

IMF final mixdown edited

Thu, Mar 07, 2024 11:12AM 28:36

SUMMARY KEYWORDS

central banks, gender gaps, gender, women, policy, related, institution, imf, macro, gender balance, research, data, country, impacting, question, labor market, targets, qualitative, part, representation

SPEAKERS

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00:00

You're listening to the OMFIF podcast, the show that explores the latest insights and discussions on global finance, economics, and policy for people who love staying informed about the rapidly evolving landscape of the financial world. Join us as we break down complex topics, interview key thought leaders, and provide essential insights to keep you informed about the evolving world of finance.



Arunima Sharan 00:25

Hello, and welcome to the OMFIF podcast. My name is Arunima Sharan. I'm a senior research analyst here at ONVIF. Today, I'm joined by Mariarosaria Communale who works at the research department at IMF and is a co-author of the paper titled 'Who are central banks? Gender, Human Resources, and Central Banking'. And Monique Newiak, who is the Deputy Unit Chief, Inclusion and Gender Unit at the IMF will be discussing topics related to gender parity and equality and financial institutions, touching upon women's opportunities in central banks, as well as the IMF gender strategy. Thank you both so much for joining us today.



Monique Newiak 01:02

Thanks for having us.



Mariarosaria Communale 01:04

Thank you very much indeed.



Arunima Sharan 01:07

To start off, I'd like to pose the first question to you, Monique, in your research, how do you see

gender balance in closing gender gaps and creating scope for higher economic growth and greater economic stability?

M

Monique Newiak 01:23

Thank you so much. I think in most simple economic terms, gender gaps are simply a misallocation of talent. This means that any obstacles any frictions any policies that create different opportunities for men and women leads to a misallocation of human capital and productive resources. As a consequence, productivity would fall and there's implications for growth. And all you need to show that is broadly similar allocation of talent for men and women. And if you all agree on that simple fact, basically, everything else follows. There are of course, a lot of empirical studies that have shown how gender gaps are impacting growth, economic diversification, firm's profitability, and modeling results as well. But it can always show it on a piece of paper, it's underutilizing and misallocating human capital. That's that's the whole story.

A

Arunima Sharan 02:24

Thank you for that. So what would a well designed, say monetary or fiscal or structural or financial policy to support inclusivity look like? One that maybe doesn't misallocate these resources?

M

Monique Newiak 02:40

Yes, it's exactly what we're working on right now. The main thing is that general should not be a separate goal, right? It should be integrated into all the policymaking into the policy design as everything else, right. So one could call this a gentleman's to macro economic policymaking. For instance, gender responsive policy would mean that fiscal policy both on the expenditure and tech side is mindful of its impact on gender gaps, can think for example of infrastructure investments that can be designed so that they narrow gender gaps in education, it would benefit everybody, but it will disproportionately benefit girls and close gender gaps. Examples are sanitation facilities and schools right to encourage girls to go to school or access to water and electricity. Because women and girls are still shouldering most of the household chores and care work. That's basically the punchline is that investments and such infrastructure would benefit everybody, but then you are looking into particular investments that could benefit gender equality. In addition, another example that tax policies that are also often not gender neutral, for instance, if you tax the family rather than individual, this would lead to higher marginal tax rates for women. And we know that women are often the secondary earner in the family. So a higher marginal tax rate would discourage them from going to labor market. So if you switch from family to income from from family to individual taxation that would also help encourage female labor force participation. So close genetic apps from that side can also look at the structural side. For instance, a lot of country authorities are looking into how to reduce labor market informality also to boost their their revenues. And here understanding who is actually an informer market and we know it's often women that are disproportionately represented that will help to design more appropriate policies. Similarly, financial access. Alright, well, we'll be talking about central banks today. If you're designing a financial inclusion strategy, the goal is to boost financial inclusion across the population, then you may want to

look at who is benefiting from access or who does not and then design financial services that may address financial access for women. But all you see the story is that you're looking at your overall development goals, your standard policy, and you're introducing a gender lens to make smarter policy decisions, basically.

