

# The IMF Project: A Multi-Country Education & Advocacy Project



Photo: © 2001 Nrityanjali Academy, Courtesy of Photoshare, "Women Participate in an AIDS Awareness Rally."

## **Overview**

This pilot project is comprised of 4 sets of introductory Macroeconomic Literacy Trainings and a series of national advocacy initiatives over 2 years (2007 through 2009) for health, education, HIV/AIDS and women's rights advocacy organizations in 4 countries: Kenya, Sierra Leone, Malawi and the United States.

### **Getting More Doctors, Nurses and Teachers Hired in Developing Countries**

This project was developed by ActionAid in response to concerns by its partners about the “brain drain” of health professionals leaving low-income countries, and the frustrating inability of many countries to hire the additional numbers of doctors, nurses and school teachers that are projected to be needed to achieve the Millennium Development Goals (MDGs) and to fight HIV/AIDS effectively. While there are many factors that contribute to these problems,



This project focuses on the national spending policies within International Monetary Fund (IMF) loan programs for low-income countries, and the degree to which such policies may be unnecessarily constraining additional public investment in health and education personnel. The project will work with organizations that are already currently engaged in advocating for the hiring of additional doctors, nurses and teachers in low-income countries, and seeks to enhance these ongoing efforts by developing new relationships between such organizations and macroeconomists through introductory trainings. The goal of such trainings is to strengthen the ability of the organizations to engage more effectively with their finance ministries, health and education ministries, legislative representatives, international donors and the media on the issues related to current and alternative macroeconomic policies, and their impacts on health and education spending.

### **Strengthening Health and Education Advocacy with Economic Literacy Training**

ActionAid and its partners in many low-income countries continue to advocate for the hiring of additional doctors, nurses and teachers in order to effectively achieve national health, education and other development goals, such as effectively combating HIV/AIDS and achieving the other MDGs. In many countries, advocates for increasing the numbers of health and education personnel have been consistently confronted with a very low ceiling set for their national public sector wage bills, which constrains the amount of money available for hiring doctors, nurses and teachers. Often the amount of money in the annual budget for wages of public sector employees (“the wage bill”) is set by the conditions of loan programs

with the IMF. Where IMF loan arrangements do not explicitly set the ceiling for the wage bill (as a percent of GDP), the overall size of the annual national budget is still constrained by the unnecessarily restrictive fiscal and monetary policies in many IMF programs. This Project is based on previous and ongoing research and multi-country investigations conducted by ActionAid International USA and the ActionAid International Education Team since 2005. Drawing on the assistance of professional economists and experts, this work has explored the problems with existing macroeconomic policies in IMF loan programs and the degree to



which they unnecessarily constrain national budgets, with knock-on consequences for limiting the amount of money available for wages within the education, health, and HIV/AIDS budgets. Specifically, our research of the economics literature and multiple interviews with economists and specialists has raised important questions for further inquiry about the efficacy of the *degree of restrictiveness* of the IMF's deficit-reduction and inflation-reduction targets in its loan arrangements with low-income countries. This work suggests that the current macroeconomic policies may be unnecessarily restricting countries from both a) absorbing and spending higher inflows of overseas development assistance (ODA) and b) achieving higher economic growth rates and generating increased revenues for public investment to hire the additional teachers, doctors and nurses that are projected to be needed to achieve the MDGs and fight HIV/AIDS effectively.

ActionAid and many of its partners have pointed to a pressing need for consideration of a wider range of macroeconomic policy alternatives by policy makers, including more expansionary fiscal and monetary policies, as well as the short and long-term costs and benefits of possible alternatives, and their impacts on investment and public spending. Also,

there is a need to open the public discussion of these policy issues, and possible alternatives, to a much broader array of stakeholders such as parliamentarians, public health and education ministry officials, labor unions, civil society advocacy organizations and domestic media. Currently, IMF teams periodically visit borrowing countries about every six months or so and usually only meet with officials from finance ministries and central banks, where macroeconomic policies are decided behind closed doors.

