END AUSTERITY

A Global Report on Budget Cuts and Harmful Social Reforms in 2022-25

ISABEL ORTIZ • MATTHEW CUMMINS

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GSJ Global Social Justice
IPD Initiative for Policy Dialogue
ITUC CSI IGB
Latindadd Red Latinoamericana por Justicia Económica y Social
PSI PUBLIC SERVICES INTERNATIONAL
TWN Third World Network
wemos HEALTH UNLIMITED

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Executive Summary

This report alerts of the dangers of a post-pandemic austerity shock, far more premature and severe than the one that followed the global financial crisis. Instead of harmful austerity measures (or "fiscal consolidation"), governments must urgently identify alternative financing options to support their populations that are coping with multiple and compounding crises – from health, energy, finance and climate shocks to unaffordable living costs. The report: (i) presents the incidence of budget cuts based on IMF projections in 189 countries until 2025; (ii) reviews the latest 267 IMF country reports to identify the main austerity measures being considered by Ministries of Finance and the IMF in each country; and (iii) presents alternative financing options, ultimately calling on countries to end austerity by creating fiscal space to finance a people's recovery and progress toward human rights and the Sustainable Development Goals (SDGs).

Today the world faces a severe austerity pandemic: the high levels of expenditures needed to cope with COVID-19, the resulting socioeconomic crisis and other shocks due to structural imbalances combined with reduced tax rates have left governments with growing fiscal deficits and indebtedness. Starting in 2021, this initiated a global drive toward fiscal consolidation whereby governments began adopting austerity approaches exactly when the needs of their people and economies are greatest.

Analysis of IMF expenditure projections shows that the adjustment shock is expected to impact 143 countries in 2023 in terms of GDP or 85% of the world population. Most governments started scaling back public spending in 2021, and the number of countries slashing budgets is expected to rise through 2025. One of the key findings is that the developing world will be the most severely affected. In 2023, 94 developing countries are projected to cut public spending versus 49 high-income countries. Moreover, the average overall contraction is much bigger than in earlier shocks – 3.5% of GDP in 2021. More than 50 countries (27% of the sample) appear to be adopting excessive budget cuts, defined as spending less than the (already low) pre-pandemic levels, including countries with high developmental needs like Equatorial Guinea, Eswatini, Guyana, Liberia, Libya, Sudan, Suriname and Yemen. In terms of the human impact, austerity affected 6.3 billion persons in 2021 or more than 80% of the global population, which is expected to rise to 6.7 billion people or 85% of humanity in 2023.

A long list of austerity measures is being considered or already implemented by governments worldwide. This includes eleven types of austerity policies that have negative social impacts on their populations, especially harming women: (1) targeting and rationalizing social protection (in 120 countries); (2) cutting or capping the public sector wage bill (in 91 countries); (3) eliminating subsidies (in 80 countries); (4) privatizing public services/reform of State-Owned Enterprises (SOEs) (in 79 countries); (5) pension reforms (in 74 countries); (6) labor flexibilization reforms (in 60 countries); (7) reducing social security contributions (or "tax wedge," in 47 countries); and (8) cutting health expenditures (in 16 countries). In parallel, three prevalent measures to raise revenues in the short-term that also have detrimental social impacts include: (9) increasing consumption taxes, such as sales and value-added taxes (VAT) (in 86 countries); (10) strengthening public-private partnerships (PPPs) (in 55 countries); and (11) increasing fees/tariffs for public services (in 28 countries).

Rather than investing in a robust post-pandemic recovery to bring prosperity to all citizens, governments are considering austerity measures that will harm populations. These adjustment measures are not new: the same policies have been advised over the years by the international financial institutions (IFIs). Austerity is an outdated policy that has become the "new normal," an IFI strategy to minimize the public sector and the welfare state –to support the private sector. Countries constrained by debt and deficits are told to adopt fiscal consolidation or austerity measures rather than identifying new sources of fiscal space. Once budgets are contracting, governments must look at policies that minimize the public sector and expand PPPs and the private delivery of services, often promoted and/or assisted by multilateral development banks. These policies principally benefit corporations and the wealthy –they are "pro-rich policies" that exacerbate inequalities. To compensate for the negative social impacts, particularly on women, the IFIs often advise a small safety net targeted to only the poorest populations, which excludes the vast majority of people, punishing the low and middle classes. Pro-corporate policies accompanied by a small safety net targeted to the poorest do not serve the mainstream population; they are detrimental to the majority of citizens, especially women. The worldwide propensity toward fiscal consolidation is expected to aggravate social hardship at a time of high development needs, soaring inequalities and social discontent.

It is alarming that trillions of dollars are used to support corporations, while the costs of adjustment are thrust upon populations. Governments should aim to bring prosperity and welfare for all. The dangers of overly-aggressive austerity are clear from the past decade of adjustment. From 2010-19, billions of lives were upended by reduced pensions and social protection benefits, cuts to programs for women, children, the elderly, persons with disabilities, informal workers, ethnic minorities; by lesser and lower paid teachers, health and local civil servants; less employment security for workers, as labor regulations were dismantled; by lower subsidies and higher prices due to consumption taxes, which further reduced disposable income following the significant job losses caused by lesser economic activity.

Austerity cuts are not inevitable, there are alternatives. There is no need for populations to endure adjustment cuts: instead of cutting public expenditures, governments can increase revenues to finance a people's recovery. There are at least nine financing alternatives, available even in the poorest countries. These nine fiscal space financing options are supported by policy statements of the UN and the IFIs, and have been implemented by governments around the world for years. These include: (1) increasing progressive tax revenues, (2) restructuring/eliminating debt, (3) eradicating illicit financial flows, (4) increasing social security contributions and coverage, including adequate employers contributions and formalizing workers in the informal economy with decent contracts, (5) using fiscal and foreign exchange reserves, (6) re-allocating public expenditures, (7) adopting a more accommodating macroeconomic framework, (8) lobbying for ODA and transfers, and (9) new Special Drawing Rights (SDRs) allocations.

There is a global campaign to stop austerity measures that have negative social impacts: End Austerity. Citizens have challenged and sometimes successfully reversed austerity measures over the past decade. Fiscal decisions on expenditure cuts affect the lives of millions of people and cannot be taken behind closed doors by a few technocrats at finance ministries, with the support of the IFIs. As part of good governance, these policies must be agreed transparently in national social dialogue, negotiating with representative trade unions, employer federations and civil society organizations. A fundamental human rights principle is precisely that States must utilize the maximum amount of resources to realize human rights. It is imperative that governments and international financial institutions redress austerity and other policies that benefit few, and instead explore all possible alternatives to expand fiscal space to ensure a post-pandemic people's recovery, achievement of human rights and the SDGs.

Endorsements

"This important report sheds light on austerity trends globally and provides clear, empirical evidence of how these policies simply do not work. The idea that you can create growth through austerity is an illusion. We must move away from the failed economic policies that have cut back on vital public services, destroyed millions of people's livelihoods, exploded inequalities, and depressed aggregate demand. It is high time to put an end to such destructive policies by stepping up public investment, strengthening wages and collective bargaining, and ensuring universal social protection, which will help to ensure a robust and resilient economic recovery that benefits everyone."

- Sharan Burrow, General Secretary, International Trade Union Confederation.

"This report is a stark warming about the slow-motion train crash future fiscal austerity presents as the false solution to the multiple crisis we are facing. Meanwhile, it also offers pathways to a people's recovery in proposing measures at both the national and international arena to avoid the spiral toward austerity."

- Matti Kohonen, Executive Director, Financial Transparency Coalition.

"Once again, Isabel Ortiz and Matthew Cummins provide sharp analysis of the threats of austerity, with regional and country alerts and assessments. This alone makes the document valuable for anyone seeking alternatives to the tried and failed policies of shrinking governments in times of need. However, they also provide proposals, which are tailored to countries facing the threats of austerity, privatization and defunding of public services. They point to threats and make specific recommendations. A valuable tool of all activists trying to protect their communities."

- David Boys, Deputy General Secretary, Public Services International.

"Austerity measures have harmful impacts on people, more vulnerable because of multiple crises. A fair and equal recovery needs better policies toward a financial architecture centered on the sustainability of people and planet. This publication warns of harmful austerity cuts and presents alternative policies that are urgently needed."

- Patricia Miranda, Global Advocacy Director, LATINDADD.

"We count this report not only as one of the most important references to understand harmful austerity reforms in our region, but also consider the alternatives it presents to be one of the key entries for us to stand against them."

- Shereen Talaat, Co-Director Arab Watch Coalition.

"This excellent yet sobering paper adds to the growing body of work sounding the alarm bells on austerity as the path being pursued for economic recovery. Ortiz and Cummins expertly lay out how that is manifesting in countries around the world giving readers a clear picture of what to look out for in their countries and the role of the IMF. This paper shows us that a near-term future of austerity is not just theoretical but real, and that policy makers need to shift gears urgently to adopt bolder, more progressive, and long overdue policies in order to avoid devastating millions of lives around the world, and doubling down on the huge explosion in inequality worldwide caused by COVID 19 and now the cost of living crisis. If our goal is to achieve a more sustainable, resilient, and equal future, it is time to reject austerity once and for all."

- Nadia Daar, Head of Washington D.C. Office & Max Lawson, Head of Inequality Policy and Advocacy, Oxfam International.

"The Bretton Woods Project is extremely grateful to the authors of the latest 'End Austerity' report, which once again provides a robust evidence base highlighting the negative economic and human rights consequences of austerity policies supported by the IMF and World Bank and demonstrates that other more equitable and just policy options exist. The report is an essential tool for those fighting for effective economic and social policies grounded on international human rights norms in the face of the climate and inequality crises and uneven recovery from the Covid-19 pandemic."

- Luiz Vieira, Coordinator, The Bretton Woods Project.

"This report has become an invaluable periodical publication, tracking the latest alarming developments and helping to inspire movements both nationally and internationally. The time has come to expose the cult of austerity and for governments everywhere to explore feminist and progressive alternatives."

- David Archer, Global Lead, Economic Justice and Public Services, ActionAid International.

"This report finds a large number of governments are pursuing austerity, including through measures that risk harming rights, such as more narrowly targeting social protection programs or reducing subsidies. The findings underscore the urgent need for a rights-based approach to economic recovery efforts, and for governments and international financial institutions to carefully assesses rights impacts of policies before implementing them."

- Sarah Saadoun, Senior Researcher on Economic Justice and Rights, Human Rights Watch.

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Acronyms

AfDB	African Development Bank
ADB	Asian Development Bank
AWC	Arab Watch Coalition
BWP	The Bretton Woods Project
CCRT	IMF's Catastrophe Containment and Relief Trust
CEPR	Center for Economic and Policy Research
CESR	Center for Economic and Social Rights
CSOs	Civil Society Organizations
DSSI	Debt Service Suspension Initiative
EAP	East Asia and the Pacific
ECA	Europe and Central Asia
ECF	IMF Extended Credit Facility
EU	European Union
EURODAD	European Network on Debt and Development
FAO	Food and Agriculture Organization
FCL	IMF Flexible Credit Line
FTC	Financial Transparency Coalition
G20	Group of Twenty
G8	Group of Eight
GDP	Gross Domestic Product
HICs	High-income countries
IADB	Inter-American Development Bank
IFFs	Illicit Financial Flows
ILO	International Labour Organization
IMF	International Monetary Fund
ITUC	International Confederation of Trade Unions
LAC	Latin America and the Caribbean
LATINDADD	Latin American Network for Economic and Social Justice
LICs	Low Income Countries
LMIC	Low Middle Income Country
MENA	Middle East and North Africa

MICs	Middle income countries
MOF	Ministry of Finance
NGO	Non-governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PPP	Public-Private Partnership
PSI	Public Services International
PSWB	Public Sector Wage Bill
RCF	IMF Rapid Credit Facility
RFI	IMF Rapid Financing Instrument
SBA	IMF Stand-by Arrangement
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
SME	Small- and medium-size enterprises
SOEs	State-Owned Enterprises
SSA	Sub-Saharan Africa
SWF	Sovereign Wealth Fund
TWN	Third World Network
UMIC	Upper Middle Income Country
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNRISD	United Nations Research Institute for Social Development
VAT	Value Added Tax
WHO	World Health Organization

End Austerity:

A Global Report on Budget Cuts and Harmful Social Reforms in 2021-25

Isabel Ortiz and Matthew Cummins[1]

1. Introduction

The pandemic created an unprecedented human and economic crisis, exacerbating inequalities. The COVID-19 virus quickly spread across all parts of the globe, overwhelming public health systems, which were already overburdened, underfunded and understaffed after a decade of austerity and unprepared to deal with a pandemic. At the time of publication, more than 600 million people had been infected with more than 6.9 million reported deaths and 17.2 million estimated deaths from COVID-19. The Lancet revealed that more than five million children had become orphans (2021 and 2022). As lockdowns were imposed to slow the spread, the global economy fell into the worst recession in 75 years, causing income losses and hardship for billions of people. The numbers are staggering: more than one billion full-time jobs were lost in 2020 (ILO, 2021a), while 3.3 billion people (or nearly half of mankind) are projected to be living below the poverty line of $5.50/day by the end of 2022, of which 860 million could be in extreme poverty surviving on less than $1.90/day (OXFAM, 2022a). Due to insufficient government support, gender discrimination and disproportionate care responsibilities, girls and women are among the most impacted (UNWOMEN, 2022).

Given the large structural imbalances in the world, the pandemic soon turned into compounded crises. In 2021-22, several shocks hit countries, already weakened by the COVID-19 pandemic: high inflation, including record-level energy and food prices, which triggered higher interest rates and slower economic growth; capital flight from the South in search of safety and high interest rates in the U.S., which weakened local currencies; disruption of global supply chains due to China's slowdown and lockdowns; and the negative spillovers from the conflict in Ukraine (IMF, 2022b). More than 1.2 billion people living in 69 countries are severely exposed to the compounded effects of a simultaneous finance, food and energy crisis (UNCTAD, 2022b). Climate change, poor harvests, supply chain disruptions, and commodity price speculation, caused the global food price index to rise to its highest level ever in March 2022 (FAO, 2022; UNCTAD, 2022a; BWP, 2022), causing hunger for tens of millions and a cost-of-living crisis to billions of people.

[1] Isabel Ortiz is Director of the Global Social Justice Program, Initiative for Policy Dialogue, Columbia University, and former director at ILO and UNICEF. Matthew Cummins is a senior economist who has worked at UNDP, UNICEF and the World Bank. Comments may be addressed by email to the authors at iortiz@globalsocialjustice.org and matthewwcummins@gmail.com.

Added to persisting inequalities and low levels of social sector investment, the human impacts are devastating. Inequality and billionaire wealth soared during the pandemic (OXFAM, 2022b). The vast majority of COVID-19 recovery funds went to big corporations instead of toward citizens' welfare and small businesses (FTC, 2021). Underinvestment in social sectors after a decade of austerity in 2010-19 (Ortiz and Cummins, 2019) resulted in insufficient support for populations. Basic health threats, such as cholera, diarrhea, malaria, polio and yellow fever, have re-emerged in many places just as health facilities were overwhelmed by COVID-19 patients and vaccination campaigns face multiple challenges. Countries reported disruptions across all health service delivery channels, especially in primary care, and across areas such as immunization, communicable diseases, and sexual, reproductive, maternal, newborn, child and adolescent health. In particular, 95% of African countries suffered service disruptions; the pandemic has highlighted the need to enhance the resilience of health systems (WHO and World Bank, 2021; WHO Africa, 2022). On the education front, 1.6 billion children around the world were deprived of classroom instruction with only the wealthiest students benefiting from some access to remote learning, whereas education budget cuts worsened the situation in many regions (World Bank and UNESCO, 2022; UNICEF, 2020 and 2021a; Cummins, 2020). The severe social outcomes resulting from the combined effects of these crises has led to a rising incidence of protests and social unrest, violence against women (UNWOMEN, 2020) and also a worldwide mental health crisis (UN, 2020). For the first time since the 1950s, these compounded crises are reducing global life expectancy (UN, 2022a) and human development indicators are falling globally (UNDP, 2022).

Now the world faces a severe austerity pandemic. Structural imbalances, the unforeseen costs of responding to the COVID-19 pandemic alongside a disappointing recovery have led to widening fiscal deficits and indebtedness. Around 60 countries are either in debt distress or at a high risk of debt distress, which is a recipe for default and prolonged socioeconomic hardship. The failed extension of the debt service suspension initiative (DSSI) at the end of 2021, coupled with rising variable interest rates, has led debt service to significantly increase, undermining the capacity of governments to guarantee the basic economic and social rights of their citizens (UN, 2022b; Debt Justice, 2022; EURODAD, 2021a). This initiated the global drive toward fiscal consolidation starting in 2021, with budget cuts and other austerity measures taking place at the precise moment when the needs of people and economies are greatest –as well as much needed investments to address the climate crisis. Worse, due to the Ukraine conflict, many governments are increasing defense expenditures and in-country refugee costs by cutting much needed socio-economic expenditures and official development assistance (ODA) (UNCTAD, 2022a). More public financing is needed, not less: A post-pandemic recovery requires economic and social investments.

Austerity is bad policy: A decade of fiscal consolidation increased poverty and inequality, especially for women, undermined progress on human rights and sparked social conflict. During 2010-20, prior to the COVID-19 pandemic, millions were pushed into poverty by the jobs crisis and by regressive austerity policies (Forster et al., 2019; ILO, 2014; OHCHR, 2013: Stubbs et al., 2021b, Stuckler and Basu, 2013; UN, 2019). Women were particularly affected by job losses and cuts in social protection and public services, while austerity was imposed with the implicit assumption that women would act as the shock absorbers by providing (unpaid) care at home. A vast array of social protection benefits, such as child allowances, disability benefits, gender equality programs, childcare services, services to victims of violence or housing support were rationalized as cost-saving measures (ActionAid, 2019; Bohoslavsky, 2018; BWP, 2019a;

CERS, 2018; Ghosh, J. 2013; ILO, 2014 and 2017; Muchhala, Daza Castillo and Guillem, 2022; OHCHR, 2013; Seguino, 2009; Thomsom et al., 2017; UNWOMEN, 2015). Income inequality also grew, generating more rich and more poor (OXFAM, 2018 and 2020a). Moreover, protests and social discontent grew significantly (Ortiz et al., 2022). Fiscal austerity further proved to be a deadly policy, as decades of underinvestment in public health and social protection systems aggravated economic and health inequalities and made populations vulnerable to COVID-19, as clinically documented in the United Kingdom by the Marmot Review (Marmot et al., 2020; Storm, 2021) and in the United States by the Lancet Commission (Woolhandler et al., 2021).[2]

This paper alerts to the dangers of the post-pandemic austerity shock so that citizens can end austerity with alternative policies. It does so by: (i) analyzing government spending trends up to 2025 (Section 2); (ii) examining the most common austerity measures that governments are considering or already implementing alongside their negative social impacts (Sections 3 and 4); (iii) presenting alternative financing options that all governments can exploit to increase critical socioeconomic investments and catalyze a sustainable and equitable recovery (Section 5); and (iv) introducing a set of actions so that citizens and governments can engage to end austerity now (Section 6).

[2] The UN (2016 and 2019b) and CESR (2018) argue that, according to standards of international law, both States and international financial institutions may be held responsible for complicity in the imposition of economic reforms that violate human rights.

2. Public Expenditure Trends 2008-25: Main Global Findings

2.1. Methodology

The analysis of government expenditure trends is based on IMF projections contained in the *World Economic Outlook* database released in April 2022. This is the main source of comparable fiscal data for most countries in the world.[3] In terms of the methodology, total government spending is analyzed using two measures: (i) public expenditure as a percentage of GDP; and (ii) the real value of public expenditure (the nominal value adjusted by inflation). To serve as a general reference, the projected changes in total government expenditure —both in terms of GDP as well as in real growth— for 189 countries are provided in Annex 1.

2.2. Two Crises (2008-09, 2020-) and Identical Responses: Short Fiscal Stimulus Followed by Long Fiscal Austerity

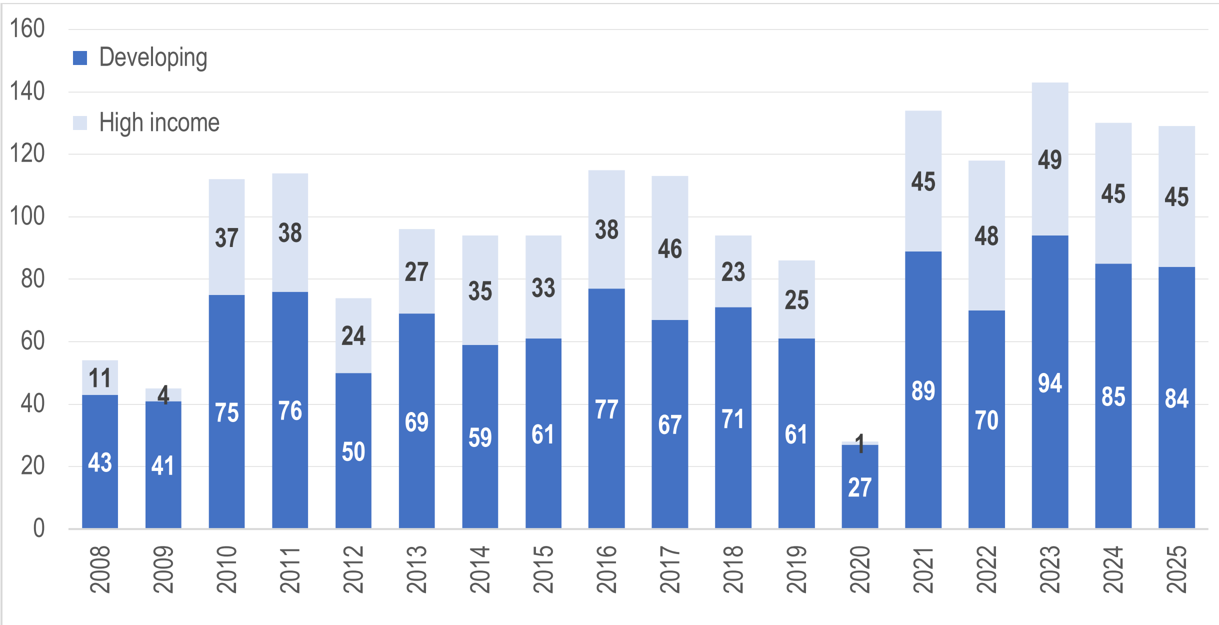
Since 2008, two major crises have led to short periods of fiscal expansion, limited to one or two years, followed by long periods of fiscal austerity. In the past 15 years, there have been two episodes where most governments ramped up spending to try to overcome global shocks. This happened in 2008-09, at the beginning of the global financial and economic crisis, and then in 2020, during the first and second waves of COVID-19. In the first case, 139 countries (or nearly three-quarters of the sample) expanded spending by an average annual increase of 3.4% of GDP in 2008-09, with only 50 countries contracting public expenditure (Figures 1 and 2). In the second case, 160 governments (or more than 85% of the sample) increased expenditure in 2020 by 5.0% of GDP, on average, with only 28 countries cutting spending. In both instances, the stimulus was largely used to support the corporate sector with some funding for social protection programs; the COVID-19 response additionally supported emergency health care services.

After the short periods of fiscal expansion, governments rapidly reversed course. Starting in 2010, the world experienced a decade of adjustment. Supported by advice from the IMF and recommendations from the G20 and others, many governments reduced spending, often on social goods and services, introduced labor market reforms that made workers increasingly precarious, and adopted regressive tax policies that disproportionately impacted vulnerable households. Austerity, which was pursued in the name of macroeconomic stability, had detrimental social impacts (ILO, 2014 and 2017; Ortiz and Cummins, 2011, 2012, 2013, 2015, 2019). History is now repeating itself. The high levels of expenditures needed to cope with the COVID-19 pandemic, the resulting socioeconomic crisis and other shocks due to structural imbalances, coupled with reduced tax rates, have left governments with growing fiscal deficits and indebtedness. And rather than continuing to explore financing options to provide direly needed

[3] Several caveats are worth mentioning. First, the scope of expenditure data varies across countries; in most instances, the data refer to central and local government. Second, total government spending projections may differ from the estimates used in this study as more up-to-date information becomes available. Third, expenditure data from IMF sources may vary from those reported in national budgets due to alternative projection assumptions and methods.

support for people and the economy, governments are entering into another period of fiscal austerity, which is expected to continue at least until 2025.

Figure 1. Number of countries contracting public expenditure by income status, 2008-25 (as a %GDP)



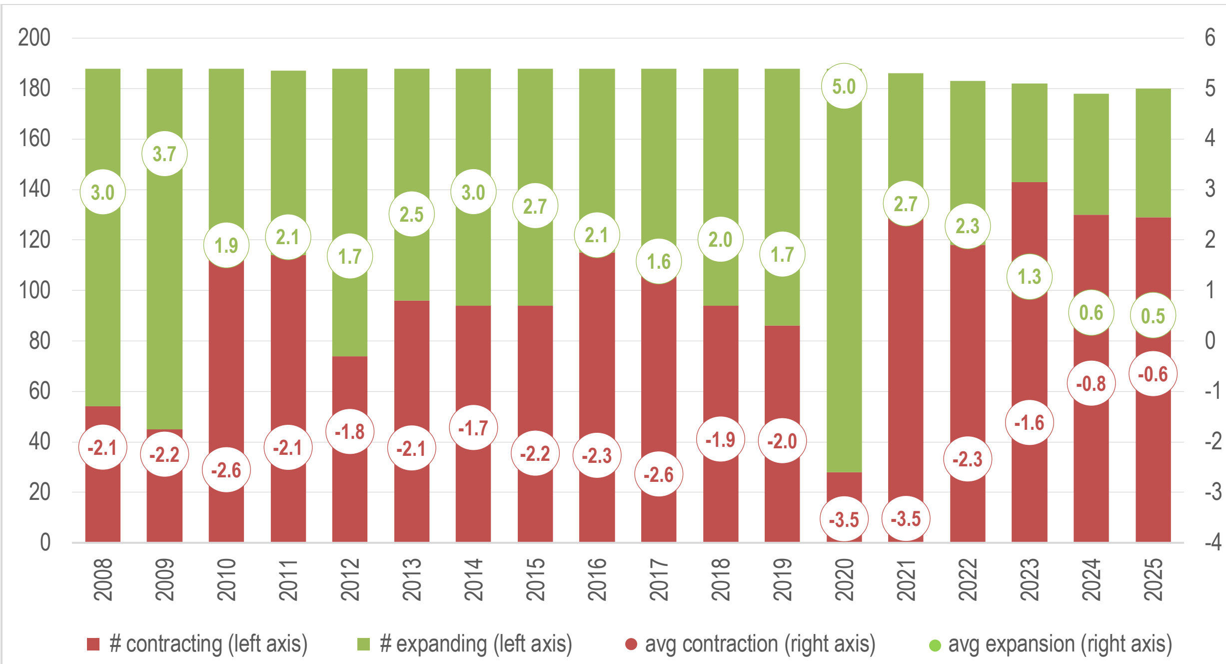
Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2022)
Note: All income classifications presented are based on World Bank fiscal year 2021

The dangers of premature and severe fiscal adjustment are clear from the past decade. The number of governments slashing their budgets ballooned during 2010 and 2011. Overall, 113 countries (or more than 60% of the sample) contracted spending by 2.4% of GDP, on average, in each of those years (Figure 2). The worldwide drive toward austerity then slightly slowed beginning in 2012 as some governments eased policies to boost spending. This likely reflects the realization that prolonged budget cuts were not supporting socio-economic recovery; austerity policies were also contributing to political and civil unrest. In all, about 74 countries (or less than 40% of the sample) reduced spending during this phase. Global contraction then re-emerged in full force in 2016-17, when budget cuts impacted approximately 114 countries to the tune of 2.5% of GDP, on average. Overall, the 2010-19 period saw around 100 governments cutting spending annually by around 2.1% of GDP, on average, at a time when recovery from the global financial and economic crisis remained weak within and across countries.

The post-pandemic fiscal shock appears to be even more premature and severe than the one that followed the global financial crisis. Current estimates indicate that 134 countries contracted their budgets in 2021 in terms of GDP (or more than 80% of the sample), which will slightly decrease to 118 countries in 2022 before impacting 143 countries in 2023. Moreover, the average contraction appears much bigger in 2021 than in earlier shocks – 3.5% of GDP in 2021 versus ~2.4% in the 2010-11 and 2016-17 periods (Figure 2). However, these are averages, and many countries will be imposing much harder adjustments.

Most worrisome is the timing of the intensifying drive toward austerity. This policy approach is being implemented at a time when many parts of the world are experiencing new surges of COVID-19, economic growth is stagnating or turning negative, food insecurity is at an all-time high, global supply chain bottlenecks, commodity speculation, inflationary pressures, and the Ukraine conflict are creating cost-of-living shocks, and unprecedented levels of political volatility are causing extreme hardships for populations. Additionally, the climate crisis requires urgent public investments in both climate mitigation and adaptation.

Figure 2. Average annual change in government expenditure, 2008-25 (as a %GDP)

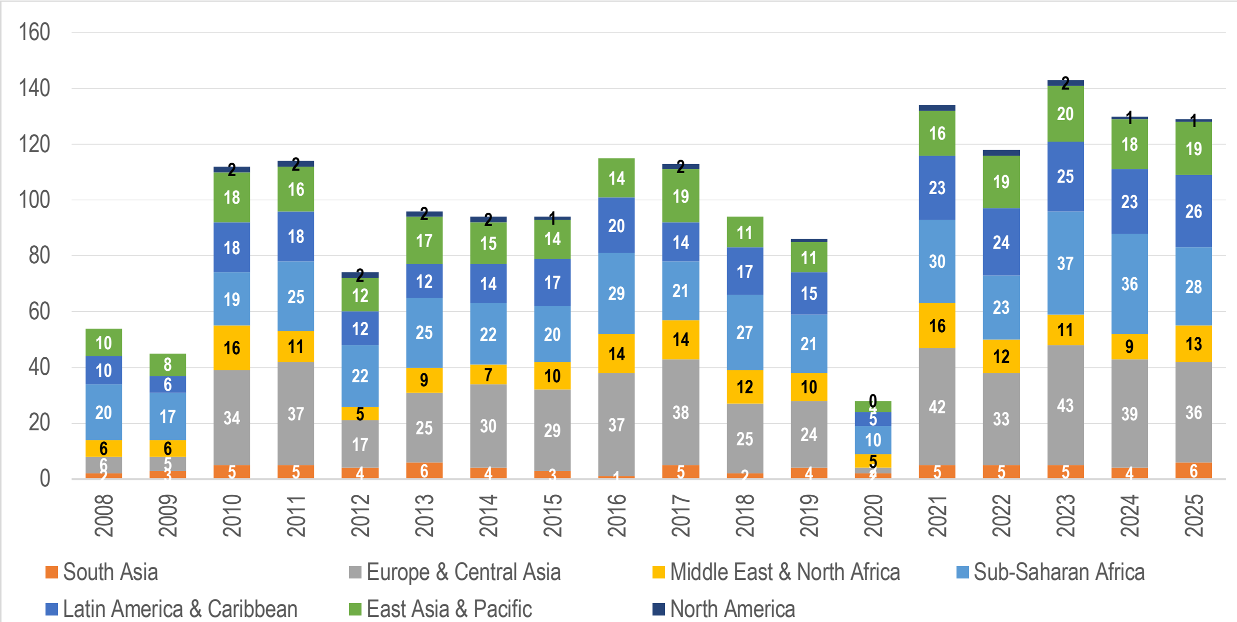


Source: Authors' calculations based on the IMF's *World Economic Outlook* (October 2020)

2.3. Budget Cuts Affecting Billions of People

Most governments started scaling back public spending in 2021, with the number of countries adopting budget cuts expected to rise through 2025. Around 134 governments began to reduce expenditures in 2021 (Figure 3). While this slightly declined in 2022, reaching 118 countries, fiscal austerity is expected to impact 143 countries in 2023. The incidence and depth vary across regions and income groups. In terms of regions, Europe and Central Asia had the highest proportion of countries contracting expenditure in 2021 (42 out of 49 countries, or 86%). Most other regions were close behind, ranging between 70% and 80% of countries affected, including the Middle East and North Africa (16 out of 20 countries, or 80%), Latin American and the Caribbean (23 out of 33 countries, or 70%), Sub-Saharan Africa (30 out of 47 countries, or 64%) and South Asia (5 out of 8 countries, or 63%). Budget cuts were moderately less widespread in East Asia and the Pacific, but still prevalent in more than half of the countries (16 out of 30 countries, or 53%). The Annex contains the size of fiscal contraction (or expansion) from 2008 to 2025 in both GDP and real terms for all countries.

Figure 3. Number of countries contracting public expenditure by region, 2008-25 (as a % GDP)



Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2022)

Turning to the human impact, austerity is estimated to affect 6.3 billion persons in 2021 (or more than 80% of the global population) and 6.7 billion people in 2023 (or 85% of humanity). Following a slight pullback in 2022, the numbers are expected to rise in 2023 (Table 1 and Figures 4-6). By 2025, three-quarters of the global population may still be affected by budget cuts. The populations in several regions are likely to be hit exceptionally hard, most notably in East Asia and the Pacific as well as South Asia where more than 90% of people appeared to be living under budgetary tightening conditions in 2021 and prospectively in 2023. Looking toward 2023, populations in high income countries emerge the most widely affected (93%), slightly falling to 87% of the population in middle income countries.

Table 1. Persons affected by austerity/public expenditure contraction in GDP terms, 2000-25 (by income groups and regions)

Table 1A. In millions of persons

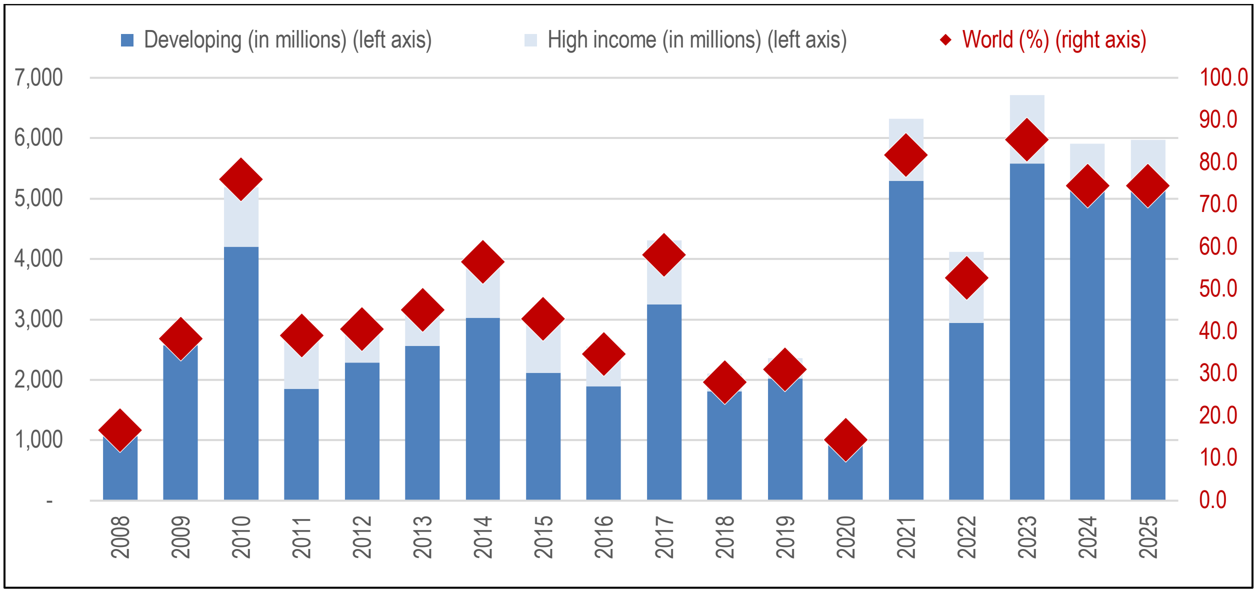
Income group/region	2020	2021	2022	2023	2024	2025
Low income	309	309	186	352	325	204
Lower middle income	649	2,587	2,362	3,010	2,491	2,883
Upper middle income	144	2,401	392	2,214	2,338	2,204
High income	0	1,023	1,174	1,136	760	676
East Asia & Pacific	8	2,019	786	2,154	1,910	1,843
Europe & Central Asia	90	765	553	638	783	694
Latin America & Caribbean	58	549	222	522	526	554
Middle East & North Africa	266	326	161	263	118	317
North America	0	370	372	374	40	40
South Asia	198	1,803	1,656	1,820	1,634	1,890
Sub-Saharan Africa	484	488	364	942	903	631
World	1,103	6,320	4,114	6,713	5,913	5,968

Table 1B. As a percentage of the respective population

Income group/region	2020	2021	2022	2023	2024	2025
Low income	51	50	29	54	49	30
Lower middle income	20	77	70	88	72	82
Upper middle income	6	94	15	86	91	86
High income	0	85	97	93	62	55
East Asia & Pacific	0.3	87	34	92	81	78
Europe & Central Asia	10	83	60	69	84	74
Latin America & Caribbean	9	86	34	80	80	84
Middle East & North Africa	58	70	34	55	24	64
North America	0	100	100	100	11	11
South Asia	11	97	88	96	85	97
Sub-Saharan Africa	44	44	32	80	75	51
World	14	82	53	85	75	75

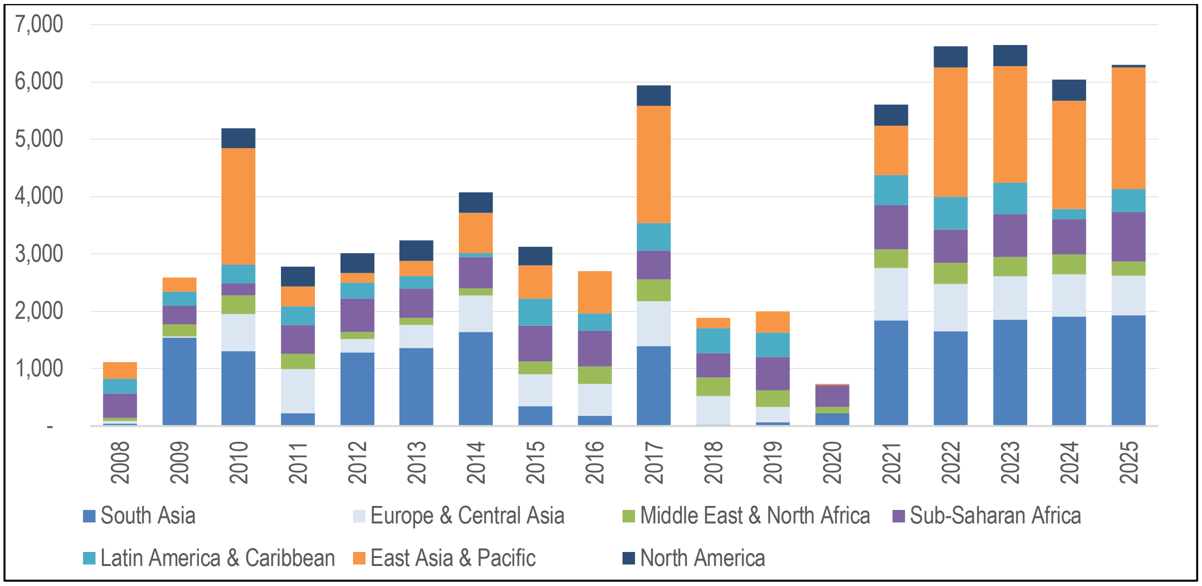
Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2022)

Figure 4. Population affected by austerity/public expenditure contraction in GDP terms, 2008-25 (in number of persons and as a % of global population)



