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## CCAMTAC Regional Webinar on

### “Inclusive Growth”

Thursday, March 14, 2022

#### Introduction and Moderation:

**Norbert Funke**, Director, CCAMTAC

#### Presenters:

**Valerie Cerra**, Assistant Director, Fiscal Affairs Department, IMF

**Martin Schindler**, Deputy Division Chief, Institute for Capacity Development, IMF

The views presented in the webinar were based on the finding of the book [“How to achieve inclusive growth”](#) (Oxford University Press, 2021) co-edited by Valerie Cerra, Barry Eichengreen, Asmaa El-Ganainy, and Martin Schindler, with contributions by leading academic economists and experts from several international institutions. The book summarizes a wide array of empirical evidence and country experiences, lays out practical policy solutions, and devises a comprehensive and unified plan of action for combatting economic and social disparities.

Valerie Cerra started the presentation by focusing on the global context of inclusive growth and elaborated on a framework for policy design. In general, strong and sustainable economic growth is considered an important condition for inclusive growth, but there are other defining dimensions. Income inequality has been rising both in advanced and emerging economies since the late 1990s despite positive economic growth. Furthermore, the Global Financial Crisis and the COVID-19 pandemic have amplified inequality, poverty, unemployment, and health risks, exacerbating poverty traps and social immobility. From a policy perspective, promoting strong, sustained, and broad-based growth requires inputs from both the private sector and the government as they combine to generate economic activity and determine its distribution. It was emphasized that in general there does not have to be a trade-off between growth and inequality. Ms. Cerra concluded by discussing the impact of the fiscal response to inequality and poverty, and the trade-offs between tax policy and growth and efficiency.

In the second part of the presentation, Martin Schindler considered other important factors and associated policies that can raise inclusion. Among others, he discussed the labor market where lack of inclusiveness often plays out along many dimensions, and many policies can help promote access, fairness, protection, and voice in the labor market. Gender discrimination also hampers inclusiveness across different social areas. Given the pervasive nature of gender disparities, and discrimination more generally, a broad set of policies is required to break



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barriers for disadvantaged groups though legal frameworks, education policies, labor market policies and all aspects of economic life. There are aspects, such as technological progress and globalization, that entail both benefits and risks for inclusion as they create winners and losers. Here, policymakers must be innovative and mindful in supporting inclusion by means of taxation, redistribution, regulation, and appropriate safety nets. Mr. Schindler also discussed solutions for greater financial inclusion, as well as the impact of climate change on inclusive growth.

During the general discussion, the audience raised questions regarding (i) the relevance of the hypothesis expressed by Kuznet's curve; (ii) the historical role of technological advances; (iii) the importance of the private sector and market-based distribution for inclusive growth; and (iv) policies related to capital account and trade liberalization.

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