ANNUAL MEETINGS
2023 | Marrakech مراكش
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IMF SEMINARS

RECOMMENDED READING

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FOREWORD

Welcome to the 2023 Annual Meetings. I am pleased to introduce this year's edition of the Recommended Reading. The Recommended Reading is a curated list of relevant works covering Seminar topics of the 2023 Annual Meetings. The references were carefully selected by Library staff, from a diverse pool of resources, to promote ideas and knowledge exchange. This year's topics focus on boosting and reviving growth, tackling debt, and climate.

- Delivery on the Ground: Country Action for a Livable Planet
- Financing Resilience, Growth and Shared Prosperity
- Boosting Growth with Domestic Resources: How to Pay for It All
- Reviving Growth and Shaping Transformations in Emerging Markets and Developing Economies
- Joint Seminar: Reform Priorities for Tackling Debt
- Debate on the Global Economy
- Financial Inclusion as a Pathway to Resilient and Shared Growth

I trust that this Recommended Reading will provide a useful roadmap, to navigate the vast amount of information on these topics and allow you to make the most of these seminars. I hope you will find these readings both enjoyable and instructive and wish you a rich experience during the Meetings.

Olivier Fleurence
Chief, General Services Division, Corporate Services and Facilities
International Monetary Fund

INTRODUCTION

The Annual Meetings of the International Monetary Fund (IMF) and the World Bank return to Africa. This year's event has sparked a lot of enthusiasm on the continent as the region needs more support from the international community. In a rapidly changing global economic landscape, countries are facing unprecedented challenges. The need to navigate complex financial terrain, ensure sustainable growth, and address pressing issues such as debt levels, financial inclusion, and climate action has never been more critical. To tackle these issues, the IMF and the World Bank are holding a series of thought-provoking seminars with the aim to provide a platform for global stakeholders to come together, exchange ideas, and chart a course forward that promotes economic resilience, shared growth, and sustainability.

The IMF Library, in collaboration with the Communications Department and selected sponsoring IMF Departments, presents Recommended Reading, a curated list of pertinent works including papers from external research bodies, as a supplementary material for the IMF seminars. The links to the sources are provided to facilitate access. All participants to the Annual Meetings are encouraged to share this document with others who might be interested.

IMF Library
Washington, DC
October 2023

WEDNESDAY, October 11, 2023
1:30PM - 2:15PM, BA02 Atlantique

Delivery on the Ground: Country Action for a Livable Planet

Sponsored by the IMF's Strategy, Policy, and Review Department

As the climate crisis becomes increasingly urgent, immediate global action is needed to achieve the temperature and adaptation goals of the Paris Agreement. Key components of this action will be articulating climate policies at the country and regional levels, strengthening the climate information architecture, and scaling up climate investment. This event, jointly hosted by the World Bank and the IMF, will explore innovative ways countries can deliver significant impacts that improve people's quality of life, through policies that accelerate low-carbon and resilient growth to better draw in the private sector and attract more climate finance.

Adrian, Tobias. 2023.

"[Improving Access to Climate Finance](#)." Speech by Tobias Adrian, IMF Financial Counsellor and Director of the Monetary and Capital Markets Department at CARTAC Seminar for Financial Secretaries and Debt Managers, February 2.

Georgieva, Kristalina. 2023.

"Statement from International Monetary Fund Managing Director, COP28 President-Designate, President of the World Bank Group, and UN Special Envoy for Climate Action and Finance." June 29.

Paris, France: On June 22, 2023, Dr. Sultan Al Jaber, COP28 President-Designate, Kristalina Georgieva, Managing Director of the International Monetary Fund, Ajay Banga, President of the World Bank Group, and Mark Carney, UN Special Envoy for Climate Action and Finance and Co-Chair of the Glasgow Financial Alliance for Net Zero (GFANZ), co-chaired a roundtable discussion as part of the Summit for a New Global Financing Pact at the Palais Brongniart.

International Monetary Fund. 2023.

"IDB and IMF to Deepen Ties to Catalyze Climate Reforms and Private Sector Resources for Climate Action." Press Release No. 23/226, International Monetary Fund, Washington, DC.

Leaders of IDB and IMF commit to stronger collaboration to address climate change and boost green finance in Latin America and the Caribbean.

Kinoshita, Yiko, Andrew Ceber, Chen Chen, Katja Funke, Amr Hosny, Emanuele Massetti, Diego Mesa Puyo, Suphachol Suphachalasai, Nate Vernon, Genet Zinabou, and Jehann Jack. 2023.

"Review of the Climate Macroeconomic Assessment Program Pilots." Policy Paper No. 2023/025, International Monetary Fund, Washington, DC.

This paper reviews the two Climate Macroeconomic Assessment Program (CMAP) pilots and proposes a way forward. It builds on the experience of the previous six Climate Change Policy Assessment (CCPA) pilots, and the recent rollout of the World Bank's Country Climate and Development Report (CCDR). It also accounts for early experience with countries requesting support under the Fund's Resilience and Sustainability Trust (RST).

Li, Bo. 2023.

"Scaling up Climate Finance for Emerging Markets and Developing Economies." Speech by Deputy Managing Director Bo Li at EIB Group Forum 2023, February 27.

Liu, Jinqiao, Apichit Maneengam, Faiza Saleem, and Syed Shafqat Mukarram. 2022.

"Investigating the role of financial development and technology innovation in climate change: evidence from emerging seven countries." *Economic Research-Ekonomska Istraživanja* 35 (1).

Amid rising ecological concerns, the role of sustainable financial systems and emerging technologies have gained significant attention. And a relatively less attention has been given to these factors in emerging economies. Therefore, this study intends to investigate the effects of financial development and technology innovation on climate change (CO_2 emissions) in Emerging Seven countries over the period 1980–2020.

Mugambiwa, Shingirai, and Motshidisi Kwakwa. 2022.

"Multilateral climate change financing in the developing world: challenges and opportunities for Africa." *International Journal of Research in Business and Social Science* 11 (9): 306–312.

The Paris Agreement has highlighted the worldwide significance of adaptation. Many investors are considering the effects of climate change and resource scarcity when making decisions. Even while the whole amount of the environmental harm caused by climate change is yet unknown, recent scientific evidence is more frightening, and many governments are taking substantial measures to avert a calamity. The financial innovations and mechanisms created to ease the transition to a low-carbon economy will have far-reaching effects on markets, firms, intermediaries, and investors. This study seeks to establish the role of multilateral climate change financing in the developing world vis-à-vis challenges and opportunities for Africa.

World Bank. 2023.

"Assessment and Options Analysis of Climate and Nature Financing Instruments and Opportunities: Summary Note on Financing for Climate and Nature." World Bank, Washington, DC.

Despite increasing recognition of the material impact of nature degradation, the global financing gap for

climate and nature investments is significant and growing. In 2020, the Paulson Institute estimated the biodiversity financing gap at an average of US$711 billion per year. Government leaders and private enterprises must accelerate and scale financial resource mobilization strategies to close this gap.

Xie, Lina, Bert Scholtens, and Swarnodeep Homroy. 2023.

"Rebalancing Climate Finance: Analysing Multilateral Development Banks' Allocation Practices." *Energy Research & Social Science* 101 (July 2023): 103127.

This paper provides novel evidence on the climate financing practices of Multilateral Development Banks (MDBs) and their long-term social and climate consequences. We find that the majority of MDB climate finance is for mitigation projects, concentrated in a few relatively wealthy countries, and positively correlates with countries' greenhouse gas emissions but not with their vulnerability to climate risks.

WEDNESDAY, October 11, 2023
4:00PM - 4:45PM, AA02 Al Karaouine

Financing Resilience, Growth and Shared Prosperity

Sponsored by the IMF's Strategy, Policy, and Review Department

Many countries have been hit hard by the shocks of recent years, especially low-income countries grappling with multiple challenges—including rapid inflation, food insecurity, costly borrowing, and mounting debt. When these countries needed to formulate policy responses, their external and fiscal space was already running low after the pandemic. Now, they are faced with a funding squeeze, with aid and access to private finance drying up, that is delaying the recovery and undermining future growth prospects. This threatens to reverse a decades-long trend of steadily converging living standards. This seminar will discuss how countries can overcome the funding squeeze and build a more resilient future growth path and, in particular, explore the role the international community can play with well-coordinated policy advice, capacity building, and financial support. The discussion will also highlight the IMF's engagement with these countries under its Poverty Reduction and Growth Trust, and how IMF concessional financing plays a key role in helping these countries cushion the impact on growth from ongoing shocks and future crises.

Azour, Jihad, Franck Bousquet, and Abebe Aemro Selassie. 2022.

"[Countries Hurt by War and Fragility Need Strong Global Partnerships, Resources]." ***IMFBlog*, December 22.**

Supporting fragile and conflict-affected states in an age of compound crises is essential for global stability. Fragile and conflict-affected states, home to 1 billion people across more than 40 countries, are at particular risk in this era of economic uncertainty. After struggling with poverty, low-capacity institutions, governance challenges, violence, and other risks for decades, these countries must now contend with the scars of the pandemic and Russia's invasion of Ukraine. Accordingly, the international community must work together to help ensure their stability as a global public good—or else spillover effects associated with fragility and conflict become even more disruptive.

Bousquet, Franck. 2023.

"[Financing Peace and Stability]." ***Finance & Development* 60 (3).**

The ongoing crises in Sudan and Niger are stark reminders of the far-reaching spillovers of violent conflict in today's integrated global economy. Beyond the suffering of vulnerable people, a full-blown conflict in Sudan would further destabilize the region. The country's neighbors, such as the Central African Republic, Chad, Ethiopia, Libya, and South Sudan, are already facing conflict, civil unrest, and food insecurity. Similar dynamics are at play in Africa's Sahelian belt, just south of the Sahara. Most recently, the military putsch in Niger has caused tensions with members of the Economic Community of West African States, elevating risks of a regional conflict.

El-Khishin, Sarah, and Mahmoud Mohieldin. 2020.

"[External Debt Vulnerability in Emerging Markets and Developing Economies During the COVID-19 Shock]." ***Review of Economics and Political Science* 6 (1): 24-47.**

This paper aims to assess to what extent the COVID-19 shock is expected to create a debt crisis in emerging markets and developing economies (EMDEs) through two main questions: what are the main determinants of EMDEs external vulnerability? How vulnerable are EMDEs to the current COVID-19 shock compared to the global financial crisis (GFC)? In addition to a descriptive analysis of the determinants of EMDEs external vulnerability, this paper designs two sub-indices of overindebtedness and financial fragility that capture EMDEs' distinct characteristics.

Georgieva, Kristalina. 2023.

"[Opening Remarks by IMF Managing Director Kristalina Georgieva at the High-Level Roundtable Discussion on Low-Income Countries' Challenges and Concessional Financing]." **Speech by Kristalina Georgieva, IMF Managing Director, Washington, DC, April 12.**

Georgieva, Kristalina. 2023.

"[The Time Is Now: We Must Step Up Support For the Poorest Countries]." ***IMFBLog*, March 31.**

Low-income countries face huge economic challenges and financing needs. They rely on international institutions, including the IMF's Poverty Reduction and Growth Trust, for vital policy and financial support. Economically stronger countries have a responsibility to contribute to the funding of this support.

International Monetary Fund. 2023.

"[2023 Review of Resource Adequacy of the Poverty Reduction and Growth Trust, Resilience and Sustainability Trust, and Debt Relief Trusts]." **Policy Paper No. 2023/021, International Monetary Fund, Washington, DC.**

This paper provides an integrated perspective across the Trusts of the Fund. It is the first annual review that combines discussion of the adequacy of the resources of the Fund's Poverty Reduction and Growth Trust (PRGT) and debt relief trusts, including the Catastrophe Containment and Relief Trust (CCRT), with that of the Resilience and Sustainability Trust (RST).

International Monetary Fund. 2023.

"[Poverty Reduction and Growth Trust—Review of Interest Rate Structure—Postponement]." **Policy Paper No. 2023/024, International Monetary Fund, Washington, DC.**

This paper proposes to postpone the next review of the PRGT interest rate structure to end-July 2025, given the desirability to consider all policies regarding low-income country facilities—including those related to PRGT interest rates—at once in the context of 2024/25 Review of the Fund's Concessional Facilities and Financing. As a result of this postponement, the interest

rates on all PRGT credit would be kept at zero until the completion of the next review.

International Monetary Fund. 2021.

"Fund Concessional Financial Support For Low-Income Countries—Responding To The Pandemic." Policy Paper No. 2021/053, International Monetary Fund, Washington, DC.