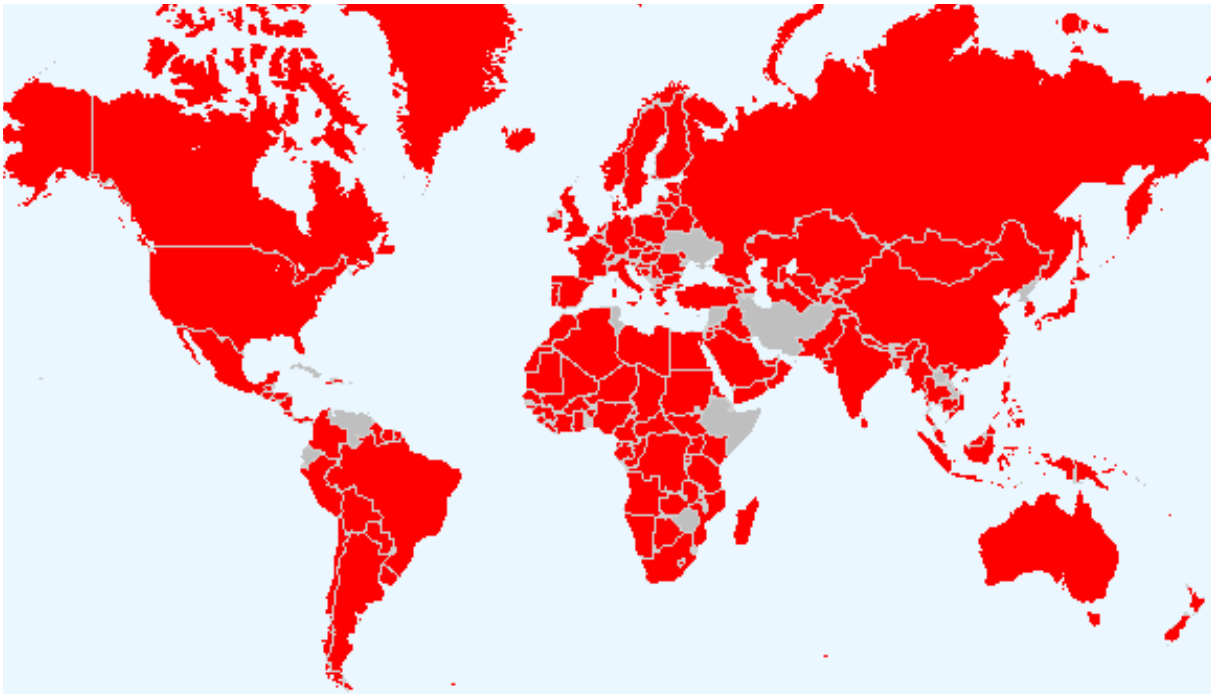
Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2022)

Figure 5. Population affected by austerity/public expenditure contraction in GDP terms, 2008-25 (in number of persons by region)



Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2022)

Figure 6. Countries projected to contract public expenditure in GDP terms in 2022-24

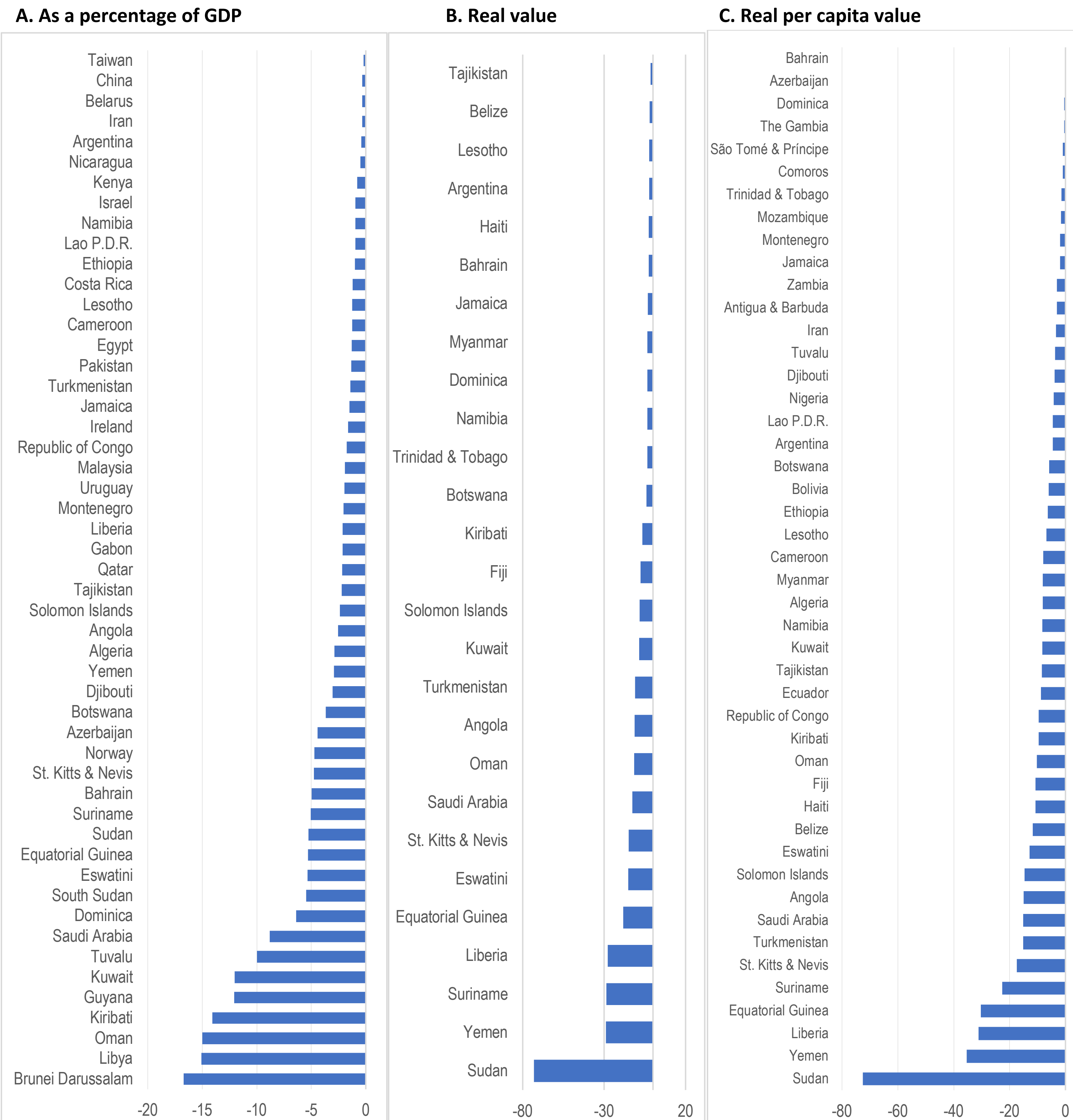


Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2022)
Note: Data unavailable for Afghanistan, Ecuador, Lebanon, Syria, Tunisia, Ukraine and Venezuela

2.4. High Levels of Austerity in Too Many Countries

Many countries appear to be adopting excessive budget cuts, defined as spending less than the (already low) pre-pandemic levels. As presented earlier, many governments reduced spending during 2010-19, which left their populations with inadequate services and support. In that context, it is troubling that 51 governments are projected to be spending less in 2022-23 than in 2018-19, by an average of 4.1% in terms of GDP (Figure 7A). In seven countries, the difference amounts to more than 10% of GDP: Brunei Darussalam, Guyana, Kiribati, Kuwait, Libya, Oman and Tuvalu. When looking at changes in real terms, 27 governments may be spending less in 2022-23 compared to the pre-pandemic period, by 12% less, on average; the magnitude reaches more than 25% in Liberia, Suriname, Sudan and Yemen (Figure 7B). Worrisome trends also emerge when looking at spending on a per person basis, which captures the actual power of a government budget to support its citizens. Under this metric, 46 governments are investing less in their people in the current period relative to pre-pandemic levels, by about 10% less, on average (Figure 7C).

Figure 7. Change in total government spending, 2022-23 versus 2018-19 period average value



Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2022)

3. Adjustment Cuts and Reforms: Austerity Measures in 2020-22

3.1. Methodology

How are governments achieving fiscal adjustment? And what are the main adjustment measures that have negative social impacts? To answer these questions, this section looks at policy discussions and other information contained in IMF country reports, which cover Article IV consultations, reviews conducted under lending arrangements (Stand-by Arrangement/SBA, Extended Credit Facility/ECF, Rapid Credit Facility/RCF, Flexible Credit Line Arrangement/FCL, Rapid Financing Instrument/RFI), consultations under non-lending arrangements (Staff Monitored Program) and other publicly available IMF reports.[4] In total, this section updates the earlier review of 779 reports that appeared between 2010-19 covering 185 countries, with a new review of 267 country reports published between January 2020 and April 2022.

Two caveats must be kept in mind. First, the findings are solely based on the authors' interpretation of information contained in the IMF country reports. Secondly, to the extent that measures eventually adopted by governments may differ from those under consideration in the reports, this analysis is only indicative, and actual outcomes require verification, not least as ex-ante proposals will diverge from ex-post country implementation.

3.2. Types of Austerity Measures and Reforms

Governments worldwide are currently considering or implementing eleven types of austerity policies that have negative social impacts on their populations, especially hurting women. These include: (1) targeting and rationalizing social protection; (2) cutting or capping the public sector wage bill; (3) eliminating subsidies; (4) privatizing public services/reform of State-Owned Enterprises (SOEs); (5) pension reforms; (6) labor flexibilization reforms; (7) reducing employers' social security contributions ("tax wedge"); and even (8) cutting health expenditures. In parallel, three prevalent measures to raise revenues in the short-term that also have detrimental social impacts include: (9) increasing consumption taxes, such as sales and value-added taxes (VAT); (10) strengthening public-private partnerships (PPPs); and (11) introducing or expanding fees/tariffs for public services (Figure 8 and Table 2). A summary of the main austerity policies is provided below, and country snapshots are presented in Annex 2.

The most commonly considered austerity measures to adjust government expenditure include:

1. **Targeting and rationalizing social protection:** The review indicates that 120 governments in 88 developing and 32 high income countries are considering rationalizing spending on social assistance or safety nets, often by revising eligibility criteria and targeting to the poorest, excluding vulnerable populations in need of support. Rationalizing social protection has been commonly implemented by

[4] This review focuses on policy advice and does not focus on lending conditions, terms and surcharges – for this, see Arauz et al. 2021, Stiglitz and Gallagher, 2021; OXFAM, 2021b.

slashing programs for children and families, women, the unemployed, the elderly and persons with disabilities, as well as targeting scarce resources to only the extreme poor. Rather than scaling down social assistance to achieve cost savings, countries must scale up social protection systems and floors for all persons.

2. **Cutting or capping the public sector wage bill:** As recurrent expenditure, such as salaries for teachers, health workers and local civil servants, tends to be the largest component of national budgets, an estimated 91 governments are considering reducing their wage bill in 64 developing and 27 high income countries. This can translate into salaries being reduced or eroded in real value at a time of high inflation, payments in arrears, hiring freezes and/or employment retrenchment, all of which can adversely impact access to and the quality of public services, with disproportionate negative impacts on populations, especially on women. Additionally, most teachers, health personnel and social workers are women. The number and salaries of civil servants must be increased, not decreased, to achieve human rights and the SDGs.

3. **Eliminating or reducing subsidies:** Overall, 80 governments in 55 developing and 25 high income countries are limiting subsidies, predominately on energy (fuel, electricity), food and agricultural inputs. This adjustment measure is being implemented at a time when the prices of many basic goods and services hover near record highs; if basic subsidies are withdrawn, energy, food, fertilizer and transport costs increase and will become unaffordable for many households. While the climate crisis demands urgent progress with the phasing out of fuel subsidies, it is important that this be carried out taking into account the risks of further eroding the disposable income of families (at this time of high inflation) and job losses (due to slowing economic output). Priority should go to developing sustainable agriculture and energy alternatives. Adequate compensation must be provided to all through universal social protection systems, not just a small safety net for the poorest segments, to ensure that food, transport and energy remain affordable for populations.

4. **Privatization of public services/Reform of State-Owned Enterprises (SOEs):** Despite the many privatization failures recorded in recent years (and recent re-nationalizations in water, transport, energy, pensions and others), privatization is being considered by 79 governments in 59 developing and 20 high income countries. Sometimes SOEs are reformed as a precursor to privatization, without prior analysis of the social impacts. While sales proceeds produce short-term gains, the losses over the long-term can be significant due to lost future revenues; further, when states are faced with the need to re-nationalize, this most often comes at a high cost. Privatization risks include layoffs, tariff increases, and unaffordable and/or low-quality basic goods and services. Instead, governments must invest in affordable quality public services, from education and health to water supply and transport.

5. **Reforming pensions:** Reforming old-age pensions with a fiscal objective is one of the most common adjustment measures, being considered by 74 governments in 55 developing and 19 high income countries. Pension reforms can include raising workers' contribution rates, decreasing employers' social security contributions, lengthening eligibility periods, reducing pension tax exemptions, prolonging the retirement age, lowering benefits, eliminating/penalizing early retirement, freezing or lowering pension indexation below inflation levels, or modifying calculation formulas downwards.

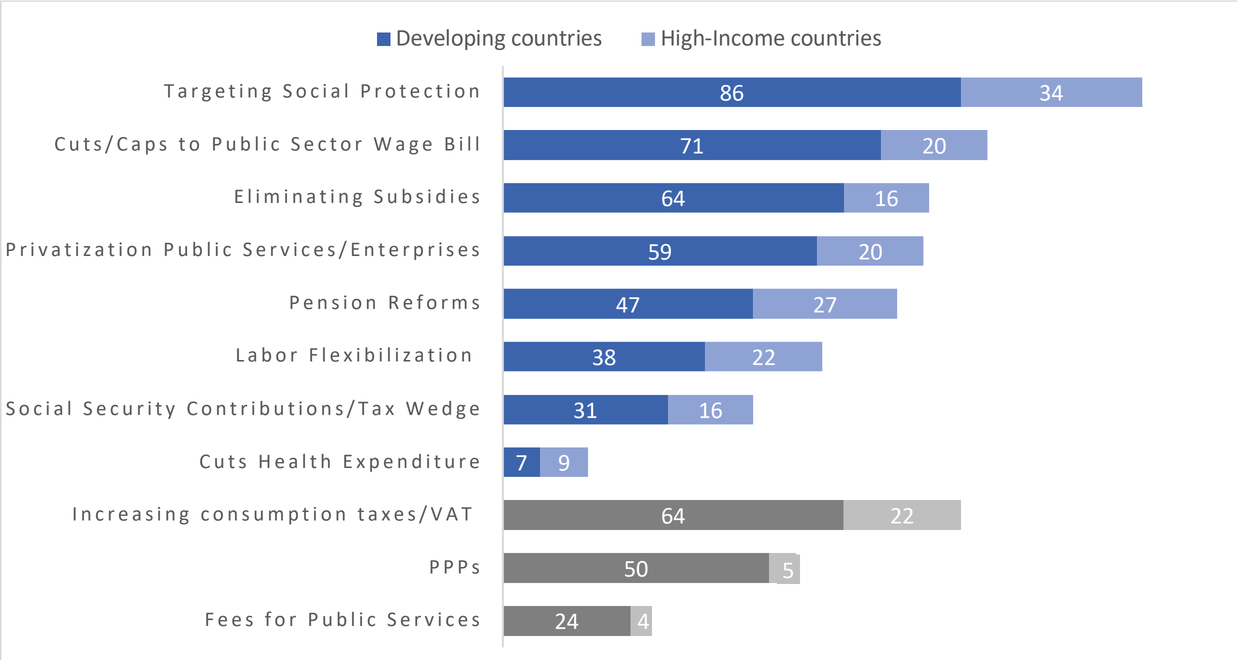
Despite the failures of pension privatization, some governments are also considering structural changes, such as introducing individual accounts, eliminating defined benefit (collective) pensions and replacing with defined contribution (individualized savings). Pension reforms often violate international standards. As a result, future pensioners are expected to receive lower benefits, and old-age poverty and inequalities are increasing in many places. Instead of undermining public pension systems, they should be strengthened in accordance with international standards, including by adequate employers' contributions and formalizing workers in the informal economy to ensure sustainability, with benefits that guarantee dignity in old-age retirement.

6. **Labor flexibilization reforms:** These include restraining the minimum wage, limiting salary adjustments, decentralizing, limiting or eliminating collective bargaining, increasing the ability of enterprises to fire employees, and making it easier to hire workers on temporary/atypical and precarious contracts. Some 60 governments in 44 developing and 16 high income countries are considering some form of labor flexibilization, at a time when high inflation is further reducing real wages, increasing the cost-of-living crisis and contributing to social unrest. Labor flexibilization is aimed at increasing competitiveness and supporting business in the context of recession. However, available evidence suggests these reforms will not generate decent jobs; to the contrary, in a context of economic slowdown, they are likely to generate more precarious labor markets, depress domestic incomes and ultimately hinder recovery efforts. Instead, countries must increase wages and decent jobs for people.

7. **Reducing employers' social security contributions ("tax wedge"):** At least 47 governments in 14 high income and 33 developing countries have waived or reduced employers' social security contributions to support enterprises during the COVID-19 pandemic. This is a highly regressive policy since these contributions are a deferred wage of workers, part of their compensation, not a tax. If employers' contribution rates were waived/reduced, they must subsequently be increased again and all arrears paid back to social security, to ensure its sustainability and protect workers' rights.

8. **Cutting health expenditures:** While most governments were advised by the IMF to temporarily increase health allocations to fight the COVID-19 pandemic, some reports contain advise to reduce health expenditures once the pandemic is over. Cuts are being discussed by 16 governments in 7 developing and 9 high income countries. Typically, health reforms include increased charges for health services, reductions in medical personnel, cost-saving measures in public healthcare centers, discontinuation of allowances, phase-out of treatments and services, and increased copayments for pharmaceuticals. Yet countries need more than just a temporary increase in health expenditure to deal with the COVID-19 emergency; their populations need sustained investments to implement universal access to quality healthcare.

Figure 8. Incidence of austerity measures with negative social impacts in 172 countries, 2020-22 (in number of countries)



Source: Authors' analysis of 267 IMF country reports published in 2020-22.

Table 2. Main austerity measures by region, 2020-22 (in number of countries)

	Targeting social protection	Wage bill cuts/caps	Consumption tax VAT	Subsidy reduction	Privatize SOEs	Pension reform	Labor flexibil reform	PPPs	Reduce SS contri- - butions	User fees	Reduce health budget	Total
East Asia and Pacific	15	6	12	9	9	9	7	8	6	2	0	83
Europe and Central Asia	38	26	23	18	19	28	21	11	27	5	6	222
Latin America and Caribbean	20	17	15	14	13	16	11	10	9	5	6	136
Middle East and North Africa	12	9	8	9	8	9	10	7	5	4	1	82
South Asia	5	5	3	4	4	2	3	3	0	1	0	30
Sub Saharan Africa	29	28	24	25	26	9	8	16	0	11	2	178
All countries	120	91	86	80	79	74	60	55	47	28	16	736

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

The most commonly considered austerity measures to boost government revenue that also have negative social impacts are:

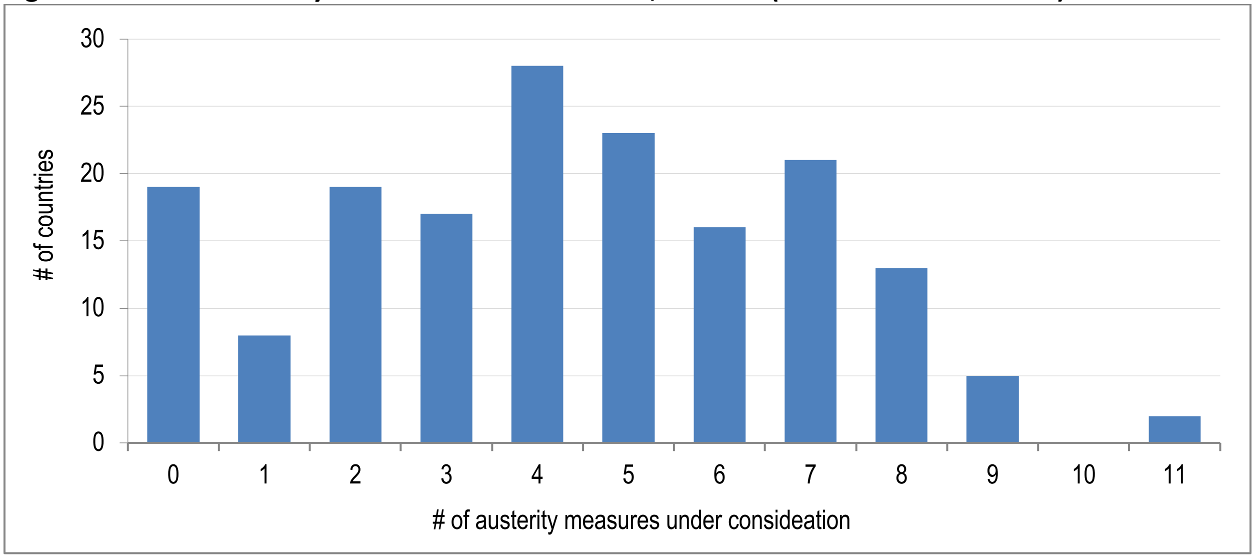
9. **Increasing consumption taxes/VAT on goods and services:** This includes increasing or expanding VAT rates or sales taxes or by removing exemptions in as many as 86 governments in 64 developing and 22 high income countries. Increasing the cost of basic goods and services, however, erodes the already limited incomes of vulnerable households and stifles economic activity. Moreover, because this policy does not differentiate between consumers, it is regressive. Consumption-based taxes reduce poorer households' disposable income, which further exacerbates existing inequalities. In contrast, alternative progressive tax approaches should be considered, such as taxes on personal and corporate income, including on the financial sector, wealth, inheritance, property, digital services or ending 'special economic zones' and other tax exemptions/breaks to big corporations.

10. **Strengthening public-private partnerships (PPPs)**: 55 IMF country reports suggested strengthening PPPs as a way forward, which includes 40 developing countries and 15 high income countries. However, there are many downsides to using PPPs, including their high costs, increased public and consumer spending, high contingent liabilities, efficiency issues and adverse impacts on workers. There is good evidence that PPPs strengthen the private partner at the expense of the public partner, creating a public subsidy flow to the private sector. Governments should resist pressures and consider cost-effective public infrastructure and services.

11. **Fees/tariffs for public services:** As many as 28 governments, in 6 high income and 22 developing, are advised to introduce or increase fees or tariffs for public services. Note that the actual number of countries raising fees and tariffs is already much higher, as the practice is prevalent in countries that have privatized or reformed their public services. Rate hikes may lead to goods and services being unaffordable for populations —this is particularly important for access to essential services such as water, education, health, energy and transport.

One of the most worrisome findings relates to the scale of austerity measures being considered. Overall, at least four policy options are being discussed or implemented in 108 countries, five or more in 80 countries, six or more in 57 countries, seven or more in 41 countries and eight or more 20 countries (Figure 9). Even more troubling, nine options are being considered or carried out in Algeria, Barbados, Brazil, Kuwait and Oman, and all 11 options in Ecuador and Moldova. On the other side of the spectrum, 19 countries appear not to be contemplating any type of adjustment measure at present, although this likely reflects a lack of or outdated information in most cases. Nonetheless, this list includes Belarus, Bhutan, Burundi, Canada, Comoros, Cuba, Eritrea, Guinea-Bissau, Guyana, Iran, Kiribati, Lao PDR, Lebanon, Micronesia, New Zealand, Portugal, Qatar, Turkmenistan and Tanzania.

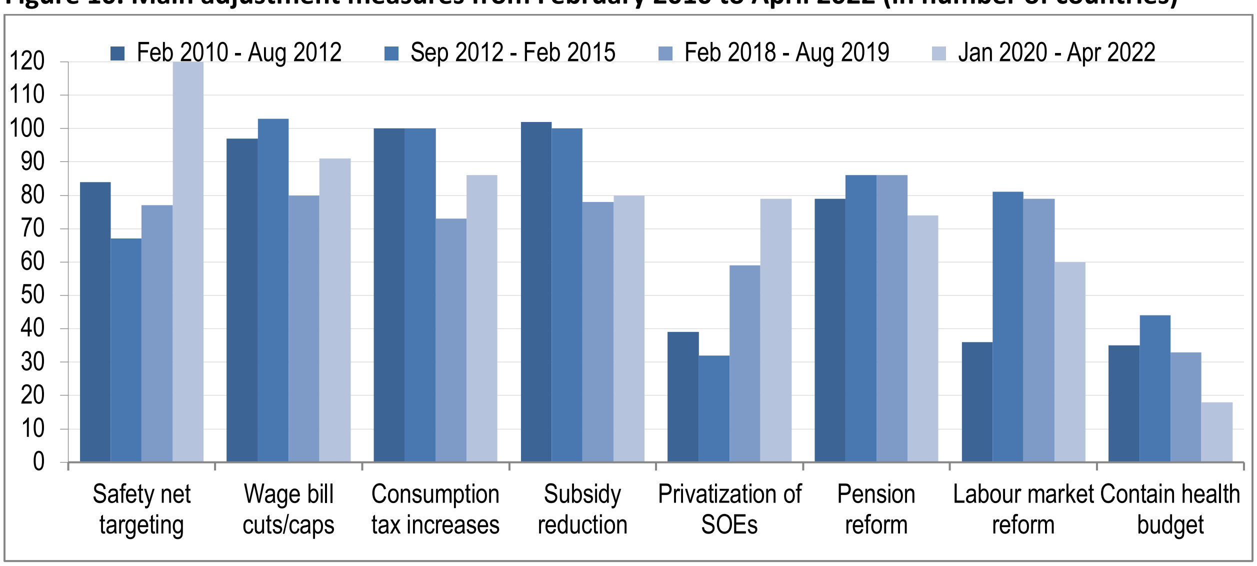
Figure 9. Scale of austerity measures in 172 countries, 2020-22 (in number of countries)



Source: Authors' analysis of 267 IMF country reports published in 2020-22.

The number of adjustment measures being considered by governments has remained relatively stable since 2010, although the policy choices have changed. When looking at four distinct review periods of IMF country reports, around 572 fiscal austerity measures were identified during 2010-12, 613 during 2012-14, 565 during 2018-19 and 608 austerity measures between January 2020 and May 2022. This suggests slight ebbs and flows over time, but the total volume is almost identical when comparing the first and third as well as the second and fourth review periods. However, the analyses of IMF reports shows that there have been changes in the range of measures considered (Figure 10). For example, the latest review period shows major increases in the number of countries considering social protection targeting and privatization of SOEs, with notable increases also in wage bill cuts/caps and consumption tax increases. At the same time, there are pronounced decreases in labor flexibilization and health reforms.

Figure 10. Main adjustment measures from February 2010 to April 2022 (in number of countries)



Source: Authors' analysis of 1,046 IMF country reports published between February 2010 and April 2022.

Austerity has become the "new normal", an IFI strategy to minimize the public sector and the welfare state – and support the private sector. Figure 10 shows that no matter the context, the 2008 financial crisis or the 2020 pandemic, virtually the same austerity measures have been advised over the years. Austerity is an outdated policy that has become the "new normal", an IFI strategy to minimize the public sector and the welfare state –to support the private sector. Countries constrained by debt and deficits are told to adopt fiscal consolidation or austerity policies instead of identifying new sources of fiscal space. Once budgets are contracting, governments must look at policies that minimize the public sector and expand PPPs and private delivery, often promoted and/or assisted by multilateral development banks (Ortiz and Cummins, 2019, Eurodad, 2021c). These policies benefit mostly corporations and the wealthy –they are "pro-rich policies" that exacerbate inequalities. To compensate for the negative social impacts, the IFIs often advice a small safety net targeted to the poorest, excluding many vulnerable populations and punishing the low and middle classes, making them pay the cost of adjustment –despite most of the population in developing countries has low incomes and the middle classes are shrinking in high income countries. Pro-corporate macroeconomic policies accompanied by a small safety net targeted to the poorest do not serve the mainstream population, these policies are detrimental to the majority of citizens, in particular women. There are clear winners and losers from this renewed Washington Consensus; countries must effectively assess the impacts and question who benefits from these policies. As it will be presented in the next section, the worldwide propensity toward fiscal consolidation can be expected to aggravate social hardship at a time of high development needs, soaring inequalities and social discontent.

4. The Harmful Social Impacts of Fiscal Austerity

This section describes the adverse social impacts associated with the most common fiscal austerity measures. As presented in Section 3, these include targeting and rationalizing social protection; cutting or capping the public sector wage bill; eliminating subsidies; privatizing public services/SOEs; pension reforms and reducing employers' social security contributions ("tax wedge"); labor flexibilization reforms; cutting health expenditures; increasing consumption taxes, such as sales and value-added taxes (VATs); strengthening PPPs; and introducing fees/tariffs for public services.

The negative social impacts of austerity are well documented. Many recorded the adverse impacts on poverty, inequality, women, children, human rights retrogression as well as on jobs and economic activity, for example, CESR 2018; Forster et al. 2019a and 2019b; ILO, 2014 and 2017; Cornia, Jolly and Stuart, 1987; Stiglitz et al. 2019; Stubbs et al., 2017 and 2021b; Stuckler and Basu, 2013; Thomsom et al, 2017; UNCTAD, 2018. From 2010-19, billions of lives were upended by reduced pensions and social security/protection benefits; by public sector wage bill cuts and caps, which hampered the delivery of public services like education, health, social work, water and public transport, hurting women in particular; the rationalization and narrow-targeting of social protection programs so that only the poorest populations received smaller and smaller benefits, while most people were excluded, cutting programs for women, children, the elderly, persons with disabilities, informal workers, ethnic minorities; lower subsidies and higher prices while wages fell or stagnated; and less employment security for workers, as labor regulations were dismantled. In many countries, public services were downsized and/or privatized, including health. Regressive revenue-generation measures, like consumption taxes, further reduced disposable household income, after the significant job losses caused by lesser economic activity. Fiscal austerity also proved to be a deadly policy: the weak state of public health systems —overburdened, underfunded and understaffed from a decade of austerity— aggravated health inequalities and made populations vulnerable to COVID-19.

There are arguments for legal responsibility and reparations. In 2010-19, billions of people were pushed into poverty and lower living standards by a crisis that they did not create, which raises arguments for legal responsibilities and reparations. The UN Committee on Economic, Social and Cultural Rights (2016), CESR (2018) and the UN (2019b) argue that, according to standards of international law, both States and IFIs may be held responsible for complicity in the imposition of economic reforms that violate human rights.[5] As presented in the following pages, a number of austerity measures were considered unlawful by European Courts and were subsequently reversed, and citizens compensated. Responding to criticism and also to improve operations, the IMF Board approved a social spending strategy (Box 1). However, that generated public outcry since it contradicts international conventions, standards and agreements, including human rights and the SDGs.

[5] The Committee on Economic, Social and Cultural Rights has highlighted that international financial institutions and other international organizations are "bound by any obligations incumbent upon them under general rules of international law, under their constitutions or under international agreements to which they are parties;" the Committee also specifies that "they are therefore obligated to comply with human rights as listed, in particular in the Universal Declaration of Human Rights, that are part of customary international law or of the general principles of law, both of which are sources of international law" (See UN Committee on Economic, Social and Cultural Rights, 2016, para. 7).

Box 1. The IMF's Social Spending Strategy

In 2017, after an IMF internal evaluation on "*The IMF and Social Protection*," the IMF Board approved the elaboration of an IMF Social Protection Strategic Framework that would give the IMF the mandate to work on social protection. This generated a public outcry, and hundreds of letters were sent to the IMF Board of Directors and its Managing Director Ms. Lagarde, including by 90 NGOs and trade unions, more than 50 lead economists, as well as by lawyers such as UN Independent Experts and UN Special Rapporteurs on Human Rights.

Following consultations in 2018, the IMF Board reconsidered, and the policy paper became *A Strategy for IMF Engagement on Social Spending* (June 2019). While the emphasis remained on social protection or social security spending, it also included education and health spending, with a focus on basic services and social assistance or safety nets targeted to the poor. This minimal view of social policy reflects the Washington Consensus, presented later in this paper, it contradicts international conventions, standards and agreements, including human rights and the SDGs, by which all countries have committed to universal social protection at adequate benefit levels and to quality health and education services for all persons.

The IMF advice is led by a fiscal objective. This is inadequate; social policies must carefully balance sustainability, on the one hand, and equity, on the other (adequacy of benefits), as agreed in international standards. To circumvent this, the new Social Spending Strategy suggests looking at policies based on sustainability, adequacy and spending efficiency considerations—by adding the latter, the weight of equity is diminished. In practice, "efficiency" for the Fund often means cutting existing social programs and replacing them with narrowly targeted ones, as recently seen in Mongolia and Kyrgyztan. The IMF policy continually refers to the need for social spending to be efficient and sustainably financed, with equity considerations at most an afterthought.

The IMF should align with international commitments and standards, including the Social Protection Floors Recommendation 202, by which countries agreed to achieve adequate universal social protection coverage by combining public social insurance and social assistance. Instead, in recent years, the Fund created the concept of "social spending floors" as a response to criticism that its lending conditionalities damaged social spending. Social spending "floors" must be defined carefully, including specific targets, to safeguard all social and other priority spending to achieve the SDGs and international commitments.

The IMF social spending strategy implies that private spending is inherently effective (as opposed to public spending) and needs to be protected from crowding out. This view should be redressed—the private sector or non-governmental institutions can complement but never replace core public provision of social services. Specifically, the role of private insurance companies and pension funds should be kept to a supplementary minimum to provide a voluntary savings pillar, but not to replace mandatory pension systems. As documented by the ILO (see Box 13), it is precisely the experience with private mandatory pensions that has led to this conclusion: private mandatory pensions have resulted in very high transition costs and fiscal imbalances, high administrative costs, low pension benefits, and increased gender and income inequalities.

Additionally, by merging the social sectors, it is important not to lead countries to view different kinds of social spending as trade-offs and force them to "choose" between them. Expenditures in one social sector should not displace expenditures in other social sectors: all sectors are an essential part of national development strategies and the SDGs.

It is important to recognize that the IMF does not have expertise on social policy; the Social Spending Strategy recommends consultations with development organizations, but this is insufficient because the Fund will continue looking at social policy with a fiscal objective, where to cut when social policy becomes "macro-critical." Advice to countries on social security and labor reforms should be left to the ILO, the UN agency with the mandate for social protection and labor; to the WHO on health; to UNESCO and UNICEF on education. Additionally, representative trade unions must be consulted and strengthened —not weakened— to ensure collective bargaining processes that ultimately bring prosperity to countries and reduce inequalities.

While the IMF's recognition of the importance of social spending is welcome, much more is needed to achieve the SDGs and other international commitments and standards. What the IMF should support is financing and practical fiscal space options to support universal public social protection, health and education services.

Sources: Alston, 2018; BWP, 2019b; IMF, 2017 and 2019; ITUC, 2019a; Kidd, 2018; Statement to the IMF on the findings of the evaluation report and the IMF's approach toward social protection by 90 NGOs and trade unions (2017); 53 Economists write to IMF Directors on approach to Social Protection (2017); Open letter to IMF Directors by UN Independent Experts and UN Special Rapporteurs on Human Rights (2017).

Over and above the harmful effects of each austerity measure —described in the following sections— there are compounding effects on employment and job creation. In the short term, austerity depresses incomes and hinders domestic demand, harming economic activity and employment and ultimately undermining recovery efforts. In the long term, as unemployment and excess capacity persist, potential output tends to decrease. Even recent research at the IMF acknowledges that fiscal consolidation has adverse effects on both short and long-term unemployment, private demand and GDP growth, with wage-earners hurt disproportionately more than profit- and rent-earners (Guajardo, Leigh and Pescatori 2011; Ball, Leigh and Loungani 2011). More than a decade of austerity policies has resulted in labor force participation rates and employment-to-population rates continuing to decline across all regions. The pattern of job creation in recent years has been characterized by increased labor insecurity, "jobless growth," and segmented labor markets with large wage differentials, reinforced by labor flexibilization reforms implemented over the last decade (ILO, 2010a, 2010b, 2012, 2021b; Pollin, Epstein and Heintz, 2008; Ocampo and Jomo, 2007; UNCTAD, 2011; Stiglitz et al., 2019). The right to work is not only undermined by inadequate economic policies, but also by the erosion of fundamental rights, the absence of minimum living wages, the decline in collective bargaining and the failure to ensure universal social protection (ITUC, 2017). The end effect is a global slump in labor's income share alongside the exacerbation of historic levels of inequality.

Women bear the brunt of austerity measures, calling into question the IMF's gender work. Austerity is a gendered policy given that it affects the rights of women through budget and program cuts as well as by increased home care, turning women and girls into involuntary "shock absorbers" of fiscal consolidation measures (Seguino, 2009; BWP, 2019a; Ghosh, 2013; OXFAM, 2020a; Muchhala, Daza Castillo and Guilem, 2021). Women are moreover disproportionately represented in the public sector in many countries, and therefore disproportionately impacted by cuts to the public sector wage bill, often proposed by the IMF (Rubery, 2015; ActionAid, 2020). The effects of austerity measures on women are explained in the following sections. Budget cuts often reduce services that primarily benefit women, such as programs for battered women, single mothers, healthcare and social services, reproductive health, maternity/child benefits and housing benefits. Moreover, austerity and depressed labor markets result in loss of livelihoods and reinforce persistent entrenched inequalities such as gender discrimination at the workplace and unpaid work, inducing women and girls to stay home to take care of family members. The new IMF Gender Strategy (IMF, 2022c) acknowledges that well-designed macroeconomic, structural, and financial policies can support efficient and inclusive outcomes and equitably benefit women and the society in general, yet this is not so far reflected in IMF country advice (Box 2). Our review of 267 IMF country reports in 2020-22 found that gender/women appear in 67 country reports (26 high income and 61 developing countries). Most often, reports reflect some gender data and refer to the importance of incorporating women into the labor force; a few reports propose childcare services and training for women.[6] While this is welcome, it is sorely inadequate: macroeconomic policies must explicitly consider the impact upon, and benefit women. To date, IMF macroeconomic policy advice is mostly detrimental to women, uncompensated by a few safety nets, training and childcare.

Box 2. Austerity and the IMF's Gender Strategy

In 2022 the IMF Board approved a Gender Strategy that starts "Well-designed macroeconomic, structural, and financial policies can support efficient and inclusive outcomes and equitably benefit women, girls, and the society in general" and instructs to "ensure that macrocritical aspects of gender are integrated in country work." It acknowledges that the IMF does not systematically address gender issues, but it aims to do so. For this, it sets internal and external mechanisms. It suggests "deep dives" integrating gender into the fiscal, financial, and structural analyses and core policy discussions, pursuant to the vision of mainstreaming gender in a few countries (11 countries in 2023 to 18 countries in 2025). The remaining 164 countries would only have a "light touch". Some important points:

- The implementation schedule needs more ambition. "Progress will be gradual, measured, and in line with resource availability" means little. It could take decades to implement "deep dives" in all countries.
- Given the sudden and intense wave of austerity cuts/reforms, affecting 85% of the world population in 2023, there is urgency to redress the negative social impacts of fiscal consolidation and associated reforms on women and girls, as they are disproportionally affected by losing jobs and services as well as by having additional duties to provide care to family members. The following policy reforms should be avoided:
  - Targeting and rationalizing social protection benefits, reducing maternity and family support, social pensions, programs against domestic violence, and other cash transfers and programs;
  - Cutting/capping the wage bill, reducing the number and salaries of civil servants, adversely impacting access to and the quality of public services; additionally, most teachers, health and social workers tend to be women;
  - Privatizing or commercializing public services ("reforming SOEs"), given the resulting layoffs, tariff increases, and unaffordable and/or low-quality basic goods and services;
  - Other expenditure cuts to public services;
  - Social security reforms such as introducing defined contributions or individual accounts, lengthening eligibility periods, eliminating/penalizing early retirement, freezing/lowering pension indexation below inflation levels, modifying calculation formulas downwards, and other reforms that affect women disproportionally, as women have lesser lifetime earnings and lower working periods;
  - Labor flexibilization reforms that result in more precarious and lower paid jobs, reducing or eliminating collective bargaining;
  - Eliminating socially relevant subsidies, such as subsidies for food or household utilities;
  - Consumption taxes, a regressive taxation policy.

