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OVERVIEW OF PROGRESS TOWARDS SUSTAINABLE DEVELOPMENT

A Review of Implementation of Agenda 21,
the Programme for the Further Implementation of Agenda 21,
and the Johannesburg Plan of Implementation

Report of the Secretary-General**Summary**

This is a review of progress towards realising the commitments and meeting the targets agreed to in Agenda 21 and subsequent intergovernmental meetings related to sustainable development, notably those contained in the Johannesburg Plan of Implementation (JPOI). In the short time since the World Summit on Sustainable Development, progress has been mostly in terms of process, including capacity building in developing countries (e.g., with respect to the Clean Development Mechanism of the Kyoto Protocol, sustainable forest management, chemicals classification and labelling, the Basel Convention, and trade promotion), development of action plans (e.g., for protecting the marine environment from land-based activities, adaptation to climate change, combating desertification), and refinement of the framework for global environmental governance. Key conventions like those on Prior Informed Consent (PIC) for trade in certain hazardous chemicals and pesticides and on persistent organic pollutants (POP) are close to entry into force. On the other hand, only halting progress has been made at the international level towards addressing challenges such as that of climate change, though regional, national and local initiatives are numerous.

In terms of social and economic progress, the 1990s and the early part of the current decade have yielded very mixed outcomes. On the one hand, the world's two largest countries by population have made significant strides in poverty reduction and in improving various social indicators. On the other, many other developing countries have stagnated or even

experienced periods of economic crisis. Outside of Asia, few are on track to meet the MDG concerning poverty reduction and, in parts of sub-Saharan Africa, hunger remains a very serious problem. That region is also heavily burdened by the HIV/AIDS epidemic, which has multiple, profound implications for its socio-economic development prospects. While certain countries in other regions are on the cusp of an HIV/AIDS epidemic, decisive measures could still avert a full-blown crisis. Child mortality has been reduced in the 1990s, but only accelerated progress will achieve the relevant MDG, and maternal mortality has seen little improvement. In the area of education, some regions have made significant progress in expanding enrolments, particularly at secondary level, and in moving towards gender parity.

Progress has been especially slow in the international economic arena, as evidenced by the stalling of the Doha Round of trade negotiations. Also, whereas foreign direct investment had been considered a relatively stable source of financing to developing countries at the height of the financial crises of the late 1990s, more recently some regions have experienced sharp declines in inflows, while overseas remittances have proven more stable – at least for those countries with large populations resident abroad. Two relatively bright spots have been recent increases in real ODA flows from DAC Member countries, and substantially increased funding for the fight against HIV/AIDS.

Contents

	<u>Page</u>
I. Introduction	3
II. Poverty Eradication and Socially Inclusive Development	3
A. Reductions in Poverty and Hunger	4
B. Health and Sustainable Development	5
C. Education for Sustainable Development	8
III. Protecting and Managing the Natural Resource Base.....	9
A. Oceans	9
B. Fisheries	10
C. Atmosphere and climate.....	11
D. Biodiversity.....	12
E. Forests	13
F. Mountain areas	14
G. Desertification.....	15
IV. Changing Unsustainable Patterns of Consumption and Production.....	16
A. 10-Year Framework of Programmes: The Marrakech Process.....	16
B. Chemicals and Hazardous Waste	16
C. Energy.....	18
D. Sustainable Tourism Development	18
V. Means of Implementation	19
A. Finance	19
B. Trade	23
C. Technology.....	25
D. Corporate Social Responsibility	26
VI. Institutional and Strategic Framework for Sustainable Development	26
A. International and Regional Initiatives for Capacity Building and Partnerships	26
B. National Strategies for Sustainable Development	27
VII. Current Status and Future Challenges	27
Endnotes.....	31

I. INTRODUCTION

1. The Commission on Sustainable Development, at its eleventh session, requested the Secretary-General to prepare, for the 2004 review session, state-of-implementation reports reflecting overall progress in the implementation of Agenda 21, the Programme for Further Implementation of Agenda 21, and the Johannesburg Plan of Implementation (JPOI),¹ also identifying new challenges and opportunities related to implementation.² Detailed reviews of progress in implementation in the selected thematic clusters for the 2004-2005 cycle – water, sanitation and human settlements – are provided in other reports of the Secretary-General.

2. The present report covers other issues addressed in the JPOI, Agenda 21, and the Programme for the Further Implementation of Agenda 21, with a particular focus on time-bound targets and issues on which there have been important recent developments relating to implementation. As implementation of Agenda 21 and the Programme for the Further Implementation of Agenda 21 was extensively reviewed as part of the preparations for WSSD, primary reference here is to the JPOI, though the other two are also mentioned as appropriate.

3. Particular attention is given here to the integration of the social, economic and environmental dimensions of sustainable development and to the cross-cutting issues, noting that the various targets are interdependent. For instance, achieving universal primary school enrolment may depend on improvements to rural roads and increases in family incomes as well as on expansion of schools; gender parity in education may depend on convenient access to safe water, freeing girl children's time to attend school; improved sanitation is a major factor in reducing infant and child mortality. In a longer-term perspective, biodiversity conservation may be crucial to finding new treatments for diseases like malaria and HIV/AIDS. In some circumstances, there may also be conflicts among different targets and objectives as, e.g., when investments in road networks to increase income-generating opportunities also intensify deforestation pressures.

II. POVERTY ERADICATION AND SOCIALLY INCLUSIVE DEVELOPMENT

4. The eradication of poverty and hunger and universal access to basic health care and education are at the core of sustainable development, as indicated in Agenda 21, the Programme for the Further Development of Agenda 21 and the JPOI. The JPOI reaffirmed a number of poverty-related commitments and targets from the United Nations Millennium Declaration, including the following: to halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day, the proportion of people who suffer from hunger, and the proportion of people without access to safe drinking water (JPOI, para.7(a)); to ensure that children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and have equal access to all levels of education (para.7(g)); to achieve, by 2020, a significant improvement in the lives of at least 100 million slum dwellers (para.11); and to reduce, by the year 2015, mortality rates for infants and children under 5 by two-thirds, and maternal mortality rates by three-quarters (para.54(f)).³ In

addition, the Summit adopted a new goal: to halve, by the year 2015, the proportion of people without access to basic sanitation (para.25). The goals relating to safe drinking water, basic sanitation and slum dwellers are addressed in the reports on water, sanitation and human settlements, respectively.

A. Reductions in Poverty and Hunger

5. Good progress toward the poverty-related Millennium Development Goals in some regions indicates that they could be reached at the global level. At current rates, however, other regions are likely to fall well short. The Secretary-General has concluded that a sustained, broad-based increase in per capita income of 3 per cent would be needed to lift people out of poverty at a rate sufficient to meet the 2015 poverty-reduction target.⁴ Economic growth, however, has slipped since the Millennium Declaration was adopted, particularly for developing countries. After growing at an average of 2.8 per cent per year during the 1990s, per capita income in developing countries increased at 1.7 per cent per year in the period 2000-2003.

6. Progress towards the poverty-reduction target at the global level is due mainly to progress in China and India, which together include almost half of the world's people living on less than a dollar a day. In East Asia and the Pacific, the proportion of poor people declined dramatically from 1990 to 2000, from 29.4 per cent to 14.5 per cent, already fulfilling the 2015 target.⁵ In South Asia, the poverty rate fell from 41.5 per cent to 31.9 per cent, on track to meet the 2015 target. In Latin America and the Caribbean, however, poverty remained constant at about 11 per cent, while in Africa, where almost half of the population is living in poverty, the poverty rate increased.

7. On the target of halving the proportion of hungry people by 2015, the latest estimates show a mixed picture. Over the past two decades there has been substantial progress, with the number of hungry people in the developing world declining by roughly 120 million to around 800 million in 1999-2001.⁶ Most of that progress was in the 1980s, however, while in the 1990s the number of undernourished people in developing countries decreased by only 19 million, an average of 2.1 million per year. To achieve the 2015 target, progress needs to be accelerated to 26 million per year, more than twelve times the current pace.⁷ East and Southeast Asia are on track to meet the target, and there has been some progress since 1990 in Latin America and the Caribbean. In Sub-Saharan Africa and West Asia, however, hunger has increased over the past decade.⁸

8. The hunger picture in developing countries since 1980 is composed of opposing trends: with China included, hunger shows a steep decline in the 1980s and a shallower one in the 1990s. With China excluded, there is a slight increase in hunger in the 1980s and a steep one in the 1990s.⁹ Progress in India on hunger reduction in the first half of the 1990s was largely reversed in the second half, reflecting in part the effects of prolonged drought and of flooding in some northern states.¹⁰ More recently, the food situation has dramatically improved. In much of Africa, the hunger situation deteriorated throughout the decade and, in 1999-2001, the malnourished proportion of the population was around 40% in East and Southern Africa and almost 60% in Central Africa – by far the highest in the world. In addition to 26

countries where the number of hungry people increased throughout the 1990s, in 17 countries (including large ones like India, Indonesia, Nigeria and Pakistan) a downward trend in the early 1990s was reversed thereafter. The countries that saw hunger decrease throughout the decade had significantly faster per capita GDP and agricultural output growth, slower population growth, lower rates of HIV infection, and fewer food emergencies than those that saw hunger steadily worsen.¹¹

9. A number of natural, social and environmental factors contribute to continued food insecurity. Roughly 1.8 billion people, many of them poor, live on lands that are characterized by poor soils, low and unstable rainfall, steep slopes, and short growing seasons, and/or that are poorly served by infrastructure and service support (e.g., roads, irrigation, markets, research and extension, credit, etc.).¹² Inadequate land tenure arrangements are another major obstacle to food security. Secure access to land is particularly important for enhancing food security of vulnerable groups, including forest dwellers, pastoralists, indigenous peoples and women. Providing more equitable and secure access to land by the poor and landless usually requires changes in national policies and legislation as well as in local institutions.¹³

10. The challenge of meeting the food security MDG is complicated by several adverse trends: declining investments in agricultural research; growing water scarcity in some parts of the world due to population growth (discussed in the companion report on water); climate change, which is expected to manifest itself as more extreme weather in many tropical countries; and the HIV/AIDS epidemic.¹⁴ By one set of baseline projections, it could take almost until 2050 to halve the proportion of malnourished children in the world from the 31% figure of 1997 (more than a three decade delay in achieving the MDG).¹⁵ For each of the challenges mentioned, there is a corresponding opportunity to accelerate progress towards hunger eradication, though seizing them will require not only strong political will but sizeable resource commitments.

