve an organisation of water user groups and a river basin sub-committee that will oversee the local water resource management and lay down strict rules for all water users, whose management methods are different owing to their communal cultures. Moreover, each river basin is ecologically different and features different irrigation systems that require varying management and maintenance techniques.

Charging irrigation fees to reduce water demand and encourage users to save water is an inequitable solution. There would be no guarantee that with the irrigation-fee system in place, low-income water users would not be deprived of their access to water.[8]

In an April 2002 seminar co-organised by the Popular Midnight University, the Assembly of the Poor and the Assembly of Academics for the Poor, many alternatives to water management were proposed. Prof. Nidhi Iawsriwong identified the following outstanding «knowledge» or wisdom employed by the grassroots people's management of water:

- Water «knowledge» combines technology, ecology and sociology.
- Natural changes are normal phenomena.
- Sustainability requires moderation.

Nidhi asked, «Can this three-dimensional water management method, including its inherent mindset, be called knowledge?» He believes that while it is too undocumented and unorganised to be called a «body of knowledge» that can be transferred through modern learning processes, such as classroom instruction or textbooks, for the villagers this knowledge is easily learnt through their way of living. However, these practices are hard to learn for those with different lifestyles. As the saying goes, knowledge is power. The creation of alternative knowledge threatens to dismantle powerful social structures. It is not going to be achieved easily.[9]

A way out for Thailand

A report by Pranee Tinnakorn reveals that the richest 20% owned 49.2% of national income in 1975-76. This figure went up to 57.8% in 2000. In other words, only one-fifth of the population owned more than half of the country's income. The fact that the prosperity of national development has continued to be concentrated on those already rich has widened the income gap between the rich and poor even further. During 1975-76, the richest 20% earned eight times more than the poorest people. However, the ratio was 15 times in 2000. Today, Thailand's rich and the poor live a life as starkly different as day and night.[10]

Analysing the current situation, political scientist Chai-anan Samudavanija made the following conclusion: «A vital problem we are encountering now is how to prioritise and achieve an equilibrium between democratic development direction and market mechanism approach. Development direction and market mechanism approach are related to each other. In a unilateral development direction by which an emphasis is favourably given to export-led industrial capitalist development at the expense of agricultural and small and medium enterprise sectors, market mechanisms will play a more powerful role in ruining communal way of life.

«We need popular politics whereby the community and popular sectors are society's core groups. Civil society should have a participatory role to play in a political space… Civic society governance means that society's mainstream culture plays an active role in maintaining basic human values—cooperation, interdependence, sharing, and moderation—instead of promoting competition, accumulation, destruction, usurpation, and extravagance... [W]e need a future government that is conscious of their political obligation to equilibrate the power balance between the private and the people sectors. If the government evades this obligation, its inaction will practically strengthen the destructive power of the private sector over the civil society. As a result, the civil society sector will become weakened and incapacitated under the clutches of the state and the private sector.»[11] ■

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6 *Prachachat Thurakij* newspaper, 8-11 August 2002, p. 11.

7 Srisuwan Khuankachorn, «Will there be no resources for the people?: Privatisation of resources ownership by foreign capital in Thailand's economic recovery age and for whom», *Political Economy Journal (for Community)*, No. 13, p. 158.

8 A research report on «Public Participation in Water Allocation and Privatisation», Social Research Institute, Chulalongkorn University, 2001.

9 Nidhi Iawsriwong, «Alternatives to Water Management», *Matichon Weekly* magazine, 13-19 May 2002, p. 41.

10 Pranee Tinnakorn, «The Inequality of Income Distribution over the Four Decades of National Development: 1961-2001», seminar on *Five Decades of Thailand's National Economic and Social Development Plan*, Faculty of Economics, Thammasat University, 12 June 2002, pp. 4-27.

11 Chai-anan Samudavanija, *From a Nation State to a Market State: Ideologies on the State and Societies in a Globalisation Age*, Ban Phra Arthit Press, December 2001.

■ TUNISIA

Democratic deficits in the midst of liberalisation

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In 1987, following a crisis in the balance of payments, Tunisia entered a structural adjustment programme, aimed at liberalising the economy and cutting the State's role in competitive economic sectors. From 1997 onwards, the government accelerated the process and started selling companies that were not losing money. Civil society has been unable to exert pressure on the government to prevent decisions being made contrary to the interests of the majority.

In 1987, following a crisis in the balance of payments, Tunisia entered a structural adjustment programme aimed at liberalising the economy and cutting the State's role in competitive economic sectors. The process started slowly and with strong state investment, in an attempt to make the public sector competitive. First hotels and commercial establishments—at that time being easier to sell—were privatised, and then textiles, foodstuffs, transport, chemicals, building materials and suppliers of electric and mechanical equipment. From 1997 onwards, the government accelerated the process and started selling profitable companies. Between 1997 and 2000 alone, 66 companies were privatised. At the beginning of 2001, the government issued a list with 41 other public companies that were to be privatised.

The present situation

Strong pressure is being exerted on the state budget, owing to the drop in treasury income caused by the elimination of tariffs, and the expected fall in non-tax income caused by the drop in income from oil. The drop in income from public companies to be partially or totally privatised also creates a complex situation that is getting worse after four years of drought. Furthermore, the decreased income from the tourist sector following the events of 11 September 2001 and the attack at Djerba in April 2002—which claimed some twenty German victims—should also be taken into account. All this has affected the citizens' purchasing power, which has fallen by 25% since the mid-1980s, because the government has had to withdraw its support to products of primary necessity.

The slower rate of world growth, the rise in essential convertible currencies such as the dollar and the euro, the opening up of the European market (to which Tunisia is linked through an association agreement) to new member states and, finally, changes in climate have all added to the hard blows received by the country in vital sectors such as tourism and handicrafts.

Nevertheless, official figures indicate a retrocession in the poverty index, which dropped from 6.2% in 1995 to 4.2% at present. The rate of sub-standard housing has also dropped: 1.2% in the year 2000 against 8.8% in 1984. The rate of connection to drinking water is 79.5% and the electrification rate was 95% in 2001. The rate of social security coverage has reached 85%.[2] Given that 15% of Tunisians are not covered by social security, it is urgent that the government reforms the system in such a way as to ensure sufficient coverage for all.

The economically active population amounts to 3,292,700 people (according to 2001 figures), of whom 75.4% are men and 24.6% are women. The demand for new jobs will reach 80,000 per year in the next few years, owing to the continuously increasing number of women in the labour market and the number of women receiving diplomas reaching 25,000 per year. The service sector was the greatest source of income during the 1990s. Administrative and commercial services represented 55% of the GDP. Thus, this sector has generated the greatest number of jobs, with 44.1% of the labour force, owing to a significant drop in the agricultural sector.

According to official 2001 statistics, unemployment is 15%. However, according to some experts, the proportion is greater, particularly in the poorer regions inland, which are less attractive to investors, and where unemployment may reach as high as 30%. It should be noted that pressure on the labour market comes from people having a low level of education (13% of the unemployed in 1999 were illiterate and 48% had not gone beyond primary education). The threat of unemployment hangs over whole sectors of the population and is accentuated by the probable increase in dismissals for economic reasons due to restructuring, bankruptcy or privatisation, which continues to be slow in spite of the advantages gained thereby.

Despite these positive aspects of government action to mitigate the negative effects of globalisation, feminist associations, trade unions and human rights organisations fear that a difficult stage lies ahead. In fact, continuing the transfer of public companies to the benefit of national and foreign capital may endanger the existence of numerous social achievements. Among them, note should be taken of the creation, during the period of the Ninth Development Plan (1997-2001) of 322,000 new workstations; an increase in the per capita income (from USD 1,478 in 1996 to USD 2,100 in 2001); an increase in life expectancy from 71 years in 1994 to 72.9 years; a drop in the infant mortality rate from 29.7 per thousand to 25.8 per thousand over the same period; an increase in the schooling rate for the age group between 6 and 24 years of age from 61.7% in 1994 to 68.4% in 2001 and in the 20-24 years of age group, from 12.5% to 23%; a reduction of the illiteracy rate: 24.7% in 2001 against 31.7% in 1994; an increase in the rate of connection to drinking water in rural areas rising to 81% in 2001 against 68.3% in 1996; an improvement in the rate of rural electrification that reached 91.7% in 2001 against 75.7% in 1996; and a drop in sub-standard housing from 2.7% to 1.2% in 2001.[3]

Female labour

The number of economically active women increased tenfold between 1966 and 1977, while over the same period the total of working people only doubled. Although the proportion of female labour showed an increase, in 1997 men were still heading the labour market at a ratio of three men to each woman. It was observed that the proportion of single or divorced working women is greater than that of married women as their inherent family responsibilities curb their access to the labour market.

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1 The author is grateful to Ms. Souhayr Belhassen.

2 http://www.ins.nat.tn/

3 Republic of Tunisia. Brief outline of the Tenth Development Plan 2002-2006.

The services sector employs an important volume of women, mainly in the teaching, health and civil service sectors, although it should be noted that many of the positions occupied by women are poorly paid. However, the industrial sector is the largest employer of women: 43.4% against 37.5% in the service sector, and the textile industry essentially relies on women, as it employs almost one third of the active female population.

It should be noted that approximately 40,000 women do not work more than three months a year, carrying out part-time or seasonal jobs. Many companies, including those in the public sector, resort to temporary employment methods, such as short-term contracts. To this should be added the fact that towards 2005, the date when the Multi-Fibre Agreement for textile companies expires,[4] Tunisia may find itself deprived of the advantages it has had for the protection of this sector, a major employer of female workers.

Subcontracting—a phenomenon that arose in the 1970s and which, according to the experts, will increase with globalisation of the economy and instability of the labour market—will have negative consequences on the situation of women and provoke a feminisation of poverty.

Opening up markets

With the Tenth Development Plan covering the period 2002-2006, the private sector has become an essential element in economic and social development, given that it is obliged to reach 58.5% of global investment by 2006 (this figure was 55% in 2001). Thus, liberalisation of certain strategic sectors should be continued—like transport, for example—and efforts should be made to attract foreign direct investment towards the sectors having the greatest capital gains, such as agro-foodstuffs or the pharmaceutical sector.

How far can the government control prices and impose loyal competition while guaranteeing transparency in economic transactions and increasing exports of local goods? The reforms undertaken over the past years by the government are aimed at replacing the system of accumulation regulated by the State, by a system of accumulation regulated by the foreign market. The Tunisian trade unions are convinced that this attitude involves threats of repercussions to the social strata that are most vulnerable to the negative effects of the liberalisation wave.

A clear retrocession has been observed in foreign direct investment in the industrial and agricultural sectors and progress has been made in the service sector, particularly tourism and the real estate market, in a proportion close on 50% of investment. In the light of trends of the previous years, and in spite of a prudent and progressive policy for liberalisation of the service sector, the fears regarding the negative consequences of opening up to competition imposed by the WTO are still valid. For this reason, the Tenth Development Plan prepared by the government foresees a strengthening of state intervention to contain and attenuate the disadvantages of liberalising the economy. Among them, it faces the challenge of unemployment by the creation of 380,000 workstations, that is to say, 95% of the additional demand, and a reduction in the unemployment rate from 15% to 13%. The Plan also proposes to increase social security coverage to 90% in 2006, reduce the illiteracy rate from 24.7% in 2001 to 16% in 2006 and progressively increase the higher education rates from 23% in 2001 to 30% in 2006. In general terms, the four-fold increase in social expenditure between 1986 and the year 2000, when it reached 20% of the GDP, should be noted.

In the light of these challenges and threats, the privatisation of essential services—such as transport—has fundamental negative repercussions on the least favoured levels of the population, but also on the middle classes, which are the backbone of social stability in Tunisia and seem to be increasingly threatened. Wage earners also fear the prospect of supporting the cost of health insurance and are worried about procedures to install a citizen-financed educational system, even in the framework of what is commonly called «the school of tomorrow.»

The poorest population, which according to official figures includes nearly half a million people, will be the most affected, in particular in inland zones of the country (where poverty reaches 11.7% in the southeast of Tunisia). Despite the effort of numerous and diverse official institutions to promote services to benefit the neediest sectors or those who live from a parallel market, their scant coordination causes numerous irregularities in management and lessens their effectiveness.

Conclusion

These challenges and dangers demand a commitment by civil society that must act to insure keeping the advantages achieved. However, as indicated in the National Report on Human Development (1999), one of the greatest weaknesses of the Tunisian experience is the lack of evolution in civil society participation in decision-making, be this in economic, social or political life. The result is that the margin of public freedom is narrow—in particular, freedom of organisation and expression—and any excess beyond the limits imposed is persecuted.[5]

The development associations and organisations in defence of human and women's rights face such difficulties that their participation in the debate on economic decisions and defence of citizen social rights is limited or even prevented. The institutions devoted to the social context suffer from a lack of democracy in their internal operation, which removes them from the masses (in this respect, see the economic and social report by the Tunisian General Workers Union). For this reason, civil society is unable to exert pressure on the government to prevent decisions being made that are contrary to the interests of the majority. ■

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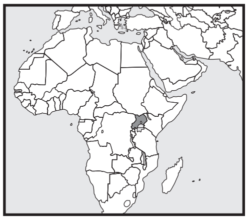
4 The Multifibre Agreement regarding International Trade in Textiles (MFA) is an internationally agreed on derogation of GATT rules which enables the signatory countries to apply quantitative restrictions on textile imports when it considers that they are necessary to prevent disorganisation of the market, even when such restrictions are contrary to GATT regulations. As from 2005, all the MFA will have to suscribe to GATT regulations.

5 In March 2001, Amnesty International called on the Tunisian authorities to halt what they described as an escalation of unprecedented persecution incidents against human rights activists. In a new report AI pointed out that the pressure campaign started when the Tunisian League of Human Rights was suspended in November 2000. Since that date all meetings of the members of the League have been prevented by security services. The report also states that legal procedures had been lauched against the president of the League for Human Rights, Moktar Trifi and against other authorities.

UGANDA

Privatisation versus the poor

DAVID OBOT



Although in some areas such as telecommunications and electricity, the liberalisation has improved quality, in others, the improvement is hardly cosmetic. While most of the poor and rural population do not have access to basic services, for women in particular privatisation has increased their work load. So that those excluded receive better basic services it is necessary to develop policy and regulatory mechanisms that reinvest the resources generated by privatisation in the social infrastructure.