  These austerity/fiscal consolidation policies harm women and must be avoided; instead, an alternative policy-mix with positive impacts on women must be agreed with governments.
- The proposed mitigation solution (targeted safety nets and/or social spending to vulnerable women) is inadequate. If a policy harms all women, to compensate only a small percentage of women while keeping the majority in hardship is insufficient. There needs to be a change of policies or a universal solution that benefits all women.
- To date, IMF macroeconomic policy advice is generally detrimental to the majority of women, uncompensated by a few microinterventions such as targeted safety nets, training and childcare programs. Better macroeconomic policy design is needed.

Source: IMF, 2022c

[6] On occasions, gender is used to broker policies against labor rights, for example, to suggest reductions to the employers' contributions to social security ("tax wedge"), claiming that this will increase female labor force participation (BWP, 2019a), despite trade union complaints - a breach of human rights (see section on pension and social security reforms).

4.1. Targeting and Rationalizing Social Protection

Targeting and rationalizing spending on social assistance and welfare is the main policy channel to contain overall expenditure, considered by 120 governments. A typical neoliberal policy, economists at the IFIs have traditionally advised governments to better target their spending when budget cuts are called for, as a way to provide some support to poverty reduction at times of fiscal austerity (Ravallion, 1999). Because the IFIs are driven by a fiscal objective, they have a preference for "lean and cost effective" minimal social assistance and services. Rationalizing and targeting benefits are often referred to as "improving social protection" in IFI reports. This is a highly misleading qualification; it is an improvement from a fiscal viewpoint (cost-savings) but at a high human cost that reduces benefits and excludes people from them when their need for assistance is high. Often, rationalizing social assistance has been implemented by slashing child and family support, programs for women, the unemployed, the elderly and persons with disabilities, targeting scarce resources to only a portion of the extreme poor.

Box 3. To watch out: Countries advised by the IMF to target social protection

- **East Asia and the Pacific:**
  Australia, Cambodia, Fiji, Indonesia, Japan, Korea, Rep., Malaysia, Mongolia, Samoa, Singapore, Solomon Islands, Thailand, Timor-Leste, Vanuatu, Vietnam
- **Europe and Central Asia:**
  Albania, Armenia, Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Bulgaria, Czech Republic, Denmark, Estonia, Georgia, Germany, Greece, Hungary, Ireland, Italy, Kazakhstan, Kosovo, Kyrgyz Republic, Latvia, Moldova, Montenegro, North Macedonia, Norway, Poland, Romania, Russian Federation, San Marino, Serbia, Slovak Republic, Spain, Sweden, Switzerland, Tajikistan, Türkiye, Ukraine, United Kingdom, Uzbekistan
- **Latin America and the Caribbean:**
  Argentina, Bahamas, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Mexico, Peru, St. Lucia, Suriname, Trinidad and Tobago, Uruguay
- **Middle East and North Africa:**
  Algeria, Djibouti, Egypt, Iraq, Israel, Jordan, Kuwait, Morocco, Oman, Saudi Arabia, Tunisia, United Arab Emirates
- **North America:**
  United States
- **South Asia:**
  Bangladesh, Maldives, Nepal, Pakistan, Sri Lanka
- **Sub-Saharan Africa:**
  Angola, Benin, Botswana, Burkina Faso, Cabo Verde, Cameroon, Central African Republic, Côte d'Ivoire, Eswatini, Gabon, Gambia, Ghana, Guinea, Kenya, Liberia, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Togo, Uganda

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

IMF reports wrongly associate targeting social programs with poverty reduction. Targeting to the poorest populations for cost-saving purposes is discussed in 32 high income and 88 developing countries (Box 3). This is often justified as an "improvement," including in many low and lower middle income countries such as Central African Republic, Eswatini, Gambia, Guatemala, Haiti, Honduras, Liberia, Mozambique, Sierra Leone, Somalia, Togo and Uganda, where the majority of the population lives below the poverty line.[7] Especially in these contexts, the targeting rationale is very weak; given the large number of vulnerable households, universal policies better serve developmental objectives.

Targeting to the extreme poor, as advised by the IFIs, condemns many to hardship and is inconsistent with human rights, the SDGs and other international commitments. Most targeted programs have been designed as "lean and cost effective" minimal social safety nets that, by design, exclude large numbers of vulnerable people. These programs were assigned very small budgets from the outset and did not aim to serve all vulnerable people, but just a fraction, leaving many without coverage, suffering deprivations. Table 3 reflects the unambitious objectives of many social protection programs around the world. Targeted programs to the poor are often designed too narrowly and exclude many people in need; selection processes are frequently costly, inaccurate, prone to mismanagement and sometimes corruption; and many eligible people find it hard to apply or do not apply due to the stigma associated with poverty. The example of Moldova in Box 4 is illustrative. Given that the COVID-19 pandemic has created many new poor, even when these programs were expanded, they fell far short of covering everybody in need (ILO, 2021b). For example, Ecuador expanded social protection coverage to 80% of the poorest 30% of the population, even though the poverty rate rose to 38% of the population after the pandemic; Jordan expanded its cash transfer program to reach 240,000 households in 2021, but that left millions of people without support as poverty spiked from 15% to 24% of the population of about 10 million excluding refugees (HRW, 2022). Ultimately, targeting to the poorest and excluding vulnerable populations by policy design is inconsistent with the United Nations Charter, the Millennium Declaration, the Universal Declaration of Human Rights and the Convention on the Rights of the Child, among other conventions that have been signed by virtually every government.

Targeting is also administratively complicated and leads to large exclusion errors. In developing countries, targeting to the poor excludes most of the vulnerable populations in need of public assistance. For example, Table 3 shows the large exclusion errors of means testing and proxy-means testing, which are the most common targeting methods[8] promoted by the IFIs. In most countries, more than 55% of intended beneficiaries could not access them, on average, and worse yet, more than half of the poorest 20% did not receive any benefits. One of the main drivers of large exclusion errors is that targeting is administratively complicated and requires significant civil service capacity, which is often lacking in developing countries.[9]

[7] Proportion of the population living below the national poverty line (latest available data): Central African Republic, 68% (2008); Eswatini, 59% (2016), Gambia, 48,5% (2015) Guatemala, 59% (2014), Haiti, 58,5% (2012), Honduras, 48% (2019), Liberia, 51% (2016), Sierra Leone, 57% (2018), Togo, 55% (2015) and Uganda, 54% (2015). Proportion of the population living below 1.9 dollar/day: Mozambique, 63%; Rwanda, 56%; Somalia, 68% (Source: World Bank data, accessed July 2022).

[8] The main targeting methods are: (i) means-testing, based on a persons' income; (ii) proxy means-testing was developed given concerns that conventional means testing was difficult in developing countries, it generally uses proxy information from household surveys (e.g. number of children per household; the type house, thatched roof/sand floor; having a toilet, electricity; etc) and (iii) community targeting. On the other hand, universal programs are those not targeted to the poor (by income or its proxies) but designed for a whole social group (e.g. for all children, for all older persons, for all mothers, for all persons with disabilities, etc).

[9] The government of Togo noted in its IMF country report (2011) the lack of capacity to target the poorest segments of the population in rural areas, where as much as 70% of the population lived below the poverty line. The logic and legitimacy to target is very weak in countries where administrative capacity is low and the majority of people have low incomes.

Table 3. Effectiveness and exclusion errors of universal and targeted social protection schemes

Country	Social protection scheme	Coverage (% of intended category)	Exclusion error (% of intended category)	Exclusion of poorest (% of bottom income quintile)
Universal schemes – non-targeted				
Bolivia	*Renta Dignidad*	92	8	8
Bolivia	*Bono Juancito Pinto*	92	8	6
Georgia	Old Age Pension	99	1	0
Mongolia	Child Money programme	98	2	1
Targeted schemes to the poor – Means testing				
Albania	Ndihme Ekonomike	8	72	80
Bangladesh	Old Age Pension	18	59	62
Brazil	Bolsa Família	14	44	51
South Africa	Child Support Grant	71	13	0
South Africa	Old Age Grant	84	8	0
Sri Lanka	Samurdhi	19	58	59
Sri Lanka	Senior Citizens' Allowance	23	58	57
Uzbekistan	Family and Childcare	14	71	69
Uzbekistan	Childcare Allowance	23	57	58
Uzbekistan	Family Allowance	8	83	83
Uzbekistan	Low-Income Allowance	1	93	98
Targeted schemes to the poor – Proxy means testing				
Armenia	Family Benefits	19	49	50
Colombia	*Familias en Acción*	23	59	60
Colombia	*Programa Colombia Mayor*	19	61	61
Ecuador	*Bono de Desarrollo Humano*	18	48	50
Ecuador	Social Pension	46	30	19
Georgia	Targeted Social Assistance	15	53	58
Ghana	Livelihood Empowerment Aga	1	95	97
Guatemala	*Mi Bono Seguro*	7	96	95
India	Indira Gandhi National Old Age	21	68	68
India	Below Poverty Line	36	54	51
Indonesia	*Program Keluarga Harapan*	7	82	85
Indonesia	*Kartu Perlindungan Sosial*	14	71	73
Indonesia	*Pintar*	18	56	66
Kenya	Hunger Safety Net Programme	20	69	69
Mexico	*Prospera*	18	54	56
Pakistan	Benazir Income Support	8	73	79
Peru	*Juntos*	16	46	50
Philippines	*Pantawid Pamilyang Pilipino*	23	48	46
Uruguay	*Asignaciones Familiares*	45	29	17

Source: Kidd and Athias, 2020.

Moreover, targeting to the poor is costly and politically difficult. Additional to large exclusion errors, there are other major problems associated with means-testing (Kidd, Gelders and Athias, 2017; Mkandawire, 2005; UNRISD, 2010). The ILO estimates that means testing absorbs an average of 15% of total program costs, which is alarming since cost-savings are one of the primary objectives for targeting. Targeting also distorts incentives and creates moral hazard. For instance, targeted schemes discourage people from moving away from informality, create incentives to remain 'off the record' and earn additional income in the informal sector, and for businesses to engage in tax fraud (Garganta and Gasparini, 2015). Targeted programs also tend to be unpopular with populations that do not benefit but have to pay through taxation, which ends up eroding public support in governments. Governments should aim to extend universal social security or social protection systems, so all citizens in a country benefit, engaging in formal employment, contributing to the economy and boosting tax revenues.

The IMF advice pushing for an intergenerational choice to support children instead of older persons is a breach of human rights that results in detrimental human impacts. Instead of identifying new resources to finance human development, IMF advice induces governments to make unethical choices such as reallocating funds to support older persons to children, to keep social expenditures low. This is the case for example, in Argentina, Norway and Nepal.[10] The supposed debate on "intergenerational fairness" results in the denial of human rights of older persons to give to children, a violation of human rights. This is a false choice, the world is awash in money; governments have many fiscal space options to increase public budgets, from more progressive taxation to the elimination of illicit financial flows, presented in the next chapter. States must identify fiscal space and financing sources to promote human rights for all, including the young and the elderly.

While the IFIs claim to support government choices, they insist on cost savings and impose targeted safety net schemes. IFI advice is often led by a fiscal objective, having a preference for cheap lean targeted safety nets for the poor (accompanied by private savings schemes for the wealthy) instead of full-fledged public social protection systems as agreed in international standards (see section on pensions and social security reforms For instance, the recently adopted IMF social spending strategy (IMF, 2019d, see Box 1) instructs mission chiefs to consider "country preferences and circumstances"; to date, however, such flexibility appears limited in practice as 120 countries are currently being advised to target social protection programs. A renowned case is the universal child benefit in Mongolia, a flagship core program of the government, which is highly effective with only 2% exclusion error, and much praised by the UN; in 2017, the World Bank, the IMF and the Asian Development Bank (ADB) pressured the government to apply a proxy means-test in 2017 instead of universal selection by threatening to withhold much-needed loans (Kidd et al, 2018; ILO, 2017).

Policymakers must consider the priority to scale up social protection —not to scale it down. In most developing countries, as well as in some high income countries, the middle classes have low incomes and are vulnerable to price increases, such as from the removal of subsidies or the general push and pull of price factors. While in development parlance it is common to refer to "the poor" and "non-poor," most people in low and middle income countries are living either in poverty or with very low incomes that are highly volatile (Cummins et al. 2013; Kidd and Athias, 2020; OXFAM, 2021a; Pew Research Center, 2015). Most social protection programs benefit women, reducing the load of unpaid care work, and helping in situations such as maternity, childrearing costs, domestic violence. Given the critical importance to support households in times of hardship, as well as to raise people's incomes to encourage prosperity and

[10] Argentina: "Special attention will need to be given to improving the intergenerational equity of spending. Close to 40 percent of all federal spending in Argentina is oriented to pensions, whereas only 5 percent of federal spending goes to flagship social assistance programs (*universal AUH, Tarjeta Alimentar,* and *Progresar*) targeted to support vulnerable mothers and children. Partly reflecting these intergenerational differences in spending at the federal level, social outcomes also vary significantly across generations —54 percent of children under the age of 14 live in poverty, compared with 14 percent of the elderly. A reallocation of spending (including at the provincial level, where much of the health and education spending is executed) will be critical to ensure the young are equipped with the skills and human capital to contribute to Argentina's economic development in the context of an aging society" (IMF report 22/92, 25 March 2022) "Social spending in Nepal currently focusses on older individuals, with more limited support directed toward children and working age populations. Two thirds of social spending is allocated to public sector pensions covering seven percent of the population. The remainder of spending is dominated by five core allowances with the most generous in access and amount being the Old Age Allowance (universal to all over 65s). By comparison, the child protection allowance targets young children in impoverished areas but is set at less than one fifth of the Old Age Allowance" (IMF report 22/24, 27 January 2022). Norway: "Once the recovery is firmly in hand, policy attention can further shift to advancing reforms needed to boost inclusive growth, and intergenerational fairness against deteriorating demographics." (IMF report 21/104, 10 June 2021).

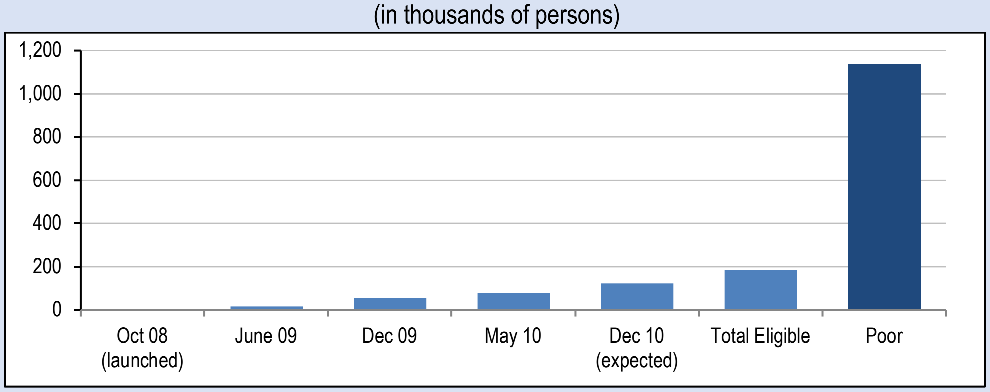
national demand, the vast majority of people living in low and middle income countries would benefit from access to social protection.

Box 4. How targeting social assistance excludes the poor: The case of Moldova

In 2008, Moldova reformed its social assistance system, moving gradually from a system of category-based nominal compensations for individuals (persons with disabilities, pensioners, war veterans, multi-children families, etc.) to poverty-targeted cash benefits for households. Whereas under the previous system benefits were small, the new social assistance system is designed to target the poorest households and increase the benefit provided. However, extensive delays occurred in implementing the new system, which were compounded by complicated application procedures and confusion among qualified households. As a result, less than half of the eligible beneficiaries had applied for support one year after the launch. Moreover, households that enrolled in the new system were required to re-apply after a period to continue receiving benefits; one-third of eligible households failed to do so.

Moldova's experience underscores the risks of targeting-based reforms. Above all, means-testing is complex to implement and often leads to delays and/or under-coverage. In this example, barely 40% of targeted beneficiaries were receiving support 18 months after the launch of the new system, and this was only expected to increase to two-thirds after more than two years (Figure 11). The protracted start-up time also meant that most vulnerable families had to cope with multiple income shocks with little or no assistance. Another major risk of targeting-based reform is to exclude by design the majority of vulnerable populations. While the scope of the targeted population is often a difficult policy decision for governments, in Moldova the safety net is being targeted to the bottom poorest, compared to 26.4% of the population that are below the poverty line. This means that many poor people are excluded from any type of cash benefit despite their continued need for public assistance.

Figure 11. Beneficiaries under New Social Assistance System in Moldova
(in thousands of persons)



Source: Ortiz and Cummins (2012)

Universal social protection systems, including a social protection floor for all in need, are much easier to implement, and deliver inclusive development with human rights. A strong case can be made to extend universal transfers (e.g. to families with children, older persons, person with disabilities and others typically included in a social protection floor) to provide immediate support to vulnerable populations. Universal social protection programs are much easier to implement. And while they do have some exclusion errors (Table 3), they are minimal compared to targeted programs. All countries, the United Nations and the SDGs have committed to a social protection floor to provide basic social security guarantees that should ensure, as a minimum that, over the life cycle, all have access to essential health care and to basic income security. By facilitating access to essential services and decent living standards, social protection is essential to accelerate progress toward achieving development goals. At this juncture, it is imperative that governments focus on expanding social protection coverage rather than scaling down by more targeting in existing programs.

4.2. Cutting or Capping the Public Sector Wage Bill

Adjustments to the public sector wage bill are widespread across the globe, under consideration by 91 governments in 27 high income and 64 developing countries. This includes many low and lower middle income countries in dire need of public services such as education and other social services, as is the case in Angola, Bangladesh, Benin, Bolivia, Burkina Faso, Cameroon, Chad, Congo, Rep., El Salvador, Eswatini, Ethiopia, Gambia, Guinea, Haiti, Honduras, Kenya, Kyrgyz Republic, Lesotho, Liberia, Madagascar, Malawi, Mongolia. Morocco, Mozambique, Nepal, Papua New Guinea, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan and Sri Lanka (Box 5). Policy discussions focus on "necessary" adjustments to the wage bill to achieve cost-savings, ignoring its detrimental social impacts.

Box 5. To watch out: Countries advised by the IMF to cut or cup the public sector wage bill

- **East Asia and the Pacific:**
  Australia, Malaysia, Mongolia, Papua New Guinea, Solomon Islands, Vietnam
- **Europe and Central Asia:**
  Albania, Armenia, Austria, Azerbaijan, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, France, Georgia, Greece, Hungary, Ireland, Italy, Kosovo, Kyrgyz Republic, Moldova, Montenegro, North Macedonia, Romania, San Marino, Serbia, Slovak Republic, Slovenia, Ukraine
- **Latin America and the Caribbean:**
  Bahamas, Barbados, Bolivia, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Paraguay, Peru, St. Lucia, St. Vincent and the Grenadines, Suriname
- **Middle East and North Africa:**
  Algeria, Iraq, Jordan, Kuwait, Morocco, Oman, Saudi Arabia, Tunisia, United Arab Emirates
- **South Asia:**
  Afghanistan, Bangladesh, Maldives, Nepal, Sri Lanka
- **Sub-Saharan Africa:**
  Angola, Benin, Botswana, Burkina Faso, Cameroon, Chad, Congo, Rep., Eswatini, Ethiopia, Gabon, Gambia, Guinea, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

As recurrent expenditure like the number and salaries of teachers, health staff and local civil servants tends to be the largest component of the budget, this adjustment measure can result in significant negative social impacts. This policy stance can translate into salaries being reduced or eroded in real value (particularly at this time of high inflation), payments in arrears, hiring freezes and/or employment retrenchment, each of which can adversely impact the delivery of public services to the population. Pay for teachers, health and social workers is typically very low, in part because most of them are women. This policy stance is often considered as an adjustment measure despite the fact that social expenditures tend to be low and insufficient to achieve human development objectives and gender equality (Cornia, Jolly and Stuart 1987; Fedelino, Schwartz and Verhoeven 2006; Marphatia et al 2007).

The immediate concern is that reduced availability and/or quality of public services at the local level impede human development. For example, in rural areas and urban slums where poverty is prevalent, a teacher or a nurse can be the deciding factor over whether or not a child has access to education and health services. As a result, employing and retaining service staff at local levels, and ensuring that they are sufficiently paid to provide for their own families, is key to social progress. For teachers and medical staff, public sector wage bill adjustments can mean that their salaries are not adjusted in line with local inflation, paid in arrears or reduced in cases of employment retrenchment. Low pay is also a key factor behind absenteeism, informal fees (corruption) and brain drain. Short-staffing in health facilities leads to staff burnout, as health professionals are forced to handle a too-heavy workload and are aware that they can't deliver levels of care needed. The gender impacts are usually negative, as many of these jobs are held by women. In sum, decisions on wage bills must ensure that the pay, employment and retention of critical public sector staff are safeguarded at all times (UNICEF, 2010).

Box 6 The impact of wage bill cuts on social services: Examples from Brazil, Ghana and Sierra Leone

Brazil: In 2016, the government adopted a 20-year zero real growth rule on federal primary expenditures (an "expenditure ceiling"), which led to double digit declines in spending on education and health. This was accompanied by reforms that weakened labor rights, working conditions and salaries, which further increased outsourcing and temporary employment contracts with fewer benefits. To cite one drastic outcome, in 2021 federal universities had the same budget as in 2004 with twice the number of students.

Ghana: Spending on the public wage bill fell close to 3 percentage points between 2015 and 2018, as this was viewed as a major structural deficiency in the management of the economy by the IMF. Further cuts were encouraged in 2019 and 2020 through the Extended Credit Facility program. Frontline social service workers appear hardest hit. In education, wage increases have consistently fallen below the inflation rate with major teacher shortages going unaddressed –the country still needs to expand primary teachers by 15% by 2030 to meet minimum pupil-teacher standards. In the health sector, total spending was cut in half from around 10% of the budget in 2016 to 5% in 2020, despite chronic shortages of doctors (Ghana needs an eight-fold increase to meet the WHO's global threshold), high vacancy rates (more than 40% for all health service positions) and more than 40,000 graduate healthcare trainees waiting to be employed.

Sierra Leone: As part of its Extended Credit Facility loan from the IMF, the government was pushed to cut the public sector wage bill to 6% of GDP starting in 2016. This led to annual spending reductions between 0.5 and 1.9 percentage points during the 2017-21 period, with the wage bill for the health and education sectors decreasing by 15% and 5%, respectively, in real terms. On the health side, some of the cuts occurred as the country was recovering from the impacts of Ebola as well as COVID-19. Similarly, the education cuts occurred right as the government introduced a new policy on free education, which led to a major increase in school enrolments. The pupil-teacher ratio has since jumped from 60:1 in 2017 to 75:1 in 2021 just as the teacher gap grew from around 50,000 to 70,000.

Source: ActionAid Ghana (2021), ActionAid Sierra Leone and Budget Advocacy Network (2021); Brazilian Campaign for the Right to Education (2021); media sources.

There is no clear rationale to justify why cuts to the public sector wage bill are needed, except cost-savings; on the contrary, many more teachers, health and social workers are needed. UNESCO estimates that least 69 million more teachers are needed by 2030 to achieve the SDG on education; yet around the world existing teachers face low pay and deteriorating conditions, affecting the status of the profession. Many of them are women, wage bill cuts/caps have a negative gender impact. The COVID-19 pandemic has raised the profile of needed health services, but many frontline health workers work long hours and are underpaid. The main reason why wages are low despite the high demand for more teachers and health workers is decades of squeezed public funding, worsened by recent high inflation levels. Recent studies (ActionAid 2021, Education International 2022) question the logic of wage bill adjustments, showing how Zimbabwe, with a wage bill at 17.1% of GDP, was advised to cut, but so was Liberia which spends 10.1%, Ghana at 8.7%, Brazil at 4.6%, Nepal at 3.7%, Uganda at 3.5% and even Nigeria, which spends barely 1.9% of its GDP on public sector workers. In none of these cases was there a serious or systematic ex-ante or ex-post assessment of worker shortages in health and education to inform the impacts of cuts or freezes. Table 4 shows how these cuts represent millions of dollars on public sector workforce spending, and the loss of thousands of much needed teachers and nurses. Moreover, women are disproportionately represented in the public sector in many countries, and therefore disproportionately affected by cuts to the wage bill (ActionAid, 2019; Rubery, 2015). These public sector wage bill adjustments severely undermine progress on education, health and gender equity. They fly in the face of global commitments to the SDGs.

Table 4. IMF advice on public sector wage bills (PSWB) and implications for public sector workers lost due to cuts in select countries, 2016-21

Country	Years advised to cut PSWB	IMF-advised cut[1]	Target PSWB in %GDP	Losses on public sector workforce spending (in US$ million)	Estimated number of lost teachers[2]	Estimated number of lost nurses[3]	Estimated number of other lost public sector workers[4]	Teachers hired with 1% increase in PSWB as % GDP[5]
Bangladesh	3	0.2	2.1	605.1	33,821	19,895	115,389	845,526
Nigeria	6	0.4	2.2	1,792.5	329,431	137,148	1,315,933	4,117,893
Nepal	3	1.1	2.9	376.0	18,066	37,388	34,877	82,119
Uganda	4	0.1	3.6	35.2	746	3,803	0	37,296
Kenya	6	1.4	3.8	1,337.0	51,230	45,101	159,820	182,965
Zimbabwe	5	11.1	4.9	1,879.5	49,289	40,649	156,511	22,202
Tanzania	3	0.5	5.3	305.7	12,222	7,283	41,614	122,221
Sierra Leone	6	1.4	6	57.7	1,664	1,746	4,912	5,944
Ghana	3	1.8	6.9	1,210.2	41,519	34,158	131,919	115,331
Zambia	3	1.0	7.7	279.7	12,060	15,356	32,882	50,248
Liberia	6	5.0	7.8	153.5	5,756	5,727	17,299	5,756
Brazil	5	0.1	4.0	1,877.8	27,552	39,360	115,389	1,377,603
Total				9,910	583,358	387,614	1,315,933	7,951,244

Notes: [1]In % GDP spent on PSWB; [2] Calculated as 20% of the losses, as per UNESCO benchmarks; [3]Calculated as 15% of losses, as per Abuja Declaration; [4] Calculated as 65% of losses or balance; [5]Using average salary.
Sources: ActionAid, Education International and PSI, 2021 and 2022.

Governments must aim to invest in education, health and other public services to promote human development, increase productivity and reduce inequalities, including for women. Governments have committed to achieve the SDGs and other goals, including the commitment of 15% of the government budget dedicated to health (Abuja Declaration) and 15-20% of the budget to education (UNESCO). While emergency health expenditures rose during the pandemic, regular health and education budgets are now stagnant or declining, with massive shortages of teachers (Cummins 2021, World Bank et al., 2022) and other civil servants. Even before the COVID-19 pandemic, there was a projected shortage of 18 million health workers by 2030; the surge required for the COVID-19 response further aggravated the situation. The WHO and World Bank have called for publicly funded investments to support education of new health workers and their employment under decent working conditions (WHO and World Bank, 2021). During the COVID-19 pandemic,1.6 billion children and adolescents were deprived of tuition in the classroom, most in the South had no access to distance learning; when schools reopened, millions of children did not return to the classroom, particularly girls. Ensuring comprehensive investments in public services, including in the number and adequate salaries of teachers, health and social workers, and other civil servants at the local level, is essential to achieve development goals.

4.3. Eliminating or Reducing Subsidies

Eliminating or reducing subsidies is currently considered by governments in 80 countries, 55 developing and 25 high income countries. IMF country reports advise to reduce food subsidies, agricultural subsidies, fuel, electricity, gas and other subsidies (Box 7 and Table 5). The reduction of food, agriculture and energy subsidies is often accompanied by discussions on a targeted safety net as a way to compensate the poor. This is largely driven by the belief that generalized subsidies can be ineffective, costly and inequitable, while replacing them with targeted transfers can remove market distortions and deliver more cost-effective support the poorest groups (Coady et al. 2010).

Box 7. To watch out: Countries advised by the IMF to eliminate subsidies

- **East Asia and the Pacific:**
  Australia, China, Fiji, Indonesia, Korea, Rep., Malaysia, Mongolia, Myanmar, Samoa
- **Europe and Central Asia:**
  Albania, Armenia, Azerbaijan, Belgium, Bosnia and Herzegovina, Finland, France, Georgia, Italy, Kazakhstan, Kyrgyz Republic, Moldova, Netherlands, North Macedonia, Russian Federation, Tajikistan, Türkiye, Uzbekistan
- **Latin America and the Caribbean:**
  Argentina, Bahamas, Barbados, Bolivia, Chile, Colombia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Panama, Suriname, Trinidad and Tobago
- **Middle East and North Africa:**
  Algeria, Egypt, Iraq, Jordan, Kuwait, Morocco, Oman, Tunisia, United Arab Emirates
- **North America:**
  United States
- **South Asia:**
  Bangladesh, India, Pakistan, Sri Lanka
- **Sub-Saharan Africa:**
  Angola, Benin, Botswana, Burkina Faso, Cameroon, Chad, Congo, DR, Congo, Rep., Ethiopia, Gabon, Gambia, Guinea, Liberia, Madagascar, Mali, Mauritania, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, South Africa, Sudan, Zimbabwe

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

Table 5. Examples of countries advised to eliminate or reduce subsidies, 2020 onwards

Type of subsidy	Country examples
Food and agriculture	Algeria (wheat, powdered milk), Egypt, India, Mali (agricultural inputs), North Macedonia (agriculture), Tunisia (cereals), United States (farm subsidies)
Energy	Algeria, Argentina, Azerbaijan, Bangladesh, Belgium, Colombia (Electricity fuel), Ecuador (fuel), Egypt, El Salvador (fuel), Fiji, Finland, France, Guinea (electricity, fuel), Haiti (fuel), Iraq, Jordan (electricity), Kazakhstan (fuel, gas), Madagascar (fuel), Malaysia (fuel), Morocco (gas), Nigeria (fuel), Pakistan, Russian Federation, Saudi Arabia (fuel), Sri Lanka (fuel), Sudan (fuel), Trinidad and Tobago, Tunisia, United Arab Emirates (fuel), Uzbekistam (gas)
Credit subsidies	Armenia, Jordan, Kazakhstan, Morocco
Housing/mortgages	Cabo Verde, Netherlands, Mongolia
Social Security and health	Belgium, Egypt
Education	South Africa (tertiary education)

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

Governments must carefully assess the human and economic impacts of phasing-out subsidies, particularly for food, agriculture and energy. This adjustment measure is being implemented at a time when food and energy prices hover near record highs. If basic subsidies are withdrawn, food and transport costs increase and become unaffordable for many households; additionally, higher energy prices also tend to contract economic activities and cause unemployment. Some of the potential dangers associated with prominent subsidy reforms are summarized below.

- **Food subsidies:** Poor and vulnerable households have been adjusting to high food costs for years, and their continuing resilience to shocks is limited.[11] During the last decade, governments started to phase-out food subsidies, at a time at a time when food assistance was sorely needed because of high food prices (Ortiz and Cummins, 2012). Protests over food prices erupted in many countries including Algeria, Bangladesh, Burkina Faso, Egypt, India, Iraq, Jordan, Morocco, Mozambique, Nigeria, Senegal, Syria, Tunisia, Uganda and Yemen. After the COVID-19 pandemic, food prices have increased dramatically again, leading to new protests. The number of people in the world affected by hunger increased during the pandemic. FAO estimates that between 720 and 811 million people in the world faced hunger in 2020, about 118 million more people than 2019, and the prevalence of undernourishment climbed to around 9.9% in 2020 from 8.4% a year earlier (FAO, 2021). Many took to the streets, and food protests again increased after the COVID-19 pandemic. Women, as caretakers, are particularly affected. There multiple causes of high food prices, ranging from speculation in futures markets to climate change (BWP, 2022), but of in many countries, a reason was the removal of fuel subsidies which led to increases in transport costs, and particularly, the removal of food subsidies, for example the elimination of the wheat flour subsidy in Sudan in 2020 (Global Network Against Food Crisis, 2022). Rather than removing food subsidies, there are many arguments to enact price controls and subsidies to lower food prices and mark-up pressures on inflation (UNCTAD, 2022a).

[11] After the Global Financial Crisis, families across the globe were reported eating fewer meals, smaller quantities and less nutritious foods, such as in India, Pakistan, Nigeria, Peru and Bangladesh (Save the Children 2012), in Bangladesh, Cambodia, the Central African Republic, Ghana, Kazakhstan, Kenya, Mongolia, the Philippines, Serbia, Thailand, Ukraine, Vietnam and Zambia (Heltberg et al. 2012), in Bangladesh, Indonesia, Jamaica, Kenya, Yemen and Zambia (Hossain and Green 2011), and in Bangladesh, Cambodia, Guinea, Kenya, Lesotho Swaziland (Compton, Wiggins and Keats. 2010).

Box 8. Subsidies are universal, a safety net targeted to the poorest is insufficient compensation: The cases of Ecuador, Ghana, Kyrgyzstan, Nigeria and Panama

In developing countries, most of the population has low incomes (Cummins et al. 2013; Kidd and Athias, 2020). Even in OECD countries, the middle classes are shrinking (OECD and World Bank, 2016; Vaughan-Whitehead, 2016). When universal subsidies are removed, providing a small safety net for the extreme poor is insufficient compensation, it punishes the low and middle classes, it leads to social unrest and detrimental developmental outcomes.

- **Ecuador:** In 2019, after large riots, the government of Lenin Moreno flew from the capital and had to stop a loan with the IMF that had proposed the cuts to energy subsidies and other reforms with negative social impacts. In 2022, farmers, indigenous men and women, came again to the capital with pitchforks to protests the same IMF conditions, their demands included increased fuel subsidies and price controls on agricultural goods. President Lasso had to agree to grant subsidies on fuel, fertilizers and other demands.
- **Ghana:** In 2013, the eliminated universal fuel subsidy would have cost over US$12. billion in 2013, whereas the safety net targeted to the extreme poor (a small percentage of the poor and vulnerable), the LEAP programme, was only allocated US$20 million per year, another case of truly inadequate compensation. By mid-2013, the prices of petrol, kerosene, diesel and LP gas saw rises of between 15% and 50%, resulting in higher transport, cooking, and retail costs that Ghanaians had to endure with no compensation.
- **Kyrgyzstan:** In 2010, the removal of subsidies and liberalization of the energy sector resulted in the price of heating rising by 400% and electricity by 170%, in a country with severe cold weather: subsequent demonstrations turned into violent riots and the resignation of President Bakiyev.
- **Nigeria:** In 2012, with the majority of the population living on less than 2 dollars per day, cheap petrol was viewed by many as the only tangible benefit they received from the state; hence, the massive protests when Minister of Finance Okonjo Iweala removed a fuel subsidy that kept food and transportation costs low.
- **Panama:** In 2022, one of the most stable countries in Latin America, was paralyzed by protests by unions and indigenous communities due to the cost-of-living crisis, demanding higher wages/compensation and lower prices of basic goods. President Cortizo had to disregard advice from the IMF and agree to a large fuel subsidy that cut the price of petrol to $3.25 a gallon from $5.20, as well as price controls on foodstuffs and household essentials.

Source: Ortiz et al. 2022; Cooke et al. 2014; media sources.

- **Subsidies to agricultural inputs like seeds, fertilizer and pesticides:** Agricultural input subsidy programs were popular in many developing countries in the post-independence era. They were largely phased out after the 1980s. However, farmers needed support and recently, “smart subsidies” were re-introduced. Subsidies were a main policy response to the food crisis in 2008-10.[12] Adequate subsidies and the distribution of productive inputs can bolster local production, and their removal should be carefully weighed given the negative impacts (Khor 2008).

- **Fuel and energy subsidies:** Fuel and some energy subsidies are not justified from the perspective of climate change and urgent progress needs to be made with their removal in order to deliver on international climate commitments; polluters can no longer be subsidized.[13] The removal of fossil fuel subsidies must however be organized with a broader policy package that stimulates rational energy use and access to sustainable energy alternatives for all, as well as adequate compensation to the population in order to avoid negative impacts of the population (not just the poor) and sustain

[12] A survey of 98 developing countries shows that 40% of governments opted for agricultural input subsidies (Demeke, Pangrazio and Maetz, 2009; Ortiz and Cummins 2012).

[13] See for example Oosterhuis, F. and Umpfenbach, K. "Energy Subsidies," in Oosterhuis and Brink (2014); Coady et al, 2010.

aggregate demand. When subsidies are phased-out, energy and transport prices increase, resulting in higher prices for food and other basic needs of the population, normally living on low incomes —even the "middle-classes" have low incomes in developing countries (Cummins et al. 2013; Kidd and Athias, 2020; OXFAM, 2021a; Pew Research Center, 2015). The sudden removal of energy subsidies and consequent increases in prices have sparked protests in many countries including Algeria, Cameroon, Chile, India, Indonesia, Kyrgyzstan, Mexico, Mozambique, Nicaragua, Niger, Nigeria, Peru, Sudan and Uganda (Ortiz et al., 2022; Zaid et al., 2014). The negative effects of this policy option should be adequately compensated. First, cutting fuel subsidies can have a disproportionately negative impact on the population (not only the poor) in terms of raising transport costs and the cost of fuel products, like kerosene, upon which many households frequently rely for heating, cooking and lighting. Second, removing energy subsidies can hinder overall economic growth, since higher costs of goods and services drag down aggregate demand. Third, while subsidies are universal and benefit everybody, a safety net targeted to the poorest is insufficient compensation; it leaves most of the population without compensation. Priority should go to access to developing sustainable energy alternatives and adequate compensation must be provided to all citizens, not just the poorest segments. Ending harmful fossil fuel subsidies should be designed to ensure no harmful nor unforeseen social consequences

Given the range of possible adverse consequences, policymakers need to carefully weigh the impacts of removing subsidies as well as compensatory measures to protect the population, not just the poorest. Several key considerations are highlighted below.

- **Timing:** While subsidies can be removed overnight, developing social protection programs takes a long time, particularly in countries where institutional capacity is limited. Thus, there is a high risk that subsidies will be withdrawn before populations can be effectively protected. If food, energy and transport costs become suddenly unaffordable, the result can be irreversible, with long-term impacts on human capital as well as depressed economic output and productivity.

- **Targeting the extreme poor excludes other vulnerable households:** In most developing countries, the majority of citizens, including the middle classes, survive on very low levels of income and remain vulnerable to price increases. Even in high income countries, the middle classes are shrinking. Given the current cost-of-living crisis, providing a small safety net for the extreme poor is an insufficient compensation policy for the removal of universal subsidies, that has large detrimental social outcomes for much of the population, especially women.

