



the IMF's Policy and Operational Work on Inequality and Gender



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International Monetary Fund
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About the presentation

1. Background

2. Analytical work

3. Operationalization

4. Capacity building

Background

- In support of the 2030 Development agenda, the Fund committed to:
 - ✓ Deepen analytical and policy work on inclusion
 - ✓ Operationalize it at country level where macro-critical
- Approach for operationalizing inequality at country level:
 - ✓ Pilot initiatives to explore how best to add value for the membership
 - ✓ Capacity building

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Analytical and Policy Work

Inequality: some examples

Journal of Development Economics 98 (2012) 149–166

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Journal of Development Economics

journal homepage: www.elsevier.com/locate/devec

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What makes growth sustained?[☆]

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ARTICLE INFO

ABSTRACT

We identify structural breaks in economic growth in 140 countries and use these to define “growth spells”: periods of high growth preceded by an upbreak and ending either with a downbreak or with the end of the sample. Growth spells tend to be shorter in African and Latin American countries than elsewhere. We find evidence that growth duration is positively related to: the degree of equality of the income distribution; democratic institutions; export orientation (with higher propensities to export manufactures, greater openness to FDI, and avoidance of exchange rate overvaluation favorable for duration); and macroeconomic stability.

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INEQUALITY and FISCAL POLICY

EDITORS
Benedict Clements, Rued de Mooij, Sanjeev Gupta, and Michael Keen

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IMF STAFF DISCUSSION NOTE

January 2017 SDN/17/01

Macro-Structural Policies and Income Inequality in Low-Income Developing Countries

Stefania Fabrizio, Davide Furceri, Rodrigo Garcia-Verdu, Bin Grace Li, Sandra V. Lizarazo, Marina Mendes Tavares, Futoshi Narita, and Adrian Peralta-Alva

INTERNATIONAL MONETARY FUND

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FOSTERING INCLUSIVE GROWTH

G-20 Leaders' Summit, July 7-8, 2017
Hamburg, Germany

Prepared by Staff of the
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* The background note does not necessarily reflect the views of the IMF Executive Board.

World Economic and Financial Surveys

Fiscal Monitor

Tackling Inequality

OCT 17

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IMF STAFF DISCUSSION NOTE

January 2019 SDN/19/02

Work in Progress: Improving Youth Labor Market Outcomes in Emerging Market and Developing Economies

JaeBin Ahn, Zidong An, John Bluedorn, Gabriele Ciminelli, Zsóka Kóczán, Davide Malacrino, Daniela Muhaj, and Patricia Neidlinger