The population of Uganda was projected at 22.8 million in 2001 with 88.7% and 11.3% living in rural and urban areas respectively. Thirty-five percent of the population live below the poverty line.[1] Although pro-poor budgeting of the components of the Poverty Eradication Action Plan[2] aims at improving services for the poor, poverty is still between 30% and 65% in some regions of the country. The impact of privatisation on basic services varies. Health status indicators reveal no improvement in infant, child and maternal mortality rates. There was a downward trend in the rates of immunisation between 1996 and 2000.[3] Research on HIV/AIDS revealed an increase in cumulative reported AIDS cases of 15.6% from 1993 to 1995, an average of 3% per year, but a decline on new reported cases from 3,032 (1996) to 1,149 (1999).[4] There has been improvement in access to clean and safe water, currently reaching about 55% of the population, with piped water mainly in urban centres. The rural population mainly depends on protected springs and bore holes.[5]

Enrolment in Universal Primary Education (UPE) increased from 2.7 million (1996) to 6.59 million (1999), due to increased budget allocation to primary education and benefits arising from the savings from the HIPC Debt Initiative and other bilateral support channelled through the Poverty Action Fund. This trend reversed after 2000 as a result of high pupil dropouts, the main reason for which was parents' inability to pay non-tuition costs.[6] Programmes to improve quality of education, which is uneven, include training of teachers, textbook distribution and classroom construction. The Functional Adult Literacy Programme, launched in 1992, has enabled a majority of adult participants to attain a fourth grade level of literacy and number proficiency.[7]

Review of the legal and political framework

Uganda has been implementing liberalisation policies since the early 1990s. Subsidies for small farmers have been cut and the diversity of exports has narrowed. There has been a downward trend in economic performance due to a fall in commodity prices (especially coffee and cotton) and high oil prices. It is estimated that the GDP growth will fall from 6.0% in 2000/2001 to 5.6% in 2001/2002. The economy is heavily dependent on agriculture, which contributes 42% of GDP and creates employment for about 80% of the population. Unfortunately agricultural contribution to GDP is on the decline and earnings from the non-traditional exports are still low.[8] Since exports are mainly of unprocessed products that fetch low prices and imports consist of mainly high-value consumption and capital goods, there have been persistent trade deficits since 1996.

The privatisation process was put to public debate, mainly through the Parliament, but the contributions of the parliamentarians were more «endorsements» of government proposals than in-depth analysis of the issues. Some corruption was later revealed; it is alleged that one Minister received a bribe of USD 10,000 to manipulate the Electricity Generation Bill then at the development stage, as well as push for approval of construction of Bujagali Hydroelectric Dam. The present laws and policies regarding privatisation, such as those for investment in hydroelectric power and financial institutions, demand revisiting.

One of the government's key economic reforms, to be completed by 2004, has been the privatisation of public enterprises, including Uganda Hotels Limited, Uganda Cement Corporation and the Uganda Development Corporation and its subsidiaries.[9] Government plans to continue supporting privatisation in such areas as electricity generation and distribution, rail transportation and water in the hope that competition will improve efficiency, quality, cost and access, which are seen as requirements for improved living conditions. However, privatisation is not contributing effectively to increasing household access to basic services.

It has had somewhat more success in such areas as transport, communications, mining, quarry, manufacturing, construction, wholesale and retail sectors, but the jobs created in these sectors tend to be mainly unskilled and low-paying. According to participants at the Social Watch Stakeholders Workshop at Hotel Africana, Kampala, in September 2002, «The Government poorly managed its privatisation programmes and failed to involve public workers and citizen groups in these processes, while existing regulatory mechanisms have proven ineffective at ensuring adequate oversight.»

Finally, there is a significant gender gap in access to quality social services. Women's access to privatised services is insignificant because only a small percentage of women own productive assets and the majority still cannot participate in the privatisation process. Although women are 51% of the population, fewer than 10% of them own land or other productive assets. Privatisation of services has meant an increased burden on women who must join the labour market but must still perform their domestic chores.

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5 Ministry of Finance, Planning and Economic Development, Budget Speech: 2002/2003 Budget. Kampala, 2002.

6 Ministry of Finance, Planning and Economic Development. *Background to the Budget: Financial Year 2002/2003*. Kampala, 2002.

7 Ministry of Gender, Labour and Social Development, *Annual Report*. Kampala, 2001.

8 Ministry of Finance, Planning and Economic Development, *Op.cit.*

9 *Ibid.*

Incentives to private companies: «Tax Holidays»

In the early 1990s, the government offered investors «Tax Holidays» in the hope of attracting Foreign Direct Investments (FDI), which were supposed to create employment and improve basic services. The government scrapped this idea around 2000, perhaps because of the many violations that occurred. Most private companies in Uganda, national or foreign, lack business plans that incorporate social responsibilities to the poor. Responses such as support of tree planting by tobacco companies have linkages to international production chains, and not to specific social capital related to basic services. Therefore, there is no logic in subsidising corporations.

Liberalisation has improved quality in some areas, such as telecommunications and electricity, but these services are limited to the people who can afford them in urban centres. Prices are left to market forces and exclude most rural and poor people. For example, most mobile phone services cover only major cities, yet the companies portray coverage as national. The mechanism to monitor performance of such companies is lacking, as most of their agreements with the government are kept secret. Indicators to show impact and quality are also lacking and the poor are least empowered to monitor performance. Currently there is no regulatory institution for hearing public complaints about service delivery. The offices of the Inspector General of Government and Ethics and Integrity are more concerned with corruption and financial mismanagement than monitoring provision or quality of basic services.

Private companies have not offered a successful alternative to the poor state provision of social services. In the health sector, «clinics» offer a whole range of services with questionable professionalism and quality. Similarly, private educational institutions provide more attractive infrastructure than quality learning services but most are urban-based, excluding rural and poor people.

TABLE 1

Proportional morbidity of the top ten causes in the Outpatient Department (%)

Disease	1995	1997	1998	1999	2000
Malaria	25.0	32.1	36.8	36.0	45.5
ARI*- Not pneumonia	20.2	16.0	15.8	15.4	25.0
Intestinal Worms	8.3	9.2	9.6	10.0	10.7
Diarrhoea diseases	6.3	5.4	4.8	5.0	8.0
Trauma (injuries, wounds)	6.5	7.5	7.4	7.0	n.a.
ARI* - Pneumonia	9.2	9.2	7.3	7.0	n.a.
Skin Diseases	3.7	5.3	4.6	4.5	n.a.
Eye disease	4.1	4.4	3.1	3.2	3.3
Anaemia	n.a.	2.3	2.7	2.8	n.a.
Ear diseases	n.a.	1.5	1.5	n.a.	2.0
Others	n.a.	7.5	8.0	9.1	5.7

Source: Resource Centre, Uganda Ministry of Health / * Acute Respiratory Infections

Benefits from export of services

Uganda has a high potential to increase its earnings from the export of services such as nursing and teaching, but benefits from exporting services are insignificant because there is no legal framework or development strategy to support service providers in foreign countries. Local firms in the construction, manufacturing and non-traditional export sectors have been stimulated by government negotiations to access foreign markets through such arrangements as the Africa Growth and Opportunities Act, but still lack business strategies for sustained competition at the international level.

Shift of ODA to private sector

Official Development Assistance (ODA) emphasises gender equality in its programmes. ODA gender policy includes room for capacity building, space to inform on inadequacies in governance, accountability and transparency. ODA conditionalities emphasise utilisation of funds for social services, provision of counterpart funding by government and reduced defence expenditure. Some ODA funds have supported private not-for-profit hospitals, such as missionary hospitals, which provide important services. However, it is difficult to assess the impact on the poor of the shift of ODA funds to the private sector. Benefits of ODA to society have gone far less to the rural poor than to the urban population.

Conclusion

Privatisation and the poor are on parallel lines. Privatisation aims at profit, and neglects the responsibility to provide basic services that are needed by the poor. The poor cannot access the benefits of privatisation and policies and regulations of the public sector have failed to facilitate their access. For the poor to benefit from privatisation and receive improved basic services there is a need to develop policy and regulatory mechanisms that encourage keeping the resources generated by private firms in the country and reinvesting them in the social infrastructure. ■

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UNITED KINGDOM

Privatisation: a troubling legacy

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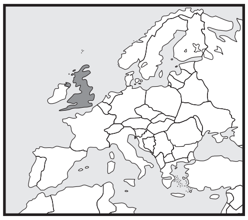

Privatisation in the UK has left a troubling legacy. Multinational corporations now control many basic services, often requiring complex regulation to protect service provision. Workforces are often reduced. Many low-paid workers in privatised sectors, particularly women, earn less and have less job security. The sale of public housing has contributed to homelessness and housing difficulties for low-income and other vulnerable groups.

Conservative governments in the United Kingdom pioneered a highly active privatisation policy between 1979 and 1997. This policy was driven by a belief in the superior efficiency of private ownership and market mechanisms over state provision and a conviction that public expenditure «crowds out» private enterprise. It followed a history of under-investment in public services in the UK.

Many basic services were privatised, including water, gas and electricity distribution, telecommunications and transport (air, rail and bus), and support and other functions throughout the public sector such as health, education, and central and local government administration. In addition, a large proportion of local government housing was transferred to individual owners or other, non-governmental, housing providers. Privatisation was also extended into such areas as skills training, public health laboratories, and even the operation of prisons. The emphasis in pensions, long-term personal care and childcare increasingly shifted towards private provision as well.

Under Labour governments since 1997 the pace of outright privatisation has slowed, but the emphasis has instead been on private financing and operation of state capital projects such as new hospitals and schools, partly in order to keep public borrowing down.

Privatisation in the UK has left a troubling legacy. Multinational corporations now control many basic services, often requiring complex regulation to protect service provision. Workforces are often reduced. Many low-paid workers in privatised sectors, particularly women, earn less and have less job security. The sale of public housing has contributed to homelessness and housing difficulties for low-income and other vulnerable groups. There is reduced potential for pooling of risks and redistribution towards low-income groups in private pensions.

Despite public opinion against this policy, governments in the UK for the last two decades have allowed private corporations to acquire a key role in providing formerly government-run services. Restrictions on domestic regulation resulting from international treaty commitments, such as the World Trade Organisation's General Agreement on Trade in Services, may in future prevent UK governments from pursuing their own measures of social control over services which are essential to the daily lives of millions of citizens.

Basic utility services

Most of the basic utility services - water and sewerage, energy supply, and telecommunications - were privatised during the 1980s. State enterprises were typically reconstituted as private corporations, and shares were then sold to individuals.

Since privatisation, ownership has in many cases been transferred and consolidated, so that multinational companies (often based outside the UK) now hold controlling interests in much of the water and energy supply industries. In addition, markets have frequently been opened to new private corporations that compete with former state-owned monopolies, further undermining the potential for social control over services.

Privatisation has had significant effects on employment in affected service sectors. In the years following privatisation, employment levels fell substantially in areas such as water and sewerage.[2] In addition, those workers remaining in privatised industries often suffered deteriorating employment conditions and loss of trade union rights.[3]

State regulators frequently imposed price limits on the new private corporations, but they also had to take into account the interests of private shareholders in maximising profits and dividends and the need to generate significant new investment capital as, for example, in the water and sewerage industry.[4] Consumer groups have regularly challenged price levels for privatised services,[5] though some prices have decreased. There have also been continuing concerns about the effectiveness of regulation in protecting services to vulnerable groups such as elderly and disabled people[6] and the discriminatory effect of some pricing and billing practices on low-income groups.[7] In the case of water supply, there have been general price reductions since privatisation;[8] but there has also been an extension of water metering, which is often more expensive for low-income groups.[9]

In transport, rail privatisation proved disastrous. A fragmented private ownership structure was imposed, further discouraging investment needed to compensate for decades of neglect. Small train companies lacked the same access to investment capital as larger ones, and all operators suffered from the relatively short duration of initial franchises. Two major rail disasters heightened concerns about safety. The main infrastructure company (responsible for stations, track and signals) suffered repeated financial crises before finally collapsing in 2001. Privatisation of bus services, on which low-income groups rely heavily, has led to concerns about prices, environmental damage, and loss of transport services to rural areas.[10]

1 On behalf of the UK Coalition Against Poverty, c/o OBAC, Gloucester House, 8 Camberwell New Road, London SE5 0RZ.

2 David Hall and Emanuele Lobina, *Employment and Profit Margins in UK Water Companies*, Public Service International Research Unit, 1999; www.psiru.org/reports/9911-W-UK.doc.

3 David Hall, *Impact of Electricity Privatisation on Industrial Relations - Lessons from the UK,* Public Services International Research Unit, 2000.

4 Joanne Green, *The England and Wales Water Industry Privatisation,* Water Aid, 2001; http://www.wateraid.org.uk/pdf/psp_england.pdf.

5 *Prospects for Prices: Consumer Concerns,* National Consumer Council, 1999; www.ncc.org.uk/pubs/pdf/prospects_prices.pdf.

6 *Regulating the Public Utilities,* National Consumer Council, 1997; www.ncc.org.uk/pubs/pdf/regulating_public_utilities.pdf.

7 *The Fuel Picture: CAB Clients' Experience of Dealing with Fuel Suppliers,* National Association of Citizens Advice Bureaux, 2002; http://www.nacab.org.uk/docks/fuelpicture.pdf.

8 *The Guardian,* 16 October 2002.

9 *Water Debt and Disconnection,* Policy Studies Institute, 1995; www.jrf.org.uk/knowledge/findings/socialpolicy/pdf/sp73.pdf.

10 *Making the Connections: Transport and Social Exclusion,* Social Exclusion Unit, 2002; http://www.cabinet-office.gov.uk/seu/publications/reports/pdfs/transport.pdf.

Support and administrative functions within public services

Some of the most damaging effects of privatisation on workers were caused by the «contracting out» of support and administrative functions within public services to private companies. Many of the affected workers were women and ethnic minorities.

In the civil service (providing central state functions), a workforce of around 50,000 was employed in 1980 in various office support services such as cleaning, catering and security. During the following decade, these jobs were almost entirely contracted out to private companies. The central government later imposed a similar contracting out policy on local governments and the health service.

Workers transferred to private contractors frequently faced layoffs, wage cuts, poorer conditions, and the loss of trade union representation. Women workers suffered disproportionately.[11] Research on privatisation in areas such as local government services has shown that attempts to maximise profits can also pose significant risks to service users.[12] The decline of cleaning standards in hospitals, for example, had reached such a state by 2001 that a special government initiative was required to improve them. In electronic data management there has been a string of failures by private contractors in such areas as child support payments, immigration records, the issuing of passports, and most recently criminal record checks, in some cases damaging the quality of service for those on low incomes.

Housing

During the 1980s, Conservative governments embarked on the «privatisation» of housing that was owned by local state authorities and rented to those unable to buy or rent housing on their own. Properties were offered for sale to sitting tenants at prices significantly below their market value. Altogether, 2.4 million houses were sold between 1979 and 2001, either to their tenants or to other providers such as housing associations, leaving 2.75 million under state ownership.[13]

This «privatisation» — combined with inadequate investment in new public housing and a change from more general rent subsidy to means-tested income support only for the poor — has created an acute shortage of affordable housing for low-income or other vulnerable groups such as unemployed and elderly people and lone parents.[14] Transfer of council housing (owned by local governments) to housing associations (not-for-profit organisations outside the state sector) was intended to allow borrowing on the open market, but was resisted by many tenants, especially in Scotland. There are also chronic difficulties in recruiting essential public services staff in areas where these relatively low-income workers cannot afford to buy houses.