- **Allocation of cost savings:** The large cost savings resulting from reductions in energy subsidies should allow countries to develop comprehensive social protection systems: fuel subsidies are large, but compensatory safety nets tend to be small in scope and cost. As the Ghana example illustrates (Box 8), the $1.2 billion fuel subsidy (3.2% of Ghana's GDP) would have allowed to the funding of a universal social security/protection system, instead of the meagre safety net targeted to the poorest for only $20 million which did not compensate the population for the loss of the fuel subsidy. This also raises the question of where do the savings go?

- **Social impacts and dialogue:** Reform processes are complex and often move very fast without involving widespread consultation. It is therefore vital that the net welfare effects are clearly understood and discussed within a framework of national dialogue, including effects on women, and that complementary reforms are agreed to prior to the scaling back or removal of subsidies.

4.4. Privatization of Public Services/Reform of State-Owned Enterprises (SOEs)

Despite the many failures recorded in recent years, privatization is being considered by 79 governments worldwide. This includes 20 high income and 59 developing countries (Box 9). Privatization is a charged term, particularly as many countries are reversing privatizations and re-nationalizing public services (Box 10), so it is often disguised as "SOE or public enterprises reforms" in IMF country reports. The promotion of the private sector is further evidenced by the rapid growth of PPPs in recent years, as discussed in a later section. Generally, privatization/PPPs in the public utilities sector is further supported by the World Bank and regional development banks (Eurodad, 2021c).

Box 9. To watch out: Countries advised by the IMF to privatize public services or State-Owned Enterprises (SOEs)

- **East Asia and the Pacific:**
  China, Fiji, Mongolia, Myanmar, Papua New Guinea, Philippines, Solomon Islands, Vanuatu, Vietnam.
- **Europe and Central Asia:**
  Azerbaijan, Bosnia and Herzegovina, Croatia, Georgia, Greece, Iceland, Italy, Kazakhstan, Kosovo, Kyrgyz Republic, Moldova, Montenegro, Romania, Russian Federation, Serbia, Slovenia, Tajikistan, Ukraine, Uzbekistan.
- **Latin America and the Caribbean:**
  Bahamas, Barbados, Bolivia, Brazil, Costa Rica, Ecuador, Honduras, Jamaica, Mexico, Nicaragua, Suriname, Trinidad and Tobago, Uruguay.
- **Middle East and North Africa:**
  Algeria, Egypt, Iraq, Kuwait, Morocco, Oman, Saudi Arabia, Tunisia.
- **South Asia:**
  Bangladesh, India, Pakistan, Sri Lanka.
- **Sub-Saharan Africa:**
  Angola, Botswana, Cabo Verde, Cameroon, Chad, Congo, Rep., Côte d'Ivoire, Equatorial Guinea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Kenya, Madagascar, Mauritania, Namibia, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Seychelles, Sierra Leone, South Africa, Sudan, Togo.

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

Privatization debates date back to the decades of structural adjustment; since them, overwhelming evidence is indicative of privatization failures. The rapid and massive privatization programs in the 1980s and 1990s by the IFIs in all areas, from water supply to pensions, were first judged as a great success. However, as more information became available and problems of both performance and fairness began to surface, the consensus shifted sharply toward the negative (Birdsall and Nellis, 2005; Bayliss and Fine, 2007). In terms of theory, economists such as Joseph Stiglitz (2008) have argued that the "case for privatization is, at best, weak or non-existent," and many empirical studies have also generated critical results. A general view of the IFIs was that privatization promotes efficiency and short-term fiscal gains, but they also frequently led to job losses and wage cuts for workers as well as higher prices and lower quality for consumers (Bayliss and Fine, 2007; Gupta, Schiller and Ma, 1999). The emergence of private monopolies, unaffordable and/or low quality goods and services, and high costs of guaranteed revenues agreed under contracts for PPPs for the private service providers have recently led to partial or full re-nationalization in many cases (Box 10). Furthermore, financialization of public services led to the prioritization of short-term speculative strategies, benefitting more for investors than users, relegating the realization of human rights as a secondary priority (Fine, 2012; Cantamutto, 2022).[14] Corruption has also been widely documented in privatization processes (Hall, 1999; Kaufmann and Siegelbaum, 1997).

Table 6. Examples of countries advised to privatize public services and public enterprises/SOEs

Privatization	Country examples
Energy including street lightening, power distribution, gas and oil	Brazil, Costa Rica, Honduras, Mexico, Montenegro, Niger, Pakistan, Papua New Guinea, Romania, Serbia, Sierra Leone, South Africa, Sri Lanka, Sudan, Tajikistan, Tunisia, Uruguay,
Public transport infrastructure and services such as urban transport, railways, ports, highways, airports	Angola, Bosnia Herzegovina, Brazil, Costa Rica, Montenegro, Pakistan, Papua New Guinea, Serbia, Seychelles, Sri Lanka, Türkiye, Uruguay, Vanuatu
Public banks and insurance including pensions	Costa Rica, Honduras, Iceland, Pakistan, Papua New Guinea, Romania, Serbia, Togo, Uruguay, Uzbekistan
Water supply and sanitation	Brazil, Niger, Papua New Guinea, Uruguay
Construction and public housing	Cabo Verde, India, Kuwait, Pakistan, Tunisia, Türkiye
Telecommunications	Costa Rica, Niger, Papua New Guinea, Uruguay
Agriculture and forestry	Bosnia Herzegovina, Papua New Guinea, Tunisia
Postal services	Papua New Guinea, Serbia, Türkiye
Military	Sudan

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

Failures of privatized service provision have led countries to reverse privatization, re-nationalizing or re-municipalizing public services, but the IFIs continue pushing for outdated privatization policies. Despite the privatization wave in the 1980s-90s, the public sector owns and operates the majority of public services in cities and countries all over the world. Over the last twenty years, a number of countries that privatized are re-nationalizing public services (Box 10). This is due to poor performance, reduced services, high user fees leading to affordability issues, regulatory capture, collusions leading to monopoly profits and declines in investment, among others (Kishimoto, Lobina and Petitjean, 2015; Hall, 2010 and 2012; Ortiz et al, 2019). However, sales proceeds produce short-term gains, but long-term losses given the lack of future revenues. Further, when states are faced with the need to re-nationalize, this most often comes at a high cost. Despite the evidence, IMF advice around the privatization of SOEs was almost always given in the interest of short-term fiscal sustainability, with no considerations of the negative economic and social impacts; positive mentions of any type of SOE being absent.

[14] See also: *Joint Statement by independent United Nations human rights experts warning of the threat that financial speculation poses to the enjoyment of a range of human rights*, 19 October 2021.

Box 10. Privatization and recent re-nationalization and re-municipalization experiences in water supply, transport, electricity/power, pensions and postal services

In the 20th century, the role of the government as provider of public services was not questioned until the 1980s-1990s, when the international financial institutions such as the IMF and the World Bank as well as other organizations such as the OECD and USAID started promoting privatization. Despite this policy push, the public sector owns and operates the majority of public services in cities and countries all over the world. In recent years, a number of governments that privatized are renationalizing public services due, among others, to poor performance, reduced services, high user fees leading to affordability issues, regulatory capture, collusions leading to monopoly profits and declines in investment. Some examples:

- **Water supply:** During the last 15 years, 235 cases of water remunicipalization, concentrated in high-income countries, with 184 remunicipalizations compared to 51 in low- and middle-income countries, for example in France, the United States, Spain, Germany and Argentina; perhaps the most known case was Paris (2010) water re-municipalization, which improved delivery and reduced water prices by 8 per cent.
- **Transport:** Private sector failure was common in privatized local public transport, services were reduced dramatically, and prices saw steep increases. Some examples of renationalization: Japan (2010), New Zealand (2008 railways), Argentina (2008 airlines; 2015 railways), United Kingdom (2009 railways), Pakistan (2011, railways).
- **Electricity and power:** Public ownership of electricity companies is common in Europe, United States, Asia including China, India, Indonesia, South Korea; many countries that had privatized reversed privatization, such as France (1982), Germany (in 2005 renationalized electricity distribution networks and created new public municipal renewable energy), Brazil (2007), Argentina (2009), Finland (2011), Bolivia (2012), Japan (in 2012 Tokyo Electric Power Company was nationalized after the Fukushima Daiichi nuclear disaster). Given high energy prices in 2022, countries are considering further re-nationalizations, like France (2022), Mexico (2021) and Saudi Arabia (2022).
- **Pensions:** From 1981 to 2014, 30 countries privatized fully or partially their public mandatory pensions; as of 2018, 18 countries have re-reformed and reversed pension privatization fully or partially: Venezuela (2000), Ecuador (2002), Nicaragua (2005), Bulgaria (2007), Argentina (2008), Slovakia (2008), Estonia, Latvia and Lithuania (2009), Bolivia (2009), Hungary (2010), Croatia and Macedonia (2011), Poland (2011), the Russian Federation (2012), Kazakhstan (2013), the Czech Republic (2016) and Romania (2017). The large majority of countries turned away from privatization after the 2007-08 global financial crisis, when the drawbacks of the private system became evident and had to be redressed (see Box 13).
- **Other: Postal services and communications** renationalized in France (1982), Argentina (2003), Bolivia (2008); Canada (2008) remunicipalized solid waste collection, snow removal, police and fire to lower costs and improve efficiency; Germany (2008) re-nationalized security, national registration. Bolivia (2008) and Mexico (2022) have nationalized strategic resources, such as lithium mining...The United Kingdom (2008) and Finland (2011) stopped urban cleaning private contracts for cost reduction and employment generation.

Sources: Kishimoto, Lobina and Petitjean, 2015; Hall, 2010 and 2012; Ortiz et al. 2018; PSI, 2018, media sources

The resurgence of privatization policies should make government officials cautiously assess the adverse impacts ex-ante to reconsider privatization. This should be done with the perspective of both the short- and long-term impacts, which are summarized below.

- **Impacts on prices:** Rate hikes are often a result of privatized services and may lead to goods and services being unaffordable for populations —this is particularly important for basic goods and essential services such as water, education, health, social security, energy, transport and others.

- **Impacts on the quality of public services:** Corporations are ultimately incentivized by profit maximization, which can compromise quality standards. Critical questions arise as to whether adequate regulations are in place to ensure standards, and whether national institutions have the capacity to enforce them.

- **Impacts on jobs and wages: Privatization often leads to layoffs and wage cuts,** given the priority afforded to profits and, where relevant, dividends and returns to shareholders.

- **Impacts on women and SDGs**: Women's unpaid care work can be dramatically lessened through state policies improving access to public services; progress toward the SDG will be affected by the predominance of privatized services.[15]

- **Impacts on efficiency:** Supporters of privatization claim that private companies are more efficient than the public sector, but the empirical evidence does not confirm it. Private provision requires profit margins, often incurs marketing costs, which do not arise under government provision, and higher administrative costs.

- **Impacts on long-term fiscal revenues:** Sales proceeds produce short-term gains, but also long-term losses given the lack of future revenues.

- **Political impacts:** Dismantling public service provision creates two-tier systems with private services for the middle and upper income groups and public services for low-income groups —and services for the poor tend to be poor services. Privatization can backfire politically; middle-income groups may not wish to see their taxes go to the poor while they are required to pay for expensive private services.[16]

4.5. Pension and Social Security Reforms

Reforming old-age pensions with a fiscal objective is the most common adjustment measure, which is being considered by 74 governments in 55 developing and 19 high income countries. Common pension reforms include raising workers' contribution rates, decreasing employers' social security contributions, lengthening eligibility periods, reducing pension tax exemptions, prolonging the retirement age and/or lowering benefits, eliminating/penalizing early retirement, freezing or lowering pension indexation below inflation levels, or modifying calculation formulas downwards, as well as structural reforms e.g. privatization or introduction of individual accounts, eliminating defined benefit (collective) pensions and replacing with defined contribution (individualized savings) , despite the failures of pension privatization. Often reforms violate international standards. These reforms affect women disproportionally, as women have lower lifetime earnings and working periods. As a result, collective risk pooling of pensions systems is being undermined, future pensioners are expected to receive lower benefits, and inequalities between pension beneficiaries are expected to increase (ITUC, 2019a).

Drastic cost-saving measures and reforms based on a fiscal objective are increasing old-age poverty. Most countries were introducing changes to their pension systems prior to the crisis, in view of the demographic ageing of populations, but fiscal consolidation precipitated the adoption of drastic cost-saving measures without adequate consideration of their social impacts. In Europe, simulations show

[15] All SDGs include public services; SDG 5.4 that calls on States to "recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies".
[16] See Mkandawire, 2005; UNRISD, 2010.

future pensioners receiving lower pensions in 60% of European countries, with a projected decline by more than 10 percentage points in eight countries (ILO, 2017). These inadequate pension reforms are increasing old-age poverty in Europe. For example, in Estonia, the IMF points out that "with regards to pensions, additional budget subsidies will be required to avert a rising risk of poverty or social exclusion for older people," which is similarly noted in Latvia and Lithuania.[17] Moreover, since women have lower wages, lower employment record over lifetime (because of maternity and care support) and are more dependent on public support, women are more likely to face poverty in old-age than men, pension reforms are likely to have a disproportionate negative impact on women and increase gender disparities (UNWOMEN, 2015, ILO, 2021b).

Box 11. To watch out: Countries advised by the IMF to reform pensions

- **East Asia and the Pacific:**
  China, Japan, Korea, Rep., Malaysia, Mongolia, Myanmar, Philippines, Thailand, Vietnam
- **Europe and Central Asia:**
  Albania, Belgium, Bulgaria, Croacia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Greece, Italy, Moldova, Montenegro, Netherlands, North Macedonia, Norway, Poland, Romania, Russian Federation, San Marino, Serbia, Slovak Republic, Slovenia, Spain, Switzerland, Ukraine, Uzbekistan
- **Latin America and the Caribbean:**
  Argentina, Bahamas, Barbados, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay
- **Middle East and North Africa:**
  Algeria, Egypt, Iraq, Israel, Jordan, Kuwait, Morocco, Oman, Tunisia
- **North America:**
  United States
- **South Asia:**
  Bangladesh, Sri Lanka
- **Sub-Saharan Africa:**
  Cabo Verde, Cameroon, Ethiopia, Gambia, Lesotho, Madagascar, Mauritius, Seychelles, Somalia

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

In some European countries, courts have declared austerity cuts unconstitutional. In 2013, the Portuguese constitutional court ruled that four fiscal consolidation measures in the budget, mainly affecting civil servants and pensioners, were unlawful and in breach of the country's constitution. In Latvia, the 2010 budget proposed new spending cuts and tax increases, including a 10% cut in pensions and a 70% decrease for working pensioners; the constitutional court ruled that the pension cuts were unconstitutional on the grounds that they violated the right to social security, and the cuts had to be reversed. In Romania, 15% pension cuts proposed in May 2010 were also declared unconstitutional (ILO 2014, OHCHR 2013). The long-accepted concept of universal access to decent living conditions for all citizens has been threatened by a widening gulf between more narrowly targeted programs for the poor (e.g. the European new Guaranteed Minimum Income) and a stronger emphasis on individual savings for the middle- and upper-income groups. The achievements of the European social model, which dramatically reduced poverty and promoted prosperity in the period following the Second World War, have been eroded since the financial and COVID-19 crises by short-term adjustment reforms (ILO, 2017).

[17] IMF Estonia report 18/125.

A lesser-known fact is that governments in 55 developing countries are also considering pension reforms, whereas more is needed to formalize workers in the informal economy with good contracts. IMF recommends to reform/adjust pensions in a number of low, lower middle income and upper middle income countries (Box 11). The ILO World Social Protection Reports (2017 and 2020) also record downward pension adjustments in developing countries, eroding the incomes of the middle classes. Instead, these countries would need to expand the coverage of their social security systems formalizing workers in the informal economy with good contracts, including decent wages and access to social security. There are very good experiences in Latin America, such as the Monotax, a simplified tax and contribution collection scheme for small enterprises that is very successful in Uruguay, Brazil, Argentina and Ecuador.[18] Formalization is mentioned in the policy discussions contained in 32 IMF country reports,[19] a positive development, but given that there are 193 countries in the world, and that the size of the informal sector remains large, much more is needed. Formalizing workers in the informal economy with decent contracts would not only solve social security sustainability but also ensure workers' rights. It is particularly important for women to enter the labor force and attain formal employment.

These reforms erode contributory public social security systems –further, a number of adjustments violate international labor standards. The erosion of contributory social security, that today delivers lower benefits than in the past, is accompanied by the expansion of "cheaper" non-contributory social pensions, normally targeted to the poor as part of social assistance, with much lower benefits that are often inadequate to ensure old-age income security.[20] Altogether, the erosion of public social security systems that are delivering by design lower and lower benefits to pensioners and contributors, aims at increasing the attractiveness of private savings so people invest more on private pensions and other financial services (ITUC, 2019b). These are often subsidized through very regressive tax exemptions to voluntary private pension savings for wealthier people. The IFIs pension model is regressive, no matter that they may support small safety nets to the poor. Additionally, a number of pension policy measures supported by the IFIs, including the IMF's new technical note on "Engagement on Pension Issues in Surveillance and Program Work" (IMF, 2022c) are against international labor standards, adopted as public international law by employers, trade unions and governments in all countries. Individual accounts or private pensions are contrary to social solidarity and collective financing; they do not guarantee the adequacy of benefits[21] or the predictability of benefits given that the risks are transferred to the individual; they oppose the involvement of social partners and representation of protected persons in social security

[18] The Monotax simplifies the registration and collection of contributions to increase social security coverage; microentrepreneurs who join the scheme, as well as their workers, are automatically entitled to the benefits of the contributory social security system (except for unemployment protection), requiring a degree of subsidy from the government (ILO, 2017).

[19] Discussion about formalizing workers in the formal economy was found in IMF country reports of Albania, Algeria, Angola, Argentina, Armenia, Azerbaijan, Cambodia, Colombia, Costa Rica, Côte d'Ivoire, El Salvador, Guatemala, India, Kosovo, Mexico, Montenegro, Morocco, Niger, North Macedonia, Pakistan, Panama, Peru, Russian Federation, Samoa, Senegal, Serbia, Sri Lanka, Thailand, Tunisia, Türkiye and Vietnam.

[20] In Latvia, "due to a significant decline in replacement rates to about 16 percent by 2050 under the existing retirement benefit rules, long-term pension spending costs are projected to fall, offsetting the rise in health and other long-term care spending. The existing pension system thus ensures fiscal sustainability, but raises questions of its social sustainability, especially considering already high poverty rates among the elderly. Balancing social and fiscal sustainability may require policies to expand fiscal space over the long term. Raising replacement rates to the recommended ILO minimum" (IMF Latvia report 19/264). "On pensions, reform has ensured the financial, but not social, sustainability of the system. Low and declining pensions will increase pressures to boost basic pensions, which have been transferred to the budget this year. This represents a fiscal risk over the medium-term" (IMF Lithuania report 19/252).

[21] International social security standards prescribe that earnings-related schemes need to provide periodic payments of at least 40% (Convention No. 102) or 45% (Convention No. 128) of the reference wage after 30 years of contribution or employment; these standards also require that pensions need to be periodically adjusted following substantial changes in the cost of living and/or the general level of earnings.

governance bodies[22]; and they deny a primary responsibility and obligation of the State to provide social protection or social security to all citizens (ILO, 2018).

Proposals to reduce employers' social security contributions ("tax-wedge") to support enterprises will further damage public systems and generate more inequality. Recent proposals to cut employers contributions to social security (IMF 2015 and 2016) would destroy public social security systems and increase inequality. Paradoxically, the IMF that had always defended the priority of social security sustainability at all costs, started advising to reduce the employers' contributions to social security as a fiscal stimulus to enterprises, no matter that this makes social security unsustainable –against the advice of ILO. The IFIs and OECD justify it as useful to promote employment (through reductions in social security contributions, together with low wages. The "tax wedge" is a recent and complicated concept that has enabled a convenient discussion to reduce the employers' social security contributions[23]; it is important to keep this consideration in mind the concept as it appears in many policy debates despite its principles are against international standards and human rights.[24] Reducing employers' social security contributions is a highly regressive policy given that these contributions are a deferred wage of workers, part of their compensation, not a tax.

Box 12. To watch out: Countries that may have waived/reduced employers' contributions to social security

- **East Asia and the Pacific:**
  China, Malaysia, Mongolia, Samoa, Timor-Leste, Vietnam
- **Europe and Central Asia:**
  Albania, Armenia, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Finland, France, Georgia, Germany, Greece, Italy, Moldova, Montenegro, Netherlands, North Macedonia, Poland, Russian Federation, San Marino, Serbia, Slovak Republic, Slovenia, Sweden, Türkiye, Ukraine, United Kingdom, Uzbekistan
- **Latin America and the Caribbean:**
  Argentina, Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Mexico, Peru, Uruguay
- **Middle East and North Africa:**
  Algeria, Egypt, Iraq, Jordan, Kuwait

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

During the COVID-19 pandemic, many countries were wrongly advised to waive/reduce employers' social security contributions to support companies, making public social security unsustainable. As many as 47 countries, 14 high income and 33 middle income, were advised by the IMF to reduce or waive employers' social security contributions to support companies/corporations during the COVID-19 pandemic (Box 12). These policies must be urgently reversed. If contribution rates were reduced, they

[22] Article 72(1) of Convention No. 102, Recommendation No. 202.
[23] The tax wedge is defined as "the ratio between the amount of taxes paid by an average single worker (a single person at 100% of average earnings) without children and the corresponding total labor cost for the employer… This indicator is measured in percentage of labor cost." (OECD, 2021 and 2022).
[24] In a few countries, lowering social security contributions is being proposed by IMF staff to support more employment for women or low income workers; trade unions oppose this policy as it would be at the cost of social security sustainability and it is against international social security standards. IMF advice forcing a choice between workers' rights and women's rights and others is a breach of human rights that results in detrimental human impacts (see also the criticism of intergenerational policy advise suggesting that countries have to choose to support children instead of older persons, in the section "Targeting social protection").

must be increased again and all arrears paid back to social security, to ensure its sustainability and protect workers' rights.

Pension privatizations failed and private savings are not the solution: what is needed is to strengthen public social security systems balancing equity and sustainability. While the IFIs are no longer openly suggesting the privatization of mandatory pensions given that privatization failed (Box 13), they are undermining public social security systems and promoting private savings instead. This is regarded as a way to minimize the public sector (and its potential fiscal deficit), support enterprises with lesser social security contributions, and mobilize personal savings toward the financial sector. However, this comes a high social cost, as it places additional pressures on household incomes. Further, the anticipated loss of old-age income pressures families to increase precautionary savings, reducing aggregate demand and delaying economic recovery. To the contrary, governments should consider strengthening public social insurance, coupled with non-contributory solidarity pensions, as recommended by ILO standards, improving both the financial sustainability and equity of pension systems, making pension entitlements better and more predictable, allowing people to enjoy a better retirement in their older years. The responsibility of States to guarantee income security in old-age is best achieved by strengthening public pension systems.

Box 13. The failure of pension privatization reforms

From 1981 to 2014, thirty countries privatized fully or partially their public mandatory pensions. Fourteen countries were in Latin America, another fourteen countries in Eastern Europe and the former Soviet Union, and two in Africa. Most of the privatizations were supported by the World Bank, the IMF, the OECD, USAID, the ADB and IADB, against the advice of the ILO. As of 2018, eighteen countries have re-reformed and reversed pension privatization fully or partially: the Bolivarian Republic of Venezuela (2000), Ecuador (2002), Nicaragua (2005), Bulgaria (2007), Argentina (2008), Slovakia (2008), Estonia, Latvia and Lithuania (2009), Bolivia (2009), Hungary (2010), Croatia and Macedonia (2011), Poland (2011), the Russian Federation (2012), Kazakhstan (2013), the Czech Republic (2016) and Romania (2017). The main reasons why governments are revering pension privatizations are:

(a) **Coverage rates stagnated or decreased:** Advocates of pension privatization argued that mandatory individual accounts would earn higher interest and thus improve compliance and willingness to contribute; however, a majority of countries registered a decrease in coverage rates of contributory schemes. In Argentina coverage rates fell by more than 20%. Similar effects were observed in Chile, Hungary, Kazakhstan and Mexico, while in other countries (e.g. Bolivia, Poland, Uruguay) coverage stagnated.

(b) **Pension benefits deteriorated:** The shift from defined benefits to defined contributions had a serious negative impact on pension benefit adequacy, with pension replacement rates often not meeting ILO standards, and resulting in significant social protests, making pension privatization unpopular. In Bolivia, private pension benefits averaged only 20% of the average salary during working life. In Chile, the median future replacement rates average 15% and only 3.8 for low-income workers. The deterioration of benefit levels resulted in increases in old-age poverty, undermining the main purpose of pension systems which is to provide adequate income security in old-age, and requiring significant public support.

(c) **Gender and income inequality increased:** Pension privatization broke the social contract enshrined in social security. Well-designed social insurance schemes are redistributive for two main reasons: (i) they include transfers from employers to workers, and (ii) they are designed to redistribute income from those with higher lifetime earnings to those with lower lifetime earnings, and from the healthy and able to those sick, disabled or unable to work, such as during maternity. The redistributive components of social security systems were eliminated with the introduction of individual accounts. Employer contributions were eliminated. Pensions were a result of personal savings; therefore, those with low incomes or with interrupted careers (e.g. because of maternity or periods of family care) had very small savings and consequently ended with small pensions, thereby increasing inequalities. In Bolivia, for instance, the share of elderly women receiving a pension fell from 23.7% in 1995 to 12.8% in 2007; in Poland, 22.5 percent of older women were poor.

(d) **High transition costs created large fiscal pressures:** The transition costs from the public solidarity based systems to private individual account systems were not properly assessed by the international financial institutions; the costs were seriously underestimated across all reformed countries and created new fiscal pressures. In Bolivia the actual transition costs were 2.5 times the initial projection. Similarly, in Argentina the cost was estimated not to exceed 0.2% of GDP; however the estimation was later adjusted and increased 18 fold, to around 3.6% of GDP. The newly created fiscal distress was unacceptable to many governments, particularly as concerns regarding fiscal pressures and the financial sustainability of public pension systems were the main driver behind privatization reforms in all countries –privatization had been presented as the remedy to avoid a "social security crisis and to ensure more sustainable future financing for pension systems." In Poland, between 1999 and 2012, the cumulative transition costs of the reform were estimated at 14.4% of GDP. In general, transition costs were very high in all countries, a main reason why governments reversed pension privatization and returned to a public system.

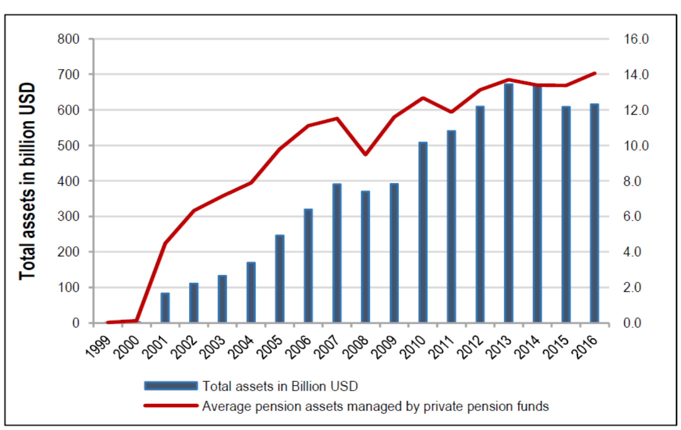
(e) **High administrative costs:** The administrative costs of private pension funds were very high and as a consequence made returns and ultimately pensions lower. Private pension fund administrators need to finance many overhead costs that do not occur in public systems such as administration charges, investment management fees, custodian fees, guarantee fees, audit fees, marketing fees and legal fees, among others, that reduce accumulated assets (or pensions) over a 40 year period by as much as 39% in Latvia, 31% in Estonia and 20% in Bulgaria.

(f) **Weak governance: Capture of regulation and supervision functions:** Regulatory capture is the situation in which a regulatory agency, created to defend the public interest, acts on behalf of certain economic interest groups in the industry which it is required to supervise. In general, the management, supervision and regulation of the private pension funds was weak; close ties between politicians and the financial sector, as well as the scarcity of high-level staff skilled in financial market regulation, contributed to the selection of regulators from the existing industry, accommodating private interests. Furthermore, in many countries such as Bolivia and Poland, the involvement of social partners in the supervision of the private pension funds was excluded, thus decreasing the supervisory oversight in place.

(g) **Concentration of the private insurance industry:** A further argument advanced by proponents of the pension privatization was that it was expected to generate competition between many pension administrators and thus improve efficiency and service delivery. Competition between pension funds was low, with some countries (e.g. Bolivia, El Salvador) having only a two major pension administrators, creating oligopolistic markets and thus defeating the benefits of competition. The number of Chilean private pension fund administrators fell from 21 (1994) to 5 (2008) with the largest three firms holding 86% of assets. Often international financial groups are major shareholders of national pension fund administrators, or the national pension funds are subsidiaries.

(h) **Who benefitted from people's pension savings? The financial sector:** This is an important developmental question. In many countries, the pension reserves in the accumulative phase were used for national development (e.g. Europe). However, the use of pension funds for national public investment was generally lost with "funded" privatized systems, which invested the savings of individual members in capital markets (often oversees) seeking high returns, without prioritizing national development goals. The experience with privatization in developing countries shows that it is the financial sector, the private pension administrators and

Figure 12. Assets in funded and private pension funds in 25 countries that privatized pensions
(in billion USD and percentage of the countries' GDP)



commercial life insurance companies, who appear to benefit most from people's pension savings –often with international financial groups holding a majority of the invested funds (Figure 12).

(i) **Limited effect on capital markets in developing countries:** In countries with not very deep and undiversified capital markets, investments could either be heavily concentrated abroad or focused on government bonds. Government bonds were often issued to finance the high transition costs of pension privatization, generating a vicious and costly cycle, where the private pension fund administrators were the only beneficiaries of this cycle, cashing in the administrative costs for the financial transactions. However, in Chile and the high income economies, there is evidence of positive effects on capital markets.

(j) **Financial market and demographic risks transferred to individuals:** Private individual account schemes shifted the systemic risks burden to the individual, with workers/pensioners bearing the investment, longevity and inflation risks. In Chile in the 2008 crisis, the pension funds lost 60% of all benefits accrued during 1982–2008. In Argentina, the domestic financial crisis of 2001–02 led to a 44% decrease in the values of the pension funds. In Peru, the assets of pension funds dropped by 50% during the 2008 financial crisis as the private funds managers had invested the funds in high-risk instruments. In some countries, the State had to step in to supplement the pensions that should have been provided by the private system. For instance, in 2008 the government of Chile had to provide pension top-ups, and the government of Argentina had to step in to cover in full 77% of the pensions payments to 445,000 private pillar pensioners, as well as additional payments to 179,000 pensioners in order to maintain the minimum guaranteed.

Sources: ILO, 2018; Ortiz et al., 2018; Stiglitz et al. 2019

4.6. Labor Flexibilization Reforms

Labor flexibilization is being considered by 60 governments worldwide in 16 high income and 44 developing countries. This includes countries such as Angola, Brazil, Costa Rica, Djibouti, Ecuador, Egypt, Eswatini, Gabon, Guatemala, India, Indonesia, Jordan, Mexico, Morocco, Mozambique, Nepal, Pakistan, Senegal, South Africa and Tunisia, among others (Box 14). In many of these countries, IMF country reports note that labor costs are high and point the need for labor market flexibility/reduction of labor market rigidities.

Box 14. To watch out: Countries advised by the IMF to undertake labor flexibilization reforms

- **East Asia and the Pacific:**
  China, Fiji, Indonesia, Japan, Korea, Rep., Malaysia, Thailand
- **Europe and Central Asia:**
  Armenia, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Denmark, Finland, Greece, Iceland, Italy, Kazakhstan, Moldova, Montenegro, Netherlands, North Macedonia, San Marino, Slovenia, Spain, Sweden, Switzerland, Türkiye
- **Latin America and the Caribbean:**
  Bahamas, Barbados, Brazil, Costa Rica, Ecuador, Guatemala, Mexico, Panama, Peru, St. Lucia, Uruguay
- **Middle East and North Africa:**
  Algeria, Djibouti, Egypt, Jordan, Kuwait, Morocco, Oman, Saudi Arabia, Tunisia, United Arab Emirates
- **South Asia:**
  India, Nepal, Pakistan
- **Sub-Saharan Africa:**
  Angola, Eswatini, Gabon, Mauritius, Mozambique, São Tomé and Príncipe, Senegal, South Africa

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

There are many types of labor flexibilization reforms being considered or implemented by governments. These include restraining the minimum wage; limiting salary adjustments; decentralizing, limiting or eliminating collective bargaining; increasing the ability of enterprises to fire employees; and making it easier to hire workers on temporary/atypical and precarious contracts (Box 15). Labor market reforms are supposed to increase competitiveness and support businesses during recessions —compensating for the underperformance of the financial sector. However, there is limited evidence that labor market flexibilization generates jobs (Howell, 2005; Palley, 1999; Rodgers, 2007; Standing, 2011), and women workers are particularly hard hit by such measures (Ghosh, 2013). In fact, evidence suggests that, in a

Box 15. Examples of recent labor flexibilization reforms

- **Armenia:** Fixed-term (temporal) contracts can now be renewed an unlimited number of times and without restrictions on their maximum duration.
- **Central African Republic:** The requirement to obtain an authorization from the labor inspection has been removed in cases of collective dismissals.
- **Gabon:** Restrictions on renewing fixed-term contracts of short duration have been removed.
- **Greece:** Law 3863 reduced the length of notice period for individual dismissals from five to three months, reduced severance payments for white-collar workers; Law 3899 allows for companies of any size that experience adverse financial and economic conditions to conclude collective agreements containing less favorable conditions than those agreed in the relevant sectoral agreements.
- **Ecuador:** Under a 2019 IMF program, thousands of public sector jobs were cut, wages reduced and regulations undermined to lower labor costs.
- **Hungary:** In 2011, a reform of the labor code compromised the role of social dialogue at the national level and limited the possible motivations for strikes and protests.
- **Italy:** Law 138 allows for company-level agreements to deviate from sectoral agreements.
- **Japan:** Measures aimed at modernizing Japan's labor law, including reducing excessive working hours and increasing flexibility, were phased-in from April 2019.
- **Latvia:** Notice periods in cases of collective dismissals have been reduced from 60 to 45 days.
- **Malawi:** Severance payments in cases of collective dismissals have been reduced from 30 to 25 weeks' pay for employees with ten years of service, and from 80 to 65 weeks' pay for employees with 20 years of service.
- **Mauritius:** The requirement to obtain an authorization from the labor inspection has been removed in cases of collective dismissals.
- **Puerto Rico:** The new Labor Transformation and Flexibility Act of 2022 changed the Unjustified Dismissal Act, wage and hour laws.
- **Romania:** The 2011 Law on Social Dialogue abolished collective bargaining at the national level.
- **Rwanda:** The obligation to consult workers' representatives in cases of individual and collective dismissals for economic reasons has been eliminated.
- **Spain:** Individual dismissal notice has been reduced from 30 to 15 days; the employee is now only entitled to 33 days salary per year of service (compared to 45 previously); consultations between employer and workers' representatives in cases of collective dismissals have been reduced.
- **Ukraine:** In 2022, Ukraine's Parliament passed two bills that obliterate workers' rights to collective bargaining and other fundamental labor protections, and allow employers to put up to 10% of their workforce on "zero hour" contracts.
- **Zimbabwe:** Severance payments in cases of individual dismissals were reduced by two months of pay.

Source: ILO, 2012; ITUC, 2019b; Bretton Woods Project media news.

context of economic contraction, labor market flexibility is more likely to generate precarious and vulnerable employment, as well as depress domestic incomes and, therefore, aggregate demand, ultimately hindering crisis recovery efforts (van der Hoeven 2010). Even in export-led economies, flexibilization policies do not lead to higher income and employment; rather, the end result is contractionary (Capaldo and Izurieta 2012). Further, while the ITUC Global Poll (2018) revealed that 84% of the world's people said that the minimum wage is not enough to live on prior to the COVID-19 pandemic. Today, high inflation levels are eroding real wages and 60% of workers have lower real incomes than before the pandemic (UNCTAD, 2022b). There is a trend of wage stagnation in many countries, as wage increases have not kept pace with productivity, while wage inequality is also increasing steeply (G20/L20, 2018).

It is imperative that employers, trade unions and governments engage in social dialogue about how to achieve recovery and a new social contract. Social dialogue can be an effective strategy to articulate labor market policies that have positive synergies between economic and social development; they are especially well-suited to arrive at optimal solutions in macroeconomic policy, in strengthening productivity, job and income security, and in supporting employment-generating enterprises, including addressing the challenges caused by unprecedented transformational change in the world of work (ILO, 2019). While the level of labor protection, benefits and flexibility will vary from country to country, the key is to identify a balance to ensure sustained economic activity and positive social outcomes, where employers benefit from productivity gains and workers benefit from job and income security.

4.7. Cutting Health Expenditures

Most governments were advised by the IMF to temporarily increase health allocations to fight COVID-19, however cuts are now being advised to a small number of countries. About 16 governments in 6 developing and 10 high income countries, including low and lower middle income countries such as Egypt, Eswatini, Haiti, São Tomé and Príncipe, are advised to contain health expenditures (Box 16). For example, Ecuador is advised to roll back health expenditure as the pandemic abates and Belgium to contain medium-term health expenditures. Eswatini and Moldova recommendations include to achieve fiscal savings by increasing the efficiency of expenditure on health. Bosnia Herzegovina and Cyprus are advised to reform the health sector. Barbados is advised to introduce a health levy. In Haiti, there is a projected decline in health expenditures as a percentage of GDP in central government operations from 3.1% to 2.6% in 2024, even though the text of the reports recommends increasing social spending. Typically, health adjustment measures include increased user fees or charges for health services, reductions in medical personnel, cost-saving measures in public healthcare centers, discontinuation of allowances, phasing-out treatments and services or increased copayments for pharmaceuticals. Advice or decisions to cut health expenditure in countries that already have limited health budgets, which is the case in nearly all low- and lower middle income countries, runs counter to international targets in government expenditure for health including the finance targets of 'at least 5% of GDP' and 'at least 86 US dollars per capita' (Wemos, 2018).

Box 16. To watch out: Countries advised by the IMF to contain health expenditures

- **Europe and Central Asia:**
  Austria, Belgium, Bosnia and Herzegovina, Cyprus, Moldova, San Marino
- **Latin America and the Caribbean:**
  Barbados, Brazil, Colombia, Ecuador, Haiti, Paraguay
- **Middle East and North Africa:**
  Egypt
- **North America:**
  United States
- **Sub-Saharan Africa:**
  Eswatini, São Tomé and Príncipe.

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

The risks of reducing health expenditures are obvious: populations are excluded from or receive less medical care. Austerity cuts leads to worse health outcomes; empirical analysis of data in 137 countries concludes that structural adjustment reforms lower health system access and increase neonatal mortality (Forster et al. 2019a, Karanikolos et al., 2013). Weakened mental health, increased substance abuse and higher suicide rates have all been linked with fiscal consolidation measures (WHO, 2011; Stuckler and Basu, 2013). More specifically, in Greece, Portugal and Spain, citizens' access to public health services was seriously constrained after the financial crisis to the extent that there are reported increases in mortality and morbidity (Kentikelenis et al., 2014; Kotsakis, 2018). Adjustment reforms and cuts to development assistance also present significant health-related dangers to populations in developing countries (Stubbs et al., 2017)**.** Given that more than half of public health budgets in Sub-Saharan Africa depend on foreign aid, funding shortfalls will disrupt essential health services and increase stress on women who are the predominant caretakers of sick persons (Seguino 2009; ActionAid, 2020). Moreover, due to the cost-of-living crisis, families lower out-of-pocket health expenses, this is, reduce doctor visits and prescription drug use. A recent study showed that, in the absence of debt relief, a number of African countries prior to the pandemic struggled to finance health services as rapidly growing debt service costs crowd out health spending. In Chad and Gabon, austerity measures sparked cuts in the health sector, and in Guinea and Sierra Leone –both emerging from the Ebola crisis at the time– IMF programs called for wage bill freezes or reductions (EURODAD, 2017).