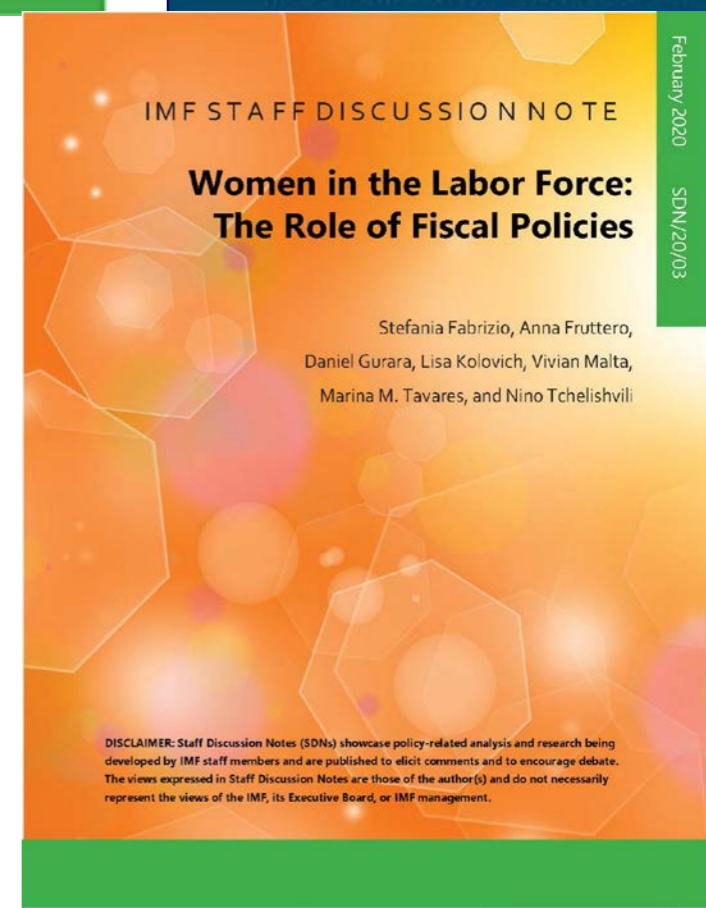
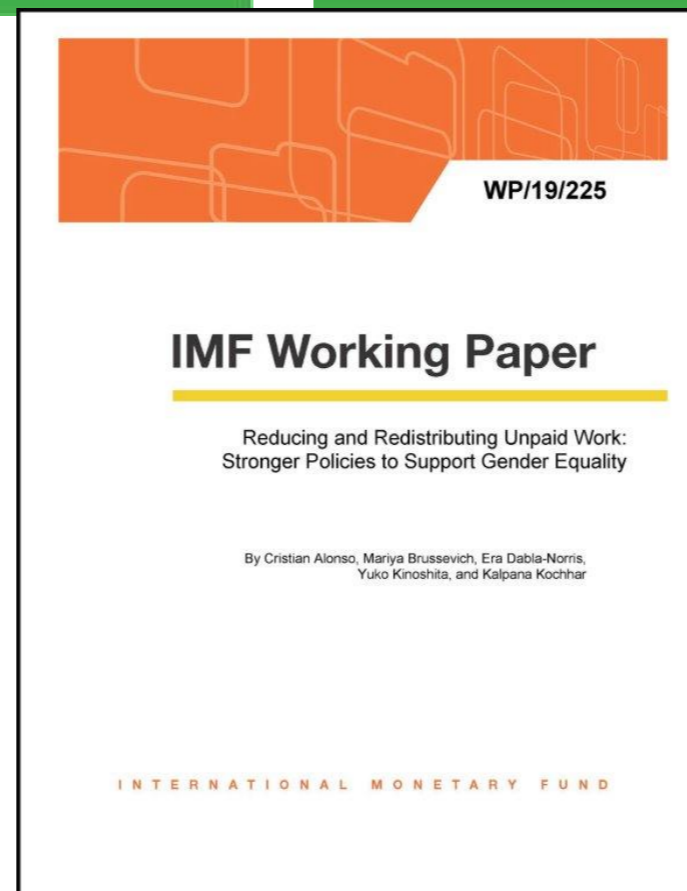
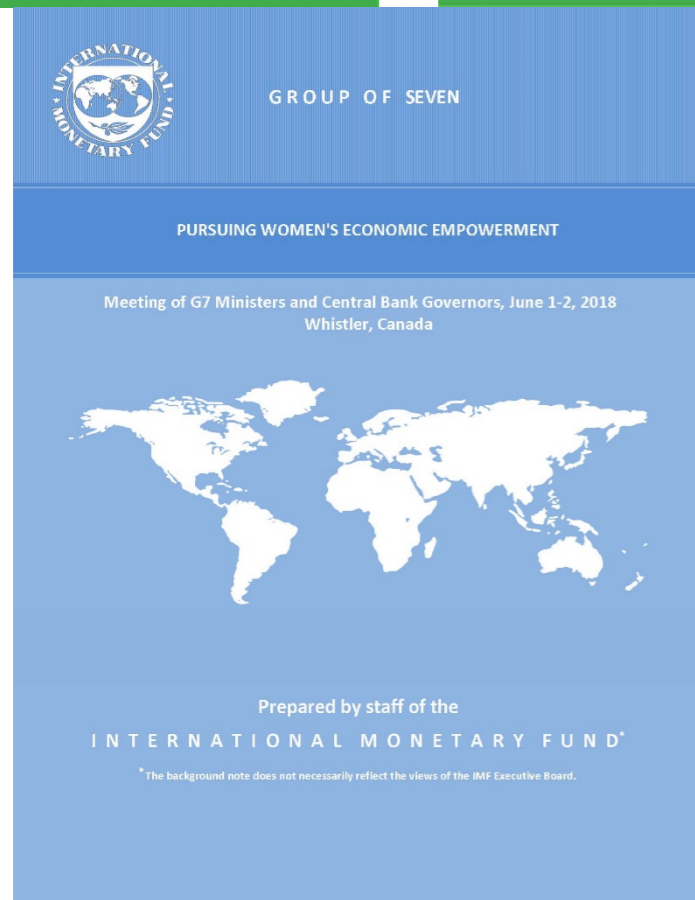
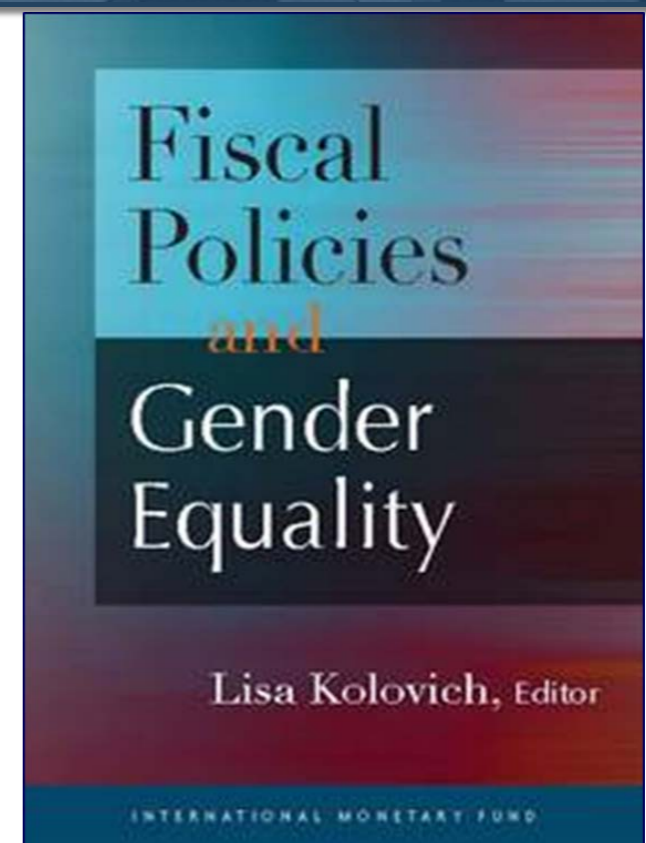