Some state housing remains, but its tenants consist mainly of those at the lowest end of the income scale, who are unable to buy their houses even at discounted rates, or those in housing stock so poor, or in areas so deprived, that purchasing is undesirable.[15]

Pensions

Conservative governments reduced the value of basic state pensions compared to earnings levels and halved future rights under the state earnings-related pension scheme, instead promoting private pension plans, under which individuals pay contributions to private insurance companies. The resulting mistrust of state pension provision has made it difficult to reverse the trend toward more privatisation.

Labour's approach

The Labour (centre-left) governments since 1997 have decreased outright privatisation, relaxed the compulsory contracting-out policies in central and local state services, and extended employment protection legislation.

But there has instead been a significant expansion in «private finance» or «public-private partnership» schemes, under which capital projects are financed by, and the facilities often then managed by, private corporations; and in other schemes designed to allow the private sector to take over the operation of existing public facilities, such as «failing» schools.

The continuing emphasis on private finance schemes poses some dangers for the long-term future of public projects. Researchers examining hospital buildings, for example, have suggested that public sector capital projects are most efficiently financed through state-issued loans: the additional financing costs of private schemes (which are always dearer because of the risk element) will therefore have to be paid for by the next generation through higher taxes and contributions.[16] Often there is not a real «transfer of risk» to the private sector, as the state remains the banker of last resort.

In housing, Labour has reduced discounts on local authority housing sales and allowed some of the resulting revenues to be spent on new housing, but has continued to encourage stock transfer to private housing associations. In pensions, Labour has a specific policy aim of shifting the balance of provision further towards the private sector. Redistribution between groups with different incomes or levels of risk is likely to become more limited; state provision is increasingly restricted to those on low incomes.

Despite continuing opposition from trade unions and other groups, the Labour government remains strongly committed to private finance schemes, which it regards as essential to reversing past under-investment in public services.[17]

The future

The UK is now bound by its obligations under European Union treaties (principally Maastricht, 1992) that give legal form to a «single European market» in goods and services. These treaties are partly designed to prevent individual member states intervening in domestic industries or services in a way that infringes free cross-border competition.

In addition, the Labour government is currently considering applying for UK membership (subject to a referendum) of the European single currency, which would entail an obligation to abide by limits on public borrowing under the European «Stability and Growth Pact». There is widespread concern, even among some supporters of membership, that this would restrict individual governments' ability to invest sufficiently in the infrastructure necessary for public services.

Current negotiations to extend the General Agreement on Trade and Services (GATS) and to liberalise service provision at the international level also threaten to prevent any UK government, now or in the future, taking action to remedy the effects of decades of neglect and under-funding in basic services that affect the lives of all its citizens. A revised GATS threatens to limit domestic regulation and the ability of the government to channel public funds to meet social need.[18]

Popular opinion in the UK has consistently opposed the privatisation of public services.[19] Many groups, including trade unions, professional associations and consumer organisations, continue to campaign against privatisation. Yet action to restore social control and public accountability over basic services will in the future increasingly depend on co-ordinated efforts at the European and global levels.[20] ■

On behalf of the UK Coalition Against Poverty

11 *The Gender Impact of CCT in Local Government,* Equal Opportunities Commission, 1995; www.eoc.org.uk.

12 *Externalisation by Privatisation,* UNISON, 1998; www.unison.org.uk.

13 *Housing Statistics Postcard,* Office of the Deputy Prime Minister, June 2002; www.housing.odpm.gov.uk/information/keyfigures/#stock.

14 *Time for a Change: Reforming the Right to Buy,* Shelter, 2002; http://www.shelter.org.uk/images/pdfs/campaign/right_to_buy.pdf.

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17 Tony Blair, *The Courage of our Convictions: Why Reform of the Public Services is the Route to Social Justice,* Fabian Society, 2002; http://www.fabian-society.org.uk/press_office/news_latest_all.asp?pressid=146.

18 Jessica Woodroffe, *GATS: A Disservice to the Poor,* World Development Movement, 2002; http://www.wdm.org.uk/cambriefs/gatsdiss.pdf.

19 MORI poll, July 2001; www.mori.com/polls/2001/gmb-010709.shtml.

20 Dexter Whitfield, *Public Services or Corporate Welfare: Rethinking the Nation State in the Global Economy*, Pluto Press, 2001; www.centre.public.org.uk/briefings/pfi_and_ppp.html#wto.

Service industry deregulation: corporate crime and tougher disciplines on the poor

STEVE SUPPAN

Although criminal activity within the private service industries has been an important factor in the current recession, the service industry continues to form the basis for the U.S. negotiating position on the General Agreement on Trade in Services. These industries continue to target public service assets for takeover and to globalize their practices, even as new details of scandal emerge daily. President Bush's plan for assisting the poorest in the U.S. imposes a range of tough new regulations that require welfare assistance beneficiaries to work more in exchange for fewer benefits.

Corporate deregulation and crime

Since the last Social Watch report, there have been almost daily reports in the U.S. press about the criminal indictment of, or civil penalties or administrative law rulings against one or more of the corporate advisors to GATS. The market share captured by lawbreakers and rule violators in financial services, energy services, telecommunications, etc, is huge. Even larger were their «mis-stated» profits during the 1990s, brought to light by the collapse of Enron and other firms.

«Over the past six years, *Business Week* reports, investors have lost USD 200 billion as a result of 783 audit failures at firms that overstated profits, and such incidents doubled from 1997 to 2000.»[1] The guilty pleas, alleged crimes, the bankruptcies and federal rule violations run such a wide gamut that no less a services liberalization proponent than the Brookings Institution has tried to calculate the cost to stock market wealth of the crisis in corporate governance. Still to be calculated are the costs to employees, customers, taxpayers, retirees, governments and those who have lost their jobs in the United States due to corporate malfeasance. And this is to say nothing of the transnational impacts of misreporting the alleged benefits of corporate deregulation in fueling World Bank privatizations in the 1990s.

No governance crisis here

Despite the dubious provenance of much corporate advice to U.S. trade negotiators on GATS, there has been no public discussion about the «trade policy governance crisis» among those who promote service liberalization and corporate self-regulation. The summary of the U.S. proposal for GATS still advocates global «commercial presence» that restricts government regulation with «least burdensome» to trade criteria. Many of the major firms advocating such disciplines have had service creation and delivery practices which, abetted by government deregulation, did much to bring about the current U.S. economic recession. For example, of the financial service industry, William Greider has written, «[t]he merger of commercial banks and Wall Street investment houses, ratified by Congress in 1999 and legalizing the new financial conglomerates like Citigroup and J.P. Morgan Chase, has already produced the very scandals of self-dealing and swindled investors that lead to the legal separation of these two realms seventy years ago in the Glass-Steagall Act.»[2]

Yet there are no legislative proposals that would prevent the kind of business practices certified by banks, accounting firms and lawyers in their dealings with Enron, Global Crossing, WorldCom and others as «legal» and «normal.» Beyond supporting new laws and initiating investigations to prosecute the crime that is most difficult to prove—fraud—the Bush Administration has not yet been able to overcome its antipathy to enforcing government regulation on corporations. The U.S. administration even attempted to weaken non-binding language on corporate accountability in the Political Declaration of the World Summit on Sustainable Development. Resistance to reform is particularly fierce in the financial services industry, where non-compliance with federal conflict-of-interest rules has been facilitated by chronic under-funding by Congress of the Securities and Exchange Commission (SEC) and other regulatory authorities, in response to industry pressure. Firms are desperately seeking to strike deals with the SEC to avoid a fundamental restructuring of the financial services industry.

Instead of reforming services liberalization disciplines and objectives, trade negotiators are seeking to «lock in» advantages for their services industry clients. At the same time, they are ignoring the negotiators' equivalent of corporate due diligence, contained in the GATS requirement in Article XIX.3, for an «assessment of trade in services in overall terms and on a sectoral basis.»[3] Apparently, the negotiating strategy is to «lock in» new GATS disciplines irreversibly before the extent and causes of the financial rot becomes a matter of public record in lawsuit filings.

Inflexibility towards the poor

Not all service industry deregulation, of course, has had criminal consequences. Indeed, proponents of government deregulation continue to see regulation as a threat to prosperity: «The only significant current threat to continued deregulation is a consequence of the Enron collapse—the threat of increasing regulation of accounting, corporate governance, and securities.»[4] This ideology maintains a strong grip on the U.S. government. This is not in itself criminal, but it has deepened the economic hardship facing millions of Americans. For example, Federal Reserve Chairman Alan Greenspan's refusal to discipline stock market volatility and speculation by toughening investor borrowing requirements, was deeply harmful to the economy.

The return of stock indexes to 1998 price levels seriously eroded many retirement savings, and has contributed to an increase in unemployment, estimated in August 2002 at 5.7% of the work force. This understates the extent of the problem, however, because government unemployment data are based primarily on those who file with the government for unemployment benefits. Due to cutbacks in unemployment insurance, the number of workers who exhaust their benefits before they can find work has doubled in the last

1 David Moberg, «Enronomics 101: Business as Usual in the Disinformation Economy,» *In These Times*, 4 March 2002, p. 15.

2 William Greider, «The Enron Nine: Wall Street's Most Prestigious Firms May Have Been Involved in a Ponzi Scheme,» *The Nation*, 13 May 2002.

3 Chakravarthi Raghavan, «GATS talks without mandatory assessment?» *Third World Economics*, No. 282; 1-15 June 2002, p. 2-4.

4 William Niskanen, «Regulatory Change over the past Quarter Century,» *Regulation* (Summer 2002), Cato Institute at http://www.cato.org/pubs/regulation/regv25n2/regv25n2.html#features

two years.[5] The increase in unemployment and consequent decrease in consumption has had severe consequences for state governments that responded to corporate lobbyists by cutting taxes by USD 35 billion from 1993-1999. The 50 U.S. state governments now find themselves without sufficient reserves to supply basic public services during a recession.

Not since the tax cuts of the Reagan Administration have state governments been in such bad financial shape. «State fiscal conditions, already in decline prior to the September 11 attacks, are rapidly approaching a state of crisis. According to the National Conference of State Legislatures, revenues in 43 states are below estimates and 36 states have already planned or implemented cuts in public services.»[6] Yet these programs—providing food, cash, health care and child care programs to low-income people—are among the most efficient means to ensure consumption, to foster state economic activity and to reduce economic volatility. On the other hand, «trickle down» approaches, such as cutting taxes to high-income people and corporations, are very inefficient at generating economic activity, especially among low-income people.

The states' budget crisis will be exacerbated by the massive Bush Administration tax cut, passed in June 2001 legislation, that will start to cut federal revenue distributions to states this year and accelerate thereafter—unless repealed. Successful service industry lobbying against taxes on most services has also hurt state revenue, since the average state depends on sales taxes for about 40% of their revenue.

On 26 February 2002, the Bush Administration revealed its plans for reauthorizing the 1996 Personal Responsibility and Work Opportunity Reconciliation Act. The 1996 welfare law required parents to work in order to receive welfare benefits from state programs, but the reduction in state welfare caseloads decreased the number of beneficiaries under «workfare» programs to 6.5% of total welfare recipients. The Bush plan will require 70% of state beneficiaries, largely single mothers with children, to work 40 hours a week for wages that are unlikely to cover the increased cost of childcare. The Bush plan will continue to enforce tough welfare compliance rules, cutting off benefits to families if a parent misses an appointment with a welfare caseload worker. While the Bush Administration demands «flexibility» in corporate regulation and the ability of government managers to hire and fire, it is quite inflexible when dealing with the poorest U.S. citizens, residents and immigrants.

The «tough love» approach to poverty in the 1996 welfare law dropped the overall welfare caseload by 50% between 1996 and March 2001.[7] However, a government report submitted to Congress on 3 June 2002 showed that only a third of the drop was due to families earning enough to rise above the (very low) federal poverty thresholds.[8] Other reasons for the caseload decrease included the disqualification of recipients because of rule violations and caseworkers failing to inform the poor of available benefits. According to a 1999 study, a further 20% of the caseload had simply «disappeared.»[9] For those who remained on welfare programs, by January 2000, cash and food assistance benefits «for a typical family of three [i.e. a mother and two children] had fallen to less than half the poverty guideline in all but six states.»[10] These benefits are likely to fall further as a result of state budget crises and the tighter Bush Administration restrictions on benefits.

5 Wendel Primus and Jessica Goldberg, «The August Unemployment Rate Masks The Severity of the Downturn and the Problems of Those Exhausting Their Unemployment Benefits.» Center on Budget Policy Priorities, 16 September 2002 at http://www.cbppp.org/9-13-02ui.htm

6 Kevin Carey and Iris J. Lay, «States Are Cutting Low-Income Programs in Response to Fiscal Crisis: Less Counter-Productive Options Are Available,» Center on Budget Policy and Priorities, 17 January 2002 at http://www.cbppp.org

7 «Welfare Reform: After Five Years, Is It Working?» National Organization of Women Legal Defense and Education Fund, 2002 at http://www.nowldef.org/html/issues/wel/welfareworking.shtml

8 «Government Data Show Welfare Reform Failure,» National Organization of Women Legal Defense and Education Fund, 17 July 2002 at http://www.nowldef.org/html/news/pr07-17-02.shtml. Poverty thresholds, which define poverty assistance benefits, were established by a 1964 poverty formula that Congress has refused to revise to reflect current costs of living. Concerning U.S. poverty calculation methodology, see Steve Suppan, «United States,» Social Watch, No. 3, 1999, p. 204-207.

9 «Welfare Reform: After Five Years, Is It Working?» *Op. cit.*

10 *Ibid.*

A human rights budgetary perspective

As the official number of poor increases, states have been given greater responsibility, but fewer resources to supply basic services to the poor. Attempts to privatize public services targeted to help the poor have been limited by lack of interest from the private sector: the services are not lucrative enough. The last two decades have seen an erosion of public sector employment as federal, state and municipal governments grant private contractors the more profitable service investment opportunities, such as transportation to and from wealthy suburbs, while leaving less lucrative markets to be serviced by the public sector. Even firms with multiple federal rule violations, poor performance records and criminal convictions are allowed to bid to take over public assets!

Privatization has been sold to government managers as a way to reduce costs associated with better wages, health benefits and pensions for public sector workers, particularly for those without college degrees, when compared to private sector workers in the same categories. One study has shown that «for women without college degrees, occupations «at risk» for privatization constitute 63.9% of their public sector jobs, such as health care and child care workers, food service employees, and clerical and administrative staff.»[11] Privatizing these modestly paid public sector jobs and withdrawing their health and pension benefits might save money short term in service delivery, but push workers closer to the poverty line in private sector jobs without benefits. According to 1998 government figures, about 69% of public sector jobs had health insurance, compared to 47% in the private sector.[12] Just one health emergency could push such newly privatized workers into poverty. The U.S. Census Bureau reported on 30 September 2002 that «an estimated 14.6% of Americans—41.2 million—went [health] uninsured in 2001, up from an upwardly revised 14.2% or 39.8 million in 2000.»