During the COVID-19 emergency, the IMF supported the expansion of health expenditures in 104 countries, however what most countries need is not just a temporary increase in health spending, but sustained investments to support healthcare for all. The IMF classified health expenditure as a priority social expenditure and during this pandemic also prioritized higher spending by governments to respond to the COVID-19 emergency, including drugs, vaccines, equipment, the wages and number of health-care workers, even if there were freezes or cuts for other categories of civil servants, all much welcomed measures. However, this is seen as temporary support, and in a number of reports it is explicitly advised to reduce expenditures on healthcare once the pandemic is under control (Razavi et al., 2021). This would result in increased risk of financial hardship for households and lack of effective access to adequate healthcare services. As elaborated earlier, a temporary increase in health expenditures to cope with the pandemic is a necessary but insufficient policy, countries need longer-term investments to implement universal access to quality essential healthcare.

4.8. Increasing Consumption Taxes

Revising consumption-based taxes is another policy option being discussed extensively, considered by 86 governments in 64 developing and 22 high income countries (Box 17). While this is a revenue-side rather than a spending-side approach to adjustment, it is critical to weigh this option carefully, because increasing the costs of basic goods and services can erode the already limited incomes of populations and stifle economic activity. The primary danger of this approach is that it is regressive, weighing proportionally more on lower income households given that they consume a larger share of their income than richer ones. Consumption-based taxes reduce poorer households' disposable income. thereby further exacerbating existing inequalities.[25]

IMF country reports also reflect discussion on increasing personal income tax in 65 countries and corporate tax rates in 50 countries; despite this more progressive policy stance, reducing corporate taxes is also advised in 45 countries. While some IMF country reports advise increases in personal and corporate income taxes, yet a large number of countries are advised to cut taxes to enterprises (Box 18). For example, in Ecuador it is argued that high corporate tax rates disincentivize investment; Gabon is advised to reduce the corporate tax rate and simplify the income tax rate; in Honduras there is no recommendation to increase corporate tax rate even though the report documents that Honduras has among the lowest corporate tax rates in the region; Kenya is advised to reduce the top marginal tax rate and corporate tax rates; the Mali report records a business profit tax revenue decrease from 4.1% to 3.4%; in Sierra Leone IMF staff recommends lowering the corporate income tax rate from 30% to 25%. And even when income taxes are proposed, the preference is to tax individuals first, rather than corporations. For instance, a number of countries levied COVID-19 solidarity contributions from salaries and pensions but not from enterprises (e.g. Costa Rica, Egypt). Governments should consider increasing wealth and corporate taxation to finance a people's recovery and progress toward human rights.[26]

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[25] Different consumption taxes can be progressively designed by allowing exemptions for necessary basic goods that many low-income families depend on while setting higher rates for luxury goods that are principally consumed by wealthier families (see Schenk and Oldman 2007 for discussion). For instance, our review of IMF country reports found that Angola is lowering VAT on basic goods.

[26] It is recommended to implement a minimum corporate tax rate of at least 25%, in line with the proposal from the United Nations Financial Accountability, Transparency and Integrity (FACTI) Panel (FTC, 2021).

Box 17. To watch out: Countries advised by the IMF to strengthen consumption taxes/VAT

- **East Asia and the Pacific:**
  Australia, China, Fiji, Indonesia, Japan, Korea, Rep., Myanmar, Samoa, Solomon Islands, Thailand, Timor Leste, Vietnam
- **Europe and Central Asia:**
  Albania, Armenia, Azerbaijan, Finland, Georgia, Greece, Hungary, Italy, Kazakhstan, Kyrgyz Republic, Moldova, Montenegro, North Macedonia, Norway, Romania, Russian Federation, San Marino, Slovak Republic, Spain, Switzerland, Türkiye, Ukraine, United Kingdom
- **Latin America and the Caribbean:**
  Bahamas, Barbados, Brazil, Colombia, Costa Rica, Ecuador, El Salvador, Haiti, Jamaica, Mexico, Peru, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago
- **Middle East and North Africa:**
  Algeria, Egypt, Iraq, Israel, Kuwait, Morocco, Oman, Saudi Arabia
- **North America:**
  United States
- **South Asia:**
  Afghanistan, Bangladesh, Sri Lanka
- **Sub-Saharan Africa:**
  Angola, Botswana, Cameroon, Chad, Congo DR, Congo, Rep., Côte d'Ivoire, Eswatini, Ethiopia, Gabon, Ghana, Kenya, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Togo

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

This is largely the result of the wave of liberalization and de-regulation policies that swept across most economies in the 1980s and 1990s, increasing inequality. These led both developing and high income countries to offer tax breaks and subsidies to attract foreign capital, as well as to scale back income taxes applied on wealthier groups and businesses in the belief that they would encourage further domestic investment. This logic is being questioned in many countries with new research that proves that "trickle down" tax cuts don't work (Piketty, 2014; Hope and Limberg, 2022). The World Bank estimates that just reducing tax incentives in developing countries could increase tax collection by an extra 2% to 4% of GDP, translating into over US$190 billion in extra revenue (Junquera-Varela et al. 2017). Latest reports indicate that there has been a $5 trillion surge in the wealth of the world's richest in past year, and even the UN Secretary General is urging governments to consider wealth taxes on those who have profited during the pandemic, in order to reduce extreme inequalities.[27] It is imperative that distributional impacts, fighting international tax dodging, including corporate tax avoidance and evasion, are at the forefront of tax decisions, and that alternative options to increase fiscal space are considered in policy discussions.

[27] See for example: "UN Chief pushes tax on rich who profited during pandemic," Reuters 21 April 2021; Press Conference by Secretary-General António Guterres at United Nations Headquarters, 3 August 2022; "António Guterres is backing windfall taxes on "immoral" oil and gas profits, while the IMF argues costs should be passed to consumers," Climate Change News, 4 August 2022 (accessed in August 2022).

Box 18. To watch out: Countries advised by the IMF to reduce corporate taxation

- **East Asia and the Pacific:**
  Australia, Cambodia, China, Indonesia, Japan, Malaysia, Mongolia, Philippines, Singapore, Vietnam.
- **Europe and Central Asia:**
  Albania, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Iceland, Montenegro, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Türkiye, United Kingdom.
- **Latin America and the Caribbean:**
  Argentina, Barbados, Costa Rica, Guatemala, Paraguay, Peru, Trinidad and Tobago, Uruguay.
- **Middle East and North Africa:**
  Saudi Arabia
- **North America:**
  United States
- **Sub-Saharan Africa:**
  Benin, Côte d'Ivoire, Senegal, Seychelles.

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

Regressive taxes and low revenues affect women most. As the key source of funding for public services, the amount of tax revenue collected is central to ensuring the realization of women's rights. But how taxes are raised also matters. While explicit gender bias has become rare in tax codes around the world, taxes can still indirectly impact men and women in different ways, because of the different patterns in employment, ownership and spending. With respect VAT, they have a gender bias because of women's different consumption patterns; women, particularly in developing countries, tend to purchase more goods and services that promote health, education and nutrition –in particular in relation to children– when compared to men. Generally, because women are overrepresented among the poor, regressive taxes disproportionately affect women (ActionAid, 2020; OECD, 2015).

Given the current cost-of-living crisis, general VAT/consumption tax rates must be reduced, and tax policies focused on large corporations and wealthy individuals, as well as addressing tax evasion and IFFs. Governments should explore taxes on luxury goods, the financial sector, personal and corporate income, wealth, inheritance, real estate, digital activities. They should also end "free trade or special economic zones" and tax exemptions/breaks to corporations. These are powerful instruments to combat income inequality. A number of countries have announced or implemented taxes on wealth, windfall profits, finance and digital services (Box 19). Additionally, there has been limited action to curb tax evasion, tax havens, illicit financial flows (IFFs), which could potentially capture billions of resources that are effectively "lost" each year. In recent history, increasing progressive taxation from the richest income groups to finance social or equitable investments has been uncommon.

Box 19. Taxing wealth, windfall corporate profits, finance and digital services

Wealth taxes: Wealth taxes were levied after the First and Second World Wars. In recent times, they have been enacted in Iceland (2009), Bolivia (2020), Argentina (2021), Colombia (2021), Spain (2021), sometimes only as a temporary measure, and so far, more modest in scale than in in the post war periods. However, they are being discussed in many countries **—i**ncluding the US**—** as a best policy to finance a post-pandemic recovery.
Taxing corporate windfall profits: In recent years, temporary taxes on oil, gas and electricity companies' windfall profits have been announced and/or implemented in Algeria, Angola, Australia, Brazil, Canada, Kazakhstan, Italy, Mauritania, Mozambique, Norway, Papua New Guinea, Russia, Saudi Arabia, Spain, Trinidad and Tobago, and the United Kingdom.

Taxing the financial sector: Different financial sector tax schemes are being proposed on currency transactions as well as on the profits of financial institutions. For instance, in 2022, Hungary and Spain introduced taxes to banks for windfall profits. Earlier, Türkiye taxed all receipts of banks and insurance companies; Brazil introduced a temporary bank debit tax which charged 0.38% on online bill payments and cash withdrawals, before its discontinuation in 2008, it raised an estimated US$20 billion annually and financed healthcare and social protection programs; Argentina operated a 0.6% tax on purchases and sales of equity shares and bonds, in 2009 accounted for more than 10% of overall tax revenue for the central government.

Taxing digital services; A number of countries have announced and/or implemented taxes on digital services and internet trading, such as Austria, Belgium, Brazil, Canada, Czech Republic, France, Hungary, India, Indonesia, Israel, Kenya, Latvia, New Zealand, Norway, Poland, Slovakia, Slovenia, Spain, Tunisia, Türkiye, United Kingdom.

Source: Baunsgaard and Vernon, 2022; Beitler, 2010; Bunn, Asen and Enache, 2020; IMF, 2010; Piketty, 2014; O'Donovan, 2021; Ortiz, Cummins and Karunanethy, 2017.

4.9. Strengthening PPPs

As many as 55 governments are considering ways to strengthen PPPs. This is being discussed in 40 developing countries and 15 high income countries (Box 20). Governments have embraced PPPs because of the fiscal constraints imposed by the IMF's austere fiscal frameworks that do not encourage to borrow or to spend more; governments are pressed to opt for expensive PPPs in infrastructure and public services, instead of using cheaper public finance. Furthermore, there are many downsides to use PPPs, such as the high costs, the negative impacts on public and consumer spending, high contingent liabilities, efficiency issues and adverse impacts on workers. Overall, there is good evidence that PPPs strengthen the private partner at the expense of the public partner, creating a public subsidy flow to the private sector.

The IFI's cascading financialization and privatization policy. With the publication of *"From Billions to Trillions: Transforming Development Finance Post-2015,"*[28] the IFIs started suggesting that governments don't need to be concerned about declining aid levels or limited fiscal space, because there is a simple solution: the private sector will invest and deliver public goods and services. For this, governments need to incentivize the private sector to invest, using public money to leverage private finance. Government guarantees were deemed necessary to 'de-risk' projects, especially for PPPs, as presented in the cascade approach in "*Maximizing Finance for Development: Leveraging the Private Sector for Growth and*

[28] Prepared jointly by the AfDB, the ADB, the European Bank for Reconstruction and Development, the European Investment Bank, the IADB, the IMF, and the World Bank Group for the April 18, 2015 Development Committee meeting.

Sustainable Development."[29] Thus, the Bank's and IMF's "cascade framework" to "maximize finance for development" essentially recommends privatizing everything first; if this cannot be successfully done, try a PPP or blended finance operation, or provide some guarantees for the private sector. Governments should only go for public sector investments if all else fails. In other words, countries should try all possible market finance options to enrich private financiers before considering public options (Jomo and Chowdhury, 2019). Further, at the beginning of the COVID-19 pandemic, the World Bank made it clear that it was going to use the crisis to promote its development vision and implement far-reaching structural reforms, especially those aligned with the promotion of "private sector solutions" (Eurodad, 2021c).

Box 20. To watch out: Countries advised by the IMF to strengthen PPPs

- **East Asia and the Pacific:**
  Cambodia, Indonesia, Malaysia, Mongolia, Myanmar, Thailand, Timor-Leste, Vietnam
- **Europe and Central Asia:**
  Albania, Armenia, Estonia, Georgia, Kazakhstan, Moldova, Montenegro, North Macedonia, Russian Federation, Türkiye, Uzbekistan
- **Latin America and the Caribbean:**
  Argentina, Barbados, Brazil, Costa Rica, Ecuador, El Salvador, Honduras, Panama, Peru, Suriname
- **Middle East and North Africa:**
  Algeria, Jordan, Kuwait, Morocco, Oman, Saudi Arabia, Tunisia
- **South Asia:**
  Afghanistan, Bangladesh, Nepal
- **Sub-Saharan Africa:**
  Angola, Benin, Cameroon, Cote d'Ivoire, Ethiopia, Gabon, Gambia, Ghana, Guinea, Madagascar, Mali, Mauritania, Mauritius, Niger, Senegal, Togo

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

Governments must carefully assess PPPs and consider the benefits of public infrastructure and services. After reducing food, agriculture and energy subsidies, it is contradictory that citizens have to subsidize corporations. The agenda has many pitfalls and must be rethought or halted (Attridge and Engen, 2019; EURODAD, 2015 and 2018; PSI, 2015; Wemos, 2021).

- **Negative impacts on public and consumer spending:** PPPs are the most expensive method of financing infrastructure and services. Although PPPs are often promoted as a solution for countries under fiscal constraints, evidence shows that PPPs have a much larger cost to the public budget and citizens end paying more, as private companies add profits, have much larger transaction costs, higher costs of capital, and private operators tend to charge higher prices to users.

[29] The World Bank and IMF Development Committee (2017) explain the cascading approach as follows: "When a project is presented, ask: 'Is there a sustainable private sector solution that limits public debt and contingent liabilities?'. If the answer is 'Yes,' then promote such private solutions. If the answer is 'No', then ask whether it is because of: Policy or regulatory gaps or weaknesses? If so, provide support for policy and regulatory reforms. Risks? If so, assess the risks and see whether Bank instruments can address them. The approach responds to the G20's April 2017 *Principles of multilateral development banks' strategy for crowding-in private sector finance for growth and sustainable development*.

- **Higher risks:** Government guarantees may result in very high contingent liabilities for countries, as a number of IMF country reports note. PPPs should not only share risks, but also the rewards **—**profits (Mazzucatto, 2021).

- **High opportunity costs, crowding-out other investments:** The high costs of PPPs often have adverse impacts on other sector investments (see the case of Lesotho in Box 21).

- **The private sector is not more efficient:** Contrary to public perception, most cross-country studies on utilities, including studies by the World Bank, find no statistically significant difference in efficiency scores between public and private providers (Estache, Perelman and Trujillo, 2005; Estache and Philippe, 2012).

- **Negative impacts on workers:** PPPs often bring about the worsening of employment conditions and collective bargaining.

- **Poor capacity to negotiate PPP contracts:** Give that most governments have very limited experience and capacity to develop terms, negotiations often work to the advantage corporations whose lawyers can capture a better deal to the detriment of citizens. PPPs also have low transparency and limited public scrutiny.

Box 21. Hospital PPPs bleed health budgets: The cases of Lesotho and Sweden

Lesotho's Queen Mamohato Memorial Hospital: This PPP contract was signed in 2008 to build a national hospital to replace an old one and to upgrade the network of urban clinics. The World Bank assured that the PPP would bring vast improvements at the same annual cost as the old hospital; this PPP was promoted as a flagship model for Africa's health systems. However, a 2014 report by Oxfam and the Lesotho Consumer Protection Association denounced that the real cost of the PPP was 51% of the total health budget of Lesotho, which amounted to 3 to 4 times the cost of running the old hospital. A 2017 UNICEF-World Bank public expenditure review showed that the annual cost had only minimally declined and still consumed more than one-third of the total health budget. In short, the maintenance of the PPP hospital was at the cost of defunding basic health services. According to Lesotho's Deputy Prime Minister Monyane Moleleki, "*the Queen Mamohato Memorial Hospital is bleeding government coffers*." The escalation of the costs and the numerous breaches of the PPP contract led to a premature termination of the PPP agreement in August 2021. Further, when the government took over the hospital, found that the hospital was "looted."

Sweden's Nya Karolinska Solna (NKS) Hospital: This PPP contract was signed in 2010 to build and manage the new NKS hospital, which was planned to open in 2015. The European Commission advised to opt for a PPP model based on certainties around efficient delivery on time, cost-savings and value for money. However, at the end of 2018, the hospital was significantly delayed and faced massive cost overruns, which led to a public investigation. Today, the NKS holds the renowned status of being the most expensive hospital in the world.

Sources: EURODAD, 2015 and 2018; Oxfam, 2014; PSI, 2015; UNICEF and World Bank, 2017, media sources.

Governments are turning to PPPs precisely because of austerity and fiscal constraints. Governments are under pressure to fund infrastructure/public services and also under pressure to maintain orthodox fiscal policies, PPPs are perceived as a solution given that governments can keep PPPs and their contingent liabilities off balance sheets (despite IMF recommendations against this "off-book" accounting practice).

Austerity generates a perverse incentive: the fiscal constraints imposed by the IFIs' austere fiscal policies require that governments do not borrow or spend more. Consequently, in order to develop infrastructure and public services, governments opt for expensive PPPs instead of using cheaper public finance, also advised by the IFIs that had encouraged austerity in the first place.

Governments should resist pressures and consider cost-effective public infrastructure and services. Public money from donor agencies and IFIs is used for marketing PPPs and persuading governments to adopt policies more friendly to PPPs, undermining governments' provision of infrastructure and public services. Despite the massive promotion effort, PPPs provide only a tiny portion of the infrastructure investment and public services in the world.

4.10. Increasing Fees/Tariffs for Public Services

Last, but not least, 28 countries are considering increasing fees/tariffs for public services. About 28 countries, 6 high income and 22 developing countries, are discussing fees or tariffs for public services (Box 22). Note that the actual number of countries raising fees and tariffs is much higher, as the practice is prevalent in countries that privatize or reform their public services.

Rate hikes may lead to goods and services being unaffordable for populations, which is particularly critical in the case of water, education, health, energy, transport and other essential services, all of which underlie the realization of human rights. Some examples from the 2020-22 IMF country reports are Angola (transport tariffs), Azerbaijan (water and sewerage fees increased 100%), Barbados ("increased bus fares, adjusted water rates, and introduced an interim health levy, airline and travel development fee, a garbage and sewage contribution levy"), Benin (electricity and water), Ghana (increase electricity tariffs), Iraq (electricity), Kyrgyz Republic (increased electricity tariffs), Malaysia (health services), Moldova (gas), Oman (electricity and water tariffs), Pakistan (increased power tariffs), Serbia (electricity) and Suriname (electricity). These examples focus on the financial sustainability of (often privatized) public services, not on the affordability for populations, the impact on women, or the urgent need to expand service coverage to unserved areas. In high income countries, there are cross-subsidies from the well-off, but in most developing countries this is not feasible, and subsidies are needed –the best option still being public provision. To the contrary, however, subsidies are being phased-out and public services privatized or commercialized as described in earlier sections.

The IMF often advises lifeline tariffs or a safety net/subsidized services for the extreme poor; however, this is insufficient compensation, it excludes the vast majority of people, and punishes the low and middle classes. In most developing countries, the middle classes survive on very low levels of income and remain vulnerable to fees and tariff increases (Cummins et al. 2013; Kidd and Athias, 2020; OXFAM, 2021a; Pew Research Center, 2015). Even in high income countries, the middle classes are shrinking (OECD and World Bank, 2016; Vaughan-Whitehead, 2016). Providing a small safety net for the extreme poor is insufficient compensation and leads to detrimental social outcomes, as household income decreases. It particularly affects women. Given the current cost-of-living crisis, average non-poor households have to make difficult choices, such as to lower food intake, reduce health service utilization or decrease expenditures on children. Governments should aim to bring prosperity and welfare for all, rather than prioritizing corporate welfare.

Box 22. To watch out: Countries advised by the IMF to increase fees/tariffs for services:

- **East Asia and the Pacific:**
  Malaysia, Myanmar
- **Europe and Central Asia:**
  Azerbaijan, Kyrgyz Republic, Tajikistan, Uzbekistan
- **Latin America and the Caribbean:**
  Bahamas, Barbados, Ecuador, Honduras, Suriname
- **Middle East and North Africa:**
  Iraq, Oman, Saudi Arabia, Tunisia
- **South Asia:**
  Pakistan
- **Sub-Saharan Africa:** Botswana, Congo, Rep., Ethiopia, Guinea, Madagascar, Malawi, Mali, Nigeria, Rwanda, São Tomé and Príncipe, South Africa

Source: Authors' analysis of 267 IMF country reports published in 2020-22.

5. There Are Alternatives: Fiscal Space and Financing Options for a People's Recovery

Some argue that austerity cuts are an unavoidable necessity. This is not the case. There are alternatives, even in the poorest countries. There is no need for populations to endure adjustment cuts: instead of cutting public expenditures, governments can increase revenues to finance a people's recovery. There is a wide variety of options to expand fiscal space and generate resources. These options are supported by the UN (see for instance, ILO, UNICEF and UNWOMEN in Ortiz et al., 2017 and 2019; UNCTAD, 2019) as well as the IMF, OECD and others. Many governments around the world have been applying most of them for decades, showing a wide variety of revenue choices. It is important to understand is that, while fiscal space becomes strained during economic downturns, public budgets are limited in many countries because governments did not explore all possible financing sources. And while it is promising that some of these options have emerged in recent policy discussions,[30] much more ambition is needed to effectively provide countries with the funding required to emerge from the COVID-19 pandemic and deliver on sustainable development and the SDGs.

A fundamental human rights principle is that States must utilize the maximum amount of resources to realize human rights. The main options to avoid austerity and instead finance human rights and the SDGs are:

1. **Increasing progressive tax revenues:** This is the principal channel for generating resources, which is achieved by altering tax rates —e.g. on corporate profits, financial activities, wealth, property, imports/exports, natural resources, digital services or ending 'special economic zones' and other tax exemptions/breaks to big corporations. Given the increasing levels of inequality, it is important to adopt progressive approaches, taxing those with more income; consumption taxes should be avoided as they are generally regressive and hamper social progress. It is recommended to implement a minimum corporate tax rate of at least 25%, in line with the proposal from the UN Financial Accountability, Transparency and Integrity (FACTI) Panel. It is important to strengthen the efficiency of tax collection methods and of overall compliance, including fighting international tax dodging, corporate tax avoidance and evasion. Many governments are increasing taxes to achieve greater social investment. For example, Bolivia, Mongolia and Zambia are financing universal pensions, child benefits and other schemes from mining and gas taxes; Ghana, Liberia and the Maldives have introduced taxes on tourism to support social programs; Belgium, Canada, France, India, Indonesia, Kenya, New Zealand, Tunisia and Türkiye on digital services; Algeria, Angola, Australia, Canada, Kazakhstan, Italy, Mauritania, Mozambique, Norway, Papua New Guinea, Russia, Saudi Arabia and the United Kingdom are taxing windfall profits in the energy sector; Hungary and Spain are introducing taxes to banks for windfall profits; Argentina and Brazil introduced a tax on financial transactions to expand social protection coverage (Baunsgaard and Vernon, 2022, Piketty, 2014; O'Donovan 2021;

[30] About 63% of IMF country reports (108 countries) reviewed during the 2020-22 period had some discussion on fiscal space; while this is a welcome development, most reports lacked ambition, and proposals to significantly raise government funds were missing. In the worst cases, IMF reports suggested fiscal consolidation (or austerity cuts) as a way to increase fiscal space, or by the fact of lacking practical solutions, they could just as much be a justification to press for spending cuts.

Ortiz, Cummins and Karunanethy, 2017). Argentina, Iceland and Spain have implemented wealth taxes; encouragingly, wealth and corporate windfall taxes are being proposed in many countries as a best policy for post-pandemic recovery.

2. **Restructuring or eliminating debt:** For the majority of countries that are indebted, in particular those in high debt distress, reducing or eliminating existing debt may be possible and justifiable if the legitimacy of the debt is questionable and/or the opportunity cost in terms of worsening deprivations of the population is high —when debt service repayments derail human rights and development. As former President Julius Nyerere of Tanzania demanded publicly during the 1980s debt crisis, "*Must we starve our children to pay our debts?"* The concept of illegitimate debt looks at responsibility of not only debtors but also creditors (UN, 2009; EURODAD, 2009).[31] Citizens Public Debt Audits are very useful tools for transparency and debt action that can lead to the cancellation or repudiation of illegitimate debts (Fattorelli, 2013). [32] There are five main options available to governments to reduce or eliminate sovereign debt: (i) debt relief/cancellation; (ii) re-negotiating debt; (iii) debt swaps/conversions; (iv) repudiating debt; and (v) defaulting. In recent years, over 60 countries have successfully re-negotiated debts, over 50 have implemented debt swaps and more than 20 have defaulted or repudiated public debt, such as Ecuador, Iceland and Iraq, which invested debt service savings in social programs. A fair and transparent arbitration process between debtors and creditors is needed, an international debt work-out mechanism (Bandekas and Lumina, 2018; Guzman, Ocampo and Stiglitz, 2016; Eurodad, 2021a). Since COVID-19, the G20's Debt Service Suspension Initiative (DSSI) and the IMF's Catastrophe Containment and Relief Trust (CCRT) have provided some temporary debt service relief to highly indebted poor countries; this is a step in the right direction, but more and better debt relief is needed (Jubilee Debt Campaign, 2021).

3. **Eradicating illicit financial flows:** Estimated at more than ten times the size of all development aid received, a titanic amount of financial resources illegally escapes developing countries each year. To date, little progress has been achieved, but policymakers should devote greater attention to cracking down on money laundering, bribery, tax evasion, trade mispricing, and other financial crimes that are both illegal and deprive governments of revenues needed for social and economic development (FTC, 2019; GFI, 2021 and 2022).

4. **Increasing social security contributions and coverage, including adequate employers contributions and formalizing workers in the informal economy with decent contracts:** For social protection, increasing social security employers' contributions to adequate levels, and expanding coverage and therefore the collection of new contributions are sustainable ways to finance social protection that

[31] The concept of illegitimate debt refers to a variety of debts that may be questioned, including: debt incurred by authoritarian regimes; debt that cannot be serviced without threatening the realization or non-regression of basic human rights; debt incurred under predatory repayment terms, including usurious interest rates; debt converted from private (commercial) to public debt under pressure to bail out creditors; loans used for morally reprehensible purposes, such as the financing of a suppressive regime; and debt resulting from irresponsible projects that failed to serve development objectives or caused harm to the people or the environment (UN, 2009; EURODAD, 2009).

[32] Christian Aid (2007) outlines a number of practical steps that debtor countries can follow to determine if debt repudiation is a sensible option: (i) assess the impact that debt servicing has on the financing of basic services; (ii) carry out a full citizens' debt audit to identify which parts are odious or illegitimate; (iii) identify what portion of the legitimate debt can be serviced without jeopardizing essential public services; (iv) hold a moratorium on servicing illegitimate debt and discuss with creditors; (v) depending on the progress of discussions, examine the possibility of withholding payments in order to increase investments in basic services; and (vi) open debt contraction processes to national dialogue and full democratic scrutiny.

helps to formalize and protect workers in the informal economy, providing them with contracts with decent work conditions; examples can be found in the *Monotax* in Argentina, Brazil and Uruguay (ILO, 2021c). This is particularly important for women to enter the labor force and attain formal employment.

5. **Using fiscal and central bank foreign exchange reserves:** Most countries have large reserves sitting in the central bank or special funds, when they could be used to fund human rights and development today. Specifically. this option includes drawing down fiscal savings and other state revenues stored in special funds such as sovereign wealth funds (SWFs), and/or using excess foreign exchange reserves accumulated in the central bank for domestic and regional development, for example, through national development banks (BfW, 2016). SWFs are state-owned investment funds, which in theory are established to serve objectives such as stabilization funds, savings or pension reserve funds; however, many question the logic of using public funds for capital market growth, often investing overseas in the stock exchanges of Wall Street, London or Tokyo, instead of prioritizing public programs at home. With respect to keeping mass amount of foreign exchange reserves sitting at the Central Bank, there is an accepted safe level of reserves equivalent to 3 months of imports, but most governments have accumulated a vast arsenal as a precautionary policy of self-insure against shocks, when those resources could be invested in much needed social and economic development today.

6. **Re-allocating public expenditures:** This involves adjusting budget priorities and/or replacing high-cost, low social impact investments such as defense or corporate subsidies, with those with larger social impacts. Savings can also be achieved by improving procurement processes, including steps to tackle and prevent corruption and the mismanagement of public funds. For example, Thailand reduced spending on the military in order to fund universal health services and Costa Rica abolished its army and used the funds for environment, health, education (Wemos, 2019).

7. **Adopting a more accommodating macroeconomic framework:** This entails allowing for higher budget deficit paths and/or higher levels of inflation without jeopardizing macroeconomic stability, thus allowing the central bank to support government expenditure (ActionAid et al, 2021). A significant number of developing countries have used deficit spending and more accommodative macroeconomic frameworks during the global financial and economic crisis to attend to pressing demands at a time of low growth and to support socio-economic recovery. In high income countries, many governments used quantitative easing, a monetary policy whereby a central bank purchases government bonds or other financial assets in order to inject money into the economy to expand economic activity, though it highly benefited financial corporations and more equitable policies are a preferrable option. These measures have also been a common response in the early phase of the COVID-19 response.

8. **Lobbying for ODA and transfers:** The last two options are international and require bilateral or multilateral agreements. In this case, it requires engaging with different donor governments, international financial institutions and regional organizations to ramp up North-South, South-South or regional transfers, preferably through grants and concessional loans. However, this option is limited given many pitfalls of ODA, including its low levels, transaction costs, limited predictability, tied aid,

concentration, conditionality and, recently, that ODA is often used for in country refugee costs (and in the future for the reconstruction of Ukraine) displacing support to developing countries (OECD DAC, 2022; EURODAD, 2021b; ITUC, 2022; Wemos, 2019).

9. **Special Drawing Rights (SDRs):** To address countries' development financing needs, SDR allocations are an option gaining more attention. SDRs are a kind of money created by fiat through the IFIs.[33] There was an extraordinary SDR allocation of US$650 billion implemented in August 2021 during the COVID-19 pandemic for all countries. The injection of these assets by the IMF could be used by governments to shore up their reserves and stabilize their currencies, pay down debt and/or support the national budget, including for social or economic policies. However, the mechanism that the IMF has established to do this has received criticism as it turns SDRs from an international reserve asset (which can be converted to hard currency, not a loan increasing debt) into IMF loans/programs that must be repaid and have IMF conditions attached to them. Additionally, with about two thirds (US$420 billion) of the new allocation going to developed economies, there is an urgent need to channel SDRs to developing countries, not one time, but periodically to ensure that these resources are made available for the chronic lack of development. It is essential to ensure a better mechanism that does not increase debt and conditionalities as well as a fairer and periodic distribution of SDRs (Arauz, Cashman and Merling, 2022; CEPR, 2022).

Each country is unique, and all options should be carefully examined, including the potential risks and trade-offs. As a first step, it is important to identify which funding possibilities may or may not be feasible in the short and medium term. As shown in Table 7, most countries combine multiple options. Governments normally start enhancing fiscal space by carving-up a bit from each feasible option, and then increasing their actions in later years.

Table 7. Examples of fiscal space financing strategies adopted in selected countries

Strategy	Bolivia	Botswana	Brazil	Costa Rica	Lesotho	Iceland	Namibia	S. Africa	Thailand
Re-allocating public expenditures				X	X	X		X	X
Increasing tax revenues	X	X	X		X	X	X		X
Expanding social security contributions			X	X	X		X	X	X
Reducing debt/debt service	X	X	X	X	X	X		X	X
Curtailing illicit financial flows						X			
Increasing aid							X		
Tapping into fiscal reserves	X	X	X						
More accommodative macro framework	X		X						X

Source: Ortiz et al, 2019.

The political feasibility of these options depends on, among others, political will, citizen awareness of their rights and entitlements, political pressures, and the behavior of vested interest groups–both domestic and external. For example, the expansion of social security coverage by formalizing those in the informal economy tends to be welcomed politically; however, increasing social security contribution rates may face resistance from employer groups. Similarly, raising revenues through higher tax rates may face

33 There have also been proposals to finance the UN or regional organizations with SDRs and, in turn, the UN or regional organizations (instead of the IFIs) could finance developing countries to implement the SDGs.

challenges from those who have to pay more, just as proposals to reallocate the government budget away from defense or energy subsidies will be opposed by the military and energy corporations. On the other hand, using fiscal and central bank reserves and issuing government debt (bonds) are relatively less contentious options since they are under the sole discretion of most governments, unless fiscal restrictions were in place. Ultimately, successfully creating fiscal space requires understanding the winners and losers of a specific option and effectively debating the pros and cons in publicly in national social dialogue.

Fiscal decisions affect the lives of millions of people must not be taken behind closed doors, but in national social dialogue. The decisions to inflict cuts to public expenditures are taken by a few technocrats at the Ministries of Finance, with the support of the IMF and without any serious assessment of the policies' social impacts, without any national consultation or discussion of alternative policy options (Action Aid, 2021; Kentikelenis et al., 2016; Ortiz et al, 2019). These decisions affect most citizens and must not be taken behind closed doors but agreed transparently in national social dialogue. It means that governments must negotiate agreements transparently with input from a range of stakeholders including representative trade unions, employer federations and CSOs, as part of good governance.

It is essential to explore all financing options to ensure a people's recovery. What is important to understand is that, while fiscal space becomes strained during economic downturns, public budgets are limited in many countries because governments have not explored all possible financing sources. Today, at a time of austerity and crisis, the need to create fiscal space has never been greater. It is imperative that governments aggressively explore all possible financing alternatives to promote post-pandemic recovery, realize human rights and achieve the SDGs.

6. End Austerity: What Can Citizens Do?

There is a global campaign to stop austerity measures that have negative social impacts: End Austerity. In 2020, over 500 organizations and academics from 87 countries called on the IMF and Ministries of Finance to immediately stop austerity, and instead support policies that advance gender justice, reduce inequality, and put people and planet first.[34] In 2022, it became a campaign to End Austerity.[35] These organizations, concerned about governments' ability to fulfil human rights and advance progress toward the SDGs, are alarmed that austerity is returning to the policy agenda. The COVID-19 pandemic has laid bare the deadly repercussions of systematically weak investments in health, education and social protection and their impacts on marginalized populations, including women, children, older persons, racial and ethnic minorities, informal workers and low-income families. This crisis is also shining light on the shrinking middle classes and the widening gaps between the rich and the poor (OXFAM, 2021a). The End Austerity campaign denounces that time and time again, rigid and rapid fiscal consolidation implemented by Ministries of Finance with the support of the IMF, has meant devastating cuts in health and education investments, losses of hard-earned pensions and social protections, public wage freezes, layoffs, and exacerbated unpaid care work burdens. In all cases, societies bear the brunt of these reforms, while the elite, large corporations and creditors enjoy the benefits. Austerity must be ended because fiscal consolidation doesn't ensure economic recovery and the creation of new jobs, but instead deepen the downturn. It will not deliver a just transition toward climate resilient economies either. Rather than austerity cuts, it is critical to create fiscal space and give governments flexibility and support to foster an inclusive and sustainable people's recovery.

Citizens have challenged and sometimes successfully reversed austerity measures over the past decade. People in more than 100 countries protested policies that were designed behind closed doors at the Ministry of Finance (Figure 13), and many came out victorious. For instance, following demonstrations and protests, governments reinstated subsidies (Bolivia in 2010, Ecuador in 2019 and 2022, Nigeria in 2012), reversed tax increases on basic goods (Burkina Faso, Cameroon and Ivory Coast in 2008), restored social grants (South Africa, 2022), reversed water fee increases (Ireland in 2016) and higher student fees (South Africa in 2016) (Ortiz at al., 2022). European older persons and citizens protested pension and social security reforms and took their cases to justice; courts in Latvia (2010), Romania (2010) and Portugal (2013) declared austerity cuts unlawful and unconstitutional, and forced social benefits to be reinstated in these countries (ILO 2014, OHCHR 2013).

To avoid civil unrest and conflict, past experiences demonstrate the need to act early and to forge consensus thorough social dialogue. For all stakeholders —governments and citizens— it is better to agree any reform before it is approved and implemented, avoiding conflict. For this, it is necessary that governments (and the IMF and other IFIs) stop taking decisions that affect the lives of millions of people without adequate consultation, resulting in reduced social investments, low national ownership, adverse

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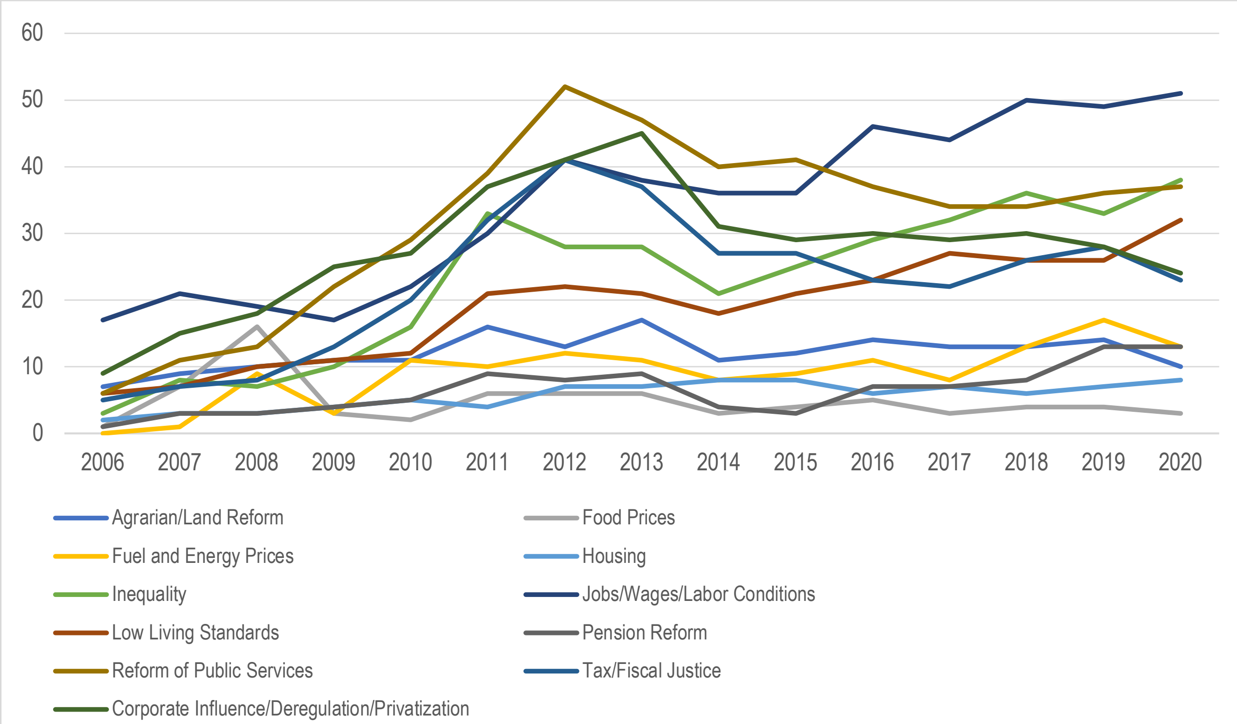
[34] See Bretton Woods Project (6 October 2020): "*Civil society raises alarm about IMF's continued backing of austerity amidst pandemic*" and the letter signed by more than 500 organizations and academics: https://www.brettonwoodsproject.org/wp-content/uploads/2020/10/statement-against-IMF-austerity-English-2.pdf

[35] See visit the END AUSTERITY campaign website: https://www.endausterity.org/

socioeconomic impacts and civil unrest.[36] This means discussing publicly any budget cuts and possible options, negotiating agreements transparently with input from a range of stakeholders including trade unions, employers and civil society organizations, through national social dialogue, an essential tool of good governance.