B. Health and Sustainable Development

11. A healthy population is a central goal of human development. Good health is also increasingly understood to be an important determinant of human productivity. The JPOI stresses the need to address the causes of ill health, including environmental causes, as well as to strengthen the capacity of health care systems to deliver affordable, efficient services.¹⁶ Among the serious health threats facing the populations of developing countries, two stand out as major contributors both to the burden of disease and to mortality: respiratory disorders (including infections) and HIV/AIDS. The former account for 13.2% of global deaths and the latter for 4.9%.¹⁷ In Africa, HIV/AIDS-linked morbidity and mortality loom much larger; for this reason, and because there is a specific target in the JPOI to measure progress in combating HIV/AIDS, much of this section focuses on this epidemic. First, however, progress towards the infant and child mortality and maternal mortality targets (respectively, two-thirds and three-quarters reductions by 2015 from 2000 rates) is reviewed.

12. Mortality rates for children under five have dropped by around 12% during the past decade, albeit with large regional differences.¹⁸ Nevertheless, no region, except possibly

Latin America, is currently on track to reach the under-5 mortality goal by 2015 (JPOI para.54(f)). In Sub-Saharan Africa, the under-5 mortality rate in 2002 was almost double the average for developing countries.¹⁹ Roughly one in six children in Africa does not reach the age of five, and 24 out of the 25 countries with the highest under-5 mortality rates are in Sub-Saharan Africa. While deaths from diarrhoeal diseases have been reduced substantially over the past decade, thanks in large part to oral rehydration therapy, there are still 1.8 million a year, and childhood diseases – foremost among them measles – claim another 1.4 million lives. Civil disturbances and HIV/AIDS have been particularly important obstacles to reducing child mortality.

13. Globally, little progress has been made on maternal mortality rates over the past two decades (JPOI para. 54(f)). Over half a million women die every year in pregnancy or childbirth, a ratio of 400 deaths per 100,000 live births. Regional differences are large, however, reflecting both different fertility rates, differences in access to trained health personnel, and access to emergency care. Whereas in Africa 1 in every 20 women dies in pregnancy or childbirth, in Europe it is 1 in 2,400 (see Table 1).²⁰

Table 1: Maternal Mortality Indicators (2000)

	MMR* per 100k live births	Absolute number	Lifetime risk (1 in :)
World	400	529,000	74
Developed Regions	20	2,500	2,800
Europe	24	1,700	2,400
Developing Regions	440	527,000	61
Africa	830	251,000	20
Northern Africa	130	4,600	210
Sub-Saharan Africa	920	247,000	16
Asia	330	253,000	94
Eastern Asia	55	11,000	840
South-Central Asia	520	207,000	46
South-Eastern Asia	210	25,000	140
Western Asia	190	9,800	120
Latin America & Caribbean	190	22,000	160
Oceania**	240	530	83
* Maternal mortality ratio			
**Japan, Australia and New Zealand have been excluded here and included, with Canada, Europe and USA in Developed Regions.			
Source: WHO, UNICEF, UNFPA, Maternal mortality in 2000.			

14. The number of people living with HIV/AIDS increased by an estimated 2 million in 2003 to about 40 million, as a result of 5 million new infections and 3 million deaths due to AIDS-related causes.²¹ The 2003 *AIDS Epidemic Update* notes that: “Globally, the AIDS response is moving into a new phase. Political commitment has grown stronger, grass-roots mobilization is becoming more dynamic, funding is increasing, treatment programmes are shifting into gear, and prevention efforts are being expanded. ... But, measured against the scale of the global epidemic, the current pace and scope of the world’s response ... fall far short of what is required”.²² The goal of reducing HIV prevalence by 25 per cent in the most affected countries by 2005 (JPOI, para.55) is unlikely to be met. Stigma and discrimination rank high among the obstacles that hinder efforts to meet the goal. A few countries, including Cambodia, Senegal, Thailand and Uganda, have demonstrated that concerted efforts can reduce the spread of HIV/AIDS.

15. Two-thirds of people living with HIV/AIDS, and almost two-thirds of the new HIV infections in 2003 are in Sub-Saharan Africa. However, the highest growth rates in new infections were reported in Eastern Europe and Central Asia, and in East Asia.²³ Life expectancy has fallen by more than 10 years in the most affected countries since the beginning of the epidemic.²⁴

16. Globally, only about 7% of the people who need anti-retroviral (ARV) treatment have access to it; in Sub-Saharan Africa, it is only about 2% (see Box 1 on new initiatives). The agreement on TRIPS and Public Health reached in August 2003 now allows developing countries to import generic drugs for such purposes if they lack capacity to produce them (JPOI, para.100). The agreement will reduce the costs for ARV treatment substantially, but for many of the poorest countries, drug costs could remain prohibitive. Moreover, improved availability of ARV drugs will need to be accompanied by improvements in health care systems, which in many countries lack trained doctors and nurses as well as infrastructure to cope with the increasing demands from HIV/AIDS.²⁵ There is also still an urgent need for HIV/AIDS prevention measures. Currently less than 1 in 4 people at risk of infection have access to basic information regarding HIV/AIDS.²⁶ The prevention effort faces the challenge of having to address a broader audience as the epidemic spreads from high-risk groups to the general population.

Box 1: New Initiatives in Treatment of HIV/AIDS

Treatment of HIV/AIDS and access to ARV treatment in poor countries, which has long been considered beyond those countries' means, has more recently moved to the centre of discussion. Large progress has been made in providing affordable treatment. While in early 2000 the annual ARV treatment cost was \$10,000-12,000 per person, the price dropped to \$500-800 in late 2000 and \$675 for brand names and \$300 for generics in May 2003. The Clinton Foundation recently reached an agreement with Indian and South African companies to provide ARV treatment for 37 cents per day per person (or \$135 per year). While still high relative to per capita income of many poor countries, treatment costs can be expected to fall further, becoming a less formidable obstacle to treatment and highlighting others – notably the weakness of national health sectors and the lack of trained doctors and nurses.

On 1 December 2003, WHO and UNAIDS released a plan to provide ARV treatment to 3 million people in developing countries and countries in transition by 2005. Implementation of the strategy, which includes the provision of simplified, standardized tools to deliver ARV therapy, a new service to ensure access to quality medicines and diagnostic tools at the best prices, and the training of thousands of community health workers, will require about \$5.5 billion funding over the next two years.

Sources: UNAIDS, Fact sheet on Access to HIV Treatment and Care; NY Times, "India plans free AIDS Therapy, but effort hinges on price accord with drug makers", December 1, 2003; WHO press release, December 1, 2003.

17. The vast majority of people living with HIV/AIDS are in their productive prime, and the effects of HIV/AIDS are first visible at the household level, where income loss, costs of medication and other costs are pushing many families into poverty.²⁷ Economic development is retarded due to a loss of productive labour, reduced consumption due to a drop in household income, and direction of scarce financial resources towards caring for the infirm.²⁸ Education systems are suffering from both loss of trained, experienced teachers and from children dropping out.²⁹ Particularly affected are 13 million children under 15, 11 million in

Sub-Saharan Africa, who have lost one or both parents to HIV/AIDS. HIV/AIDS is thus undermining efforts on the commitments to education, poverty reduction, and economic development.

18. Political and financial support for the fight against HIV/AIDS has been growing substantially in recent years, and virtually all heavily infected countries now have multi-sectoral HIV/AIDS strategic plans (JPOI, para.55(a)). About \$4.7 billion from domestic and international sources will be spent on AIDS programmes in low and middle-income countries in 2003, a 20% increase compared with 2002 and a 500% increase over 1996.³⁰ International assistance to combat HIV/AIDS rose more than eight-fold from \$297 million in 1996 to \$2.5 billion in 2003. Announced US and EU increases in funding for the fight against HIV/AIDS would raise annual spending by another \$1.2 billion by 2005. Yet, the amount would still fall far short of the \$10.5 billion annually deemed necessary to fight the epidemic effectively in low and middle-income countries.³¹ The Global Fund for AIDS, TB and Malaria (JPOI para.55(b)) is still short of the \$3 billion required for 2004 and the \$4.5 billion required for 2005.³²

C. Education for Sustainable Development

19. Expanding access to education is identified in Agenda 21, the Programme for the Further Implementation of Agenda 21 and the JPOI as essential for sustainable development. Current data suggests that about half of all countries, including over 60% of the world's population, are likely to miss at least one of the three goals for education – universal primary net enrolment, improvement in adult literacy, and gender parity in education.³³ High-risk countries are concentrated in South and West Asia, Sub-Saharan Africa, and North Africa.

20. All regions had either high or increasing primary enrolment ratios during the 1990s, although ratios in Sub-Saharan Africa remain low, with less than 60% of primary school-aged children in school in 2001. Total primary school enrolment in developing countries increased from 80% in 1990/91 to 82% in 2000/2001. At this rate, however, most countries that have not yet achieved the goal of universal primary education (JPOI para.116(a)) will not do so by 2015.³⁴ As the opportunity costs to poor families of children's school attendance are the greatest obstacle to increasing enrolments, poverty reduction is essential to achieving the goal.³⁵

21. Gender parity in education (JPOI, para.120) improved during the 1990s, with the global ratio of girls-to-boys enrolment in primary education increasing from 0.89 in 1990 to 0.93 in 2000. The largest improvements were in Arab States with an increase from 0.80 to 0.89, and in South and West Asia from 0.76 to 0.84.³⁶ However, at least 50 countries have a high risk of not achieving gender parity in primary education in either 2005 or 2015.³⁷ At secondary level, gender parity improved in all developing regions during the 1990s, but countries that have a large disparity at primary level have an even larger disparity at secondary level.³⁸ Still, the Arab States and West Asia also achieved dramatic improvements in female secondary enrolment.