This paper proposes a package of policy reforms and a funding strategy to ensure that the Fund has the capacity to respond flexibly to LICs' needs during the pandemic and recovery. The key policy reforms proposed include:
• raising the normal annual/cumulative limits on access to PRGT resources to 145/435 percent of quota, the same thresholds for normal access in the GRA; • eliminating the hard limits on exceptional access (EA) to PRGT resources for the poorest LICs, enabling them to obtain all financing on concessional terms if the EA criteria are met;
• changes to the framework for blending concessional and non-concessional resources to make it more robust and less complex;
• stronger safeguards to address concerns regarding debt sustainability and capacity to repay the Fund; and
• retaining zero interest rates on PRGT loans, consistent with the established rules for setting these interest rates.

Naidoo, Karmen, and Nelson Sobrinho. 2023.

"How Financing Can Boost Low-Income Countries' Resilience to Shocks." *IMFBlog*, June 14.

The economic gains from $272 billion in pandemic support for 94 countries were strongest in the poorest and more vulnerable recipients of IMF concessional financing.

Rehm, Moritz. 2022.

"Shocks and Time: The Development of the European Financial Assistance Regime." *Journal of Common Market Studies* 60 (6): 1645-1662.

This paper analyses the impact of economic crises on the development of European financial assistance. It demonstrates that crisis episodes that have taken place over the last five decades have significantly altered the design of European Union emergency support. By applying a historical institutionalist approach, combining insights from studies of critical junctures and gradual change, this contribution explains how economic shocks contributed to change in financial assistance, while also highlighting mechanisms that led to the continuation of specific elements of the assistance structure.

THURSDAY, October 12, 2023
12:00AM - 12:45AM, AA02 Al Karaouine

Boosting Growth with Domestic Resources: How to Pay for It All

Sponsored by the IMF's African Department, Fiscal Affairs Department, Middle East & Central Asia Department, and Strategy, Policy, and Review Department

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Amid record high debt levels and rising costs of servicing debt, many countries face growing pressures to raise additional resources to sustain the role of the public sector. The panel will focus on the need to boost revenues, reprioritize expenditure and deepen domestic funding markets, to support essential spending across the membership, and to meet new and emerging commitments (infrastructure, green transition, security, ageing, industrial policies). The discussion will consider how to raise domestic resources in an economically sustainable manner, that imposes the least economic cost in terms of efficiency. The panel will also examine how to take advantage of emerging digital technologies and revenue sources.

Amaglobeli, David, Valerio Crispolti, and Xuguang Simon Sheng. 2022.

"Cross-Country Evidence on the Revenue Impact of Tax Reforms." IMF Working Paper No. 2022/199, International Monetary Fund, Washington, DC.

Many countries face the challenge of raising additional tax revenues without hurting economic growth. Comprehensive, cross-country information on the revenue impact of tax policy changes can thus support informed decision-making on viable reforms. We assess the likely revenue impact of various tax policy changes based on a sample of 21 advanced and emerging market economies, using granular information from the IMF Tax Policy Reform Database v.4.0.

Baer, Katherine, Ruud A. de Mooij, Shafik Hebous, and Michael Keen. 2023.

"Taxing Cryptocurrencies." IMF Working Paper No. 2023/144, International Monetary Fund, Washington, DC.

Policymakers are struggling to accommodate cryptocurrencies within tax systems not designed to handle them; this paper reviews the issues that arise. The greatest challenges are for implementation: crypto's quasi-anonymity is an inherent obstacle to third-party reporting. Design problems arise from cryptocurrencies' dual nature as investment assets and means of payment: more straightforward is a compelling case for corrective taxation of carbon-intensive mining. Ownership is highly concentrated at the top, but many crypto investors have only moderate incomes. The capital gains tax revenue at stake worldwide may be in the tens of billions of dollars, but the more profound risks may ultimately be for VAT/sales taxes.

Bellon, Matthieu, Era Dabla-Norris, Salma Khalid, Juan Carlos Paliza, Jillie Chang, and Pilar Villena. 2022.

"Digitalization and Tax Compliance Spillovers: Evidence from a VAT e-Invoicing Reform in Peru." IMF Working Paper No. 2022/057, International Monetary Fund, Washington, DC.

Our study uses administrative data on firm-to-firm transactions and quasi- experimental variation in the rollout of electronic invoicing reforms in Peru to study the diffusion of e-invoicing through firm networks and its effect on tax compliance. We find that voluntary e-invoicing adoption is higher amongst firms with partners who are mandated to adopt e-invoicing, implying positive technology adoption spillovers. Spillovers are stronger from downstream partners and from export-oriented firms. Firms are less likely to continue transacting with a partner who has been mandated into e-invoicing, with the effect only partially reversed if both firms adopt e-invoicing, suggesting that network segmentation may occur. Smaller firms who transact with partners mandated into e-invoicing report 11 percent more sales and pay 17 more VAT in the year that their partner is mandated to adopt e-invoicing, suggesting positive spillovers in tax compliance behavior for this subset of firms.

Benedek, Dora, Juan Carlos Benitez, and Charles Vellutini. 2022.

"Progress of the Personal Income Tax in Emerging and Developing Countries." IMF Working Paper No. 2022/020, International Monetary Fund, Washington, DC.

Personal Income Tax (PIT) is one of the key sources of revenues in Advanced Economies (AEs) but plays a much more limited role in Low-Income Developing Countries (LIDCs) and Emerging Market Economies (EMEs), both in terms of revenue and redistributive impact. Notwithstanding, this paper shows that LIDCs and EMEs increased their PIT-to-GDP revenue by 110 and 48 percent, respectively, during the 1990-2019 period, a marked improvement in the PIT revenue performance.

Benitez, Juan Carlos, Mario Mansour, Miguel Pecho, and Charles Vellutini. 2023.

"Building Tax Capacity in Developing Countries." Staff Discussion Note No. 2023/006, International Monetary Fund, Washington, DC.

Tax capacity—the policy, institutional, and technical capabilities to collect tax revenue—is part of a deeper process of state building that is essential for achieving the sustainable development goals. This Staff Discussion Note shows that developing countries have made some progress in revenue mobilization during the past decades, but that much more is needed. It finds that a staggering 9 percentage-point increase in the tax-to-GDP ratio is feasible through a combination of tax system reform and institutional capacity building. Achieving this calls for a holistic and institution-based approach that focuses on improving policy, administration, and legal implementation of core taxes. The note offers practical lessons and guidance, based on IMF capacity-building experience in this area.

De Mooij, Ruud A., Alexander D. Klemm, and Victoria J. Perry. 2021.

***Corporate Income Taxes under Pressure: Why Reform Is Needed and How It Could Be Designed* (Washington: International Monetary Fund).**

The book describes the difficulties of the current international corporate income tax system. It starts by describing its origins and how changes, such as the development of multinational enterprises and digitalization have created fundamental problems, not foreseen at its inception. These include tax competition—as governments try to attract tax bases through low tax rates or incentives, and profit shifting, as companies avoid tax by reporting profits in jurisdictions with lower tax rates. The book then discusses solutions, including both evolutionary changes to the current system and fundamental reform options. It covers both reform efforts already under way, for example under the Inclusive Framework at the OECD, and potential radical reform ideas developed by academics.

Hebous, Shafik, Dinar Prihardini, and Nate Vernon. 2022.

"Excess Profit Taxes: Historical Perspective and Contemporary Relevance." IMF Working Paper No. 2022/187, International Monetary Fund, Washington, DC.

This paper discusses the design of excess profits taxes (EPTs) that gained renewed interest following the COVID-19 outbreak and the recent surge in energy prices. EPTs can be designed as an efficient tax only falling on economic rent, like an allowance for corporate capital, and drawing some parallels with current proposals for reforming multinationals' taxation. EPTs can be permanent or temporary as an add-on to the corporate income tax to support revenue during an adverse shock episode. The analysis suggests that international coordination would be desirable to mitigate the risks of profit shifting and tax competition. Eventually, EPTs could mark an evolution of corporate taxation toward a non-distortionary rent tax.

International Monetary Fund. 2023.

"International Corporate Tax Reform." Policy Paper No. 2023/001, International Monetary Fund, Washington, DC.

To relieve the pressure on the outdated international corporate tax system, an ambitious reform was agreed at the Inclusive Framework (IF) on Base Erosion and Profit Shifting in 2021, with now 138 jurisdictions joining. It complements previous efforts to mitigate profit shifting by addressing the challenges of the digitalization of the economy through a new allocation of taxing rights to market economies (Pillar 1) and tax competition through a global minimum corporate tax (Pillar 2). This paper concludes that the agreement makes the international tax system more robust to tax spillovers, better equipped to address digitalization, and modestly raises global tax revenues.

International Monetary Fund. 2022.

"Coordinating Taxation Across Borders." Fiscal Monitor, April 2022: 25-46.

As countries strive to promote an inclusive and green recovery from the COVID-19 pandemic—and formulate responses to the immediate impacts of increased energy prices—they face shared challenges to secure tax revenues, address inequalities, and reduce greenhouse gas emissions. National tax policies are under pressure to deal with cross-border spillovers—one country's action affects other countries. This chapter discusses how international coordination on tax matters (i) reduces profit shifting by multinationals and tax competition between countries; (ii) improves tax enforcement by lifting the veil of secrecy to tackle tax evasion; and (iii) limits global warming. The current energy crisis reinforces the case for coordination among major emitters to reduce reliance on fossil fuels, urging countries to not allow near-term responses to detract efforts to establish credible policies for emissions reductions in the medium term.

Jemiluyi, Olufunmilayo Olayemi, and Leward Jeke. 2023.

"Tax revenue mobilization effort in Southern African Development Community (SADC) bloc: Does ICT matter?" *Cogent Economics & Finance* 11:1.

In addition to performing their basic fiscal functions, governments in developing economies are constantly challenged by new and re-emerging socioeconomic issues such as insecurity, hunger, natural disaster, collapsing infrastructure and disease outbreaks. These piles of challenges have made the competition for limited resources fierce and hence the need to mobilize more funds. Bearing this in mind, this study explored the role of ICT in mobilizing tax revenue in a trade bloc

made up of developing countries—Southern African Development Community (SADC).

Kapsoli, Javier, Tewodaj Mogues, and Geneviève Verdier. 2023.

"Benchmarking Infrastructure Using Public Investment Efficiency Frontiers." IMF Working Paper No. 2023/101, International Monetary Fund, Washington, DC.

With limited financing options, increasing investment efficiency will be a critical avenue to building infrastructure for many countries, particularly in the context of post-pandemic recovery and rising debt emanating from higher energy costs and other pressures. Estimating investment efficiency, however, presents many methodological pitfalls. Using various methods——stochastic frontier analysis, data envelopment analysis (DEA), and bootstrapped DEA—this paper estimates efficiency scores for a wide range of countries employing metrics of infrastructure quantity and utilization.

Mathias, Emmanuel, and Adrian Wardzynski. 2023.

"Leveraging Anti-money Laundering Measures to Improve Tax Compliance and Help Mobilize Domestic Revenues." IMF Working Paper No. 2023/083, International Monetary Fund, Washington, DC.

The paper advocates leveraging anti-money laundering (AML) measures to enhance tax compliance, tackle tax crimes, and, in turn, help mobilize domestic revenues. While AML measures have already been deployed to improve tax compliance, including during the European debt crisis, the benefits that such measures could bring to the integrity of the tax system are yet to be fully realized. In recent years, the relevance of AML measures for tax purposes resurfaced in public discourse in light of numerous data leaks that provided ample evidence of the closely intertwined nature of tax crimes and money laundering. There might now be the right political momentum for greater utilization of AML measures given post-pandemic calls for a more progressive tax system, elevated sovereign debt burdens, a challenging global economic outlook, and widespread cost-of-living crisis. In this context, the IMF has stressed the importance of rebuilding fiscal buffers, as countries with more fiscal room are better placed to weather the economic slowdown and protect households and businesses.

United Nations. 2023.

"Financing for Sustainable Development Report 2023." Report of the Inter-agency Task Force on Financing for Development, United Nations, New York.

The *2023 Financing for Sustainable Development Report* describes a growing divide between countries that can access affordable financing for development, and those that cannot. Without urgent ambitious action, this gap will translate into a lasting development deficit for many countries —and a crisis in global trust and solidarity. The world is fast running out of time to rescue the Sustainable Development Goals (SDGs). The prospect of a world in which everyone can benefit from health care, education and opportunities, decent work, clean air and water and a healthy environment is slipping out of reach. The reasons are clear. The COVID-19 pandemic and the unequal recovery hit developing countries hard. Developed countries adopted expansionary fiscal and monetary policies that enabled them to invest in recovery, and have largely returned to pre-pandemic growth paths. But developing countries were unable to do so, in part because their currencies would collapse. Turning to the financial markets, they face interest rates up to 8 times higher than developed countries (LDCs)—a debt trap.