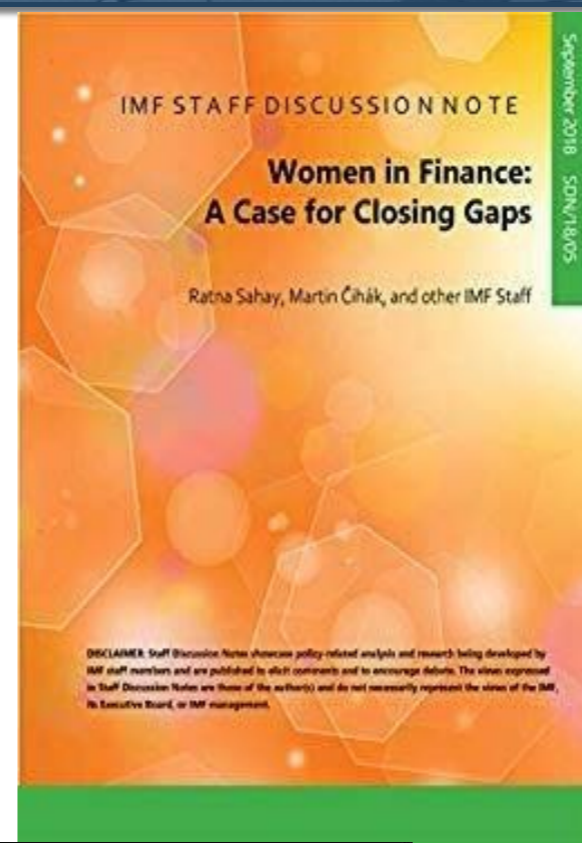
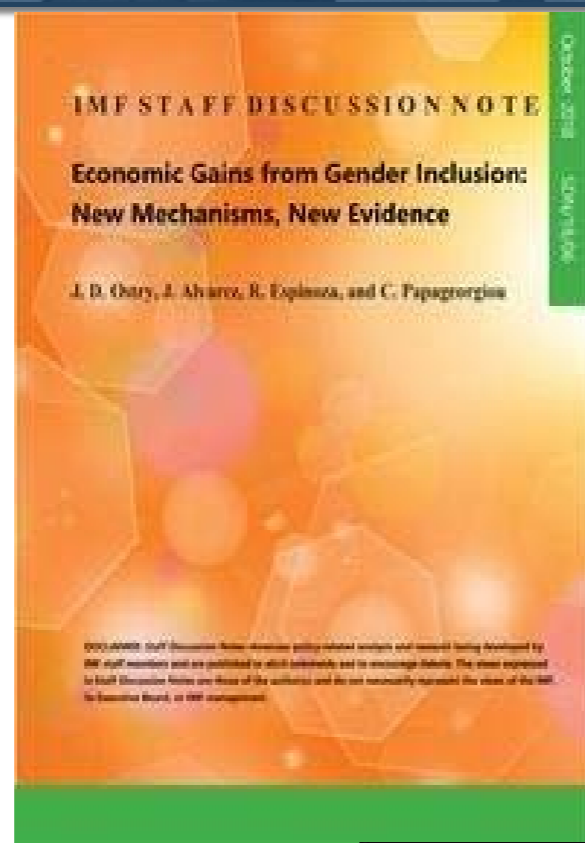
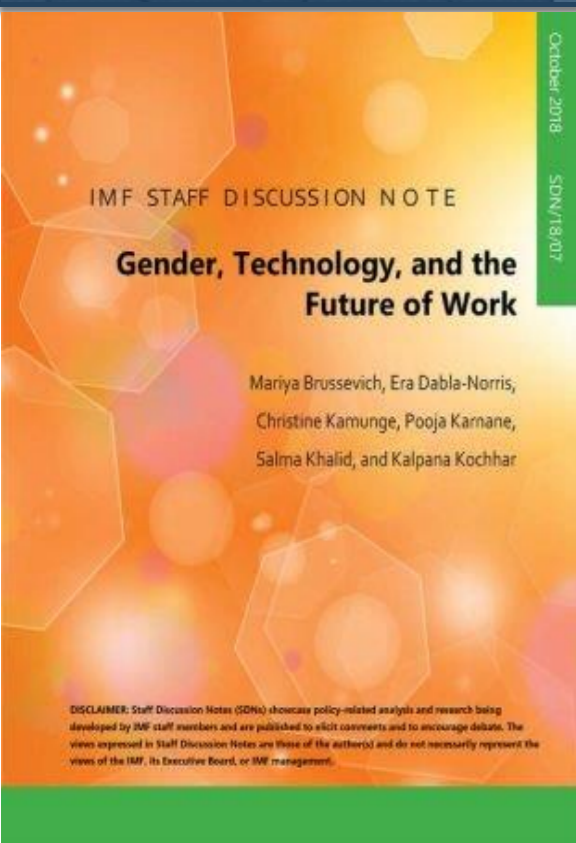
CONFRONTING INEQUALITY