22. The General Assembly, in December 2002, proclaimed the United Nations Decade of Education for Sustainable Development starting in 2005 (JPOI, para.124(d)). UNESCO presented, in August 2003, a framework for international implementation of the Decade, with four major thrusts: promotion and improvement of basic education; mainstreaming of sustainable development in existing education programmes; development of public understanding and awareness of sustainability; and training of workforces to perform their work in a sustainable manner.³⁹ The framework is the basis for a consultative process to develop the Implementation Scheme, which will be presented by UNESCO to the General Assembly in 2004.

III. PROTECTING AND MANAGING THE NATURAL RESOURCE BASE

23. As noted above, freshwater management is addressed in detail in another report of the Secretary-General, while oceans and fisheries are treated here. Agriculture remains a dominant economic sector in much of the developing world, in terms of employment if not output, whose development is crucial to poverty reduction and hunger alleviation. The preponderance of poverty remains in rural areas. Issues related to agriculture are addressed in other sections of this report, particularly in the section above on hunger and food security and in the trade section below, and also in the companion reports, notably in the report on freshwater management, in its consideration of irrigation.

A. Oceans

24. In the effort to reduce marine pollution, 80 per cent of which arises from land-based activities, implementation of the Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (GPA) has focused on the Strategic Action Plan on Municipal Wastewater (UNEP/WSSCC/WHO/Habitat); prevention of physical alteration and destruction of habitats; and National Programmes of Action (NPAs) to implement the GPA (JPOI, para.33). Since WSSD, substantial progress has been made in the development of NPAs, in many cases with international assistance. To facilitate their development, the GPA office has published a handbook on the "Development and Implementation of NPAs",⁴⁰ and progress will be evaluated at the International Hilltops to Oceans (H₂O) Conference to be held in May 2004⁴¹ as part of the WSSD H₂O Partnership Initiative.

25. With the rapid increase in international sea-borne trade and bigger and faster vessels, the introduction of alien invasive species into new environments through the release of ballast water has become the greatest threat to the marine environment from shipping activities, threatening the livelihoods of fishers and harming vulnerable fishing communities.⁴² A Diplomatic Conference is to be held in February 2004 under the auspices of the IMO and is expected to adopt the International Convention for the Control and Management of Ships' Ballast Water and Sediments (JPOI, para. 34(b)).

26. Marine and coastal protected areas (MPAs) are an important tool in the fight against marine degradation. Studies have shown that MPAs benefit a variety of species in different habitats, while generating economic benefits as depleted fish stocks recover (JPOI

para.32(d)). COP7 of the Convention on Biological Diversity (CBD), in February 2004, will consider the establishment of new MPAs and the improved effectiveness of existing ones.⁴³ At its September 2003 meeting, the World Parks Congress endorsed the target of establishing at least five ecologically significant High Seas MPAs by 2008.⁴⁴ Enforcement of the protected status of high-seas areas may pose a challenge, however.

27. General Assembly resolution A/RES/58/240 of 23 December 2003, entitled 'Oceans and the law of the sea', addresses, *inter alia*, the sustainable use of oceans and calls for the establishment by 2004 of a regular process under the United Nations for global reporting and assessment of the state of the marine environment (JPOI, para.36(b)). Work is also underway to strengthen United Nations inter-agency coordination (JPOI para.30(c)) through the UN Chief Executives Board for coordination.

B. Fisheries

28. The Implementation of Agenda 21, the Programme for the Further Implementation of Agenda 21, and the JPOI in the area of fisheries has not been sufficient to reverse the depletion of ocean fisheries. Globally, more than 75 per cent of fish stocks are overfished, exploited to their maximum biological limits, or recovering from depletion.⁴⁵ With more than 90 per cent of global fish stocks under national jurisdiction, national implementation of international fisheries agreements⁴⁶ is key to restoring fish stocks to levels that can produce maximum sustainable yield by 2015 (JPOI, para.31). Since WSSD, twenty additional countries and the European Commission have ratified the 1995 UN Fish Stocks Agreement, increasing the total number of parties to 51, and the General Assembly, at its 58th session, approved the terms of reference for an Assistance Fund to facilitate developing countries' implementation of the agreement.⁴⁷ Some progress towards the sustainable management of the marine environment has also been made with the entry into force in April 2003 of the FAO Compliance Agreement. However, of the 36 States that have ratified or acceded to the Fish Stocks Agreement, only nine have also accepted the Compliance Agreement.⁴⁸

29. Strategies for sustainable fisheries management can only be effective if the issue of illegal, unreported, and unregulated (IUU) fishing is also tackled. Few, if any, developing countries, and only a limited number of developed countries, are expected to meet the 2004 deadline for putting into effect the International Plan of Action on IUU fishing (IPOA-IUU) (JPOI, para.31(d)).⁴⁹ To date only two countries have reported National Programmes of Action (NPOAs-IUU), while the EC, as part of its Common Fisheries Policy, has adopted a policy on IUU fishing that underpins the elaboration of NPOAs.⁵⁰ Efforts are underway to help developing countries in designing NPOAs-IUU. Obstacles to the implementation of the Code of Conduct for Responsible Fisheries and Related IPOAs are a lack of political will and an inability or unwillingness of some flag States to exercise full and effective control over their fishing vessels in accordance with international law.⁵¹

30. Progress has been made towards the 2005 target for the implementation of the IPOA for the Management of Fishing Capacity (JPOI, para.31). Since 1991, the stock of large fishing vessels has decreased and there is an even steeper drop in the construction rate.⁵² Yet, the number of smaller coastal vessels operating in or close to the exclusive economic zones

(EEZs) has continued to expand. Obstacles to better management of fishing capacity include fishery subsidies and lack of incentives for scrapping vessels. With the breakdown of trade negotiations in Cancun, negotiations in the WTO on reform of fishery subsidies have stalled. Within FAO, however, experts have agreed on a methodology to establish the magnitude of subsidies and their impact on trade, and discussions on subsidies will continue.⁵³

31. Demand for fish is projected to increase by one-third by 2020, mainly due to the growing demand in developing countries. With capture fisheries at or beyond the limit of sustainable yield in various regions, the bulk of the required production increase will have to come from fish farming, or aquaculture.⁵⁴ At present, however, the aquaculture industry is not operating in a sustainable manner, particularly because farmed fish require up to four times as much capture fish as fish feed and because the expansion of aquaculture often results in degradation of vulnerable marine and coastal areas. To support the development of sustainable aquaculture (JPOI, para.32(h)), efforts are underway to develop guidelines for the responsible management of fish farms, international standards for the safety of fish products, and a single set of science-based labelling standards.

C. Atmosphere and climate

32. The Kyoto Protocol to the United Nations Framework Convention on Climate Change, as of February 2004, had been ratified by 120 countries, accounting for 44.2 per cent of the 1990 carbon dioxide emissions by industrialised countries (Annex I countries). The Protocol is to come into force after ratification by 55 countries accounting for 55 per cent of the industrialised country emissions, which will require ratification by either the United States or the Russian Federation. The challenge for Annex 1 countries that have ratified the Protocol is whether and how to implement its provisions before, or in the absence of, entry into force. Some countries – and the European Union – are now establishing legislation, regulations and mechanisms, such as emissions trading schemes, to reduce greenhouse gas emissions in accordance with the provisions of the Protocol.

33. Overall greenhouse gas (GHG) emissions of industrialised countries declined by 6.6 per cent between 1990 and 2001.⁵⁵ Total emissions of countries with economies in transition decreased by 40 per cent, while the total emissions of other industrialised countries increased by 7.5 per cent. GHG emissions from all industrialised countries are projected to increase over the period 2000-2010 to about 10 per cent above 1990 levels under business-as-usual policies, in part due to the economic recovery in countries with transition economies.

34. The ninth Conference of the Parties to the climate change convention (COP9) was held in December 2003. While no progress was made in reducing uncertainty surrounding the entry into force of the Kyoto Protocol, a major advance was the agreement on modalities and scope for including large-scale carbon-absorbing forest-management projects in the Clean Development Mechanism (CDM) during the first commitment period (2008-2012).

35. Progress was also made at COP9 in elaborating the modalities for funding adaptation to climate change in developing countries. In particular, the Subsidiary Body for Implementation reached agreement on the main outlines and purposes of the Special Climate

Change Fund,⁵⁶ which is intended to support implementation of activities to help developing countries cope with and adapt to adverse impacts of climate change, improve disease monitoring and early warning systems, and undertake capacity building. It is intended to serve as a catalyst to leverage additional resources from bilateral and multilateral sources, with activities to be funded being country-driven, cost-effective, and integrated into national sustainable development and poverty reduction strategies. In relation to the Least Developed Countries Fund, a large number of National Action Plans on Adaptation are due to be completed in 2004.

36. For the Montreal Protocol on Substances that Deplete the Ozone Layer, which has entered into force and is being implemented, a particular challenge is to provide assistance to developing countries by ensuring adequate replenishment of its fund (JPOI (para.39(b)). Funding for the period 2003-2005 is particularly important as developing countries are required to cut the use of key ozone depleting substances (ODS) by 2005. The budget for 2003-2005 adopted at the November 2002 meeting of the Parties is \$573 million, representing an increase of roughly \$100 million over the previous budget.