Verdier, Genevieve, Brett Rayner, Priscilla Muthoora, Charles Vellutini, Ling Zhu, Vincent de Paul Koukpaizan, Alireza Marahel, Mahmoud Harb, Imen Benmohamed, Shafik Hebous, Andrew Okello, Nathalie Reyes, Thomas Benninger, and Bernard Sanya. 2022.

"Revenue Mobilization for a Resilient and Inclusive Recovery in the Middle East and Central Asia." Departmental Paper No. 2022/013. International Monetary Fund, Washington, DC.

Domestic revenue mobilization has been a longstanding challenge for countries in the Middle East and Central Asia. Insufficient revenue has often constrained priority social and infrastructure spending, reducing countries' ability to reach the Sustainable Development Goals, improve growth prospects, and address climate related challenges. Moreover, revenue shortfalls have often been compensated by large and sustained debt accumulation, raising vulnerabilities in some countries, and limiting fiscal space to address future shocks. The COVID-19 pandemic and the war in Ukraine have compounded challenges to sustainable public finances, underscoring the need for revenue

mobilization efforts. The recent global crises have also exacerbated existing societal inequalities and highlighted the importance of raising revenues in an efficient and equitable manner. This paper examines the scope for additional tax revenue mobilization and discusses policies to gradually raise tax revenue while supporting resilient growth and inclusion in the Middle East and Central Asia.

THURSDAY, October 12, 2023
2:00PM - 2:45PM, AA02 Al Karaouine

Reviving Growth and Shaping Transformations in Emerging Markets and Developing Economies

Sponsored by the IMF's Research Department and Strategy, Policy, and Review Department

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Emerging markets and developing economies are grappling with economic scarring and limited policy flexibility in the aftermath of the COVID-19 pandemic and the fallout from Russia's war in Ukraine. Decisive policy actions are urgently required to revive growth and provide a foundation to adapt to, and benefit from, crucial transitions such as the green shift, digitalization, and technological advancements. However, surging public debt and persistent inflation impose constraints and present challenging policy trade-offs. Policymakers are increasingly focused on the complementary role of structural policies. This seminar will explore the renewed need for well-designed and sequenced structural reforms—those aimed at improving the fundamentals of an economy—as a pivotal tool in accelerating growth and fostering sustainable structural transformations while mitigating immediate macro-policy trade-offs.

Abidi, Nordine, and Mohamed Belkhir. 2022.

"Corporate Vulnerabilities in the Middle East, North Africa, and Pakistan in the Wake of COVID-19 Pandemic." IMF Working Paper No. 2022/071, International Monetary Fund, Washington, DC.

This paper analyzes corporate vulnerabilities in the Middle East, North Africa and Pakistan (MENAP hereafter) in the wake of the COVID-19 pandemic shock. Using a sample of nearly 700 firms from eleven countries in MENAP, we assess the non-financial corporate (NFC) sector's liquidity and solvency risk and viability over the medium term under different stress test scenarios. Our findings suggest that the health crisis has exacerbated vulnerabilities in the corporate sector, though the effects are heterogenous across the region.

Acemoglu, Daron, and Simon Johnson. 2023.

***Power and Progress: Our Thousand-Year Struggle Over Technology and Prosperity* (New York: PublicAffairs).**

A thousand years of history and contemporary evidence make one thing clear: progress depends on the choices we make about technology. New ways of organizing production and communication can either serve the narrow interests of an elite or become the foundation for widespread prosperity.

The wealth generated by technological improvements in agriculture during the European Middle Ages was captured by the nobility and used to build grand cathedrals, while peasants remained on the edge of starvation. The first hundred years of industrialization in England delivered stagnant incomes for working people. And throughout the world today, digital technologies and artificial intelligence undermine jobs and democracy through excessive automation, massive data collection, and intrusive surveillance.

Acemoglu, Daron, and James A. Robinson. 2019.

***The Narrow Corridor: States, Societies, and the Fate of Liberty* (New York: Penguin Press).**

In *Why Nations Fail*, Daron Acemoglu and James A. Robinson argued that countries rise and fall based not on culture, geography, or chance, but on the power of their institutions. In their new book, they build a new theory about liberty and how to achieve it, drawing a wealth of evidence from both current affairs and disparate threads of world history.

Liberty is hardly the "natural" order of things. In most places and at most times, the strong have dominated the weak and human freedom has been quashed by force or by customs and norms. Either states have been too weak to protect individuals from these threats, or states have been too strong for people to protect themselves from despotism. Liberty emerges only when a delicate and precarious balance is struck between state and society.

Acemoglu, Daron, and James A. Robinson. 2012.

***Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown).**

Brilliant and engagingly written, *Why Nations Fail* answers the question that has stumped the experts for centuries: Why are some nations rich and others poor, divided by wealth and poverty, health and sickness, food and famine? Is it culture, the weather, geography? Perhaps ignorance of what the right policies are?

Simply, no. None of these factors is either definitive or destiny. Otherwise, how to explain why Botswana has become one of the fastest growing countries in the world, while other African nations, such as Zimbabwe, the Congo, and Sierra Leone, are mired in poverty and violence?

Aghion, Philippe, Céline Antonin, and Simon Bunel. 2021.

***The Power of Creative Destruction: Economic Upheaval and the Wealth of Nations* (Cambridge: Belknap Press).**

Crisis seems to follow crisis. Inequality is rising, growth is stagnant, the environment is suffering, and the COVID-19 pandemic has exposed every crack in the system. We hear more and more calls for radical change, even the overthrow of capitalism. But the answer to our problems is not revolution. The answer is to create a better capitalism by understanding and harnessing the power of creative destruction—innovation that disrupts, but that over the past two hundred years has also lifted societies to previously unimagined prosperity.

Al Rasasi, Moayad and Ezequiel Cabezon. 2022.

"Uzbekistan's Transition to Inflation Targeting." IMF Working Paper No. 2022/229, International Monetary Fund, Washington, DC.

Uzbekistan has significantly improved its monetary

policy framework during 2017-21. Nevertheless, the transition to inflation targeting is challenging as the country is going through a period of deep structural reforms. Therefore, the Central Bank of Uzbekistan (CBU) will have to monitor structural reforms and calibrate monetary policy accordingly. This paper identifies institutional and structural gaps, and assesses the effectiveness of monetary policy transmission. Institutional gaps are assessed using institutional indexes while transmission is assessed using VARs. It concludes that in the coming years, reforms will need to continue, to further improve the CBU's governance and independence, develop financial markets, but most of all to reduce the still large footprint of the state in the financial sector as well as in the overall economy.

Aligishiev, Zamid, Gabriela Cugat, Romain Duval, Davide Furceri, João Tovar Jalles, Margaux MacDonald, Giovanni Melina, Futoshi Narita, Chris Papageorgiou, and Carlo Pizzinelli. 2023.

"Market Reforms and Public Debt Dynamics in Emerging Market and Developing Economies." Staff Discussion Note No. 2023/005, International Monetary Fund, Washington, DC.

Many emerging market and developing economies face a difficult trade-off between economic support and fiscal sustainability. Market-oriented structural reforms ease this trade-off by promoting economic growth and strengthening public finances. The empirical analysis in this note, based on 62 emerging market and developing economies during 1973–2014, shows that reforms are associated with sizable and long-lasting reductions in the debt-to-GDP ratio, mainly through higher fiscal revenues and lower borrowing costs. These effects are larger in countries with greater tax efficiency, lower informality, and higher initial debt. Moreover, a model-based analysis elaborates on how such fiscal gains can be enhanced when revenue windfalls associated with reforms are saved or channeled through higher public investment.

Amaglobeli, David, Ruud de Mooij, Andualem Mengistu, Mariano Moszoro, Manabu Nose, Soheib Nunhuck, Sailendra Pattanayak, Lorena Rivero del Paso, Frankosiligi Solomon, Rebecca Sparkman, Herve Tourpe, and Gerardo Uña. 2023.

"Transforming Public Finance through GovTech." Staff Discussion Note No. 2023/004, International Monetary Fund, Washington, DC.

A digital divide across and within countries continues to persist and has even increased when the quality of internet connection is taken into account. This note shows that many governments have not been able to harness the full potential of digitalization. Governments could play an important role in facilitating digital adoption by intervening both on the supply side (investing in infrastructure) and the demand side (increase internet affordability). This note also documents significant dividends from digital adoption for revenue collection and spending efficiency and for outcomes in education, health, and social safety nets. The note emphasizes that digitalization is not a substitute for good governance and that comprehensive reform plans embedded in national digital strategies, combined with legal and institutional reforms, are needed to ensure that governments can reap the full benefits of digitalization and manage the risks appropriately.

Ari, Anil, Gabor Pula, and Liyang Sun. 2022.

"Structural Reforms and Economic Growth: A Machine Learning Approach." IMF Working Paper No. 2022/184, International Monetary Fund, Washington, DC.

The qualitative and granular nature of most structural indicators and the variety in data sources poses difficulties for consistent cross-country assessments and empirical analysis. We overcome these issues by using a machine learning approach (the partial least squares method) to combine a broad set of cross-country structural indicators into a small number of synthetic scores which correspond to key structural areas, and which are suitable for consistent quantitative comparisons across countries and time. With this newly constructed dataset of synthetic structural scores in 126 countries between 2000-2019, we establish stylized facts about structural gaps and reforms, and analyze the impact of reforms targeting different structural areas on economic growth.

Banerjee, Abhijit V., and Esther Duflo. 2019.

***Good Economics for Hard Times* (New York: PublicAffairs).**

In this revolutionary book, renowned MIT economists Abhijit V. Banerjee and Esther Duflo take on this challenge, building on cutting-edge research in economics explained with lucidity and grace. Original, provocative, and urgent, *Good Economics for Hard Times* makes a persuasive case for an intelligent interventionism and a society built on compassion and respect. It is an extraordinary achievement, one that shines a light to help us appreciate and understand our precariously balanced world.

Banerjee, Abhijit V., and Esther Duflo. 2011.

***Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty* (New York: PublicAffairs).**

Billions of government dollars, and thousands of charitable organizations and NGOs, are dedicated to helping the world's poor. But much of the work they do is based on assumptions that are untested generalizations at best, flat out harmful misperceptions at worst. Banerjee and Duflo have pioneered the use of randomized control trials in development economics. Work based on these principles, supervised by the Poverty Action Lab at MIT, is being carried out in dozens of countries. Their work transforms certain presumptions: that microfinance is a cure-all, that schooling equals learning, that poverty at the level of 99 cents a day is just a more extreme version of the experience any of us have when our income falls uncomfortably low. Throughout, the authors emphasize that life for the poor is simply not like life for everyone else: it is a much more perilous adventure, denied many of the cushions and advantages that are routinely provided to the more affluent.

Bhattacharya, Amar and Nicholas Stern. 2023.

"Towards a sustainable, resilient and prosperous future for India: investment, innovation and collaboration in a changing world." Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science, London.

This paper sets out how India could realise a new model of development and growth over the next three decades: growth that is sustainable, resilient and inclusive. It argues that India can leapfrog the dirty, destructive and fragile phases of the older paths followed by current developed countries to build a stronger, more productive and healthier economy and infrastructure. This is the growth story of the 21st century and would have immense returns for India but also the whole world.

Charting and fostering this new path will involve a strong and purposive transition driven by investment and innovation. It will require deep structural reforms, including fundamental change in the key economic systems of energy, transport, cities, and land and the natural environment.

Budina, Nina, Christian Ebeke, Florence Jaumotte, Andrea Medici, Augustus J. Panton, Marina M. Tavares, and Bella Yao. 2023.

"Structural Reforms to Accelerate Growth, Ease Policy Trade-offs, and Support the Green Transition in Emerging Market and Developing Economies." Staff Discussion Note No. 2023/007, International Monetary Fund, Washington, DC.

In the aftermath of the COVID-19 pandemic, emerging market and developing economies are grappling with economic scarring, social tension, and reduced policy space. Policy actions are urgently needed to boost growth already in the near term and support the ongoing green transition. At the same time, high public debt and persistently high inflation have constrained policy space, posing difficult policy trade-offs. This Staff Discussion Note focuses on emerging market and developing economies and proposes a framework for prioritization, packaging, and sequencing of macrostructural reforms to accelerate growth, alleviate policy trade-offs, and support the green transition. The note shows that prioritizing the removal of the most binding constraints on economic activity, bundling reforms (governance, business deregulation, and external sector reforms), and appropriate sequencing of other reforms (such as labor market and credit sector reforms) can help front-load reform gains.

Camara, Ibrahima, Rasmané Ouedraogo, and Amadou Sy. 2023.

