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## Gender and Macroeconomics

Gender budgeting uses fiscal policy and administration to promote gender equality and girls' and women's development. The IMF-DFID team conducted a global survey and analysis of gender budgeting efforts and introduced a first-ever IMF questionnaire on gender issues sent to all IMF member countries. The findings are summarized in [Stotsky \(2016\)](#). Six working papers offer detailed country case studies by region, and for some countries, an analysis of key gender inequality indicators. A publically available [toolkit](#) provides links to all working papers and offers two distinct datasets, which offer summary characteristics of key gender budgeting efforts and time consistent extensions of the UNDP's widely known indices of gender inequality and gender development. The team presented the main findings during an IMF press [conference](#), and media in [India](#), [Jamaica](#), [Nigeria](#), the [Philippines](#), and [Tanzania](#) reported on the results of the study.

[Kazandjian et al. \(2016\)](#) examine the relationship between gender equality and economic diversification, and show that gender inequality decreases the variety of goods countries produce and export, in particular in low-income and developing countries. Gender gaps in opportunity harm diversification by constraining the potential pool of human capital available in an economy, while gender gaps in the labor market impede the development of new ideas by decreasing the efficiency of the labor force. The IMF Managing Director highlighted the paper during a [speech](#) at the Center for Global Development.

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## Upcoming Conferences on Macro and Gender

A conference on [Fiscal Policies and Gender Equality](#) will be held on November 7, 2016 at the IMF headquarters. The day will begin with a panel featuring the IMF Managing Director and the UN Women Executive Director. Two additional panel discussions with academics and policymakers will follow, and the IMF-DFID team will present its work on gender budgeting. Professor Diane Elson will give the keynote address. The conference is open to the public, but [registration](#) is required.

The IMF will also hold a gender and macroeconomics [conference](#) on March 24, 2017, providing a forum for discussing innovative empirical and theoretical research on gender and macroeconomics, with specific application to the challenges of low-income developing countries.

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## Sovereign bonds in developing countries: Drivers of issuance and spreads

What determines the ability of developing countries to issue bonds in international capital and what explains the spreads on these bonds? [Presbitero et al. \(2016\)](#) examine these questions and find that a country is more likely to issue a bond when it is larger in economic size, has higher per capita GDP, a lower public debt, and a more effective government. Spreads on sovereign bonds are lower for countries with strong external and fiscal positions, as well as robust economic growth and government effectiveness. With regard to global factors, the results confirm the existing evidence that issuances are more likely during periods of global liquidity and

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## Income growth and inequality: The threshold effects of trade and financial openness

Empirical studies about whether trade and financial openness lead to favorable Gini outcomes yield mixed results and theoretical work suggests that the effects likely depend on the stage of economic development and the nature of the production structure. [Lim and McNelis \(2016\)](#) propose a model of a small open economy with two key components – a component with heterogeneous agents earning a range of incomes and a component with traded and non-traded goods and associated financial linkages. Simulations show that both trade and financial openness can lead to improvements in both income growth and equality once an economy crosses a critical threshold in capital intensity and in the use of imported intermediate goods in the production process.

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## Investing in Electricity, Growth, and Debt Sustainability: The Case of Lesotho

[Andreolli and Abdychew \(2016\)](#) analyze a large public investment in a construction of a hydropower plant in Lesotho and its implications on the growth and debt sustainability. The paper employs an open economy dynamic general equilibrium model to assess the benefits of a large public investment through growth-enhancing increase in domestic energy supply and receipts from selling electricity abroad to ease the fiscal burden, which is often associated with big investment projects. They find that the project can lead to sizable macroeconomic benefits as long as costs are relatively low and demand from South Africa is sufficiently

high commodity prices, especially for sub-Saharan African countries, and spreads are higher in periods of higher market volatility.

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### **Fiscal limits in developing countries: A DSGE Approach**

[Bi et al.](#) (2016) study fiscal limits in developing countries using a dynamic stochastic general equilibrium approach. Distributions of fiscal limits, which measure a government's capacity to service its debt, are simulated based on macroeconomic uncertainty and fiscal policy. The analysis shows that expected future revenue plays an important role in explaining the low fiscal limits of developing countries, relative to those of developed countries. Large devaluation of real exchange rates can significantly reduce a government's capacity to service its debt and lower the fiscal limits. Temporary disturbances, therefore, can shift the distribution of fiscal limits and suddenly change perceptions about fiscal sustainability.

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### **Conference on Global Labor Markets**

A conference on [global labor markets](#) was held on September 1-2, 2016. The IMF Deputy Managing Director Tao Zhang opened the conference, which featured work on the relationship between jobs and growth in low-income countries; presentations on the role of the private sector in meeting sustainable development goals, including the goal of full and productive employment (SDG8); and discussions on the design of labor market institutions in low-income countries. A special issue of the *Open Economies Review* will be published next year drawing on some of the work presented at the conference as well as other papers devoted to analysis of labor markets in low-income countries.

high. However, the risks for the viability of the project are high, if these assumptions are violated.

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### **Workshop on Debt Sustainability Analysis**

In partnership with East AFRITAC, a five-day workshop was held in Kenya to train representatives of the Macroeconomic Working Group. The course trained twenty officials, including representatives of the National Treasury, the Ministry of Planning, the Central Bank, the Bureau of Statistics, and the Kenya Institute for Public Policy Research and Analysis, whose role is to develop the medium-term macroeconomic framework for Kenya. The workshop focused on introducing the [Buffie et al.](#) (2012) model and its user-friendly Excel-based toolkit for simulating policy scenarios analyzing the macroeconomic consequences of alternative public investment scaling up plans

For more information, please contact [MacroResDev@imf.org](mailto:MacroResDev@imf.org).  
See IMF-DFID Macroeconomic Research for Development [website](#) for further details on the project.