A

Arunima Sharan 05:16

Thank you. So which leads me on very nicely to my follow up question which changes gears a little bit, but I wanted to ask about the work the IMF is doing, to maybe support better inclusion and its member countries in helping them have this gender lens to policies. And just to know more about the work that you're doing and what the current analysis is.

M

Monique Newiak 05:40

Yes, thanks for that IMF has, as you may know, adopted its first strategy to mainstream gender in July 2022. And with the strategy are we really trying to do is to put a gender lens on all of our core functions, which is surveillance, the regular policy dialogue with our member countries, lending, obviously, and then also capacity development. And in these lists less than two years since the adoption of the strategy, we have already covered gender in a quarter of our membership, a quarter of the 190 countries that we are serving with policy advice. And the main lesson from that is really that there is no one size fits all solution. Usually when you think about gender gaps, first thing that comes to mind is gender gaps in labor force participation, wage gaps, you know, everything labor market related, but it's much more diverse than that. So what our country teams are doing is specifically targeting or specifically looking at the gaps that particular countries are facing. And in a lot of Advanced Markets, that will be the labor market, and there will be a lot of labor market advice in that area. But for emerging and developing economies, we see often inequality of opportunity, education gaps, financial access gaps. So then the dialogue would focus around that, we have seen a lot of advice already in the fiscal area, gender responsive budgeting, in particular, putting a gender lens into the PFM cycle. And we see teams now expanding also into different areas, structural policy advice, for instance, and looking into how monetary policy is impacting gender gap. So looking forward for more analysis to come.

A

Arunima Sharan 07:26

Thank you. So you mentioned that the gender strategy was adopted in 2022. And it seems to be that the IMF has been doing a lot of work since then, in this area, could you just briefly talk about the key aspects of the key pillars of the strategy and what it covers?

M

Monique Newiak 07:44

Absolutely. So the strategy has four pillars, which is data and analytics, then a robust governance framework, collaboration with external partners, and then also an efficient use of resources and house. And we have made, I think, good progress under all the four pillars of the strategy. Let me just quickly give you a couple examples. So on the data and analytic side, unit, and other colleagues across the fund have worked on developing a number of tools that could

be helpful to point to macro critical gender gaps, those that are relevant in particular countries in terms of democratic economic impact. So for instance, one would look at how the incidence of child marriages is impacting growth, for instance, through the destruction of human capital, basically, as girls are getting married young, they may drop out of school early, and this has implications and at the end, for productivity, the economy, other tools, look at the composition of the labor market, and others, again, trying to put this gender lens on policymaking that I was mentioning before, for instance, we have a tool that is looking at gender impact of fuel subsidy reform, something that a lot of countries are constantly considering and looking into the smart design of this particular reform. Data is extremely important. So we have an internal agenda Data Hub. Now statistics department has developed that and so that country teams can easily access data on various dimensions of agenda inequality, and basically feed that into the analysis and policy dialogue. You know, before the adoption of this general strategy, of course, there was gender work at the IMF, but what we really wanted to ensure with the adoption of the strategy is that there's accountability in a solid governance structure right. So what we do here is to create accountability mechanisms. Two examples are we have a gender working group. This group comprises colleagues from various departments that are meeting regularly sharing experiences and discussing basically how to integrate gender embedded into the dialogue. We have a group of very senior staff that meets twice per year on gender, these directors, often our managing director or deputy managing director would also join. And basically, and they are discussing and how implementing implementation is going what they need and what the plans. And then obviously, we also regularly reporting to our executive board to make sure that we are hitting all of the targets in the strategy. Third one was an external collaboration here, really, the main idea is that each institution should really leverage their comparative advantage. Now, from the firm's perspective, we really approach agenda from a macro criticality angle. So we look at Jana only if it's critical for them for the economy, right. And a lot of this analysis will then focus on how agenda impacts growth, inequality, economic diversification, we talked about it in the first question, so anything that really links up with the macro, and then putting a gender lens on core macroeconomic policy, fiscal policy, monetary financial structure. However, when it comes to really granular policy advice, sectoral policy advice, a lot of the other institutions have much more experience. So it's not good to reinvent the wheel, we also don't have the capacity to go into all of all of that there are experts around to advise more appropriately, hence, external collaboration with our partners. So for instance, we could show for one country that gender based violence is macro critical, again, it's harming through absenteeism, through lower labor force participation to less hours work, through children not accumulating human capital is impacting the macro, but we are not specialists on advising on policies against gender based violence, we have other partners to do that. So excellent collaboration, extremely, extremely important. And finally, on the resources, this is really the whole point of the unit that I'm working in, is to reap economies of scale and have a dedicated place that acts as a service center to country teams to other departments in terms of providing these toolkits that we talked about analytics, but also new empirical and modeling research and basically support the institution in the mainstreaming effort.