In contrast to the twenty-year old drive to privatize the delivery of potentially lucrative public services, there is a new and small movement to analyze the delivery of public services from a human rights perspective. In an August 2002 report, the United Nations High Commissioner for Human Rights warned that the liberalization of trade in services proposed in GATS could make it impossible for governments to fulfill their human rights obligations in the delivery of public services. High Commissioner Mary Robinson urged the WTO Secretariat and members to honor the GATS commitment in Article XIX.3 for an assessment of liberalization impacts in services and to «allow the maximum flexibility to developing countries to withdraw liberalization commitments.»[13]

There is no indication that major WTO trading powers intend to honor the GATS rule for assessment prior to demanding commitments. However, there are other human rights initiatives on public service delivery that may have better prospects of success, at least at the state and municipal level of government. One approach has been to analyze government budgets in terms of the governments' obligations to comply with human rights commitments. The advocates of bringing a human rights framework to budget formulation and analysis are well aware of opposition to their project, particularly that of «U.S. exceptionalism,» i.e. the doctrine that laws applying to all other governments do not apply to the United States. Nonetheless, it is hoped that if a human rights framework can be adopted in budgets of those countries that have ratified the United Nations Covenant on Economic, Social and Cultural Rights, such adoption might have a civilizing effect on the U.S. government. ■

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11 Annette Bernhardt and Laura Dresser, «Why Privatizing Government Services Would Hurt Women Workers,» Institute for Women's Policy Research, 2002, at http://www.iwpr.org

12 *Ibid.*

13 Cited in Charkravarthi Raghavan, «GATS liberalization may conflict with human rights obligations,» *Third World Economics*, 16-31 August 2002, p. 2.

The reform of the social sector: statism, inequality and privatisation by default

FERNANDO FILGUEIRA [1]

The Uruguayan case shows the benefits of state perseverance and public assets and the adverse effects of privatisation by default. Although an attempt has been made to attribute the crisis to this statist emphasis, the present collapse of the economy and its social effects are basically the result of a financial system that lacks adequate monitoring, a marked deterioration of industry, a foreign exchange rate that damages the country's competitiveness, and the vision of a country regarded as a financial and service market.

Social security: the costly defence of the old system and subsequent turn to privatisation

In 1995, Uruguay reformed its social security system. It changed from a system of state allocation to a mixed system including private agents and obligatory levels defined by individual contributions. The rights and benefits of pensioners in the previous system were not affected, and from 1985 to date, the quality of the benefits has improved.[2] The first pillar of the new regime is not a system of capitalisation but of allocation; everybody has to contribute with part of their income and the system remains a state monopoly. While the social security law enables the administration of capitalisation funds through the Social Security Investment Fund Administrations (or AFAPs) to be in the hands of private agents, the State is also present with its own AFAP and presently holds over 50% of market participation. Furthermore, 80% of AFAP capital must be invested for a certain length of time in state treasury bonds. Finally, this reform includes retirement, disability and pension benefits alone. The Social Security system also includes unemployment benefits, family allowances, and non-contribution pensions that remain within the state administration, financed as before. Although this reform shows a clear departure from the old system, it remains statist and committed to some objectives abandoned by some other countries, where governments have abdicated their social responsibilities.

Education: the stubbornness of public assets

On the return to democracy, state education, once the pride of the nation, was rightly seen to be faltering. Meagre salaries for teachers, unsuitable facilities, large classes, curricula not adapted to the needs of the market, and a considerable number of parents who had chosen to take their children out of the system and seek private alternatives—these were some of the most salient symptoms of a sweeping crisis.[3] In 1995, one year after the last election, the most ambitious reform project was launched. The main features of this reform were:

- The attempt to extend universal coverage to five-year-old children and progress towards universal coverage for four-year-olds;
- Drastic changes in secondary school curricula, removing emphasis from humanities and arts and increasing practical content, to prepare students for the labour market rather than for university;
- The expansion of the number of full-time schools in socially deprived areas;
- The recovery of an institutional dimension for middle-level state education (grades 7 to 9), lost for over 25 years due to many factors (including the shrinking of timetable modules, mass enrolment, and the frequent rotation of teachers).

Health: privatisation reform by default

The Uruguayan health system is a complex linking of public and private agencies. Historically, one may distinguish the private system (mutual medical benefit funds) that provided health care to the middle and upper classes, and with time, to part of the working class; and a public system, covering those who could not afford the mutual medical benefit funds. During the 1960s and the 1970s, through bilateral agreements between state agencies and mutual benefit funds, a system was created whereby civil servants could become members of a private healthcare system by means of a small salary deduction. In this way, the state started subsidising the mutual benefit funds and the healthcare costs of its employees. During the 1970s, some laws and agreements opened the door for the first category of private workers to enter a similar agreement.

In 1984, the mechanism became universal when the last category of workers in the formal sector (rural and domestic workers) acquired the right to subscribe to a mutual benefit fund. This obligatory health insurance was managed by a new state office, the Board of Social Security for the Sick (DISSE), which played the role of mediator between the worker and the chosen fund. By 1988, according to the Minister of Public Health, 1,400,000 people were members of the mutual system. The public system continued to attend to approximately one million people and with the addition of some private or public institutions (the military hospital, medical services of state companies) coverage of the Uruguayan population was practically complete.

The implementation of agreements between the state and the mutual benefit funds and the establishment of DISSE increased healthcare coverage, with a strong redistributive inclination: the amount of money paid out from the salary to belong to a mutual benefit fund is proportional to that salary. However, given the increase in costs for the user in the co-payment established to control consumer use, it is less clear what proportion of the lower-income sectors incorporated in the system were able to make use of it.

Moreover, this process of incorporation of new sectors introduced tension in the mutual benefit funds. These funds were already suffering from financial problems before the system was implemented and the mass incorporation of new members through DISSE exacerbated them. The solution was a strong

1 The author has a PhD in Sociology from the Northwestern University, Illinois. He has worked as a consultant for OAS, IDB, UNICEF, Cinterfor/ILO and ECLAC.

2 A social movement made up of pensioners was able to gain citizen support and in 1989, by means of a plebiscite, achieved an amendment to the constitution whereby in future pensions would be adjusted in accordance with the salary increments of state employees and would be increased in the same proportion as the mean salary index.

3 During the first administration, no attempts were made at structural reforms beyond increasing attention to schools in poor neighbourhoods. The Lacalle administration (1990-1995) followed this trend and developed a system whereby some schools in neighbourhoods where basic needs were not satisfied were defined as «priority attention» schools and the teachers' salaries were increased as an incentive.

state subsidy to sustain the operation of the mutual fund system. Although coverage in the better quality services increased, their quality dropped on increased enrolment and loss of resources. Some costs were passed on to the members of the mutual benefit funds in terms of increases in medical fees.

During the 1980s, a third form of medical service appeared on the scene: the private medical emergency units. These services used a pre-paid monthly fee, enabling them to have very low registration costs while redistributing costs and risks. A large proportion of the middle classes and practically all the upper-middle and upper classes became members of these services.[4]

The final result is a stratified system of three layers: those who cannot pay health care or who can pay very little and end up in a stagnant or declining public system; those who only pay for a mutual benefit fund system that is in clear deterioration; and those who are members of a mutual benefit fund but can also afford the new emergency and medical assistance services. The continuous deterioration in the quality of the public health system and in the mutual benefit fund system has recently generated a fourth layer of care: private insurance and purely private health care.

Achievements and constraints of social reforms

The three models of reform in these sectors show three different results. Education chose a statist and redistributive model. Social security was ambiguous: defending the public system in 1989 and then partially accepting the privatisation model in 1994. Health chose no reform or more strictly, a privatisation reform by default. Uruguay as a whole was a rebellious reformer. Achievements are positive in the state model (education), ambiguous in the mixed model (social security) and clearly negative in the model of reform by default (health).

In terms of education, enrolment in early education rose from 30% at the beginning of the 1990s to 80% at the end of the decade. Those who most benefited from this expansion were the poorest 40% of the population. The learning levels in full-time primary schools in the most underprivileged social contexts improved significantly above the national average, and the degree of repetition in all the grades dropped. Finally, the most criticised point of this reform, the change in secondary education, shows a 10% lower drop-out rate than the old model, achieving a greater degree of retention of young people from the most underprivileged social sectors.

Regarding social security, the adoption of the constitutional amendment of 1989, made it possible for the real value of pensions to double in a decade, taking almost 35% of the people of 65 years of age and over out of a situation of poverty and reducing poverty among older people to a minimum level.[5] However, this increase in pensions was given to all the sectors in equal proportions, making it an enormous drain on public expenditure and limiting other types of spending, in particular programmes geared for children. Finally, the 1994 reform with the system of allocation and capitalisation will further increase inequality and cause serious problems in covering the lower income sector, informal or part-time employment and women. Although the reform that defends the old system, shows problems of inefficiency, inequality and negative effects on the treasury, the major risks for the social future of pensioners are to be found in the second reform wave, where the greatest risks to social integration and protection of the most vulnerable sectors are appearing.

Finally, health shows the worst results. The system ended up by being subsidised by the State in its private dimension, without this implying an improvement in the quality of service. The medical corps and the laboratories are those who have most benefited from the considerable expansion of public and private expenditure on health. In the meantime, the poor sectors have seen the deterioration in the quality of their public service, while the middle and upper sectors buy a new range of stratified health services on the market.

The evidence available over a decade shows a widening gap between expenditure on public health and subsidising of the mutual benefit fund system, more disparity between the salary of a public system doctor and one in the mutual benefit fund system, a significant increase in private health expenditure, a mass exodus from the mutual system due to the loss of formal employment that had previously generated the membership benefit and an increase in the cost and use of the fee system (for check-ups, appointments and drugs) whereby the mutual benefit funds limit the use of the system and finance their chronic deficit.

The absence of a basic national health insurance for the whole population, debated but never implemented, has led to an increase in expenditure, with no improvement in quality but with an increase in inequity. Recent events support this diagnosis. Recently, a measure was approved whereby those who are members of a mutual benefit fund through DISSE cannot receive care in the public health hospitals. In many of these cases, the beneficiaries cannot afford the price of the fees in the mutual system; thus, the system leaves them without a real right to any health coverage. Furthermore, the mutual benefit funds have entered a spiral of increasing indebtedness and have threatened bankruptcy, demanding more money from the system, which despite its own indebtedness, has been cannibalised by other state treasury requirements.

Conclusion

Defence of public assets and of the state as guarantor of these assets has shown itself to be socially more effective than privatisation alternatives. In a context of economic collapse, the fault is placed on the old welfare state and privatisation winds are again blowing, as observed in the privatisation of basic services such as water in some sectors of the country. However, the reform of the social sector, particularly through statist and non-privatising options, is the only buffer remaining to help the humblest people face the economic collapse of the past two years (see box). If a market option had been chosen for the social sector, the abandonment of the lower income sectors would have been much more dramatic. ■

Plataforma Social Watch Uruguay

The financial crisis

In the year 2002, the neo-liberal model promoted by the conservative governments of the past decades seemed to be in its death throes in Uruguay. The Argentine debacle and the contraction of the Brazilian market were the final blows to this weak structure. The financial system, the only sector of the economy to achieve positive results throughout the process, was unable to stand up to the combination of serious errors in the leadership of the Central Bank, episodes of corruption and the unvarnished theft of funds perpetuated by the bank owners. Uncertainty and lack of confidence led to a bank run that no one knew how to halt, and to a massive system-wide crisis; four banks suspended operations, thousands of investors were swindled, the state bank operations decreased, the chain of payments was interrupted, bankruptcies multiplied, savings and credit vanished and unemployment drifted out of control towards a historic 20% rate. Tax collection has shrunk; the economy has become more informal and, as of the last quarter, well-founded doubts about the state's capacity to meet its foreign and domestic obligations have become general. The ghost of default is floating over to the other side of the Rio de la Plata.

The IMF and the World Bank, pressed by the Bush administration in the United States, rushed to resolve the situation. Their assistance was over USD 3 billion, an amazing amount given the small size of the Uruguayan economy. Devaluation arrived, reaching 80% in two months; the GDP fell swiftly and the debt/product ratio reached an impossible 90%.

Civil society reacted calmly and with maturity, contributing solutions that no one had thought of. The seriousness of the bank trade union (AEBU) and the amazing response by investors who rapidly organised themselves and proposed and consented to the capitalisation of part of their savings to save the banks in crisis, contrasted sharply with the improvisations and vacillations of the government and its allies.

Despair is rife and Uruguayans once again are taking the path of emigration. Surveys report on the continued growth of the left wing, now comprising over 50% of prospective voters. This crisis calls for an essential political agreement to provide leadership by consensus for the two years remaining to the present government.

Carlos Abín

4 The mutual benefit funds were particularly slow and inefficient in terms of minor emergencies and treatment and in general with services unrelated to hospitalisation. In fact, all those who could afford it, paid double health care (or were subsidised in one system and paid for the other): the mutual benefit fund and the mobile emergency service.

5 Between 4% and 6% according to the Economic Commission for Latin America and the Caribbean (ECLAC).

The social programme of the Bolivarian Republic

FRENTE CONTINENTAL DE MUJERES [1]

Going against the current of predominant trends, the 1999 Bolivarian Constitution consecrates rights of citizens to health and medical care, as well as other social rights, while increasing state responsibility. In the context of social development, the new Republic promotes enhancing the standard of living through common and supportive action, and encourages people to have a sense of inclusion and belonging through political, economic and social participation.

Venezuela underwent a social uprising in February 1989, in response to an economic adjustment programme. The repressive measures taken to deal with the so-called «Caracazo» ended the lives of hundreds of citizens, but in 1993, the President of the Republic was constitutionally deposed. Meanwhile, that same year, the financial collapse started with the fall of the Banco Latino. The economic crisis worsened from 1994 onwards and by August 1995, 18 of the 41 private banks had been intervened and 70% of the deposits were managed by the State. Venezuelan banks became increasingly involved with foreign banking and by the end of 1998 foreign banks were among the main shareholders of Venezuelan banks. During his second term in office (1995-1998), President Rafael Caldera suspended constitutional guarantees on real estate, private property and trade and placed restrictions on trips abroad, the right to hold meetings, and immunity against arbitrary arrests. When Congress lifted the restrictions, the executive branch reinstated them to prevent capital flight and speculation.

In 1997 the executive branch promoted the adoption of a reform project including privatisation of key industrial sectors, but because of pressure and political disagreement, the legislature prevented its adoption. Meanwhile throughout the 1990s, various social forces gathered around a new project for the country, seeking a participative and inclusive democracy; Venezuela entered into a qualitatively different process in December 1998, with the electoral triumph of Commander Hugo Chávez Frías.