How Societies Can Choose Inclusive Growth

Jonathan D. Ostry
Prakash Loungani
Andrew Berg

Foreword by Joseph E. Stiglitz

Gender: some examples

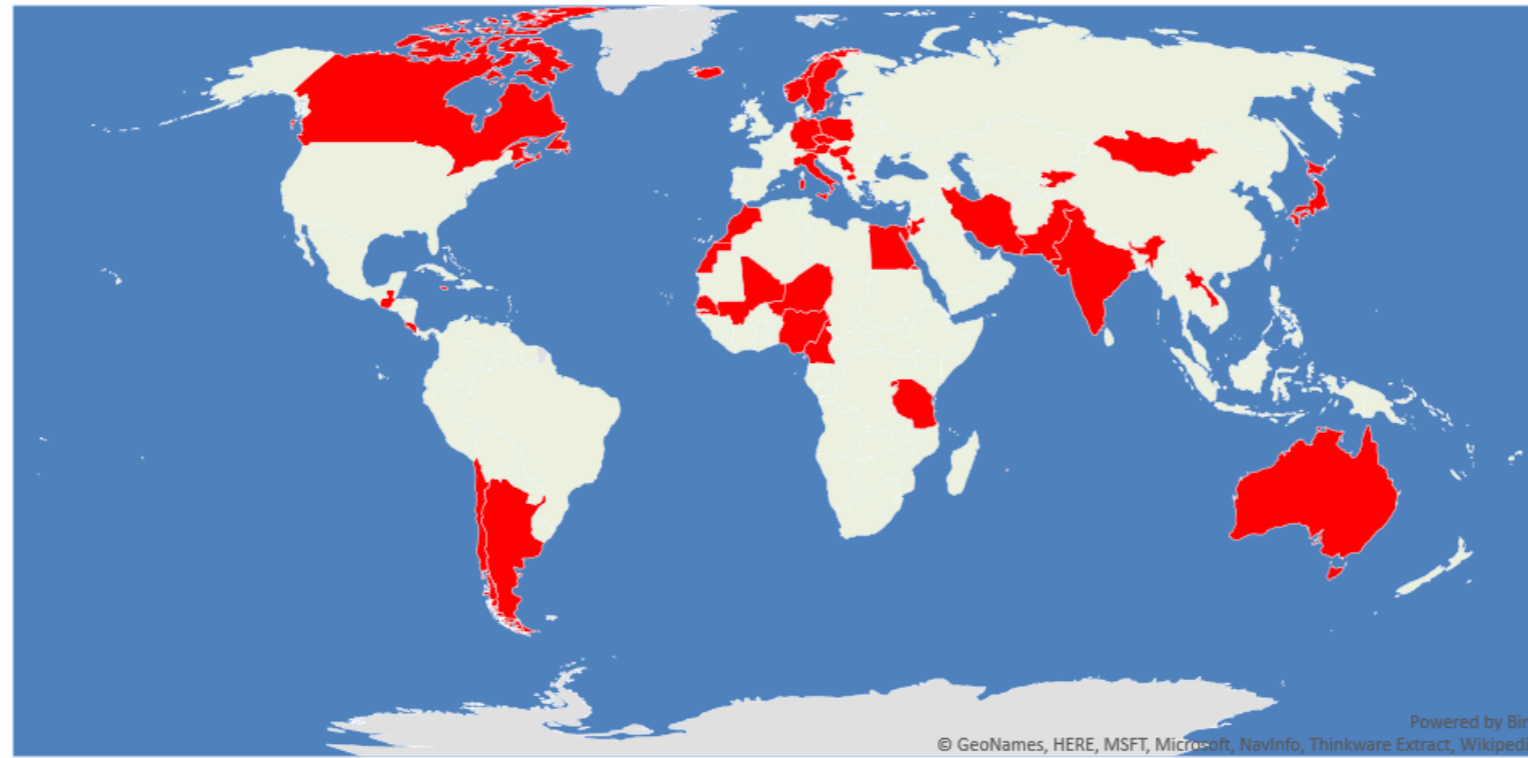




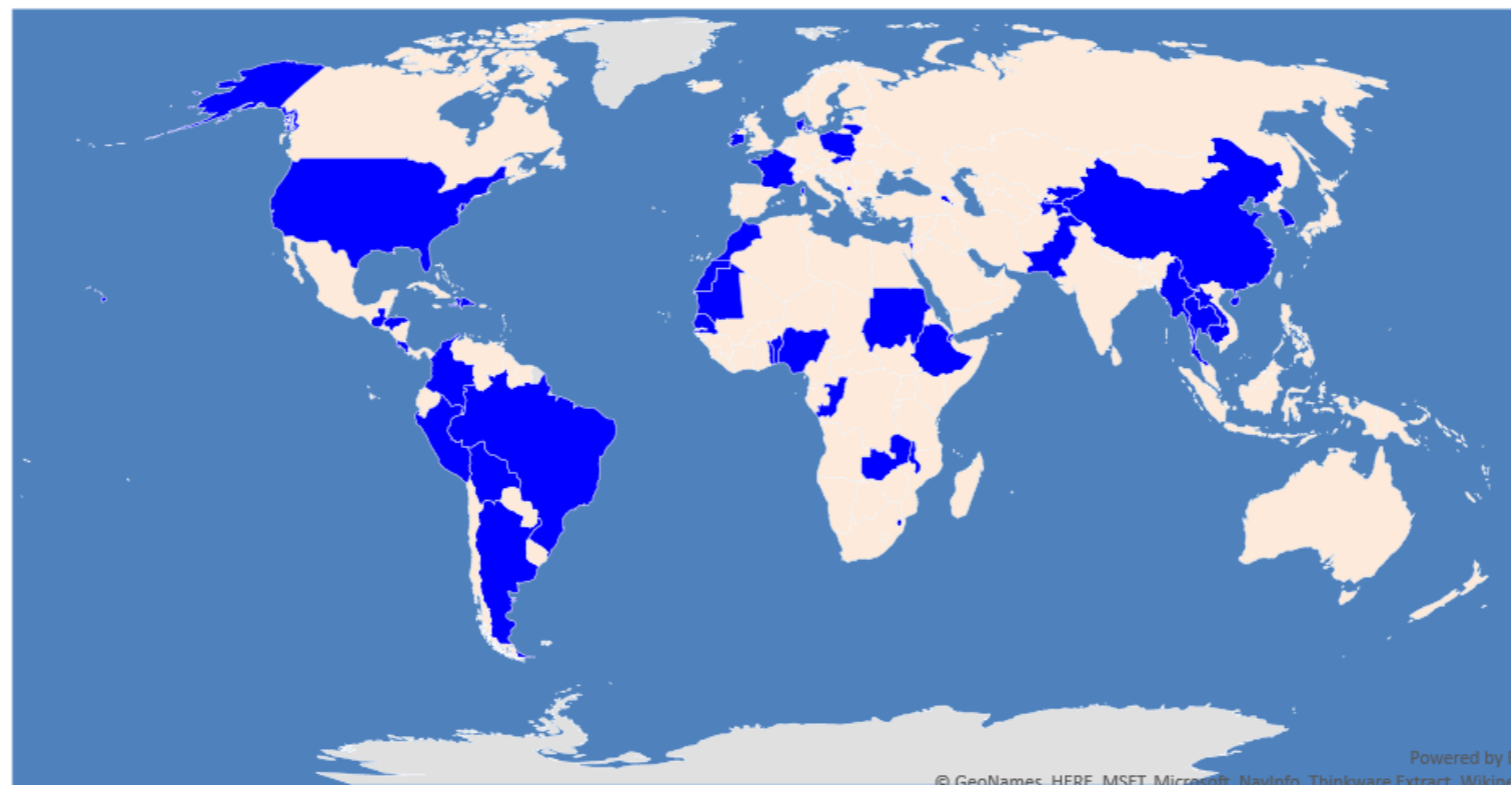
Operationalization of Inequality and Gender at Country Level

Operationalization: Pilot Initiatives

Gender



Inequality



Operationalization: Topics

Inequality

- ☐ Income polarization
- ☐ Growth inclusiveness
- ☐ Expenditure composition
- ☐ Subsidy reform
- ☐ Tax progressivity
- ☐ Financial inclusion
- ☐ Rural poverty
- ☐ Regional income inequalities
- ☐ Labor market duality
- ☐ Assessment of reform options
- ☐ Impact of commodities boom-bust cycles
- ☐ Social protection assessment

Gender

- ☐ Drivers of female labor force participation
- ☐ Financial inclusion
- ☐ Public investment
- ☐ Labor market reforms
- ☐ National gender equality plans
- ☐ Legal barriers
- ☐ Diversification
- ☐ Corporate profits
- ☐ Gender-based violence and harassment
- ☐ Female entrepreneurship

Operationalization: How-to Notes



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HOW TO OPERATIONALIZE INEQUALITY ISSUES IN COUNTRY WORK

IMF staff regularly produces papers proposing new IMF policies, exploring options for reform, or reviewing existing IMF policies and operations. The Report prepared by IMF staff and completed on June 1, 2018, has been released.

The staff report was issued to the Executive Board for information. The report was prepared by IMF staff. The views expressed in this paper are those of the IMF staff and do not necessarily represent the views of the IMF's Executive Board.

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INTERNATIONAL MONETARY FUND

June 2018

HOW TO OPERATIONALIZE GENDER ISSUES IN COUNTRY WORK

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Operationalization: Framework to Think about Inequality from a Macroeconomic Perspective

Questions to Ask

Does inequality/gender interfere with macroeconomic stability and growth?

What are the facts?

Do new reforms have distributional or gender impact?

What are the drivers causing inequality and gender gaps?

What are the policies to tackle the challenges?

How do policies interact?

United States – Tax Reform

Why a focus on inequality/redistribution?

