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To promote sustainable growth

Industrial, developing countries must act rapidly to reduce world poverty significantly by 2015

World poverty can be significantly decreased by 2015 if developing and industrial countries implement their commitments to attack its root causes, according to a report released on June 26. The report, entitled *A Better World for All*, was prepared jointly by the United Nations (UN), the World Bank, the IMF, and the Organization for Economic Cooperation and Development (OECD).

The report was released in Geneva by UN Secretary-General Kofi Annan on the opening day of the UN special session on social development, where finding strategies to fight poverty was set as a priority. The same day, the report was also presented at the OECD 2000 forum in Paris by Sally Shelton-Colby,

OECD Deputy Secretary-General, and Louise Frechette, UN Deputy Secretary-General.

Following are edited excerpts of the joint press release issued by the four organizations on June 26 (the full text is available as IMF Press Release No. 00/37 and may be found on the IMF's website, www.imf.org).

The report urges developing and industrial countries to work to foster sustainable growth that favors the poor and provide more resources for health, education, gender equality, and environmentally sustainable development worldwide.

The report marks the first time these four international organizations have jointly assessed progress toward poverty-reduction (Please turn to the following page)

Interview

Developing countries face range of challenges in devising effective tax strategy

Vito Tanzi, Director of the IMF's Fiscal Affairs Department, and Howell Zee, Chief of the Department's Tax Coordination Division, met with the IMF Survey to talk about their Working Paper, *Tax Policy for Emerging Markets: Developing Countries*.

IMF SURVEY: What are the special characteristics and needs of developing countries that set them apart from other countries in terms of tax policy?

TANZI: The most basic characteristic is the level of taxation, which in industrial countries is twice that in developing countries. Thus, the governments of industrial countries can do many things that the governments of developing countries cannot do. When developing countries attempt to do the same things, they get into trouble because they don't have the resources. A second characteristic is the structure of taxation. In industrial countries, a large proportion of taxes comes from

income taxes, especially on individuals. In developing countries, the share of personal income taxes is very small. A third characteristic is the quality of the tax administration, which is much better in industrial countries where the actual, or (Continued on page 217)



Howell Zee (left) and Vito Tanzi.

(Continued from front page)

goals and outlined a common vision for the way forward.

The report focuses on seven interrelated development goals set during world conferences in the 1990s.

These goals, if achieved in the next 15 years, will improve the lives of millions of people. The seven goals are halving the proportion of people living on less than \$1 a day; enrolling all children in primary school; empowering women by eliminating gender disparities in education; reducing infant and child mortality rates; reducing maternal mortality ratios; promoting access to reproductive health services; and promoting environmentally sustainable development.

Not only is progress important on each goal individually, the report says, but all goals must be met collectively to truly combat the many causes of poverty. Success on one or two will not produce a sufficient impact.

“During the 1990s, world conferences set major goals for economic and social development,” Secretary-General Annan said. “All countries, developed and developing alike, signed on to this agenda, often at the highest political level. Since then, people have been asking whether the world has made good on these commitments. What has worked? What did not, and why? And what can we do better?”

“This report provides some answers,” the UN Secretary-General added. “It is the product of unprecedented collaboration among four major multilateral organizations. And it responds to a specific request from the Group of Eight countries that such a report be prepared—to help monitor progress in the reduction of poverty worldwide—and to guide them in their partnership with developing countries. The result is a common understanding—a score card and policy road map with which to measure progress in banishing extreme poverty from our world and in achieving the targets set by the world conferences of the past decade.”

Findings

Analysis in the report shows some startling points:

- As growth increased in the mid-1990s, the proportion of people living on less than \$1 a day fell rapidly in Asia, but little or not at all in Africa. Income inequality remains a barrier to progress in Latin America.

- More than 100 million children will not be in school in 2015, if current trends prevail.
- The gender gap in primary and secondary enrollment is narrowing, but not fast enough to reach the goal of eliminating gender disparities in schools by 2005.

- For every country that has decreased mortality rates for infants and children under the age of 5 fast enough to reach the goals, 10 have lagged behind and 1 has moved backward, often because of HIV/AIDS.

- Skilled care during pregnancy and delivery can do much to avoid many of the half million maternal deaths each year.

- During the 1990s, the use of contraception increased in all regions, but Africa lagged behind.

- By 1997, fewer than half the countries in the world had strategies for environmental sustainability.

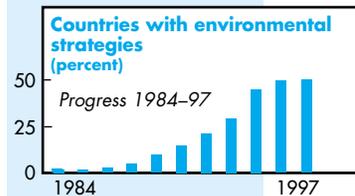
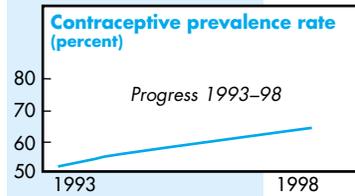
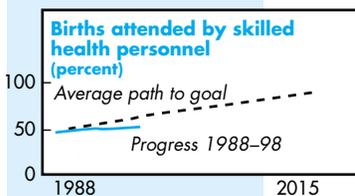
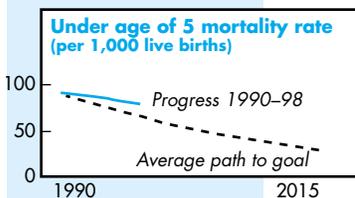
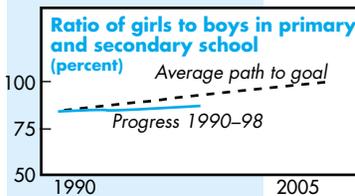
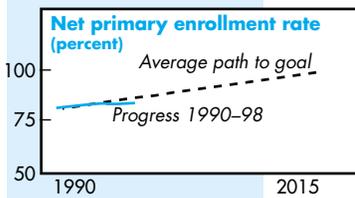
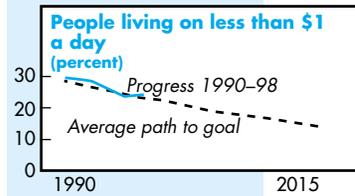
The major obstacles to success, according to the report, are inadequate policies; human rights abuses; conflicts; natural disasters; HIV/AIDS; inequities in income, education, and access to health care; and unequal opportunities between men and women. The report also notes that developing countries' efforts to improve conditions for their citizens are seriously hampered by a lack of access to global markets, the debt burden, a decline in development assistance, and inconsistencies in donor policies.

Solutions

There is no single solution to achieving the goals. The report finds that greater commitment from both developing and developed countries, as well as stronger voices and more choices for the poor, can make a difference. Economic growth is part of the solution, but not a guarantee in itself. Also important is more investment in basic social services, which can produce greater payoffs in terms of development, as well as ensure that the benefits of economic progress reach the poorest people. Openness to trade, technology, and knowledge, and the capacity to use it, can also stimulate progress for the poorest.

The report, which will serve as a joint UN, World Bank, IMF, and OECD contribution to the Group of Eight meeting in Okinawa on July 22, is intended to stimulate support for greater action by government representatives from some 190 states attending the UN General Assembly special session on social development, as well as raise awareness among the general public. ■

A Better World for All is published in English, French, and Spanish and is available (free of cost) from IMF Publications (see page 223 for ordering details). An electronic copy is available on www.paris21.org/betterworld.



Data: UN-World Bank-IMF-OECD,
A Better World for All