The Bolivarian Republic of Venezuela

With this new government, the Bolivarian Republic was initiated, on the grounds of a «just and peace-loving society», of «Law and Justice». This was consecrated by law a year later (1999), when the people adopted the Bolivarian Constitution by referendum. Its ultimate aim is to *re-found the Republic in order to establish a democratic, participatory and protagonist society, multi-ethnic and pluri-cultural, in a federal and decentralised State of Justice, consolidating the values of freedom, independence, peace, solidarity, common good, territorial integrity, social harmony and the rule of law for this and future generations; ensuring the right to life, work, culture and education, social justice and equality without any discrimination or subordination whatsoever; promoting pacific cooperation among nations and consolidating Latin American integration in accordance with the principle of non-intervention and self-determination of the peoples, the universal and undivided guarantee of human rights, democratisation of international society, nuclear disarmament, ecological balance and juridical environmental goods as a common heritage of humanity that cannot be relinquished.»*

In this Revolution, the market continues to play an important role, but with the presence of a strong State that regulates it and an organised community that carries out social monitoring. The people do not delegate their sovereignty, but are organised to exercise it fully in a «participatory and protagonist democracy».

The centre of the new government's attention is fighting poverty. According to studies made by the Centre for Studies on Growth and Development of the Venezuelan Population, poverty was concentrated in the IV and V strata, representing 39.3% and 40.7% respectively; furthermore, the middle class was going through a process of impoverishment, reaching 11.9% in 2001. According to the UNICEF report,[2] the top 20% of households received 52% of the total income while the lowest 40% got only 13% of the total during 1990-1997.

Unemployment is likewise addressed. According to the National Institute of Statistics, the rate of open unemployment has decreased significantly, dropping from 15.3% in 1999 to 12.8% in 2001. The rate of inflation dropped from 29.9% in 1998 to 12.3% in 2001, which means a considerable reduction in relation to the 1996 level, when it rose to 106%, the highest in the region.[3]

Poverty and joblessness continue to scourge Venezuelan society, and the government has borne them in mind when designing economic policies. However, the lack of political will to invest by a major part of the private sector, flight of capital abroad, the low productivity that still prevails, and the tax crisis of 2002 (related to the drop in oil prices during the first half of the year) have all had a negative impact on the government's financial disbursements, employment and inflation.

Social expenditure

The government has allocated considerable amounts to social expenditure, which rose from 34.7% in 1998 to 38.5% in 1999 and stayed at this level until dropping slightly in 2001. There has been a progressive and sustained increase in social public expenditure as a percentage of the GDP, going from 7.8% in 1998 to 9.0% in 1999, 10.7% in 2000, and 11.8% in 2001, as shown in the Integrated System of Social Indicators for Venezuela in 2002.[4]

The implementation of the Bolivarian Republic is expressed through various concrete measures, such as:

- The elimination of any payment for enrolment in State schools. The development of a programme of totally free, full-time Bolivarian state schools, with morning and afternoon snacks, lunches, sports, supervised homework, programmes for cultural development, substantive improvement of the facilities and special attention to the quality of education. Between 2000 and December 2003, 3,000 similar schools will have been created with positive impact on enrolment, continuation of schooling, and the children's improved nutrition.

1 The authors appreciate the cooperation of the Documentation Centre and the Unit of Assessment of Social Impact of the Development Bank for Women, Venezuela.

2 UNICEF, *The State of the World's Children*, 2001.

3 Central Bank of Venezuela. *Report by the Historical-Statistical Information Service*. Caracas, 2002.

4 Ministry of Planning and Development, Caracas.

- The development from 2002 on, of the Public Pre-school Programme to insure access for all children, whatever their economic condition. According to the 2001 Report of the Ministry of Education, Culture and Sports, growth of annual pre-school enrolment increased from 2.8% in the 1998-1999 school year to 8.5% in the 1999-2000 school year, reaching 800,885 students, while for the 2000-2001 period, there were 835,074 students, with a growth rate of 4.3%.
- The implementation of a public programme for the construction of decent housing, aimed at poor communities, increasingly incorporating the organised community in the design, execution, assessment and follow-up.
- The programme for rural aqueducts and technical water boards (drinking water and sewage) in poor urban and rural communities with the same participatory methodology mentioned above. According to the 2000 Report on Human Development in Venezuela, prepared by the Central Office of Statistical Information (OCEI) and the United Nations Development Programme, 91% of the population has access to these services. Communities who find deficiencies in this service organise themselves to resolve the situation, following the principle of sharing responsibilities between the State and society.
- The implementation of the Land and Agrarian Development Law which aims at improving food sovereignty, democratising the right to productive land for workers and farm workers, and providing technical and financial support. In the articles of this Law, priority is given to women who are heads of households.
- The implementation of the Fisheries Law that seeks, among other things, to protect artisan fishers from the depredating action of the large trawling companies that not only damages the economy of artisan fishers but also affects sea beds.
- The implementation of the Decree Law developing the constitutional rights of our aborigines to their languages, the respect of all ethnicities and cultures, and the right of every person to have a decent life built on work, education, justice and equity.
- The development of a public micro-financing system based on solidarity, discipline in work, sharing of knowledge and state-society co-responsibility. This system has led to the establishment of the Women's Development Bank, the Bank of the Sovereign People and the Fund for the Promotion and Development of Micro-finance. These micro-finance institutions were set up to fight poverty and achieve the goals that were agreed on at the Millennium Summit Meeting.

The nature of the Bolivarian Republic of Venezuela is also manifest in the «Strategic Plan for Health and Social Development 2000-2006», which has served to guide government action in this area, despite the obstacles that must be overcome in implementing major changes that damage the interests of powerful groups. The introduction to this Plan states: *«In the framework of the new Bolivarian Republic of Venezuela, the Constitution establishes as citizens' rights, the right to health and medical care, similarly to a series of social rights. In this respect, the interventions (by the Ministry of Health and Social Development) are to be aimed at satisfying these rights with equality of opportunities and equity… The new social and health policy in the context of social development promotes the enhancement of the standard of living based on common and supportive action, a sense of inclusion and belonging, through political, economic and social participation.»* [5]

This introduction is followed by these general objectives:

- To guarantee health and social development as a right and responsibility of the State.
- To develop public health and social development policies aimed at enhancing living conditions and environmental quality.
- To guide public health and social development policies to achieve efficiency in the healthcare system, increasing access to services and reducing inequity.
- To orient public health and social development management toward guaranteeing user satisfaction and enhancing the quality of care.
- To generate a sustainable process of social development that includes integration and social growth.
- To overcome social, cultural, economic and political exclusion, showing results that are qualitatively and quantitatively higher than the initial situation.
- To reform and modernise the health sector.
- To promote active citizen participation in problem solving.
- To strengthen and implement the decentralisation process through the transfer of the administration of outpatient clinics, dispensaries, rural medical centres and national public hospitals (including those of the Venezuelan Social Security Institute), and through the execution of social or political programmes to benefit the states and municipalities.[6]

The principles that are to guide policy-making are as follows:

- *Social Participation*. This principle assumes that public exercise is not limited to the government, and is aimed at the consolidation of legitimate and formal fora for citizen exchange and expression. This implies redistribution of power as collective property to include traditionally excluded social subjects and enabling problem solving through the active participation of citizens in decision-making concerning social development and health.
- *Equity.* This principle assumes equality in health care and social development and gives priority to actions and services for improving health and living conditions of at-risk individuals and groups. It aims at consolidating social justice in order to make the human development of all citizens possible.
- *Universality.* This principle guarantees the social rights established for all Venezuelans, through the application of policies aimed at enhancing the quality of life, as all people have the right to health protection.
- *Gratis.* This principle guarantees comprehensive health care and social development at no cost and without distinctions of any nature.[7]

Polarisation

During 2002, the process of building the Bolivarian Republic has been severely attacked by sectors adversely affected by the non-privatisation of basic industries (especially the oil industry), the sound use of land and marine space, and the emphasis on human development and sustainability of natural resources. These attacks have ranged from the *coup d'état* on 11 April 2002, to the implementation of a series of economic, political and conspiratorial measures at the end of 2002, attempting to remove the President of the Republic from office. The social forces again have a major role to play. As they did in April 2002, in an organised way and from the streets, the people have managed to recover and restore the President to office in an alliance with the Constitutional Armed Forces. With sustained and organised action people are seeking to guarantee this space of real advocacy within a participatory democracy and to maintain constitutional and democratic order while defending the social improvements achieved so far.[8] ■

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5 *Strategic Plan for Health and Development 2000-2006.* Caracas, 2000, p. 1.

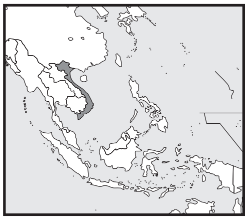
6 *Ibid.*, p. 2.

7 *Ibid.*, p. 3.

8 EDITOR'S NOTE: Chávez promoted measures to take control of the state oil company, Petróleos de Venezuela (PDVSA) nominally in possession of the government, but in fact slave to international operators. The managers of the company promoted a general strike on 9 April 2002. Following a large demonstration, where government partisans confronted the opposition, a group of the latter, comprising the business community and the military, removed Chávez from office, took him to an island and deprived him of his freedom, keeping him incommunicado. A new president was sworn in on 12 April. He dissolved parliament and, ignoring the Constitution, called for general elections to take place within a year. On 14 April, troops that were loyal to the legitimate government handed power back to Chavez. In October, a group of high-ranking armed forces called for «civilian and military disobedience,» and in December, political polarisation increased. The Organisation of American States has called on Venezuelans to reach a «constitutionally democratic solution and an electoral solution».

The *Doi Moi* policy and its impact on the poor

TRAN THI QUE   TO XUAN PHUC [1]



In December 1986, the government mandated the *Doi Moi* (open door) policy, shifting from a centrally planned economy to a market oriented one. The current trend shows growing inequality between the rural and urban population, and between the rich and the poor. Privatisation and liberalisation increased the social gap in the access to basic social services in general and to education and health in particular, and increased the vulnerability of the rural poor.

In December 1986, the government mandated the *Doi Moi* (open door) policy, shifting from a centrally planned economy to a market oriented one, inside the framework of state regulations. The main thrust of the *Doi Moi* is to promote a multi-sector economic system, emphasising the state sector while encouraging the private sector. To achieve economic integration, the open door would be implemented gradually in order to stabilise the political and social situation.

Increased vulnerability among the rural poor

Poverty is still mainly a rural problem in a country where some 80% of the population live in rural areas, and two-thirds of them remain largely dependent on agriculture for a living. Geographical remoteness, seasonality, periodic health crises and natural disasters worsen the situation of the rural poor. Furthermore, formal non-farm rural employment has failed to grow, and the safety net formerly provided by the collective system—a system that hindered productivity and income growth—has disappeared, increasing the vulnerability of the rural poor (World Bank, 1998).

In addition, the gap in income between rural and urban areas has widened somewhat, as has the income gap within rural communities among people of different ages, genders, ethnicities, and assets. Per capita income in the richest region is 4.5 times higher than that of the poorest (Viet Nam Living Standard Survey, 2000).

Before *Doi Moi*, although the number of people living in poverty was high, the inequality in economic development and basic social services was low because of the government's «sharing food, sharing clothes» policy. After privatisation and liberalisation, there is greater disparity between the access of the rich and the poor to basic social services in general and to education and health in particular.

Basic social services: widening the gap

Doi Moi has brought about a significant change in managing basic social services: users have to pay a service charge. While rich people can afford these fees, the poor often cannot. By encouraging private and foreign actors to play roles in providing basic services, the government created new opportunities that the poor are not able to seize. As the private sector is profit oriented, they provide services mostly in the urban areas. As a result, the rural poor have no access to the services.

Education and the poor: low income, low education

Data from the Viet Nam Living Standard Survey in 1993 and 1998 show that illiteracy rates vary according to region and affluence. The rate is high in poor regions and among those in the lowest expenditure quintile.[2] From 1993 to 1998, the literacy rate was declining in the first two quintiles (VLSS, 2000). As early as the 1990s, the literacy rate is similar in income groups 2, 3 and 4 while the rate of the first group is lower and of the fifth group is higher than that of the country as a whole. However, data for 1997-1998 showed that there was a bigger inequality among groups, and a concentration of illiteracy in the lower expenditure groups. People with poor educational backgrounds have fallen into low expenditure groups and people with better education are able to seize new income-producing opportunities.

The quality of education for the children from poor families has worsened. The number of adequately trained teachers has decreased and the poor suffer from a shortage of textbooks, while children from rich families have access to textbooks, tutoring and extra classes.

Education fees are high, and they limit the number of children going to school. Even though primary education is free in public schools, other fees such as the fee for school construction and fees for textbooks and clothes are relatively high. Data in 1998 show that the costs for primary education account for 4.4% of the total expenditures of low-income groups. The numbers for secondary and higher education are 9% and 21% respectively (Nguyen Nguyet Nga, 1998). For a family with two children, the annual education fee could be about 15 -30% of the total family expenditure (Tran Thi Van Anh, 2001), which is very expensive for many households.

Healthcare services for the poor: low quality, distant, unaffordable

Privatisation of health care has reduced the availability of services in many rural areas. As data collected from VLSS in 1992 and 1998, the infant mortality rate in poor households decreased 14.72%, from 39.4 per thousand in 1992 to 33.6 per thousand in 1998. The rate in non-poor households fell almost twice as much, 28.78%, from 34.4 per thousand in 1992 to 24.5 per thousand in 1998.

The gap in access to healthcare services between the rich and the poor has increased, due to income disparities and geographical proximity to health centres, as shown in Table 1. The poor have difficulties in accessing health services although they need them the most.

Annually, total expenses (other than food) per person from the first quintile are about USD 81 and for each person from the fifth quintile are about USD 417. If a person from the first group goes to hospital, she or he could pay 22% of their total annual expenses for the hospital fee. The proportion of a person from the fifth group is only 4.6%. If service users have health insurance, this is much lower, but only 6.2% of people in the first group have health insurance, while 28.7% of the fifth group do (Dullop, 1999 cited in Asian Development Bank, World Health Organisation, 2001). The rich benefit from government healthcare services much more than the poor.

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2 The survey divides Viet Nam's population into five quintiles according to household expenditures. The first quintile is the lowest and the fifth one is the highest.

TABLE 1

Access to healthcare services by income quintiles

INDICATORS OF ACCESS TO HEALTHCARE SERVICES	FIRST QUINTILE (POOREST)	2	3	4	FIFTH QUINTILE (RICHEST)
Access to healthcare service/person (number of visits)	2.4	3.2	3.8	3.7	4.6
Access to government hospital (number of visits)	3.2	3.8	4.6	7.2	9.6
Access to private health care clinics (number of visits)	15.8	15.4	22.8	18.5	24.2
Annual rate of hospitalised people per 1,000 people	33.9	43.5	49.7	61.9	63.3

Source: Dullop 1999, cited in ADB, WHO 2001.