Increased inequality and income polarization contributed to lower productivity growth in recent decades. In 2017, tax cuts to high-income groups could increase income polarization with detrimental effects on productivity

Policy options to tackle distributional challenges. Tax cuts better targeted at middle-income groups to obtain some trickle down to lower-income workers while reducing polarization

Impact on macroeconomic stability and growth. Using SDGE simulated impact on growth, inequality and polarization

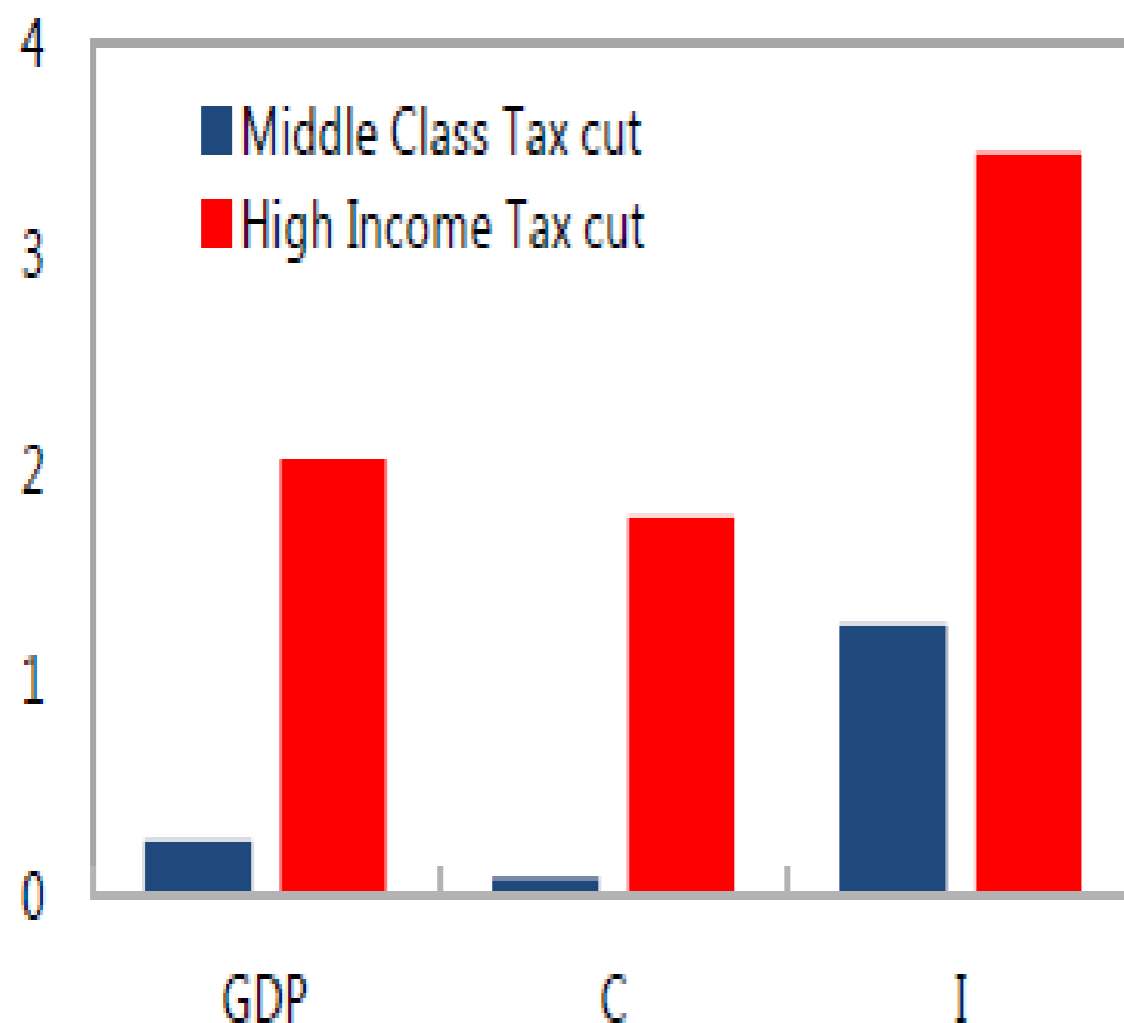


United States: Tax Reform

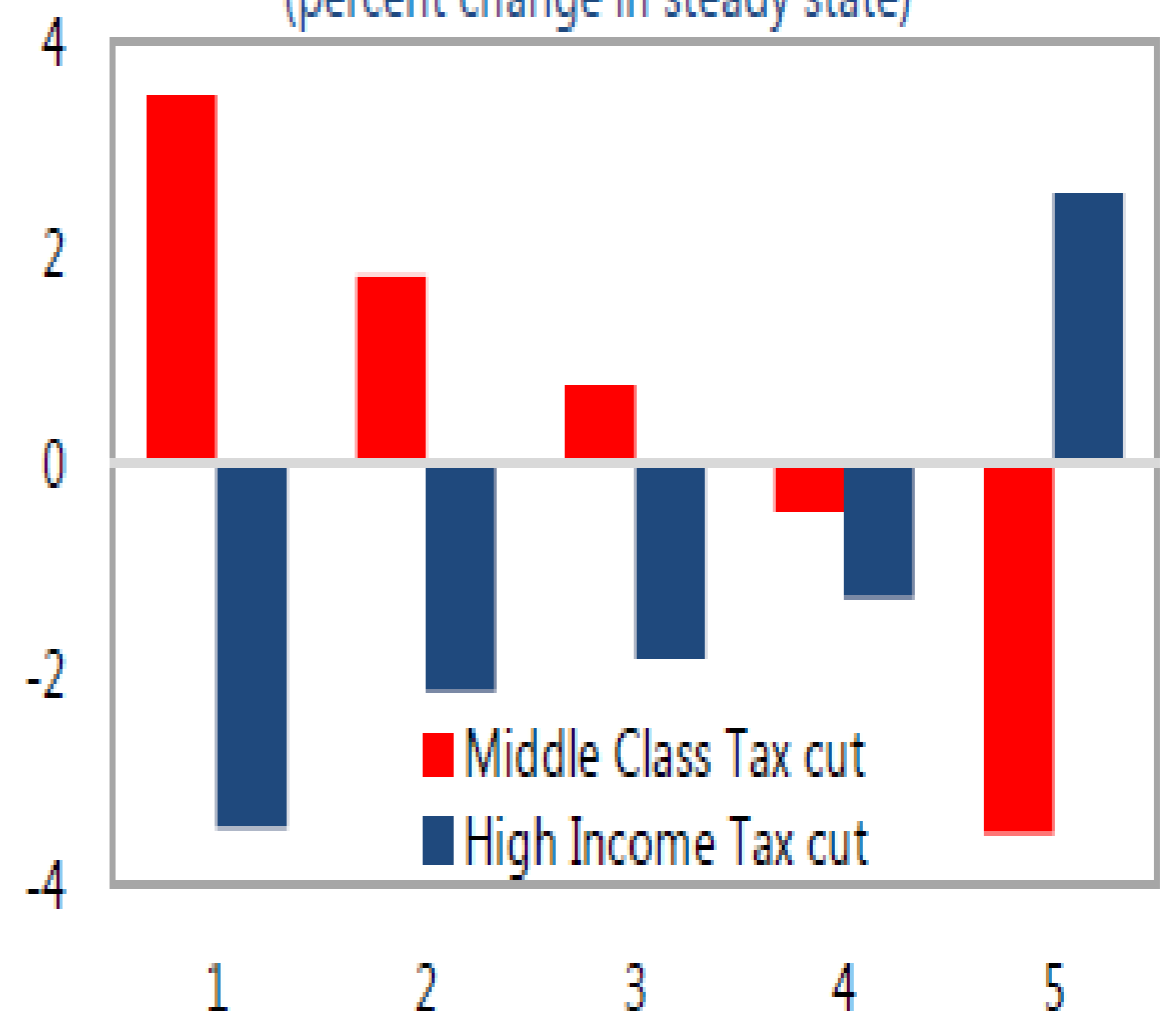
Tax cuts to rich can stimulate the economy...

