

JOBS & GROWTH SEMINAR

Friday, May 11, 2012

10:30 to 11:45 am

Events Hall, HQ1-01-704

The IMF's Advice to Low-Income Countries: Still One Size Fits All?

Please send an e-mail to ploungani@imf.org if you'd like to attend this event.

Presenter:

Iyanatul ("Yan") Islam

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Discussants:

Atish ("Rex") Ghosh

Assistant Director, Research Department
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Assistant Director, Research Department
Chief, Development Macro Division
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Moderator:

Caroline Pearce

Head of Policy
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The country-level advice that the IMF offered to its developing country member states in 2010 was still characterized by an 'one size fits all' approach.

- Fiscal adjustment loomed large (48 out of 50 cases), with an implicit preference for low fiscal deficits (usually 2 per cent of GDP) and low public debt to GDP ratios (usually 40 per cent of GDP).
- There were ample references to poverty reduction, but the discussion was usually rudimentary.
- In the case of employment, there were no references to MDG 1b or to the social protection floor.
- Lack of job creation was usually attributed to high public sector wages and labor market rigidities.

What lessons can one draw for the future Article IV consultations?

- Monitoring of debts, deficits and inflation should be tailored to country-specific circumstances rather than being linked to a formulaic approach.
- The discussion of fiscal issues needs a more explicit development dimension. This means a more regular and rigorous analysis of the sustainable financing of the MDGs and the social protection floor.
- More emphasis is needed on the poverty-employment link.

These conclusions are based on a content analysis of 2009-2010 IMF documents for a sample of 30 low income and 20 middle income countries, supplemented by drawing on a separate assessment of IMF Article IV consultations for 25

low and middle income countries.