Designing Monetary and Fiscal Policy in Low-Income Countries

Abebe Aemro Selassie, Benedict Clements, Shamsuddin Tareq,

Jan Kees Martijn, and Gabriel Di Bella

Contents

Preface Abbreviations		vi
		vii
ı	Introduction	1
11	Stylized Facts of PRGF-Supported Programs in Mature Stabilizers	6
	Growth and Inflation Fiscal Developments External Viability	6 8 11
Ш	Monetary Policy Issues in PRGF-Supported Programs	. 14
	Inflation and Economic Growth Financial Programming Is Private Sector Credit Being Crowded Out?	14 17 23
١٧	Fiscal Policy Issues in PRGF-Supported Programs	27
	Fiscal Stance and Economic Growth Public Expenditure Tax Policy	27 29 32
۸.	Conclusions	37
Арр	pendixes	
	 I. The Accuracy of Consecutive Updates of Monetary Projections II. The Efficiency of Monetary Projections III. Measuring the Fiscal Stance and Accounting Issues IV. NPV of Debt-Stabilizing Primary Balances 	38 40 41 42
References		44
Box	es	
	 1.1. The PRGF 1.2. Why the "Mature Stabilizer" Moniker? 2.1. Targets and Projections in IMF-Supported Programs 2.2. Social and Poverty-Reducing Spending 3.1. Seigniorage Income 3.2. Monetary Programming in IMF Program Design 4.1. Treatment of Concessional Loans in Fiscal Accounts 4.2. Public Debt Sustainability: The Case of Ethiopia 4.3. Absorptive Capacity Constraints and Policies to 	3 4 7 10 16 18 29 30
	A meliorate Them	31