

November 2016



Conference on Fiscal Policies and Gender Equality

The IMF hosted a one-day [conference](#) on Fiscal Policies and Gender Equality on November 7, 2016. Approximately 225 attendees from IMF/World Bank, NGOs, think tanks, universities, consulting firms, and UN agencies joined the opening session, which featured a panel discussion among Ms. Christine Lagarde, Managing Director of the IMF, Ms. Phumzile Mlambo-Ngcuka, Executive Director of UN Women, Ms. Laura Tyson, Professor of Economics, University of California-Berkeley and former chair of the White House Council of Economic Advisors, and Ms. Julie Delahanty, Executive Director, Oxfam Canada. Ms. Diane Elson, Professor Emerita, University of Essex and UK Women's Budget Group, offered the keynote address, and Ms. Sheila MacVicar moderated the opening panel and served as the master of ceremonies throughout the day.

During the opening panel, Ms. Lagarde discussed how targeted spending on gender equality goals promotes women's empowerment and benefits society as a whole. Sound fiscal policies promote macroeconomic stability, which is essential to boost growth, jobs, and incomes for all citizens. At the same time, fiscal policy needs to be actively shaped to achieve gender equality goals. The IMF can play an important role through its research and policy advice on the macroeconomic policy levers that influence on women's economic empowerment. Ms. Mlambo-Ngcuka emphasized the need to address many aspects of gender equality to close gender gaps, including work on the budget. Ms. Tyson and Ms. Delahanty both agreed on the importance of fiscal policies, with Ms. Delahanty drawing from her own experience in Latin America. The importance of data collection, particularly regarding measuring unpaid work and the informal sector, was also discussed.

During the second panel, "Evidence-Based Design of Fiscal Policies for Gender Equality," commentators brought out the importance of applying sound principles from public finance to program design. The panelists also discussed unpaid work, data gaps, and how governments, in their role as major employers, can take the lead in the move towards gender equality. The rest of the day provided a [presentation](#) on the recently completed global survey of [gender budgeting](#) efforts and a discussion with government officials on the challenges of educating public bureaucracies responsible for setting and achieving gender equality goals.

Various media outlets covered the conference including [The New York Times](#), [Yahoo!](#), [News Nation](#), [Plant](#), [The China Post](#), [The Daily Sabah](#), [The Hamilton Spectator](#), and [The New Jersey Herald](#).

IMF Annual Meetings Seminar on Infrastructure in Developing Countries

As part of the 2016 Annual Meetings, the team organized a [seminar](#) "Toward Better Infrastructure in Developing Countries" on October 5, 2016. Discussants included Mr. Mitsuhiro Furusawa, Deputy Managing Director of the IMF, Ms. Kemi Adeosun, Minister of Finance of Nigeria, Mr. Anders Borg, Chair of the World Economic Forum's Global Financial System Initiative, Mr. Aldo Caliari, Director of the Rethinking Bretton Woods Project at the Center of Concern, Mr. Paul Collier, Professor of Economic and Public Policy at the Blavatnik School of Government at the University of Oxford, and Mr. Jonathan Taylor, Vice President and member of the Management Committee of the European Investment Bank. The panel discussed the importance of addressing infrastructure gaps in

Annual Workshop on Macroeconomic Policy and Income Inequality

The Third Workshop on Macroeconomic Policy and Income Inequality in Developing Countries will be held at the IMF headquarters in Washington, DC, on February 09-10, 2017. Academics and policy experts will participate in two days of presentations and discussions on critical macroeconomic policy and inequality issues in developing countries. In particular, the workshop will cover macro-critical issues such as what are the causes and consequences of resource misallocation across sectors, the link between international trade and income inequality, and the importance of energy in investment in economic growth.

developing countries, what has worked in countries that have successfully scaled up, what challenges remain, and how policy can play a role.