37. The abundance of ozone-depleting compounds in the lower atmosphere continues to decline slowly from the 1992-1994 peak. With regard to CFCs, halons, carbon tetrachloride and methyl chloroform, it appears technically and economically feasible for developing countries and countries with economies in transition to phase them out by 2005 as required by the Protocol.⁵⁷ This would, however, require accelerated investments to change to ODS-free technologies, as well as accepting the transitional use of HCFCs, in all industries and processes now using ODS. The phase-out of HCFCs in new equipment and in servicing old equipment by 2005 in industrialised countries is technically feasible but expensive with the technology available today. It might also result in increased energy consumption and greenhouse gas emissions, as key alternatives to ODS, such as hydrofluorocarbons (HFCs), are high in global warming potential. Assessment of the issue of safeguarding the ozone layer and the global climate system, focusing on HFCs and perfluorocarbons (PFCs), is currently being undertaken jointly by the Intergovernmental Panel on Climate Change (IPCC) and the Technical and Economic Assessment Panel of the Montreal Protocol. The phase-out of methyl bromide will be one of the main challenges in the coming years.

D. Biodiversity

38. Over the past three decades, declines and extinctions of species have emerged as a major concern. The latest Red List of Threatened Species compiled by the World Conservation Union (IUCN) indicates that about 23 per cent (1130) of mammals and 12 per cent (1194) of bird species are currently threatened.⁵⁸ In addition, the Living Planet Index, developed by the United Nations Environment Programme – World Conservation Monitoring Center (UNEP-WCMC) in cooperation with the World Wildlife Fund (WWF) in order to track trends and variations in species populations, declined by about 35% between 1970 and 2000 – 15% for forest species populations, 35% for marine species, and 55% for freshwater species. This rate of biodiversity loss is considered comparable with the mass extinction events that have occurred only five or six times in the history of the Earth.⁵⁹

39. On biodiversity policy, the major development following WSSD has been additional ratifications of the Cartagena Protocol on Biosafety, enabling it to enter into force in September 2003 (JPOI, Para.44). The first meeting of the Parties to the Protocol will convene in February 2004.

40. A particular challenge in relation to biodiversity will be the development of an international regime to promote the fair and equitable sharing of benefits arising out of the utilisation of genetic resources, an issue under consideration within the context of the Convention on Biological Diversity as part of the international efforts to meet the JPOI target of reducing biodiversity loss by 2010 (para.44).⁶⁰ The seventh meeting of the Conference of the Parties, to be held in February 2004, will consider the process and modality of negotiation of such a regime.

41. The Group of Like-Minded Megadiverse Countries, composed of 14 developing countries with high biodiversity, was formed in February 2002 as a mechanism for consultation and cooperation to promote their interests and priorities related to the preservation and sustainable use of biological diversity. The members of this group represent 70% of the world's biological diversity and 45% of its human population. They have held several meetings to promote the development of an international regime designed to achieve a fair and equitable sharing of benefits arising from the use of biodiversity and its components.

42. Presently, scientific understanding of the ecological, social and economic implications of biodiversity loss is limited and scattered. The Millennium Ecosystem Assessment⁶¹ is designed to further this understanding through a global research endeavour involving leading scientists (roughly analogous to the IPCC). The first product of this effort – consisting of a conceptual framework – was published in September 2003, and draft chapters of the full assessment report were circulated for a first peer review on 12 January 2004.

E. Forests

43. Efforts to promote international cooperation on sustainable forest management, implement the proposals for action of the Intergovernmental Panel on Forests/Intergovernmental Forum on Forests (IPF/IFF), and improve reporting are being undertaken by the United Nations Forum on Forests (UNFF), and an assessment of progress is planned for 2005 (JPOI, para.45).

44. The Collaborative Partnership on Forests (CPF), including 14 major forest-related international organizations, is supporting the UNFF and implementation of the JPOI. Among other joint initiatives, it has established a sourcebook on funding sustainable forest management; a task force on streamlining forest-related reporting; and a website that includes a portal on reporting.

45. The Global Environment Facility (GEF), to June 2003, had committed more than \$777 million for environmental projects relating to forests, leveraging nearly \$2 billion in partner co-financing. With the decision to include land degradation as a GEF focal area, GEF expects

to commit about \$250 million between 2003 and 2006 for projects on land degradation, with a focus on desertification and deforestation.

46. More than 150 countries encompassing 85 percent of the world's forests continue to be actively involved in nine international processes relating to criteria and indicators for sustainable forest management. Despite varying degrees of implementation among countries, real advances have been made in developing criteria and indicators for monitoring the effects of interventions and assessing progress over time.

47. National forest programmes are also gaining momentum (Box 2), especially since the establishment of the FAO-hosted National Forest Programme Facility – a partnership of countries, international organisations, and non-governmental organisations that focuses on information exchange, knowledge sharing and capacity building to ensure broad and meaningful participation in forest deliberations at the national level. The Programme on Forests (PROFOR) hosted by the World Bank has also strengthened the development and implementation of national forest programmes in several countries.

48. However, despite these and other positive developments, deforestation and forest degradation are continuing at alarming rates. The biggest challenge in moving forward is securing long-term political commitment at the highest levels for sustainable forest management.

Box 2: Technology and the control of illegal logging in the Brazilian Amazon

IBAMA, Brazil's environmental protection agency, is stepping up its fight against deforestation, which was estimated by the National Space Research Institute (INPE) at 25,500 sq km from August 2001 to August 2002, a 40 per cent increase over the year-earlier period, with a further increase expected in 2003. The central government has given an emergency grant equivalent to \$7 million to IBAMA to fund monitoring operations, with a focus on critical areas. Both remote sensing and field information are being used for monitoring. Rather than simply suspending illegal projects after inception, IBAMA is aiming at a pre-emptive approach. It is establishing a Unified Rural Property Licensing System, which uses satellite mapping technology to record the environmental conditions of properties, specifying in the license details of the areas being exploited, areas to be exploited and those areas to be preserved according to current legislation. For example, the Brazilian Forest Code specifies that in Amazonia 80% of woodland on any property cannot be cleared. Satellite monitoring then permits regular updating of information on the status of different properties and timely verification of illegal logging activities. IBAMA is also building a network of non-governmental organisations to help the agency to track down environmental crimes as well as educate the public.

Having pioneered the licensing system in the state of Mato Grosso, the Ministry of the Environment has negotiated its use, from 2002 onwards, in two other Amazonia states – Pará and Rondônia – with high deforestation rates and eventually plans to institute it throughout the region.

Source: Brazilian Embassy in London: <http://www.brazil.org.uk/page.php?cid=1653>; INPE website: <http://www.obt.inpe.br/prodes/index.html>

F. Mountain areas

49. For the International Year of Mountains in 2002, 78 national committees or similar mechanisms were established, and many have evolved into permanent bodies to help develop

and implement sustainable development strategies for mountain areas. The Mountain Forum played a major role during the Year, facilitating networking and information exchange among individuals, NGOs, governments and other entities, and mobilizing international support for the sustainable development of mountain ecosystems (JPOI, para.42). In November 2002, the Bishkek Mountain Platform was adopted, providing guidelines on improving the livelihoods of mountain people, protecting mountain ecosystems, and using mountain resources more wisely.

50. The International Partnership for Sustainable Development in Mountain Regions was launched at WSSD in order to achieve the mountain-specific goals of the Summit, focusing on poverty and food security in mountain communities and protection of fragile mountain ecosystems. The Partnership will build on the Inter-Agency Group on Mountains to promote alliances that link global, national and local initiatives for sustainable mountain development.

G. Desertification

51. A major achievement in the implementation of Agenda 21 was the adoption of the United Nations Convention to Combat Desertification (UNCCD) in 1994 and its entry into force in 1996. Until recently, however, lack of stable, predictable and substantial financial resources severely limited the Convention's implementation (JPOI, para.41). Through June 2003, a total of \$6.7 million had been contributed by various donors to the SRCF (Special Resources for CCD Finance) Account set up under the Convention, for use mainly in formulating National and Regional Action Programmes. In October 2002, the Global Environmental Facility (GEF) Assembly designated land degradation, primarily desertification and deforestation, as a focal area and, in September 2003, the UNCCD Conference of the Parties designated GEF as a financial mechanism of the Convention. GEF has now initiated a new Operational Programme on Sustainable Land Management to mitigate the causes and impacts of land degradation on ecosystem stability, functions and services. As noted previously, GEF expects to commit more than \$250 million between 2003 and 2006 for land degradation projects focusing on desertification and deforestation, with another \$250 million to fund other projects that will mitigate land degradation.

52. Major GEF projects related to desertification launched since WSSD include: (i) the Desert Margins Programme (DMP), launched in November 2002 to arrest land degradation and conserve biodiversity in Africa's desert margins; (ii) Land Use Change Analysis as an Approach for Investigating Biodiversity Loss and Land Degradation (LUCID), to help identify and monitor landscape changes associated with biodiversity loss and land degradation, and the causes of those changes; and (iii) Land Degradation Assessment in Drylands (LADA), to (a) develop strategies, tools and methods to assess the nature, extent, severity and impacts of land degradation on ecosystems, watersheds and river basins, and carbon storage in drylands, and (b) build national, regional and global assessment capacities to mitigate land degradation and establish sustainable land use and management practices.

IV. CHANGING UNSUSTAINABLE PATTERNS OF CONSUMPTION AND PRODUCTION

53. On average, high-income economies consume more, per capita, of both materials and energy than do low-income ones. They also generate relatively large quantities of waste of all sorts, especially industrial and hazardous wastes. Over the past few decades, developed country governments have instituted policies to encourage reduction of waste and conservation of energy and other resources, with some success.⁶² In those countries and regions where incentives to conservation have been strongest (e.g., in the form of high energy taxes), reductions in resource use intensity have been greatest. In the developing world, growing prosperity will mean higher per capita energy and materials consumption, but by learning from the experience of the developed countries and acquiring their technologies, there is the possibility to follow a path of industrial and economic development that is consistently less intensive in resource use and less environmentally destructive than that followed by the early industrializers.

