IN BRIEF

Battling the AIDS pandemic

The HIV/AIDS pandemic is not only a health emergency but also a threat to long-term development and even security for many low-income countries. Some 40 million people in the world are living with HIV (the virus that leads to AIDS), including 25 million in sub-Saharan Africa. In just the past year, an estimated 5 million people worldwide were newly infected and more than 3 million people died. Sub-Saharan Africa is being particularly hard hit, with a significant percentage of the working-age population infected—almost 17 percent of the adult population in Zambia and 25 percent in Zimbabwe.

A Kenyan nurse prepares anti-retroviral HIV/AIDS drugs at Mbagathi hospital in Nairobi.

To counter this threat, the IMF is supporting the efforts of national and international agencies directly involved in the fight, including the establishment of the multi-billion dollar Global Fund to Fight HIV/AIDS, Malaria, and Tuberculosis. It is also actively working on the following four fronts.

First, ***the IMF is encouraging donors to provide more grants to achieve the UN Millennium Development Goals (MDGs)***, which include halting and reversing the spread of HIV/AIDS by 2015. Low-income countries will require an estimated $50 billion annually in additional spending to achieve the MDGs, and the IMF is participating in talks on innovative ways to boost aid flows. For HIV/AIDS prevention and treatment alone, an estimated $12 billion will be required in 2005 and $20 billion by 2007. Funding has risen to $5 billion in the past year and is expected to reach $8 billion this year.

Second, ***the IMF is encouraging countries to allocate adequate budgetary funds for health and other priority sectors, including for HIV/AIDS.*** One way to do this is by ensuring that health outlays are a priority in the country's Poverty Reduction Strategy Paper (PRSP). In Africa, PRSPs have helped 23 low-income countries that are receiving multilateral debt relief to boost spending on anti-poverty programs by about 2 percent of GDP on average. In Tanzania, the share of public spending on poverty-related programs, including health, rose from 4.8 percent of GDP in 1999 to over 10 percent of GDP in 2003. In Uganda, these outlays increased from 5.3 percent of GDP to over 12 percent in the same period.

Third, ***the IMF is helping ensure that the conditions necessary for absorbing foreign aid are in place.*** And, to allow for additional public spending from foreign grants, IMF-supported programs for virtually all low-income countries treat such grants as a part of government revenue. This means that the receipt and spending of grant money does not raise the government deficit and, as a result, is not subject to program limits on the deficit or its financing (see *Back to Basics,* page 28). For example, in Uganda, net donor assistance provided to the budget increased by about 6 percent of GDP between 1998 and 2002, and the fiscal deficit, excluding grants, increased from about 6 percent to 12.6 percent of GDP in the same period. Similarly, increases in grants to the budget in Malawi have been accompanied by equivalent increases in public spending. The vast majority of IMF-supported programs also do not have limits on the spending of concessional project loans.

Fourth, ***the IMF is helping countries build capacity for spending aid inflows and domestic resources effectively and transparently.*** This includes designing and implementing appropriate macroeconomic policies, improving public expenditure management systems, and generally strengthening capacity in central banks, and in finance and some line ministries.

Correction

In the article "Avoiding Banking Crises in Latin Amerca," published in the September 2004 issue of *F&D*, the biography for IMF Deputy Managing Director Agustín G. Carstens should have stated that he was formerly Deputy Secretary of Finance for Mexico.

EVENTS COMING UP IN 2005

January 18–22, Kobe, Japan
World Conference on Disaster Reduction

January 26–30, Davos, Switzerland
World Economic Forum Annual Meeting

April 10–12, Okinawa, Japan
Inter-American Development Bank Annual Meeting

April 16–17, Washington D.C.
IMF and World Bank Spring Meetings

May 4–5, Istanbul, Turkey
Asian Development Bank Annual Meeting

September 25–26, Washington D.C.
IMF and World Bank Annual Meetings

November 16–18, Tunis, Tunisia
World Summit on the Information Society.

On the ball

Soccer could be the catalyst to help young people get jobs, according to a new proposal from the Inter-American Development Bank.

The bank's Multilateral Investment Fund plans to provide a $3.8 million grant to a project that will use soccer and other team sports as a tool to help disadvantaged youths in Brazil, Ecuador, and Uruguay develop key workplace skills and increase their employment prospects.

Unemployment rates among Brazilians, Ecuadorians, and Uruguayans ages 15 to 24 are far above the workforce averages in their respective countries and are even higher among youths from low-income households. Business leaders in these countries say that young people often lack basic workplace skills that can help them find and retain jobs. Participants will receive training in a core curriculum to address issues such as the capacity to work in teams, be punctual, meet deadlines, observe workplace etiquette, and develop interpersonal communications skills.

Striker Dwight Yorke plays soccer with young Brazilian children in Rio de Janeiro as part of a separate project for UNICEF.

UN spotlights child hunger deaths

World hunger is rising, according to a new United Nations report, *The Right to Food*, that calls into doubt whether the world can meet the Millennium Development Goal that targets halving the number of hungry people by 2015. Although the world has more than enough food to sustain all people, a dozen children under the age of five die every minute from hunger-related diseases and the number of malnourished is on the rise, a UN expert says. Jean Ziegler, the Special Rapporteur on the right to food, says 842 million people were permanently or gravely undernourished in 2003, an increase of 2 million on the previous figures. Hunger levels have risen every year since the World Food Summit in 1996 called for global action to stem the trend.

A mother comforts a five-year-old boy at an aid camp in Sudan where thousands of refugees are receiving food and medicines.

Ziegler says hunger is neither inevitable nor acceptable. "We live in a world that is richer than ever before and that is entirely capable of eradicating hunger," he writes. "There is no secret as to how to eradicate hunger. There is no need for new technologies. There is simply the need for political commitment to challenge existing policies that make the rich richer and the poor poorer." He is particularly concerned about situations in Cuba, North Korea, the Palestinian territories, and Sudan.

Babies and bosses

The Organization for Economic Cooperation and Development (OECD) is looking at ways for parents and businesses to better balance work and family commitments. Declining fertility rates are a concern in most advanced economies, particularly in Japan, where birth rates are dropping as more people put jobs before childbearing. In Switzerland, as many as 40 percent of women with university degrees are childless at age 40. Strong economies and manageable pension systems depend on both higher fertility rates and higher employment rates.

An OECD series titled *Babies and Bosses* reviews policies in OECD countries to support parents in their choices of work and childcare options and recommends a range of measures to improve results. While governments should do more to provide infant care facilities and have a tax structure that ensures working is financially rewarding for all parents, workplaces can do more to provide flexible working schedules, including part-time employment, to help parents stay in the workforce and balance job requirements with their children's day-to-day needs. With declining populations, family friendly policies at the workplace make good business sense because they increase workforce motivation and improve productivity and profitability, the series argues.

We Welcome Letters

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