...However, there are distributional effects

Middle Class vs High Income Tax Cuts (% change)



Consumption, by quintile
(percent change in steady state)



Ethiopia – financial sector reform

Why a focus on inequality/redistribution? Financial sector reform to support private sector activity is likely to increase income inequality and the urban/rural gap: rural population has no access to financial services; limited rural/urban mobility

Policy options to tackle distributional challenges

Complementing reform with

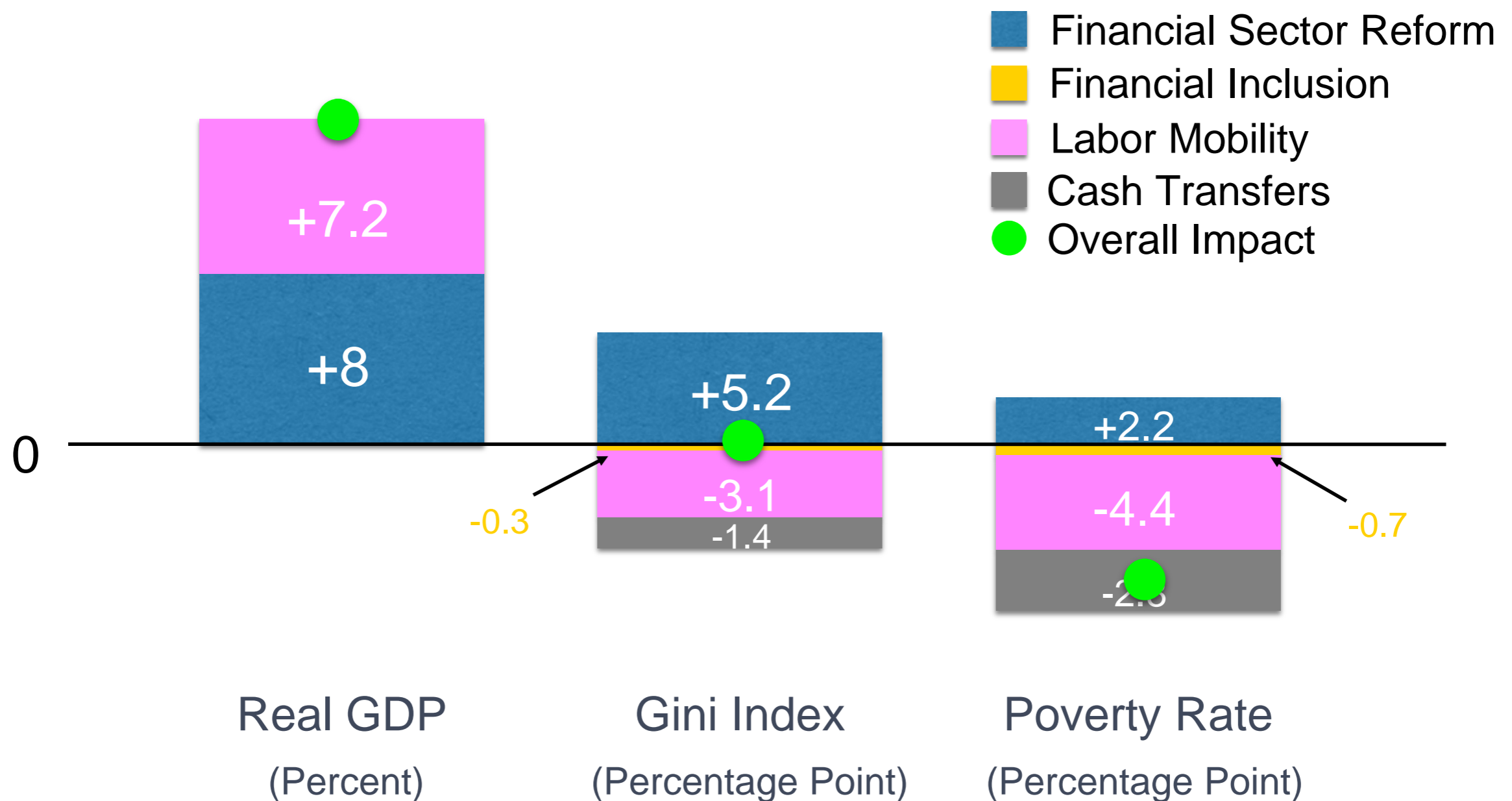
- increase financial access in rural areas
- facilitate rural-urban labor mobility (training; property right; etc)
- increased cash-transfer program

Impact on macroeconomic stability and growth. Using SDGE simulated impact on growth, inequality and poverty



Ethiopia – Financial Sector Reform

Ethiopia: Economic and Distributional Impact (Cumulative change over 5 years)



Rwanda – pursuing gender economic empowerment strengthening growth potential

Why a focus on gender? Gender equality macro-critical for realizing growth potential: 2017 Art IV assessed the efficiency of fiscal measures to promote and influence gender quality

Policy options to tackle gender challenges

Increasing access to quality health and education services and higher financial inclusion could boost female labor force participation in higher value-added economic activity beyond agriculture.