A. 10-Year Framework of Programmes: the Marrakech Process

54. To promote international cooperation in changing unsustainable patterns of consumption and production, the United Nations Department of Economic and Social Affairs, in cooperation with the United Nations Environment Programme (UNEP), organised an International Expert Meeting on a 10-Year Framework of Programmes for Sustainable Consumption and Production in Marrakech, Morocco, in June 2003 (JPOI, para.15).⁶³ The meeting launched the “Marrakech Process” to develop the framework and to coordinate international activities in support of national and regional activities. A number of follow-up actions were identified, including information and experience sharing, network building, dissemination of best practices, and regional cooperation.

55. In order to identify regional priorities and promote regional cooperation in Latin America and the Caribbean, expert meetings have been held in Argentina (April 2003) and Nicaragua (October 2003). The Forum of Ministers of the Environment of Latin America and the Caribbean (Panama, November 2003) established a Regional Council of Governmental Experts on Sustainable Consumption and Production. For the Asia-Pacific region, expert meetings have been held in Indonesia (May 2003) and the Republic of Korea (November 2003), and further work is being pursued through ESCAP. Regional expert meetings are planned for Africa, Europe and West Asia, and the second global meeting is planned for 2005. International efforts are underway to promote cleaner production, environmental management accounting, sustainable public procurement, implementation of the United Nations Guidelines on Consumer Protection, and other means of promoting sustainable consumption and production.

B. Chemicals and Hazardous Waste

56. The Rotterdam Convention on Prior Informed Consent (PIC) Procedures for Certain Hazardous Chemicals and Pesticides in International Trade,⁶⁴ with 58 Parties as of February 2004, enters into force on 24 February 2004 (JPOI, para. 23(a)). Countries have been

submitting import responses and notifications at an improving rate.⁶⁵ In November 2003, a technical assistance strategy was agreed and 6 new chemicals were added to the PIC procedure.

57. The Stockholm Convention on Persistent Organic Pollutants,⁶⁶ with 48 ratifications as of February 2004, appears set to achieve the 50 required for entry into force during 2004 (JPOI, para.23(a)), and work on implementation has started. Over 100 proposals for Enabling Activities to assist countries in the preparation of National Implementation Plans (NIPs) have been accepted by GEF, and over 80 countries have initiated development of NIPs.

Box 3: African Pesticide Stockpiles Initiative

Across the African continent over the past 40 years, an estimated 50,000 tonnes of obsolete pesticides have accumulated and are leaking into the environment, contaminating soil, water, air and food. The poor suffer most, as dangers from hazardous pesticides are often compounded in poor communities by unsafe water supplies and working conditions, illiteracy, and lack of political empowerment. While some progress has been made toward an inventory of pesticide stockpiles, little has been made in cleaning them up. FAO estimates that over the past decade only 3000 tonnes have been cleaned up.

To speed up the process and to prevent future accumulation, the African Stockpiles Programme (ASP) was established as a 12-15 year international initiative. The total cost is estimated at \$250 million, with \$175-200 million for clean-up and \$50-75 million for capacity building and prevention. In a first phase (2004-2007), Ethiopia, Mali, Morocco, Nigeria, South Africa, Tanzania and Tunisia will clean up obsolete pesticides with assistance from 11 local, regional and international organisations. First-phase costs are an estimated \$70 million; by September 2003, GEF had pledged \$25 million.

Source: see www.africastockpiles.org.

58. To foster implementation of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (JPOI, para.23(e)), COP-6, in December 2002, agreed on a Strategic Plan to 2010 with an Action Table for 2003-2004.⁶⁷ Progress in implementation includes the establishment of a compliance mechanism and the opening of additional Regional Centres that are one of the major delivery mechanisms for capacity building, training and technology transfer for hazardous wastes.

59. With a view to having the Globally Harmonised System of Classification and Labelling of Chemicals (GHS), as called for in Agenda 21, fully operational by 2008 (JPOI, para.23(c)), the GHS was endorsed by ECOSOC in July 2003.⁶⁸ UNITAR and ILO are running GHS capacity-building pilot projects in Zambia, South Africa, Senegal, and Sri Lanka, and other projects are being planned.⁶⁹

60. The Strategic Approach to International Chemicals Management (SAICM) is being developed to put chemical safety issues in the development mainstream, addressing the three dimensions of sustainable development and involving a wide range of stakeholders. The first meeting of the Preparatory Committee, held in November 2003, started the substantive development of SAICM based on inputs from governments, international organisations and other actors and from the International Forum on Chemical Safety (IFCS).⁷⁰ The process is to

culminate in a high-level multi-sector conference planned for early 2006,⁷¹ with a view to meeting the 2020 target (JPOI, para.23(b)).

C. Energy

61. Agenda 21, the Programme for the Further Implementation of Agenda 21 and the JPOI all stressed the importance for sustainable development of access to and affordability of environmentally sound energy. (As energy is to be reviewed in depth in CSD 14, it is discussed only briefly here.) Though efforts have been made to improve access to electricity grids, approximately 1.6 billion people – one-quarter of the world's population – remain without access to electricity (in Sub-Saharan Africa, it is three-quarters⁷²) and 2.4 billion rely on traditional biomass for cooking and heating. One recent estimate puts total investment to 2030 for refurbishing and expanding electricity capacity in developing countries at US\$5 trillion to achieve an electrification rate of 78 percent.⁷³

62. A number of initiatives have been taken to promote increased access to reliable and affordable energy for sustainable development and poverty reduction (JPOI, para.9). These include the UNDP-World Bank Global Village Energy Partnership launched at WSSD to bring together public and private stakeholders to ensure access to modern energy services by the poor. The LPG Challenge, a UNDP-led WSSD partnership, aims to improve access to liquified petroleum gas (LPG) in rural areas. Ongoing forums such as the World Bank's Energy Forum and the Global Forum on Sustainable Energy continue to serve as catalysts for action.

63. The global share of renewable energy – excluding hydroelectricity – in electricity generation is currently 1.7 percent.⁷⁴ To increase the share of renewables in energy supply (JPOI, para.20), some countries are promoting renewable energy for the production of electricity with tax and subsidy incentives as well as legislation, and some have taken steps to encourage the use of ethanol in gasoline.

64. A number of WSSD partnerships have been established to promote energy efficiency and cleaner energy technologies. These include the Clean Fuels and Vehicles Partnership to eliminate lead in gasoline and reduce emissions, and the Collaborative Labeling and Appliance Program (CLASP) that promotes cost-effective energy-efficiency standards and labels for appliances, equipment and lighting. In addition, UN-DESA and E7 are working on a Capacity Development Programme for the Clean Development Mechanism (CDM) to support developing country efforts to utilize CDM to attract clean energy investments.⁷⁵

D. Sustainable Tourism Development

65. In 2002, the international travel and tourism industry generated almost half a trillion US dollars in revenues from more than 700 million international travellers – with the latter figure expected to more than double by 2020.⁷⁶ Ecotourism is one of the fastest growing parts of the industry, albeit from a relatively small base.⁷⁷ In many LDCs, and notably in the SIDS, tourism is the primary source of foreign exchange. The World Tourism Organisation has conducted studies suggesting that, when properly designed and managed, ecotourism can

support the protection of biodiversity, create economic opportunities for isolated areas and the poor, and ensure that host communities have a voice in sustainable development. In many areas, it is one of the few feasible economic tools to finance conservation of sensitive ecosystems. The Organisation, with support from UNCTAD, is working to channel development assistance funds in the field of tourism towards the alleviation of poverty, with a special initiative for this purpose: Sustainable Tourism – Eliminating Poverty.

66. The World Ecotourism Summit, as part of the 2002 International Year of Ecotourism, produced the Quebec Declaration on Ecotourism, which countries are now adapting to their particular conditions⁷⁸ (JPOI, para.43). Some 48 countries have developed national strategies or plans for ecotourism, while several have set up multi-stakeholder committees to coordinate sustainable tourism development and management.

Box 4: Community-based Sustainable Tourism in the Bahamas

One example of a successful community-based sustainable tourism initiative (JPOI para. 58 (g)) is the Tiamo resort in South Andros, Bahamas. In order to preserve the vegetation, it was not built with the usual high-speed, high tech construction methods but by hand, with local workers using machetes and chainsaws. The guest bungalows were set among the vegetation and built from a non-toxic-treated pine that is harvested from sustainable forests. The resort is the world's first to operate entirely on 100% alternative energy for its electrical needs and creates hot water using solar heaters. Sewage wastewater, which is destructive to near-shore tropical ecosystems, is disposed of using low-flush, composting toilets. Micro organisms break down the waste into healthy organic peat. "Grey" wastewater from showers, sinks, and laundries are filtered for large particles, then sent through a dirt, sand and rock filter system to be cleansed. To minimize waste, biodegradable, phosphorus-free soaps are used. The environmental systems are carefully monitored at all times to ensure that they are working properly. In addition, the Tiamo resort, in cooperation with the local community, is always looking for new, cost-effective ways to reduce or dispose of waste.

Further success stories are published under <http://www.sidsnet.org/eco-tourism/>

Source: http://www.tiamoresorts.com/static/save_world_more.html

67. In the context of the Convention on Biological Diversity, draft guidelines have been developed for sustainable tourism development for adoption by the Convention's Conference of the Parties in February 2004.

V. MEANS OF IMPLEMENTATION

68. The discussion in this section focuses on finance, trade, and technology. Education, while a means of implementation, is also a fundamental element of socially inclusive development and thus is addressed in chapter II above.