### **The Project Activities in Sierra Leone, Malawi and Kenya**

The Multi-Country Education & Advocacy Project works with health, education, HIV/AIDS and women's rights advocacy groups in Sierra Leone, Malawi and Kenya by hosting a series of basic introductory trainings in macroeconomic policies and how they impact the size of national budgets, and in turn affect the number of available doctors, nurses and teachers. The 2007 to 2009 training program is designed to enable advocacy groups to more effectively engage with their Ministries of Finance, other line ministries, key parliamentary committees, other public stakeholders and their domestic media on the problems with current macroeconomic policies, as well as and to advocate for a more open consideration of a broader range of alternative approaches that could enable the hiring of more doctors, nurses and teachers. This advocacy work is periodically highlighted by the hosting of 4 high-profile Public Events to occur just prior to the regular IMF Mission Team visits to each country during 2007 to 2009. This effort by groups in the 3 countries will be coordinated and interactive with similar ongoing education and advocacy work by health, education, HIV/AIDS and women's rights advocacy organizations in the United States. The project brought civil society organization (CSO) representatives and economists from each of the 3 Southern countries to the United States to deepen connections with US organizations and economists and to develop strategic international North-South advocacy work on this issue aimed at changing the IMF policies and opening the processes of macroeconomic policy making in their countries.

In each of the 3 countries, the Project is administered by a Steering Committee, led by a Project Coordinator. The principle objectives of the project are to build relationships between these advocacy organizations within these 4 advocacy constituencies and progressive economists in order to achieve 3 primary goals:

- 1) to sensitize these 4 constituencies to the problems with the current macroeconomic frameworks in International Monetary Fund (IMF) loan programs;
- 2) to raise awareness of alternative macroeconomic policies that can enable countries to significantly increase their public expenditures on health, education & HIV/AIDS;
- 3) to support strengthened and coordinated national advocacy for both consideration of alternative macroeconomic policies and a broader and more transparent participatory process for such consideration of alternatives.

In addition those primary goals, the broader objectives of this multi-country project include:

- widening the public debate on macroeconomic policies within countries
- moving civil society beyond conventional budget-tracking to become more involved in macroeconomic policies
- enabling civil society to better engage with finance ministry officials, parliaments and the media on macroeconomic policies

- advocacy for alternative macroeconomic policies for stepping-up the fighting against HIV/AIDS and promoting increased public investment in public health & education
- broadening the understanding of gender issues in economic policy making
- development of popular literacy materials on this issue that could be used by health, education, HIV/AIDS, and women's advocacy organizations in other countries
- increasing citizen engagement with congressional representatives and parliamentarians on economic policies
- increasing civil society support for enhanced parliamentary or congressional oversight of IMF loan programs
- investing more in economic literacy training and building long-term relationships between civil society groups and progressive economists within countries as well as between countries in the Global North and Global South
- advocacy for greater government and donor transparency and accountability for citizens in the United States and in countries throughout the global South

### **The Project Activities in the United States**

As this work unfolds in Sierra Leone, Kenya and Malawi, ActionAid USA is working with civil society advocacy organizations and economists to conduct similar, coordinated sets of Economic Literacy Trainings and advocacy work in the United States during 2007-2009.

Because the United States is the most powerful shareholder on the Executive Board of the IMF at its headquarters in Washington DC, US-based citizens and health, education, HIV/AIDS and women's rights organizations who work on the international level have a special opportunity to advocate the US Government to use its immense influence to create positive changes at the IMF. The US representative to the IMF takes instructions directly from the US Treasury Department, and the US Congress has oversight of Treasury's actions taken at the IMF. For US-based international organizations who are hearing from their Southern partners that wages are being overly constrained by policies in their IMF loan programs, this project provides opportunities to undertake introductory macroeconomic literacy training on these issues and creates opportunities for the US-based groups to develop new relationships with like-minded groups in Sierra Leone, Malawi and Kenya to devise strategic international North-South advocacy initiatives on this issue aimed at changing the IMF policies and the processes of macroeconomic policy making within countries.