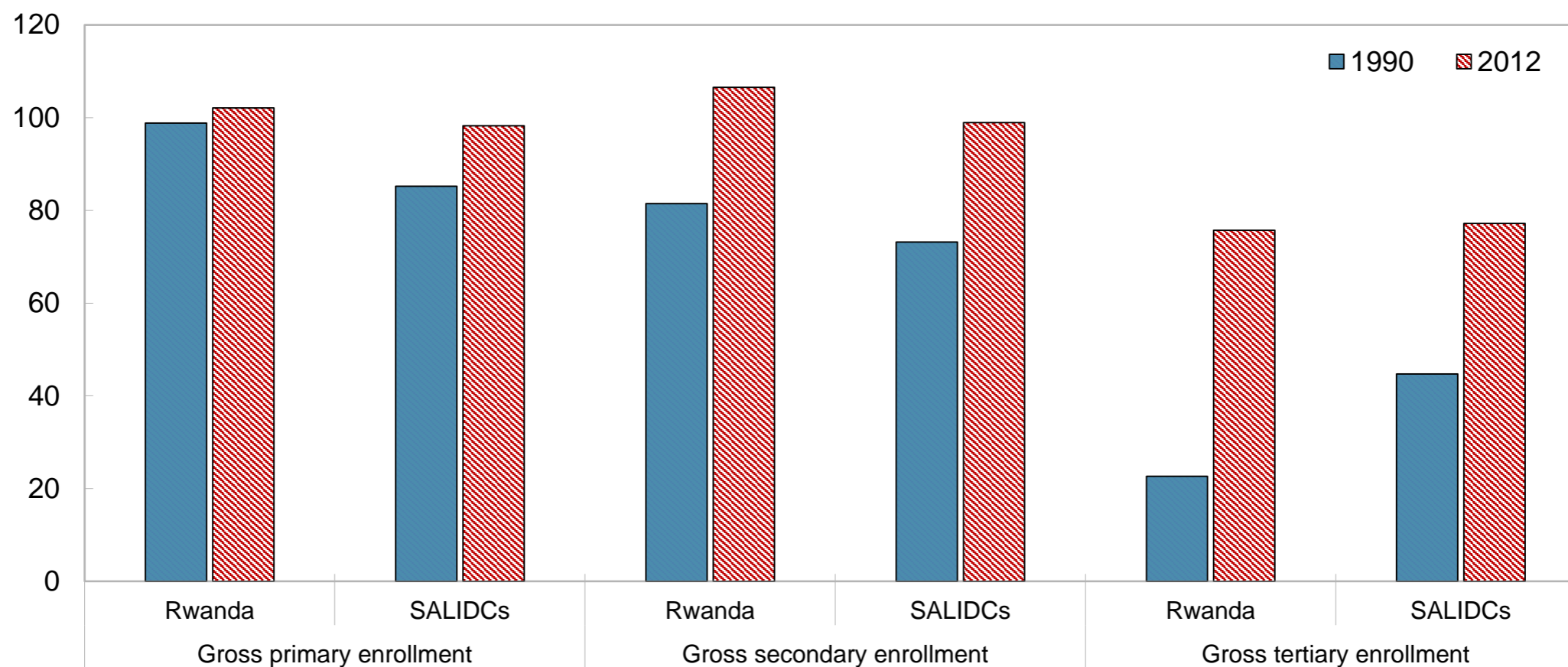
Impact on macroeconomic stability and growth. Reducing gender inequality could boost per-capita GDP by ½ percentage points.



Rwanda: gender budgeting and education

Gender budgeting has supported women's educational advancement.

Rwanda: Educational Enrollment
(Female to Male ratio; percent)



Note: SALIDCs: Group of low-income developing countries in Sub-Saharan Africa.

Sources: World Bank, WDIs, Stotsky et al. (2016), IMF staff calculations, and IMF Working Paper WP/16/152.

Operationalization: Argentina – Addressing Gender issues in Labor Market

Why a focus on gender?

Gender inequality found to limit potential growth:

- Low FLFP
- Women work mostly in informal sector
- High wage gap

Policy options to tackle gender challenges

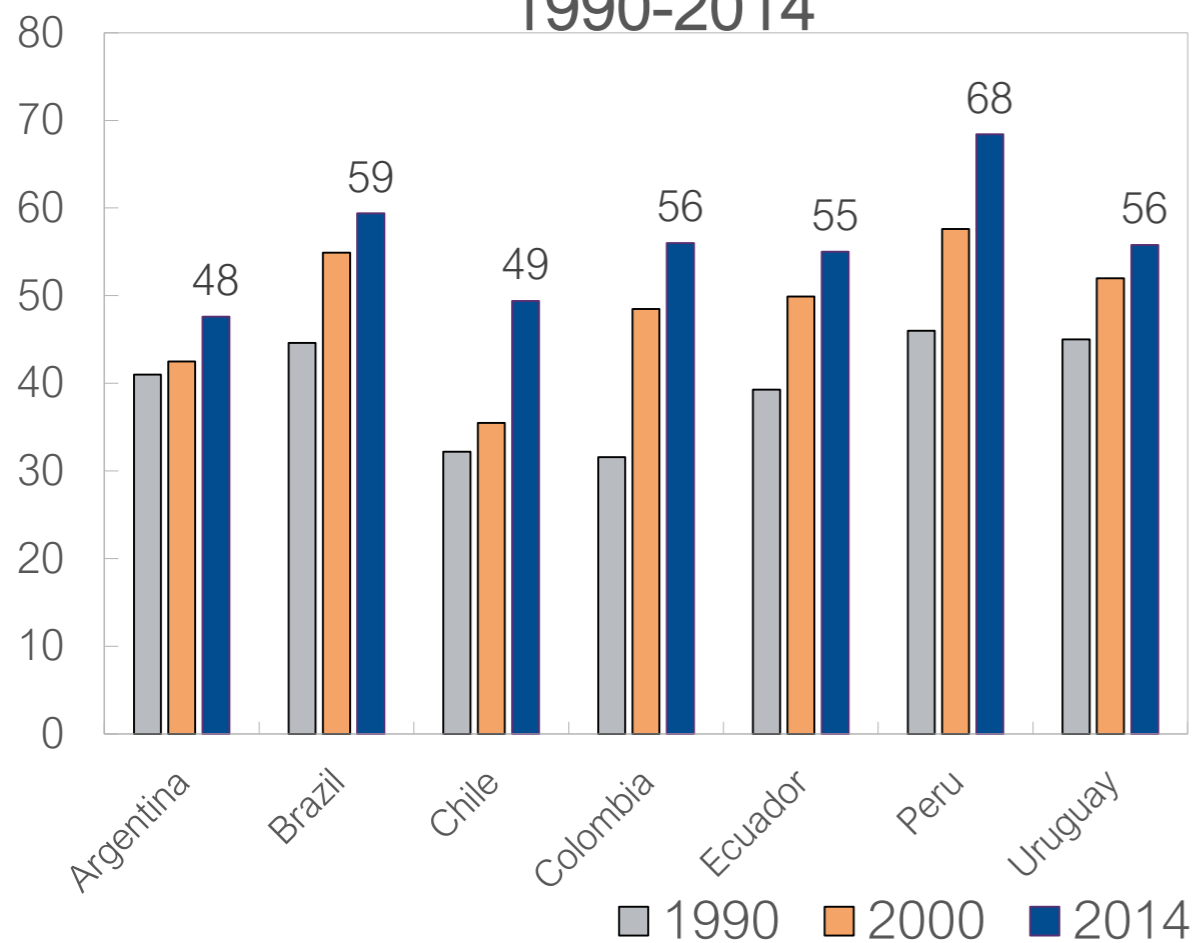
2017 Art. IV focused on policies to tackle these labor market distortions and their effects on growth:

- Subsidized child care
 - Reduction for tax wedge on labor income
 - Measures to reduce wage discrimination

Impact on macroeconomic stability and growth. Using SDGE simulated impact on FLFP, wage gap, and growth

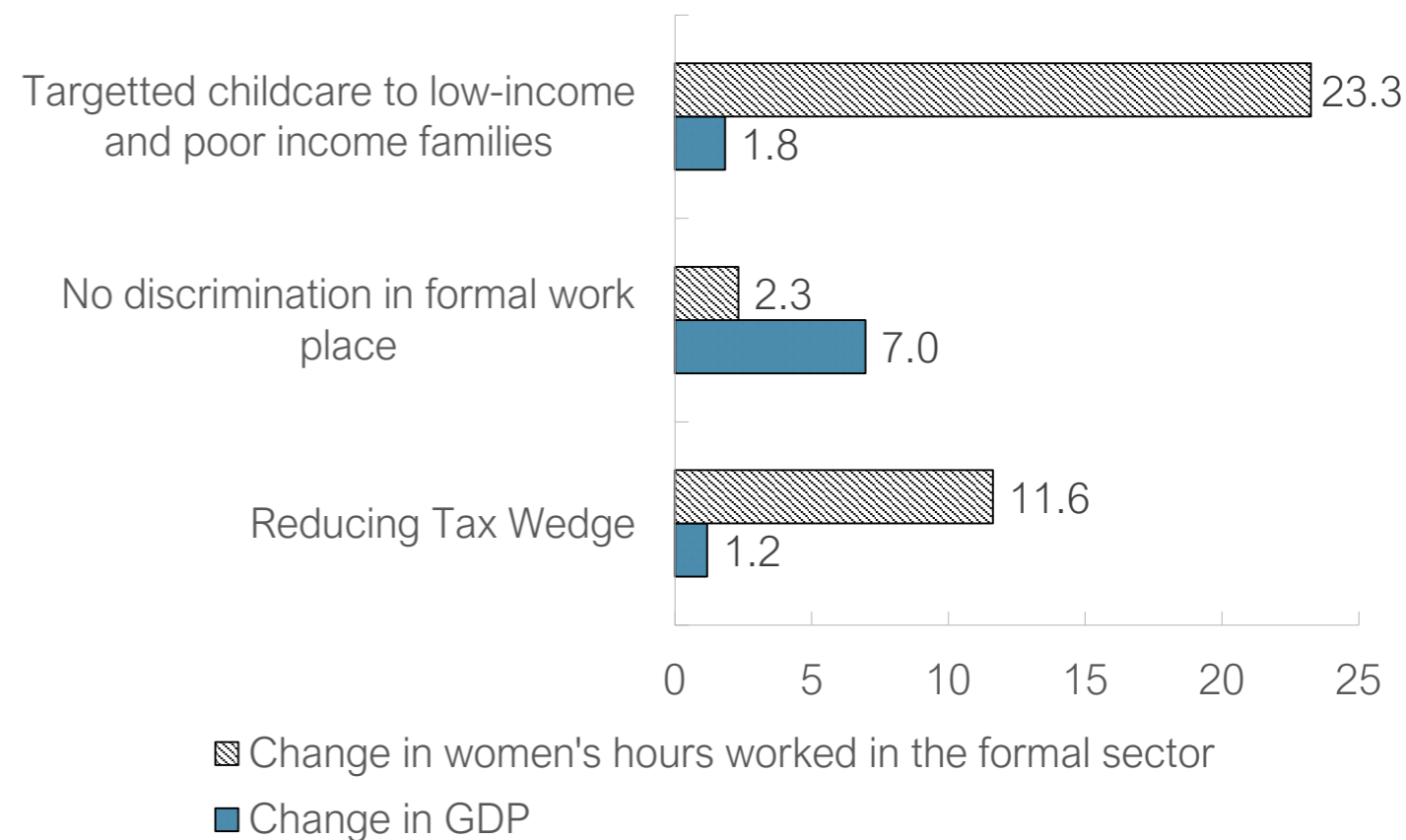
Distributional impact of reforms on both inequality and gender: Argentina

Female Labor Force Participation, 1990-2014



Source: World Bank, Gender Statistics

Policy Reforms and their impacts on female labor and on GDP



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Capacity Building

Capacity Development: Inequality



Courses

Technical
Assistance

Toolkits

External
Collaboration

- Inclusive growth and fiscal policy analysis
- Financial inclusion
- Distributional impact of energy subsidy reform
- Distributional analysis of expenditure and tax policy
- Macro and distributional impact of fiscal reforms
- Distributional analysis of subsidy reform
- World Bank; Commitment to Equity (CEQ); DFID

Capacity Development: Gender



Training

Technical Assistance

Toolkits & Data

External Collaboration

- Gender economics
- Peer learning workshops
- Public financial management (gender budgeting) courses
- Gender budgeting in the context of PFM TA
- Overlapping generation general equilibrium model framework
- Gender budgeting database
- Financial Access Survey gender-disaggregated data
- World Bank; G-20; G-7; Hewlett/DFID; UN Women

THANK YOU