

Glossary of Relevant Terms

This glossary offers mainly short explanations of some of the main terms and key concepts used in the modules, pulled together from existing resources (see reference list below).

Please note that some of the definitions are provided from a standard neo-classical point of view with key assumptions embedded in the definition which may be questionable in other contexts. We decided to leave them in this list, but – where possible – to juxtapose them with definitions coming from a feminist gendered macroeconomics point of view. Thus, you might see the same term referenced twice, in different “colors”.

A quick guide to the color-coding used throughout this reference:

- **GREEN:** Standard neo-classical macroeconomic theory
- **PURPLE:** Gender/feminist definitions, including macroeconomic definitions from a feminist gendered perspective
- **RED:** Terminology and definitions with particular relevance to the International Financial Institutions

A

Accountability – A concept in ethics with several meanings. It is often used synonymously with such concepts as answerability, enforcement, responsibility, blameworthiness, liability and other terms associated with the expectation of account-giving. As an aspect of governance, it has been central to discussions related to problems in both the public and private worlds. In leadership roles, accountability is the acknowledgment and assumption of responsibility for actions, products, decisions, and policies including the administration, governance and implementation within the scope of the role or employment position and encompassing the obligation to report, explain and be answerable for resulting consequences. In recent years, with respect to the International Finance Institutions, there has been a growth in the need for transparency with more and more pressure being put on them to be more accountable in their actions to society and the environment.

Advocacy – Is the act of arguing on behalf of a particular issue, idea, person or animal. An advocate is someone who does this. Both the terms *advocate* and *advocacy* have specialist meanings in certain contexts, and among some groups. For instance: In a legal/law context: An 'advocate' is the title of a specific person who is authorised/appointed (in some way) to speak on behalf of a person in a legal process. In a political context: An 'advocacy group' is an organized collection of people who seek to influence political decisions and policy, without seeking election to public office.

Articles of Agreement – Each of the Bretton Woods organizations operate according to procedures established by its articles of agreement or an equivalent founding document. These documents outline the conditions of membership and the general principles of organization, management, and operations.

Aggregate Demand – Also called planned expenditure. Total spending - by consumers, investing firms, the government, and the international sector - on final goods and services. When considering the details of national income accounting, there are differences between aggregate demand, national product, GDP, and national income caused by differences in their exact definitions. At the eagle's eye level of analysis used in most of this book, however, the circular flow principle means that aggregate demand, national product, GDP, and national income are all equal.

Arbitrage – An increase in value, usually on the part of a currency. The opposite of depreciation. When an appreciation is sudden and is the result of an explicit change in policy by a government, it is called a revaluation. An appreciation of foreign currency is an increase in the value of the exchange rate. By contrast, an appreciation of the dollar is a fall in the value of the U.S. exchange rate.

B

Back Loading – Deferring the disbursement until specified conditions have been implemented.

Balanced Budget – When the government's tax receipts equal its spending. Since there are many possible ways of accounting for tax receipts and for spending, the concept of a balanced budget is a fuzzy one.

Balance of Payments -- In economics, the balance of payments, (or BOP) measures the payments that flow between any individual country and all other countries. It is used to summarize all international economic transactions for that country during a specific time period, usually a year. The BOP is determined by the country's exports and imports of goods, services, and financial capital, as well as financial transfers. It reflects all payments and liabilities to foreigners (debits) and all payments and obligations received from foreigners (credits). The balance of payments comprises the current account, the capital account, and the financial account. The current account consists of the goods and services account, the primary income account and the secondary income account. The financial account records transactions that involve financial assets and liabilities and that take place between residents and nonresidents. The capital account in the international accounts shows (1) capital transfers receivable and payable; and (2) the acquisition and disposal of non-produced nonfinancial assets (*IMF definition*).

Bank Procedures (BPs) – World Bank guidelines providing parameters for implementing policies.

Bargaining Models -- In economics of the **household**, approaches to the analysis of economic decision making that take account of different characteristics, interests and resources, and therefore of different utility functions, on the part of household members. Bargaining models are an alternative approach to the strict neoclassical view which argues that household behavior is motivated primarily by a collective concern for economic **efficiency**. The assumptions of the neoclassicists are that household preferences are unitary (.joint utility functions.), exogenously given, constant over time, and vary randomly, if at all, across households. These assumptions are not always stated explicitly, but are essential to the model; the model goes on to show household choices - such as which spouse works, .who cares for the kids., and who gets more education – as rational and inevitable outcomes of these given and shared utility functions. Feminist gendered macroeconomics maintain that in contrast to the neoclassical theory, individual shares of the household's total income are determined in part by individual bargaining power within the household, and that relative bargaining power may change in the course of economic development. Such changes can lead to changes in the distribution of goods and leisure within the household. Bargaining models are one type of collective model of the **household**, in contrast with unitary models. In a bargaining model, each agent negotiates towards a household compromise (in the allocation of work, leisure and consumption goods), and if there is a failure to reach an agreement, conflict may ensue. The threat point is the point at which the parties may leave the unit (divorce, where the unit is a marriage); its level for each member is determined by the member's fallback position, which translates into her or his bargaining power in the household. Bargaining power is closely linked to the alternative market wage. Economic reform programs may alter the bargaining power of men or women by opening or closing earning opportunities. While decision-making theory lies in the realm of microeconomics, differential bargaining power and access to resources within the household has important implications for the macroeconomics of development, because it can provide insights into differential impact of economic adjustment policies, and gender-differentiated responses to price incentives.

Benefit Incidence Analysis -- A method of computing the distribution of public expenditure across different demographic groups, such as women and men. The procedure involves allocating per unit public subsidies (for example, expenditure per student for the education sector) according to individual utilization rates of public services. Incidence analysis can identify how well public services are targeted to certain groups in the population, including women, the poor, and residents of particular regions. Gender bias in public expenditure benefit incidence is often more marked for low-income groups.

Bond – A tradable financial instrument that is a promise by a business or a government to repay money that it has borrowed. A discount bond is a short-term promise to pay a fixed sum on the date that the bond matures. A coupon bond is a promise to periodically pay out coupon interest payments until the bond matures, and then to repay the bond's principal value at maturity.

Bond Market – The set of places and communication links along which governments and others bid for, offer, and trade bonds. Economists often say that interest rates are determined by supply and demand in the bond market. These days the bond market is largely a computer network - numbers on bond traders' computer screens, and electronic offers to buy and sell.

Bond Rating – Some financial information services rate bonds, thus telling investors how safe and secure an investment a particular bond is. The highest-rated bonds are rated AAA.

Bretton Woods Institutions (BWIs) – Collective name for World Bank Group and the International Monetary Fund (IMF), institutions established in 1944 at Bretton Woods, New Hampshire, USA.

Bubble Economy – When a country's stock and real estate markets have risen far and fast to unsustainable "bubble" levels that cannot be justified on the basis of fundamental values. Bubbles are driven by investors' belief in the "greater fool" theory: that even though they may be fools for buying stocks and bonds at overvalued prices, somewhere out there is a greater fool who will soon buy the securities from them at even higher prices. At some point, however, the greater fool theory turns out to be false, the markets turn, and values on the stock and real estate markets crash.

Budgetary Aid – General financial assistance (structural adjustment lending) given in certain cases to dependent territories to cover a recurrent budget deficit. Also known as Program Support.

Budget Balance – The net state of the government's finances. When government spending equals tax receipts, economists say that the budget is in balance or that the budget balance is zero. When spending exceeds taxes, the government's budget is in deficit. When taxes exceed spending, the government's budget is in surplus.

Budget Deficit – The difference between government spending and taxes when the first is larger than the second. In sticky-price short-run models, a budget deficit raises aggregate demand: The government's purchases of goods and services inject more spending power into the economy than the government's net taxes are withdrawing from the economy. In flexible-price models, a budget deficit lowers national saving and investment: Money that would otherwise have been borrowed by businesses and used to finance investment in new plant and equipment is borrowed by the government instead.

Budget Surplus – The difference between the government's spending and the government's revenues when the second is larger than the first. In sticky-price short-run models, a budget surplus lowers aggregate demand: The government's purchases of goods and services inject more spending power into the economy than the government's net taxes are withdrawing from the economy. In flexible-price models, a budget surplus raises national saving and investment: The government's retirement of its debt injects purchasing power into financial markets that is then borrowed by businesses and used to finance investment in new plant and equipment.

C

Capital – Produced goods, like machines, buildings, transportation infrastructure, or inventories that amplify the economy's productive potential.

Capital Account – That part of the international balance of payments that covers investment flows from one country to another. When gross investment in foreign countries by domestic citizens is greater than gross investment in the home country by foreigners, economists say that there is a capital outflow. When gross investment in foreign countries by domestic citizens is less than gross investment in the home country by foreigners, we say there is a capital inflow. The capital account and the current account must match: When there is a capital inflow, the current account must show a trade deficit - an excess of imports over exports - of equal magnitude; when there is a capital outflow, the current account must show a trade surplus - an excess of exports over imports - of equal magnitude.

Capital Account Liberalization (CAL) – Removal of controls on the international flows on a country's capital account, enabling full currency convertibility and opening of the financial system.

Capital Flight – When a collapse of confidence in a country's economic policy leads investors to try to pull their investments out of a country and invest them somewhere else. Capital flight is associated with a sharp depreciation in the value of the currency, and poses very difficult economic policy choices.

Capital Flows – Net investment by the citizens of one country in another - the "flow" of capital from one country to another. When there is a net outflow of capital from a country, the outflow is equal to its trade surplus - net exports. When there is a net inflow of capital into a country, the inflow is equal to its trade deficit - imports minus exports.

Capital Mobility – The extent to which it is easy for investors to place their money in or pull their money out of other countries.

Care Economy – also referred to as “social reproduction”; those activities and process by which human beings are directly and indirectly, materially and psychologically maintained. These activities include the rearing and care of children, caring for the elderly and other dependent family members, and nurturing and educating the labor force in the household and communities. Social reproduction has traditionally taken place through the family and community, primarily by the work of women. Energy expended in the care of human beings is not accounted for in traditional economic models.

Central Bank – The arm of a national government that controls the money supply and the credit pattern of an economy, and usually oversees and regulates the banking system as well. The Federal Reserve System - the Board of Governors in Washington, DC, and the 12 regional Federal Reserve Banks in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, Kansas City, St. Louis, Dallas, Minneapolis, and San Francisco - is the United States' central bank.

Civil Society Organization (CSO) – Civil society covers the space between the activities of the state and the market. Organizations within civil society range from church groups to environmental pressure groups to local credit collectives and trade unions.

Closed Economy – An economy in which international trade is so small a share of national product that exports and imports can be ignored. Contrast with an open economy, in which trade and capital flows have important effects on real GDP and other economic variables.

Committee on Development Effectiveness (CODE) of the World Bank– Established in 1994 as an 8-member standing committee of the Board of Executive Directors, CODE oversees the operations evaluation system of the Bank and the IFC operations, reviewing their output and management responses to it.

Commodity Futures – A contract that allows you to "lock in" today the price at which you will buy or sell a commodity in the future. The contract can then itself be traded, and depending on how prices move a contract that allows you to buy a commodity - Euros, say - at a low price can itself be very valuable. Businesses and investors can use such commodity futures contracts to avoid bearing various forms of risk. Other businesses and investors use such commodity futures to gamble.

Competitiveness: The ability of an entity to operate efficiently and productively in relation to other similar entities. The term may also be used to describe the overall economic performance of a nation, particularly its level of productivity, its ability to export its goods and services and its maintenance of a high standard of living for its citizens

Compliance Advisor Ombudsman (CAO) – CAO is a mechanism to allow individuals and communities impacted by IFC and MIGA projects to raise their concerns directly and to enhance the social and environmental outcomes of such projects. Its 3 roles are overseeing IFC/MIGA projects' overall environmental and social performance (Compliance); providing independent advice to the President and management on specific projects as well as broader environmental and social policies, guidelines, procedures and resources (Advisor); and addressing the complaints of impacted people to find mutually satisfactory solutions (Ombudsman).

Comprehensive Development Framework (CDF) – Framework developed by the World Bank to coordinate all actors in the development process towards implementing a coherent framework of macroeconomic, structural and social reforms for poverty reduction.

Concessional Loan – Loan provided to poorest countries with lower interest rates and longer repayment periods than typical or standard market or multilateral loans, i.e. less than market interest rates and extended grace period. Also known as a soft loan.

Conditionality – Economic policies or structural reforms that [borrowing] members agree to follow as a condition for the use of IMF and World Bank resources [loans] often called performance criteria or benchmarks.

Consumer Price Index – Abbreviated CPI. The most commonly used measure of the cost of living. It measures the cost of a slowly changing basket of consumer goods. The change in the CPI is the most frequently used measure of inflation. Because of difficulties in getting good measurements of components of the cost of living, the CPI probably contains a slight bias. A plurality of economists believe that the CPI overstates true changes in the cost of living by between 0.5 and 1.0 percentage points per year.

Consumer Prices – The average prices paid by households for the goods they buy as consumers. Consumer prices are distinguished from investment-goods prices, the prices paid by the government, and export prices.

Contingency Credit Line (CCL) – IMF credit line established after the financial crisis in 1997-1999. Countries are required to satisfy certain conditions in order to join the CCL to provide emergency assistance.

