



Strengthening IMF's Research Capacity for Low-Income Countries

The Macroeconomic Research in Low-Income Countries (MRLIC) Program

Context and Rationale

Low-income countries (LICs), which make up nearly 25 percent of IMF membership, face increasingly complex macroeconomic challenges that require sophisticated policy responses. However, these members receive disproportionately limited research attention, with LICs accounting for less than 5 percent of economic research output. This knowledge deficit constrains the IMF's ability to provide tailored policy advice and program design for these members.

Program Overview

The [Macroeconomic Research in Low-Income Countries](#) (MRLIC) program is a strategic partnership between the UK Foreign, Commonwealth & Development Office (FCDO) and the IMF. Unlike conventional technical assistance, MRLIC focuses on generating high-quality, peer-reviewed research specifically addressing the macroeconomic challenges faced by LICs. MRLIC has four core elements. First, production of rigorous economic research on LIC-specific macroeconomic issues. Second, development of analytical frameworks and quantitative tools for country teams. Third, integration of research findings into IMF surveillance and program activities. Fourth, institutional coordination across Research (RES), Strategy, Policy and Review (SPR), and Institute for Capacity Development (ICD) departments.

Demonstrated Program Effectiveness

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2025 External Review

In January 2025, the FCDO commissioned an independent review of the program. The review assessed MRLIC's strategic alignment, management, research output and quality, policy impact, and long-term sustainability. The review concluded that MRLIC "exceeded all expectations" and "is unquestionably a highly successful project."

Strategic Alignment

- ✓ Tight alignment of MRLIC agenda with LIC needs and IMF priorities
- ✓ Strong collaboration and stakeholder engagement

Management

- ✓ Seamless governance and goal delivery
- ✓ Effective structure within the IMF

Output

- ✓ 192 working papers
- ✓ 113 publications
- ✓ 16 toolkits
- ✓ 52 training courses
- ✓ High citation counts
- ✓ Impact on policy debates

Policy Impact

- ✓ Used in 122 IMF country reports
- ✓ Widely adopted toolkits for fiscal sustainability and modern monetary policy frameworks

Sustainability

- ✓ Exceptional value for money
- ✓ Lasting impact through strong leadership and integration with IMF operations

Contribution to Fund Policy Development

- Research compiled in "Macroeconomic Policy in Fragile States" (2021) informed the Fund's strategic approach to fragile and conflict-affected states.
- MRLIC staff lead the preparation of the annual "Macroeconomic Developments and Prospects in Low-Income Countries" report for Board consideration.



- The program's extensive research contributed substantively to the "IMF Strategy Toward Mainstreaming Gender," including frameworks applied across 80+ countries.

Operational Applications

- The Debt-Investment-Growth (DIG) model suite has been applied in over 80 countries.
- The Debt Investments Growth and Natural Disasters (DIGNAD) model has already supported over 30 Article IV consultations and Resilience and Sustainability Facility program applications.
- DIGNAD provides climate adaptation analysis, now integrated into the Climate Macroeconomic Assessment Program (CMAP).
- The Multi-Sector Incomplete Markets Macro Inequality (MIMMI) toolkit informed the assessment of Guinea's Simandou project, with findings presented to senior government officials and private sector stakeholders.

Senior Management Endorsement

"Our fruitful partnership with FCDO has boosted our research work, contributed to better understand both long-standing and new challenges that low-income countries face, and bolstered the design and delivery of the IMF's policy assistance."

— Ms. Gita Gopinath, Former First Deputy Managing Director

"Our region has particularly benefited from the FCDO-IMF partnership, with a number of our countries receiving analytical support from the MRLIC program in their Article IV Consultations and IMF-supported programs."

— Ms. Catherine Pattillo, Deputy Director of the African Department

The Case for Expanded Donor Participation

Strategic Considerations

The current juncture presents compelling reasons for broadening the program's donor base. First, LICs face multiple, overlapping crises requiring enhanced analytical capacity. Second, IMF's evolving approach to LIC engagement necessitates continued research innovation. Third, MRLIC has demonstrated its effectiveness as a proven platform for scaled impact.

Prospective Research Priorities

Additional resources would enable the program to address critical emerging themes:

- Debt, Financing, and Macro-Fiscal Issues: Advanced frameworks for ensuring debt sustainability in an environment of elevated global interest rates and reduced fiscal space
- Growth and Trade in a New Global Environment: Analysis of LIC positioning amid geoeconomic fragmentation and evolving trade patterns
- Building Resilience: Comprehensive frameworks addressing climate adaptation, food and energy security, and other macroeconomic vulnerabilities, such as those arising from volatile capital flows and underdeveloped capital markets
- Enhancing Inclusion: Expanded research on inequality and labor market gaps in the post-pandemic recovery

Call for Partners

The MRLIC program has established itself as an effective mechanism for enhancing the IMF's analytical capacity and operational effectiveness in LICs. By supporting research in addition to technical assistance, the program addresses fundamental knowledge gaps that constrain policy effectiveness. We invite member countries to consider participation in this proven initiative. Your support would enhance the Fund's ability to serve all members effectively while addressing the complex challenges facing the global economy's most vulnerable constituents.