A

Arunima Sharan 12:26

Thank you for that. I have one question, kind of related to that, in the four pillars that you spoke about, is there one pillar where progress is maybe further ahead than the others? Or one pillar where it's lagging? Or maybe more difficult to get the interest of buy in from member countries, external partners?

M

Monique Newiak 12:48

That's a really good question. I think broadly, we've made good progress on all of the pillars, I think, where we want to go next, in particular, on the data and analytics side, these tools, they have been used in house, mainly, right, so our country teams, when they're advising member countries, they have been applying these tools, the next step would be to make them public as well. So to test them, to make sure that they are user friendly, and put them out so that authorities that are or government partners that well that are discussing the analysis, but also they can look themselves also an add on any interested party release, I think that would be the next step and could make the whole process more accessible also to the membership.

A

Arunima Sharan 13:32

So I guess data is always critical, and always needed in whatever we do. So that kind of leads on to the next part of the podcast. And I'd like to move to Mariarosaria. Could you give a brief overview of the research that you did in relation to the paper that was published on who are central banks, but also the other research that you've been doing in this area?

M

Mariarosaria Communale 13:55

Thank you very much for having us and for your passion and interest on our work. This is a co authored work with Petra Juliette and Filiz were here at the IMF when the exercise was conducted, and Kalpana from the Gates Foundation. So in this work, we set up 20 questions. So here's a survey 20 questions are directed to the HR department of central banks for these pilots work. We have G7 central banks from Canada, France, Germany, Italy, Japan, the UK in the United States, plus the ECB and we use as a comparator international organizations. We have three international organization cover the OECD, the World Bank Group and our own IMF. So, what is the purpose of this work? We want to capture as much as we can. So data is crucial, we try to give more sense of it more means to our discussion, both qualitative and quantitative data related to female participation in central banking and international organization. And if there is any gap we can spot giving out Our data set. So on the qualitative part, we look mainly at targets and affirmative actions, they are in place in these institutions, either by law or by choice. Also, broadly speaking, related to diversity, so not only about gender, but we also asked in our survey, if they have any diversity policies overall covering different aspects. Then still on the qualitative side, we look at possible leaving work arrangements, they are like available for employees at these institutions like annual leave parental leave, if they have flexible work options. And lastly, on the qualitative side, we also asked them if there is any childcare or other benefit, they can help taking care of kids. On the quantitative side, we look at more granular data. So not only at women or representation at the top of the of management, not only CEOs, not only board members, but we look at woman employments in different stage of the ladder stage of their career in different roles. And also their level of education, which conscious they have it they are mostly part time or full time if they have open ended contract. And also the percentage of women that have been hired in the last year have fired or promoted. So as you can see, we have like collected quite a granular database of information. And at the end, we will make a synthetic indicator out of all this information, both qualitative and quantitative, to give you a better sense of give us a better sense of what is the state of the art in this institution related to gender equality?