Contractionary Policy – The opposite of expansionary policy: shifts in government spending, taxation, or monetary policy that reduce aggregate demand and tend to reduce national product, income, employment, and inflation. A contractionary fiscal policy increases net taxes or reduces government spending. A contractionary monetary policy is usually an open-market operation by which the Federal Reserve sells bonds for cash, thus reducing the money supply and raising short run interest rates.

Convergence – Applied to a set of countries, the tendency for productivity and real wage levels to draw together. Applied to one country, the tendency for it to approach a steady-state growth path with a constant capital-output ratio determined by the country's investment, technology, population growth, and depreciation rates.

Countercyclical – Something that moves in the opposite direction from the business cycle; something that is low when national product is above potential output, and vice versa. The unemployment rate is countercyclical, as is the government's budget balance.

Country Assistance Strategy (CAS) – Outlines the program of policy reforms and projects for which the World Bank provides loans, i.e. financed by World Bank loans. The CAS document describes the Bank Group's strategy based on an assessment of priorities in the country, and also indicates the level and composition of assistance to be provided based on the strategy and the country's portfolio performance.

Country Policy and Institutional Assessment (CPIA) – Initiated by the Bank in the late 1970s, CPIAs consist of a set of criteria representing the different policy and institutional dimensions of an effective poverty reduction and growth strategy (e.g quality of budgetary and financial management, debt policy, gender equality...), and are intended to guide the allocation of IDA lending resources. For each criterion, countries are rated on a scale of 1 (very weak performance) to 6 (very strong performance), and a total rating for each country is calculated.

Credit Tranche – A tranche is an installment or portion of an IMF loan. Loans are often made for 18-month or three-year programs and disbursed in tranches. Certain conditions must be met for the release of subsequent tranches.

Cross Conditionality – Practice of including World Bank-related program conditions in IMF programs and vice-versa. Such actions should be reduced under new guidelines on streamlining conditions.

Currency – The sum of paper money and coins. Currency is one of the major components of the money stock. It is the form of money that is easiest to use to buy goods and services.

Currency Board – An exchange rate system in which the central bank gives up its power to conduct domestic open-market operations, and commits to buying and selling foreign currency at the official exchange rate only. Under a currency board, a country's stock of high-powered money is equal to its foreign exchange reserves. Establishing a currency board system is a way that a central bank can gain credibility: It not only fixes its exchange rate in terms

of foreign currency, but it abandons the key lever - open-market operations - that it would use should it wish to begin a policy of inflation.

Currency Crises – A situation where a country's currency is in serious trouble relative to the exchange rates of other countries. The most common problems facing that country are the prospect of hyperinflation or the need for significant devaluation.

Current Account – In the balance of payments, the account that keeps track of a country's exports and imports. When exports exceed imports, economists say that there is a current account or trade surplus. When imports exceed exports, economists say that there is a current account or trade deficit. The current account and the capital account must match: Whenever there is a capital inflow, the current account must show a trade deficit - an excess of imports over exports – of equal magnitude; whenever there is a capital outflow, the current account must show a trade surplus - an excess of exports over imports - of equal magnitude.

D

Debt – The national debt of a country is the sum total of all past deficits the government has run. The government owes interest on the national debt - thus taxes must be higher when the debt is higher. And the fact that investors hold the bonds issued by the government that are the national debt means that they have less to use to finance private investment that boosts the country's capital stock.

Debt Refinancing – A form of relief in which a new loan or grant is arranged to enable the debtor country to meet the service requirements on an earlier loan.

Debt Service – Payments due under debt contracts. This includes payment of interest as it becomes due and payments of the original amount borrowed (principal). Where debt is long dated, a large proportion of the debt service may consist of interest payments.

Debt Standstill – Mechanism by which a country agrees to cease payments on its debts until a restructuring agreement has been negotiated with its creditors.

Deficit – The amount by which government spending on goods, services, and transfer payments exceeds tax revenues in a given year. A national debt is created when the government borrows to cover the shortfall.

Deflation – When the price level falls for some substantial period of time. The opposite of inflation: a decrease in the overall price level. Deflation is rarely seen today, but in the Great Depression the deflation of 1929-1933 was a major factor contributing to the depth of the Depression: The falling price level bankrupted firms and banks that were in debt, and so reduced total aggregate demand.

Department of Institutional Integrity (INT) – INT investigates allegations of fraud and corruption in Bank operations and allegations of staff misconduct. It also assists in preventive efforts to protect Bank funds such as staff training.

Depression – The word used for an economic downturn, a fall in national product and a rise in unemployment, before "recession" was coined as a euphemism. Today the meaning of "depression" is confined to a very severe downturn.

Deregulation – The process of decreasing or eliminating government regulatory control over industries and letting market competition determine the rates and services offered by the sector.

Devaluation – In a fixed exchange rate system, a reduction in the value of a country's currency so that it takes more units of the home country's currency to purchase one unit of foreign currency. An action taken by a central bank or treasury to decrease the official price of a country's currency relative to the price of other currencies - or in terms of gold. (Revaluation is the opposite action.)

Developing Countries – A definition employed by the DEC (see below) to categorize countries eligible for Official Development Assistance.

Development Assistance Committee (DAC) – This committee within the OECD provides a forum for consultation among the 21 donor countries on how to increase the level and effectiveness of aid flows to recipient countries.

Development Committee (DC) – A joint Bank-IMF forum, the DC meets twice a year to set broad Bank policy and advise the Board of Governors on development issues. DC'S 24 members are appointed by the executive Board of Directors. They are representative of all the member countries and usually ministers of Finance or Development.

Development Economics Department (DEC) – Department of the World Bank responsible for collecting, studying and sharing information relating to development.

Direct Investment – An investment made to acquire or increase the productive capacity of a country, e.g. in machinery, factory or business.

Disbursement – The release of loan funds by the World Bank or IMF to a borrower government.

Discretionary Policy – Discretionary policy is policy that is not automatic in the sense that automatic stabilizers swing into action without anyone making an explicit decision.

Divergence – The tendency for a per capita measurement (e.g., incomes or standards of living) in various countries to become less equal over a period of time.

Division of Labor -- Specialization in work, which may be effected by breaking an activity into component tasks, or by assigning specific groups of persons to certain jobs or outputs. The .gender [or .sexual.] division of labor refers to the allocation of different jobs or types of work to men and women, usually by tradition and custom. In feminist economics, the institutional rules, norms and practices which govern the allocation of tasks between men and women, girls and boys, also constitute the gender division of labor, which is seen as variable over time and space and constantly under negotiation. Economists have shown that the gender division of labor allocation, for example to different types of crops, has implications for the effectiveness of economic policy aimed at altering output (e.g. so as to move resources from subsistence to export crops). It is frequently the case that labor cannot be easily shifted to the alternative activity, or that such shifting involves costs; that is, **economic models** of the policy path and outcome (such as **structural adjustment** models) which assume cost-free switching of labor and other resources, are wrongly specified.

Dollarization – Effectively the replacement of domestic currency by the United States dollar. In doing so, the country gives up its control of monetary policy. This is generally a response to a total lack of confidence in the domestic currency, often associated with high and prolonged inflation.

Domestic Investment – The same as "investment" in the national income and product accounts. Distinguished from foreign investment, which is investment by one country's citizens in the economy of another country.

E

East Asian Crises – The remarkably deep and sudden financial crisis that hit East Asian economies in 1997 and 1998. The East Asian crisis came with the least warning of any financial crisis in the 1990s. In other crises - Britain's, Brazil's, or Mexico's - some observers at least had pointed out fundamental problems with the economy that made it vulnerable to a crisis. The East Asian crisis appeared to come out of a blue sky.

Ecological Debt – Owed by the World Bank and richer countries to citizens of borrowing, poorer countries, ecological debt includes atmospheric pollution and other costs to the global environment of unsustainable living. See Andrew Simmons, "Ecological Debt: the health of the planet and the wealth of nations", 2005: Pluto Press.

Economic Expansion – A sustained increase in GDP bracketed on either side by a period of recession.

Economic Growth – The process by which productivity, living standards, and output increase.

Economic Models -- A simplified representation of economic reality showing the interrelationships between selected economic variables. In macroeconomics, until the present decade few models incorporated distinctions such as gender among individuals, and most economists considered that the level of aggregation in the questions

of interest was too high to warrant such disaggregation. However, there are precedents for disaggregation of some traditional variables, most notably in Keynesian/Kaleckian models. (These distinguish between individuals whose income comes mostly in the form of wages and those who earn interest on invested capital, and are called class disaggregated models). Feminist economists often summarize three approaches (or combinations thereof) that have been taken to incorporating gender as a category of the analytic framework. These are: (1) the gender disaggregation method, which disaggregates the traditionally included macroeconomic variables, for example savings and consumption behavior, by gender, on the assumption that men and women behave differently in these respects; (2) the gendered macroeconomic variable method, which introduces a new structural variable to capture the structure of gender relations, for example, the degree of gender inequality in labor and credit markets, or decision making in households and in the public and private sectors; (3) the two-sector/system method, which specifies the model as two interacting sectors, one comprising traditional macroeconomic variables, and the other, such as the **household** or the **reproductive sector**, that comprises the domain of one or more gendered variables.

Candidates for structural factors susceptible to specification using gender as a category of analysis include: the distribution of income and wealth, land ownership and tenancy relationships, foreign trade specialisation and structure, the density of chains of production, market concentration, transition from public to private ownership of production, financial sector development, technical transformation, as well as a range of institutional, social, political, demographic and geographic factors. Such models, because they would incorporate sources of gender differentiation, would be of assistance in designing appropriate macroeconomic policy that is relevant to the microeconomic foundations - to the dynamics of economic activity by human beings.

Education for All (EFA) – A UN initiative to promote universal primary education opportunities as a necessary component of poverty reduction. The efforts focus on assisting the marginalized, particularly girls, to secure access to a quality basic education.

Efficiency -- In production, the selection of factor inputs (including labor, physical capital and technology, and financial resources) which minimizes the cost of producing an output. In consumption, allocating expenditures to maximize consumer satisfaction (utility). The concept may be applied to both firms and households, and gender economists have shown that therefore it is relevant to both the productive and the **reproductive sectors** of the economy. For the economy as a whole, neoclassical economists consider that if markets operate freely, without price distortions imposed by the state or any other powerful agent, price adjustment will operate continuously to bring about investments that ensure efficient allocation of all resources in the economy. This is called allocative efficiency at the level of the economy: the optimal set of outputs produced in the most efficient way with the most efficient combination of inputs. **Structural adjustment** programs are rationalized by their declared objectives of restoring efficiency to national economies that are failing to meet their potential and the needs of their citizens. Concepts of efficiency and optimality are important to feminist economists because the balance on the bottom line depends on assumptions about which costs are counted in. In traditional economic treatments the **reproductive sector** and the positive **externalities** it contributes to the economy are excluded. As well, the distortions which are of interest to neoclassical economics are those created by states, whereas gender-based discrimination operates as a distortion in labor and other markets, which evolve in the private sector.

Empowerment –refers to increasing the spiritual, political, social or economic strength of individuals and communities. It often involves the empowered developing confidence in their own capacities. Sociological empowerment often addresses members of groups that social discrimination processes have excluded from decision-making processes through - for example - discrimination based on disability, race, ethnicity, religion, or gender. Empowerment as a methodology is often associated with feminism

Enhanced Structural Adjustment Facility (ESAF) – Facility established in 1987 to provide assistance on concessional terms to low-income member countries facing protracted balance of payments problems. Has been replaced in 2000 by the Poverty Reduction and Growth Facility (PRGF).

Environmental Impact Assessment (EIA) – A study done to determine the probable environmental impact of a proposed project, to assess possible alternatives and to create environmental mitigation plans for a project that may have significant environmental impacts.

Environmental Strategy – Strategy adopted by the World Bank in relation to the environmental dimensions of World Bank policies.

Equilibrium – Short-run equilibrium is a state of balance between supply and demand in a particular market, or in the economy as a whole. Long-run equilibrium requires that markets balance, and also that expectations of inflation and other quantities be correct.

Evaluation – Assessment of impacts of a program or policy against its objectives.

Excess Bank Reserves – Bank reserves held over and above those mandated by law because banks are not confident that they would be paid back if they made additional loans, or because banks believe that some loans they have already made are about to go into default, or because they believe depositors are about to withdraw deposits.

Exchange Rate – The nominal exchange rate is the rate at which one country's money can be turned into another's. The real exchange rate is the rate at which goods produced in one country can be bought or sold for another's. The definition of the exchange rate is either the value of home currency, or the price of foreign currency, depending on the textbook.

Executive Board – A committee of Executive Directors representing the decision-making forum for the World Bank and the IMF.

Executive Directors – The Executive Directors are responsible for the World Bank and IMF daily activities in general. Five of the 24 EDs are appointed by the member countries having the largest number of shares in the Bank. The other countries are grouped into constituencies and represented by an Executive Director, elected every two years.

Expansionary Policy – Increases in government spending, decreases in net taxes, or increases in the money stock that lower interest rates. Expansionary policies raise aggregate demand, national product, employment, and inflation.

Exports – Total goods and services produced at home and sold to purchasers in foreign countries. Exports are an addition to aggregate demand for home-produced products.