Figure 13. Anti-austerity protests in 101 countries, 2006-2020
(in number of protests/year)



Source: Ortiz et al. 2022.

How to peacefully end austerity in a country? There are five main steps: (1) find out whether the government is cutting public expenditures; (2) say no to austerity and articulate positive demands for a people's recovery; (3) call for national public social dialogue; (4) carry out a rapid and timely ex-ante assessment of the social impacts of the different policy options and financing alternatives; and (5) negotiate and agree on optimal policies through national social dialogue with governments, representative trade unions, federated employers, CSO.

The first step is to find out whether the government is reducing or expenditures or planning to do so in the near future. Check your country in the Annex of this report, the OXFAM fiscal tracker (OXFAM, 2022c), the EndAusterity campaign website, or others. It is important to verify with the latest country information from the IMF's website (https://www.imf.org/en/Countries) and your Ministry of Finance website.

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36 Note that, while this is applicable to all policy advice provided by IFIs, this is especially true of economic targets and actions required in loan programs, whereby borrowing countries are often not in a strong position to negotiate and the process is even less transparent/open to the public than usual.

Box 23. Decoding IMF and IFIs reports

IMF and IFI reports can be difficult to read. They are addressed to Ministries of Finance and the IMF/IFIs Boards, not to citizens. They use technical jargon and avoid charged terms such as "austerity" —instead, they use new and harmless sounding phrases like "fiscal consolidation," "medium-term consolidation objectives" and so forth. Below is a quick guide to help better understand IFI reports:

- "*Consolidation*": Austerity or adjustment cuts.
- "*Reform*": The term "reform" suggests an improvement; however, many reforms result in negative social impacts. For example, "State-Owned Enterprise (SOE) reforms" often refer to the privatization of public services such as water supply and sanitation, energy, transport and postal services, generally with adverse impacts in terms of layoffs, tariff increases, loss of public revenues, and unaffordable and/or low-quality goods and services. The term "privatization" is generally avoided in recent IMF reports.
- "*Improving social protection*": This means targeting more narrowly to fewer people and "rationalizing" or downsizing social assistance benefits, reducing coverage and lowering benefits for citizens. "Improvement" is a highly misleading description: there is a "fiscal improvement" (cost-saving), but at the human cost of reducing benefits and excluding people from them. Countries must scale up social protection —not to scale it down— in accordance with international standards and commitments.
- "*Wage bill caps/cuts*": Cuts or ceilings to the number of civil servants and/or their salaries, such as the number of teachers or how much health workers are paid. It can also refer to cuts to social workers, and other civil servants that carry out vital work in the community.
- "*Intergenerational equity/fairness*": The IMF pushes governments to make unethical choices such as taking resources away from the elderly to support children (rather than taxing the wealthy, corporations, etc.), a breach of the human rights of older persons. States must identify financing sources to promote human rights for all, including the young and the elderly.
- "*Tax wedge":* The "tax wedge" is a recent construct that enables a convenient discussion aimed at reducing employers' contributions to social security. However, these contributions are a deferred wage of workers, part of their compensation, not a tax; reducing them makes social security unsustainable and lowers hard-earned pension benefits.

Second, say no to austerity cuts and articulate positive demands for a post-pandemic people's recovery. As a guiding principle, any austerity measure that results in negative social impacts should be avoided and countered with an alternative policy. Table 8 provides examples.

Table 8. Alternatives to austerity measures for post-pandemic people's recovery

Austerity Measure	Alternative Policies for Post-Pandemic Recovery
Cuts to public expenditures	#EndAusterity: No cuts with negative social impacts —ever! If spending needs to be scaled back, reduce military/defense, bank bailouts and other expenditures that benefit powerful interest groups and not the general population. Instead of austerity cuts, governments should identify financing options to enable a people's recovery and achievement of human rights and the SDGs.
Targeting and rationalizing social protection	Instead, invest in universal social protection, scaling up social protection coverage and benefits, in accordance with human rights, international standards and the SDGs.
Wage bill cuts or caps	Instead, increase the number of public sector workers who provide essential services to the population, including education, health, social protection, water supply and sanitation, transportation, etc. as relevant. Also ensure that salaries are adequate and paid on time, for the delivery of quality public services in accordance with human rights and the SDGs.
Reducing subsidies	Instead, support sustainable agriculture and energy alternatives, socially-relevant subsidy programs and universal social protection systems, ensuring that food, transport and energy costs remain accessible and affordable [Note that lowering or removing subsidies on areas with no

	positive social impacts, like defense or polluting industries or subsidies to banks, can be a good option to create fiscal space for socioeconomic priorities].
Privatization/PPPs of public services	Instead, invest in affordable quality public services, from education and health to water supply and transport, to ensure achievement of human rights and the SDGs.
Pension and social security reforms	Instead, support the extension of social security or social protection with adequate benefits, formalizing workers in the informal sector with good contracts; any social security reform must balance equity and sustainability, in accordance with international standards.
Labor flexibilization reforms	Instead, address the high levels of precarious, low-wage, and informal work by strengthening worker protections and labor market institutions to bring about living wages, safe and productive workplaces, labor rights, and job security; invest in creating jobs in sectors that are climate-friendly and address global needs, including the care economy and sustainable infrastructure.
Waiving or reducing employers' social security contributions ("tax wedge")	Countries that reduced/waived employers' social security contributions to support companies/corporations should quickly reverse policy given that these are a deferred wage of workers, part of their compensation. Instead, call for adequate employers' contribution rates and ensure that all arrears are paid back to social security, to ensure its sustainability and protect workers' rights.
Contain health expenditures	Countries don't need just a temporary increase in health expenditure to deal with the COVID-19 emergency, but sustained investments to support universal quality healthcare.
Consumption taxes or VAT	Instead, increase taxes on corporate profits, personal wealth, financial transactions, property, natural resource extraction, digital services, luxury items, imports/exports and other progressive approaches where wealthier income groups contribute the lion's share.
Fees/tariffs for services	Instead, ensure that services are affordable for all citizens including by promoting public services and adequate subsidies for all –a safety net/subsidized services for the extreme poor is insufficient compensation and punishes the low and middle classes; governments should aim to bring prosperity and welfare for all.

Third, call for national social dialogue, which is best to articulate optimal solutions in macroeconomic and fiscal policy, human rights and the SDGs. National social dialogue with government, federated employers, representative workers organizations and CSOs, is fundamental to the generate political will to exploit all possible fiscal space options in a country and adopt the best combination of public policies to deliver a people's recovery. Additional to national social dialogue, it is essential to ensure parliamentary debates and to bring the End Austerity demands to the electoral agenda of political parties; however, it is critical to start calling for an urgent national social dialogue as soon as possible.

Fourth, carry out an assessment of the social impacts of the different policies and their financing options. This is a brief and concise assessment elaborated and disseminated before national dialogue ("ex-ante"). Its main objective is to support the government to design and implement socially-responsive recovery measures. This can take the form of a rapid analysis, with the key findings presented in a simple matrix and made publicly available, including in local languages. This should not be a long and technically difficult document, but rather a quick scoping exercise that enables meaningful national debate. The UN and national think tanks are typically available to support these processes. The discussion of policy options should take into consideration their social impacts, including, but not limited to, the key issues presented in Table 9. Note that a social impact assessment is not a poverty impact assessment –the latter is insufficient. What is needed is a social impact assessment that analyzes the impacts of policies on all social groups, women, children, older persons, ethnic groups etc., as well as by income group, including the low and middle classes, not only the poor or extreme poor (see section on targeting). As discussed earlier, most of the population in developing countries has low incomes, and even in OECD countries, the middle classes are shrinking; a social impact analysis should also focus on them, on the mainstream population, ("the main street"), not just the extreme poor. Above all, red flags should be drawn when policies are regressive, harming women or main population groups and redistributing to the wealthy/corporations, or depleting the public sector.

Table 9. Rapid social impact assessments: Key issues

	Typical issues to address in a social impact analysis
1	Number of people directly benefitting from/being affected by a policy (by gender, age, income group, ethnicity, and location e.g. rural/urban) and if possible, a quantitative estimate of the benefits that may be gained/lost
2	Access to and quality of essential goods and services, including education, health, nutrition, social protection, water and sanitation, and agricultural inputs (e.g. improves/worsens for whom?)
3	Prices of basic goods and services (e.g. if consumer subsidies are modified, do they increase/decrease?)
4	Labor market dynamics (e.g. job creation/job losses by sectors and location)
5	Total social expenditures by sector before and after the reforms (including net public transfers to households e.g. compensatory safety nets)
6	Social impacts in the short and long term, with an emphasis on short-term impacts (avoiding policies that do not provide any social benefit in the short term but only in some distant remote future)
7	Winners and losers of the proposed policy; distributional impacts (who benefits), with attention to gender and income inequalities (red flagging policies that hurt women, populations, redistribute to wealthy groups/corporations,or deplete the public sector)
8	Contribution of a proposed policy to achieving human rights and the SDGs for all persons (e.g. to achieve universal health, education and social protection, full employment, and so forth)

Once a set of alternative policies with positive social impacts has been defined, it is necessary to identify financing sources. As presented in the earlier section on fiscal space alternatives, there are financing options even in the poorest countries. There are at least nine options, supported by policy statements of the UN and the IFIs —governments around the world have been applying these financing options for years. These are: (1) increasing progressive tax revenues, (2) restructuring/eliminating existing debt, (3) eradicating illicit financial flows, (4) increasing social security contributions and coverage, (5) using fiscal and foreign exchange reserves, (6) re-allocating public expenditures, (7), adopting a more accommodating macroeconomic framework, (8) lobbying for ODA and transfers: and (9) SDR allocations. Questions to consider on financing/fiscal space options during national dialogue are presented in Box 24. Those in power may say that these are very technical issues, yet they affect the lives of millions of people (CESR, 2019). No matter how technical a policy could become, governments must explain their value/impacts to citizens and get public endorsement in national social dialogue with representative trade unions, employer federations, CSOs, as part of good governance.

Box 24. Questions to identify fiscal space alternatives and financing options in national dialogue

1. **Increasing tax revenues:** Are personal income and corporate tax rates designed to support equitable development outcomes? Are wealth taxes in place? Have all taxes and possible modifications been considered to maximize public revenue without jeopardizing private investment? What collection methods could be strengthened to improve overall revenue streams? Could minor tariff adjustments increase the availability of resources for social investments? Is natural resource extraction adequately taxed? Have financial sector or digital taxes been considered to support productive and social sector investments? Is there discussion to ending 'special economic zones' and other tax exemptions/breaks to big corporations? Has there been any attempt to earmark an existing tax or introduce a new one to finance specific social investments —taxes on wealth, windfall profits, property, inheritances, tourism, tobacco, luxury goods, etc.?

2. **Restructuring/eliminating debt:** Have all debt options been thoroughly examined to ramp up social investments? If borrowing is an option, what are the impacts of financing government expenditures by additional borrowing? If borrowing is not an option and the country is in debt distress, have different maturity and repayment terms been discussed with creditors? Has a citizen's debt audit been carried out to examine the legitimacy of existing debts? Are all options available to governments to reduce or eliminate sovereign debt being discussed, this is debt relief/cancellation; re-negotiating debt; debt swaps/conversions; repudiating debt and defaulting? Is debt cancellation/suspension an option? Is there a plan to restructure/reduce existing debt?

3. **Eradicating illicit financial flows:** Has a study been carried out or a policy designed to capture and re-channel illicit financial flows for productive uses? What can be done to curb tax evasion, money laundering, bribery, trade mispricing and other financial crimes that are illegal and deprive governments of revenues needed for social and economic development?

4. **Increasing contributions and social security coverage:** Are current employers and workers contribution rates adequate, or too low? Have employers' contributions to social security been waived/reduced in recent years, threatening the sustainability of social security? What is the percentage of workers contributing to social security? What is the size of the informal sector? Can workers in the informal sector, particularly women, be formalized with decent contracts? Is there scope to introduce innovations (e.g. such as the *Monotax* in Latin America) to encourage the formalization of workers in the informal economy?

5. **Using fiscal and foreign exchange reserves:** Are there fiscal reserves invested in sovereign wealth funds that could be used to support households today? Are excess foreign exchange reserves sitting in the Central Bank? Are fiscal and foreign exchange reserves utilized to foster local and regional development?

6. **Adopting a more accommodating macroeconomic framework:** *Is the macroeconomic framework too constrictive for national development?* Could increasing the fiscal deficit by a percentage point or two create resources to support essential investments for the population? Are inflation targets unduly restricting employment growth and socio-economic development? At what cost is the country achieving macroeconomic stability?

7. **Reprioritizing public spending:** *Can government expenditures be re-allocated to support social investments?* Are, for example, current military, infrastructure or corporate subsidies justified in light of the existing cost-of-living crisis for the majority of the population? Is the government prioritizing low-cost/high-social-impact investments, and dismissing high-cost/low-social-impact expenditures such as defense or corporate bailouts? Is there a case for addressing youth unemployment that could result from the elimination of military service through creation of civilian service to assist in the social development agenda? Is the government identifying measures to improve procurement processes, including steps to tackle and prevent corruption and the mismanagement of public funds?

8. **Lobbying for increased aid and transfers:** *Has the government delivered a convincing case to donors for increased aid, including budget support, to support the scaling up of social investments?* Has there been any formal or informal attempt to lobby neighboring or friendly governments for South-South transfers?

9. **SDR allocations:** *Can SDRs be used by the government to stabilize the currency and shore up reserves, or for social or health policies, without incurring in new debt? Can the government lobby for more SDRs that are not loans, and without loan conditions?*

10. **Lastly, *have all options been carefully examined and discussed in an inclusive social dialogue?*** Have all possible fiscal scenarios been fully explored? Is there any assessment missing from the national debate? Are all relevant stakeholders —government, workers' trade unions, employers, civil society, development partners —being heard and supportive of an agreement that articulates an optimal solution in macroeconomic and fiscal policy, the need for job and income security, the SDGs and human rights?

Source: Ortiz et al. 2019

Fifth, negotiate and agree optimal policies through national social dialogue with government, representative trade unions, employer federations and CSOs. The process normally starts with a coalition of social groups, and with the legitimate democratic institutions in a country (parliaments, political parties). For national dialogue to be meaningful, it must be with representative trade unions, employer federations, CSOs (instead of opinionated corporate tycoons, yellow unions, marginal NGOs). The winners and losers of policy change must be taken into account. If the IMF is invited, it is better to have the Country Economist/Team from the IMF Headquarters in Washington DC who ultimately takes the decisions, rather than the IMF Representative. Policies that may encounter greater resistance need more extensive consultations. National dialogue is successful when people are empowered to make informed decisions; if participation is manipulated –presenting very partial information, not allowing primary stakeholders sufficient opportunity to participate– the result will be uninformed decisions, undesirable outcomes and ultimately, social conflict.

National social dialogue requires meaningful participation and joint decision making. Participation ranges from the superficial to full engagement, from a top-down passive exchange of information to shared control (Box 25). Shared control refers to social services, for example, trade unions having a seat in pension boards. Transparency and validation of proposals through consultation are very important, but it is not until people feel that they have influence over decisions and resources that affect their lives, until accountability mechanisms extend to them, that citizens develop a sense of ownership and develop trust in governments.

Box 25. Degrees of Participation

1. Information Sharing Top-down	2. Consultation/ Seeking Feedback	3. Collaboration/ Joint Decision Making	4. Empowerment/ Shared Control

SUPERFICIAL PARTICIPATION → FULL ENGAGEMENT

Timing is of the essence in policy making. Meaningful national dialogue with representative partners can be done quickly. Depending on the national budget cycle, there are specific points during the year where major adjustments can be made, which typically take place during the budget design phase and the budget approval phase. Other ad hoc opportunities can also arise, such as when a new IMF or budget support program is being designed or during debt negotiations. Above all, it is important to ensure that the national dialogue is aligned to and working toward influencing a concrete decision-making process.

The policies outlined in this paper to redress austerity and to achieve a people's recovery are well-known and endorsed by all governments in the UN General Assembly as well as international organizations. Their implementation depends on both governments and citizens. This requires shedding the myopic scope of macroeconomic and fiscal policy decisions of recent decades and, instead, basing them on their potential to achieve full employment, inclusive growth, universal social protection and quality public services, redressing inequality and climate change. Crises oblige countries to rethink policies, and the COVID-19 pandemic is an opportunity to create a new social contract, to prioritize human rights, sustainable development and political stability, to achieve long-term prosperity for all.

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Annex 1: Projected Changes in Total Government Expenditure in 189 Countries, 2005-2025

A. Annual change, as a % of GDP

Country	Region	Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Afghanistan	S. Asia	LIC	-0.6	0.3	-0.4	1.1	3.1	-0.1	0.4	0.5	2.1	-0.3	1.2	-0.9	4.7	-4.7	0.2	0.9	-0.2	-0.3
Albania	ECA	UMIC	2.4	1.0	-3.3	-0.5	-0.7	1.0	2.5	-1.4	-1.2	0.0	-0.3	0.6	3.5	-1.4	-1.8	-0.6	-0.2	-0.2
Algeria	MENA	LMIC	4.7	4.7	-5.3	2.9	3.4	-7.4	4.4	5.2	-4.1	-2.5	-1.0	0.1	1.4	-0.5	-2.3	-0.8	-0.8	-0.6
Angola	SSA	LMIC	14.5	-7.7	-5.6	-2.0	-0.2	-0.2	-0.6	-9.4	-5.0	1.8	-4.1	-0.5	1.5	-0.9	-0.5	-0.8	-0.6	-0.6
Antigua & Barbuda	LAC	HIC	-0.6	9.9	-13.8	1.3	-2.8	2.1	-0.2	3.7	-2.0	-1.1	-0.6	0.0	7.1	-2.7	-2.4	-1.8	-0.2	-0.3
Argentina	LAC	UMIC	1.2	3.8	-1.2	1.5	1.9	0.8	1.3	2.5	0.2	-0.4	-1.6	-1.2	6.1	...	...	...	...	...
Armenia	ECA	UMIC	-0.2	6.3	-2.4	-1.2	-2.5	1.4	0.2	2.3	0.7	-1.0	-2.0	0.8	4.3	-1.8	-0.2	0.0	-0.1	-0.1
Aruba	LAC	HIC	3.1	1.2	3.8	-3.1	3.6	-0.6	0.3	-3.5	0.3	0.1	-0.4	-0.9	20.5	-14.6	-1.0	-0.5	-1.1	-1.2
Australia	EAP	HIC	0.7	2.7	-0.8	-0.7	0.2	-0.1	0.3	0.5	-0.1	-0.5	0.1	1.6	6.0	-0.4	-3.4	-1.6	-0.9	-1.3
Austria	ECA	HIC	0.6	4.3	-1.3	-1.9	0.3	0.4	0.7	-1.3	-1.0	-1.1	-0.3	-0.4	10.1	-5.8	-1.5	-0.3	-0.8	-0.5
Azerbaijan	ECA	UMIC	5.4	3.1	-2.5	1.8	2.9	1.1	-1.4	2.3	-3.3	0.2	-2.5	0.3	8.9	-0.9	-0.7	-0.8	-0.9	-0.6
Bahrain	MENA	HIC	0.3	2.0	2.9	-0.8	4.2	2.4	-5.9	8.2	-1.5	-2.7	1.4	-0.7	-0.7	-1.5	-1.1	-1.1	-1.2	-0.6
Bangladesh	S. Asia	LMIC	2.3	-1.2	0.0	1.3	0.3	0.4	-0.6	-0.2	-0.3	0.1	0.7	0.8	-0.1	-0.1	0.4	-0.2	-0.7	-0.1
Barbados	LAC	HIC	1.2	1.0	0.1	-1.9	3.0	0.6	-2.1	1.9	-1.4	-0.7	-3.4	-2.2	5.0	-0.9	-1.0	-0.4	0.0	-0.2
Belarus	ECA	UMIC	11.2	-10.3	-7.4	-4.0	-1.4	1.9	-2.0	2.9	-1.1	-1.6	-1.2	0.8	2.1	-1.6	-0.5	-1.2	-0.2	0.0
Belgium	ECA	HIC	2.2	3.9	-0.8	1.4	1.2	-0.4	-0.5	-1.9	-0.6	-1.2	0.3	0.0	9.0	-4.9	-0.8	-0.2	0.2	0.0
Belize	LAC	LMIC	-3.3	1.4	-0.4	-0.2	-0.6	1.0	2.0	3.6	-0.7	-0.5	-1.1	2.6	5.4	-3.2	-1.3	-0.3	-0.2	-0.1
Benin	SSA	LMIC	-1.3	2.4	-2.9	0.7	-0.5	0.7	-0.7	3.9	-2.7	2.4	-1.2	-2.0	2.8	0.0	-0.5	-0.2	-0.4	-0.2
Bhutan	S. Asia	LMIC	4.6	-1.8	2.7	-1.2	0.7	-2.2	-5.3	-1.8	2.9	0.2	1.7	-9.5	8.1	1.5	-4.6	-1.0	0.0	0.0
Bolivia	LAC	LMIC	2.7	0.5	-4.3	3.9	0.7	2.4	4.8	1.3	-4.7	-1.3	-1.5	-1.0	0.1	-2.0	-1.0	-0.8	-0.6	-0.6
Bosnia & Herzegovina	ECA	UMIC	2.9	-0.4	0.5	-3.1	0.5	-1.9	1.2	-2.8	-1.2	-1.4	0.5	-0.2	4.4	1.2	-1.3	-0.4	-0.7	-0.6
Botswana	SSA	UMIC	11.3	4.2	-9.4	-5.6	-0.6	-3.8	2.6	1.1	-3.2	-0.6	0.5	0.8	2.4	0.0	-2.5	-0.9	-0.6	-0.9
Brazil	LAC	UMIC	-0.2	-0.3	2.8	-2.3	-0.3	0.2	1.1	0.0	1.2	-1.3	-0.2	-0.2	7.0	-8.5	0.0	0.0	0.0	-0.1
Brunei Darussalam	EAP	HIC	-2.4	7.6	1.4	-6.5	1.3	2.6	0.5	4.6	0.7	-2.8	-4.4	-2.3	8.1	-1.9	-1.6	-0.9	-0.7	-0.6
Bulgaria	ECA	UMIC	0.3	0.3	1.0	-2.6	0.6	2.9	1.6	0.2	-4.6	-0.7	2.3	2.0	1.9	-1.1	-0.6	-0.2	0.2	0.2
Burkina Faso	SSA	LIC	-4.2	2.9	0.1	-1.2	2.2	2.6	-4.3	-0.6	1.3	4.5	-2.4	0.1	4.3	-2.5	-0.2	-0.3	-0.2	0.3
Burundi	SSA	LIC	2.2	-3.2	2.9	1.3	-4.6	-4.4	-6.0	-5.0	-0.6	1.4	2.8	4.3	1.3	-0.6	-3.2	-0.4	-0.9	-0.7
Cabo Verde	SSA	LMIC	0.7	3.2	5.7	-5.9	1.4	-0.8	-3.4	1.0	-1.8	1.9	-0.7	0.4	9.2	-2.9	-2.6	-3.6	-0.4	-0.2
Cambodia	EAP	LMIC	1.0	5.0	0.5	-0.3	1.1	-0.3	0.4	-1.4	0.8	1.3	0.8	-0.2	1.0	-0.2	0.3	0.4	0.6	-0.1
Cameroon	SSA	LMIC	2.2	-0.9	0.2	2.6	-0.8	2.3	0.8	0.0	0.0	-1.1	-1.3	0.5	-1.7	0.2	-0.3	-0.6	-0.1	-0.2
Canada	N. America	HIC	0.3	4.6	-0.4	-1.5	-0.6	-1.0	-1.6	1.6	0.7	-0.2	0.5	0.1	16.2	-11.3	-2.3	-1.8	-1.0	-0.8
Central African Republic	SSA	LIC	3.2	0.0	1.3	-3.1	0.3	-1.1	4.6	-4.1	-1.9	1.8	3.7	-0.7	5.1	-3.4	0.1	0.0	0.1	0.1
Chad	SSA	LIC	1.7	5.3	0.2	-2.0	1.5	-1.1	-0.8	-3.6	-4.0	0.5	-1.5	1.1	4.9	-1.8	-0.8	-0.4	-0.1	-0.5
Chile	LAC	HIC	2.6	3.1	-1.5	-0.5	0.3	0.0	0.7	1.1	0.4	0.2	-0.1	0.5	3.5	0.5	-2.1	-0.5	-0.9	-0.9
China	EAP	UMIC	4.4	3.1	-0.6	2.0	1.0	0.4	0.4	2.6	0.3	-0.3	1.3	1.0	2.3	0.5	-0.9	-0.9	-0.9	-0.9
Colombia	LAC	UMIC	0.3	2.5	-0.6	-0.1	-1.1	0.9	1.3	0.0	-1.3	-0.7	5.4	-2.9	3.6	-2.6	-2.2	-0.5	-0.7	-0.2
Comoros	SSA	LMIC	2.1	-1.5	-0.4	0.0	1.6	0.0	-0.3	4.5	-0.4	-1.8	-2.0	3.4	4.7	-0.8	-2.0	-0.1	-0.4	0.0

Country	Region	Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Costa Rica	LAC	UMIC	0.8	1.2	1.5	-0.9	0.3	1.3	0.0	0.1	0.1	0.6	-0.4	1.7	1.2	-0.8	-1.0	-1.0	-1.0	-0.8
Côte d'Ivoire	SSA	LMIC	-0.3	-0.2	0.1	-1.3	2.9	-0.3	-0.6	1.3	1.2	0.7	-0.6	-0.5	2.4	-1.2	-1.1	0.1	-0.1	0.1
Croatia	ECA	HIC	0.3	3.0	-0.3	0.4	-0.6	-0.1	0.5	-0.1	-1.2	-2.1	0.9	0.8	3.5	0.4	1.8	-0.2	-0.1	-4.0
Cyprus	ECA	HIC	0.7	3.7	-0.1	0.4	-0.2	0.2	-1.7	-0.8	-2.0	-0.7	6.5	-3.9	8.2	-1.9	-0.3	0.1	-0.7	-0.5
Czech Republic	ECA	HIC	0.3	3.5	-0.8	-0.5	1.4	-2.0	0.0	-0.7	-1.7	-0.8	1.6	0.6	6.8	-2.6	-0.7	-0.6	-0.7	-1.0
DRC	SSA	LIC	0.8	6.1	0.1	-0.2	1.5	-2.1	-0.6	-0.7	-2.0	-1.2	-0.3	-1.3	7.4	-3.4	-2.2	-1.3	-0.2	-0.1
Denmark	ECA	HIC	2.3	2.2	-4.4	-1.4	1.2	0.3	2.2	12.8	-9.2	-4.4	-2.4	-3.4	0.2	-0.7	-0.7	-0.5	-0.6	-0.6
Djibouti	MENA	LMIC	0.7	1.2	3.5	-4.2	0.8	-2.8	-1.5	0.7	12.5	10.1	11.0	-20.3	-9.4	-2.2	-3.9	0.0	-0.4	-0.6
Dominica	LAC	UMIC	2.0	-2.0	-0.4	0.1	4.2	-2.4	-0.7	-0.3	0.3	0.1	-0.8	0.3	3.7	-3.1	-0.8	-0.5	0.2	0.0
Dominican Republic	LAC	UMIC	1.9	0.8	3.5	-1.9	-0.2	-1.0	5.7	-1.3	-2.8	-4.1	0.8	1.8	-0.5	1.7	0.6	0.7	0.4	0.0
Ecuador	LAC	UMIC	11.1	-2.3	1.7	4.8	0.8	3.5	-0.1	-3.9	-1.1	-2.1	2.0	-1.9	2.4	-4.4	-0.6	-0.7	-0.2	0.2
Egypt	MENA	LMIC	1.4	-0.2	-1.2	-0.8	0.3	3.8	1.1	-2.7	-0.2	-0.5	-2.1	-2.6	-0.9	1.4	-2.7	-0.4	0.0	0.1
El Salvador	LAC	LMIC	1.7	1.4	-0.4	-0.3	-0.3	0.7	-0.7	-0.4	0.3	0.1	0.2	0.0	8.3	-4.1	-0.5	0.2	0.3	0.3
Equatorial Guinea	SSA	UMIC	0.2	20.0	-8.7	-3.7	7.7	-5.9	2.3	10.0	-13.8	-7.7	-1.5	-2.5	3.9	-2.6	-1.1	0.0	-0.2	-0.1
Eritrea	SSA	LIC	11.4	-19.2	-0.2	-10.9	0.9	-0.6	-11.3	9.6	-0.3	11.6	-15.4	6.0	3.2	-0.3	-0.8	-0.2	-0.3	-0.1
Estonia	ECA	HIC	5.7	6.4	-5.7	-3.0	2.0	-0.8	-0.6	1.8	-0.4	-0.1	0.2	-0.1	1.8	2.1	-0.1	0.2	-0.2	0.0
Eswatini	SSA	LMIC	2.9	0.4	-2.7	-5.7	1.9	1.7	3.3	1.7	1.0	1.1	-0.4	-0.9	2.1	-3.1	-1.8	-2.1	0.3	0.0
Ethiopia	SSA	LIC	-1.8	-1.6	1.4	-0.3	-1.6	1.1	-0.3	-0.2	0.9	-0.2	-1.9	-0.8	-0.3	0.0	0.9	0.8	0.4	0.0
Fiji	EAP	UMIC	-0.7	3.6	-1.4	0.5	0.2	-0.4	4.0	0.7	-2.4	2.0	3.2	-1.6	2.9	-7.7	-1.7	0.1	0.1	0.3
Finland	ECA	HIC	1.2	6.2	-0.2	-0.2	1.8	1.4	0.5	-0.8	-0.8	-1.9	-0.4	-0.2	6.7	-2.3	-1.8	-0.7	-0.5	-0.2
France	ECA	HIC	0.7	3.9	-0.3	-0.6	0.8	0.1	0.0	-0.4	-0.1	-0.2	-0.8	-0.1	7.5	-4.0	-1.8	-1.1	-0.3	-0.1
Gabon	SSA	UMIC	-0.5	3.7	0.5	-1.4	2.2	10.7	-10.9	-1.5	-0.4	-3.7	-1.0	0.3	3.4	-1.5	-0.5	-0.8	0.0	-0.2
Georgia	ECA	UMIC	4.1	3.1	-3.4	-3.6	0.6	-1.3	0.9	-0.6	0.9	-0.8	-0.4	1.3	4.0	-2.6	-1.2	-0.3	-0.2	-0.3
Germany	ECA	HIC	0.8	4.0	-0.1	-2.9	-0.3	0.0	-0.6	-0.2	0.2	-0.2	0.3	0.7	8.7	-4.9	-3.1	0.0	-0.3	0.0
Ghana	SSA	LMIC	-0.3	-0.1	2.4	-0.4	2.5	-0.4	-0.3	-2.5	1.4	-2.3	3.4	-0.4	7.2	-6.2	-0.3	0.5	-0.5	-0.9
Greece	ECA	HIC	3.8	3.2	-1.6	1.6	-1.3	-1.2	-1.4	0.4	-1.7	-1.6	-0.5	-0.7	11.1	-6.0	-1.2	-0.7	-1.2	-1.5
Grenada	LAC	UMIC	0.2	-0.3	0.3	0.5	-2.1	1.4	1.0	-3.5	-1.7	-1.3	-0.3	-0.8	4.9	-1.8	-0.9	-0.6	-0.7	-0.4
Guatemala	LAC	UMIC	-0.6	0.8	0.4	0.0	-0.3	-0.2	-0.4	-1.0	0.0	0.2	0.4	0.3	2.4	-1.2	-0.4	-0.3	-0.1	-0.1
Guinea	SSA	LIC	1.4	6.2	4.3	-4.5	4.0	-1.4	1.5	1.5	-5.6	1.2	-1.7	-1.0	2.7	0.7	0.0	0.2	0.7	0.1
Guinea-Bissau	SSA	LIC	-1.9	-1.1	-2.1	-1.2	-4.3	-0.6	10.5	-1.5	-1.0	-2.4	2.0	-0.1	5.1	-3.2	-1.2	-0.6	-0.2	0.0
Guyana	LAC	UMIC	-1.3	1.5	-1.4	-0.5	-1.7	-0.4	1.7	-1.4	3.4	1.1	1.4	0.6	-5.0	-2.2	-4.0	-3.8	0.4	0.3
Haiti	LAC	LMIC	-0.1	2.4	2.3	1.8	4.1	-0.6	-2.7	-3.6	-3.0	-1.0	1.3	-4.6	5.3	2.2	-3.3	1.1	0.7	0.7
Honduras	LAC	LMIC	2.0	1.9	-1.9	-0.6	0.4	3.2	-1.9	-1.6	1.4	-0.5	-0.6	-0.5	2.9	0.8	-1.4	0.2	0.2	0.1
Hong Kong SAR	EAP	HIC	4.9	-1.5	-0.7	2.0	-0.3	1.7	-2.8	0.8	0.2	-0.9	1.0	2.5	7.6	-2.2	-4.7	-0.1	0.0	0.0
Hungary	ECA	HIC	-1.3	1.8	-1.1	0.1	0.0	0.8	0.1	0.4	-3.4	-0.2	-0.3	-0.6	6.0	-3.3	-0.4	-1.7	-1.4	-0.4
Iceland	ECA	HIC	13.9	-7.1	0.4	-3.6	-0.4	-1.4	1.4	-2.4	3.1	-1.6	-0.7	-0.4	6.2	-2.4	-0.7	-0.6	-0.3	-0.5
India	S. Asia	LMIC	2.2	-0.6	-0.6	0.2	-0.3	-0.8	-0.4	0.8	0.2	-1.0	0.3	1.0	3.6	-1.2	-0.4	-0.2	-0.2	-0.2
Indonesia	EAP	LMIC	0.7	-2.4	-0.1	0.8	1.1	0.2	-0.5	-1.1	-0.7	-0.3	0.1	-0.2	1.7	-0.7	-1.1	-0.6	0.1	-0.1
Iraq	MENA	UMIC	2.4	-1.4	-1.5	-0.1	-4.0	0.1	1.0	2.5	1.7	-0.2	-1.3	-1.0	1.9	-0.4	0.7	0.6	0.5	0.4
Ireland	ECA	HIC	11.1	1.7	-9.4	-6.2	-0.5	5.4	-4.5	-0.3	-2.7	-6.1	-2.9	3.9	12.6	-3.6	-3.3	-1.2	-0.9	-0.6
Islamic Republic of Iran	MENA	LMIC	5.9	5.3	18.0	-18.4	-4.6	-1.6	-3.0	-8.5	-1.1	-1.9	-1.0	-0.8	5.2	-3.0	-2.0	-0.8	-0.5	-0.5
Israel	MENA	HIC	0.7	0.1	-1.7	-0.6	0.6	0.0	-1.5	-1.1	0.3	0.9	0.8	-0.5	7.4	-4.7	-1.2	-0.5	-0.5	-0.5
Italy	ECA	HIC	1.1	3.3	-1.2	-0.8	1.4	0.4	-0.1	-0.5	-1.2	-0.3	-0.2	0.2	11.0	-6.0	-2.3	-1.3	-0.2	0.0
Jamaica	LAC	UMIC	3.5	3.9	-5.5	-1.2	-2.2	-2.8	-0.3	0.5	0.9	0.5	0.8	0.1	1.6	-2.4	0.1	-0.2	-0.2	-0.4
Japan	EAP	HIC	1.0	4.5	-1.0	0.9	0.0	0.1	-0.6	-0.9	0.0	-0.7	0.2	0.2	10.4	-7.8	-2.7	-0.2	0.0	0.1