"Unbearable Costs: When Is Inflation Impeding Job Creation? Evidence from Sub-Saharan Africa." IMF Working Paper No. 2023/046, International Monetary Fund, Washington, DC.

Covid-19 and war-induced commodity price fluctuations, and broadening price pressures have led to a surge in inflation in many sub-Saharan Africa (SSA) countries. To adjust to increasing costs, firms have resorted to several measures including shuttering offices, reducing businesses, laying off, and freezing hiring, thus putting at risk job creation and raising concerns of youth unemployment. This paper explores the effects of inflation on private employment growth in SSA using a large firm -level dataset from the World Bank's Enterprise Surveys.

Cevik, Serhan, and João Tovar Jalles. 2023.

"Restructuring Reforms for Green Growth." IMF Working Paper No. 2023/120, International Monetary Fund, Washington, DC.

Policymakers across the world are striving to tackle the century-defining challenge of climate change without undermining potential growth. This paper examines the impact of structural reforms in the energy sector (electricity and gas) on environmental outcomes and green growth indicators in a panel of 25 advanced economies during the period 1970-2020.

Duval, Romain, Yi Ji, Chris Papageorgiou, Ippei Shibata, and Antonio Spilimbergo. 2022.

"Preferences for Reforms: Endowments vs. Beliefs." IMF Working Paper No. 2022/023, International Monetary Fund, Washington, DC.

Are preferences for reforms driven by individuals' own endowments or beliefs? To address this question, we conducted a cross-country survey on people's opinions on employment protection legislation—an area where reform has proven to be difficult and personal interests are at stake. We find that individuals' beliefs matter more than their own endowments and personal pay-offs. A randomized information treatment confirms that beliefs explain views about reform, but beliefs can change with new information. Our results are robust to several robustness tests, including to alternative estimation techniques and samples.

Gigineishvili, Nikoloz, Iulia Ruxandra Teodoru, Narek Karapetyan, Yulia Ustyugova, Jean van Houtte, Jiri Jonas, Wei Shi, Shant Arzoumanian, Kalin I Tintchev, Maxwell Tuuli, Faten Saliba, Farid Talishli, Moataz El-Said, and Fernanda Brollo. 2023.

"Paving the Way to More Resilient, Inclusive, and Greener Economies in the Caucasus and Central Asia." Departmental Paper No. 2023/004, International Monetary Fund, Washington, DC.

Raising long-term growth and resilience and improving living standards and inclusion are the top economic policy priorities for countries in the Caucasus and Central Asia (CCA). The region responded strongly to the COVID shock, which unavoidably caused a contraction in output and an increase in poverty and inequality. While the region is at the crossroads between the West and the East as it is facing heightened uncertainty due to Russia's war in Ukraine and the rising risk of global fragmentation. Climate change is an additional challenge that could have a significant negative impact on CCA countries in the long term. These challenges, however, also offer an opportunity for the region to develop a new growth model that could strengthen long-term resilience, accelerate income convergence with more advanced country peers, and improve human development and social outcomes. The paper argues that a more market-based allocation of limited resources is needed to channel capital and labor to their most productive use.

Hesse, Heiko and Ken Miyajima. 2022.

"South Africa: The Financial Sector-Sovereign Nexus." IMF Working Paper No. 2022/051, International Monetary Fund, Washington, DC.

Globally, financial institutions have increased their holdings of domestic sovereign debt, tightening the linkage between the health of the financial system and the level of sovereign debt, or the "financial sector-sovereign nexus," during the ongoing COVID-19 pandemic. In South Africa, the nexus is still relatively moderate, albeit rising, and the increased focus of the Prudential Authority on the associated risks provide reassurance. Options to mitigate such risks through the use of regulatory measures can be explored. However, absent the necessary fiscal consolidation and structural reforms, risks from the nexus to both the financial system and the sovereign will increase.

International Monetary Fund. 2019.

"Reigniting Growth in Low-Income and Emerging Market Economies: What Role Can Structural Reforms Play?" World Economic Outlook, October 2019, International Monetary Fund, Washington, DC.

The pace of structural reforms in emerging market and developing economies was strong during the 1990s, but it has slowed since the early 2000s. Using a newly constructed database on structural reforms, this chapter finds that a reform push in such areas as governance, domestic and external finance, trade, and labor and product markets could deliver sizable output gains in the medium term. A major and comprehensive reform package might double the speed of convergence of the average emerging market and developing economy to the living standards of advanced economies, raising annual GDP growth by about 1 percentage point for some time. At the same time, reforms take several years to deliver, and some of them—easing job protection regulation and liberalizing domestic finance—may entail greater short-term costs when carried out in bad times; these are best implemented under favorable economic conditions and early in authorities' electoral mandate. Reform gains also tend to be larger when governance and access to credit—two binding constraints on growth—are strong, and where labor market informality is higher—because reforms help reduce it. These findings underscore the importance of carefully tailoring reforms to country circumstances to maximize their benefits.

Kotera, Shinya, and TengTeng Xu. 2023.

"Unleashing India's Growth Potential." IMF Working Paper No. 2023/082, International Monetary Fund, Washington, DC.

This paper analyzes the drivers of India's growth in the past five decades and considers baseline and upside scenarios of India's medium-term potential growth. Using a production function approach, the paper assesses the impact of the pandemic on the key factors of production and therefore its impact on medium-term growth. Successful implementation of wide-ranging structural reforms could help support productivity and potential growth over the medium term.

Mwamadzingo, Mohammed, Michael U. Akuupa, and Lawrence N. Kazembe. 2021.

"Macroeconomic policies for jobs-led growth and recovery following the COVID-19 pandemic, with emphasis on sub-Saharan Africa." *International Journal of Labour Research* 10 (1–2).

This article aims to identify policy responses that would promote short term recovery from COVID-19 and long-term inclusive growth in SSA countries. It proposes policy initiatives that would allow an employment-led economic recovery, and hence support policymakers, specifically finance and labour ministries, as well as aligning social partners to promote job creation, job quality and job access interventions in both the short and long term.

Ouedraogo, Rasmané, and Tomohide Mineyama. 2023.

"Fostering Export Diversification in Niger: Niger." Selected Issues Paper No. 2023/010, International Monetary Fund, Washington, DC.

This selected issue paper investigates the drivers of diversification and explores the potential for fostering diversification in Niger with a focus on horizontal policies. The empirical results from panel regressions indicate that reforms to enhance human capital and the quality of infrastructure, to promote digitalization, to remove barriers to trade and improve governance are likely to yield the largest gains in terms of diversification for Niger.

Pizzinelli, Carlo, Augustus Panton, Marina M. Tavares, Mauro Cazzaniga, and Longji Li. 2023.

"Labor Market Exposure to AI: Cross-country Differences and Distributional Implications." IMF Working Paper No. 2023/XXX, Forthcoming, International Monetary Fund, Washington, DC.

This paper examines the impact of Artificial Intelligence (AI) on labor markets in both Advanced Economies (AEs) and Emerging Markets (EMs). We propose an extension to a standard measure of AI exposure, accounting for AI's potential as either a complement or a substitute for labor, where complementarity reflects lower risks of job displacement. We analyze worker-level microdata from 2 AEs (US and UK) and 4 EMs (Brazil, Colombia, India, and South Africa), revealing substantial variations in unadjusted AI exposure across countries. AEs face higher exposure than EMs due to a higher employment share in professional and managerial occupations. However, when accounting for potential complementarity, differences in exposure across countries are more muted. Within countries, common patterns emerge in AEs and EMs. Women and highly educated workers face greater occupational exposure to AI, at both high and low complementarity. Workers in the upper tail of the earnings distribution are more likely to be in occupations with high exposure but also high potential complementarity.

Stamm, Kersten, and Vorisek, Dana. 2023.

"The Global Investment Slowdown: Challenges and Policies." Policy Research Working Papers 10364, World Bank, Washington, DC.

Investment growth in emerging market and developing economies (EMDEs) is expected to remain below its average rate of the past two decades through the medium term. This subdued outlook follows a decade-long, geographically widespread investment growth slowdown before the COVID-19 pandemic. An empirical analysis covering 2000-21 finds that periods of strong investment growth were associated with strong real output growth, robust real credit growth, terms of trade improvements, growth in capital inflows, and investment climate reform spurts. Each of these factors has been decreasingly supportive of investment growth since the 2007-09 global financial crisis. Weak investment growth is a concern because it dampens potential growth, is associated with weak trade, and makes achieving the development and climate-related goals more difficult. Policies to boost investment growth need to be tailored to country circumstances, but include comprehensive fiscal and structural reforms, including repurposing of expenditure on inefficient subsidies. Given EMDEs' limited fiscal space, the international community will need to significantly increase international cooperation, official financing and grants, and leverage private sector financing for adequate investment to materialize.

World Bank, International Monetary Fund, London School of Economics and Political Science, and Brookings Institution. 2023.

"The Big Push for Transformation through Climate and Development: Recommendations of the High-Level Advisory Group on Sustainable and Inclusive Recovery and Growth." Analytical Notes No. 2023/002, International Monetary Fund, Washington, DC.

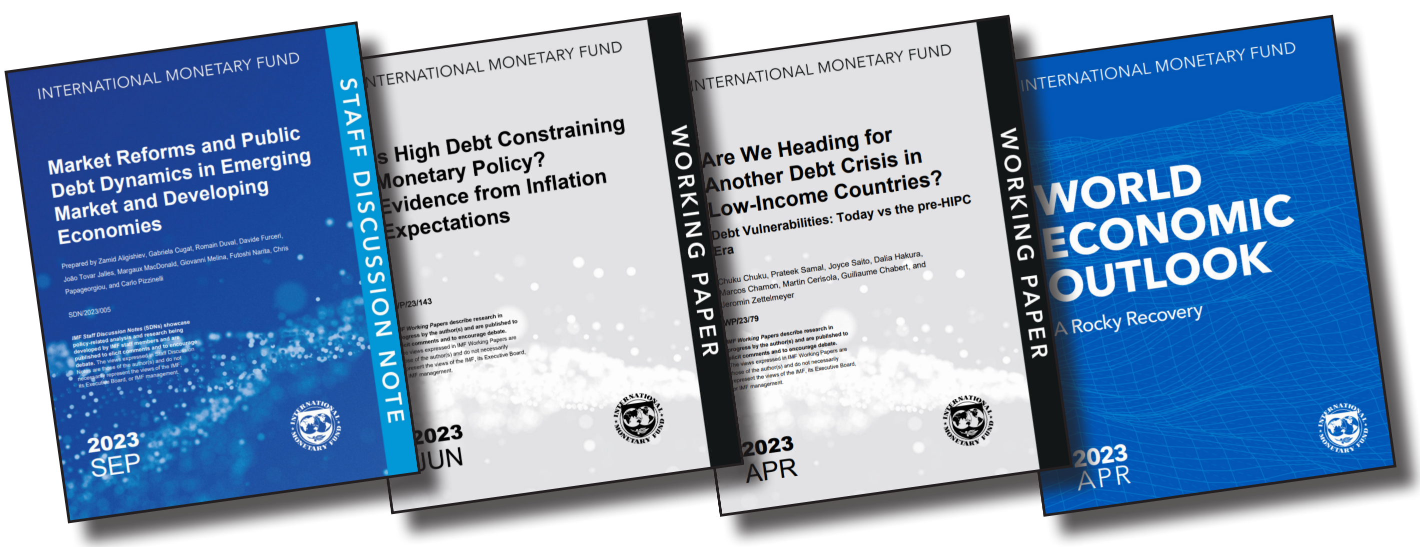
The High-Level Advisory Group (HLAG) on Sustainable and Inclusive Recovery and Growth came together to provide policy analysis and practical proposals for actions that could help countries secure a strong recovery from the pandemic and a successful green transition. This report pulls together key findings from the deliberations and provides actionable recommendations to support a pathway to green, resilient, and inclusive development (GRID).

THURSDAY, October 12, 2023
3:45PM- 4:45PM, AA02 Al Karaouine

Joint Seminar: Reform Priorities for Tackling Debt

Sponsored by the IMF's African Department, Fiscal Affairs Department, Middle East & Central Asia Department, and Strategy, Policy, and Review Department

Many countries, especially low-income and emerging economies, are suffering under the weight of high debt. Large debt burdens constrain countries' capacity to invest in areas such as education, health, social protection, or infrastructure. For some, debt is already unsustainable. This seminar will explore options to boost resilience to debt risks, including through domestic reforms to enhance growth, improve expenditure policies and domestic revenue mobilization, and strengthen debt management. It will also discuss the need for scaled-up support from the global community through the provision of concessional finance and technical assistance to underpin domestic reform / policy changes, as well as improvements in sovereign debt restructuring processes to ensure debt relief can be delivered in a timely and predictable manner when needed.