Externality -- The benefit or cost to society or to another agent of the action of a private person; a third-party effect. Externalities may be positive or negative. For example, the social externalities arising from investments in female education are positive and significant. Evidence from a large number of countries shows that female education is linked with better health for women and their children and with lower fertility levels. There have been severe negative externalities, expressed by reviewers as the drawing down of human capital during **structural adjustment** programs, in many of the economies studied (see **human development approach**). Compression of public sector spending resulted in reductions in public health programs and higher fees (see **user fees**), in the drive to achieve cost recovery and “get the prices right” in the delivery of social services. In macroeconomics, the benefit to firms realized by the labor of women in the **reproductive sector** may be seen as a positive externality. The care and pre-school education of children, for example, is a public good from which the whole of society benefits, while the cost is borne largely by women. The valuation of **unpaid labor** in the domestic sector would make such externalities visible in the national accounts.

External Balance – When the trade surplus (or deficit) of a country is equal to the value of investors' new long-term investments abroad (or foreigners' new long-term investments here). A lack of external balance means that something - usually the exchange rate, but possibly interest rates or the level of GDP - is about to change.

Extractive Industries Transparency Initiative (EITI) – EITI aims to ensure that revenues from extractive industries contribute to sustainable development and poverty reduction. It was launched in September 2002 by British PM Tony Blair at the World Summit on Sustainable Development in Johannesburg and is carried out by U.K. Department for International Development.

F

Feminist Gender Analysis – A systemic gender analysis that pays particular attention to the causes of the major differences in women’s and men’s lives relative to the quality of life, work hours, health and literacy levels, economic, political and social standing, decision-making, access to resources and other equality measures. It seeks to lay open the sex and/or gender-based discrimination in our social and economic structures and systems.

Financial Markets – The stock market, the bond market, the short-term borrowing market, plus firms' borrowings from banks. The markets in which the flow of money from savers seeking a return to investors, seeking money to finance purchases takes place.

Financial Sector -- The financial sector is the set of institutions, instruments, and the regulatory framework that permit transactions to be made by incurring and settling debts; that is, by extending credit. The financial system makes possible the separation of the ownership of wealth from the control of physical capital. As an economy develops, the financial sector deepens, strengthens and widens: terms that refer to the increase in the nature and number of financial instruments, the interrelationship and sophistication of financial institutions, and the geographical penetration and extent of financial markets (for short, financial sector development). Traditionally, economists writing about the financial sector assume that, whatever might be said about other domains, this sector is gender-neutral. But gender relations are relevant to this sector, most importantly through the concordance of financial sector development with the penetration of markets into non-market activities. Nonmarket activities comprise both productive and reproductive work, which is carried out through a division of labor that is gendered, and in the course of financial sector development is modified, in its amount, and value, and in the bargaining patterns that shape the division. For example, financial sector deepening in developing economies makes more credit instruments available; however, there is broad evidence that expanding credit is less widely available to women than to men, for several reasons. These include women’s lesser control over capital assets that can be collateralized to secure credit, and prevalent cultural (institutional) perceptions of women as poorer credit risks. Financial sector strengthening requires the codification of asset titles, so that such assets can serve as debt security. But modern titling conventions generally fail to recognize traditionally gendered forms of asset ownership and usufruct rights, effectively expropriating women’s property in the process of financial sector development.

Financial Sector Assessment Program (FSAP) – Assessment undertaken by joint World Bank and IMF teams to determine the vulnerability of a country's financial sector and identify opportunities for restructuring and reform.

Financial Sector Reform -- Removing state regulation from the financial system and, usually in a subsequent phase of policy implementation, creating the legal framework and institutions that will permit the sector to develop in the dimensions discussed above. This phase provides scope for addressing gender biases in the **financial sector** through reform of banking and related property and contract laws in ways which would favor women’s access to financial services; and, at the **meso level**, reform of bank procedures, introduction of new management and incentive systems and improved staff training, to increase outreach to women clients and tackle institutional biases against women.

First Generation Reforms – Conditionalities applied through IMF programs, which focus on macroeconomic reforms to achieve macroeconomic stability, such as liberalization of the exchange and interest rates.

Fiscal Policy – **Fiscal policy**, taking place within the scope of budgetary policy, refers to government policy that attempts to influence the direction of the economy through changes in government taxes, or through some spending (fiscal allowances).

Fiscal policy can be contrasted with the other main type of economic policy, monetary policy, which attempts to stabilize the economy by controlling interest rates and the supply of money. The two main instruments of fiscal policy are government spending and taxation. Changes in the level and composition of taxation and government spending can impact on the following variables in the economy: 1) Aggregate demand and the level of economic activity; 2) the pattern of resource allocation; 3) the distribution of income.

Fixed Exchange Rate System – A system of international monetary arrangements by which central banks buy and sell in foreign exchange markets so as to keep their relative exchange rates fixed. Before 1971 the industrial world was on a fixed exchange rate system called the Bretton Woods system.

Floating Exchange Rate System – A system of international monetary arrangements by which central banks let exchange rates be decided by supply and demand, so that they "float" against one another as supplies and demands vary. Floating systems can be "clean" - if central banks truly leave the markets alone - or "dirty" - if central banks try at times to nudge exchange rates in one direction or another.

Foreign Currency – The money of any country save the one you happen to live in. When domestic exporters earn foreign currency by exporting, they have to figure out what to do with it - it's no good in this country, after all. So they need to trade it either to someone who needs foreign currency to buy imports, or someone who wants foreign currency to make an investment abroad.

Foreign Direct Investment: Refers to the international flow of capital when a business of one country creates or expands a subsidiary in another country. It does not only imply a transfer of resources, but also the appropriation of control. The FDI relationship consists of a parent enterprise and a foreign affiliate which together form a Multinational corporation (MNC). In order to qualify as FDI the investment must afford the parent enterprise *control* over its foreign affiliate. The UN defines control in this case as owning 10% or more of the ordinary shares or voting power of an incorporated firm or its equivalent for an unincorporated firm; lower ownership shares are known as portfolio investment

Formal Economy: Refers to forms of employment in businesses/sectors that are regulated by the government, accounted for in GDP and receive social benefits.

Foreign Exchange Market – The decentralized trading around the world of assets denominated in one currency for assets denominated in another: euros or dollars, pounds or yen. Exchange rates are set in the foreign exchange market.

Foreign Exchange Reserves – Foreign currency-denominated assets held by a country's central bank or treasury to use in foreign exchange interventions. Under a fixed exchange rate system, a government must maintain sufficient foreign exchange reserves so that it can satisfy the people who wish to trade home currency for foreign currency.

Foreign Trade – The purchase of commodities made in other countries. Imports and exports.

Free Prior and Informed Consent/Consultation (FPIC) – Free Prior and Informed Consent is an international requirement for development projects that has been recognized as customary law by the Inter American Court of Human Rights since 1984. FPIC is most relevant to the protection of indigenous populations from unwelcome incursion and investment into their resources. Free Prior and Informed Consultation is a 2005 World Bank amendment which threatens the autonomy and human rights of indigenous peoples by removing the need for consent.

Friedman, Milton – One of the four most influential macroeconomists of the twentieth century (the other three being John Maynard Keynes, Irving Fisher, and Robert Lucas). Leading exponent of monetarism, and one of the first to recognize the dominant role potentially played by the Federal Reserve in stabilization policy.

Front Loading – Disbursing the bulk of loans at the earlier part of the structural adjustment arrangements.

G

G-7 – Group of seven leading industrialized countries - USA, Britain, France, Italy, Japan, Germany and Canada.

G-8 - G-7 and Russia, group created in Denver in 1997.

G-24 – Group of 24 countries formed at Lima in 1972 to represent the interests of the developing countries in negotiations on international monetary matters.

G-77 – Group established in June 1964 by 77 developing countries to promote the collective economic interests of its members and enhances their joint negotiating capacity on major economic issues.

GDP – See gross domestic product.

Gender – Refers to the socially constructed roles and responsibilities and socially learnt behavior and expectations associated with males and females. These are linked into powerful ideological processes that ultimately confer different and unequal power and control over economic and social resources and political space on men and women. Because gender roles are socially and culturally constructed they are not static concepts but vary from society to society and change over time. All societies have deeply entrenched (though different and not static) gender inequalities.

Gender Analysis – The conceptual and methodological framework for analyzing, monitoring and evaluating the cultural, economic, social, legal and political relations between men and women in society. It examines the differential effects of policy and policy changes on women and men due to their social location, access to resources and decision-making capacity. Gender analysis can be applied to the household, the community, the nation state and global structures. Within this framework there must also be recognition of the crucially important links between gender and other social relationships such as class, economic status, race, ethnicity, age, religion and North/South relationships.

Gender Budgets -- Gender budgets, .gender-sensitive budgets,. or .women’s budgets,. refers to a variety of processes and tools, which attempt to assess the impact of government budgets, mainly at national level, on different groups of men and women, through recognizing the ways in which gender relations underpin society and the economy. Gender or women’s budget initiatives are not separate budgets for women. They include analysis of gender targeted allocations (e.g. special programs targeting women); they disaggregate by gender the impact of mainstream expenditures across all sectors and services; and they review equal opportunities policies and allocations within government services. The first Women’s Budget was conducted by the Federal Government in Australia in 1984. Attempts to influence government budgetary allocations in favor of greater gender equity have tended to be more successful where there is a broad political commitment to equity and where gender budgets have supporters inside government or parliament. Recently, there have also been attempts to increase popular awareness of budgetary processes, including among women, in order to strengthen these efforts. A number of possible tools for use in gender-sensitive budget analysis have been identified, including: gender-aware policy appraisal; gender-disaggregated beneficiary assessments; gender-disaggregated public expenditure incidence analysis (see **benefit incidence analysis**); gender-disaggregated tax incidence analysis; gender-disaggregated analysis of impact of budget on time use (see **time budgets**); gender-aware medium term economic policy framework and gender-aware budget statements. Gender-sensitive budget analysis requires data to assess inputs (e.g. budget or staff allocations), outputs (beneficiaries) and outcomes (e.g. increased health, education, time availability). This requires systematic gender disaggregated data, e.g. on service use, time use, health and education status, employment.

Gender and Trade – Feminist economists have amply illustrated that all macro-economic policy has a differential impact on women and men due to their social location. Trade policy is not gender neutral. Trade liberalization, and its partner privatization, particularly in services, agriculture, intellectual property rights and investment all impact women’s ability to fulfill their roles of social reproduction (the care economy). Shifts in agricultural production and the provisioning of essential services from the public to the private sector has a particular impact on the household, especially for women and families in poverty. Likewise, shifts in manufacturing affects the employment patterns of women and men in different and often adverse ways.

Gender Mainstreaming – Mainstreaming a gender perspective is the process of assessing the implications for women and men of any planned action, including legislation, policies or programs, in any area and at all levels. It is a strategy for making women’s as well as men’s concerns and experiences an integral dimension in the design, implementation, monitoring and evaluation of policies and programs in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality.

General Agreement to Borrow – Special arrangement under which several industrialized countries stand ready to provide substantial temporary loans to the IMF to allow it to lend extra resources to countries to arrest crises which risk impairing the international monetary system.

General Practices – Guidelines that operational staff of the Bank use.

Globalization – in its literal sense is the process of globalizing, transformation of some things or phenomena into global ones. It can be described as a process by which the people of the world are unified into a single society and function together. This process is a combination of economic, technological, sociocultural and political forces. Globalization is very often used to refer to economic globalization that is integration of national economies into the international economy through the reduction or abolition of barriers to trade, foreign direct investment, capital flows, migration, and the spread of technology.

Globalization -- Increasing integration of world production, commerce, communications and finance. More than merely the expansion of worldwide trade, globalization is based on improvements in the last few decades in telecommunications and information technology, and **financial sector reform** that has opened domestic markets to foreign investors, especially in services, thereby intensifying the interpenetration of local and international market forces worldwide. The evolution of employment structures in general, and employment possibilities for women in particular, have been significantly affected by these developments. Any investigation of changes in women's income earning prospects in the course of development must now take account of the international dimension.

Global Environment Facility (GEF) – An international financial institution uniting 178 countries in partnership with international institutions, non-governmental organizations (NGOs), and the private sector to address global environmental issues while supporting national sustainable development initiatives. Today the GEF is the largest funder of projects to improve the global environment. An independent financial organization, the GEF provides grants for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer, and persistent organic pollutants.

Gold Standard – The particular fixed exchange rate system dominant for more than a half century before the Great Depression. A system by which central banks preserve fixed exchange rates by always being willing to buy or sell their currencies at fixed rates in terms of the precious metal gold.

Goods Market – Economists sometimes divide the economy into four "markets" - the labor market where firms hire and pay workers; the money market where people buy and sell liquid assets; the bond market where people buy and sell stocks; and the goods market where people (and firms, and the government) buy and sell final goods and services.

Grant Element – Measures the concessionality of a loan expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest (usually market rate).

Gross Domestic Product (GDP) – The most commonly used measure of product, output, and income. The total amount of final goods and services produced. By the circular flow principle, equal to the total income earned through domestically located production. Also equal to total expenditure on domestically produced goods and services.