It is important to note the differences in the use of healthcare services between the rich and the poor. The poor seek healthcare services only when they are severely ill. They often find cheap places such as retail medicine sellers and/or community healthcare centres—where the quality of service is poor. By contrast, the rich can afford state hospitals and private healthcare clinics.

The government also provides subsidies for a certain number of the poor who are sick by giving access to medicine and hospitals free of charge. However, the number of people who receive subsidies has decreased. In 1994, 57% of people received the subsidies; in 1998 only 42% did (ADB, WHO 2001). Consequently, the number of poor people who suffer from sickness but do nothing about it has increased.

The landless new phenomenon

Doi Moi has shifted the agricultural production system from a centralised, collective model to the private ownership of land. This change has transformed people's lives in many ways. These reforms, enshrined most recently in the 1993 land law, guaranteed individual farmers five crucial rights over their lands: exchange, mortgage, transfer, rent, and inheritance. The reforms have been credited with increasing production, as well as giving agricultural households greater security of tenure. Farmers are now free to make their own commercial decisions, but also to bear the consequences of poor decisions.

In some regions, privatisation of land, implemented via land allocation policies, has resulted in landlessness. The Mekong Delta region, where most rice for export is grown, has seen the greatest increase in landlessness. A 1997 study, carried out by the Centre for Agricultural and Rural Development Consultation reveals that the number of landless households in the Mekong River Delta has increased from 12,250 in 1994 to 83,650 in 1997 (Mauny and Hong, 1998).

Many households sell all or part of their land, merely to survive, or to pay off debts. This was not allowed during the cooperative period. In a country where there are very few income-generating opportunities in the rural areas besides farming, this is placing these households under considerable strain.

A key constraint for landless and near-landless households is the fact that they need their children to help earn income. As a result, children often quit school very young. At the same time, some parents who work as hired labourers do not want to leave their children at home, so they bring their children with them to the fields, thus depriving them of their education.

Commercialising agriculture: the poor at risk

Since the *Doi Moi*, Viet Nam has been in transition from subsistence to commercialised agriculture. Large areas of land have been used for commercial agricultural production. Within a decade, Viet Nam has become the second largest rice exporter in the world. Tea and coffee are two major exports. Benefits gained from exporting products have significantly improved the livelihoods of many farmers.[3]

However, the poor are at risk in this transition period due to fluctuating agricultural prices. In general, agricultural production is risky because success greatly depends on weather and market price. To secure agricultural production for producers, the government provides protections for certain products (rice, for example) by establishing a minimum price to ensure producers a profit. However, many agricultural products such as coffee, tea, and rubber are not protected. The lack of a safety net has put millions of farmers at risk.

Conclusion

Implementation of *Doi Moi* has brought about significant changes in the socio-economic situation of the country during the last 15 years. The current trend shows growing inequality between the rural and urban population, and between the rich and the poor. If this trend continues, most of the more than one million people who enter Viet Nam's labour force each year will be squeezed into poorly paid, part-time employment in the already overcrowded rural sector or into low-income jobs in informal services. The land will be brought into unsustainable cultivation, and environmental degradation will worsen.

Progress in poverty reduction is under threat, as is access to health and education services by the poor. But, as the World Bank indicated in 1998, by reinvigorating rural reforms without neglecting safety nets, Viet Nam should be able to ride out the current crisis and be well placed to thrive when it ends. ■

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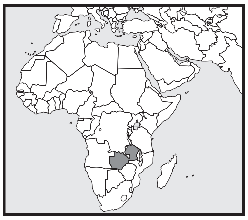
3 The last decade witnessed two bitter experiences negatively affecting the livelihood of millions of agricultural producers. The first was the removal from production of thousands of hectares of mulberry because of disadvantages in a competitive market. The second was the dropping price of coffee, which led to the removal of thousands of hectares of coffee.

Poverty in the midst of the market: the Zambian scenario

MICHELO HANSUNGULE



At present, 73% of the population live in poverty. Of these, close to 59% are extremely poor, with the majority being women and children. In addition to income deficiency, the poor lack access to adequate food, health and educational facilities, safe water, clothing and shelter. The PRSP is a weak response to poverty's alarming proportions, while agriculture liberalisation has not benefited domestic farmers, due to high tariff walls and heavy subsidies in Western markets.

Poverty trends and aspects of poverty

Who are the poor?

While at independence in 1964 the economy was one of the strongest in sub-Saharan Africa, Zambia today is ranked as one of the poorest nations of the world. Poverty is more prevalent in rural (83%) than in urban areas (56%). However, recent statistics show that poverty is rapidly urbanising. Between 1996 and 1998 urban poverty rose by 10%. Land tenure, sanitation, garbage disposal and access to water in suburban areas, where most of the poor reside, are serious problems. To a large extent, poor sanitary conditions are responsible for high incidences of cholera and diarrhoea outbreaks in urban areas during the rainy season.

Child poverty has increased significantly in the last ten years, mainly as a result of the HIV/AIDS pandemic. Close to 75,000 children have become street beggars to support themselves and their siblings. Recent reports show that the number of child-headed households stands at 11,500. Children and youth between ages six and twenty-four survive under extremely harsh conditions, which include physical abuse, child labour, and prostitution.

Socio-economic indicators show that women are poorer (65%) and experience more deplorable conditions than men (52%). Poor women generally lack economic opportunities and the struggle for survival has forced them into dehumanising activities that expose them to high health risks. Prostitution as an economic activity is rampant. Maternal mortality is exceptionally high for women. Gender roles, combined with some traditional and cultural norms, increase women's vulnerability. The lower position of women in society coupled with cultural factors (such as «sexual cleansing» in which, in some cultures, surviving spouses are expected to have sexual relations with relatives of the deceased) expose them to higher risks of contracting HIV/AIDS.

Basic needs and vulnerability

In addition to income deficiency, the poor lack access to one or more of the basic necessities of life, such as adequate food, health and educational facilities, safe water, clothing and shelter. This material and social deprivation makes the poor vulnerable to external factors such as natural calamities, like droughts and floods, and economic shocks. The combined effects of poverty and HIV/AIDS leave Zambia with a large population at risk in case of a food shortage.

Base line malnutrition levels for children under five are high, and the majority of children, therefore, have a narrow margin of tolerance for any disruption of food and water. Considering that Zambia has experienced several years of successive drought and occasional isolated flooding, many communities today have a limited capacity to withstand new or repeated natural or environmental shocks. Also, the poor are major victims of disease outbreaks (e.g., cholera), and lack resources to procure medical services for preventable and curable diseases, resulting in particularly high mortality levels among them.

In 1992 government removed subsidies on farming inputs and marketing support. Over two million people in the Southern Province are now facing famine, as a result of market policies and drought. People in the Southern Province are eating dogs or dying.

HIV/AIDS and poverty

The HIV/AIDS pandemic has devastated Zambia. Life expectancy at birth, which had reached 54 years in the mid-1980s, is now down to 37 years. Recent statistics show that one million (10%) people are living with the HIV/AIDS virus. Close to 20% of the economically active age group (15-49 years) are infected with the disease. The annual number of AIDS-related deaths is estimated to be 99,000. There is an increasing number of orphans, most in areas where the incidence of poverty is highest. The impact of the epidemic goes beyond the individual level, increasing the burden on families and society at large through rising costs for health and social security systems, loss of production capacity and depletion of the human capital base.[1]

Poverty Reduction Strategic Plan: a weak response

Today, an increasing number of the poor, as well as government officials, civil society organisations and the donor community are placing the blame for the country's increasing poverty largely on poor political and economic governance. Appropriate targeting of the poor and the vulnerable did not take place in the last 10 years of the Chiluba administration and earnings resulting from the privatisation programme and other national incomes have not been equitably shared. There is a widespread consensus that although economic growth cannot in itself alleviate poverty, Zambia cannot successfully fight poverty under a stagnant economy.

The national agenda for tackling poverty for 2002-2004 is set forth in Zambia's Poverty Reduction Strategy Paper (PRSP), which was approved by the Cabinet in May 2002 and endorsed by the IMF and World Bank. The document recognises that the current poverty levels are the result of weak economic growth, inadequate targeting of the poor and insufficient budgetary allocations.

Consequently, government has concluded that poverty alleviation through growth stimulation should be complemented by measures that shield the poor from adverse impacts of economic reforms. The focus of the PRSP is on achieving a sustained economic growth that creates employment and generates tax revenues, which in turn can be used to improve the provision of basic social services.

1 Former President Kenneth Kaunda has set up a foundation, the first one in the country, to promote awareness about the dangers of HIV/AIDS and to fight the scourge. Recently, the business community launched an HIV/AIDS initiative, but their efforts are limited to their concern about HIV/AIDS among the working population. Although younger age groups have shown some reduction in new infections, society will have to fight HIV/AIDS more actively.

One sector that is perceived to combine the virtues of growth and equity is agriculture. Consequently, the PRSP tries to give priority to enhanced agricultural productivity. Equally important is the renewed commitment to democratising decision-making, ensuring efficiency and the equitable and transparent management of public resources. The PRSP drafting process was hailed as «highly participatory». Indeed, a first draft of the document was prepared and discussed at a national summit in October 2001 with input from a large number of stakeholders. A network of civil organisations conducted their own parallel process, resulting in a comprehensive shadow report produced as an input to the formal process.

However, the PRSP was conceived and written without the participation of the poor. During a human rights workshop held by Women for Change (WFC) in July 2002, more than 200 participants drawn from across the country knew nothing of the paper. There was no involvement of ordinary people in the discussions and negotiations for the paper, which undermined the legitimacy and integrity of the process.

Despite this weakness, the PRSP is considered a good basis for analysis of Zambian poverty. It applies a multi-dimensional perspective and explores avenues for combating poverty in this context. Most of its policy statements are sound. However, some of the interventions proposed are clearly exaggerated. The possibilities for implementing the rather ambitious development agenda may be questioned, both from a financial perspective and from a human resource perspective, not least in light of the HIV/AIDS pandemic. It is not clear how the government is to procure the resources it proposes to spend on poverty reduction as outlined in the PRSP. Similarly, the document has a weak financing plan and lacks a realistic time frame. The macroeconomic assumptions underlying the PRSP—especially real growth of between 5% and 8%—may also be challenged given the uncertain economic conditions facing Zambia.

Economic restructuring

Privatisation

Privatisation started during the era of President Kaunda as reform «with a human face». The full-blown privatisation of President Chiluba, whose government was completely wooed by the so-called market magic, removed any pretence of projecting a human face on the market. The enactment of the Privatisation Act in 1992 created the Zambia Privatisation Agency (ZPA) as the machinery for the privatisation of the economy.

The ZPA is responsible for developing the Divestiture Sequence Plan, a list of State Owned Enterprises (SOEs) scheduled for privatisation with a timetable for each. After the Cabinet approves the sales, tender advertisement, asset valuation, bid evaluation, and the initiation of independent negotiations take place. Finally, agreements are signed between parties. In all of these procedures, there is no public involvement, the process being largely technical.

The privatisation programme is one of the most ambitious programmes in the post-Cold War period. Beginning almost from zero in 1991, Chiluba's Movement for Multiparty Democracy (MMD) Government sold 244 companies and units by 31 May 2000.[2] According to the latest information on the Privatisation Status Report, a total of 254 companies and units have been privatised as of June 2002. In one year alone, from November 1996 to December 1997, a total of 52 companies and units were privatised. From March to May 1997, a mere three months, the ZPA privatised eight companies.[3] The MMD government measured success of the privatisation process on the basis of speed; the Zambian privatisation was the fastest in the world. Little attention was paid to other important factors, such as social impact.

Thousands of jobs have been liquidated, often without severance pay. Following Zambia Airways' privatisation, government simply denied ex-employees their rights to severance pay. A subsequent compensation package was worked out without the participation and consent of the workers. The government then paid the money through the company of one of the Ministers and Members of Parliament. In the cases of the United Bus Company of Zambia (UBZ) and several other SOEs companies, there was no severance package at all. The majority of former employees of the state cotton company (LINTCO), which was privatised in the early 1990s, have still not been compensated. In cases where compensation has been forthcoming, it has either been late or grossly inadequate. The ZPA has consistently refused to intervene in disputes between ex-employees and the government or managers of privatised companies.[4]

Agricultural devastation

The government has praised itself for increasing agricultural productivity, especially for export sectors such as cotton, sugar and dairy products, by liberalising agricultural markets. The claim that liberalisation has benefited farmers is laughable. The Western markets for which their products are destined remain closed behind high tariff walls. In addition, these products in Western countries are heavily subsidised, making it difficult for farmers to compete in the market.

Domestic agriculture, on the other hand, has been almost completely destroyed during the last ten years. The switch to free markets and the discontinuation of government loans has ruined village farms that depended upon fertilisers and non-traditional seed maize. Millions of farming households have no food because they cannot afford the high prices of seed and fertiliser. Meanwhile, during good seasons when farmers produce high yields, most products go to waste since the government no longer subsidises or markets the produce.

Governance and constitutional reforms

Bad governance has clearly exacerbated poverty and is largely the result of a Constitution that concentrates power; it severely restricts legislative action and allows the president to govern virtually alone. Corruption of presidents and their ministers has been a common complaint.

President Mwanawasa first proposed and then dismissed the idea of carrying out a fundamental review of the Constitution. His reversal came after civil society welcomed the announcement and suggested how the process should be conducted. Without a fundamental alteration of the Constitution, it will not be possible to have a real democracy or to solve the problem of poverty in Zambia. ■

Women for Change
<wfc@zamnet.zm>

2 See http:/www.zpa.org.zm/qzampart.htm

3 See http://www.zpa.org.zm/summary2.htm

4 Perhaps the greatest scandal in the privatisation process came with the privatisation of the copper mines—the jewel of the country's wealth. Whereas the privatisation of other sectors was substantially conducted pursuant to the ZPA, the Zambia Consolidated Copper Mines (ZCCM) were privatised outside of the law. President Chiluba instituted an illegal committee, which he tasked with the responsibility of selling the mines. Cabinet Ministers were divided on whether to sell the ZCCM as a single block or to divide it into units, as it used to be before nationalisation in 1969. Those Ministers and officials who advocated the sale of the ZCCM as one block clashed with President Chiluba who favoured division. Some of those who disagreed with Chiluba were disciplined or even dismissed. In the end the Chiluba side triumphed; the illegal committee led by Francis Kaunda floated the mines to bidders as different units.