A

Arunima Sharan 16:42

Thank you. That's a very comprehensive overview. And I guess my natural next question is, did you maybe see a significant difference in how the international organizations are set up and how they're doing when it comes to gender representation versus central banks is there anything that IFIs can learn from central banks or vice versa, was there anything that came out of your research related to that?

M

Mariarosaria Communale 17:06

So on average are IFIs seem to be performing better than than the average central bank we are, we are looking at, of course, then a higher level of intelligence at most of the data of the also the overall index we are looking at. But on average IFIs, they are performing better, let me just give you a couple of examples. For instance, IFIs, they do have an high percentage of women having part time contracts, but at the same time, they also have a higher percentage of women in lower middle senior management. So you don't see that much these part time, a trap that can follow up to having a part time contract, while in central banks, you have still a very high percentage of part time women with part time contract, but much lower percentage of women in management roles, we are talking about 30 to 35% of women in managerial role have on average in central banks. While for IFIs, we are looking at we are all above 40%. So this is just an example. But we can look at a different roles. So I'm an economist. My colleagues here are mostly economist or financial experts. In central banks, we are way below 40% of women in these specific roles, which are the rules that the end, especially in central banking, and in IFIs will ended up being the top managers right. So we don't have a lot of economists, we don't have a lot of financial experts. On the other side, there is still this gendered occupational segregation. There are a lot of women in roles such as administrative employees or HR experts, and that if you're in it, so, we still see this sort of like segregation are related to gender is related to roles. The last thing I want to point it out is also the percentage of women having the top for 20% earning, so we are talking about gender pay gap here. So among the top 20% earnings in central banks, only 27% are women. While for IFIs, we we are closer to 30-31%. So it's a little bit better, but still, there is a long way to go.

A

Arunima Sharan 19:26

Thank you for that. So the next question I have is do you have maybe in your research or two conversations, do you have an idea of which targets or affirmative actions or policies that are in place that can help maybe improve the numbers slightly or to improve representation in the lower middle and senior management or within the economist or also to for the pay gap question, which I realize is a very long and complex question, but maybe you can take it bit by bit.

M

Mariarosaria Communale 19:56

So all these data have been collected with this also this discussing with HR. So we also have a discussion with them in order to have like, you know, a normal engine is a list of data or data set. Given that we asked them more specifically to give us more information about these targets and affirmative policies. We don't claim here that there is there any correlation

between gender targets or affirmative policies, and better equality or better representation in these institutions. But what we ask them if they have anything in place, if it's by choice, or even better by law, there is quite a few central banks and I advise having these agenda targets or policies set by choice. For example, they have guaranteed interview schemes for women or some specific scholarship or mentoring programs, which is also very important, but there are very few having something set by law. There are just few examples. But they are mostly related to other aspects of diversity, like some set places, some sets that consists for people with disability, for example, there are a few cases of central banks, they are setting up targets for the future, which could be an interesting perspective, an interesting thing to look at, there is one central bank having a target in 20 years time, having like a complete gender balance in managerial roles, for example.

A

Arunima Sharan 21:26

Thank you. So on the note of central banks and management, I'd like to just briefly talk about the research that we do at OMFIF. So gender parity and financial institutions is something that we've been tracking for about 10 years now, and are in the process of working on our 11th edition of the gender balance index, which will be launched in April. And so last year's gender balance Index report, the main finding was that we're about 140 years away from gender balance in the financial sector. So my question to you is, what would you take away from this finding, and there's been similar findings from other institutions about the same topic, what do you take away from it, what can be done to improve this and what are the next steps