Gross National Product (GNP) – Abbreviated GNP. Equal to GDP minus the income earned by foreign-owned factors of production located in the United States, plus income of U.S. factors of production located abroad. GNP used to be the most-used measure of national product, but the government lost confidence in its ability to estimate the difference between GNP and GDP.

Growth Rate – Almost always the annual growth rate of GDP, or of GDP per worker. How much real economic product is increasing from year to year.

H

Heavily-Indebted Poor Countries (HiPCs) – Forty one low-income countries whose external debt level is deemed to be unsustainable.

Heavily-Indebted Poor Countries Initiative (HiPCI) – Arrangement for reducing multilateral, bilateral and private sector debt for the poorest, most indebted countries.

Host Government Agreement (HGA) – An HGA is a legal agreement between a foreign investor and the local government which is designed to reduce financial and political risks posed to investors by sudden changes in national law. If a country breaks an agreement by interrupting or modifying a project it must pay a penalty, which can risk deterring interventions necessary to protect rights and enforce national laws that apply elsewhere in the country.

Household -- A basic economic unit, in census guides defined as one or more persons voluntarily living together, having meals prepared together and benefiting from housekeeping shared in common. Commonly economics, unlike anthropology, does not make a significant distinction between the household and the family, although in considering gender and economic relations, the processes of household and family formation have distinct features. The household is analogous to the firm as the basic economic unit. Models of household decision-making processes may be unitary or collective. Unitary models treat the household as a single decision-maker. They assume the existence of a parental, or household, welfare function, and that all resources are pooled - including labor, food and other goods, and information. Various unitary models suggest different mechanisms by which households arrive at intra-household distribution of wealth and income. Some suggest decision-making is a result of aggregation of different preferences, and they focus on how these preferences are aggregated and enforced, f. ex. by consensus. Collective models include both cooperative and non-cooperative types. Cooperative models view household formation (or marriage) as a cooperative undertaking, and decision making as an ordinary problem of optimization of gains from marriage for both partners, subject to a constraint - the full income of both. These are termed .bargaining. models when they employ the tools of game theory to specify the bargaining procedure. But cooperative models may also be of the Pareto-optimizing type, which start from an assumption that household decisions are always Pareto efficient, and employ a general-equilibrium tâtonnement process, dependent on earnings ratios or some other hypothesized formula. It is in the area of non-cooperative collective models that the increasingly rich empirical evidence has been used to depict the household .as a site of largely separate gender-specific economies linked by reciprocal claims on members. income, land, goods, and labor.

Human Development Approach -- The concept that growth must increasingly meet human needs to be accepted truly as development. This approach, which bears the influence of 1998 Economics Nobel Prize winner Amartya Sen's work on capabilities and **entitlements**, has been advanced by the United Nations Development Programme (UNDP), and is exemplified in its annual publication, **Human Development Report**, first published in 1990. The **Report's** Human Development Index (HDI) provides a country ranking of national socio-economic development, based on proxies for longevity, knowledge, and standard of living (respectively life expectancy at birth, educational attainment, and purchasing-power-parity-adjusted real per capita income). It measures wellbeing directly, rather than focusing on income alone, which is only one of several inputs generating well-being. It thereby offers a contrast to the GDPper-capita ranking of countries, highlighting the ability of some poor countries to achieve higher-than-average levels of human development, while at the same time indicating that many countries could do better. Since 1995 UNDP has also produced a Gender-related Development Index, (GDI) and a Gender Empowerment Measure (GEM), augmenting the HDI with relative gender ratio attainments in similar areas. The GDI takes account of inequality between men and women scored on the same social indicators as those used in the HDI. The greater the disparity in these indicators, the lower a country's GDI compared with its HDI.

Hyperinflation – Extremely high inflation, so high that the price mechanism breaks down. Under hyperinflation people are never sure what the true value of their money is, and spend a great deal of time and energy trying to spend their cash incomes as fast as possible before they lose value. One rule of thumb is that inflation of more than 20 percent per month is hyperinflation.

|

IDA Replenishment – Round of donor countries' contribution to the International Development Association's (IDA's) resources for disbursement to the world's 81 poorest countries. The replenishment talks are held every three years. The latest round, IDA 15 (fiscal years 2009-2011), promised US\$ 41.6 billion, an increase of US\$ 9.5 billion over the previous replenishment (IDA14) which provided US\$ 32.1 billion

IDA Deputies – Individuals appointed by governments who contribute to the IDA (see below). The deputies negotiate each three-year IDA agreement to help determine the focus of the IDA and monitor its effectiveness.

IMF Letter of Intent – Letter from a government to the IMF outlining planned economic reforms to be made in relation to receiving an IMF loan. It includes a matrix of conditions that must be implemented in order to access the IMF's resources.

Imports – Goods and services produced in and purchased from other countries. Imports are a reduction in aggregate demand: Consumption and investment spending that are diverted to imports are not part of aggregate demand for domestically produced goods and services.

Independent Evaluation Office (IEO) – A newly-formed, independent office to carry out independent evaluation of IMF activities, operations and programs.

Inflation – An increase in the overall level of prices in an economy, usually measured as the annual percent change in its consumer price index.

Informal Economy – Refers to forms of employment that are outside government regulation and lack social benefits. Included in this category are some family enterprises, micro-enterprises with less than five employees, street vendors, and itinerant, seasonal or temporary workers.

Information Communication Technology (ICT) – The use of technology for communication and information dissemination.

Inspection Panel – Semi-independent watchdog group within the World Bank aiming to closely address the concerns of populations affected by the World Bank's operations and to ensure they adhere to the institution's operational policies and procedures regarding the design, preparation and implementation of a project. The Inspection Panel can pick up own cases for investigation, or it acts upon a request (once reviewed and deemed justified) from an affected individual or community.

Intra-Household Allocation -- The processes by which resources (more broadly including income and consumption goods, tasks, leisure, and investments in human capital) are allocated among individuals and the outcomes of those processes. Scores of studies have now reported that inequalities exist in the sharing of resources within the household, and that the pattern of distribution commonly demonstrates gender bias. There is considerable evidence from South Asia on inequalities by gender, age and birth order in the allocation of food and other consumption goods. A variety of practices result in some females consuming a lower quantity and quality of food, beyond adjustments for body weight or activity rates. Economists have shown that the dynamics of decision-making at the intra-household level affect the outcomes of macroeconomic programs. Because of differential decision-making power, it appears that income in the hands of women leads to different expenditure patterns and welfare outcomes than income in the hands of men. Some data suggest that men tend to reserve a larger portion of expenditure for personal consumption (particularly alcohol and tobacco), while women spend a larger portion of their income overall on food. Where women have greater control over income, there is evidence that more resources are allocated to women and children. These findings have been so commonly reported and are so robust across countries and sectors, that it has become standard in development practice to examine the share of program benefits that accrues to women, as one part of planning and evaluation. Researchers have recently pointed out, however, that resources, even in women's hands, may be allocated in biased ways to children, under conditions of strong son preference, for example. Simple targeting to women, therefore, cannot on its own ensure equitable outcomes.

Intellectual Property Rights (IPRs) – Property rights granted to creators of inventories or ideas embodied in products or production technologies. Includes: patents, copyrights, trademarks and semiconductor chip designs. These property rights grant their holders a temporary monopoly for the sale of the rights to use the items they have created.

Inter-American Development Bank (IADB) –The regional development bank responsible for the financing of social and economic development in Latin America and the Caribbean.

Interest – The periodic sums that you pay to "rent" the money that you have borrowed.

Interest Rate – The price, measured in percent per year, paid for borrowing money. Conversely, the return earned by saving, and the relative price at which purchasing power can be transferred from the present to the future.

Interim Poverty Reduction Strategy Paper (IPRSP) – Document which outlines actions the government intends to take to develop a full a full Poverty Reduction Strategy Paper (PRSP). It also contains details of intended macroeconomic policy reforms and may also include information on the country's poverty situation.

International Bank for Reconstruction and Development (IBRD) – Otherwise known as the World Bank. The World Bank provides loans and development assistance to middle-income and lower-income countries with a stated aim of reducing poverty. Loans generally have a five-year grace period and must be repaid over a period of 15-20 years. The Bank obtains most of its funds through the sale of bonds in international capital markets and whilst not a profit maximizing organization, has earned net income every year since 1948.

International Centre for Settlement of Investment Disputes (ICSID) – A member of The World Bank Group, ICSID is an arbitration tribunal created in 1966 to settle investment disputes between governments and private foreign investors.

International Development Association (IDA) – The IDA offers assistance to the world's 80 poorest countries (39 of which are in Africa), providing them with interest free loans, technical assistance and policy advice. The IDA is funded by wealthier nations and accounts for around 25 percent of all World Bank lending. IDA lends money (known as credits) on concessional terms. This means that IDA credits have no interest charge and repayments are stretched over 35 to 40 years, including a 10-year grace period. IDA also provides grants to countries at risk of debt distress. Since its inception, IDA credits and grants have totaled US\$182 billion, averaging US\$10 billion a year in recent years and directing the largest share, about 50 percent, to Africa

International Development Targets – Often also referred to as the Millennium Development Goals (MDGs), a series of poverty reduction targets formulated at UN conferences in the 1990s and formally adopted at the Millennium Summit in 2000 which set goals for reducing absolute poverty levels, increasing primary school enrollment rates, reducing environmental degradation, and gender equity etc by 2015.

International Division of Labor – Resource-rich countries produce and export natural resources and resource-based products, industrialized economies export capital-intensive high-technology manufactures, and other countries export labor-intensive manufactures. All gain by concentrating their production in those sectors in which their economy is most efficient.

International Finance Corporation (IFC) – Assists with private sector investments, primarily through mobilizing capital on international financial markets, and by providing technical assistance and advice to governments and businesses in developing countries. IFC has 174 members investing in 78 countries, with 40 percent of its investments in the financial sector; another sector of hefty IFC engagement is the energy and extractive industries sector.

International Financial Institutions (IFIs) – Generic name given to all financial institutions operating on an international level, ranging from development banks, such as the World Bank and Asian Development Bank (ADB), and monetary authorities, such as the IMF.

International Monetary and Finance Committee (IMFC) – This is comprised of IMF governors. It meets twice a year and is the political governing body of the IMF.

International Monetary Fund (IMF) – The IMF is an international organization of 183 member countries, established to promote international monetary cooperation, exchange stability, and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease balance of payments adjustment.

International Parliamentarians' Petition (IPP) – Following scrutiny of IFI activities by parliaments in recipient countries, IPP is a petition of MPs calling for democratic accountability of IFIs.

International Trade Organization (ITO) – Multilateral trade regime originally to form part of the Bretton Woods regime with the World Bank and IMF. Plans for this were shelved and it is not until 1995 with the formation of the World Trade Organization (WTO) that this proposal was fulfilled.

Investment – The buildings and goods (both machines and inventories) purchased to add to the economy's stock of capital, plus (sometimes) government creation of infrastructure, plus residential construction.

J

Joint IMF-World Bank Implementation Committee (JIC) – Committee comprising World Bank and IMF staff. The committee is responsible for monitoring the implementation of the Heavily Indebted Poor Countries Initiative and Poverty Reduction Strategies. For the latter, it prepares an assessment for both IMF and World Bank boards on the suitability of PRSPs.

K

Keynes, John Maynard – One of the four most influential macroeconomists of the twentieth century (the other three being Milton Friedman, Irving Fisher, and Robert Lucas). To Keynes we owe the income-expenditure aggregate-demand framework that still dominates intermediate macroeconomics courses and textbooks.

Keynesianism – The school of thought, developed from the ideas of John Maynard Keynes, that emphasizes (a) the role of expectations of future profits in determining investment; (b) the volatility of expectations of future profits; (c) the power of the government to affect the economy through fiscal and monetary policy; and (d) the multiplier process, which amplifies the effects of both private-sector shocks and public-sector policies on aggregate demand.

L

Labor Force – The sum of those who are employed and those who are actively looking for work. The unemployment rate is defined as the number of unemployed divided by the labor force.

Labor Flexibility – Increased hiring of casual, contingent and non-regular work force. Often, minimum wage and labor standards do not apply to these non-regular workers in the same way as to traditional or regular workers. Female workers are more often affected than male workers. See also *labor market deregulation*.

Labor Market Deregulation – According to current economic thinking, basic labor rights, such as minimum wage, employment security rules, collective bargaining, unionization, anti-discrimination laws, health and safety regulations, as well as other services such as child-day care and maternity leave, represent a severe limitation to a company's competitive advantage in the global market. Deregulation of labor laws and standards may open the way for more employment for women, particularly in developing countries, but that employment tends to be under less favorable conditions. The gap between workers, primarily men who hold core jobs with higher pay and benefits, and women who are in secondary or marginal work with low pay and no benefits, will increase. This pattern extends to small farmers, indigenous and people marginalized in a society because of race, ethnicity, class or caste.

Labor Segregation – Refers to the concentration of women in certain sectors considered to be feminine. Generally segregation by gender reduces the job and career opportunities of women, keeping women's salaries below men's.

Labor Productivity – National product divided by the number of workers (or alternatively, by the total number of hours worked). Such a measure of output per worker is probably the best available measure of long-term economic growth.