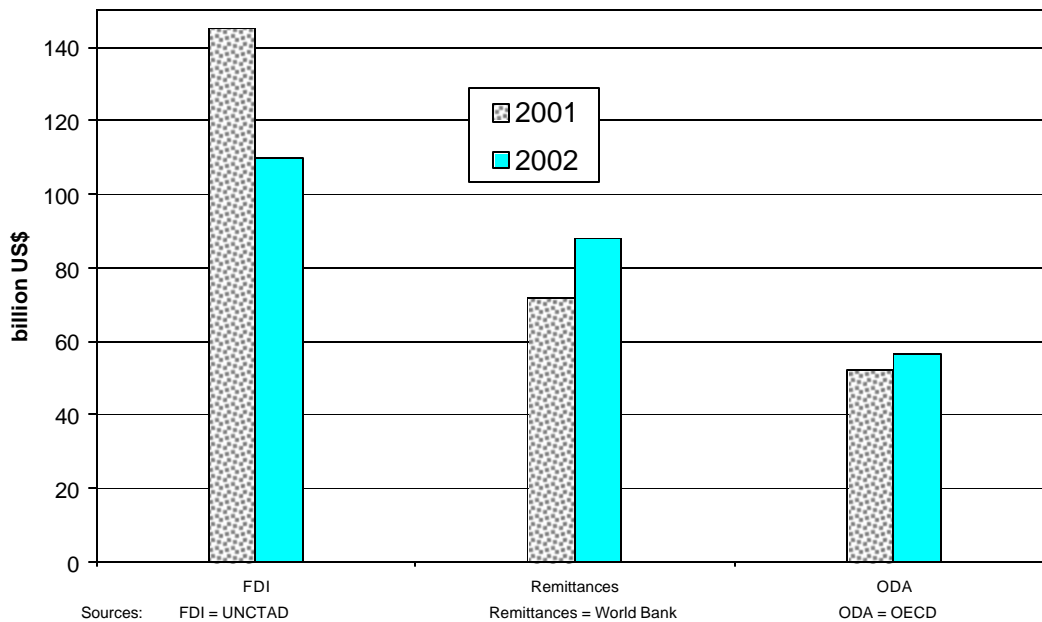
A. Finance

69. Investments to support implementation of sustainable development can be financed by domestic or foreign savings. The global savings rate remained roughly constant at 24% between 1990 and 2001, but with large cross-country differences. In 2001, East Asia had the highest domestic savings rate, at 36%, and Sub-Saharan Africa the lowest, at 17%.⁷⁹

70. The Monterrey Consensus notes that corruption can be a serious barrier to effective resource mobilization and allocation. The United Nations Convention on Corruption was approved by the General Assembly in October 2003 and is open for signature from December 2003, as recommended in the JPOI (paras.140, 142). The treaty will enter into force 90 days after ratification by the 30th country.

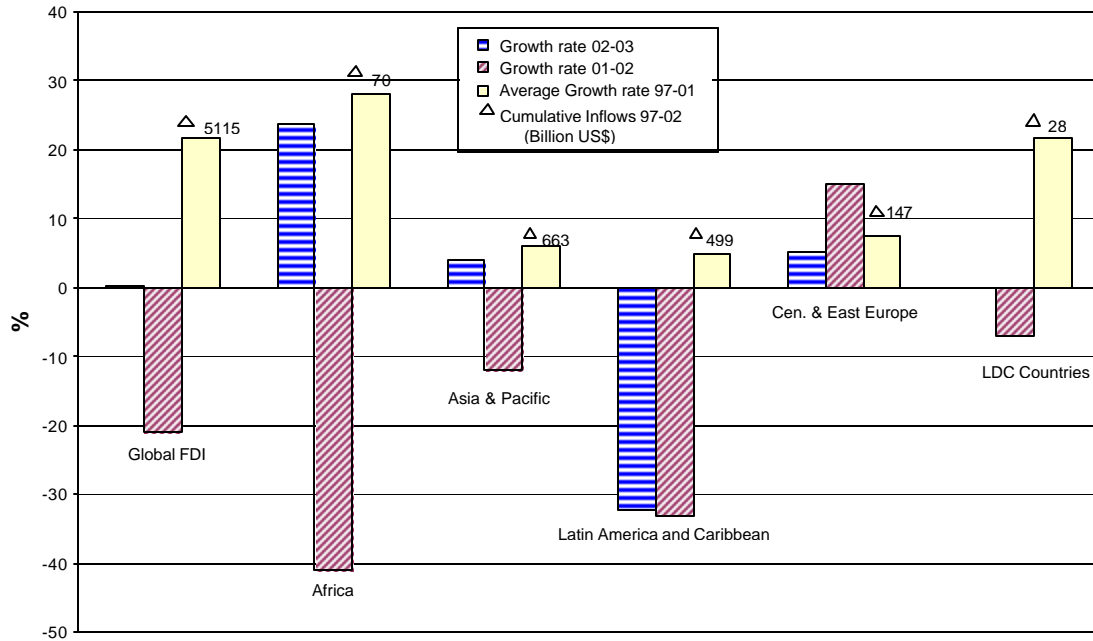
71. Foreign direct investment (FDI) is the largest source of external finance for developing countries, followed by overseas remittances and then official development assistance (ODA) (see Figure 1). (Net debt flows to developing countries, which collapsed in the late 1990s, have barely returned to positive territory⁸⁰.) FDI flows to developing countries are estimated at \$156 billion in 2003, down by almost a quarter from their 2001 level⁸¹. Remittances have been increasing and provide a stable and important source of finance for a number of low-income developing countries. Latin America and the Caribbean receive the largest total amount of remittances, but South Asia receives the most remittances as a share of GDP, at 2.5%. ODA has increased in recent years after declining in the 1990s, to \$58.3 billion in 2002, representing a 7% real increase from 2001.⁸²

Figure 1. Sources of external finance for developing countries, 2001 and 2002



72. At a regional level, in 2003 Latin America experienced a fourth consecutive year of decline in FDI, with inflows cut roughly in half in a space of two years (see Figure 2). FDI flows to Africa and Asia have recovered somewhat between 2002 and 2003, while those to Central and Eastern Europe continue to rise. Still, FDI flows remain highly concentrated, with China (including Hong Kong) accounting for 46% of all FDI flows to the developing world and FDI to Africa being concentrated in the oil industry. FDI inflows to LDCs represent less than 1% of global FDI and about 3% of FDI to developing countries.⁸³

Figure 2. FDI Inflows

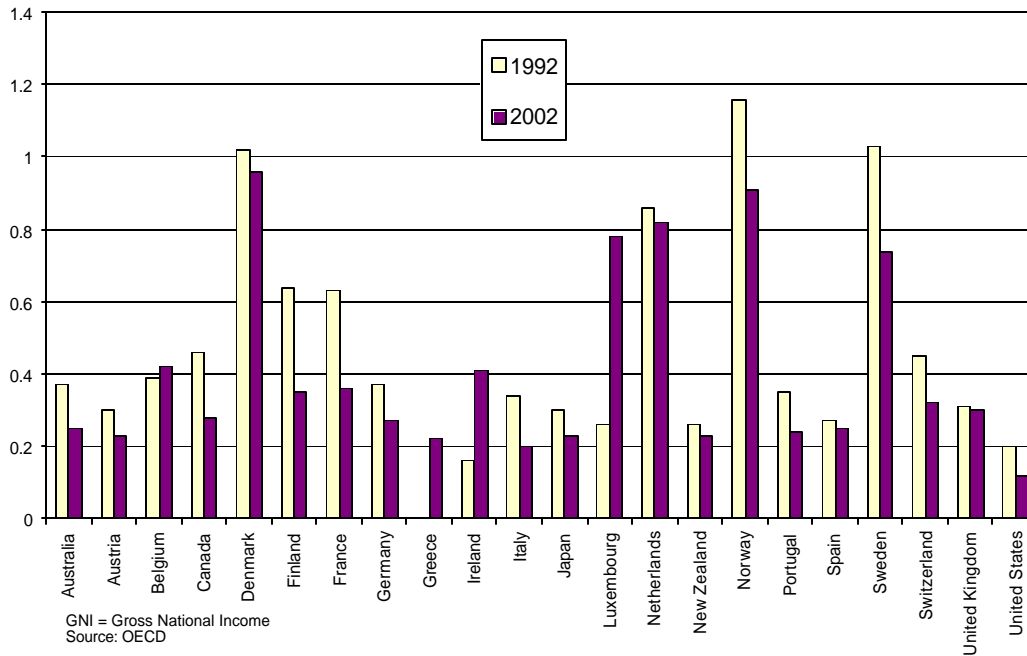


Source: UNCTAD (2003), World Investment Report and UNCTAD estimates

73. Increasing competition for FDI has led many countries to liberalise FDI regimes, including through bilateral investment treaties and double taxation treaties. A liberal FDI regime cannot on its own ensure increased inflows when other factors remain unfavourable – e.g., civil unrest, macroeconomic instability, weak governance, poor infrastructure, and low education levels of the workforce. The regulatory environment for business remains restrictive in many countries, discouraging entrepreneurship and leading start-up enterprises to prefer informality.⁸⁴

74. Average ODA (JPOI para.85) from countries of the OECD Development Assistance Committee (DAC) as a proportion of gross national income (GNI) grew slightly from 0.22% in 2001 to 0.23% in 2002, marking an increase for the first time since 1998. In 2002, only five countries – Denmark, Luxembourg, the Netherlands, Norway and Sweden – met or exceeded the 0.7% ODA target reaffirmed in Agenda 21, the Programme for the Further Implementation of Agenda 21 and the JPOI (see Figure 3).⁸⁵ The same countries met the 0.2% target for ODA to the least developed countries.