Vanuatu Article IV Consultation

In the 2016 Vanuatu Article IV [Staff Report](#), IMF staff analyzed the real effective exchange rate (REER) for Vanuatu and showed that a sectoral decomposition of the REER may unveil some price competitiveness challenges. Small states tend to have lack of data on trade in goods and services, and the standard REER assessment is based on estimated coefficients across a panel of countries with very different characteristics and where small states are underrepresented. To complement that analysis, we studied how “sectoral” REER evolved across time by adjusting currency and inflation weights by those implied by key sectors in the economy.

Maldives Article IV Consultation

The 2016 Article IV [Staff Report](#) for Maldives applies the [Buffie et al. \(2012\)](#) model to assess growth, fiscal, and debt sustainability implications of infrastructure scaling up. The ambitious infrastructure program is aimed at airport development, which has significant growth potential for this tourism dependent economy. However, quantitative analysis by IMF staff showed that the impact on public finances will also be significant, requiring large increases in taxes. Inefficiencies in public investment and uncertainties about complementary private sector investment would exacerbate downside risks from the project whereas sound project implementation is an upside risk.

Guatemala Article IV Consultation

Guatemala has high levels of poverty and inequality, with distinct patterns in terms of rural-urban as well as ethnic divide. At the same time, low tax revenues constrain the size of the government and thus the scope to pursue social objectives. In a recent [Selected Issues Paper](#), the team has quantified the poverty gap and estimated the effect on growth and redistribution of alternative tax/spending policy combinations. Results suggest that the extreme poverty gap amounts to about 1 percent of 2016 GDP, while lifting all poor out of total poverty would take at least 7 percent of GDP. Raising revenues through higher and more progressive PIT would be less detrimental to growth and poverty/inequality than the VAT. Redistributing 1 percent of GDP through the existing cash transfer program would reduce extreme poverty by 4 percentage points. Trade-offs on the spending side imply that both cash transfers and public investment need to increase in order to reduce poverty while simultaneously fostering growth.

The Influence of Gender Budgeting in Indian States on Gender Inequality and Fiscal Spending

[Stotsky and Zaman \(2016\)](#) investigate the effect of gender budgeting in India on gender inequality and fiscal spending. Gender budgeting is an approach to budgeting in which governments use fiscal policies and administration to address gender inequality and women’s advancement. There is little quantitative study of its impact. Indian states offer a relatively unique framework for assessing the effect of gender budgeting. States with gender budgeting efforts have made more progress on gender equality in primary school enrollment than those without, though economic growth appears insufficient to generate equality on its own. The implications of gender budgeting for fiscal spending were more ambiguous.

Sub-Saharan Africa Regional Economic Outlook

Drawing from the earlier diversification work of the team (see [IMF 2014](#), [Papageorgiou and Spatafora 2012](#), and [Kazandjian et al. 2016](#)), the October 2016 Sub-Saharan Africa Regional Economic Outlook examined the benefits of export diversification. Many economies in the sub-Saharan Africa region still reel from the commodity price slump; diversification—in particular of the products a country exports—is emerging as an important channel to foster growth and increase resilience. Supporting infrastructure upgrades, price competitiveness and trade openness, as well as equal opportunities, appear to be powerful levers to enable export diversification.

Kyrgyz Republic Article IV Consultation

The Kyrgyz Republic is one of the pilot countries of the Infrastructure Policy Support Initiative (IPSI). As part of this initiative, the 2016 Staff Report used the [Buffie et al. \(2012\)](#) model to assess the macroeconomic implications of the Kyrgyz Republic’s public infrastructure investment scaling-up plan: from around 4.8 percent of GDP in 2011 to an average of 7.9 percent of GDP over the coming decade. A significant part of the public investment is expected to be financed through external concessional loans. The scaling-up plan could modestly support growth in the baseline scenario, without any adverse external shocks, and at current level of public investment efficiency. However, without improvement in public investment efficiency to at least 70 percent, any adverse shock, for example a further decline in commodity prices that the economy exports, particularly gold prices, can undermine debt sustainability.

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