The project is designed to better enable US-based groups to engage the US Congress and the US Treasury Department on these issues related to policies in IMF loan programs. The Project seeks to sensitize US advocacy groups and other US-based constituencies about how the policies agreed in IMF loan programs impact countries' national budgets, sector budgets and the amount of money available for the wages of doctors, nurses and teachers. A key point of focus will be the US Treasury's actions taken at the IMF Executive Board when regularly approving the IMF loan programs for low-income countries. The project creates opportunities for US advocacy groups to engage directly with the US Treasury Department regarding actions it takes on the IMF Executive Board and the important role it plays in regularly reviewing and approving IMF loan programs. The project also encourages advocacy groups to engage with the US Congress as it relates to Congress' oversight role of US Treasury actions taken at the IMF. The advocacy strategy is drawn from the model used successfully by the Jubilee USA Network, in which US CSOs regularly engage the US Congress and US Treasury about US Treasury's actions at the IMF Executive Board on

matters related to debt cancellation. The specific goal of the US component of this project is to advocate that the US Treasury Department uses its influence at the IMF to change IMF fiscal and monetary policy targets and instruct IMF staff to permit borrowing governments more flexibility and “policy space” within which to consider adopting alternative policies, including more expansionary fiscal and monetary policies that could increase spending and better enable the “scaling-up” agenda of public investment required to both fight HIV/AIDS effectively and achieve the MDGs. A broader objective is to open new spaces for broader public input on macroeconomic policy decisions, and introduce a wider array of alternative policy options for consideration by other key stakeholders, such as parliamentarians, health and education ministries, civil society organizations and others.

The project’s first Economic Literacy Training for US-based international advocacy organizations was held on March 13-15, 2007 in Washington DC, which brought these groups together with a diverse range of macroeconomists from the United Nations Development Program (UNDP), the Center for Economic Policy and Research (CEPR), the Center for Global Development (CGD), the International Monetary Fund (IMF), Brown University and the University of Denver. The 3-day training focused on a) identifying and understanding the problems with the IMF’s current recommendations for fiscal and monetary policies and their impacts on national budgets and the ability to hire more doctors, nurses and teachers, and b) learning about viable alternative macroeconomic policy options that could enable countries in the Global South to significantly increase their public expenditures on health, education, and HIV/AIDS. This training workshop was designed to be inclusive of both orthodox and heterodox economic perspectives and emphasized an introduction of gender-based analyses of macroeconomic policies. A second training in December 2007 included a delegation from among the local CSO partner organizations and economists from Sierra Leone, Malawi and Kenya that participated with the US NGOs in the training. The training was followed by a North-South NGO Advocacy Strategy planning meeting that brought together US-based international advocacy organizations involved in this effort with ActionAid’s local project partners and economists from Malawi, Kenya and Sierra Leone in order to deepen relationships and better coordinate strategic North-South advocacy on this issue throughout 2008 and 2009.

In 2008 and 2009, ActionAid USA will provide customized, in-house Economic Literacy Trainings on these issues for US CSOs, their staffs, management and boards, while encouraging them to join our US and international partners in our advocacy work to change IMF policies and open the space for wider public input of alternative policies in countries.

**For more information, background research and analysis please contact:**

**Mr. Onesmus Kipchumba in Nairobi, Kenya at: [Onesmus.Kipchumba@actionaid.org](mailto:Onesmus.Kipchumba@actionaid.org)**  
**Mr. Robert White in Lilongwe, Malawi at: [rwhite@eomw.net](mailto:rwhite@eomw.net)**  
**Mr. Rick Rowden in Washington DC, USA at: [Rick.Rowden@actionaid.org](mailto:Rick.Rowden@actionaid.org)**  
**Mr. Patrick Zombo in Freetown, Sierra Leone at: [PatrickZombo@yahoo.com](mailto:PatrickZombo@yahoo.com)**

**act:onaid**