Labor Unions – or **trade union** is an organization of workers who have banded together to achieve common goals in key areas such as wages, hours, and working conditions, forming a cartel of labor. The trade union, through its leadership, bargains with the employer on behalf of union members (rank and file members) and negotiates labor contracts with employers. This may include the negotiation of wages, work rules, complaint procedures, rules

governing hiring, firing and promotion of workers, benefits, workplace safety and policies. The agreements negotiated by the union leaders are binding on the rank and file members and the employer and in some cases on other non-member workers. These organizations may comprise individual workers, professionals, past workers, or the unemployed. The most common, but by no means only, purpose of these organizations is "maintaining or improving the conditions of their employment"

Lags – The time between when a policy proposal is made and when it becomes effective in changing the economy in some way. Lags can arise during recognition of a condition, formulation of a policy, or implementation of that policy. The first two are inside lags, because they occur inside the government. The last is sometimes called the outside lag.

Leading Indicators – A number of variables correlated with future movements in real GDP or inflation. Many economists believe these indicators can be relied on as a good guide to economic activity nine or so months ahead. Some key indicators are stock prices, new manufacturing orders, the money supply, and the index of consumer expectations.

Least Developed Countries (LDCs) – Forty eight poor and vulnerable countries, defined by the UN with an annual per capita income of less than US\$ 1 per day.

Lender of Last Resort – A **lender of last resort (LOLR)** is an institution willing to extend credit when no one else will. Originally the term referred to a reserve financial institution that secured other banks or eligible institutions, as a last resort; most often the central bank of a country. The purpose of this loan and lender is to prevent the collapse of institutions that are experiencing financial difficulty, most often near collapse. In the international financial system, the International Monetary Fund (IMF) technically serves a "LOLR" function, however, its capacity to do so has come increasingly under doubt.

Liberalization – political process by which the State decreases its regulation of the economy and allows market forces to regulate the relations between economic agents. It can occur in any area which the State has been involved: business, labor, finance, social services.

Liquid Assets – Forms of wealth that can be readily and cheaply converted into spendable form. Forms of wealth that can be easily used to finance purchases.

Liquidity – Applied to assets, whenever they can be easily, quickly, and without cost turned into money.

Liquidity Constraints – A liquidity constraint is an inability to borrow. When consumers suffer from liquidity constraints, their consumption spending is limited by their current income, and the marginal propensity to consume is likely to be high.

Liquidity Crises – When banks or other institutions cannot make the payments they owe because they lack cash, but when nobody (or few people) doubts that they will be solvent and profitable if the current financial crisis is successfully resolved.

Long-Term Interest Rate – The interest rate required if you are going to borrow money not for a short term of months but for a long term of decades.

Long-Term Real Interest Rate – The interest rate required if you are going to borrow money not for a short term of months but for a long term of decades, adjusted for inflation by subtracting the inflation rate from the nominal interest rate.

Low Income Countries Under Stress (LICUS) – LICUS is a World Bank initiative for engaging in countries with "very weak policies, institutions and governance - including those emerging from conflict".

Lower Middle Income Countries (LMIC) – Countries with an annual per capita income of between US\$ 766 and US\$ 3035 in 1995.

Lucas, Robert – One of the four most influential macroeconomists of the twentieth century (the other three are John Maynard Keynes, Irving Fisher, and Milton Friedman). The leader of the rational-expectations school of macroeconomics for nearly two decades.

Lucas Critique – The assertion that much analysis of the effects of economic policy is badly flawed because it does not take proper account of how changing policies induce changes in people's expectations.

M

M1, M2, M3 – Different measures of the money stock - of the total stock of assets in the economy that are liquid enough to be readily used to finance purchases.

Macroeconomics –A branch of economics that deals with the performance, structure, and behavior of a national or regional economy as a whole. Along with microeconomics, macroeconomics is one of the two most general fields in economics. Macroeconomists study aggregated indicators such as GDP, unemployment rates, and price indices to understand how the whole economy functions. Macroeconomists develop models that explain the relationship between such factors as national income, output, consumption, unemployment, inflation, savings, investment, international trade and international finance. In contrast, microeconomics is primarily focused on the actions of individual agents, such as firms and consumers, and how their behavior determines prices and quantities in specific markets.

Macro-Micro -- The separation of economic theory, by its field of interest and by its tools, into the study of respectively, the aggregated level of activity, and the behavior of individual economic agents or sectors. The traditional strict division of interest between macroeconomic and microeconomic specialization has affected the discipline's treatment of gender relations. Microeconomics is concerned with the behavior of elements or agents of the (given) economic system; these agents are conceived of as households and firms. It focuses on the determination of the prices that induce these agents to act - such as wages for labor and return rates of investment funds. These concerns cover issues of demand and supply, welfare and distribution. Macroeconomics, by contrast, takes prices as givens, and turns attention to the determination of the aggregate levels of these activities: the level of income or output of the economy, including the level of employment; aggregate investment, total consumption, and the money supply. However, studies show that dealing only in macroeconomic aggregates may obscure issues of elasticities of supply and demand, mobility of factors of production, **transaction costs** and market competence - which affect macro program outcomes. In a market economy, macroeconomic management must rely on indirect measures, which make use of incentive structures, **household** allocation rules as well as other decision-making processes that are products of the operation of gender relations, and which operate at the micro and **meso levels**. These are institutional factors relevant to policy design and evaluation. The interest in **economic modeling** by some economists working on gender issues is one example of efforts to bring the micro-foundations of gender asymmetries to bear on macroeconomic policy debate.

Marginal Productivity Theory -- An approach to explaining the rewards received by the various factors that cooperate in production. The theory is especially relevant in gender studies as it is used in reference to women's earnings. In development economics it is widely accepted that underemployment in rural areas, arising from lack of job opportunities, implies a zero marginal product of labor, and therefore that the reservation wage of poor rural people is close to zero or extremely low. This reasoning arises from the standard identity that the unit input price, "the wage", is equal to the marginal revenue product of that unit of input, under competitive conditions. On the basis of this silent assumption, standard development projects, cost-benefit analyses, and **structural adjustment** models assign a zero cost to the drawing out of .available. (unemployed) labor. Characteristically this implies reliance in the model on drawing non-wage-earning rural women into wage work. However, empirical studies have shown that labor supply studies are sensitive to definitions of labor used, and that such studies have in gender-blind investigations sometimes failed to report the work burden of **unpaid labor** shouldered by poor women. Project designers have sometimes been mystified by the unwillingness of rural poor people to supply labor to a development project, and theoretical explanations have ranged from "higher utility of leisure" to "irrational behavior".

Market Failures -- Any of the malfunctioning of a market because of imperfections in it; externalities because a market is producing social costs or benefits; or the lack of a market for a particular good or service, as in the case of public goods. Gender inequality in wage and product markets reflects, for example, the failure of the market to provide signals that accurately reflect the benefit to society of investing in women. In an immediate sense market

signals do not capture the full value of women's labor, which produces the waged good or service as well as an unpaid service, labor force maintenance. The persistent gaps between men's and women's wages are an example of a failure of labor markets to clear. A series of economists have put forward the view that labor markets are sex segmented, and several have identified economic

discrimination as a feature of segmentation. Many economists have therefore argued that, if markets are failing to provide equitable wages, simple continued liberalization of markets may not improve their functioning in this direction. Correction may be achievable only through regulation, or social pressures (moral suasion).

Meso Level – UNICEF has used the term “meso” more broadly to refer to a level of analysis between the aggregated national economy and the level of individuals, firms and households, to draw attention to the critical policy-making process, especially with respect to public finance issues. Meso policies concern the distributional impact of macro policies, determining which income group, sector and gender bears the brunt of reforms. Drawing on institutional economics, some gender specialists have also used “meso” to denote the intermediary role of markets in transmitting signals and allocating resources. In this context, markets are seen as embedded in social relations and thus as “bearers” of gender. Elson and Evers have developed a macro-meso-micro framework for gender-aware country economic analysis.

Microeconomics – A branch of economics that studies how individuals, households and firms make decisions to allocate limited resources, typically in markets where goods or services are being bought and sold. Microeconomics examines how these decisions and behaviors affect the supply and demand for goods and services, which determines prices; and how prices, in turn, determine the supply and demand of goods and services. Macroeconomics, on the other hand, involves the sum total of economic activity, dealing with the issues of growth, inflation and unemployment, and with national economic policies relating to these issues and the effects of government actions (such as changing taxation levels) on them. Particularly in the wake of the Lucas critique, much of modern macroeconomic theory has been built upon 'microfoundations' — i.e. based upon basic assumptions about micro-level behavior. One of the goals of microeconomics is to analyze market mechanisms that establish relative prices amongst goods and services and allocation of limited resources amongst many alternative uses. Microeconomics analyzes market failure, where markets fail to produce efficient results, as well as describing the theoretical conditions needed for perfect competition.

Middle Income Countries (MICs) – The World Bank classifies a country according to the wealth of its population. Middle-income countries are defined as having a per capita income of between around US\$1,000 and US\$10,000, which may qualify them to borrow from the International Bank for Reconstruction and Development, IBRD. MICs are defined by the World Bank as having: 1. Similar incomes ; 2. Better Policies (but not consistently so); 3. Better institutions (but not all); 4. Better access to external finance (but not all); and 5. Increasingly alternatives to the Bank for funds and advice.

Mixed Economy – An economy in which markets control the allocation of resources and of labor to industries and firms, but in which the government plays a not overwhelming but significant role: providing social insurance and social welfare benefits on a large scale, trying to stabilize the macroeconomy, and enforcing contracts.

Monetarism – The theory, very popular in the 1970s and the early 1980s, that fluctuations in interest rates had little impact on money demand, so that stabilizing national product and employment could be carried out in a smooth and straightforward fashion by stabilizing the rate of growth of the money stock.

Monetary Policy – How the supply of money or the interest rate varies with economic conditions like inflation, unemployment, and the exchange rate.

Money – A word that economists use in a technical sense. To an economist, "money" means only "wealth in the form of readily spendable purchasing power." Cash, plus balances in checking accounts, plus whatever other assets are held primarily as a way to keep purchasing power on hand to spend rather than as long-term investments.

Money Demand – How much money - wealth in the form of readily spendable purchasing power - consumers and firms wish to hold at the given levels of national income and of interest rates.

Money Supply – How much in the amount of liquid assets a nation's central bank has allowed the banking system to create.

Money Supply Curve – The money supply considered as a function of the interest rate. In general the higher the interest rate, the lower are the excess reserves that the banking sector holds and the higher is the money stock.

Monthly Operational Summary – A comprehensive listing of the World Bank's entire portfolio of proposed projects.

Moral Hazard – The danger of imprudent, improper, or dishonest behavior in economic situations where actions are not easily or routinely monitored. A possible drawback of deposit insurance and of lender of last resort activities.

Most Favored Nation (MFN): Any advantage or benefit given to the business entities and products of any WTO member must be accorded to all other WTO member countries. It is a guarantee of nondiscrimination or equal treatment in trade relations.

Multilateral Agreement on Investment (MAI) – A proposed agreement on investment negotiated between OECD countries with the aim of facilitating unrestricted capital investment flows between member countries. The proposed agreement which was supposed to take effect in 1998 has been shelved but efforts were made to incorporate the agreement into the WTO (see WTO) agreement (failed in Cancun, 2003). However, many bilateral and regional trade agreements contain investment chapters.

Multilateral Aid – Aid channeled through multilateral institutions for use in or on behalf of aid recipient countries.

Multilateral Institution – International institution with governmental membership, spanning several regions, including financial institutions such as the World Bank and IMF, UN agencies and regional groupings.

Multilateral Investment Guarantee Agency (MIGA) – An organization of the World Bank Group. MIGA aims to encourage foreign investment by providing guarantee to foreign investors against loss caused by non-commercial risks in developing countries. MIGA also provides capacity building and advisory services to help poor countries attract foreign investment.

N

National Accounts -- The set of aggregate accounts reporting the value and breakdown of all income and all output of an economy. Many of the services performed, as well as goods produced, by women are invisible to the UN System of National Accounts (SNA), which is the standard system used by almost all countries. Four areas of work are missing or poorly accounted for in national accounts: domestic work, volunteer work, subsistence production, and the informal sector. Both men and women are involved in all of these sectors, but the methodological issues inherent in their measurement have been most intractable in the first two, which are largely performed by women. In 1993, a revised SNA was introduced whereby production within the household for own consumption is included in GNP. However, the revised SNA continues to exclude own-account production of services, including child care, care of the elderly, cooking and cleaning, which are regarded as non-economic. Through the use of **time budget surveys**, researchers in scores of countries have been able to identify the hours and type of work that women and men do - work of which they are often unaware. On the basis of such research, UNDP (1995) estimates that women work longer hours than men in every country - an average of 13 percent more in developing countries, based on time use studies incorporating market and unpaid work. In developing countries, two thirds of women's total work is spent in **unpaid labor**. Recently, progress has been made to resolve some of the most complex measurement issues, and several countries have produced satellite accounts that measure the value of domestic labor. They employ various input measures based on hours of work, or output measures applying a valuation to the services produced. The value of non-SNA production in industrialized countries has been estimated by UNDP at at least half of gross domestic product, and more than half of private consumption. The successful construction of satellite accounts would help avoid several misleading results, such as the false attribution to growth of GDP when monetization of a domestic service or subsistence production takes place.