Aligishiev, Zamid, Gabriela Cugat, Romain A Duval, Davide Furceri, João Tovar Jalles, Margaux MacDonald, Giovanni Melina, Futoshi Narita, Chris Papageorgiou, and Carlo Pizzinelli. 2023.

"Market Reforms and Public Debt Dynamics in Emerging Market and Developing Economies." Staff Discussion Note No. 2023/005, International Monetary Fund, Washington, DC.

Many emerging market and developing economies face a difficult trade-off between economic support and fiscal sustainability. Market-oriented structural reforms ease this trade-off by promoting economic growth and strengthening public finances. The empirical analysis in this note, based on 62 EMDEs over 1973-2014, shows that reforms are associated with sizeable and long-lasting reductions in the debt-to-GDP ratio mainly through higher fiscal revenues and lower borrowing costs. These effects are larger in countries with greater tax efficiency, lower informality, and higher initial debt. Moreover, a model-based analysis elaborates on how such fiscal gains can be enhanced when revenue windfalls associated with reforms are saved or channeled through higher public investment.

Brandao-Marques, Luis, Marco Casiraghi, Gaston Gelos, Olamide Harrison, and Gunes Kamber. 2023.

"Is High Debt Constraining Monetary Policy? Evidence from Inflation Expectations." IMF Working Paper No. 2023/143, International Monetary Fund, Washington, DC.

This paper examines whether high government debt levels pose a challenge to containing inflation. It does so by assessing the impact of government debt surprises on inflation expectations in advanced- and emerging market economies. It finds that debt surprises raise long-term inflation expectations in emerging market economies in a persistent way, but not in advanced economies. The effects are stronger when initial debt levels are already high, when inflation levels are initially high, and when debt dollarization is significant. By contrast, debt surprises have only modest effects in economies with inflation targeting regimes. Increased debt levels may complicate the fight against inflation in emerging market economies with high and dollarized debt levels, and weaker monetary policy frameworks.

Chamon, Marcos, Erik Klok, Vimal Thakoor, and Jeromin Zettelmeyer. 2022.

"Debt-for-Climate Swaps: Analysis, Design, and Implementation." IMF Working Paper No. 2022/162, International Monetary Fund, Washington, DC.

This paper compares debt-for-climate swaps—partial debt relief operations conditional on debtor commitments to undertake climate-related investments—to alternative fiscal support instruments. Because some of the benefits of debt-climate swaps accrue to non-participating creditors, they are generally less efficient forms of support than conditional grants and/or broad debt restructuring (which could be linked to climate adaptation when the latter significantly reduces credit risk). This said, debt-climate swaps could be superior to conditional grants when they can be structured in a way that makes the climate commitment de facto senior to debt service; and they could be superior to comprehensive debt restructuring in narrow settings, when the latter is expected to produce large economic dislocations and the debt-climate swap is expected to materially reduce debt risks (and achieve debt sustainability). Furthermore, debt-climate swaps could be useful to expand fiscal space for climate investment when grants or more comprehensive debt relief are just not on the table. The paper explores policy actions that would benefit both debt-climate swaps and other forms of climate finance, including developing markets for debt instruments linked to climate performance.

Chuku, Chuku, Prateek Samal, Joyce Saito, Dalia S. Hakura, Marcos d. Chamon, Martin D. Cerisola, Guillaume Chabert, and Jeromin Zettelmeyer. 2023.

"Are We Heading for Another Debt Crisis in Low-Income Countries? Debt Vulnerabilities: Today vs the pre-HIPC Era." IMF Working Paper No. 2023/079, International Monetary Fund, Washington, DC.

There are growing concerns that 25 years after the launch of the HIPC debt relief initiative, many low-income countries are again facing high debt vulnerabilities. This paper compares debt vulnerabilities in LICs today versus those on the eve of the HIPC Initiative and examines challenges to a similarly designed debt-relief framework. While solvency and liquidity indicators in most LICs have steadily worsened in recent years, they remain substantially better on average than they were on the eve of HIPC in the mid-1990s. This said, if current trends persist, debt vulnerabilities in LICs could (but would not necessarily) reach levels comparable to the pre-HIPC era over the medium- to long-term. Today's more complex creditor landscape makes coordination challenging. It is therefore essential for countries to reduce today's debt burdens promptly through economic reform, lowering the cost of financing, and debt restructuring on a case-by-case basis. The international community should also step up efforts to improve debt restructuring processes, including the G20 Common Framework, to ensure that debt relief is delivered in a timely and efficient manner where it is needed.

Grigorian, David A. 2023.

"Restructuring Domestic Sovereign Debt: An Analytical Illustration." IMF Working Paper No. 2023/024, International Monetary Fund, Washington, DC.

Sovereign domestic debt restructurings have become more common in recent years and touched upon a growing share of total public debt. This paper offers a simple framework for policymakers to think about the decision whether to restructure domestic sovereign debt as part of an effort to reduce overall public indebtedness. It also highlights a rather wide range of technical, legal, and operational issues a sovereign may face while restructuring domestic debt. As expected, factors such as debt reduction required to achieve sustainability, fiscal savings from a restructuring, and economic costs of a restructuring are key inputs into the decision making regarding a restructuring, but so are factors such as the composition of debt, financial stability costs, and crisis preparedness, all of which are discussed in the paper.

International Monetary Fund and World Bank. 2022.

"Making Debt Work for Development and Macroeconomic Stability." Policy Paper No. 2022/019, International Monetary Fund, Washington, DC.

The coronavirus crisis has stiffened debt and development-related headwinds that had become strong even before 2020. Sustaining development while maintaining debt sustainability has been made harder by the protracted effects of the pandemic on public finances, earnings and employment, and human capital accumulation of vulnerable populations. The fiscal support programs financed by public debt provided relief and saved lives and livelihoods. But debt-induced uncertainty can now dampen investment and growth, especially given rising global interest rates. Bigger debt servicing burdens will reduce available fiscal space for development and stabilization and growing sovereign debt financing needs can crowd out domestic investment. Over-indebtedness can adversely affect economic development through many channels—"debt overhang," "fiscal space," "crowding out" and increased crisis risk —making countries vulnerable to abrupt changes in market sentiment, jeopardizing both stability and growth.

International Monetary Fund. 2023.

"Coming Down to Earth: How to Tackle Soaring Public Debt." World Economic Outlook, April 2023, International Monetary Fund, Washington, DC.

Public debt as a ratio to GDP soared across the world during COVID-19 and is expected to remain elevated, posing a growing challenge for policymakers, particularly as real interest rates are rising across the world. Chapter 3 examines the effectiveness of different approaches to reducing debt-to-GDP ratios. Based on econometric analyses and complemented with a review of historical experiences, the chapter reaches three main conclusions. First, adequately timed and appropriately designed fiscal consolidations have a high probability of durably reducing debt ratios. Second, when a country is in debt distress, a comprehensive approach that combines significant debt restructuring—renegotiation of terms of servicing of existing debt—fiscal consolidation, and policies to support economic growth can have a significant and long-lasting impact on reducing debt ratios. Coordination among creditors is essential. Finally, economic growth and inflation have historically contributed to reducing debt ratios.

International Monetary Fund. 2023.

"Making Public Debt Public – Ongoing Initiatives and Reform Options." Policy Paper No. 2023/034, International Monetary Fund, Washington, DC.

The paper develops and assesses options to improve public debt transparency. It first makes the case, both conceptually and empirically, for greater public debt transparency. To guide the development and assessment of options, it examines the factors hindering transparency, including capacity and governance gaps, and borrower and creditor incentives. The paper then provides a high-level overview of existing initiatives to improve public debt transparency, identifying priorities for progress and policy gaps.

Next, it presents and analyzes the merits of a range of options to improve public debt transparency, drawn from reform proposals gaining prominence in policymaking circles while reflecting Fund policy priorities. The IMF could contribute to these reforms with actions within its mandate but would need significant additional resources.

International Monetary Fund. 2023.

"Staff Guidance Note on Information Sharing in the Context of Sovereign Debt Restructurings." Policy Paper No. 2023/027, International Monetary Fund, Washington, DC.

The guidance note sets out principles governing information sharing in the context of sovereign debt restructurings. It restates the existing Fund governance and policy guidelines for information sharing to help inform and harmonize practices across Fund country teams. In addition to outlining guiding principles applicable to information sharing, it provides guidance on what level of information can be shared during each stage of the restructuring and program design process and in the surveillance context.

International Monetary Fund. 2021.

"Issues in Restructuring of Sovereign Domestic Debt." Policy Paper No. 2021/071, International Monetary Fund, Washington, DC.

As emerging and developing economies accumulate more domestic sovereign debt, it is likely to play a larger role in the resolution of future sovereign debt crises. This paper analyzes when and how to restructure sovereign domestic debt in unsustainable debt cases while minimizing economic and financial disruptions. Key to determining whether or not domestic debt should be part of a sovereign restructuring is weighing the benefits of the lower debt burden against the fiscal and broader economic costs of achieving that debt relief. The fiscal costs may have to be incurred in the context of restructuring because of the need to maintain financial stability, to ensure the functioning of the central bank, or to replenish pension savings. A sovereign domestic debt restructuring should be designed to anticipate, minimize, and manage its impact on the domestic economy and financial system. Casting the net wide across claims can help boost participation in the restructuring by lowering the relief sought from each creditor group. A strategy that engages creditors constructively, and as transparently as possible, that relies on market-based incentives, and that presents the exchange as part of a consistent macroeconomic plan typically works best.

International Monetary Fund. 2021.

"The International Architecture for Resolving Sovereign Debt Involving Private-Sector Creditors—Recent Developments, Challenges, and Reform Options." Policy Paper No. 2020/043, International Monetary Fund, Washington, DC.

There have been significant developments in sovereign debt restructuring involving private-sector creditors since the IMF's last stocktaking in 2014. While the current contractual approach has been largely effective in resolving sovereign debt cases since 2014, it has gaps that could pose challenges in future restructurings.

World Bank. 2022.

"Debt Management Monitor 2022: DMF Country Profiles – Debt Management Technical Assistance." World Bank, Washington, DC.

During 2021, the public debt outlook for developing countries and emerging markets continued to worsen due to the impact of the Coronavirus (COVID-19) pandemic. The crisis drove up fiscal pressures and elevated financing needs, while weakening countries' capacity to service and repay public debt. This edition of the Debt Management Monitor (DMM) is designed to inform stakeholders and partners of public debt trends and vulnerabilities in DMF-eligible countries and to track their recent progress in improving debt management. For each country, the DMM covers recent macro-fiscal developments, the evolution of the debt stock and debt financing, debt management performance, debt-management TA received under the DMF, relevant reform actions undertaken by the authorities, the government's publicly disclosed debt-portfolio risk profile, and debt issuances in domestic and international markets. The DMM is intended to contribute to the monitoring and evaluation framework of the DMF program and to promote debt transparency in DMF countries.

FRIDAY, October 13, 2023
2:00PM - 2:45PM, AA02 Al Karaouine

Debate on the Global Economy

Sponsored by the IMF's Research Department

While the global economy has shown some resilience after three years of large adverse shocks, medium-term growth prospects remain historically low. Moreover, policy space has become constrained by high debt levels, while the fight against inflation and risks posed by geoeconomic fragmentation are adding to the challenge of reinvigorating growth and ensuring high-quality jobs. This seminar will explore the future of growth. What should policymakers do to boost economic dynamism and sustainability in the medium term—from advancing reforms to improve the supply side of the economy, to managing the risks and seizing technological opportunities including advances in artificial intelligence, to leveraging the green transition?

Abbas, S. Ali, Alex Pienkowski, and Kenneth Rogoff. 2019.

"Sovereign Debt: A Guide for Economists and Practitioners." Oxford University Press, Oxford Academic.

The last time global sovereign debt reached the level seen today was at the end of the Second World War, and this shaped a generation of economic policymaking. International institutions were transformed, country policies were often draconian and distortive, and many crises ensued. This book is an attempt to build some structure around the issues of sovereign debt to help guide economists, practitioners, and policymakers through this complicated, but not intractable, subject. The book brings together some of the world's leading researchers and specialists in sovereign debt. Such a mix of skills and disciplines allows the cross-pollination of ideas, leading to new perspectives and ensuring that ideas are accessible to readers of all backgrounds. The purpose of this book is not to be an encyclopaedia, where all issues are covered in exhaustive detail, but to ensure that the various sub-disciplines of this vast topic are connected—debt management with debt sustainability; debt reduction policies with crisis prevention policies, sovereign default with the restructuring process; and the history of debt with the current landscape. The aim of this book is to be a foundation text for all those interested in sovereign debt, with a focus on real world examples and issues.