Country	Region	Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Jordan	MENA	UMIC	-2.5	0.6	-2.5	3.6	1.2	-3.2	2.0	-2.9	-4.3	0.4	1.5	-0.1	2.6	0.0	-1.2	-0.9	-0.9	-1.9
Kazakhstan	ECA	UMIC	3.4	-3.6	-1.0	-1.2	0.7	-2.1	1.5	1.6	-1.4	2.6	-5.2	1.4	2.9	-1.1	-1.5	-0.5	-0.2	-0.2
Kenya	SSA	LMIC	0.7	0.3	1.1	-0.6	0.6	1.2	1.8	0.0	0.5	-1.6	-0.5	-0.2	-0.3	-0.2	-0.5	-0.4	-0.4	-0.1
Kiribati	EAP	LMIC	2.3	-3.7	1.2	7.3	4.1	-6.3	27.6	-11.0	12.7	-5.0	27.3	-25.9	-0.4	-4.3	-7.4	-0.6	-0.1	-0.1
Korea	EAP	HIC	0.3	0.4	-1.7	0.4	0.6	0.2	-0.1	0.0	-0.3	0.2	0.7	2.2	3.5	-0.9	0.3	0.0	-0.1	0.0
Kosovo	ECA	UMIC	5.2	2.6	0.5	0.7	0.4	-0.5	-1.4	0.5	1.3	-0.4	1.3	0.3	3.8	-0.9	-2.6	-0.3	0.2	0.1
Kuwait	MENA	HIC	10.3	1.8	2.6	-5.7	-0.2	-0.7	6.1	10.1	-0.6	-2.4	-2.0	3.4	12.0	-3.0	-1.7	-1.4	-1.3	-1.5
Kyrgyz Republic	ECA	LMIC	-1.7	4.7	4.6	0.3	3.2	-2.4	0.4	-0.4	0.8	-1.9	-4.0	1.1	4.9	-2.1	-2.1	0.3	0.6	0.5
Lao P.D.R.	EAP	LMIC	0.9	4.0	2.3	-2.2	4.5	-0.5	0.7	0.8	-4.7	0.5	-0.7	-0.5	-2.1	1.3	0.2	0.1	-0.3	-0.1
Latvia	ECA	HIC	3.5	6.1	0.3	-4.2	-1.7	0.1	0.5	-0.1	-1.1	0.2	1.5	-0.4	6.4	-1.0	1.2	-0.2	-2.7	-2.7
Lebanon	MENA	UMIC	-0.9	-2.2	-2.9	-0.3	1.4	-1.3	-0.1	-2.2	1.6	2.3	1.8	-0.7	-3.0	...	...	...	...	...
Lesotho	SSA	LMIC	5.4	11.7	-10.0	5.2	-2.3	0.9	-8.3	2.1	1.4	-3.3	2.3	0.4	5.3	-5.0	-2.8	-2.7	0.6	0.5
Liberia	SSA	LIC	5.6	2.1	1.1	4.7	0.9	2.8	-0.7	3.9	-0.7	-2.5	-1.1	0.7	-0.5	-0.5	-0.9	-0.7	-0.7	0.2
Libya	MENA	UMIC	14.5	24.0	-14.3	1.8	-14.0	42.4	55.0	38.8	-37.1	-49.0	-10.0	15.9	63.2	-58.4	-9.2	-5.3	-4.1	-4.4
Lithuania	ECA	HIC	2.6	6.6	-2.3	0.2	-6.3	-0.5	-0.6	0.4	-1.1	-0.9	0.9	0.8	5.8	-1.2	-0.9	-2.2	-0.7	-0.4
Luxembourg	ECA	HIC	2.0	5.2	-0.9	-1.7	1.6	-0.6	-1.3	-0.3	-1.0	1.2	0.1	0.3	8.9	-5.6	-0.7	-1.0	0.0	0.0
Madagascar	SSA	LIC	-0.4	-3.2	-0.2	-0.2	-0.5	1.2	-0.1	0.5	0.5	1.4	-0.7	1.1	2.7	-1.2	0.4	-0.1	-0.2	-0.3
Malawi	SSA	LIC	0.7	-1.3	-0.5	-3.9	2.8	5.8	-4.9	1.2	-0.1	1.6	-3.4	0.4	1.4	1.0	-1.7	-0.2	-0.1	-1.3
Malaysia	EAP	UMIC	1.0	4.0	-4.3	0.5	1.4	-0.7	-1.8	-1.2	-2.0	-0.8	0.8	1.1	2.9	-2.9	-1.0	0.0	-0.4	-0.1
Maldives	S. Asia	UMIC	0.8	1.5	-3.9	-3.1	-0.6	-2.0	6.2	0.3	2.4	-2.2	-2.2	1.7	5.2	-3.0	-2.7	-2.9	-1.8	-0.7
Mali	SSA	LIC	-2.6	3.9	-2.6	0.3	-5.0	4.2	0.3	0.9	1.3	0.7	-2.5	2.7	3.4	-0.4	-1.1	0.3	-0.5	0.1
Malta	MENA	HIC	1.2	-1.0	-1.3	1.0	0.9	-1.2	-0.4	-1.7	-2.3	-1.0	1.5	0.8	9.7	-4.6	-1.6	-0.8	-0.5	-0.4
Marshall Islands	EAP	UMIC	-4.2	1.3	-4.0	-3.6	-2.7	2.0	-5.1	6.5	1.1	6.8	-3.8	5.8	13.8	3.4	-8.4	-3.2	-0.8	-0.8
Mauritania	SSA	LMIC	0.2	-0.2	-2.3	-0.3	4.5	-1.4	3.8	1.8	-4.8	-0.4	-0.3	-1.6	2.6	-1.9	-0.3	0.1	0.1	0.0
Mauritius	SSA	UMIC	2.1	2.1	-1.3	-0.1	-1.2	1.7	-0.8	1.4	-0.4	0.4	0.3	7.3	0.2	-3.5	-1.2	1.5	-0.2	-1.7
Mexico	LAC	UMIC	4.2	0.1	-0.1	0.0	0.5	-0.4	0.2	-0.5	-0.1	-1.6	0.0	0.8	3.8	-3.8	-0.7	-0.3	0.1	0.0
Micronesia	EAP	LMIC	0.1	4.2	3.6	-1.9	-0.1	-5.6	-5.3	1.5	6.0	2.3	0.4	-0.6	7.4	-7.9	-2.6	-0.5	-0.1	0.0
Moldova	ECA	UMIC	-1.2	3.8	-11.2	-1.5	1.1	-1.2	1.0	-1.5	-1.8	0.4	0.9	0.0	6.5	-3.6	-0.9	-0.4	-0.1	0.0
Mongolia	EAP	LMIC	2.3	-2.2	-3.9	6.4	-1.9	-3.9	0.0	-1.3	8.8	-7.3	-3.9	3.2	6.7	-3.3	-0.7	-0.4	-0.5	-0.4
Montenegro	ECA	UMIC	7.2	0.2	-4.7	-1.4	0.4	0.1	-1.6	2.2	1.1	-0.3	0.0	-2.2	5.1	-3.6	-2.3	-0.2	0.1	-0.2
Morocco	MENA	LMIC	2.0	-0.2	0.7	2.7	1.4	-2.3	-0.1	-2.2	-0.2	-0.5	-0.1	0.1	5.3	-2.7	-1.2	-0.5	-0.5	-0.3
Mozambique	SSA	LIC	0.2	4.6	0.9	2.0	-0.6	3.4	8.5	-8.0	-3.3	0.6	2.6	-2.6	1.6	0.0	-1.1	-1.4	-2.3	-2.1
Myanmar	EAP	LMIC	-1.2	0.0	1.2	-0.2	4.2	4.4	1.2	0.4	-0.8	-2.7	0.3	-0.7	0.8	0.1	-0.4	0.2	0.1	-0.2
Namibia	SSA	UMIC	2.7	3.3	1.5	4.0	-2.6	2.7	4.0	1.7	-1.6	-3.0	-1.0	1.7	3.4	-1.7	-0.3	0.0	0.0	-0.1
Nepal	S. Asia	LMIC	0.3	4.1	-0.6	-0.1	0.7	-1.5	1.0	1.3	1.8	5.2	4.7	-1.4	-2.3	3.5	-1.7	-0.3	-0.1	-0.1
Netherlands	ECA	HIC	0.8	4.4	0.3	-1.1	0.0	-0.2	-0.8	-1.1	-1.0	-1.1	-0.4	1.0	6.3	-2.4	-1.7	-0.6	-0.6	-0.5
New Zealand	EAP	HIC	1.5	1.9	2.6	-0.7	-2.6	-1.1	-0.9	-0.4	-0.8	-0.8	0.6	3.6	6.8	-2.2	-2.9	-1.4	-1.1	-0.8
Nicaragua	LAC	LMIC	0.4	0.9	-0.2	0.9	0.6	0.1	0.4	0.8	1.4	0.3	0.5	0.1	2.7	-0.7	-1.3	0.5	1.0	0.5
Niger	SSA	LIC	-0.5	0.8	-3.4	1.0	1.3	3.8	3.2	0.7	-4.9	0.1	1.6	0.5	2.3	-0.6	-1.9	-0.6	0.2	0.2
Nigeria	SSA	LMIC	-3.8	1.1	1.2	0.7	-2.9	-0.6	-0.7	-1.9	-1.1	2.0	0.8	-0.2	0.0	-0.6	0.1	-0.6	0.3	0.0
North Macedonia	ECA	UMIC	2.3	-0.2	-1.1	-0.7	1.4	-1.6	0.0	0.5	-1.1	0.7	-1.4	0.8	4.0	-2.3	-0.2	-0.1	-0.1	0.0
Norway	ECA	HIC	-1.2	5.8	-1.1	-1.2	-0.9	1.1	1.8	3.0	2.2	-1.1	-0.4	1.6	4.5	-1.6	-1.3	-0.8	-0.3	-0.8
Oman	MENA	HIC	-5.9	8.9	-3.4	4.5	4.8	0.8	2.5	3.5	0.3	-5.4	-0.7	-0.9	5.2	-1.2	-3.1	-0.6	-0.8	-0.7
Pakistan	S. Asia	LMIC	2.0	-2.2	1.1	-1.0	2.3	0.2	-1.7	-0.3	0.2	1.4	0.3	0.3	1.1	-0.3	-0.7	-0.5	-0.4	-0.4
Palau	EAP	HIC	-4.8	-2.1	5.2	-3.9	0.1	-3.6	-0.2	-4.1	2.4	-3.2	3.0	4.9	6.2	3.3	-8.2	-5.1	0.4	-0.4

Country	Region	Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Panama	LAC	UMIC	0.9	0.0	1.4	-0.6	-0.7	0.5	-0.8	-1.1	0.0	0.1	0.7	-1.4	2.4	1.3	-1.7	-1.4	0.4	-0.3
Papua New Guinea	EAP	LMIC	1.7	4.9	-6.3	1.3	2.7	5.2	-0.6	-4.2	-2.0	-2.5	2.0	0.9	-1.0	-0.3	0.3	-0.1	-0.1	-0.4
Paraguay	LAC	UMIC	-1.3	2.4	-0.4	1.1	2.8	-1.1	0.4	2.5	-1.0	0.0	1.1	2.8	2.5	-2.2	-1.3	-0.6	-0.1	0.0
Peru	LAC	UMIC	0.9	1.9	-0.4	-1.2	0.6	1.2	1.1	-0.2	-1.3	0.2	0.2	-0.1	6.4	-3.2	-0.7	-0.6	-0.4	-0.3
Philippines	EAP	LMIC	-0.3	1.3	-0.9	-1.2	0.9	-0.2	-0.6	0.6	0.7	0.4	1.8	0.8	3.6	-0.4	-0.9	0.0	0.1	0.0
Poland	ECA	HIC	1.1	0.8	1.0	-1.9	-1.0	-0.3	-0.2	-0.7	-0.6	0.1	0.3	0.5	9.1	-6.9	0.0	-0.4	-0.6	-0.4
Portugal	ECA	HIC	0.8	4.9	1.7	-1.9	-1.1	1.0	1.8	-3.5	-3.3	0.5	-2.0	-0.7	7.8	-3.2	-0.9	-0.9	-1.2	-0.5
Qatar	MENA	HIC	-5.9	12.9	-4.4	-3.5	2.5	-2.7	4.0	6.2	1.6	-5.5	-5.8	3.7	-0.2	-2.3	-2.4	-1.0	-1.7	-1.2
Republic of Congo	SSA	LMIC	-4.4	0.3	-1.4	4.9	2.8	11.7	6.2	-7.3	0.5	-13.4	-8.7	1.8	2.8	-2.3	-0.9	-0.5	0.2	0.0
Romania	ECA	UMIC	0.7	1.0	2.0	-1.6	-1.7	-1.1	-0.2	0.4	-2.9	-0.5	1.2	1.5	5.2	-1.4	-0.2	-0.5	-0.4	-0.2
Russia	ECA	UMIC	0.1	6.6	-3.1	-2.2	0.8	0.6	0.3	0.3	1.3	-1.8	-2.4	1.2	3.7	-2.1	-1.1	0.3	0.1	-0.6
Rwanda	SSA	LIC	0.0	-0.1	1.5	0.9	-0.1	1.6	1.3	-0.9	-1.4	0.1	1.3	2.4	-1.0	-0.1	-3.0	-0.6	0.7	0.1
Samoa	EAP	LMIC	-3.5	3.9	-2.1	3.8	0.2	-2.3	5.4	-5.3	-3.1	2.5	-0.8	0.6	4.5	-0.3	0.5	1.5	0.2	0.1
São Tomé & Príncipe	SSA	LMIC	-8.5	21.5	-2.0	2.3	-6.0	-14.7	-1.1	3.8	-1.8	-4.8	-1.6	-1.7	4.8	-2.8	-2.3	-0.1	-0.3	-0.2
Saudi Arabia	MENA	HIC	-2.8	10.4	-4.1	-0.2	0.4	2.3	4.7	0.6	-2.1	-5.4	3.3	-1.0	3.3	-1.9	-2.0	-0.8	-0.8	-0.7
Senegal	SSA	LMIC	-1.0	0.2	0.7	1.6	-0.4	-0.7	1.1	-0.2	1.0	-1.5	0.0	1.6	3.7	-2.8	-0.9	0.5	0.3	0.7
Serbia	ECA	UMIC	0.6	0.0	0.1	-1.2	3.5	-2.8	2.5	-2.1	-0.8	-1.7	0.6	1.4	3.9	-3.4	-1.3	-0.4	0.0	0.0
Seychelles	SSA	HIC	-14.9	5.1	2.5	1.8	2.3	-0.8	-4.0	-1.4	5.4	-2.3	1.9	-1.8	15.1	-6.8	-4.2	-2.9	-1.3	-2.3
Sierra Leone	SSA	LIC	3.2	1.3	2.7	1.3	-1.2	-4.7	2.0	3.1	2.6	0.1	-2.1	-1.1	5.9	-4.6	-1.1	-0.7	0.1	0.4
Singapore	EAP	HIC	5.0	1.9	-5.6	-0.6	0.2	1.1	1.7	1.9	0.7	-1.5	0.4	0.3	14.1	-12.3	-1.3	0.0	0.0	0.0
Slovak Republic	ECA	HIC	0.6	7.4	-2.2	-0.8	-0.5	1.3	1.0	2.5	-3.1	-1.2	0.4	0.9	8.4	-4.0	-0.3	-0.3	-2.2	-0.7
Slovenia	ECA	HIC	1.6	4.3	0.8	0.7	-1.5	10.9	-9.4	-2.1	-2.5	-2.2	-0.5	0.1	4.8	-2.7	-1.8	-0.4	0.0	-0.1
Solomon Islands	EAP	LMIC	3.1	2.7	3.2	-4.2	1.2	-2.4	-1.5	2.7	0.4	-0.1	-3.5	-5.1	2.9	0.0	-0.3	-0.2	-0.8	-0.4
South Africa	SSA	UMIC	1.5	3.0	-0.3	-0.6	0.5	0.2	0.3	1.1	-0.3	-0.1	0.6	2.1	5.8	-3.1	-1.8	-1.7	-1.1	-0.9
South Sudan	SSA	LIC	...	...	...	...	10.6	-6.3	10.4	-1.0	9.8	-11.6	-0.5	6.1	-4.5	-2.4	-2.3	1.3	-0.4	1.8
Spain	ECA	HIC	2.2	4.8	-0.2	0.1	2.5	-2.8	-0.7	-1.2	-1.4	-1.2	0.5	0.2	10.8	-4.7	-1.7	-1.3	-1.0	-1.2
Sri Lanka	S. Asia	LMIC	-0.8	2.0	-1.8	-0.1	-2.0	-0.6	0.6	2.5	-0.9	-0.1	-0.6	2.1	-1.9	-0.1	0.4	0.3	0.1	0.1
St. Kitts & Nevis	LAC	HIC	-0.9	1.2	1.7	-3.3	-2.3	2.3	-0.8	0.4	-2.8	0.8	9.5	1.7	4.1	-8.5	-1.4	-0.4	0.1	0.0
St. Lucia	LAC	UMIC	0.1	1.9	1.4	1.2	0.9	-2.6	-1.7	0.2	-0.9	0.4	-0.1	1.9	6.4	-4.2	-2.5	-0.1	-0.1	-0.1
St. Vincent & Grenadines	LAC	UMIC	1.6	3.0	0.0	-1.8	-3.2	3.5	1.0	-3.5	-0.3	1.8	-0.3	2.2	3.8	1.0	1.3	-3.1	-2.5	-1.1
Sudan	SSA	LIC	0.1	-1.0	-1.4	0.9	-1.8	-1.2	-1.8	-1.3	-0.6	2.0	3.2	1.9	-5.1	3.4	-1.6	0.8	0.3	0.3
Suriname	LAC	UMIC	-2.2	3.8	-3.2	0.0	6.0	0.2	0.4	2.1	-3.2	2.8	0.1	5.0	0.8	-0.8	0.5	0.4	0.6	1.0
Sweden	ECA	HIC	0.7	2.2	-1.9	-0.7	1.2	0.8	-0.9	-1.3	0.4	-0.5	0.6	-0.5	5.0	-4.2	-1.3	-2.6	-0.8	-0.9
Switzerland	ECA	HIC	0.6	1.8	-0.2	-0.1	0.4	0.8	-0.4	0.2	0.1	-0.1	-0.5	0.0	4.7	-3.3	-0.5	-0.4	-0.2	-0.1
Syria	MENA	LIC	-2.8	3.8	1.9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Taiwan (China)	EAP	HIC	0.7	2.8	-2.4	0.1	-0.1	-0.8	-1.2	-0.8	0.1	-0.2	0.1	-0.1	2.2	-1.2	-0.9	-0.5	-0.2	-0.1
Tajikistan	ECA	LMIC	-0.8	1.5	-2.5	0.9	-2.5	3.3	0.7	3.4	7.0	-3.3	-3.8	-2.4	0.8	-0.3	0.0	0.2	0.1	0.0
Tanzania	SSA	LMIC	0.4	1.6	0.1	-1.1	0.6	-0.7	-1.6	-0.1	-0.2	-0.3	0.0	-0.2	0.6	0.8	0.0	0.0	0.0	0.0
Thailand	EAP	UMIC	-0.8	2.5	0.3	-0.9	1.1	-0.6	0.6	0.0	-0.8	0.2	-0.2	0.5	4.4	-0.3	-3.2	0.2	0.0	0.0
The Bahamas	LAC	HIC	0.7	0.9	0.2	1.6	-0.1	-0.1	0.2	0.4	1.5	3.0	-2.7	0.5	3.1	3.0	-2.1	-2.3	-0.5	-0.3
The Gambia	SSA	LIC	0.4	2.8	0.2	2.0	2.6	-1.4	1.3	0.6	0.0	4.7	-3.1	2.4	3.8	-3.6	0.2	-1.4	-1.1	-0.6
Timor-Leste	EAP	LMIC	46.5	-0.5	-0.5	10.4	-1.0	-34.6	14.8	-13.3	13.4	-25.0	0.2	2.2	-24.4	22.6	21.8	-8.4	-10.7	-8.4
Togo	SSA	LIC	-2.3	2.9	0.9	4.6	1.2	0.0	0.8	3.1	0.4	-9.5	3.0	-3.5	8.8	-2.9	-0.3	-0.8	0.1	0.6
Tonga	EAP	UMIC	0.8	-0.1	4.5	4.2	-3.6	5.3	-2.8	5.9	-0.2	2.5	0.0	-1.2	2.1	7.3	-6.7	1.2	-0.6	-1.4
Trinidad & Tobago	LAC	HIC	1.4	5.2	-1.9	-1.1	0.7	2.2	1.7	1.5	-3.3	-0.4	-2.1	-0.8	3.8	-1.0	-0.4	-0.3	-0.1	0.0

Country	Region	Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Tunisia	MENA	LMIC	0.4	1.0	-0.7	4.1	0.5	2.6	-3.2	-0.1	-0.2	1.5	0.4	1.1	1.2	-1.4	-0.5	-0.7	-1.0	-0.9
Türkiye	ECA	UMIC	0.7	3.7	-2.0	-2.7	1.0	-0.2	-0.9	0.1	1.6	-1.5	1.2	0.6	1.7	-0.4	0.4	-0.2	0.0	0.1
Turkmenistan	ECA	UMIC	-2.6	2.5	0.4	0.8	0.0	2.2	0.1	0.3	-3.2	3.7	-4.0	-0.2	0.2	-0.6	-0.3	-0.7	-0.6	-0.7
Tuvalu	EAP	UMIC	-3.2	13.0	-6.4	-16.9	0.3	4.3	26.6	11.4	2.5	-14.4	12.1	2.9	2.0	-16.4	-6.8	-5.0	-2.5	-1.9
Uganda	SSA	LIC	-0.3	-1.2	3.7	-2.3	-0.1	0.2	0.3	1.7	0.7	-0.5	0.4	2.7	0.8	1.2	0.8	0.0	-0.9	0.6
Ukraine	ECA	LMIC	3.5	1.5	0.5	-3.5	3.3	-0.9	-3.3	-1.7	-2.5	0.9	0.2	-0.3	5.5	-1.0	-1.6	-1.1	-0.1	-0.1
United Arab Emirates	MENA	HIC	4.3	13.0	-2.8	-1.1	-2.0	1.2	2.8	-0.8	-0.7	-1.2	-1.6	1.7	5.4	-2.9	-1.4	-0.9	-0.8	-0.7
United Kingdom	ECA	HIC	2.5	3.6	0.3	-1.3	0.1	-1.8	-0.7	-0.8	-0.8	-0.4	-0.3	-0.2	14.5	-7.5	-2.1	-0.6	-0.1	-0.1
United States	N. America	HIC	2.7	4.2	-1.6	-1.0	-1.7	-1.3	-0.5	-0.3	0.3	-0.2	0.1	0.4	11.5	-9.7	-0.9	-0.7	-0.2	0.2
Uruguay	LAC	HIC	-0.5	1.0	0.2	-1.2	1.5	1.3	0.3	-0.8	1.4	0.1	0.8	0.7	2.5	-2.0	-0.3	-0.4	-0.3	-0.1
Uzbekistan	ECA	LMIC	1.8	1.1	-1.0	-3.0	0.2	1.4	-0.5	-0.4	-1.3	-1.1	2.6	2.2	0.6	-1.6	-0.8	-0.7	-0.2	0.2
Vanuatu	EAP	LMIC	5.0	-0.2	0.3	-2.7	-1.0	-1.7	5.3	16.1	-4.6	-1.3	-5.3	6.3	16.8	-16.4	-2.0	-1.5	-1.0	-0.6
Venezuela	LAC	UMIC	-1.1	-1.6	-2.2	8.3	0.9	-0.6	10.5	-19.8	-5.2	12.6	10.7	-27.1	...	...	...	...	...	...
Vietnam	EAP	LMIC	-0.9	3.6	-1.3	-2.5	2.2	1.0	-1.7	1.4	-1.9	-0.7	-1.0	2.3	0.2	0.0	-0.4	-0.1	-0.1	-0.3
Yemen	MENA	LIC	0.9	-6.0	-5.0	-0.4	6.4	-5.4	-3.0	-8.4	-3.4	-7.7	5.9	-0.4	1.1	-3.7	-1.4	2.6	3.9	4.7
Zambia	SSA	LMIC	-0.5	-1.7	0.3	1.5	2.0	2.3	0.9	3.6	-4.0	0.7	2.3	0.5	-3.9	-0.1	-0.7	-0.8	-0.9	-1.8
Zimbabwe	SSA	LMIC	-1.3	8.0	6.3	5.1	-2.8	0.5	-0.5	0.1	2.8	-0.9	-4.8	-1.3	-0.3	-0.7	-0.7	-0.1	-0.5	0.2

Source: Authors' calculations based on IMF's *World Economic Outlook* (April 2022)

B. Year on Year Real Growth, as a% (in billions of local currency/average consumer prices)

Country	Region	Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Afghanistan	S. Asia	LIC	-7	27	13	11	32	0	3	7	3	-1	7	5	-1	...	...	...	...	...
Albania	ECA	UMIC	17	7	-6	0	-2	3	11	-2	-4	4	1	3	7	9	1	-4	0	2
Algeria	MENA	LMIC	29	-4	1	25	11	-17	13	4	-10	-5	2	-2	-13	0	21	-5	-1	-1
Angola	SSA	LMIC	63	-37	6	14	5	-1	0	-34	-26	3	-10	2	0	-6	-4	-6	-1	4
Antigua & Barbuda	LAC	HIC	-3	24	-44	1	-10	7	4	23	0	-5	2	5	-5	-1	10	1	-3	2
Argentina	LAC	UMIC	23	15	16	25	16	17	...	...	...	2	-2	-7	-1	3	0	-1	1	-2
Armenia	ECA	UMIC	3	9	-7	-3	-1	7	4	11	5	4	-3	11	15	-1	1	1	3	3
Aruba	LAC	HIC	9	-3	7	-8	12	2	3	-10	1	2	0	-4	32	-10	-8	-3	0	0
Australia	EAP	HIC	7	8	3	2	2	1	1	2	2	3	3	9	12	3	-4	-3	0	1
Austria	ECA	HIC	1	6	-1	-2	1	0	3	0	1	-1	1	1	11	1	-4	0	-1	2
Azerbaijan	ECA	UMIC	41	-4	5	20	13	7	-4	-6	-10	4	4	-3	7	-4	2	-2	0	2
Bahrain	MENA	HIC	16	-6	39	9	7	5	-14	17	-3	0	9	-1	0	1	-1	-5	-6	1
Bangladesh	S. Asia	LMIC	26	-4	6	13	7	10	1	4	9	12	14	11	0	3	20	4	5	4
Barbados	LAC	HIC	-4	-5	-3	-12	4	1	-7	8	-3	-4	-11	-12	10	2	3	-4	-2	-1
Belarus	ECA	UMIC	42	-19	-5	7	8	9	-3	6	-8	1	7	3	7	3	1	-4	1	1
Belgium	ECA	HIC	2	6	1	3	2	0	1	-1	0	-1	1	2	9	1	-4	1	3	1
Belize	LAC	LMIC	-6	5	3	4	-3	14	8	17	0	0	-2	6	-4	-5	2	3	3	2
Benin	SSA	LMIC	-4	22	-17	9	2	13	2	31	-11	19	-1	-5	35	11	-2	2	1	7
Bhutan	S. Asia	LMIC	18	13	18	-4	3	-5	-11	-1	19	5	6	-20	24	13	0	-14	5	6

Country	Region	Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Bolivia	LAC	LMIC	11	-1	-3	23	10	14	15	-1	-11	4	1	-3	-7	1	11	3	1	1
Bosnia & Herzegovina	ECA	UMIC	13	-1	0	-5	-1	-3	7	-1	3	1	6	4	11	-1	1	1	3	3
Botswana	SSA	UMIC	26	4	-9	-7	-2	-3	16	4	1	0	3	2	-1	3	-5	-4	0	2
Brazil	LAC	UMIC	8	1	19	-1	3	5	5	-5	-1	-2	1	1	12	-10	8	1	-3	-1
Brunei Darussalam	EAP	HIC	0	-3	12	2	6	3	-3	-7	-10	0	-5	2	-9	7	7	-3	-4	-2
Bulgaria	ECA	UMIC	4	-1	2	-3	1	8	9	8	-5	4	12	12	4	15	3	3	3	1
Burkina Faso	SSA	LIC	-15	21	14	5	20	15	-14	-3	15	29	-2	6	13	-2	2	1	2	2
Burundi	SSA	LIC	11	-5	16	6	-10	-3	-14	-10	-7	18	11	14	0	-2	45	4	-8	-1
Cabo Verde	SSA	LMIC	6	10	17	-13	3	-2	-9	6	0	10	2	6	-4	-1	13	1	4	2
Cambodia	EAP	LMIC	2	37	8	3	11	4	8	0	12	14	12	12	7	6	0	5	4	6
Cameroon	SSA	LMIC	21	-5	6	21	0	19	11	3	5	-1	-2	6	-12	6	7	1	8	5
Canada	N. America	HIC	3	6	3	0	0	1	-1	3	2	3	3	1	24	-6	1	-1	1	1
Central African Republic	SSA	LIC	23	3	16	-12	8	-42	28	-18	-11	22	31	-1	51	-22	0	-1	6	5
Chad	SSA	LIC	14	10	24	-2	9	-3	2	-25	-26	1	-10	14	22	-4	9	-1	2	-1
Chile	LAC	HIC	8	16	7	4	5	4	6	8	4	4	4	4	10	31	-20	-1	1	0
China	EAP	UMIC	38	25	11	22	13	9	8	15	8	11	10	8	8	-1	8	5	5	5
Colombia	LAC	UMIC	5	10	4	10	0	8	8	1	-4	0	23	-2	-6	17	5	2	-1	0
Comoros	SSA	LMIC	18	-10	-1	5	14	6	1	31	3	4	5	8	-7	4	15	-1	-4	3
Costa Rica	LAC	UMIC	8	9	15	-1	6	8	5	7	7	8	1	18	-2	1	-6	-1	0	0
Côte d'Ivoire	SSA	LMIC	8	4	6	-15	36	8	8	20	12	9	3	3	19	3	2	2	2	5
Croatia	ECA	HIC	2	-1	-2	0	-5	-2	1	3	2	-1	5	6	9	4	2	2	-1	5
Cyprus	ECA	HIC	6	7	1	-1	-5	-7	-7	2	2	3	24	-5	11	3	-4	4	4	2
Czech Republic	ECA	HIC	0	5	-2	-1	1	-5	4	4	-2	2	8	5	10	3	-6	3	1	1
DRC	SSA	LIC	30	0	34	-7	10	3	58	-2	-13	-22	14	20	-21	45	32	3	9	8
Denmark	ECA	HIC	2	6	3	-1	3	-2	1	1	0	-1	2	0	8	3	-3	2	2	1
Djibouti	MENA	LMIC	16	5	-9	2	10	8	16	59	-19	-9	0	-7	4	-2	3	-3	4	4
Dominica	LAC	UMIC	3	7	8	-12	1	-4	1	5	46	10	26	-28	32	1	-14	1	5	-1
Dominican Republic	LAC	UMIC	16	-8	4	4	31	-8	4	7	9	6	3	7	25	-6	-2	4	5	3
Ecuador	LAC	UMIC	63	-10	13	24	8	14	3	-15	-4	-2	7	-3	-10	6	...	...	...	...
Egypt	MENA	LMIC	13	0	0	0	8	17	7	-4	0	2	-1	-1	-1	5	10	3	10	4
El Salvador	LAC	LMIC	6	3	2	3	12	6	-2	3	4	3	1	3	11	9	3	6	3	7
Equatorial Guinea	SSA	UMIC	36	52	-15	5	41	-24	3	-6	-44	-24	-2	-22	-21	-4	32	-14	-9	-5
Eritrea	SSA	LIC	-10	-27	11	-8	7	-19	-20	-13	13	36	-21	44	8	6	3	3	2	3
Estonia	ECA	HIC	7	-1	-11	0	8	0	4	8	4	5	5	5	13	2	-2	0	4	4
Eswatini	SSA	LMIC	9	4	-6	-16	12	11	15	10	1	1	-1	0	-2	-7	-2	-10	2	2
Ethiopia	SSA	LIC	-9	14	14	-1	7	14	12	11	17	6	-6	1	-2	-3	8	12	13	10
Fiji	EAP	UMIC	-8	12	-2	7	2	4	27	8	7	-10	18	-6	-4	-5	6	-2	1	3
Finland	ECA	HIC	2	4	1	1	2	2	1	1	1	-1	1	2	6	1	-2	-1	0	0
France	ECA	HIC	1	4	1	0	1	1	1	1	1	1	-1	1	5	3	-4	-2	1	1
Gabon	SSA	UMIC	8	-3	25	12	10	43	-32	-11	-6	-16	-3	5	0	3	10	-8	3	4
Georgia	ECA	UMIC	17	2	-1	-5	10	1	9	3	7	4	5	12	13	2	-4	2	5	5
Germany	ECA	HIC	1	4	4	-4	-1	1	2	2	4	2	1	3	9	4	0	-3	0	1
Ghana	SSA	LMIC	8	6	34	20	32	7	7	-12	9	-6	27	9	34	-5	-1	-3	4	4
Greece	ECA	HIC	8	3	-12	-8	-11	-7	-3	1	-3	-3	1	0	14	6	-4	-4	1	0
Grenada	LAC	UMIC	2	-8	-2	0	-7	11	13	-3	-3	1	2	0	8	23	5	-11	-1	2

Country	Region	Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Guatemala	LAC	UMIC	-3	6	7	4	0	1	1	-4	1	2	4	6	14	-8	11	-1	1	2
Guinea	SSA	LIC	19	55	33	-26	24	-7	5	6	-20	20	-4	-1	13	-7	26	8	4	8
Guinea-Bissau	SSA	LIC	-2	-5	-1	4	-28	-3	91	12	1	2	8	-3	32	3	-13	6	3	4
Guyana	LAC	UMIC	-1	8	1	8	11	-1	7	-2	20	9	5	8	14	13	6	7	9	6
Haiti	LAC	LMIC	1	15	8	16	20	3	-6	-12	-12	-3	12	-11	-7	11	-8	19	7	1
Honduras	LAC	LMIC	9	7	-3	3	4	11	-3	1	10	3	-1	1	0	12	3	-1	3	4
Hong Kong SAR	EAP	HIC	28	-8	2	15	0	10	-12	7	4	0	10	11	34	-16	13	-8	1	1
Hungary	ECA	HIC	-3	-3	-4	0	-4	5	8	7	-4	5	6	6	10	0	2	2	3	2
Iceland	ECA	HIC	44	-23	-11	5	-6	-1	3	3	14	-1	4	3	9	3	0	-2	-2	1
India	S. Asia	LMIC	12	0	6	3	2	0	3	9	8	3	7	6	5	10	2	5	6	6
Indonesia	EAP	LMIC	19	-7	8	14	13	5	1	-4	0	4	6	2	9	6	2	-1	6	6
Iraq	MENA	UMIC	70	-12	2	11	9	19	-11	-26	-7	-5	6	15	-9	26	30	-5	-5	-2
Ireland	ECA	HIC	7	4	39	-26	-10	-3	0	4	-1	2	5	4	19	0	-3	1	2	2
Islamic Republic of Iran	MENA	LMIC	13	-11	-2	10	-32	1	6	2	14	6	-12	-15	-1	6	6	22	6	4
Israel	MENA	HIC	2	2	0	2	6	5	0	3	6	5	6	3	16	0	-3	3	3	4
Italy	ECA	HIC	0	2	-2	-2	-2	-1	0	1	0	0	0	1	9	2	-3	-3	0	0
Jamaica	LAC	UMIC	1	9	-18	-4	-7	-9	-2	6	7	5	6	0	-4	4	-3	0	2	-6
Japan	EAP	HIC	-1	8	0	1	1	2	-2	0	1	0	0	1	15	-2	1	-9	-2	0
Jordan	MENA	UMIC	6	12	-2	16	6	-5	10	-3	-10	2	5	3	1	9	0	-2	0	-4
Kazakhstan	ECA	UMIC	22	-14	15	13	8	-1	11	4	-6	21	-16	15	15	-1	6	-4	2	3
Kenya	SSA	LMIC	4	12	12	-5	15	11	7	9	10	3	2	4	1	6	2	-1	3	5
Kiribati	EAP	LMIC	-4	-12	6	11	13	-1	34	3	16	-3	34	-4	-17	18	-2	-1	0	1
Korea	EAP	HIC	3	4	-2	3	5	4	2	5	3	4	6	12	12	8	1	0	2	2
Kosovo	ECA	UMIC	30	19	7	5	4	1	-1	7	9	3	9	5	7	-1	5	1	3	3
Kuwait	MENA	HIC	54	-23	10	7	10	-3	5	-12	-8	4	12	0	-3	-2	-3	0	0	0
Kyrgyz Republic	ECA	LMIC	0	17	16	12	15	1	6	0	13	3	-6	6	-4	11	1	3	4	2
Lao P.D.R.	EAP	LMIC	12	32	19	-3	33	6	13	12	-12	13	2	-7	-3	5	4	4	4	5
Latvia	ECA	HIC	3	-12	-3	-2	1	4	4	3	0	4	10	1	8	12	-1	-8	0	1
Lebanon	MENA	UMIC	3	12	-5	-2	8	-3	1	0	10	7	3	-9	-55	...	...	...	...	...
Lesotho	SSA	LMIC	28	13	-10	14	0	9	-7	11	0	-11	8	2	-7	-1	6	-2	1	-4
Liberia	SSA	LIC	33	8	10	31	9	-6	13	3	-7	-11	-26	-26	-8	-2	-4	-1	-4	1
Libya	MENA	UMIC	37	3	7	-60	86	49	-39	-28	-35	-12	22	16	-21	122	43	-3	-3	-2
Lithuania	ECA	HIC	9	-7	-3	8	-12	2	2	4	0	2	7	7	25	0	4	-4	0	3
Luxembourg	ECA	HIC	4	10	4	0	3	2	3	4	3	4	4	4	14	-2	2	3	2	3
Madagascar	SSA	LIC	2	-25	0	0	-2	12	3	6	11	11	-1	13	-1	19	16	-3	1	0
Malawi	SSA	LIC	10	5	8	-4	9	15	-9	9	2	12	-6	3	16	4	-1	5	6	5
Malaysia	EAP	UMIC	14	6	-6	10	10	0	-2	-2	-4	2	8	7	2	0	0	-4	3	3
Maldives	S. Asia	UMIC	11	3	-7	4	-6	0	18	28	17	-13	16	8	1	15	3	-4	9	-5
Mali	SSA	LIC	-10	30	-4	14	-26	34	7	13	16	9	-7	25	11	5	-10	9	3	5
Malta	MENA	HIC	5	-3	3	1	5	4	8	8	-1	6	11	8	18	10	-2	-4	0	2
Marshall Islands	EAP	UMIC	-19	1	-2	-4	-4	5	-12	15	13	18	-3	16	4	18	-10	2	0	-3
Mauritania	SSA	LMIC	4	-3	4	14	27	-2	5	7	-10	3	-1	0	8	7	3	2	6	3
Mauritius	SSA	UMIC	7	11	-2	0	-3	10	-2	10	3	3	3	17	0	-3	-5	6	-1	-3
Mexico	LAC	UMIC	20	-6	5	6	5	-2	4	2	5	-3	2	1	2	1	2	-2	2	2
Micronesia	EAP	LMIC	-4	6	8	-2	-1	-13	-9	2	18	14	-6	10	12	2	-9	-1	1	-2

Country	Region	Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Moldova	ECA	UMIC	2	5	0	2	6	4	9	-5	-2	6	6	6	7	9	1	1	5	5
Mongolia	EAP	LMIC	10	-12	20	50	5	-7	3	-6	32	-9	-4	17	15	6	-4	14	7	7
Montenegro	ECA	UMIC	23	-6	-5	-2	-6	4	0	9	11	5	6	-1	5	-6	1	5	4	4
Morocco	MENA	LMIC	14	1	6	13	7	-3	3	-2	0	2	2	2	15	-3	4	3	1	1
Mozambique	SSA	LIC	0	25	6	7	6	18	33	-10	-11	-3	11	0	9	-5	9	3	-2	1
Myanmar	EAP	LMIC	-4	10	16	6	47	31	12	6	-5	-6	7	1	11	-16	2	4	4	3
Namibia	SSA	UMIC	14	10	10	19	1	14	19	9	-3	-7	-3	-1	4	-5	-3	3	2	2
Nepal	S. Asia	LMIC	7	36	7	4	7	-7	12	8	5	41	28	4	-4	7	13	7	5	4
Netherlands	ECA	HIC	4	6	2	-3	-2	-2	0	0	0	0	3	2	7	8	-5	2	1	1
New Zealand	EAP	HIC	3	4	9	-1	-5	1	2	3	3	3	5	12	7	6	0	-4	2	1
Nicaragua	LAC	LMIC	2	3	4	13	8	3	9	12	12	7	-4	-3	4	14	-6	3	5	3
Niger	SSA	LIC	3	11	-10	11	26	26	24	9	-15	6	16	11	8	7	0	3	8	18
Nigeria	SSA	LMIC	-16	8	18	8	-13	-2	-3	-20	-18	18	7	-1	-11	8	15	-6	1	1
North Macedonia	ECA	UMIC	10	0	1	0	2	0	6	8	3	5	0	8	11	2	4	-1	3	3
Norway	ECA	HIC	4	4	2	4	3	4	4	3	1	2	1	4	7	1	1	-1	2	2
Oman	MENA	HIC	7	0	4	29	23	3	8	-9	-5	-6	9	-3	0	-9	1	-5	-3	-2
Pakistan	S. Asia	LMIC	13	-7	8	3	11	5	-5	3	4	13	6	4	4	-2	3	-2	5	3
Palau	EAP	HIC	-17	-15	12	-6	4	-6	5	0	16	-12	6	10	23	-6	-12	-9	-1	0
Panama	LAC	UMIC	13	5	11	9	7	11	3	3	6	7	7	-1	8	-4	8	1	2	4
Papua New Guinea	EAP	LMIC	10	19	-14	13	13	26	11	-16	-7	-7	16	4	6	0	3	-5	-2	-3
Paraguay	LAC	UMIC	-1	19	8	9	18	4	5	16	-1	3	7	11	12	3	-6	0	0	3
Peru	LAC	UMIC	12	8	11	2	7	11	7	1	-2	4	6	1	13	5	1	1	0	0
Philippines	EAP	LMIC	2	7	3	-4	11	5	3	9	12	9	15	8	9	6	3	2	4	4
Poland	ECA	HIC	7	5	5	0	-2	0	3	4	3	5	6	6	14	-3	0	3	4	3
Portugal	ECA	HIC	1	9	4	-9	-9	3	5	-4	-4	5	-1	2	9	2	0	1	1	1
Qatar	MENA	HIC	3	27	22	22	19	-6	14	-7	-5	-9	-5	9	-10	3	18	-3	-2	0
Republic of Congo	SSA	LMIC	-1	-15	33	35	28	30	13	-35	-16	-28	-21	13	-17	9	3	7	1	6
Romania	ECA	UMIC	20	-4	-1	-4	-2	0	3	8	-1	9	10	13	11	3	1	-1	5	5
Russia	ECA	UMIC	9	2	3	5	10	2	1	-8	0	-2	3	5	10	6	1	-4	-1	-1
Rwanda	SSA	LIC	10	2	16	13	7	10	15	3	0	7	12	17	14	6	10	0	2	8
Samoa	EAP	LMIC	-5	0	-8	15	-6	-6	18	-8	-1	13	-6	10	-7	9	0	5	6	2
São Tomé & Príncipe	SSA	LMIC	-16	61	2	3	-6	-27	4	16	-2	-15	-8	-14	4	4	12	-15	1	1
Saudi Arabia	MENA	HIC	7	10	6	22	8	5	12	-13	-16	1	22	0	-2	-6	-5	-1	0	0
Senegal	SSA	LMIC	0	4	7	9	5	-1	11	6	11	0	5	13	10	3	5	6	9	10
Serbia	ECA	UMIC	4	-3	1	-3	7	-6	5	-3	2	-2	6	8	15	6	-4	3	4	5
Seychelles	SSA	HIC	-38	14	12	10	14	3	-6	-1	22	0	8	-2	35	-20	7	-6	4	4
Sierra Leone	SSA	LIC	34	12	33	24	14	-6	15	5	14	-4	-7	-2	16	8	-13	-2	2	1
Singapore	EAP	HIC	41	23	-29	-5	1	13	19	21	12	-5	9	0	59	-13	-10	-3	2	4
Slovak Republic	ECA	HIC	6	11	1	-2	-2	3	4	11	-5	-5	4	4	8	10	-3	0	-2	3
Slovenia	ECA	HIC	6	4	0	1	-7	21	-13	-1	-1	0	3	3	15	4	1	0	1	1
Solomon Islands	EAP	LMIC	5	7	23	-3	6	-4	-4	13	6	5	-3	-14	2	-1	-3	4	5	4
South Africa	SSA	UMIC	7	9	4	3	3	4	2	5	0	1	2	5	6	2	1	0	1	2
South Sudan	SSA	LIC	...	...	...	...	-33	6	43	-27	-8	-43	-11	-6	-42	121	52	5	-12	-3
Spain	ECA	HIC	5	8	-2	-4	0	-8	0	2	0	-1	3	4	13	0	-3	0	0	-1
Sri Lanka	S. Asia	LMIC	8	17	0	5	1	-1	9	18	1	3	0	10	1	1	-4	9	3	3