National Income – The total incomes from all work and asset ownership in an economy. Leaving aside differences in accounting definitions, national income is equal to national product (for the only way incomes can be earned is

by producing products) and is equal to total expenditure, or aggregate demand (for all incomes flowing to individuals must be expended one way or another).

National Product – The total value of all final goods and services produced in an economy. Leaving aside differences in accounting definitions, national product is equal to national income (for the only way products can be produced is by paying people to make them) and is equal to total expenditure, or aggregate demand (for every product is ultimately purchased).

National Saving – The sum of private saving and government saving - or since the government is usually not saving but running a deficit, private saving minus the government deficit. Domestic investment is equal to national saving plus net investment in this country by foreigners.

National Treatment – WTO members must give foreign business entities treatment that is equal to the best treatment provided to domestic entities.

Net Domestic Product – Another measure of total production, obtained by subtracting capital depreciation from GDP.

Net Exports – The difference between gross investment and depreciation. Net investment is the increase in the economy's capital stock - the stock of buildings, infrastructure, machines, and inventories that amplify worker productivity.

Net Investment – The difference between gross investment and depreciation. Net investment is the increase in the economy's capital stock - the stock of buildings, infrastructure, machines, and inventories that amplify worker productivity.

Net National Product – Abbreviated NNP. Yet another measure of the economy's total output. Net national product subtracts depreciation from gross domestic product, and also subtracts payments that foreigners receive for the use of foreign-owned productive resources located in this country. Net national product is from a conceptual point of view the best estimate of national product.

Net Taxes – The difference between taxes collected by the government and transfer payments received by households and businesses. Net taxes are the impact of the government's fiscal policy on the disposable income of the private sector. A fall in net taxes raises disposable income, and thus consumption spending. Net taxes are the variable T in the models of this book.

New Arrangement to Borrow (NAB) – Arrangements under which 25 member countries would be ready to lend to the IMF under circumstances similar to those covered by the General Arrangements to Borrow.

Nominal – A quantity that is not adjusted for inflation, or for changes in the price level.

Nominal Exchange Rate – The exchange rate not adjusted for the changes in countries' relative price levels over time.

Nominal GDP – Real GDP times the price level as measured by the GDP deflator. Nominal GDP is the total current-dollar value of final goods and services produced.

Nominal Interest Rate – The interest rate measured in terms of money: how many dollars you have to pay in the future in exchange for one dollar borrowed today; the nominal interest rate is equal to the real interest rate plus the inflation rate.

Nominal Wage – The average level of money wages paid in an economy; the money cost to an employer of an average worker.

O

Odious Debt – An "odious debt" is incurred and used for ends which, to the knowledge of the creditors, are contrary to the interests of the nation. The term was coined by Alexander Nahum Sack in 1927 in the wake of the

Spanish American war, and is used to describe debts incurred by contemporary despotic regimes which ought to be legally unenforceable unless as personal debts of the regime.

OECD – See Organization for Economic Cooperation and Development.

Open Economy – An economy without substantial tariffs on imports or restrictions on international investments. Alternatively, an economy where imports, exports, and international capital flows are relatively large shares of national product and are important determinants of fluctuations in employment and output.

Open-Market Operation – The principal way that central banks affect interest rates; the purchase (or sale) of short-term government bonds to increase (or decrease) the money supply, and push interest rates down (or up). Open-market operations are not the only tool that central banks have to affect money supplies and interest rates, but they are by far the most often used.

Operational Directive – The only Bank policy statements that are approved by the board of executive directors and are mandatory for all Bank staff.

Operational Policy (OP) – Ops are short focused statements of Bank policy derived from the Bank's Articles of Agreement, general conditions and board-approved policies.

Operations – The use or receipt of monetary assets by the IMF, other than exchanges of monetary assets (transactions).

Operations Evaluation Department (OED) – An independent evaluation unit reporting to the World Bank's executive directors, that rates the development impact and performance of all the Bank's completed lending operations. Results and recommendations are reported to the executive directors and fed back into the design and implementation of new policies and projects.

Organization for Economic Cooperation and Development (OECD) – Originally a club of all countries that received Marshall Plan aid from the United States, plus the United States and Canada. Now a club of the industrialized countries that is used to collect data and try to coordinate economic policy. Currently some 30 countries, mostly industrialized nations and transitional economies, have membership at the OECD which is limited to countries sharing stated principles of "adherence to market economies, democracy, and respect for human rights".

P

Pareto Optimality -- In welfare economics, an equilibrium situation where no individual could be allocated more (utility, or welfare) without someone else being allocated less. It is important to recognize that such an allocation makes no comment on the evenness of income distribution: Pareto optimality is compatible with extremely uneven, as well as perfectly egalitarian, income distribution; the term is useful for its definition of a concept of improvement. A Pareto improvement is a change in welfare that makes any person or part of the community better off without decreasing the welfare of any other person or part, and a Pareto improvement may take place even if the majority of the population experiences no benefit. Pareto efficiency and optimality theorems have been significant in their use to generate a framework for evaluation of government intervention, in taxation and redistributive policy. Pareto optimality/*efficiency* arguments have been invoked to justify expenditure compression in *structural adjustment* programs. In this context, gender economists have criticized the short time frame of Pareto optimization, pointing out that what may be efficient in the short term, and efficient for one sector - such as removing services from the public sector – may merely shuffle them off as an additional cost to another sector (onto women's *unpaid labor*, for example). This may run down investments in human capital over the medium and long term.

Paris Club – Informal association of credit country finance ministers and Central Bankers which meets to negotiate bilateral debt rescheduling agreements with indebted country governments.

Part I Countries – Donors to the International Development Association (IDA) who pay their contributions in freely convertible currency.

Part II Countries – Donor who are entitled to pay most of their contributions to the International Development Association (IDA) in local currency.

Participation Rate – The fraction of adults who are in the labor force. The participation rate is procyclical, because discouraged workers drop out of the labor force when unemployment is relatively high. The participation rate has grown steadily over time, as gender roles have changed and the boundary between market and household work has shifted.

Performance Criteria – Conditions on IMF loans which must be implemented in order to access the money.

Phasing – The practice of making the IMF's resources available to its members in installments over the period of an arrangement. The pattern of phasing can be even, front-loaded or back-loaded depending on the financing needs and the speed of adjustment.

Phillips Curve – the historical inverse relation between the rate of unemployment and the rate of inflation in an economy. Stated simply, the lower the unemployment in an economy, the higher the rate of change in wages paid to labor in that economy.

Policy Mix – The combination of monetary and fiscal policies being followed by a country's government and central bank.

Post Conflict Assistance – Assistance given by the World Bank to debtor nations facilitating the transition from dependence on debt relief to sustainable economic growth. It is administered by the Bank's Post-Conflict Unit.

Potential Growth Rate – The growth rate of potential output. The growth rate at which the economy's unemployment rate is neither rising nor falling.

Potential Output – The level at which national product would be if expectations were correct, and if unemployment were equal to its natural rate. Potential output grows smoothly over time as technology advances, as net investment augments the capital stock, and as the labor force grows.

Poverty and Social Impact Assessment (PSIA) – PSIA includes a variety of 'tools' and techniques, drawn from both economic and social approaches, which are used in combination to analyze a reform.

Poverty Assessment – These documents include household surveys, a poverty profile and beneficiary assessments. They also include information about the participation of partners and stakeholders.

Poverty Reduction and Growth Facility (PRGF) – The IMF's concessional lending facility, which provides finance for Poverty Reduction Strategy Papers (PRSPs). Previously, this facility was called the Enhanced Structural Adjustment Facility (ESAF).

Poverty Reduction Strategy (PRS) – Nationally formulated strategies to reduce poverty. These aim to ensure broad stakeholder participation in formulating strategies, improve coordination among development partners and focus on combined resources of the international community to achieve poverty reduction goals.

Poverty Reduction Strategy Paper (PRSP) – PRSPs describe the country's macroeconomic, structural and social policies and programs to promote growth and reduce poverty, as well as associated external financing needs and major sources of financing. In order for a country to qualify for multilateral debt relief, it must produce a PRSP.

Poverty Reduction Support Credit (PRSC) – Bank program loan availability to countries in support of a Poverty Reduction Strategy Paper (PRSP).

Precarious employment – work that is low quality and which puts workers at risk of injury, illness, and/or poverty (from low pay and little opportunity for training and career progression).

Present Value – How much money you would have to put aside and invest today (at prevailing interest rates) in order to match a specified sum or pattern of cash flows in the future. Thus the value in today's dollars (calculated using prevailing interest rates) of a sum or sums of money to be received in the future.

PRGF Program – Program supported by the Poverty Reduction and Growth Facility.

Price Level – The average level of nominal prices in the economy. Changes in the price level are inflation (or deflation). The concept of the price level is meant to abstract from shifts in relative prices like a rise in the relative price of oil or a fall in the relative price of computers, and to capture changes in the value of the unit of account in which goods are priced, workers are paid, and contracts are written.

Price Stability – The goal of most central banks, namely an inflation rate which is very low, and the desired policy prescribed by IMF and World Bank as part of lending agreements with economically struggling recipient countries.

Prior Actions – A type of conditionality. These conditions must be applied before a government has access to IMF lending.

Private Flows – Flows of money between countries owned by the private sector, for example, foreign direct investment.

Private Saving – Equal by definition to households' disposable incomes minus their consumption spending. Note that earnings not paid out but retained by corporations and then reinvested are counted in disposable income. Hence private saving includes both saving done directly by households and saving done on their behalf by firms whose stock they own.

Procylical – Varying with the business cycle. A procyclical variable tends to be high when national product is high relative to potential output. Investment, especially investment in inventories, is procyclical; employment is procyclical; and inflation is procyclical. Unemployment is countercyclical.

Productivity – Usually a synonym for labor productivity: total national product divided by the number of workers, or by the number of hours worked. Sometimes used for total factor productivity: the amount of national product divided by the number of weighted units of labor and capital used in production.

Productivity Growth – The rate at which the economy's full-employment productivity expands from year to year as technology advances, as human capital increases, and as investment increases the economy's physical capital stock.

Profits – Income earned by entrepreneurs and equity investors. What is left over from the receipts of an enterprise after it has paid for (a) intermediate goods and materials, (b) wages, salaries, and fringe benefits, (c) rent, and (d) interest.

Program Aid – A type of structural adjustment loan used to help finance a government's budget, for example, the World Bank's Poverty Reduction Support Credit.

Program Lending – IMF, World Bank or other donor lending to support an adjustment program.

Progressive Tax -- a tax imposed so that the effective tax rate increases as the amount to which the rate is applied increases. The term "progressive tax" describes a distribution effect, and can be applied to individual taxes (for example, income or consumption), or to a tax system as a whole. It is frequently applied in reference to personal income taxes, where people with more disposable income pay a higher percentage of that income in tax than do those with less income. The term progressive refers to the way the rate progresses from low to high.

Project Appraisal Document – The main technical document of a project or sector loan that is extensive. It is only available to the public after a loan has been approved.

Project Information Document – Document containing information on the background of the operation, objectives of the SAP, a loan description and a program implementation.

Project Lending – World Bank lending money to developing countries. Governments to fund projects aimed at aiding social development and alleviating poverty

Public Finance -- Spending by government at any level, including investments, transfers, public sector employment, and government's purchases; as well as revenue generation through, e.g., taxation and charging for public services. The management of public finances was transformed by the shift to fiscal conservatism in the 1980s, emphasizing control of inflation and public debt, with much greater emphasis on reducing and restraining public expenditure and reducing levels of direct taxation. Arguably, the fiscal restraint of the 1980s led to the

shifting of costs from the state onto women (see **structural adjustment**). In the 1990s, “new growth theory” which emphasizes complementarities between growth and equity, has influenced thinking on public spending. This theory holds that long-term, strategic investments in public education, health, infrastructure and market access will help “crowd in” private sector responses. Inspired by ideas from these theories on growth, and by their emphasis on the symbiosis of equity and efficiency, feminist economists have argued that the fiscal policies behind **structural adjustment** measures can be designed to support the supply response of economic agents, particularly where markets have been absent or biased. This is translated into arguments for public investment in infrastructure and human resources which will enable women to gain access to remunerative work. For example, a senior economist in Jamaica improved provision for feeder roads from the hill areas inhabited by women farmers who lacked access to markets, arguing that this would enable them to attain higher productivity. Equally, on the revenue raising side, mechanisms can be devised which reduce gender bias, e.g. through exempting basic goods largely purchased by women - from value-added tax (VAT), or removing charges for lower level services such as primary education or maternal health care where girls and women predominate. A gender equity perspective can enable revenues and expenditures to become better targeted and coordinated, for example through recognizing cross-sectoral interests, such as the need for improved health services in peak agricultural labor periods.

Purchasing Power Parity – Valuing production in different countries as if the relative exchange rate gave you equal purchasing power in each country; sometimes also used for the theory that exchange rates ought to fluctuate around the values that correspond to purchasing power parity.

Q

Quality Assurance Group – World Bank department which ensures greater discipline in project preparation and supervision.

Quantity Theory of Money – The core belief of monetarism: the belief - strongly pushed by Milton Friedman in the 1960s and 1970s - that money demand is insensitive to changes in interest rates and that the velocity of money is nearly constant. If true, then successful stabilization policy would require little more than stabilizing the rate of growth of the money stock.