Ahn, JaeBin, Ashique Habib, Davide Malacrino, and Andrea F. Presbitero. 2023.

"Fragmenting Foreign Direct Investment Hits Emerging Economies Hardest." *IMFBlog*, April 5.

Long-term losses of 2 percent of global output due to shifting foreign direct investments underscore why global integration needs robust defense.

Alfaro, Laura, and Davin Chor. 2023.

'Global Supply Chains: The Looming "Great Reallocation"' Presented at Jackson Hole Economic Policy Symposium: Structural Shifts in the Global Economy, August 24-26, 2023.

Global supply chains have come under unprecedented stress as a result of US-China trade tensions, the Covid-19 pandemic, and geopolitical shocks. We document shifts in the pattern of US participation in global value chains over the last four decades, in terms of partner countries, products, and modes, with a focus on the last five years (2017-2022). The available data point to a looming "great reallocation" in supply chain activity: Direct US sourcing from China has decreased, with low-wage locations (principally: Vietnam) and nearshoring/friendshoring alternatives (notably: Mexico) gaining in import share. The production line positioning of the US' imports has also become more upstream, which is indicative of some reshoring of production stages.

Arslanalp, Serkan, and Barry Eichengreen. 2023.

"Living with High Public Debt." Presented at Jackson Hole Economic Policy Symposium: Structural Shifts in the Global Economy, August 24-26, 2023.

Public debts have soared to unprecedented peacetime heights. These high debts pose economic, financial and political challenges. Multilateral financial institutions and others have consequently laid out scenarios for bringing them back down. Our thesis in this paper is that high public debts are not going to decline significantly for the foreseeable future. Countries are going to have to live with this new reality as a semipermanent state of affairs. These are not normative statements of what is desirable; they are positive statements of what is likely.

Aiyar, Shekhar, Jiaqian Chen, Christian Ebeke, Roberto Garcia-Saltos, Tryggvi Gudmundsson, Anna Ilyina, Alvar Kangur, Tansaya Kunaratskul, Sergio Rodriguez, Michele Ruta, Tatjana Schulze, Gabriel Soderberg, and Juan P. Trevino. 2023.

"Geoeconomic Fragmentation and the Future of Multilateralism." Staff Discussion Note No. 2023/001, International Monetary Fund, Washington, DC.

After several decades of increasing global economic integration, the world is facing the risk of policy-driven geoeconomic fragmentation (GEF). This note explores the ramifications. It identifies multiple channels through which the benefits of globalization were earlier transmitted, and along which, conversely, the costs of GEF are likely to fall, including trade, migration, capital flows, technology diffusion and the provision of global public goods. It explores the consequences of GEF for the international monetary system and the global financial safety net. Finally, it suggests a pragmatic path forward for preserving the benefits of global integration and multilateralism.

Bloom, Nicholas, Charles I. Jones, John Van Reenen, and Michael Webb. 2020.

"Are Ideas Getting Harder to Find?" *American Economic Review* 110 (4): 1104-44.

Long-run growth in many models is the product of two terms: the effective number of researchers and their research productivity. We present evidence from various industries, products, and firms showing that research effort is rising substantially while research productivity is declining sharply. A good example is Moore's Law. The number of researchers required today to achieve the famous doubling of computer chip density is more than 18 times larger than the number required in the early 1970s. More generally, everywhere we look we find that ideas, and the exponential growth they imply, are getting harder to find.

Budina, Nina, Christian H. Ebeke, Florence Jaumotte, Andrea Medici, Augustus J. Panton, Marina M. Tavares, and Bella Yao. 2023.

"Structural Reforms to Accelerate Growth, Ease Policy Trade-offs, and Support the Green Transition in Emerging Market and Developing Economies." Staff Discussion Note No. 2023/007, International Monetary Fund, Washington, D.C.

In the aftermath of the COVID-19 pandemic, emerging market and developing economies are grappling with economic scarring, social tension, and reduced policy space. Policy actions are urgently needed to boost growth already in the near term and support the ongoing green transition. At the same time, high public debt and persistently high inflation have constrained policy space, posing difficult policy trade-offs. This Staff Discussion Note focuses on emerging market and developing economies and proposes a framework for prioritization, packaging, and sequencing of macrostructural reforms to accelerate growth, alleviate policy trade-offs, and support the green transition. The note shows that prioritizing the removal of the most binding constraints on economic activity, bundling reforms (governance, business deregulation, and external sector reforms), and appropriate sequencing of other reforms (such as labor market and credit sector reforms) can help front-load reform gains.

Carton, Benjamin, and Jean-Marc Natal. 2022.

"Further Delaying Climate Policies Will Hurt Economic Growth." *IMFBlog*, October 5.

The transition to a greener future has a price—but the longer countries wait to make the shift, the larger the costs. The world must cut greenhouse gas emissions by at least a quarter before the end of this decade to achieve carbon neutrality by 2050. Progress needed toward such a major shift will inevitably impose short-term economic costs, though these are dwarfed by the innumerable long-term benefits of slowing climate change.

European Parliament. 2022.

"Economic Impacts of the Green Transition." Briefing, European Parliament, Brussels.

The aim of the European Green Deal is to make Europe the first climate-neutral continent, by 2050, while maintaining economic growth and prosperity. It is Europe's growth strategy. The transition to a climate-neutral economy with net zero greenhouse gas emissions (GHG) over the course of just 28 years represents an industrial revolution at unprecedented speed, with significant impacts on gross domestic product (GDP), investment, employment, competitiveness, distribution, public finances and monetary stability. Outlining the expected impact of transition to a climate-neutral economy on economic indicators on the basis of analysis by academics and think-tanks and the Commission's impact assessment (IA) of the climate target plan, this briefing focuses in particular on economic output (GDP), public debt, competitiveness, labour markets, energy prices, inflation and distributional effects.

Fatás, Antonio, Atish R. Ghosh, Ugo Panizza, and Andrea F. Presbitero. 2019.

"The Motives to Borrow." Working Paper No. 2019/101, International Monetary Fund, Washington, DC.

Governments issue debt for good and bad reasons. While the good reasons—intertemporal tax-smoothing, fiscal stimulus, and asset management—can explain some of the increases in public debt in recent years, they cannot account for all of the observed changes. Bad reasons for borrowing are driven by political failures associated with intergenerational transfers, strategic manipulation, and common pool problems. These political failures are a major cause of overborrowing though budgetary institutions and fiscal rules can play a role in mitigating governments' tendencies to overborrow. While it is difficult to establish a clear causal link from high public debt to low output growth, it is likely that some countries pay a price—in terms of lower growth and greater output volatility—for excessive debt accumulation.

Fernald, John, Robert Inklaar, and Dimitrije Ruzic. 2023.

"The Productivity Slowdown in Advanced Economies: Common Shocks or Common Trends?" Federal Reserve Bank of San Francisco Working Paper 2023-07, San Francisco.

This paper reviews advanced-economy productivity developments in recent decades. We focus primarily on the facts about, and explanations for, the mid-2000s labor-productivity slowdown in large European countries and the United States. Slower total factor productivity growth was the proximate cause of the slowdown. This conclusion is robust to measurement challenges including the role of intangible assets, rankings of productivity levels, and data revisions. We contrast two main narratives for the stagnating productivity frontier: The shock of the Global Financial Crisis; and a common slowdown in productivity trends. Distinguishing these two empirically is hard, but the pre-recession timing of the U.S. slowdown suggests an important role for the common-trend explanation. We also discuss the unusual pattern of productivity growth since the start of the Covid-19 pandemic. Although it is early, there is little evidence so far that the large pandemic shock has changed the slow pre-pandemic trajectory of productivity growth.

Georgieva, Kristalina. 2023.

"The Path to Growth: Three Priorities for Action." Speech by Kristalina Georgieva, IMF Managing Director, Washington, DC, April 6.

Georgieva, Kristalina, Oya Celasun, and Alfred Kammer.

"Supply Disruptions Add to Inflation, Undermine Recovery in Europe." *IMFBlog*, February 17.

With supply constraints likely to persist, the challenge for policymakers is to support recovery without allowing high inflation to become entrenched. When countries asked people to stay at home to control COVID-19, consumers cut spending on services and bought more manufactured goods instead. The reopening of economies boosted manufacturing output, but renewed lockdowns and shortages of intermediate inputs from chemicals to microchips caused the factory recovery to stall. Prices of core consumer goods rose rapidly as delivery times reached record highs—sparking a debate about inflation and the course of monetary policy.

Gourinchas, Pierre-Olivier. 2023.

"Global Economy on Track but Not Yet Out of the Woods." *IMFBlog*, July 25.

Economic growth shows near-term resilience amid persistent challenges. The global economy continues to gradually recover from the pandemic and Russia's invasion of Ukraine. In the near term, the signs of progress are undeniable. The COVID-19 health crisis is officially over, and supply-chain disruptions have returned to pre-pandemic levels. Economic activity in the first quarter of the year proved resilient, despite the challenging environment, amid surprisingly strong labor markets. Energy and food prices have come down sharply from their war-induced peaks, allowing global inflation pressures to ease faster than expected. And financial instability following the March banking turmoil remains contained thanks to forceful action by the US and Swiss authorities. Yet many challenges still cloud the horizon, and it is too early to celebrate.

Hasna, Z., F. Jaumotte, J. Kim, S. Pienknagura, and G. Schwerhoff. 2023.

"Green Innovation and Diffusion: Policies to Accelerate Them and Expected Impact on Macroeconomic and Firm-level Performance." Staff Discussion Note No. 2023/XXX, International Monetary Fund, Washington, DC.

Hausmann, Ricardo. 2022.

"Green Growth Opportunities: How Developing Economies Can Capitalize on the Green Transition." *Finance & Development* 59 (4).

Picture yourself as finance minister of a developing economy. An eager environmentalist tries to convince you of the moral imperative of cutting your country's greenhouse gas emissions. You soon become bored because you've heard it all before, and your mind moves to more pressing matters. Yet it would be a grave mistake not to consider climate change as an important aspect of your job. Change is sweeping across the global economy as countries recognize that the world must slash emissions to prevent a climate catastrophe. Decarbonization will reduce demand for dirty goods and services and increase demand for those that are cleaner and greener. The question is not what you can do to reduce your country's emissions but how you can supercharge your country's development by breaking into fast-growing industries that will help the world reduce its emissions and reach net zero.

International Monetary Fund. 2023.

"Coming Down to Earth: How to Tackle Soaring Public Debt." World Economic Outlook, April 2023, International Monetary Fund, Washington, DC.

Public debt as a ratio to GDP soared across the world during COVID-19 and is expected to remain elevated, posing a growing challenge for policymakers, particularly as real interest rates are rising across the world. Chapter 3 examines the effectiveness of different approaches to reducing debt-to-GDP ratios. Based on econometric analyses and complemented with a review of historical experiences, the chapter reaches three main conclusions. First, adequately timed and appropriately designed fiscal consolidations have a high probability of durably reducing debt ratios. Second, when a country is in debt distress, a comprehensive approach that combines significant debt restructuring—renegotiation of terms of servicing of existing debt—fiscal consolidation, and policies to support economic growth can have a significant and long-lasting impact on reducing debt ratios. Coordination among creditors is essential. Finally, economic growth and inflation have historically contributed to reducing debt ratios.

International Monetary Fund. 2023.

"Geoeconomic Fragmentation and Foreign Direct Investment." World Economic Outlook, April 2023, International Monetary Fund, Washington, DC.

Supply-chain disruptions and rising geopolitical tensions have brought the risks and potential benefits and costs of geoeconomic fragmentation to the center of the policy debate. Chapter 4 studies how such fragmentation can reshape the geography of foreign direct investment (FDI) and, in turn, how FDI fragmentation can affect the global economy. FDI flows are increasingly concentrated among geopolitically aligned countries, particularly in strategic sectors. Several emerging market and developing economies are highly vulnerable to FDI relocation, given their reliance on FDI from geopolitically distant countries. In the long term, FDI fragmentation arising from the emergence of geopolitical blocs can generate large output losses, especially for emerging market and developing economies. Multilateral efforts to preserve global integration are the best way to reduce the large and widespread economic costs of FDI fragmentation.

Jones, Charles. 2023.

"The Outlook for Long-Term Economic Growth." Presented at Jackson Hole Economic Policy Symposium: Structural Shifts in the Global Economy, August 24-26, 2023.

