

## MACRO RESEARCH FOR DEVELOPMENT

An IMF-DFID Collaboration



Department  
for International  
Development

### IMF and Korea Development Institute Conference on Achieving Inclusive Growth

On November 29, 2018, the International Monetary Fund (IMF) and the Korea Development Institute (KDI) hosted a conference on "[Achieving Inclusive Growth: A Policy Debate](#)" in Seoul, Korea. The President of the KDI, Jeong Pyo Choi, the Vice Chairman of Presidential Committee on Jobs, Mok-hee Rhee, the Managing Director of the IMF, Christine Lagarde (via videoconference) and Jonathan D. Ostry, Deputy Director at the Research Department of the IMF, provided introductory remarks and opened the conference. Nobel Laureate Joseph Stiglitz and Professor Jeffrey Sachs delivered the keynote speeches.

### Trends and Challenges in Infrastructure Investment in Developing Countries

[Gurara et al. \(2018\)](#) examine trends in infrastructure investment and financing in low-income developing countries (LIDCs). Following an acceleration of public investment over the last 15 years, the stock of infrastructure assets increased in LIDCs, even though large gaps remain compared to emerging markets. Infrastructure in LIDCs is largely provided by the public sector; private participation is mostly channeled through Public-Private Partnerships. Grants and concessional loans are an essential source of infrastructure funding in LIDCs, while the complementary role of bank lending is still limited to a few countries. Bridging infrastructure gaps would require a broad set of actions to improve the efficiency of public spending, mobilize domestic resources and support from development partners, and crowding in private investment.

### Workshop on the Design of Monetary Policy Frameworks

Building on the continued efforts in the IMF-DFID collaboration in providing guidance on the modernization of monetary policy frameworks, staff from the IMF organized a highly successful workshop on "The Design of Monetary Policy Frameworks" at the IMF headquarters on October 26th. The workshop featured a keynote speech by Sir Paul Tucker, a presentation by Filiz Unsal on an ongoing project on monetary policy frameworks, a luncheon speech by Andrew Berg and Rafael Portillo on the book "[Monetary Policy in Sub-Saharan Africa](#)" and two panel discussions. The first panel focused on dimensions in need of improvement or change for various monetary policy building blocks. The second panel considered country experiences with designing and implementing sound principle-based frameworks.



### Monetary Policy Modelling and Forecasting Training

The team organized customized training missions on modelling and forecasting to Malawi in October 2018 and Rwanda in November 2018. The mission to Malawi took stock of the changes in tools and practices in the Reserve Bank of Malawi (RBM) as regards development, implementation, and documentation of the Forecasting and Policy Analysis System (FPAS). In particular, the mission (i) assisted the RBM forecasting team to update the structure and calibration of its quarterly projection model, (ii) reviewed the staff's experience with operating the FPAS framework during the official forecast rounds in June and September 2018 and helped lay basis for the next round in December 2018, and (iii) reviewed the draft documentation on model structure and FPAS processes prepared by the RBM staff. The main tasks of the mission to Rwanda included (i) reviewing and advising the National Bank of Rwanda (BNR) management on establishing processes and organizational changes consistent with the best FPAS-consistent practices, and (ii) assisting the forecasting team of the BNR to further develop modelling and forecasting capacity in line with the project's work plan and milestones agreed with the authorities in April 2018. The mission noted a number of important steps undertaken by the authorities towards establishing FPAS at the BNR. The Bank's management prepares to phase in the key FPAS processes starting from the beginning of the next year.

### Financial Inclusion

Filiz Unsal presented "[Identifying Constraints to Financial Inclusion and Their Impact on GDP and Inequality : A Structural Framework for Policy](#)" on October 10 at the IMF's Annual Meetings in Bali, Indonesia. The presentation was part of the six "Analytical Corner" talks, which highlight cutting-edge research conducted at the Fund, and found much interest with more than 200 participants including prominent policymakers and other high-level officials from LICs, journalists, academics and private sector participants.

Filiz Unsal also presented the financial inclusion framework developed in the paper at the IMF's Financial Surveillance Group meeting on November 28. This seminar focused on how to conduct an analysis of financial inclusion, which can be integrated into financial surveillance at the Fund. Filiz discussed her research experiences in this work, with particular insights into data sets and methodology, as well as how best to overcome key challenges.



### Coping with Climate Change

In collaboration with a number of organizations, including the National Academy of Sciences, Engineering, and Medicine, the IMF held a workshop on “[Coping with Climate Change](#)” on October 1, 2018 at the OCP offices in Paris. The event, sponsored by DFID and other partners, aimed to forge links among economists in different fields who share an interest in enhancing their understanding of climate change issues. With that overall aim in mind, the workshop brought together climate change experts and established scholars from other fields of economics who have done some work on climate change issues but are not experts. Specifically, the workshop solicited expert feedback on recent work on econometric evidence on decoupling of emissions and growth; and on general equilibrium modeling of policy choices for countries, particularly low-income countries, to cope with effects of climate change. Furthermore, it showcased recent efforts by central banks and the financial sector to assist the global effort to combat climate change. Experts from the Banque de France at the forefront of this effort were also invited.



### Gender Inequality

The IMF-DFID team presented on gender inequality research in London the last week of October. Vivian Malta discussed the DSGE gender and inequality model and its applications at the European Bank for Reconstruction and Development. Vivian Malta, Lisa Kolovich and Monique Newiak offered a one-day course for DFID country economists, presenting a broad overview of the IMF’s body of research on the macro and gender, the [gender budgeting study](#), two [toolkits](#), and the theoretical research on gender/income inequality. Monique Newiak presented a country case study on [Nigeria](#) and talked about the nuts and bolts of an IMF staff mission at the annual DFID economist conference. Lisa Kolovich and Vivian Malta presented a broad overview of the gender research program at the [LSE Inequalities Institute](#), Cambridge University, and the New College for the Humanities.

---

### Workshops on Public Investment in Cameroon and Bolivia

A workshop on the DIG model and outreach on the Infrastructure Policy Support Initiative (IPSI) were held in La Paz, Bolivia (Sep 26 - Oct 2, 2018) and Yaoundé, Cameroon (Nov 6-9, 2018). The Workshops featured an application of the DIG model to Cameroon and Bolivia to show how it can be used to inform policy decisions. Dawit Tessema highlighted relevant pieces in the analysis of public investment decisions, including (i) investment-growth linkages, (ii) potential inefficiencies of public investment, (iii) financing mix and public debt accumulation, and (iv) the fiscal policy reactions necessary to ensure debt sustainability. Mr Tessema also presented an overview of the IPSI and the outcomes of the pilot phase. About fifty technical staff from Cameroon's Ministry of Economy, Planning and Regional Development (MINEPAT), Ministry of Finance (MINFI), and Ministry of Public Works (MINTP). In Bolivia, the workshop was attended by twenty technical staff from the Ministry of Economy and Public Finance (MEPF), Central Bank of Bolivia (BCB), and Unit for Analysis of Social and Economic Policies (UDAPE).

---

For more information, please contact [MacroResDev@imf.org](mailto:MacroResDev@imf.org) or visit the IMF-DFID Macroeconomic Research for Development [website](#).