M

Mariarosaria Communale 22:16

Related to this, what we also saw in our like econometric exercise we have in the end of the paper is also that there are some characteristics of both the government structure of the central bank and overall the characteristic of the country that can be linked to having more women hired, then more promotions and then being more equal, if we look at these like scientific index, we produced one very important results that we got from this exercise is the importance of the representation in in high career levels. If you see a very successful woman working for your institution of your your workplace, you are more likely inclined to maybe apply or apply for like a promotion or a new role or something better. I did related to this is the role of mentoring we have been talking about the role of mentoring is very important and is on the same wavelength. There is also some research, they look at the woman at the top levels have more power to support and promote women. So having women at the top ladder, as CEOs as in the decision making bodies of your your institution or your central bank is very important for a lot of things. And what we can take away from our analysis is that you need to foster you need to help women from the very start. There are not a lot of women also like having a PhD in this institution of masters. There are not a lot of women in general graduated in macroeconomics finance, which are the pool of the main part of central bankers by the employees central bank. So having some women at the top can help you in, you know, having more women hired and helping them going like step by step and reaching the managerial level. So it's something that takes also these these aspects into account, we should take these aspects into account. On top of that there are some characteristics of the country that can help having more women in these institutions, for example, having like a more efficient government having less corruption. So also these aspects itself could actually cite his gender. So if we help people down good practices from your country, to central bank, they can improve also the performance of the

central bank. This is another part of this analysis we have done in the paper that's having more women having more women hired or promoted can help up central bank performance. So again, this aspect of macro criticality is key also in a related to central banks more specifically.

A

Arunima Sharan 25:04

Thank you for that. So just to follow up on the last point that you made about the macro criticality and central banks, which you also then say that is inequality in international organizations also macro critical?

M

Mariarosaria Communale 25:19

It's very hard to say because you need to have a measure of performance that makes you assessing what the international organization are doing for central bank is much easier, right? You have their goals, their objective, and those are the aspects of performance that we are looking at. For example, price stability is one of the main objective of a central bank, or a closing the output gap. Sometimes you also have financial stability. So credit gap could be a measure of performance. So in our empirical point of view, pure research point of view, you need a metrics to assess if the performance is better or worse for central bank is much, much easier. And that's reason why not only this is the main focus of our paper, but it's also easier to show you empirically.

A

Arunima Sharan 26:11

Thank you so much. I think that brings me to the end of the questions that I had. I just wanted to come back to you Monique to see if you had any final comments and I'll come back to you Mariarosaria. Do you have any final comments from your side?

M

Monique Newiak 26:24

Final comment, I mean, in one sentence, gender is macro critical, it's it's worth addressing in its own right, but without gender equality economies will have a very hard time prospering.

A

Arunima Sharan 26:39

Thank you, so Mariarosaria, final note for our audience about what can be done and what to take away from the research.

M

Mariarosaria Communale 26:48

If I may summarize what our research is about is that gender gaps in central banks are still present, especially in some professions like economics, financial experts, the representation in managerial positions is not close to 50% of women in these positions. There is still a gender pay gap, which can also relate to less women in managerial positions. A lot of central banks

have voluntary target and policies, but not many allow their their employees to have some benefits related to child care or childcare facilities and their age quarters. The next step for our research will be to extend our pilots to more central banks. So if you are interested, or your institution is interested in taking part of just contact one of us, they will be great. Thanks.



Arunima Sharan 27:41

Thank you both so much for joining me. We will be talking about these topics and much more in our upcoming Gender Balance Index this year. This is the 11th year of the report where we track gender parity in financial institutions including central banks, commercial banks, pension funds and sovereign funds. The report will be launched on the 10th of April this year, and you can register online through our website or through our Sustainable Policy Institute LinkedIn page.



28:09

Thank you for joining us for this edition of The OMFIF podcast. If you found today's conversation engaging, make sure to stay tuned for additional thought provoking discussions on transition finance, NGFS and diversity, gender and inclusion by subscribing to our channel. Stay connected of the latest developments by following us on our LinkedIn page on Fifth sustainable policy institute.