What are the prospects for economic growth in the United States and other advanced countries over the next several decades? U.S. growth for the past 150 years has been surprisingly stable at 2% per year. Growth theory reveals that in the long run, growth in living standards is determined by growth in the worldwide number of people searching for ideas. At the same time, a growth accounting exercise for the United States since the 1950s suggests that many other factors have temporarily contributed to growth, including rising educational attainment and a rising investment rate in ideas. But these forces are inherently temporary, implying that growth rates could slow in the future. This prediction is reinforced by declining population growth throughout the world. In contrast, other forces could potentially sustain or even increase growth. The emergence of countries such as China and India provides large numbers of people who could search for ideas. Improvements in the allocation of talent --- for example, the rise of women inventors --- and increased automation through artificial intelligence are other potential tailwinds.

Liang, James, Hui Wang, and Edward P. Lazear. 2018

"Demographics and Entrepreneurship." *Journal of Political Economy* 126 (S1).

Entrepreneurship requires energy and creativity as well as business acumen. Some factors that contribute to entrepreneurship decline with age, but business skills increase with experience in high-level positions. Having too many older workers in society slows entrepreneurship. When older workers occupy key positions, they block younger workers from acquiring skills. A theory is formulated and tested using the Global Entrepreneurship Monitor data. A one standard deviation decrease in a country's median age increases new business formation by 2.5 percentage points, which is about 40 percent of the mean rate.

McKinsey & Company. 2023.

"The Economic Potential of Generative AI: The Next Productivity Frontier." McKinsey Digital.

Generative AI is poised to unleash the next wave of productivity. We take a first look at where business value could accrue and the potential impacts on the workforce. Generative AI's impact on productivity could add trillions of dollars in value to the global economy. Our latest research estimates that generative AI could add the equivalent of $2.6 trillion to $4.4 trillion annually across the 63 use cases we analyzed—by comparison, the United Kingdom's entire GDP in 2021 was $3.1 trillion. This would increase the impact of all artificial intelligence by 15 to 40 percent. This estimate would roughly double if we include the impact of embedding generative AI into software that is currently used for other tasks beyond those use cases.

Peralta-Alva, Adrian, and Prachi Mishra. 2023.

"How to Tackle Soaring Public Debt." *IMFBLog*, April 10.

Timely and appropriate fiscal policy adjustments can reduce debt, but countries in distress will need a more comprehensive approach.

Pizzinelli, Carlo, Augustus Panton, Marina M. Tavares, Mauro Cazzaniga, and Longji Li. 2023.

"Labor Market Exposure to AI: Cross-country Differences and Distributional Implications." IMF Working Paper No. 2023/XXX, Forthcoming, International Monetary Fund, Washington, DC.

This paper examines the impact of Artificial Intelligence (AI) on labor markets in both Advanced Economies (AEs) and Emerging Markets (EMs). We propose an extension to a standard measure of AI exposure, accounting for AI's potential as either a complement or a substitute for labor, where complementarity reflects lower risks of job displacement. We analyze worker-level microdata from 2 AEs (US and UK) and 4 EMs (Brazil, Colombia, India, and South Africa), revealing substantial variations in unadjusted AI exposure across countries. AEs face higher exposure than EMs due to a higher employment share in professional and managerial occupations. However, when accounting for potential complementarity, differences in exposure across countries are more muted. Within countries, common patterns emerge in AEs and EMs. Women and highly educated workers face greater occupational exposure to AI, at both high and low complementarity. Workers in the upper tail of the earnings distribution are more likely to be in occupations with high exposure but also high potential complementarity.

Qureshi, Zia. 2020.

"Technology and the Future of Growth: Challenges of Change." Brookings Institute, Washington, DC.

Economic growth has been lackluster for more than a decade now. This has occurred at a time when economies have faced much unfolding change. What are the forces of change, how are they affecting the growth dynamics, and what are the implications for policy?

Sayeh, Antoinette M., Era Dabla-Norris, and Tidiane Kinda. 2023.

"Asia's Productivity Needs a Boost That Digitalization Can Provide." *IMFBlog*, January 9.

Amid slowing global growth, promoting technological adoption and closing digital divides can help the region boost aggregate productivity and economic output. Asia's strong economic rebound from the pandemic is losing steam as tightening financial conditions, reduced export demand, and China's sharp and uncharacteristic slowdown dim the outlook. More broadly, deep economic scars from the pandemic and the lackluster productivity growth that preceded it are weighing on the region's longer-term growth prospects. But despite these challenges, we see a promising path for boosting Asia's productivity that runs through a landscape in which it has a history of leadership: digitalization.

Srinivasan, Krishna, and Alasdair Scott. 2023.

"Asia Likely to See Dynamic Economic Growth, but With Policy Challenges." *IMFBLog*, April 13.

Region would contribute about 70 percent to global growth this year—but still faces challenges from inflation, debt, and financial vulnerabilities. Asia and the Pacific remains a dynamic region despite the somber backdrop of what looks to be shaping up as a challenging year for the world economy.

Syverson, Chad. 2017.

"Challenges to Mismeasurement Explanations for the US Productivity Slowdown." *Journal of Economic Perspectives* 31 (2): 165-86.

The United States has been experiencing a slowdown in measured labor productivity growth since 2004. A number of commentators and researchers have suggested that this slowdown is at least in part illusory because real output data have failed to capture the new and better products of the past decade. I conduct four disparate analyses, each of which offers empirical challenges to this “mismeasurement hypothesis.”

World Bank. 2023.

“Digital Africa: Technological Transformation for Jobs.” World Bank, Washington, DC.

Generating good jobs is essential for the more than 22 million Africans joining the workforce each year. Digital technologies, from computers to apps to machine learning, offer new opportunities for people, businesses, and jobs. Evidence presented in this report demonstrates that internet availability increases jobs and reduced poverty in African countries. To fully realize their potential, digital technologies need to become more affordable and easier to use. Governments should prioritize policies and investments that increase internet coverage, foster productive internet use, and enhance skills, jobs, and earnings.

World Trade Organization. 2023.

“Re-globalization for a Secure, Inclusive and Sustainable Future.” World Trade Report 2023, World Trade Organization, Geneva.

This year’s World Trade Report examines how re-globalization – or increased international cooperation - could address the three major challenges facing today’s global economy: national and economic security, poverty alleviation and environmental sustainability.

SATURDAY, October 14, 2023
2:00PM - 3:00PM, AA02 Al Karaouine

Financial Inclusion as a Pathway to Resilient and Shared Growth

Sponsored by the IMF's Monetary and Capital Markets Department, African Department, and Middle East & Central Asia Department

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Unlocking financial inclusion creates economic opportunities, resilience, and growth. By improving policies related to financial services, we not only enhance savings investment efficiency but also safeguard the vulnerable against adverse shocks. This event delves into the transformative power of broader financial access, exploring its links to macroeconomic and financial stability and growth. Embracing cutting-edge technologies, policymakers are poised to develop inclusive solutions. Join us in shaping national financial inclusion strategies, particularly in Africa and the Arab world, while paving the way for efficient solutions that benefit all stakeholders.

Ahmad, Ahmad Hassan, Christopher J. Green, Fei Jiang, and Victor Murinde. 2023.

"[Mobile Money, ICT, Financial Inclusion and Growth: How Different is Africa?](#)" *Economic Modelling* 121.

We investigate the contributions of fixed and mobile telecommunications (ICT) and mobile money to economic growth and financial inclusion in a 22-year panel of 146 countries. We extend the Solow growth model to include human capital, money, ICT, and mobile money, splitting the sample into sub-Saharan Africa (SSA) and the rest of the world (RoW) in addition to the whole sample analysis. We find mobile money affects economic growth through direct and indirect channels. Mobile money has a significant overall positive impact on growth, especially in countries with better mobile phone penetration and more dispersed populations. But its total quantitative effect is not large. Mobile money also tends to improve financial inclusion which in turn promotes growth. There are important differences between the SSA and RoW parameters, implying that the quantitative determinants of growth are different to some extent as between SSA and RoW.

Auer, Raphael, Holti Banka, Nana Yaa Boakye-Adjei, Ahmed Faragallah, Jon Frost, Harish Natarajan, and Jermy Prenio. 2022.

"Central Bank Digital Currencies: A New Tool in the Financial Inclusion Toolkit?" FSI Insights No. 41, Bank for International Settlements, Basel.

Central banks are considering how retail central bank digital currencies (CBDCs) may help support financial inclusion. While they are not a magic bullet, central banks see CBDC as a further tool to promote financial inclusion if this goal features prominently in the design from the get-go. In particular, central banks are considering design options around promoting innovation in the two-tiered financial system (eg allowing for novel non-bank payment service providers), offering a robust and low-cost public sector technological basis (with novel interfaces and offline payments), facilitating enrolment and education (via simplified due diligence and electronic know your customer) and fostering interoperability (both domestically and across borders). Together, these features can address a range of existing barriers to financial inclusion. The paper draws on interviews with nine central banks with advanced work on CBDCs and financial inclusion, as well as ongoing research and policy work at the BIS and World Bank. It gives concrete examples from the central banks' work and discusses challenges, risks and regulatory and legal implications. It aims to facilitate peer learning on a key set of issues around CBDCs and financial inclusion policy faced by societies around the world.

Chinoda, Tough, and Forget Mingiri Kapingura. 2023.

"Digital Financial Inclusion and Economic Growth in Sub-Saharan Africa: The Role of Institutions and Governance." *African Journal of Economic and Management Studies*.

This study examines the role of institutions and governance on the digital financial inclusion and economic growth nexus in Sub-Saharan Africa (SSA) from 2014 to 2020. This study adopts the generalised method of moments technique which controls for endogeneity. The authors employed four main variables namely, index of digital financial inclusion, gross domestic product per capita growth, institutions and governance. The results from the study imply that a positive relationship between digital financial inclusion and economic growth. It is important to note that the study was carried out on the premise that institutions play a pivotal role in enhancing economic growth in SSA.

Čihák, Martin, and Ratna Sahay. 2020.

"Finance and Inequality." IMF Staff Discussion Note No. 2020/001, International Monetary Fund, Washington, DC.

The study examines empirical relationships between income inequality and three features of finance: depth (financial sector size relative to the economy), inclusion (access to and use of financial services by individuals and firms), and stability (absence of financial distress). Using new data covering a wide range of countries, the analysis finds that the financial sector can play a role in reducing inequality, complementing redistributive fiscal policy. By expanding the provision of financial services to low-income households and small businesses, it can serve as a powerful lever in helping create a more inclusive society but—if not well managed—it can amplify inequalities.

Daud, Siti Nurazira Mohd, and Abd Halim Ahmad. 2023.

"Financial Inclusion, Economic Growth and the Role of Digital Technology." *Finance Research Letters* 53: 103602.

This paper examines the relationship between financial inclusion, digital technology and economic growth. A dynamic panel data analysis examines 84 countries since the GFC period. The results show that there is a positive and significant effect of financial inclusion and digital technology on country economic growth. In addition, digital technology plays a role in complementing the effects of financial inclusion on economic growth, implying that consolidation efforts should take place in improving financial ecosystems via digital technology infrastructure.

Espinoza-Vega, Marco, Kazuko Shirono, Hector Carcel Villanova, Esha Chhabra, Bidisha Das, and Yingjie Fan. 2020.

"Measuring Financial Access: 10 Years of the IMF Financial Access Survey." Departmental Paper No. 2020/008, International Monetary Fund, Washington, DC.

This departmental paper marks the 10th anniversary of the IMF Financial Access Survey (FAS). It offers a retrospective of the FAS database, along with some reflections as to its future directions. Since its 2009 launch, the FAS has provided granular data on access to and use of financial services. It is a supply-side database with annual global coverage based on data sourced directly from financial service providers—aimed at supporting policymakers to target and evaluate financial inclusion policies. Its data collection has kept pace with financial innovation, such as the rise of mobile money and growing demand for gender-disaggregated data—and the FAS must continue to evolve.

Holtz, Leo. 2021.

"Mobile Money Dominates Fintech Investment in Africa." Brookings Institute, Washington, DC.

Financial technology, colloquially referred to as "fintech," is accelerating financial inclusion in sub-Saharan Africa—a region that traditionally suffers from limited access to formal financial services, such as credit, insurance, and banking. While in recent years the opportunities made possible by this technology have opened doors for many in the region—especially low-income households—users of fintech are utilizing the tool in more and more sophisticated ways, as seen in a recent paper by Financial Technology Partners, a boutique investment banking firm, which reveals promising investment trends in the African FinTech industry.

International Monetary Fund. 2023.

"Financial Access Survey: 2023 Trends and Developments." Forthcoming, International Monetary Fund, Washington, DC.

