REGIONAL DIMENSION OF STRENGTHENING EFFORTS TO ERADICATE POVERTY AND HUNGER, INCLUDING THROUGH THE GLOBAL PARTNERSHIP FOR DEVELOPMENT

Dialogue of the Executive Secretaries with the Economic and Social Council

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Geneva, 6 July 2007
Reasons behind recent progress in poverty reduction

- Higher rate of growth
- More employment (specially in the lower deciles)
- Increase in social expenditures
- Better quality of social policies
Strategic lines of action for a pro-equity and poverty reduction agenda

- **Opportunities:**
  - growth and macroeconomic stability
  - productive development (aimed at reducing inequalities by region and by size of firm)
  - employment

- **Capacities:**
  - education
  - labor training

- **Solidarity:**
  - New networks of social protection
  - Social programmes aimed at overcoming the inter-generational reproduction of poverty, within the framework of a new social institutional structure
The Global partnership for development

- Latin American must continue its efforts to improve growth performance, income distribution and increase the efficiency and financing of social policies to achieve the MDG targets.
The tax burden is too low, but differs sharply across countries

**TAX REVENUES**
(% GDP, 2005)

- Total: 21.9%
- Tax rev. + SS: 17.9%
- Caribbean w/o SS (5 countries): 25.5%

The tax burden in the Caribbean is higher, however.
The Global partnership for development

- Latin American must continue its efforts to improve growth performance, income distribution and increase the efficiency and financing of social policies to achieve the MDG targets.

- On the other hand, the developed world must be ready to assist all developing countries, not only the least developed ones, in achieving the Internationally Agreed Development Goals.
Since Monterrey, ODA flows have increased ...
...but are still far below the target

Source: OCDE (2007)
Recent developments

- ODA flows have increased but still fall far short of the Monterrey targets.

- Channelling ODA towards low-income countries and focusing on social spending.
Channeling ODA to low-income countries and …..

ODA, 1970-2005
(Averages)

N.B: Does not include Iraq, which accounted for 33% of total ODA in 2005.
LATIN AMERICA AND THE CARIBBEAN:
SECTORAL DISTRIBUTION OF ODA, 1973-2005
(Percentages of total)

Source: ECLAC, on the basis of OECD (2007). Government institutions include budget support, emergency assistance and external debt operations.
Recent developments

- ODA flows have increased but still fall far short of the Monterrey targets.
- Channelling official assistance towards lower-income countries and focusing on social spending.
- Latin America and the Caribbean have lost ground in terms of their relative share (from 12.5% in 1990 to 9% in 2005).
Recent developments

- ODA flows have increased but still fall far short of the Monterrey targets.
- Channelling official assistance towards lower-income countries and focusing on social spending.
- Latin America and the Caribbean have lost ground in terms of their relative share.
- Lack of clearly defined objectives, strategies and instruments to support middle-income countries.
There are a number of reasons why the importance of ODA for middle-income countries, particularly those in the region, should not be underestimated:

- From a national perspective:
  - Slow and volatile growth makes it necessary to guard against economic and social setbacks.
  - Most countries’ financial and trade linkages with the global economy are vulnerable.
  - Countries do not exhibit an equal capacity to access the international financial system.
  - Institutional weaknesses hinder the implementation of economic and social policies and are an obstacle to social cohesion.
  - Difficulties in building up technological capacities and productive development.
  - Poverty is widespread (60% of the poor and 50% of indigents live in upper-middle-income countries).
There are a number of reasons why the importance of ODA for middle-income countries, particularly those in the region, should not be underestimated:

- **From a more global viewpoint:**
  - Stability and growth in those countries produce significant externalities for the other economies of the region or subregion.
  - Countries can support the provision of global or regional public goods: diffusion of knowledge, trade integration, environmental sustainability.
  - These countries are part of the international aid and cooperation system, and their role as recipients and donors should be strengthened.
In addition to benefiting from ODA, middle-income countries should also contribute to the cooperation system

- **Direct ODA donors**: Brazil has forgiven debts totalling about US$ 1.15 billion.
- **New financing mechanisms such as global taxes (Brazil and Chile)**.
- **South-South cooperation**:
  - Macroeconomic coordination.
  - Mechanisms to support liquidity in times of crisis.
  - Development financing through regional and subregional development banks.
  - Technical cooperation.
The ways in which middle-income countries are integrated into the global economy are important in terms of leveraging ODA.

- Improved access and regulatory frameworks in the international economic system
  - Trade
  - Finance
  - Technology
- Strengthened representation in global economic institutions.
The Global partnership for development

- For Latin America and the Caribbean, a region made up primarily of Middle Income Countries, prospects for economic growth ride largely on lowering trade barriers in the industrialized countries and fostering a fair global trading system.
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