Sources and Resources

The United Nations hosts a website which includes general information about the United Nations system, structure and mission. Access to databases, statistics, documents, news and press releases is also available at:
http://www.un.org/

Since 1990, the United Nations held a series of international conferences and summits. The World Summit for Social Development Declaration and the Programme of Action and the Beijing Declaration and Platform for Action are available on-line at:
http://www.socialwatch.org/

DAW

Grounded in the vision of equality of the United Nations Charter, the UN Division for the Advancement of Women (DAW), as part of the Department of Economic and Social Affairs (DESA) of the United Nations Secretariat, advocates the improvement of the status of women worldwide and the achievement of their equality with men. It aims to ensure the participation of women as equal partners with men in all aspects of human endeavour. It promotes women as equal participants and beneficiaries of sustainable development, peace and security, governance and human rights. It strives to stimulate the mainstreaming of a gender perspective both within and outside the United Nations system.
United Nations
Division for the Advancement of Women
E-mail: daw@un.org
http://www.un.org/womenwatch/daw

ECA

United Nations Economic Commission for Africa. For more information about ECA, contact: Communication Team Economic Commission for Africa
E-mail: ecainfo@uneca.org
http://www.uneca.org/

ESCAP

United Nations Economic and Social Commission for Asia and the Pacific
For more information about ESCAP, contact:
E-mail: webmaster@unescap.org
http://www.unescap.org/

ECLAC

Economic Commission for Latin America and the Caribbean Publications for sale may be obtained directly from:
Unidad de Distribución/ Distribution Unit
E-mail: publications@eclac.cl
http://www.eclac.org/

FAO

The Food and Agriculture Organisation of the United Nations was founded in 1945 with a mandate to raise levels of nutrition and standards of living, to improve agricultural productivity, and to better the condition of rural populations. Today, FAO is one of the largest specialised agencies in the United Nations system and the lead agency for agriculture, forestry, fisheries and rural development.
For more information about FAO, contact:
E-mail: FAO-HQ@fao.org
http://www.fao.org/

FAOSTAT (FAO Statistical Database) is an on-line multilingual database currently containing over one million time-series records from over 210 countries and territories covering statistics on agriculture, nutrition, fisheries, forestry, food aid, land use and population.
For more information about FAOSTAT, contact:
E-mail: faostat-inquiries@fao.org
http://apps.fao.org/

FINANCING FOR DEVELOPMENT

The International Conference on Financing for Development was held on 18-22 March 2002 in Monterrey, N.L., Mexico. This first United Nations-hosted conference to address key financial and development issues attracted 50 Heads of State or Government, over 200 ministers as well as leaders from the private sector and civil society, and senior officials of all the major intergovernmental financial, trade, economic, and monetary organisations. The Conference also marked the first quadripartite exchange of views between governments, civil society, the business community, and the institutional stakeholders on global economic issues. These global discussions involved over 800 participants in twelve roundtables.
Find more info at:
E-mail: ffd@un.org
http://www.un.org/esa/ffd/

ILO

Since its creation in 1919, the International Labour Organisation (ILO) has always attached particular importance to its standard-setting activities. Its 174 Conventions and 181 Recommendations cover areas that include basic human rights, employment, social policy, labour relations, labour administration, working conditions and social protection.
For further information, please contact:
E-mail: ilo@ilo.org
http://www.ilo.org/

ILOLEX is a trilingual database containing ILO Conventions and Recommendations, ratification information, comments of the Committee of Experts and the Committee on Freedom of Association, representations, complaints, interpretations, General Surveys, and numerous related documents.
E-mail: infonorm@ilo.org
http://ilolex.ilo.ch:1567/english/index.htm

NGLS

The United Nations Non-Governmental Liaison Service (NGLS) is an unit that specialises in development education and information work on North-South development issues that facilitate dialogue and co-operation between development NGOs and the UN.
They publish newsletters and other documents that can be requested from their offices:
UN-NGLS
E-mail: ngls@un.org, ngls@unctad.org
http://www.unsystem.org/ngls/

POPIN

Population Division / Department of Economic and Social Affairs / United Nations
In January 2000, the United Nations Population Division and the Dep. of Economic and Social Affairs launched the publication *Charting the Progress of Populations.* The report provides information on 12 key socio-economic indicators related to the goals of the conferences.
For orders or request for more information on the report please contact:
E-mail: population@un.org
http://www.un.org/popin/

UNITED NATIONS TREATY COLLECTION

United Nations Treaty Collection is a website database prepared and updated regularly by the Treaty Section of the Office of Legal Affairs of the United Nations. It offers access to over 40,000 treaties and international agreements.
http://untreaty.un.org/

UNAIDS

As the main advocate for global action on HIV/AIDS, the Joint United Nations Programme on HIV/AIDS (UNAIDS) leads, strengthens and supports an expanded response aimed at preventing the transmission of HIV, providing care and support, reducing the vulnerability of individuals and communities to HIV/AIDS, and alleviating the impact of the epidemic.
E-mail: unaids@unaids.org
http://www.unaids.org/

UNDP

Since 1990, the United Nations Development Programme (UNDP) has annually published a Human Development Report which contains the Human Development Index (HDI). The HDI attempts to measure the relative socio-economic progress of nations. The *Human Development Report 2002* offers a timely and provocative analysis of the role that politics play in achieving human development. It emphasizes the importance of political freedoms as a goal of human development, and explores how democratic institutions help promote equitable social progress and economic growth.
More information on the *HDR* at:
http://www.undp.org/hdr2002/
Distributions and Sales:
United Nations Publications
New York, New York 10017
USA
Much of the UNDP's public information, as well as UN conference documents are available at:
http://www.undp.org/

UN DIVISION FOR SOCIAL POLICY AND DEVELOPMENT

The main objective of the Division for Social Policy and Development is to strengthen international cooperation for social development, with particular attention to the three core issues of poverty eradication, employment generation and social integration, in contributing to the creation of an international community that enables the building of secure, just, free and harmonious societies offering opportunities and higher standards of living for all.
For further information:
United Nations
Department of Economic and Social Affairs
Division for Social Policy and Development
E-mail: social@un.org
http://www.un.org/esa/socdev/index.html

UNESCO

In March 1990, the international community put education on the global agenda during the World Conference on Education for All (EFA) when governments set themselves the challenge of achieving universal primary education by the year 2000. UNESCO publishes a Monitoring Report on Education for All. The aim of the *EFA Global Monitoring Report 2002* is to broadly monitor national educational policies and processes, and international commitment. In particular, it will track progress, map trends, identify reforms and political commitment, challenges and constraints.
For further information, please contact:
E-mail: efa@unesco.org
http://www.unesco.org/education/efa/ed_for_all/index.shtml

UNICEF

The Children's Summit, held in New York in 1990, yielded an impressive action programme with very concrete objectives to improve the position of children in developing countries. UNICEF publishes annual reports on the progress made by each country in implementing the agreements. *The State of the World's Children 2002* is about the leadership that was needed to turn commitments made at the 1990 World Summit for Children into actions that improved the lives of children and families. It is also about the leadership that is necessary now and into the future in order to ensure the right of every child to live in peace, health and dignity. Presenting models of leadership from individuals and agencies, organisations and alliances, the report spotlights the «Say Yes for Children» campaign.
UNICEF House
E-mail: netmaster@unicef.org
It also can be accessed on-line at:
http://www.unicef.org/sowc02/

The **UNICEF's key statistical database** has detailed country-specific information that was used for the end-decade assessment. Global and regional summary analyses and graphic presentations of key results of progress over the decade can be found on this web site as can a full set of technical tools for conducting Multiple Indicator Cluster Surveys (MICS).
http://www.childinfo.org
E-mail: webmeistr@childinfo.org

UNIFEM
The United Nations Development Fund for Women promotes women's empowerment and gender equality. It works to ensure the participation of women in all levels of development planning and practice, and acts as a catalyst within the UN system, supporting efforts that link the needs and concerns of women to all critical issues on the national, regional and global agendas.
E-mail: unifem@undp.org
http://www.unifem.undp.org/

UNRISD
The United Nations Research Institute for Social Development (UNRISD) is an independent research agency subsidised by governments, development organisations and other organisations. The institute carries out research, publishes studies, and organises seminars on a broad range of social problems in developing countries, e.g. on: «how development policies and processes of economic, social and environmental change affect different social groups» (UNRISD: *30 Years of Research for Social Development, 1993*). UNRISD has set up an e-mail distribution list through which messages including information on what is new on the Web site as well as other news from the Institute are distributed.
For more information about UNRISD, contact:
E-mail: info@unrisd.org
http://www.unrisd.org/

WHO
Since its creation in 1948, the World Health Organisation (WHO) has contributed to major accomplishments resulting in a healthier world. WHO is the directing and coordinating authority on international health work, its aim «the attainment by all peoples of the highest possible level of health».
For more information, contact:
E-mail: info@who.int
http://www.who.int/

WOMEN WATCH
Women Watch is a joint UN project to create a core Internet space on global women's issues. It was created to monitor the results of the Fourth World Conference on Women, held in Beijing in 1995.
It was founded in March 1997 by the Division for the Advancement of Women (DAW), the United Nations Development Fund for Women (UNIFEM) and the International Research and Training Institute for the Advancement of Women (INSTRAW).
E-mail: womenwatch@un.org
http://www.un.org/womenwatch

WORLD BANK
The World Bank annually publishes the World Development Report.
The World *Development Report 2003: Sustainable Development in a Dynamic Economy* examines the relationship between competing policy objectives of reducing poverty, maintaining growth, improving social cohesion, and protecting the environment. It emphasizes that many good policies have been identified but not implemented due to distributional issues and barriers to developing better institutions.
The report is available on-line at:
http://econ.worldbank.org/wdr/wdr2003/
To order the book contact:
books@worldbank.org

The *World Development Indicators* (WDI) is the World Bank's premier annual compilation of data about development. WDI 2002 includes approx. 800 indicators in 87 tables, organized in six sections: World View, People, Environment, Economy, States and Markets, and Global Links. The tables cover 152 economies and 14 country groups-with basic indicators for a further 55 economies. This WDI print edition offers the current overview of reliable data from the past few years. For time-series data from 1960 and onwards, please consult the WDI CD-ROM version or WDI Online at:
http://www.worldbank.org/data/onlinedatabases/onlinedatabases.html
Information about specific Bank projects or Bank policies can be requested from:
E-mail: pic1@worldbank.org
http://www.worldbank.org/

OECD
Organisation for Economic Cooperation and Development. Since «there is a pressing need for an agreed system for tracking progress in achieving the basic development objectives, and also to avoid adding to reporting burdens on partner countries», a working set of core indicators was worked out by the DAC (Development Assistance Committee of the OECD). An initial collection of those indicators is now available and updated on the Internet at:
http://www.oecd.org/dac/indicators
E-mail: dac.contact@oecd.org

Some global NGO resources

Amnesty International is «a world-wide movement of people acting on the conviction that governments must not deny individuals their basic human rights». AI's yearly country by country report is available from:
Amnesty International Publications
E-mail: amnestyis@amnesty.org
http://www.amnesty.org/

The Arab NGO Network for Development is a democratic, voluntary, civil, independent, non-sectarian, and non-religious organisation consisting of Arab NGOs and national networks active in the fields of social development, human rights, gender, and the environment. The membership of ANND consists of 30 NGOs and 9 national networks from 12 Arab countries.
E-mail: annd@cyberia.net.lb
http://www.annd.org/

ATD Fourth World is an international non-governmental organisation dedicated to overcoming extreme poverty. Its goal is to explore all possibilities of partnership with families living in chronic poverty and to encourage more private citizens and public officials to join this effort.
E-mail: information@atd-fourthworld.org
http://www.atd-quartmonde.org/

The Canadian Centre for Policy Alternatives offers an alternative to the message that we have no choice about the policies that affect our lives. We undertake and promote research on issues of social and economic justice. We produce research reports, books, opinion pieces, fact sheets and other publications, including *The Monitor*, a monthly digest of progressive research and opinion.
E-mail: ccpa@policyalternatives.ca
http://www.policyalternatives.ca/

Choike is a portal made from a Southern perspective, intended to help users with a specific interest in the issues of particular concern for developing countries. Choike does not attempt to list exhaustively every site from the South or about it. It selects those that are deemed relevant and useful. Choike is not a destination. It points to where the information is, prioritising sites based in the South and run by public interest organisations. By increasing the visibility of their work, Choike hopes to contribute to the strength of civil society organisations, which are essential for democracy. Choike is a product of NGONET, a project started in 1991 to help Southern NGOs benefit from the new information and communication technologies. It is hosted in Montevideo, Uruguay, by ITeM (Third World Institute), an independent non-profit organisation.
E-mail: info@choike.org
http://www.choike.org/

International Cooperation for Development and Solidarity (CIDSE) is an alliance of 14 Catholic development organisations from Europe and North America. Since 1968, CIDSE member organisations share a common strategy on development projects and programmes, development education and advocacy.
E-mail: postmaster@cidse.org
http://www.cidse.org/

Citizens' Network on Essential Services (CNES) works to democratise national and global governance by supporting citizens' groups in developing and transition countries that are engaged in influencing policy decisions about basic services: water, power, education, and health care.
E-mail: SDossani@igc.org
http://www.challengeglobalization.org/

CLADEM (Comité de América Latina y el Caribe para la Defensa de los Derechos de la Mujer) is a feminist network of women NGOs from Latin America and the Caribbean aiming at joining efforts to achieve an effective defence of women's rights in the region.
E-mail: oficina@cladem.org
http://www.cladem.org/

Development Alternatives with Women for a New Era (DAWN) is a network of women scholars and activists from the economic South who engage in feminist research and analysis of the global environment and are committed to working for economic justice, gender justice and democracy.
E-mail: admin@dawn.org.fj
http://www.dawn.org.fj/

Ecumenical Coalition for Economic Justice and KAIROS bring together a wide range of Canadian churches, church based agencies and religious organisations into a new ecumenical partnership dedicated to promoting human rights, justice and peace, viable human development and universal solidarity.
E-mail: ecej@accessv.com
http://www.ecej.org/

European Network on Debt and Development (EURODAD) is a network of 48 development non-governmental organisations from 15 European countries working for national economic and international financing policies that achieve poverty eradication and the empowerment of the poor.
E-mail: info@eurodad.org
http://www.eurodad.org/

European Solidarity Towards Equal Participation of People (EUROSTEP) is a network of 19 major NGOs from 13 European countries. Eurostep was established in 1990 to co-ordinate activities of its members at the European level. Its two principal aims are first to influence official development co-operation policies of multilateral institutions, and in particular those of the European Union; and secondly to improve the quality and effectiveness of initiatives taken by NGOs in support of people-centred development.
E-mail: admin@eurostep.org
http://www.eurostep.org/

The International Network on Economic, Social and Cultural Rights (ESCR-Net) is a new collaborative initiative between groups from around the world working to secure economic and social justice. It seeks to promote the recognition of all rights but with a specific focus on economic, social and cultural rights (ESCR). Through ESCR-Net, groups and individuals can exchange information, develop a collective voice, amplify their actions, demonstrate the concrete advantage of an ESCR approach in working to eliminate poverty, and promote and advocate for fair economic, social and cultural policies and practices at all levels.
For further information please contact:
E-mail: escr-net@cesr.org
http://www.escr-net.org