The 2023 FAS added two new data reporters—Andorra and Nauru—increasing the coverage of economies in the FAS to 191. The 2023 FAS paints a picture of resilience—the overall level of financial access remained steadfast throughout the COVID-19 pandemic years. Notably, greater use of digital financial services played a key role in supporting access to and use of financial services during the pandemic. At the same time, the number of bank account holders continued to rise. Microfinance institutions were important in providing financial services to the most vulnerable segments of the population. However, with the unwinding of the policy measures adopted at the height of the pandemic, some indicators are showing a declining trend. This includes the outstanding value of deposits and loans at commercial banks, including loans to small and medium enterprises (SMEs), which suggest their ability to access financing may be constrained. In addition, the gender gap in financial access continues to persist.

International Monetary Fund. 2022.

"Financial Access Survey: 2022 Trends and Developments." International Monetary Fund, Washington, DC.

As of September 2022, 166 economies1 have submitted data to the FAS, with improved reporting for both gender-disaggregated data and digital financial services. This edition of the FAS Trends and Developments reflects the continued expansion in the use of digital financial services during 2021, which is considerably higher than the pre-pandemic levels (almost doubled for some indicators). Access to and use of traditional services were broadly stable, in part supported by government policies, even though there were variations across countries. Microfinance institutions played an important role in some economies including by delivering pandemic support. Data for Small and Medium Enterprises (SMEs) and women reveal that challenges remain in terms of financial access of these vulnerable groups.

Khera, Purva, Stephanie Y. Ng, Sumiko Ogawa, and Ratna Sahay. 2021.

"Measuring Digital Financial Inclusion in Emerging Market and Developing Economies: A New Index." Working Paper No. 2021/090, International Monetary Fund, Washington, DC.

Adoption of technology in the financial services industry (i.e. fintech) has been accelerating in recent years. To systematically and comprehensively assess the extent and progress over time in financial inclusion enabled by technology, we develop a novel digital financial inclusion index. This index is based on payments data covering 52 developing countries for 2014 and 2017, taking into account both access and usage dimentions of digital financial services (DFSs). This index is then combined with the traditional measures of financial inclusion in the literature and aggregated into an overall index of financial inlusion. There are two key findings: first, the adoption of fintech has been a key driver of financial inclusion. Second, there is wide variation across countries and regions, with the greatest progress recorded in Africa and Asia and the Pacific regions.

Khera, Purva, Stephanie Y. Ng, Sumiko Ogawa, and Ratna Sahay. 2021.

"Is Digital Financial Inclusion Unlocking Growth?" Working Paper No. 2021/167, International Monetary Fund, Washington, DC.

Digital financial services have been a key driver of financial inclusion in recent years. While there is evidence that financial inclusion through traditional services has a positive impact on economic growth, do the same results carry over for digital financial inclusion? What drives digital financial inclusion? Why does it advance more in some countries but not in others? Using new indices of financial inclusion developed in Khera et. al. (2021), this paper addresses these questions for 52 developing countries. Using cross-sectional instrument variable procedure, we find that the exogenous component of digital financial inclusion is positively associated with growth in GDP per capita during 2011-2018, which suggests that digital financial inclusion can accelerate economic growth. Fractional logit and random effects empirical estimation identifies access to infrastructure, financial and digital literacy, and quality of institutions as key drivers of digital financial inclusion. These findings are then used to help inform policy recommendations in areas related to the digitization of financial services to promote financial inclusion.

Khera, Purva, Sumiko Ogawa, Ratna Sahay, and Mahima Vasishth. 2022.

"Women in Fintech: As Leaders and Users." IMF Working Paper No. 2022/140, International Monetary Fund, Washington, DC.

While digital financial services have made access to finance easier, faster, and less costly, helping to broaden digital financial inclusion, its impact on gender gaps varies across countries. Moreover, women leaders in the fintech industry, although growing, remain scarce. This paper explores the interaction between 'women' and 'fintech' by examining: (i) the role of women leaders on firm-level performance in the fintech industry; and (ii) the determinants of gender gaps in the usage of digital services to better understand the cross-country differences. Results indicate that greater gender diversity in the executive board is associated with better performance of fintech firms.With regard to determinants of the gender gaps in the usage of digital financial services, we find that higher financial and digital literacy of women is associated with lower gender gaps in digital financial inclusion, and that socio-cultural factors also play a key role.

Lannquist, Ashley, and Brandon Tan. 2023.

"CBDC's Role in Promoting Financial Inclusion." Fintech Notes No 2023/011, International Monetary Fund, Washington, DC.

This paper analyzes the opportunities that central bank digital currencies (CBDCs) may offer for improving financial inclusion in a particular country, alongside key designs and complementary policies, risks, and other relevant considerations. If properly designed to address the barriers to financial inclusion, CBDCs have the opportunity to gain acceptance by the financially excluded for digital payments. CBDC can then serve as an entry point to the broader formal financial system. CBDC has special aspects that may benefit financial inclusion, such as being a risk-free and widely acceptable form of digital money, availability for offline payments, and potentially lower costs and greater accessibility. However, CBDC is not a panacea to financial inclusion, and additional experience is needed to fully understand its potential impact.

Ree, Jookyung. 2023.

"Nigeria's eNaira, One Year After." Working Paper No. 2023/104, International Monetary Fund, Washington, DC.

This paper reflects on the first year of the eNaira—the first CBDC in Africa. Despite the laudable undisrupted operation for the first full year, the CBDC project has not yet moved beyond the initial wave of limited adoption. Network effects suggest the initial low adoption spell will require a coordinated policy drive to break it. The eNaira's potential in financial inclusion requires a strategy to set the right relationship with mobile money, given the former's potential to either complement or substitute the latter. Cost savings from integrating CBDC—as a bridge vehicle—in the remittance process may also be substantial.

Sahay, Ratna, Martin Čihák, Papa N'Diaye, Adolfo Barajas, Ran Bi, Diana Ayala, Yuan Gao, Annette Kyobe, Lam Nguyen, Christian Saborowski, Katsiaryna Svirydzenka, and Seyed Reza Yousefi. 2015.

"Rethinking Financial Deepening: Stability and Growth in Emerging Markets." Staff Discussion Note No. 2015/008, International Monetary Fund, Washington, DC.

The global financial crisis experience shone a spotlight on the dangers of financial systems that have grown too big too fast. This note reexamines financial deepening, focusing on what emerging markets can learn from the advanced economy experience. It finds that gains for growth and stability from financial deepening remain large for most emerging markets, but there are limits on size and speed. When financial deepening outpaces the strength of the supervisory framework, it leads to excessive risk taking and instability. Encouragingly, the set of regulatory reforms that promote financial depth is essentially the same as those that contribute to greater stability. Better regulation—not necessarily more regulation—thus leads to greater possibilities both for development and stability.

Sahay, Ratna, Martin Cihak, Papa N'Diaye, Adolfo Barajas, Srobona Mitra, Annette Kyobe, Yen Mooi, and Reza Yousefi. 2015.

"Finance Inclusion: Can It Meet Multiple Macroeconomic Goals?" Staff Discussion Note No. 2015/017, International Monetary Fund, Washington, DC.

Using several recently available global datasets, this Staff Discussion Note examines macroeconomic effects of financial inclusion. It finds significant benefits to economic growth from financial inclusion, but the benefits diminish as financial inclusion and depth become large. Broadening access to credit can compromise economic and bank stability in countries with weak bank supervision. Other forms of financial inclusion—such as access to and use of bank accounts, branches, and ATMs—do not hurt stability, and can be promoted extensively. The note finds that gaps in financial inclusion are associated with economic inequality, but the association appears relatively weak.

Sahay, Ratna, Ulric Eriksson von Allmen, Amina Lahreche, Purva Khera, Sumiko Ogawa, Majid Bazarbash, and Kimberly Beaton. 2020.

"The Promise of Fintech: Financial Inclusion in the Post COVID-19 Era." Departmental Paper No. 2020/009, International Monetary Fund, Washington, DC.

Technology is changing the landscape of the financial sector, increasing access to financial services in profound ways. These changes have been in motion for several years, affecting nearly all countries in the world. During the COVID-19 pandemic, technology has created new opportunities for digital financial services to accelerate and enhance financial inclusion, amid social distancing and containment measures. At the same time, the risks emerging prior to COVID-19, as digital financial services developed, are becoming even more relevant.

Tan, Brandon. 2023.

"Central Bank Digital Currency and Financial Inclusion." Working Paper No. 2023/069, International Monetary Fund, Washington, DC.

In this paper, we develop a model incorporating the impact of financial inclusion to study the implications of introducing a retail central bank digital currency (CBDC). CBDCs in developing countries (unlike in advanced countries) have the potential to bank large unbanked populations and boost financial inclusion which can increase overall lending and reduce bank disintermediation risks. Our model captures two key channels. First, CBDC issuance can increase bank deposits from the previously unbanked by incentivizing the opening of bank accounts for access to CBDC wallets (offsetting potential flows from deposits to CBDCs among those already banked). Second, data from CBDC usage allows for the building of credit to reduce credit-risk information asymmetry in lending. We find that CBDC can increase overall lending if (1) bank deposit liquidity risk is low, (2) the size and relative wealth of the previously unbanked population is large, and (3) CBDC is valuable to households as a means of payment or for credit-building.

Tok, Yoke Wang, and Dyna Heng. 2022.

"Fintech: Financial Inclusion or Exclusion?" Working Paper No.2022/080, International Monetary Fund, Washington, DC.

This paper examines the role of Fintech in financial

inclusion. Using Global Findex data and emerging fintech indicators, we find that Fintech has a higher positive correlation with digital financial inclusion than traditional measures of financial inclusion. In the second stage of our empirical investigation, we examine the key factors that are correlated with the Fletcher School's three digital divide – gender divide, class (rich-poor) divide and rural divide. The results indicate that greater use of fintech is significantly associated with a narrowing of the class divide and rural divide but there was no impact on the gender divide. These findings imply that Fintech alone may not be sufficient to close the gender gap in access to financial services. Fintech development may need to be complemented with targeted policy initiatives aimed at addressing the gender gap directly, and at changing attitudes and social norms across demographics.

World Bank and Bank for International Settlements. 2022.

"What Does Digital Money Mean for Emerging Market and Developing Economies?" Fintech and the Future of Finance Flagship Technical Note, World Bank, Washington, DC.

Physical cash and commercial bank money are dominant vehicles for retail payments around the world, including in emerging market and developing economies (EMDEs). Yet payments in EMDEs are marked by several key deficiencies, such as lack of universal access to transaction accounts, widespread informality, limited competition, and high costs, particularly for cross-border payments. Digital money seeks to address these deficiencies. This note categorizes new digital money proposals. These include crypto-assets, stable coins, and central bank digital currencies (CBDCs). It assesses the supply and demand factors that may determine in which countries these innovations are more likely to be adopted. It lays out particular policy challenges for authorities in EMDEs. Finally, it compares these with digital innovations such as mobile money, retail fast-payment systems, new products by incumbent financial institutions, and new entrants such as specialized cross-border money-transfer operators. Proposals for global stablecoins have put a much-needed spotlight on deficiencies in financial inclusion, and in cross-border payments and remittances in EMDEs. Yet stablecoin initiatives are no panacea. While they may achieve adoption in certain EMDEs, they may also pose development, macroeconomic, and cross-border challenges for these countries and have not been tested at scale. Several EMDE authorities are weighing the potential costs and benefits of CBDCs. We argue that the distinction between token-based and account-based money matters less than the distinction between central bank and non-central bank money. Fast-moving fintech innovations that are built on, or improve existing financial plumbing, may address many of the issues in EMDEs that both private stablecoins and CBDCs aim to tackle.

World Bank. 2022.

"The Little Data Book on Financial Inclusion 2022." World Bank, Washington, DC.

The Little Data Book on Financial Inclusion 2022 is a pocket edition of the Global Findex Database 2021. The Global Findex is the world's most comprehensive database on financial inclusion. It is also the only global demand-side data source allowing for global and regional cross-country analysis to provide a rigorous and multidimensional picture of how adults save, borrow, make payments, and manage financial risks. Results from the first survey were published in 2011, and have been followed by subsequent survey results from 2014 and in 2017. The 2021 edition, based on nationally representative surveys of about 128,000 adults in 123 economies, offers a lens into how people accessed and used financial services during the COVID-19 pandemic, when mobility restrictions and health policies drove increased demand for digital services of all kinds.

World Economic Forum. 2021.

"Shared Principles for an Inclusive Financial System." White Paper, August 2021, World Economic Forum, Cologny.

Seven multistakeholder principles for an inclusive financial system are proposed as a shared framework for all participants in financial services ecosystems, which are transforming at warp speed. These include policy-makers, regulators, traditional financial services providers, mobile money providers, fintech companies, adjacent technology providers, microfinance institutions, non-governmental organizations and international organizations. The objective of the Principles is to encourage a system approach to financial inclusion that brings together all participants as co-creators of a financial system for all.

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