Quota – The capital subscription, expressed in Special Drawing Rights (SDRs), that each member must pay to the IMF on joining. Up to 25 per cent is payable in SDRs or other acceptable reserve assets and the remainder in the members own currency. Quotas, which reflect member's relative size in the world economy, are normally reviewed every 5 years.

R

Real – Adjusted for inflation; either divided by the price level, or with the inflation rate subtracted from it.

Real Exchange Rate – The exchange rate adjusted for changes in relative price levels. The price of foreign-made goods measured relative to the price of domestic-made goods.

Real GDP – Inflation-adjusted gross domestic product; the most commonly used measure of national product, output, and income. The total income earned through domestically located production. Equal as well to total expenditure on domestically produced goods and services. Real GDP can be calculated by dividing nominal (or money) GDP by the price level.

Real Interest Rate – The nominal interest rate minus the inflation rate. The real interest rate measures how expensive it is in terms of goods to borrow purchasing power. It answers the question: "How much more power to purchase goods and services in the future must I offer in order to borrow a fixed amount of power to purchase goods and services today?"

Real Wage – The wage paid to the average worker divided by the price level.

Real Wage Growth – The change in the wage paid to the average worker divided by the price level. Found by taking the rate of increase of nominal wages, and subtracting the inflation rate.

Recession – A fall in the level of GDP for at least six months, or two quarters of the year. The National Bureau of Economic Research announces and dates recessions. They sometimes, but rarely, deviate from this simple definition.

Regressive tax – A tax imposed so that the effective tax rate decreases as the amount to which the rate is applied increases. The term "regressive tax" describes a distribution effect, which can be applied to any type of tax system (income or consumption) that meets the definition. It is frequently applied in reference to fixed taxes, where every person has to pay the same amount of money. The term *regressive* refers to the way the rate progresses from high to low. The opposite of a regressive tax is a progressive tax, where the tax rate increases as the amount to which the rate is applied increases. In between is a proportional tax, where the tax rate is fixed as the amount to which the rate is applied increases. Regressive taxes reduce the tax incidence of people with higher ability-to-pay, as they shift the incidence disproportionately to those with lower ability-to-pay.

Reproduction Labor Tax -- The requirement imposed on women to discharge obligations to family maintenance before presenting themselves on the labor market. This obligation, paid in labor time and commitment, functions in the same way as a money tax, because it reduces money wages conventionally paid to women for equivalent work. For example, in developing economies, female agricultural workers are, by tradition, paid a lower wage than males, even in the same or more arduous tasks. Traditional explanations allude to women's lower reservation wage that is founded on their lower mobility because of family obligations, and reduced scope for extending their job search. The tax does not enable women to demand a higher wage, because, under conditions of labor availability, women are price takers, not price makers in the market. This concept has been used as a shorthand to refer to the inequality in the terms of trade between men's and women's labor. It is important because it offers a theoretical structural link between prices and conditions of non-monetized (domestic) and monetized (market) labor.

Reproductive Sector -- The part of human activity, both material and social, that is concerned with the process of caring for the present and future labor force, and the human population as a whole, including the domestic provisioning of food, clothing and shelter. Social reproduction is the provisioning of all such needs throughout the economy, whether part of the paid or unpaid components (also often referred to as the "care economy"). Economics treats reproductive labor differently from the maintenance of capital equipment, which is unequivocally accepted as an economic activity. The reproductive sector is generally unpaid and usually excluded from *national accounts*. Reproductive labor is in large measure performed by women, and takes up an extremely high proportion of the time allocation of women. (See examples in *unpaid labor*.) In several recent models of gender in the macroeconomy, the reproductive sector functions as a constraint on the expansion of the productive sector. This approach can throw light on the exacerbation of crisis in medium-term *structural adjustment* programs that increase pressures on human capital, to the point of threatening the viability of the reproductive sector, or compromising its ability to respond to incentives

Repurchase – Repayments on loan to IMF.

Reserve Requirements – The amount of money that the central bank requires other banks to maintain either as cash in their vaults or at the central bank for each dollar of deposits that they hold. Reserve requirements are one of the principal determinants of the money multiplier. Their adjustment is a rarely used tool of central banks.

Reserves-to-Deposits Ratio – The ratio of bank reserves to bank deposits; partly the result of mandated government regulations, and partly the result of banks' desire to avoid getting caught short and of fear that those they lend to will not pay the money back. One of the two determinants (along with the currency-to-deposits ratio) of the money multiplier.

Resettlement Plan – Interest and principal payment on an IMF loan.

Revaluation – When a central bank raises the value of its currency under a fixed exchange rate system.

Risk Averse – When individuals and institutions are unwilling to invest in ventures with a reasonable expected return, but also with a substantial probability of disaster.

S

Safeguard Policies – These address environmental social rural and legal issues of Bank operations. They affect the quality of all Bank products and services.

Savings Rate – The share of total GDP that an economy saves. Usually calculated as the difference between the private savings rate and the government's budget deficit.

Second Generation Reform – Reforms imposed via IMF programs which focus on refining structural aspects of the economy to achieve macroeconomic stability.

Sectoral Investment Program (SIP) – Programs of reforms focused on restructuring a particular sector of the economy to encourage growth.

Sector-Wide Approaches (SWA) – Coordinated lending to a particular sector.

Seignorage – The tax implicitly levied on an economy's private sector by the government's exercise of its power to print more money.

Services – Economic activities that are intangible such as banking, tourism, insurance and accounting, as opposed to goods (tangibles) such as wheat and automobiles.

Shareholders – Those who own the common stock issued by a company, and so are entitled to vote for its directors and other officers at the company's annual meeting, and to receive dividends(if any).

Short-term Interest Rate – The interest rate paid to borrow money for the short term - three to six months.

Short-term Nominal Interest Rate – The interest rate paid to borrow money for the short term - three to six months. A nominal interest rate is not adjusted for inflation. The short-term nominal interest rate is important because it is the interest rate that has the greatest impact on money demand.

Small and Medium Enterprise (SME) – Definitions vary, but generally, enterprises employing between 50 and 250 workers, are commonly termed to be SMEs.

Social Capital – Refers to the institutions relationships attitudes and values that govern interactions among people in society and contribute to economic and social development

Social Reproduction – also referred to as “care economy”; those activities and process by which human beings are directly and indirectly, materially and psychologically maintained. These activities include the rearing and care of children, caring for the elderly and other dependent family members, and nurturing and educating the labor force in the household and communities. Social reproduction has traditionally taken place through the family and community, primarily by the work of women. Energy expended in the care of human beings is not accounted for in traditional economic models.

Social Safety Net – Public sector measures to protect the poor and vulnerable including public work schemes, unemployment benefits, food securities, etc.

Southern Countries – Encompasses what is commonly termed as 'developing' and 'less developed' countries of Africa, Asia and Latin America.

Special Drawing Rights (SDRs) – The SDR is the IMF's unit of account. IMF voting shares and loans are all denominated in SDRs. The SDR serves as the unit of account for a number of other international organizations, including the World Bank. The SDR is also used as an international reserve asset, to supplement members' existing reserve assets (official holdings of gold, foreign exchange, and reserve positions in the IMF).

Stabilization Policy –A package or set of measures introduced to stabilize a financial system or economy. The term can refer to policies in two distinct sets of circumstances: business cycle stabilization and crisis stabilization. The former generally refers to demand management by monetary and fiscal policy to reduce normal fluctuations and output. The policy changes in these circumstances are usually countercyclical, compensating for the predicted

changes in employment and output, to increase short-run and medium run welfare. The latter (crisis stabilization) refers to measures taken to resolve a specific economic crisis, for instance an exchange-rate crisis or stock market crash, in order to prevent the economy developing recession or inflation. The package is usually initiated either by a government or central bank, or by either or both of these institutions acting in concert with international institutions such as the IMF or the World Bank. Depending on the goals to be achieved, it involves some combination of restrictive fiscal measures (to reduce government borrowing) and monetary tightening (to support the currency).

Stagflation – The coexistence of recession and rising inflation, or of recession and relatively high inflation.

Stand-by Loans – Non-concessionary IMF loans for stabilization programs.

Statistical Discrepancy – A fudge factor added to reconcile two measurements of the same quantity that should be equal by definition, but that are not equal as measured. The national income and product accounts are full of statistical discrepancies. The statistical discrepancy in the international trade sector is often the largest.

Statistics -- A set of methods for the collection, presentation, summary and analysis of data with a view to the drawing of valid conclusions. Data are the raw material of empirical economics. However, there is a scarcity of data that allow for separate examination of the characteristics or conditions of women and men, or for analysis of gendered categories in economics. Several examples illustrate this problem. Some data in national census and survey reports are not available in a gender-disaggregated form; therefore it is impossible to monitor changes in access to resources over time. Certain categories embody assumptions about economic roles; for example, the term “head of household” frequently elicits underreporting of households where women play the leading economic role. The undercounting of **unpaid labor** affects tasks performed by women more frequently than it does those done by men.

Stock Market – The market on which the shares of common stock that carry ownership of companies are bought and sold. A company's bondholders have a right to be paid their interest and principal out of a company's operating profits. A company's stockholders have the right to elect the company's board of directors and to decide what to do with the rest of its profits. A relatively high stock market indicates optimism about future profits, and is likely to be accompanied by a high level of investment.

Structural Adjustment/Structural Adjustment --A process of market-oriented economic reform aimed at restoring a sustainable balance of payments, reducing inflation, and creating the conditions for sustainable growth in per capita income. Becoming common among developing countries in the 1980s, structural adjustment programs (SAPs) have usually been undertaken in response to a balance of payments crisis. They generally begin with stabilization measures (adjusting the demand side to reduce “internal and external gaps” - deficits in the current account and budget balances). This first phase is directed at restoring the macroeconomic balance and reducing inflation, by bringing the level of demand and its composition (tradeable relative to non-tradeable goods) into line with the level of output and the financeable level of the trade deficit. Typical stabilization measures are spending cuts in the public sector and tight monetary policy, to dampen inflationary pressures. At the same time more medium-term measures are taken, via institutional reforms in sectors and markets (i.e. at the **meso level**), to restructure the economy to raise growth and transform its capacity to finance its own investments. Typical measures include: liberalizing the trade regime; removing price controls; deregulating domestic goods markets; reforming the public sector, including the tax system, the structure of government spending, and state-owned enterprises; removing constraints on factor employment and mobility; deregulating domestic financial markets and removing obstacles to saving and investment; and creating and strengthening institutions to support stabilization and structural transformation. The idea behind these policy measures is to change resource allocation by changing incentives, using the price mechanism rather than direct controls. Again, in production the goal is to shift resources from non-tradeables to tradeables, and in consumption, to reduce spending in certain areas including purchases of certain imports. Assessment of the impact of structural adjustment must therefore take into account short- and medium-to-long-term elements of the programs.

Several development agencies in industrialized countries have adopted policies to review their aid to adjustment programs, and have prepared guides to help program officers review implementation of economic adjustment policy with a view to gender and related effects. Specialists in impact assessment have identified certain gender

dimensions that affect the implementation of SAPs, or gender differentials in the burden of adjustment. **Direct impact:** Data from many countries show that women have a higher reliance on public services, and responsibility for children's access to these services, and therefore lose out disproportionately when these services are reduced. Depending on whether women are more or less likely to be employed in the public service, they will be more or less affected by retrenchment of jobs under budget reforms. If the costs of adjustment are borne disproportionately by women, this may in turn constrain implementation in other ways (e.g. through failure of the **supply response**). Other kinds of direct impact could include price changes in staple foods and medicines, provision of which is generally the responsibility of women. **Indirect impact:** When women take up new market activities in response to changed incentive structures, there may be impact on other family members. They may leave behind essential tasks, such as meal preparation, cleaning and childcare, and homecare of the sick. The resulting withdrawal of children, usually girls, to take up these tasks is an illustration of the real value of housework to the household unit, relative to the family's expected private return from schooling for girls. The opportunity cost of sending a girl to school is now as high as the value of the household work that cannot be dispensed with. Even though neither this cost, nor the full cost of schooling, are set out in explicit accounts, the decision-making family is acting on the basis of implicit calculations of these balances. Drawing on these ideas and related evidence, some economists have argued that structural adjustment policies are "male biased" in their design and implementation, because they fail to take into account gendered dimensions of the economy such as women's preponderance in the reproductive sector, the gender division of labor and inequalities in intra-household allocation. Others contend that they are gender neutral in intent, but interact with preexisting conditions to produce gender biased outcomes.

Structural Adjustment Lending – Loans from IMF or World Bank for balance of payment assistance or budget support with attached policy or structural reform conditions.

Structural Adjustment Loans (SAL) – Large loans made by the World Bank or IMF to developing countries which may carry strict financial and budgetary obligations or required reforms intended to open recipient countries to private investment and increase the recipient's competitiveness in the global economy. Reforms are usually orientated towards liberalization, privatization and reduction in government expenditure.

Structural Adjustment Participatory Review Initiative (SAPRI) – Joint World Bank, government and civil society initiative to review the impact of adjustment lending in seven borrowing countries.