The ***Human Rights in Developing Countries Yearbook***, compiled by human rights institutes in Norway, Austria, the Netherlands, and Sweden, reports annually on the human rights (including social and economic rights) situation in a number of developing countries with which an aid relationship exists. The reports are developed by researchers who carry out their studies in the country in question. These reports provide valuable factual information about social economic development. Edited by: Peter Baehr, Hilde Hey, Jacqueline Smith, Theresa Swinehart. Published by Kluwer Law International, The Hague/London/Boston.
Email: Sales@kli.wkap.nl
http://www.law.uu.nl/english/sim/yb/

The **Human Rights Watch** is an independent, nongovernmental organisation, supported by contributions from private individuals and foundations worldwide.
To order Human Rights Watch's publications please contact:
genaos@hrw.org
E-mail: hrwdc@hrw.org
http://www.hrw.org/

International Confederation of Free Trade Unions (ICFTU) is a Confederation of national trade union centres, each of which links together the trade unions of that particular country. Membership is open to bone fide trade union organisations that
are independent of outside influence, and have a democratic structure.
E-mail: internetpo@icftu.org
http://www.icftu.org/

The International Council for Social Welfare (ICSW) is an international non governmental organisation operating throughout the world for the cause of social welfare, social justice and social development. It publishes *Social Development Review* which focuses on the monitoring of governmental and non-governmental action referred to the World Summit on Social Development.
More information may be obtained from:
ICSW General Secretariat
E-mail: icsw@icsw.org
http://www.icsw.org/

The Institute for Development Studies (IDS) is an internationally renowned centre for research and teaching on development, established in 1966. IDS also hosts many innovative information and knowledge management services.
E-mail ids@ids.ac.uk
http://www.ids.ac.uk/ids

Inter Press Service (IPS) is an international NGO which promotes a new global communication strategy by increasing two-way communication as the key to widening democratic participation in social action. IPS' independent global news wire carries news, features and special services on a variety of development issues.
E-mail: online@ips.org
http://www.ips.org/

Jubilee + is a programme of the New Economics Foundation, London, building on the achievements of Jubilee 2000 UK, and providing support to economic justice campaigns worldwide.
E- mail: info.jubilee@neweconomics.org
http://www.jubileeplus.org/

Mani Tese is an Italian non governmental development organisation operating at national and international level to further justice, solidarity and respect among peoples.
E-mail: manitese@manitese.it
http://www.manitese.it/

Overseas Development Institute (ODI) is Britain's leading independent think-tank on international development and humanitarian issues.
E-mail: odi@odi.org.uk
http://www.odi.org.uk/

OXFAM International is a confederation of 12 organisations working together in more than 100 countries to find lasting solutions to poverty, suffering and injustice.
Oxfam International Secretariat
Email: information@oxfaminternational.org
http://www.oxfaminternational.org/
Oxfam International Advocacy
E-mail: advocacy@oxfaminternational.org
http://www.oxfaminternational.org/

Public Citizen is a national, non-profit consumer advocacy organization founded by Ralph Nader in 1971 to represent consumer interests in Congress, the executive branch and the courts. Public Citizen fights for openness and democratic accountability in government, for the right of consumers to seek redress in the courts; for clean, safe and sustainable energy sources; for social and economic justice in trade policies; for strong health, safety and environmental protections; and for safe, effective and affordable prescription drugs and health care.
E-mail: slittle@citizen.org
http://www.citizen.org

The Reality of Aid Project exists to promote national and international policies that will contribute to a new and effective strategy for poverty eradication, built on solidarity and equity. In the *Reality of Aid Report 2002*, written by NGOs from every continent, the welcome commitments of Presidents and Prime Ministers to build a more secure global order can be measured against existing approaches to global finance, political interest and human need.
For orders and requests contact:
E-mail: roa@devinit.org
http://www.realityofaid.org/

Women's Popular Education Network (REPEM) is a Latin-American and Caribbean regional network aiming at strengthening strategic links on gender, education and economy. Among its activities, the network monitors the Copenhagen Summit, Hamburg and Beijing Conferences.
E-mail: repem@repem.org.uy
http://www.repem.org.uy/

SAPRIN is the global civil-society network that took its name from the Structural Adjustment Participatory Review Initiative (SAPRI), and is designed as a tripartite exercise to bring together organisations of civil society, their governments and the World Bank in a joint review of structural adjustment programs (SAPs) and an exploration of new policy options.
E-mail: secretariat@saprin.org
http://www.saprin.org/

The **SUNS, South-North Development Monitor** is a daily feature service monitoring international negotiations from Geneva. NGONET and the Third World Network released a CD-ROM containing all the documents published by South-North Development Monitor SUNS, from 1982 up to date with regard to all the GATT Uruguay Round and its follow-up, including the WTO and the MAI. The design will allow the user a quick search by issues, by chronological order, as well as by keywords or phrases (up to 186 words). In a parallel process, an Internet site is being developed, which will make the cd-rom a daily updated newspaper.
Chief Editor and Geneva TWN representative: Chakravarti Raghavan
E-mail: suns@igc.org
http://www.sunsonline.org/
For orders and requests please contact:
NGONET-ITEM
E-mail: ngonet@chasque.apc.org

Third World Network is an independent non-profit international network of organisations and individuals involved in issues relating to development, the Third World and North- South issues. Its objectives are to conduct research on economic, social and environmental issues pertaining to the South; to publish books and magazines; to organize and participate in seminars; and to provide a platform representing broadly Southern interests and perspectives at international fora such as the UN conferences and processes. Its recent and current activities include: the publication of the daily *SUNS (South - North Develoment Monitor)* bulletin from Geneva, Switzerland, the fortnightly *Third World Economics* and the monthly *Third World Resurgence*; the publication of Third World Network Features; the publication of books on environment and economic issues; the organizing of various seminars and workshops
They can be ordered from TWN's secretariat:
E-mail: twnet@po.jaring.my
http://www.twnside.org.sg/

Third World Network-Latin America publishes the monthly magazine *Revista del Sur* and the fortnightly *Tercer Mundo Económico*:
Red del Tercer Mundo
E-mail: redtm@chasque.apc.org
http://www.revistadelsur.org.uy/

TWN features are available electronically through the APC networks in the conference <twn.features>, and in Spanish in the conference <redtm.analisis>. Through the Internet, they can be found at:
http://www.redtercermundo.org.uy/

TWN-Africa publishes *African Agenda*:
E-mail: twnafrica@ghana.com
http://twnafrica.org/

The **Tobin Tax** is a proposal to tax currency transactions on foreign exchange markets, through multilateral cooperation, and to utilize the revenue for basic environmental and human needs. Such a tax will tame currency market volatility and restore national economic sovereignty. (The name Tobin Tax derives from James Tobin, a Nobel-laureate economist at Yale University.)
Some relevant links:
Halifax Initiative
E- mail: info@halifaxinitiative.org
http://www.halifaxinitiative.org/
Tobin Tax Initiative
CEED/IIRP
E-mail: cecilr@humboldt1.com
http://www.ceedweb.org/iirp/

Trade Observatory is a joint project between IATP, Friends of the Earth International, and Centre for International Environmental Law that monitors WTO activity in Geneva in an effort to facilitate advocacy by civil society actors to redress imbalances in the world trading system. WTO Watch has merged with the IATP Trade Observatory in to provide the most comprehensive collection of information resources related to trade, globalization and sustainable development.
http://www.tradeobservatory.org/

Women's Environment and Development Organisation (WEDO) is an international advocacy organisation that seeks to increase the power of women worldwide as policymakers at all levels in governments, institutions and forums to achieve economic and social justice, a healthy and peaceful planet, and human rights for all.
E-mail: wedo@wedo.org
http://www.wedo.org/

The ***World Guide*** is a reference book updated every two years including the history, maps and statistics from all the countries and regions of the world. The *World Guide 2003-2004* contains a round-up of key global issues such us terrorism, global warming, slavery today democracy and Islam, plus updated information on 238 countries and statistical tables on child health, literacy, access to water, land use, etc. The printed version of *World Guide* is available in Spanish, English, Portuguese and Italian. The CD-ROM, available in English, Spanish and Italian includes the Social Watch national reports as well as the Amnesty International national reports, both in English and Spanish. Danish CD-ROM and web versions are also available.
The publication is entirely available on-line at:
http://www.guiadelmundo.org.uy/
For further information please contact:
E-mail: guiatm@chasque.apc.org
http://www.guiadelmundo.org.uy/

World Council of Churches is a fellowship of more than 340 churches in more than 120 countries in all continents from virtually all Christian traditions
E-mail: info@wcc-coe.org
http://www.wcc-coe.org/

World Social Forum. Under the slogan «Another world is possible», the World Social Forum aims at becoming a new international arena for the consideration of alternatives to prioritise human development and the separation of the markets in each country and in the international relationships by all those who are opposed to the neoliberal policies. Since 2001 the World Social Forum takes place in Porto Alegre, Brazil and it takes place every year at the same time as the World Economic Forum, which happens in Davos, Switzerland, at the end of January. The III World Social Forum will take place from January 23 to 28, 2003. More information at:
http://www.portoalegre2003.org/
http://www.forumsocialmundial.org.br/
or contact:
fsm2003ci@uol.com.br

World Watch Institute is a non-profit public policy research organisation dedicated to informing policymakers and the general public about emerging global problems and trends, and the complex links between the world economy and its environmental support systems. It publishes The *State of the World 2002*. The *State of the World 2002* includes chapters on climate change, farming, toxic chemicals, sustainable tourism, population, resource conflicts and global governance, with a special focus on the United Nations World Summit on Sustainable Development, which will be held in Johannesburg, South Africa in August/ September 2002.
E-mail: worldwatch@worldwatch.org
The *State of the World 2002* Report is available on-line at:
http://www.worldwatch.org/

Help Social Watch identify more relevant resources! Please write to:
Social Watch c/o ITeM
Juan D. Jackson 1136
11200 Montevideo, Uruguay
Fax: +598 2 411-9222
E-mail: socwatch@socialwatch.org,
or visit Social Watch home page in the Internet:
http://www.socialwatch.org/

Links to the International Institutions related to MDGs

A special section of the United Nations site on the Millennium Development Goals (MDGs) is available at:
http://www.un.org/millenniumgoals/index.html

United Nations Statistics Division
The Statistics Division compiles statistics from many international sources and produces global updates, including the Statistical Yearbook, World Statistics Pocketbook and yearbooks in specialized fields of statistics. It also provides to countries, specifications of the best methods of compiling information so that data from different sources can be readily compared.
E-mail: statistics@un.org
http://unstats.un.org/unsd/

Implementation of the United Nations Millennium Declaration statistics
A framework of 8 goals, 18 targets and 48 indicators to measure progress towards the Millennium Development goals was adopted by a consensus of experts from the United Nations Secretariat and IMF, OECD and the World Bank. (*Road Map towards the Implementation of the United Nations Millennium Declaration*). Each indicator is linked to millennium data series as well as to background series related to the target in question.
For country by country statistics visit:
http://unstats.un.org/unsd/mi/

The Millennium Project
In support of the Millennium Development Goals (MDGs), UN Secretary General Kofi Annan and the Administrator of the UN Development Programme (UNDP), Mark Malloch Brown, have launched the Millennium Project to recommend the best strategies for achieving the MDGs. Over a period of three years the Millennium Project will work to devise a recommended plan of implementation that will allow all developing countries to meet the MDGs and thereby substantially improve the human condition by 2015. While this is a bold ambition, it is both necessary and achievable. The Millennium Project's research focuses on identifying the operational priorities, organizational means of implementation, and financing structures necessary to achieve the MDGs. Ten thematically-orientated Task Forces perform the bulk of the research. They are comprised of representatives from academia, the public and private sectors, civil society organizations, and UN agencies with the majority of participants coming from outside the UN system. The 15-20 members of each Task Force are all global leaders in their area, selected on the basis of their technical expertise and practical experience. As an advisory body to the UN, the Millennium Project will report its findings directly to the UN Secretary General and the Administrator of the UNDP.
http://www.unmillenniumproject.org/html/about.htm

UN HABITAT
The UN Millennium Declaration and its Goals
The Millennium Declaration was adopted by the UN member states in the year 2000. It contains eight Millennium Development Goals (MDG) ranging from poverty reduction, health, and gender equality to education and environmental sustainability. The MDG detail out 18 specific development targets, each of which has a target figure, a time frame, and indicators designed to monitor to what extend the target has been achieved. The target most closely related to UN-HABITAT's mission is Goal 7 Target 11 to have achieved a significant improvement in the lives of 100 million slum dwellers by the year 2020.
http://www.unchs.org/mdg/default.asp

Global Urban Observatory
The Millennium Declaration requires a regular monitoring of its goals. Monitoring slums means local level data collection and analysis. Based on previous experience with global data collection (Urban Indicators 1993 and 1998), UN-HABITAT has developed a sample of cities to monitor the MDG on slums on the local level. This exercise is backed-up by capacity building modules provided by the Global Urban Observatory.
http://www.unhabitat.org/programmes/guo guo_databases.asp

WHO: Millennium Development Goals
The importance of the MDGs in health is, in one sense, self-evident. Improving the health and longevity of the poor is an end in itself, a fundamental goal of economic development. But it is also a means to achieving the other development goals relating to poverty reduction. The linkages of health to poverty reduction and to long-term economic growth are powerful, much stronger than is generally understood.
E-mail: http://www.who.int/mdg/

WORLD BANK:
Millennium Development Goals Area
At the Millennium Summit in September 2000 the states of the United Nations reaffirmed their commitment to working toward a world in which sustaining development and eliminating poverty would have the highest priority. The Millennium Development Goals grew out of the agreements and resolutions of world conferences organized by the United Nations in the past decade. The goals have been commonly accepted as a framework for measuring development progress.

PROGRESS ON THE MILLENNIUM DEVELOPMENT GOALS: As one indicator of development progress, the World Bank tracks country performance against the Millennium Development Goals (MDGs). The Bank set out an analysis and an agenda for change in the World Development Report 2000-2001: *Attacking Poverty*. In March 2002 the Poverty Reduction Group reviewed progress in Poverty Reduction and the World Bank. The observations are based on this work and the statistics published in the World Development Indicators 2002. It should be emphasized, however, that data are poor in many cases, a problem discussed at length in the fall 2001 edition of the World Bank Research Observer.
http://www.developmentgoals.org/

UNESCO
Overall, BSP is responsible for UNESCO's participation in and contribution to inter-agency programme efforts within the United Nations system to ensure coherence of orientations and efforts, especially in the follow-up to the United Nations Millennium Declaration and the pursuit of the Millennium Development Goals (MDGs).
http://www.unesco.org/bsp/eng/mdg.htm