Figure 3. Net Disbursements of ODA (% of GNI)



75. It has been estimated that an additional \$50 billion per year in ODA would be needed to implement the internationally agreed development goals, assuming that developing countries have enabling domestic environments and sound macroeconomic policies.⁸⁶ Commitments made in the context of the 2002 International Conference for Financing for Development in Monterrey could increase ODA flows by \$16 billion per year by 2006.⁸⁷ Although this would represent an increase of 30% in real terms, it would raise the ODA/GNI ratio only to 0.26% by 2006 and would still leave a large financing gap.⁸⁸

76. Some steps have been taken by donors to improve the effectiveness of development assistance through greater harmonisation and coherence (JPOI para.85(b)). In the “Rome Declaration on Harmonization” in February 2003, heads of bilateral aid agencies and multilateral institutions committed to streamlining donor procedures and further strengthening recipient country ownership.

77. Debt service for countries under the Heavily Indebted Poor Countries (HIPC) initiative (JPOI para.89) has fallen from \$3.7 billion in 1998 to \$2.4 billion in 2002, reducing the debt-to-export ratio from 16.9% to 9.9%.⁸⁹ Implementation of the Initiative is slower than expected, however. Between September 2002 and September 2003 only 2 more countries (Benin and Mali) reached their completion points, bringing the total to 8 out of the 27 countries that have reached the decision point, compared with a target of 19 countries. Two out of the eight countries that reached the completion point have already returned to a ratio of net present value of debt to exports above 150%, which is regarded as unsustainable.⁹⁰ Eleven countries that are in principle eligible for HIPC relief have not yet reached the decision point.⁹¹

78. Debt relief committed to the 27 countries that have reached the decision point remains 12% below the required total.⁹² As of September 2003, bilateral donors have pledged \$3.5 billion to the HIPC Trust Fund, 74% of which has been paid.⁹³ Several small multilateral creditors and 24 creditor countries have not yet committed to participate in the HIPC Initiative. Many commercial creditors also remain reluctant to participate.⁹⁴

79. With regard to non-HIPC debtor countries (JPOI para 89(d)), in October 2003 the Paris Club of government creditors agreed on a new approach to deal with countries facing debt difficulties, as had been requested by the G8 finance ministers in 2003. The new approach will tailor its response to the specific financial situation of each debtor country, instead of defining standard terms for particular classes of debtor countries⁹⁵.

80. To facilitate the implementation of the Monterrey Consensus, General Assembly Resolution A/57/272 established the Finance for Development (FfD) Office in December 2002. The FfD office supports the intergovernmental process on the follow-up to the International Conference on Financing for Development and facilitates the full participation of all stakeholders, in particular, the Bretton Woods institutions and the WTO, including through the organisation of a High-Level Dialogue on Financing for Development. The first High-Level Dialogue was held during the 58th General Assembly on 29-30 October 2003.

B. Trade

81. While the failure to reach agreement in Cancun might further reinforce the trend toward bilateral and regional trade agreements, commitment of most WTO members to the multilateral trading system remains firm.⁹⁶ The WTO General Council held a meeting on 15 December 2003 which, while it did not lead to any concrete outcome, reconfirmed a sense of engagement and a commitment to the timely completion of the Doha Work Programme.

82. With slower economic growth, world trade experienced a marked slowdown in 2001 and 2002 after having grown at more than 6% per year during the 1990s.⁹⁷ It has rebounded strongly in the first half of 2003.⁹⁸ Although the share of manufactured goods in OECD imports from low and middle-income countries increased from 41.6% in 1991 to 64.3% in 2001,⁹⁹ primary products still make up three-fourths or more of the merchandise exports from the Middle East and Sub-Saharan Africa. For the majority of countries in Sub-Saharan Africa, primary products account for more than 90% of exports.¹⁰⁰

83. World prices of non-fuel commodities have fallen over the last 20 years by around 50 per cent, posing a major obstacle to sustainable development in many developing countries, though lower prices can benefit commodity importers.¹⁰¹ Since 2002, there has been an upward price trend, driven in part by strong demand growth in China and other East Asian countries.¹⁰² Commodity prices remain highly volatile, affecting developing countries not only as producers but also as importers, as many LDCs are net food importers, with imports accounting for 10-12 percent of calorie intake.¹⁰³

84. For agricultural products, improvements in market access, reductions of export subsidies, and reductions in trade-distorting domestic support in agriculture (JPOI, para.92(c)) have seen little progress since WSSD. Total producer support in OECD countries increased from

\$227 billion in 2001 to \$235 billion in 2002 with the EU, Japan and the US accounting for \$100 billion, \$44 billion and \$40 billion respectively.¹⁰⁴ Although OECD countries committed themselves to a reduction in production support, such support continues to constitute two-thirds of total domestic support. Export subsidies for agricultural products remained at the same level in 2002 as in 2001, albeit with wide variation across countries. In 2002, prices received by OECD farmers were on average 31 per cent above world market prices, down from 57 per cent in the period 1985-88.¹⁰⁵

85. While there has been some tariff reduction following the Uruguay Round, agricultural tariffs in the OECD area still average around 60%, compared to 10% for industrial tariffs. Tariff escalation, with higher tariffs on processed agricultural products, can still be found in 12 out of 17 major commodity chains.¹⁰⁶ Some advances have been made in recent years with respect to market access for LDCs (JPOI para.93), with a number of OECD countries having granted comprehensive tariff- and quota-free access for LDCs.¹⁰⁷ These preference margins for LDCs risk being eroded, however, with further general tariff reductions.¹⁰⁸

86. The effects of tariff reduction have been partially neutralized by a tendency by both developed and developing countries to resort to more frequent use of contingency measures such as anti-dumping and countervailing duties. Also, in the past 20 years, new obstacles to trade in agricultural products have emerged with the proliferation of non-tariff barriers, particularly stringent sanitary and phytosanitary standards in developed countries, usually introduced in response to demands of developed country consumers.¹⁰⁹ Developing countries often lack both the technical expertise and the necessary financial resources to meet these new requirements.

87. The textile and clothing sector is of particular importance to developing countries, which account for 50 per cent of world textile exports and 70 per cent of clothing exports. The Uruguay Round Agreement on Textiles and Clothing (ATC) expires on 1 January 2005, requiring the elimination of all quotas.¹¹⁰ For developing countries, quota elimination is expected to result in income gains of \$24 billion and export revenue gains of \$40 billion per year.¹¹¹ While developing countries as a whole are expected to gain, developing countries not currently subject to ATC quota restraints could see their market shares erode with increased competition.¹¹²

88. In December 2002, the WTO General Council adopted guidelines to streamline and facilitate accession of LDCs to the WTO.¹¹³ Nepal and Cambodia will be the first LDCs to become members through negotiations within the WTO.¹¹⁴ Most donors have increased their trade-related technical assistance to developing countries bilaterally and through contributions to multilateral funds and programmes such as the Doha Development Agenda Global Trust Fund, the Joint Integrated Technical Assistance Programme (JITAP) and the Integrated Framework for trade-related technical assistance to LDCs. The WTO and the OECD have established a joint database to monitor developments in the area of trade-related technical assistance.¹¹⁵

89. In June 2003, trade ministers of the least developed countries adopted the Dhaka Declaration addressing issues of common concern, including duty-free and quota-free market

access, preference erosion, agriculture, and special and differential treatment.¹¹⁶ The International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, in August 2003, adopted the Almaty Programme of Action addressing five priority areas: transit policy issues; infrastructure development and maintenance; international trade and trade facilitation; international support measures; and implementation and review.¹¹⁷

C. Technology

90. Environmental policies in developed countries and emerging economies are shifting from pollution control, largely through end-of-pipe technologies, to pollution prevention through more efficient and cleaner production processes. Many governments have changed their regulatory frameworks to include fiscal incentives for promoting cleaner production, generating an increasing demand for cleaner technologies.¹¹⁸ Globalization can stimulate the international flow of environmentally sound technologies, but a more conducive policy environment is also necessary to accelerate technology transfer to developing countries (JPOI, paras.105, 106).

91. Most international technology transfer occurs in the context of trade, foreign direct investment, and infrastructure projects, many ODA-financed. The improved crop varieties and farming methods generated by international agricultural, fisheries, and forestry research centres are another important source of technology for developing countries. The many low-income countries that are marginal participants in world trade and FDI flows have very little access to those two key technology channels. Declining public investment in agricultural research has slowed the development and transfer of new crop technologies, particularly those of benefit to poor farmers in developing countries. Inadequate global medical research into tropical diseases and, in particular, diseases that affect mostly the poor is another critical shortcoming. In the case of ODA, donors are acutely aware of the need to incorporate technical capacity building into their projects, but modern technologies can be costly to service and maintain in poor countries and the use of multiple technologies for a given application – like water pumps – compounds problems of capacity building.

92. The Doha Ministerial Declaration included for the first time a mandate for WTO members to look at the links between trade and technology transfer and established a Working Group for that purpose. So far, no recommendations have been agreed. As for technology transfer to LDCs, the WTO TRIPS Council decided in February 2003 that its members should submit annual reports on actions undertaken or planned to facilitate such transfer as per Article 66.2 of the TRIPS Agreement.

93. The availability of information and communication technologies (ICT) (JPOI para.112) in developing countries is still limited, but, with rapidly falling costs, it has improved markedly over the last decade, with the percentage of people having access to telephone services increasing from 2.4% in 1990 to 20.8% in 2002, and those with computer and internet access from 0.3% to 3.2%. However, a wide gap remains with developed countries. Moreover, availability of these technologies is widely uneven among developing countries,

with Sub-Saharan Africa and South Asia lagging behind.¹¹⁹ Narrowing this digital divide will be a key task for the UN World Summit on Information Society, which takes part in two phases – in Geneva in December 2003 and in Tunis in November 2005. The first phase resulted in a Declaration of Principles and an Action Plan¹²⁰ setting forth a vision and covering the essential issues associated with the information society. In particular, it emphasized that ICT applications should benefit all aspects of life, further environmental protection and natural resources management, contribute to sustainable production and consumption patterns, and reduce traditional barriers to equitable access to local and global markets (see para 51).