Structural Deficit – A synonym for cyclically adjusted or high-employment government budget deficit. The government runs a structural deficit when its budget deficit exists not because real GDP is less than potential output, but because taxes are too low or spending too high to balance the budget even when real GDP equals potential output and unemployment is at its natural rate.

Structural Unemployment – Unemployment that is not "cyclical" and not "frictional." Cyclical unemployment goes away when output expands and real GDP reaches the level of potential output. Frictional unemployment serves as the economy's inventory of workers and is part of the normal process of workers changing jobs and finding good matches. Structural unemployment is the result of (a) a real wage level stuck too high for supply to balance demand in the labor market, (b) poor labor-market tax and regulatory policies that drive a large wedge between the earnings that workers receive and the costs firms must pay to employ them, (c) other policies that make it difficult for workers to move to where the jobs are and for jobs to move to where the workers are, or (d) a gross mismatch between the educational and skill levels of the labor force and the levels that employers require. Structural unemployment has been high in western Europe for two decades, was high in the United States during the Great Depression, and is frequently high in the developing world.

Supplemental Reserve Facility (SRF) – A facility to provide financial assistance for countries experiencing exceptional capital account problems resulting from a sudden and disruptive loss of market confidence.

Supply Response -- The increase in output as a result of changed incentives, much discussed in relation to market liberalization under **structural adjustment**, particularly in the agricultural sector. Evidence shows that supply response has been mixed, is lower in aggregate than for individual crops (where switching may occur) and may be as responsive to non-price as well as price factors. Some evidence also suggests that men and women farmers have shown different responses to changed price incentives. Non-price mechanisms, such as the burden of household work, may reduce the response of women (relative to men) to price incentives. The gender **division of**

labor may prevent women from working in some export production crops or activities, or, what is more common, may preclude men taking up a larger share of household tasks so that women might shift their labor resource. Such constraints on the supply of women's **unpaid labor** limit their ability to enter market activities. Limited response to incentive changes may come about by failure of the transmission mechanism to present incentives to some agents. For example, the asymmetry of household-level control over income can limit women's participation in the production of tradeables (due to low expected benefit), and this effect may be more important than the time constraint. That is, women may not expect to receive payment for export crops into their hands directly, with the result that they may be unwilling to take time from subsistence or non-tradeable activities to engage in production from which they or their children will derive little or no benefit (see **intra-household allocation**.) At the macro level, it has been suggested that women's unwillingness to supply labor for male-controlled export production may be responsible for poor supply response in African agriculture.

Supply Shocks – Changes - usually large, sudden changes - in the productivity of the economy. Supply shocks can take the form of a large, sudden change in the price of a key raw material, as happened in the oil shocks of the 1970s. The sudden rise in the price of oil gave businesses a powerful incentive to use less oil and energy and more labor and capital in production; thus the economy's output per worker and its potential output dropped. The sudden rise in the price of oil also set in motion compensating price rises in other sectors, and led to higher inflation. The supply shocks of the 1970s were a major contributing factor to the stagflation of that decade. Rapid changes in technology can be seen as supply shocks as well.

Surplus – A shortened form of "government surplus." The amount by which the government's taxes exceed its spending.

Surveillance – IMF monitoring of member countries' macroeconomic policies and financial sectors.

T

Taxes – Payments by citizens to the government. Transfer payments are subtracted from gross taxes to calculate net taxes, or taxes less transfer payments. Net taxes are the measure of how much purchasing power is removed from the private sector by the government's fiscal policies.

Technical Cooperation – Includes both (1) Grants to nationals of aid recipient countries receiving education or training at home or abroad and (2) Payments to consultants, advisors and similar personnel in recipient countries.

Technology Transfer – The rapid advance in total factor productivity possible in developing countries as they adopt the more productive technologies already well known in the world economy's industrial core. Since most of the difference between productivity levels across countries is due to differences in total factor productivity and the efficiency of labor, successful technology transfer is at the heart of successful economic development.

Time-Budget Survey -- Studies used to investigate the allocation of time among different tasks (and leisure). Other terms for such work include "time use studies" and "time allocation studies". They have been used to investigate the links between work patterns and environmental degradation and change; to compare the amount of leisure which individuals and societies enjoy as a measure of welfare at both micro and macro levels; to provide a more accurate picture of activity in rural areas where non-market work is prevalent, and more recently to assess the extent of involvement in unpaid labor by gender and age. They can be based on observation, recall or diary keeping, or a combination of methods. Time budget surveys have revealed the failure of conventional labor statistics to capture the extent, range and complexity of activities in which individuals engage, particularly in developing countries, and particularly among women, for whom multi-tasking is common. Time use surveys across a range of developing countries have revealed that the overall burden of work varies greatly, with a much higher work burden in rural than urban areas. In general, though, in all places, women work more hours than men, whilst women spend far less time in market work (around one third) than men (about three quarters). Time use data provide an important input into the process of valuing non-market work in national accounts, and also allow for analysis of the effects of changes in public spending on time use.

Total Savings – Private savings (by businesses and households) plus public savings (the government's surplus, and public savings are negative when the government runs a deficit) plus the capital inflow (the net amount of money that foreigners are committing to buying up property and assets in the home country, equal to minus net exports). Total savings are equal to total investment. Total savings are distinguished from national savings, which are equal to private savings plus the government surplus (leaving out the capital inflow); and total savings are distinguished from private savings, which are just the savings directly undertaken by households plus the business savings undertaken by firms on behalf of the households that are their owners.

Trade Balance – A synonym for net exports, equal to gross exports minus imports.

Trade Deficit – When gross exports are less than imports, and thus when net exports are negative. A country runs a trade deficit when international demand for goods and services it produces is less than home demand for goods and services produced abroad. A trade deficit is a subtraction from aggregate demand for domestically made products. A trade deficit is also necessarily associated with an equal capital inflow: net investment by foreigners in the home country.

Trade Expansion -- In the past 25 years trade has expanded at more than twice the pace of GDP growth, based on advances in communications and the global financial structure, and on transportation and production technology. Evidence from many countries shows that this expansion of trade has led to increased wage employment of women in most regions, and that there is a clear statistical relationship between increasing export orientation and a greater intensity of use of female labor power. While ample data show that women's participation in the labor force continues to rise, there is also strong evidence that in many areas there has been resistance to closing gender gaps in wages. Other effects of trade expansion include greater participation of women in new areas of the service sector, particularly in computer-based financial and telecommunications services and a greater demand for flexible labor - e.g. part-time, short-time, non-unionized home and sub-contracted workers.

Trade Surplus – When gross exports are greater than imports, and thus when net exports are positive. A country runs a trade surplus when international demand for goods and services it produces is greater than home demand for goods and services produced abroad. A trade surplus is a boost to aggregate demand for domestically made products. A trade surplus is also necessarily associated with an equal capital outflow: net investment by home-country citizens in foreign countries.

Tranche – An installment of a loan: IMF loans are disbursed incrementally to ensure adherence to attached conditions.

Transaction Costs -- The costs of operating an economic system, or of an economic exchange within it, including costs incurred in establishing or carrying out a contract. These may include costs of obtaining information, of negotiation, of establishing a basis for trust and credit, and so on; whatever the varied forms they take, the aggregate of all transactions costs is relevant to the basic objective of cost minimization. Every economic community erects institutions, including abstract ones such as market practices, the legal system, or the **financial sector** as a whole, which can be thought of as ways to reduce the frictions that make up the cost of transactions. Within institutions, whether firms or **households**, existing understandings and ongoing relationships eliminate the need for explicit negotiation of contracts for each exchange of goods or labor. Therefore, such institutions can be said to reduce transaction costs. The concept of transaction costs has been accepted by neoclassical economists as an element in real costs, whose presence does not on their own mean that an economy lacks **efficiency**. Development economists have often focused on the high transaction costs in developing areas - costs which are borne by the poor. Economists in gender fields, working in this framework, have used the concepts in two major ways: 1. to explore unequal terms of trade in credit and in labor markets because of the unequal burden of transaction costs (for information, trust/contracting) that falls on women; 2. in developing a transaction cost analysis of families and **households**, as institutions which settle certain distributional issues - for work, leisure and consumption goods - through existing pre-arrangements, and via implicit and explicit contracts.

Transfer Payments – Spending by the government that is not a purchase of goods or services but instead simply a transfer of income from taxpayers to program recipients. Payments to contractors who have built highways or to bureaucrats who have sold their labor time to the government are not transfer payments. Payments to food stamp recipients, social security recipients, or unemployment insurance recipients are transfer payments. .

Transnational Corporation (TNC) – also referred to as “multinational corporations (MNC); companies which operate in more than one country but retains ownership and control in its home country.

U

Unit of Account – One of the three functions that economists traditionally ascribe to money: Money is a medium of exchange, a store of value, and a unit of account. To say that a form of money - the U.S. dollar, say - is a unit of account is to say that a great many contracts are written promising to exchange such-and-such a good or service for such-and-such a number of dollars. The fact that a form of money is a unit of account means that changes in that form of money's value - inflation or deflation - can have powerful effects on the distribution of income and the level of production. Falling prices - deflation - increase the real wealth of creditors: The amount of money they are owed buys more real goods and services when the price level is lower. Rising prices - inflation - increase the real wealth of debtors: The quantity of real goods they must sell to raise the money to pay off their debt is lower when the price level is higher.

Unpaid Labor -- Work that produces goods or services but is unremunerated. It includes domestic labor, subsistence production and the unpaid production of items for market. Not to be confused with “unpaid family labor”, a term used in some developing country statistical agencies as a category to cover production of marketed goods in the home or on the farm without pay, as in home-based industries and rural production. Strict neoclassical approaches reject the term “unpaid”, since under neoclassical assumptions the decision to supply labor is taken voluntarily and rationally, in expectation of a return whether in kind or cash. However, the term is analytically useful in the case of the performance of domestic labor because its product, the maintenance of the labor force, is a benefit to the economy as a whole, but is not paid for by the economy as a whole. The macroeconomy is itself benefiting from provision of a public good; it is a “free rider” at the expense of women, who are the main labor force in the unpaid sector (see *externality*). UNDP IN 1995 estimated that, world wide, unpaid labor if valued at prevailing wages would amount to about 70 percent more than the then estimated \$23 trillion of total world output. About two thirds of this is work done by women. The Platform for Action adopted at the 1995 Fourth World Conference on Women (Beijing) commits governments to work towards incorporating the measurement and valuation of women’s household work into their *national accounts*. The failure to recognize unpaid agricultural work results in underestimates of women’s participation in the labor force.

User Fees – Charges for primary education and health care at the point of use, user fees were introduced in poor countries by the World Bank and other donors in the 1980-90's to tackle severe under-funding. The financial burden of user fees restricts access to basic resources and the World Bank states that it no longer supports them but is so far unable to eliminate them despite pressure to do so.

V

Value Added – The difference between the material costs a business incurs in production by buying raw materials and intermediate goods and the revenue it earns when it sells its products. Value added is equal to the sum of (a) employee compensation (wages, salaries, and benefits), (b) capital costs (depreciation and interest), and (c) profits.

Value added tax (VAT) – A tax on exchanges. It is levied on the added value that results from each exchange. It differs from a sales tax because a sales tax is levied on the total value of the exchange. For this reason, a VAT is neutral with respect to the number of passages that there are between the producer and the final consumer. A VAT is an indirect tax, in that the tax is collected from someone who does not bear the entire cost of the tax. To avoid double taxation on final consumption, exports (which by definition, are *consumed* abroad) are usually not subject to VAT and VAT charged under such circumstances is usually refundable. VAT was invented because very high sales taxes and tariffs encourage cheating and smuggling. It has been criticized on the grounds that (like other consumption taxes) it is a regressive tax.

Velocity of Money – The rate at which the economy's money stock "turns over" in an economy, equal to nominal expenditure or income divided by the money stock. If an economy has \$1 trillion of monetary assets and annual nominal national income of \$10 trillion, economists say that money has an income velocity of $(\$10 \text{ trillion})/(\$1 \text{ trillion}) = 10$. The velocity of money is a measure of how often the average monetary asset is used as a means of payment, and thus changes hands, over the course of a year. The higher the interest rate, the greater the velocity of money. A higher interest rate gives businesses and households an incentive to economize on their use of money - that proportion of their wealth they hold in liquid and readily spendable but low interest-earning form.

W

World Bank Board – A committee of highly-ranked individuals who make final decisions regarding all relevant issues on behalf of the institution.

World Bank Institute (WBI) – Capacity development arm of the World Bank which delivers training and knowledge-sharing activities

World Commission on Dams (WCD) – The WCD was an independent, international, multi-stakeholder process which addressed the controversial issues associated with large dams, and whose report was released in 2000: "Dams and Development: A new framework for decision-making".

World Development Report (WDR) – WDR is the World Bank's major analytical publication, printed annually.

World Trade Organization (WTO) – Multilateral trading organization comprising of 152 countries (as of May 2008) who accede to four major treaties governing almost every area of trade. Ascension into the WTO binds all members to all treaties and all provisions within the treaties (subject to a few minor exceptions) although grace periods are granted to individual members states as to when implementation of treaty provisions take place. The four main WTO agreements are: the General Agreement on Tariffs and Trade (GATT); the General Agreement on Trade in Services (GATS); Trade-Related Intellectual Property Rights (TRIPS); and Trade-Related Investment Measures (TRIMS).

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