Fiscal Rules and Fiscal Responsibility
Frameworks for Growth in Emerging and Low-Income Countries

Martine Guerguil
Assistant Director, Fiscal Affairs Department, IMF

Conference on Fiscal Policy, Equity, and Long-term Growth in Developing Countries
Washington DC, April 22, 2013
• Fiscal rules in the developing world
• Fiscal rules and growth volatility
• Design of fiscal rules and growth volatility
Number of Countries with Fiscal Rules

Sources: IMF Fiscal rules database (2012); and IMF staff estimates.
Sources: IMF Fiscal rules database (2012); and IMF staff estimates.
Fiscal Responsibility Laws

Sources: Corbacho and Schwartz (2007); national authorities; and IMF staff assessments.
Why Adopt a Fiscal Rule?

Sources: IMF Fiscal rules database (2012); IMF, World Economic Outlook; and IMF staff estimates.
Type and Number of Fiscal Rules

Sources: IMF Fiscal rules database (2012); IMF, World Economic Outlook; and IMF staff estimates.
Growth vs Growth Volatility

Sources: IMF Fiscal rules database (2012); IMF, World Economic Outlook; and IMF staff estimates.
Fiscal Rules and Procyclicality

2004-2012

(Countries with fiscal rules in blue, Advanced economies in light blue)

Sources: IMF Fiscal rules database (2012); and IMF staff estimates.
Fiscal Rules and Procyclicality

Sources: IMF Fiscal rules database (2012); and IMF staff estimates.
Cyclically-Adjusted Budget Balance Rules

Percentage of countries

- Countercyclical
- Procyclical

Sources: IMF Fiscal rules database (2012); and IMF staff estimates.
Well Defined Escape Clauses

Sources: IMF Fiscal rules database (2012); and IMF staff estimates.
Index of the Quality of Fiscal Rules

Sources: IMF Fiscal rules database (2012); and IMF staff estimates.
Conclusions

More work is needed on the relation between fiscal rules and growth.

The adoption of some features of “second generation” fiscal rules can help reduce the procyclicality of fiscal policies.

However, these features raise non-trivial technical and communication challenges.

The focus must not be solely on fiscal rules—a strengthening of the broader fiscal framework is equally, and perhaps more, important.
Thank you!