D. Corporate Social Responsibility

94. Industry and other stakeholders have continued to develop programmes on corporate social responsibility (JPOI, para.49) in response to the globalization of production and concern in developed countries over working conditions in developing countries. Pressure has been brought to bear particularly on large transnational companies with well-known brand names and extensive supply chains in developing countries, calling on these companies to ensure that their supply chains conform to international core labour standards and to contribute to host countries' sustainable development efforts. Companies have responded by developing codes of conduct and monitoring systems for themselves and their suppliers. Since the first corporate code of conduct was developed in 1991, about 1000 have been adopted. A number of third-party assessment and certification systems have also been established, in some cases in cooperation with NGOs, workers' organizations and other organizations. Some developing country governments are encouraging corporate social responsibility in their enterprises, to promote both national sustainable development and exports. The number of companies and facilities covered by these systems, while still very small in global terms, is growing and the systems are being strengthened.¹²¹

VI. INSTITUTIONAL AND STRATEGIC FRAMEWORK FOR SUSTAINABLE DEVELOPMENT

A. International and Regional Initiatives for Capacity Building and Partnerships

95. Efforts have been undertaken through the UN system and other international and regional organisations to enhance partnerships for sustainable development among governmental and non-governmental actors, and to promote participation of major groups (JPOI chapter IX). Regional implementation forums have been held in preparation for the twelfth session of the Commission on Sustainable Development and regional reports have been prepared in cooperation with the regional commissions and other regional and sub-regional organisations.

96. At the regional level, the UN regional commissions, the regional development banks, and other regional organizations have been incorporating the concept of sustainable development into their programmes, integrating economic, social and environmental aspects, and building partnerships with civil society and the private sector. Recognizing that this integrated approach to development can yield certain insights beyond conventional macroeconomic and sectoral approaches but also be more complex – particularly in the context of globalization –

regional organizations are addressing both their own institutional capacity-building requirements and those of their members.

B. National Strategies for Sustainable Development

97. Many countries, in some cases with international support, have taken steps towards the formulation of national strategies for sustainable development, integrating economic, social and environmental aspects, as called for in Agenda 21, the Programme for the Further Implementation of Agenda 21 and the JPOI (para.162(b)). In some countries, these strategies are formulated as poverty reduction strategies that integrate economic, social and environmental issues.

98. Fifty countries have reported that they have national sustainable development strategies or are developing such strategies, while 65 other countries have elements of a sustainable development strategy. Updated information on national strategies is to be submitted in national reports to the twelfth session of the Commission. The UN system, in particular the Department of Economic and Social Affairs and UNDP, have organised capacity-building workshops and technical assistance projects to support the formulation of national sustainable development strategies (NSDS). Much support has also been provided by international NGOs.

99. National plans and macroeconomic and sectoral strategies generally address elements of sustainability but generally in a disjointed manner. In some developing countries, for example, Poverty Reduction Strategies (PRS) have been introduced as overarching strategic plans, but these are often not linked to other strategies such as the National Biodiversity Strategy and Action Plan or the National Action Plan to Combat Desertification. Nor do they generally give adequate consideration to environmental issues – even when the state of the environment is an important factor in poverty reduction. Also, sectoral policies for agricultural, industrial or education development have in many cases not taken into account poverty reduction strategies or sound natural resource management.

VII. CURRENT STATUS AND FUTURE CHALLENGES

100. Considering the rather short time since WSSD, the state of progress in implementation is moderately encouraging in certain areas. In many cases, however, new international and regional initiatives have yet to translate into detectable improvements in indicators of human well-being and sustainable development. Thus, for the moment, implementation of JPOI must be measured mostly in terms of process, though at national and local levels experience is richer and lessons are beginning to emerge. Moreover, the international political and economic environment has not been especially conducive to progress recently. Now, with world economic recovery gathering momentum, the picture may be changing, though significant challenges remain in strengthening multilateral institutions that set the framework conditions for sustainable development and in sustaining progress towards addressing global environmental problems.

101. Progress is most evident in areas where important interests are not immediately threatened or, alternatively, where a powerful constituency favours policy shifts towards more sustainable development. Also, while there have been notable successes in managing the global commons, this remains one of the most challenging areas for international environmental diplomacy, especially where national benefits are perceived to be considerably longer term and more uncertain than are national costs. Further, broad agreement on principles and frameworks is more easily achieved than are concrete and potentially painful policy and institutional reforms.

102. More specifically, measures to establish marine protected areas and reduce certain risks to the marine environment from shipping are making faster progress than is reform of fishery subsidies. Sound chemicals management commands widespread support – though some specific measures relating to costly chemicals testing may not. Building trade capacity in developing countries attracts resources from multiple donors, while reform of rich countries' agricultural policies continues to face strong resistance. When the problem of ozone depletion could be addressed by a few large chemical companies with proven substitutes for ODS, it was readily manageable; but once control measures were extended to affect farmers without good ODS substitutes, it has become less so. Tackling climate change is perceived to have wide-ranging economic impacts, including on some major industries. A critical mass of influential companies whose long-term strategies are tightly linked to development and use of low-carbon energy sources has yet to emerge. Progress has been glacial in slowing deforestation and biodiversity loss, where global environmental benefits are largely supplied by developing countries that must agree to forego certain options for exploiting their natural resources.

103. In some cases, moral suasion has been a powerful force for change, with ethical imperatives overriding commercial interests – anti-retroviral drugs being a case in point, and debt relief for poor countries another. The present visibility enjoyed by corporate social responsibility has contributed to making large companies sensitive to reputational influences on the bottom line.

104. At regional level, the picture is mixed. Sub-Saharan Africa faces the biggest challenges, as HIV/AIDS combines with widespread poverty and malnutrition and inadequate infrastructure to weaken the foundation for sustainable development in many countries. Hopeful signs include the establishment of NEPAD and the determination of several regional organizations and governments to promote pro-poor growth, including by building trade capacity, by attracting more FDI into labour-intensive sectors, and by improving political governance. After many years of decline, ODA levels have recently increased somewhat in real terms, and funding for HIV/AIDS prevention and treatment has grown rapidly. The resource gap remains enormous, however, as sustainable development requires investments on multiple fronts – rural roads and other transport infrastructure, electricity, water and sanitation – in addition to recurrent spending on education and health care. Continuing high fertility and rapidly growing numbers of school-aged children as well as the high and growing number of people living with HIV/AIDS are weighing heavily on the education and health sectors. Drought, desertification and land degradation are heavy burdens on many

African countries, and lack of new methods to improve agricultural productivity on marginal lands is a major limitation on progress.

105. In Asia, the region with the largest number of poor people, the picture is more promising. Poverty reduction has been dramatic in East Asia and it appears to be gathering pace in South Asia, which has enjoyed high economic growth in recent years. If recent trends continue, the MDG of halving poverty in Asia will be achieved, perhaps well before 2015. While rising prosperity will facilitate investments in education, health and basic environmental amenities, Asia's economic success brings with it sizeable environmental challenges at multiple scales – from hazardous waste and toxic chemicals, to deforestation and biodiversity loss, to rapidly rising greenhouse gas emissions. Greater openness of economies, however, is making up-to-date, cleaner technologies more readily accessible, through both imports and FDI. At the same time, intensifying competitive pressures favour greater resource efficiency, but may also encourage regulatory avoidance where enforcement is weak.

106. Latin America and the Caribbean have fared far worse than Asia economically over the past decade. Wide income disparities have made it difficult to maintain broad support for economic reforms that create painful short-term dislocations and have so far generated little growth. While the region has a substantial industrial sector, its manufactured exports represent a far smaller share of total exports than is the case for East Asia and the Pacific or even for South Asia. As with Africa and the Middle East, commodity dependence leaves some countries vulnerable to price volatility and adverse trends. Vulnerability to natural disasters continues to be a major concern, especially of Caribbean and Central American countries. Several countries in LAC have come to depend heavily on overseas remittances, which have lately proven to be a relatively stable source of external financing compared to private capital flows. With little progress in poverty reduction and limited access to land for the rural poor, pressures on natural resources remain strong. On the other hand, one very positive development is the steep rise in secondary school enrolments in the past half-decade. Also, in some countries, innovative approaches to environmental policy are beginning to bear fruit.

107. The West Asian region has also seen limited growth over the past decade. Continued heavy reliance on fossil fuel exports could pose a major challenge if and when concerted international action is taken to reduce greenhouse gas emissions. The flow of workers' remittances, both within the region and to South and Southeast Asia, is heavily influenced by economic conditions in leading oil-exporting countries. Significant progress has been made over the past decade in raising female school enrolment rates, notably at the secondary level, though further improvement is needed. High projected regional population growth will require continued investment to sustain progress on the education front in coming decades. The perception of regional instability constitutes a major deterrent to private investment outside sectors where high expected returns can justify the risks.

108. Most countries with economies in transition are emerging from a decade of decline, when living standards and social indicators deteriorated. A number are resource-abundant and are benefiting from high oil, gas and other commodity prices. With the decline of their

heavy industries, they have substantially reduced greenhouse gas emissions, but in the absence of the Kyoto Protocol they may not reap significant financial benefits from selling unused emission allowances. As several of these countries integrate into the EU, their living standards are expected to converge fairly rapidly towards EU levels, as are their environmental standards.

109. The developed countries are showing some global leadership towards sustainable development, but far below their potential. ODA has improved slightly recently, but remains far below international targets and the requirements for achieving the MDGs and implementing the JPOI and other international agreements. Markets remain quite protectionist with respect to exports of particular interest to developing countries. While efforts are being made to make consumption and production patterns more sustainable, there is considerable scope for further progress – notably in reducing per capita waste generation and greenhouse gas emissions, and in improving fisheries management. The developed countries remain the source of much technological innovation. Still, bolstering research and development into the health and nutritional problems of particular concern to poor people in the developing world remains a major challenge, as is ensuring that the products of such research are affordable. Efforts by the developed countries to develop and transfer cleaner energy technologies will be crucial to addressing climate change.

ENDNOTES

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