Country	Region	Income	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
St. Kitts & Nevis	LAC	HIC	1	1	6	-8	-10	12	6	4	-4	6	36	10	-20	-1	4	-3	2	2
St. Lucia	LAC	UMIC	0	8	9	7	1	-7	-6	5	4	8	0	9	2	1	-6	0	3	3
St. Vincent & Grenadines	LAC	UMIC	-3	6	0	-9	-11	16	4	-6	2	6	-1	12	8	6	1	14	-2	-7
Sudan	SSA	LIC	0	-15	4	9	-28	-5	-10	-10	0	16	24	9	-44	-43	-19	4	4	8
Suriname	LAC	UMIC	-5	29	-8	3	37	2	0	-5	-30	7	0	64	-32	0	-10	-11	-8	-1
Sweden	ECA	HIC	1	1	1	2	2	3	2	3	3	2	3	1	5	3	1	2	1	1
Switzerland	ECA	HIC	4	4	2	2	3	5	1	2	2	1	0	1	13	1	-2	-1	0	1
Syria	MENA	LIC	-6	17	14	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Taiwan (China)	EAP	HIC	-1	13	-4	0	1	-1	-1	1	3	0	1	2	11	1	4	1	2	3
Tajikistan	ECA	LMIC	15	29	24	-1	16	21	5	16	30	-4	-3	-4	-1	-2	5	-2	3	5
Tanzania	SSA	LMIC	13	11	10	3	3	4	-2	7	8	2	5	5	6	10	10	5	4	5
Thailand	EAP	UMIC	0	10	10	-1	6	4	3	4	1	6	4	6	11	11	-6	-6	0	4
The Bahamas	LAC	HIC	3	1	-2	8	1	1	2	6	13	19	-11	5	10	8	-8	-7	2	1
The Gambia	SSA	LIC	8	32	8	4	21	-7	8	10	1	23	-5	20	3	-10	16	-1	1	5
Timor-Leste	EAP	LMIC	79	12	15	15	-3	-18	19	-4	20	-25	-6	4	-6	20	0	14	-3	-6
Togo	SSA	LIC	-5	20	11	27	11	13	12	7	10	-27	20	-8	46	1	8	-1	-2	9
Tonga	EAP	UMIC	3	-6	27	16	-9	15	-8	27	10	9	-1	2	-3	15	14	-7	-6	6
Trinidad & Tobago	LAC	HIC	18	-10	-14	6	-3	7	2	-8	-19	-3	-3	0	3	-2	-3	-4	-3	-2
Tunisia	MENA	LMIC	7	7	0	15	6	10	-7	0	2	7	3	5	8	0	9	...	...	...
Türkiye	ECA	UMIC	5	5	1	4	7	7	1	7	9	3	7	3	-1	10	11	7	4	3
Turkmenistan	ECA	UMIC	29	48	10	30	15	20	6	-4	-20	22	-27	4	-7	-6	0	-1	1	1
Tuvalu	EAP	UMIC	-3	13	-7	-10	-5	8	27	35	12	-8	26	5	2	-16	19	6	4	4
Uganda	SSA	LIC	12	2	39	-7	-2	4	6	14	3	12	8	22	15	9	-5	-1	5	14
Ukraine	ECA	LMIC	14	-15	9	4	15	3	-10	-19	-1	12	8	3	14	4	...	...	...	...
United Arab Emirates	MENA	HIC	35	26	4	16	-1	7	10	-17	-4	1	2	6	-4	8	12	1	0	0
United Kingdom	ECA	HIC	6	4	1	-4	0	-3	1	1	1	0	0	1	21	-4	-6	-3	0	2
United States	N. America	HIC	6	10	-2	-2	-2	-2	1	3	2	2	3	3	22	-4	-9	1	2	3
Uruguay	LAC	HIC	5	9	7	2	9	9	5	-2	4	1	2	2	0	0	-2	1	1	1
Uzbekistan	ECA	LMIC	26	20	10	4	12	13	10	8	1	5	27	19	7	17	9	-3	7	8
Vanuatu	EAP	LMIC	34	0	3	-7	-3	-4	6	96	-13	11	-7	24	1	-2	18	-18	0	-1
Venezuela	LAC	UMIC	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Vietnam	EAP	LMIC	1	23	4	-3	17	7	-1	11	-3	4	2	3	13	-7	7	11	9	8
Yemen	MENA	LIC	7	-22	3	-15	20	-12	-11	-40	-38	-55	54	-12	-18	-9	-2	7	19	0
Zambia	SSA	LMIC	4	-7	18	17	19	19	6	14	-15	12	16	8	9	-1	-11	4	1	1
Zimbabwe	SSA	LMIC	-75	324	85	45	3	13	0	5	21	25	10	-7	7	60	13	2	-2	-2

Source: Authors' calculations based on IMF's *World Economic Outlook* (April 2022)

Annex 2. Main Austerity Measures in 172 Countries, 2020-2022

Country	Targeting Social Protection	Wage Bill Cuts/Caps	Eliminating Subsidies	Privatization Public Services/SOEs	Pension Reform	Labor Flexi-bilization	Social Security Contributions/ Tax Wedge	Contain Health Expenditures	VAT	PPPs	Fees/Tariffs for Public Services
Afghanistan		1							1	1	
Albania	1	1	1		1		1		1	1	
Algeria	1	1	1	1	1	1	1		1	1	
Angola	1	1	1	1		1			1	1	
Argentina	1		1		1		1			1	
Armenia	1	1	1			1	1		1	1	
Australia	1	1	1						1		
Austria	1	1					1	1			
Azerbaijan	1	1	1	1					1		1
Bahamas	1	1	1	1	1	1			1		1
Bangladesh	1	1	1	1	1				1	1	
Barbados		1	1	1	1	1		1	1	1	1
Belarus											
Belgium	1	1	1		1	1	1	1			
Benin	1	1	1							1	
Bhutan											
Bolivia	1	1	1	1							
Bosnia and Herzegovina	1	1	1	1		1	1	1			
Botswana	1	1	1	1					1		1
Brazil	1	1		1	1	1	1	1	1	1	
Bulgaria	1	1			1	1	1				
Burkina Faso	1	1	1								
Burundi											
Cabo Verde	1			1	1						
Cambodia	1									1	
Cameroon	1	1	1	1	1				1	1	
Canada											
Central African Republic	1										
Chad		1	1	1					1		
Chile	1		1								
China			1	1	1	1	1		1		
Colombia	1	1	1		1		1	1	1		
Comoros											
Congo, DR			1						1		

Country	Targeting Social Protection	Wage Bill Cuts/Caps	Eliminating Subsidies	Privatization Public Services/SOEs	Pension Reform	Labor Flexi-bilization	Social Security Contributions/ Tax Wedge	Contain Health Expenditures	VAT	PPPs	Fees/Tariffs for Public Services
Congo, Rep.		1	1	1					1		1
Costa Rica	1	1		1	1	1	1		1	1	
Côte d'Ivoire	1			1					1	1	
Croatia		1		1	1	1					
Cuba											
Cyprus		1						1			
Czech Republic	1				1						
Denmark	1				1	1					
Djibouti	1					1					
Dominican Republic	1										
Ecuador	1	1	1	1	1	1	1	1	1	1	1
Egypt	1		1	1	1	1	1	1	1		
El Salvador		1	1		1				1	1	
Equatorial Guinea				1							
Eritrea											
Estonia	1				1					1	
Eswatini	1	1		1		1		1	1		
Ethiopia		1	1	1	1				1	1	1
Fiji	1		1	1		1			1		
Finland			1		1	1	1		1		
France		1	1		1		1				
Gabon	1	1	1	1		1			1	1	
Gambia	1	1	1	1	1					1	
Georgia	1	1	1	1	1		1		1	1	
Germany	1						1				
Ghana	1			1					1	1	
Greece	1	1		1	1	1	1		1		
Grenada	1										
Guatemala	1	1	1			1	1				
Guinea	1	1	1							1	1
Guinea-Bissau											
Guyana											
Haiti	1	1	1					1	1		
Honduras	1	1	1	1	1					1	1
Hungary	1	1							1		
Iceland				1		1					
India			1	1		1					
Indonesia	1		1			1			1	1	

Country	Targeting Social Protection	Wage Bill Cuts/Caps	Eliminating Subsidies	Privatization Public Services/SOEs	Pension Reform	Labor Flexi-bilization	Social Security Contributions/ Tax Wedge	Contain Health Expenditures	VAT	PPPs	Fees/Tariffs for Public Services
Iran, Islamic Rep.											
Iraq	1	1	1	1	1		1		1		1
Ireland	1	1									
Israel	1				1				1		
Italy	1	1	1	1	1	1	1		1		
Jamaica	1	1		1	1				1		
Japan	1				1	1			1		
Jordan	1	1	1		1	1	1			1	
Kazakhstan	1		1	1		1			1	1	
Kenya	1	1		1					1		
Kiribati											
Korea, Rep.	1		1		1	1			1		
Kosovo	1	1		1							
Kuwait	1	1	1	1	1	1	1		1	1	
Kyrgyz Republic	1	1	1	1					1		1
Lao P.D.R.											
Latvia	1										
Lebanon											
Lesotho		1			1						
Liberia	1	1	1								
Madagascar		1	1	1	1				1	1	1
Malawi		1							1		1
Malaysia	1	1	1		1	1	1			1	1
Maldives	1	1									
Mali	1		1						1	1	1
Mauritania	1		1	1					1	1	
Mauritius		1			1	1				1	
Mexico	1			1	1	1	1		1		
Micronesia											
Moldova	1	1	1	1	1	1	1	1	1	1	1
Mongolia	1	1	1	1	1		1			1	
Montenegro	1	1		1	1	1	1		1	1	
Morocco	1	1	1	1	1	1			1	1	
Mozambique	1	1				1			1		
Myanmar			1	1	1				1	1	1
Namibia		1		1							
Nepal	1	1				1				1	
Netherlands			1		1	1	1				

Country	Targeting Social Protection	Wage Bill Cuts/Caps	Eliminating Subsidies	Privatization Public Services/SOEs	Pension Reform	Labor Flexi-bilization	Social Security Contributions/ Tax Wedge	Contain Health Expenditures	VAT	PPPs	Fees/Tariffs for Public Services
New Zealand											
Nicaragua				1	1						
Niger	1			1					1	1	
Nigeria	1		1	1					1		1
North Macedonia	1	1	1		1	1	1		1	1	
Norway	1				1				1		
Oman	1	1	1	1	1	1			1	1	1
Pakistan	1		1	1		1					1
Panama			1		1	1				1	
Papua New Guinea		1		1							
Paraguay		1			1			1			
Peru	1	1			1	1	1		1	1	
Philippines				1	1						
Poland	1				1		1				
Portugal											
Qatar											
Romania	1	1		1	1				1		
Russian Federation	1		1	1	1		1		1	1	
Rwanda	1	1	1	1					1		1
Samoa	1		1				1		1		
San Marino	1	1			1	1	1	1	1		
São Tomé and Príncipe	1	1	1	1		1		1	1		1
Saudi Arabia	1	1		1		1			1	1	1
Senegal	1	1	1			1			1	1	
Serbia	1	1		1	1		1				
Seychelles	1	1	1	1	1				1		
Sierra Leone	1	1	1	1							
Singapore	1										
Slovak Republic	1	1			1		1		1		
Slovenia		1		1	1	1	1				
Solomon Islands	1	1		1					1		
Somalia	1	1			1						
South Africa	1	1	1	1		1					1
South Sudan		1									
Spain	1				1	1			1		
Sri Lanka	1	1	1	1	1				1		
St. Lucia	1	1				1			1		

Country	Targeting Social Protection	Wage Bill Cuts/Caps	Eliminating Subsidies	Privatization Public Services/SOEs	Pension Reform	Labor Flexi-bilization	Social Security Contributions/ Tax Wedge	Contain Health Expenditures	VAT	PPPs	Fees/Tariffs for Public Services
St. Vincent and the Grenadines		1							1		
Sudan			1	1							
Suriname	1	1	1	1					1	1	1
Sweden	1					1	1				
Switzerland	1				1	1			1		
Tajikistan	1		1	1							1
Tanzania											
Thailand	1				1	1			1	1	
Timor-Leste	1						1		1	1	
Togo	1			1					1	1	
Trinidad and Tobago	1		1	1					1		
Tunisia	1	1	1	1	1	1				1	1
Türkiye	1		1			1	1		1	1	
Turkmenistan											
Uganda	1										
Ukraine	1	1		1	1		1		1		
United Arab Emirates	1	1	1			1					
United Kingdom	1						1		1		
United States	1		1		1			1	1		
Uruguay	1			1	1	1	1				
Uzbekistan	1		1	1	1		1			1	1
Vanuatu	1			1							
Vietnam	1	1		1	1		1		1	1	
Zambia											
Zimbabwe			1								
Total	**120**	**91**	**80**	**79**	**74**	**60**	**47**	**18**	**86**	**55**	**28**

Source: Authors' analysis of 267 IMF country reports published in 2020-22

Note: The findings are based on the authors' interpretation of information contained in the IMF country reports; additionally, governments may not implement the austerity measures discussed in the IMF reports, actual outcomes require verification.

Annex 3. IMF Country Reports Reviewed, 2020-2022

A total of 267 country reports were reviewed in this update. The identification of possible adjustment measures considered by governments is inferred from policy discussions and other information contained in IMF country reports, which cover Article IV consultations, reviews conducted under lending arrangements (e.g. Stand-by Arrangements/SBA, Extended Credit Facility/ECF, Rapid Credit Facility/RCF, Flexible Credit Line Arrangement/FCL, Rapid Financing Instrument/RFI) and consultations under non-lending arrangements (e.g. Staff Monitored Programs) as well as other information publicly available on the IMF website. All country reports included in this study were published between January 2020 and April 2022. The complete list, which includes the report number and publication date, is provided below.

Country	Region	Income group	Report	Report type	Date published
Afghanistan	South Asia	LIC	21/138	First Review Under the ECF	June 28, 2021
Afghanistan	South Asia	LIC	19/382	Article IV	December 19, 2019
Afghanistan	South Asia	LIC	20/143	RFD under RCF	April 29, 2020
Albania	Europe & Central Asia	UMIC	20/118	RFP under RFI	April 10, 2020
Albania	Europe & Central Asia	UMIC	21/259	Article IV	December 7, 2021
Algeria	Middle East & North Africa	LMIC	21/253	Article IV	December 2, 2021
Angola	Sub Saharan Africa	LMIC	22/11	Article IV Consultation and Six Review under the Extended Arrangement	January 18, 2022
Angola	Sub Saharan Africa	LMIC	21/17	Review under EFF	Jan 2021
Argentina	Latin America & Caribbean	UMIC	22/92	Article IV Consultation and request for an Extended Arrangement	March 25, 2022
Armenia	Europe & Central Asia	UMIC	20/176	Second Review Under SBA	May 18, 2020
Armenia	Europe & Central Asia	UMIC	21/273	Article IV Consultation, Fourth and Fifth Reviews SBA	December 21, 2021
Australia	East Asia & Pacific	HIC	21/255	Article IV	December 6, 2021
Austria	Europe & Central Asia	HIC	21/203	Article IV	September 9, 2021
Azerbaijan	Europe & Central Asia	UMIC	21/278	Article IV	December 22, 2021
Bahamas	Latin America & Caribbean	HIC	19/198	Article IV	July 1, 2019
Bahamas	Latin America & Caribbean	HIC	20/191	RFP under RFI	June 1, 2020
Bahamas	Latin America & Caribbean	HIC	21/24	Article IV	January 28, 2021
Bangladesh	South Asia	LMIC	19/299	Article IV	September 18, 2019
Bangladesh	South Asia	LMIC	20/187	RFD under RCF and RFP under RFI	May 29, 2020
Bangladesh	South Asia	LMIC	22/71	Article IV	March 7, 2022
Barbados	Latin America & Caribbean	HIC	19/370	Article IV	December 16, 2019
Barbados	Latin America & Caribbean	HIC	20/192	Review under EFF	June 3, 2020
Barbados	Latin America & Caribbean	HIC	21/268	Article IV Consultation, Sixth Review Under the Extended Arrangement	December 17, 2021
Belarus	Europe & Central Asia	UMIC		n.a.	n.a.
Belgium	Europe & Central Asia	HIC	20/91	Article IV	March 31, 2020
Belgium	Eurrope & Central Asia	HIC	21/209	Atrticle IV	September 15, 2021
Benin	Sub Saharan Africa	LMIC	19/203	Article IV	June 24, 2019
Benin	Sub Saharan Africa	LMIC	20/175	Sixth Review under ECF	May 15, 2020
Benin	Sub Saharan Africa	LMIC	21/14	Requests for Disbursement Under the RCF	January 19, 2021
Bhutan	South Asia	LMIC		n.a.	n.a.
Bolivia	Latin America & Caribbean	LMIC	21/180	Article IV	August 4, 2021
Bosnia & Herzegovina	Europe & Central Asia	UMIC	20/126	RFP under RFI	April 20, 2020
Bosnia & Herzegovina	Europe & Central Asia	UMIC	21/43	Article IV	February 26, 2021
Botswana	Sub Saharan Africa	UMIC	21/98	Article IV	June 2021
Botswana	Sub Saharan Africa	UMIC	20/78	Article IV	March 2020
Brazil	Latin America & Caribbean	UMIC	21/217	Article IV	September 22, 2021
Bulgaria	Europe & Central Asia	UMIC	21/27	Article IV	February 1, 2021
Burkina Faso	Sub Saharan Africa	LIC	20/130	RFD under RCF and Rephasing of Access under ECF	April 14, 2020
Burundi	Sub Saharan Africa	LIC	20/224	Request for debt relief	July 2020

Country	Region	Income group	Report	Report type	Date published
Cabo Verde	Sub Saharan Africa	LMIC	19/255	Article IV	July 15, 2019
Cabo Verde	Sub Saharan Africa	LMIC	20/136	RFD under RCF	April 22, 2020
Cambodia	East Asia & Pacific	LMIC	21/260	Article IV	December 9, 2021
Cameroon	Sub Saharan Africa	LMIC	20/48	Fifth Review under ECF	January 22, 2020
Cameroon	Sub Saharan Africa	LMIC	20/185	RFD under RCF and Extension of ECF	May 4, 2020
Cameroon	Sub Saharan Africa	LMIC	22/75	Article IV Consultation and First Reviews Under the ECF	March 11, 2022
Canada	North America	HIC	21/54	Article IV	March 18, 2021
Central African Republic	Sub Saharan Africa	LIC	20/137	RFD under RCF	April 20, 2020
Chad	Sub Saharan Africa	LIC	19/258	Article IV	July 3, 2019
Chad	Sub Saharan Africa	LIC	20/231	RFD under RCF	July 22, 2020
Chad	Sub Saharan Africa	LIC	21/267	Request for a Three-Year Arrangement under ECF	December 15, 2021
Chile	Latin America & Caribbean	HIC	20/183	RFA under FCL	May 29, 2020
Chile	Latin America & Caribbean	HIC	21/92	Review Under the FCL	May 21, 2021
China	East Asia & Pacific	UMIC	22/21	Article	January 28, 2022
Colombia	Latin America & Caribbean	UMIC	20/104	Article IV	April 17, 2020
Colombia	Latin America & Caribbean	UMIC	20/148	Request for FCL	May 1, 2020
Colombia	Latin America & Caribbean	UMIC	22/97	Article IV	April 4, 2022
Comoros	Sub Saharan Africa	LMIC	22/32	First review under SMP	February 1, 2022
Congo DR	Sub Saharan Africa	LIC	19/285	Article IV	September 3, 2019
Congo DR	Sub Saharan Africa	LIC	20/146	RFD under RCF	April 22, 2020
Congo DR	Sub Saharan Africa	LIC	22/3	First review under ECF	January 5, 2022
Congo, Rep.	Sub Saharan Africa	LMIC	20/26	Article IV	January 17, 2020
Congo, Rep.	Sub Saharan Africa	LIC	21/225	Article IV	October 5, 2021
Costa Rica	Latin America & Caribbean	UMIC	20/145	RFP under RFI	April 29, 2020
Costa Rica	Latin America & Caribbean	UMIC	22/93	First and Second Reviews Under the EFC	March 25, 2022
Cote d'Ivoire	Sub Saharan Africa	LMIC	20/132	RFD under RCF and RFP under RFI	April 17, 2020
Cote d'Ivoire	Sub Saharan Africa	LMIC	21/170	Article IV	August 13, 2021
Croatia	Europe & Central Asia	HIC	21/205	Article IV	September 1, 2021
Cuba	Latin America & Caribbean	UMIC		n.a.	n.a.
Cyprus	Europe & Central Asia	HIC	21/125	Atrticle IV	June 16, 2021
Czech Republic	Europe & Central Asia	HIC	22/23	Article IV	January 27, 2022
Denmark	Europe & Central Asia	HIC	21/112	Article IV	June 14, 2021
Djibouti	Middle East & North Africa	LMIC	19/314	Article IV	September 30, 2019
Djibouti	Middle East & North Africa	LMIC	20/159	RFD under RCF	May 8, 2020
Dominican Republic	Latin America & Caribbean	UMIC	19/273	Article IV	June 5, 2019
Dominican Republic	Latin America & Caribbean	UMIC	20/154	RFP under RFI	April 29, 2020
Ecuador	Latin America & Caribbean	UMIC	19/81	Article IV	March 21, 2019
Ecuador	Latin America & Caribbean	UMIC	19/379	Review under EFF	December 19, 2019
Ecuador	Latin America & Caribbean	UMIC	20/178	RFP under RFI	May 1, 2020
Ecuador	Latin America & Caribbean	UMIC	21/228	Article IV Consultation, Second and Third Reviews EFC	October 7, 2021
Egypt	Middle East & North Africa	LMIC	20/271	RFP under RFI	May 11, 2020
Egypt	Middle East & North Africa	LMIC	20/266	Request for SBA	June 26, 2020
Egypt	Middle East & North Africa	LMIC	21/173	Article IV	July 22, 2021
El Salvador	Latin America & Caribbean	LMIC	22/20	Article IV	January 28, 2022
Equatorial Guinea	Sub Saharan Africa	UMIC	21/219	RFI	September 27, 2021
Eritrea	Sub Saharan Africa	LIC		n.a.	n.a.
Estonia	Europe & Central Asia	HIC	21/160	Article IV	July 21, 2021
Eswatini	Sub Saharan Africa	LMIC	20/229	Request for disbursement under RCF	July 29, 2020
Eswatini	Sub Saharan Africa	LMIC	20/41	Article IV	January 31, 2020
Ethiopia	Sub Saharan Africa	LIC	20/29	Article IV	January 28, 2020
Ethiopia	Sub Saharan Africa	LIC	20/150	RFP under RFI and Rephasing of Access under ECF and EFF	April 30, 2020
Fiji	East Asia & Pacific	UMIC	21/257	Article IV	December 3, 2021
Finland	Europe & Central Asia	HIC	22/25	Article IV	January 31, 2022
France	Europe & Central Asia	HIC	22/18	Article IV	January 26, 2022
Gabon	Sub Saharan Africa	UMIC	19/389	Article IV	December 16, 2019
Gabon	Sub Saharan Africa	UMIC	20/109	RFP under RFI	April 9, 2020
Gabon	Sub Saharan Africa	UMIC	21/189	Request for a Three-Year Extended Arrangement ECF	August 26, 2021

Country	Region	Income group	Report	Report type	Date published
Gambia	Sub Saharan Africa	LIC	20/119	RFD under RCF	April 15, 2020
Gambia	Sub Saharan Africa	LIC	21/265	Article IV Consultation, Third Review under the ECF	December 10, 2021
Georgia	Europe & Central Asia	UMIC	20/149	Sixth Review Under ECF	May 1, 2020
Georgia	Europe & Central Asia	UMIC	21/215	Article IV	September 21, 2021
Germany	Europe & Central Asia	HIC	21/153	Article IV	July 20, 2021
Ghana	Sub Saharan Africa	LMIC	19/367	Article IV	December 12, 2019
Ghana	Sub Saharan Africa	LMIC	20/110	RFD under RCF	April 13, 2020
Ghana	Sub Saharan Africa	LMIC	21/165	Article IV	July 23, 2021
Greece	Europe & Central Asia	HIC	21/154	Article IV	July 16, 2021
Grenada	Latin America & Caribbean	UMIC	20/161	RFD under RCF	April 28, 2020
Guatemala	Latin America & Caribbean	UMIC	20/201	RFP under RFI	June 10, 2020
Guatemala	Latin America & Caribbean	UMIC	21/111	Article IV	June 11, 2021
Guinea	Sub Saharan Africa	LIC	20/111	Fourth Review Under the ECF	April 1, 2020
Guinea	Sub Saharan Africa	LIC	20/218	RFD under RCF	June 19, 2020
Guinea	Sub Saharan Africa	LIC	21/146	Article IV	July 1, 2021
Guinea Bissau	Sub Saharan Africa	LIC		n.a.	n.a.
Guyana	Latin America & Caribbean	UMIC		n.a.	n.a.
Haiti	Latin America & Caribbean	LMIC	20/121	Article IV	April 2, 2020
Haiti	Latin America & Caribbean	LMIC	20/123	RFD under RCF	April 17, 2020
Honduras	Latin America & Caribbean	LMIC	19/236	Article IV	July 15, 2019
Honduras	Latin America & Caribbean	LMIC	20/186	Second Review Under SBA	June 1, 2020
Honduras	Latin America & Caribbean	LMIC	21/207	Fourth Reviews Under SBA	September 14, 2021
Hungary	Europe & Central Asia	HIC	21/135	Article IV	June 29, 2021
Iceland	Europe & Central Asia	HIC	21/106	Article IV	June 8, 2021
India	South Asia	LMIC	21/230	Article IV	October 15, 2021
Indonesia	East Asia & Pacific	LMIC	22/84	Article IV	March 22, 2022
Iran, Islamic Rep.	Middle East & North Africa	LMIC		n.a.	n.a.
Iraq	Middle East & North Africa	UMIC	21/38	Article IV	February 11, 2021
Ireland	Europe & Central Asia	HIC	21/123	Article IV	June 16, 2021
Israel	Europe & Central Asia	HIC	22/81	Article IV	March 21, 2022
Italy	Europe & Central Asia	HIC	20/79	Article IV	March 18, 2020
Italy	Europe & Central Asia	HIC	21/101	Article IV	June 2, 2021
Jamaica	Latin America & Caribbean	UMIC	20/167	RFP under RFI	May 15, 2020
Jamaica	Latin America & Caribbean	UMIC	22/43	Article IV	February 15, 2022
Japan	East Asia & Pacific	HIC	22/99	Article IV	April 6, 2022
Jordan	Middle East & North Africa	UMIC	20/101	Article IV	April 10, 2020
Jordan	Middle East & North Africa	UMIC	20/180	RFP under RFI	May 21, 2020
Jordan	Middle East & North Africa	UMIC	22/4	Third Review under the ECF	January 6, 2022
Kazakhstan	Europe & Central Asia	UMIC	22/113	Article IV	April 11, 2022
Kenya	Sub Saharan Africa	LMIC	20/156	RFD under RCF	May 6, 2020
Kenya	Sub Saharan Africa	LMIC	21/275	Article IV	December 1, 2021
Kiribati	East Asia & Pacific	LMIC		n.a.	n.a.
Korea, Rep.	East Asia & Pacific	HIC	22/86	Article IV	March 28, 2022
Kosovo	Europe & Central Asia	UMIC	20/112	RFP under RFI	April 10, 2020
Kosovo	Europe & Central Asia	UMIC	22/5	Article IV	January 12, 2022
Kuwait	Middle East & North Africa	HIC	20/89	Article IV	March 30, 2020
Kuwait	Middle East & North Africa	HIC	22/89	Article IV	March 28, 2022
Kyrgyz Republic	Europe & Central Asia	LMIC	20/90	RFP under RFI and RFD under RCF	March 26, 2020
Kyrgyz Republic	Europe & Central Asia	LMIC	20/158	RFP under RFI and RFD under RCF	May 8, 2020
Kyrgyz Republic	Europe & Central Asia	LMIC	21/174	Article IV	August 2, 2021
Lao PDR	East Asia & Pacific	LMIC		n.a.	n.a.
Latvia	Europe & Central Asia	HIC	21/194	Article IV	September 2, 2021
Lebanon	Middle East & North Africa	UMIC		n.a.	n.a.
Lesotho	Sub Saharan Africa	LMIC	20/228	RFD under RCF and RFP under RFI	July 29, 2020
Liberia	Sub Saharan Africa	LIC	20/202	RFD under RCF	June 5, 2020
Madagascar	Sub Saharan Africa	LIC	20/60	Article IV and Sixth Review Under ECF	January 30, 2020
Madagascar	Sub Saharan Africa	LIC	20/100	RFD under RCF	April 3, 2020
Madagascar	Sub Saharan Africa	LIC	21/75	Request for ECF	April 1, 2021
Madagascar	Sub Saharan Africa	LIC	20/268	Request for disbursement under RCF	August 1, 2020
Madagascar	Sub Saharan Africa	LIC	22/79	First review under ECF	March 1, 2022

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Malawi	Sub Saharan Africa	LIC	20/168	RFD under RCF	May 1, 2020
Malawi	Sub Saharan Africa	LIC	21/269	Article IV	December 1, 2021
Malaysia	East Asia & Pacific	UMIC	20/57	Article IV	February 7, 2020
Malaysia	East Asia & Pacific	UMIC	21/53	Article IV	March 17, 2021
Maldives	South Asia	UMIC	20/133	RFD under RCF	April 22, 2020
Mali	Sub Saharan Africa	LIC	20/8	First Review under ECF	January 8, 2020
Mali	Sub Saharan Africa	LIC	20/153	RFD under RCF	April 30, 2020
Mauritania	Sub Saharan Africa	LMIC	20/140	RFD under RCF	April 23, 2020
Mauritania	Sub Saharan Africa	LMIC	21/52	Sixth Review Under the ECF	March 11, 2021
Mauritius	Sub Saharan Africa	UMIC	21/139	Article IV	June 28, 2021
Mexico	Latin America & Caribbean	UMIC	21/240	Artcile IV	November 5, 2021
Micronesia	East Asia & Pacific	LMIC		n.a.	n.a.
Moldova	Europe & Central Asia	UMIC	20/76	Article IV and Sixth Review ECF	March 18, 2020
Moldova	Europe & Central Asia	UMIC	20/129	RFD under RCF and RFP under RFI	April 17, 2020
Moldova	Europe & Central Asia	UMIC	22/1	rticle IV and Requests for an Arrangement under ECF	January 4, 2022
Mongolia	East Asia & Pacific	LMIC	19/297	Article IV	September 11, 2019
Mongolia	East Asia & Pacific	LMIC	20/205	RFP under RFI	June 3, 2020
Mongolia	East Asia & Pacific	LMIC	21/251	Article IV	November 29, 2021
Montenegro	Europe & Central Asia	UMIC	19/293	Article IV	September 6, 2019
Montenegro	Europe & Central Asia	UMIC	20/210	RFP under RFI	June 24, 2020
Montenegro	Europe & Central Asia	UMIC	22/60	Article IV	February 24, 2022
Morocco	Middle East & North Africa	LMIC		Article IV	February 9, 2022
Mozambique	Sub Saharan Africa	LIC	20/141	RFD uncer RCF	April 24, 2020
Myanmar	East Asia & Pacific	LMIC	20/88	Article IV	March 26, 2020
Myanmar	East Asia & Pacific	LMIC	20/215	RFD under RCF and RFP under RFI	June 26, 2020
Myanmar	East Asia & Pacific	LMIC	21/26	RCF and Purchase Under the RFI	January 28, 2021
Namibia	Sub Saharan Africa	UMIC	21/076	Request for purchase under RFI	April 1, 2021
Nepal	South Asia	LMIC	20/96	Article IV	April 6, 2020
Nepal	South Asia	LMIC	20/155	RFD under RCF	May 6, 2020
Nepal	South Asia	LMIC	22/24	Request for ECF	January 27, 2022
Netherlands	Europe & Central Asia	HIC: OECD	21/243	Article IV	November 15, 2021
New Zealand	East Asia & Pacific	HIC	21/88	Article IV	May 5, 2021
Nicaragua	Latin America & Caribbean	LMIC	20/307	Requests for Purchase under the RFI and Disbursement RCF	November 20, 2020
Niger	Sub Saharan Africa	LIC	20/128	RFD under RCF and Rephasing of Access under ECF	April 14, 2020
Niger	Sub Saharan Africa	LIC	21/271	Request for ECF	December 20, 2021
Nigeria	Sub Saharan Africa	LMIC	20/142	RFP under RFI	April 28, 2020
Nigeria	Sub Saharan Africa	LMIC	22/33	Article IV	February 9, 2022
North Macedonia	Europe & Central Asia	UMIC	20/24	Article IV	January 27, 2020
North Macedonia	Europe & Central Asia	UMIC	20/113	RFP under RFI	April 10, 2020
North Macedonia	Europe & Central Asia	UMIC	22/47	Article IV	February 16, 2022
Norway	Europe & Central Asia	HIC	21/104	Article IV	June 10, 2021
Oman	Middle East & North Africa	HIC	21/206	Artcile IV	September 12, 2021
Pakistan	South Asia	LMIC	20/114	RFP under RFI	April 16, 2020
Pakistan	South Asia	LMIC	22/27	Article IV Consultation, Sixth Review Under the ECF	February 4, 2022
Panama	Latin America & Caribbean	UMIC	20/124	Article IV	March 24, 2020
Panama	Latin America & Caribbean	UMIC	20/147	RFP under RFI	April 16, 2020
Panama	Latin America & Caribbean	UMIC		Article IV	July 30, 2021
Papua New Guinea	East Asia & Pacific	LMIC	20/95	Article IV	April 6, 2020
Papua New Guinea	East Asia & Pacific	LMIC	20/211	RFD under RCF	June 9, 2020
Papua New Guinea	East Asia & Pacific	LMIC	22/55	Request for a Staff-Monitored Program	February 22, 2022
Paraguay	Latin America & Caribbean	UMIC	20/127	RFP under RFI	April 21, 2020
Paraguay	Latin America & Caribbean	UMIC	21/45	Article IV	March 4, 2021
Peru	Latin America & Caribbean	UMIC	20/3	Article IV	January 14, 2020
Peru	Latin America & Caribbean	UMIC	20/181	RFA under FCL	May 28, 2020
Peru	Latin America & Caribbean	UMIC	21/63	Article IV	March 24, 2021
Philippines	East Asia & Pacific	LMIC	21/177	Article IV	August 6, 2021
Poland	Europe & Central Asia	HIC	22/58	Article IV	February 24, 2022
Portugal	Europe & Central Asia	HIC		n.a.	n.a.

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Qatar	Middle East & North Africa	HIC		n.a.	n.a.
Romania	Europe & Central Asia	UMIC	21/190	Article IV	August 27, 2021
Russian Federation	Europe & Central Asia	UMIC	21/36	Article IV	February 9, 2021
Rwanda	Sub Saharan Africa	LIC	20/115	RFD under RCF	April 2, 2020
Rwanda	Sub Saharan Africa	LIC	20/207	RFD under RCF	June 11, 2020
Rwanda	Sub Saharan Africa	LIC	22/7	Article IV	Jan 2022
Samoa	East Asia & Pacific	LMIC	20/138	RFD under RCF	April 24, 2020
Samoa	East Asia & Pacific	LMIC	21/56	Article IV	March 19, 2021
San Marino	Europe & Central Asia	HIC	20/93	Article IV	April 2, 2020
Sao Tome and Principe	Sub Saharan Africa	LMIC	20/139	RFD under RCF	April 21, 2020
Sao Tome and Principe	Sub Saharan Africa	LMIC	20/232	First Review under ECF	July 27, 2020
Sao Tome and Principe	Sub Saharan Africa	LMIC	22/95	Article IV Consultation; Fourth Review ECF	April 4, 2022
Saudi Arabia	Middle East & North Africa	HIC	21/149	Article IV	July 8, 2021
Senegal	Sub Saharan Africa	LMIC	20/108	RFD under RCF and RFP under RFI	April 13, 2020
Senegal	Sub Saharan Africa	LMIC	20/225	First Review under the Policy Coordination Instrument	July 17, 2020
Senegal	Sub Saharan Africa	LMIC	22/8	Article IV Consultation, Fourth Review Under the Policy Coordination Instrument, First Review SBA	January 14, 2022
Serbia	Europe & Central Asia	UMIC	21/132	Article IV	June 21, 2021
Seychelles	Sub Saharan Africa	HIC	20/170	RFP under RFI	May 8, 2020
Seychelles	Sub Saharan Africa	HIC	22/6	First Review under the ECF	January 13, 2022
Sierra Leone	Sub Saharan Africa	LIC	20/116	Article IV and Second Review Under ECF	April 3, 2020
Sierra Leone	Sub Saharan Africa	LIC	20/196	RFD under RCF	June 3, 2020
Sierra Leone	Sub Saharan Africa	LIC	21/183	Third and Fourth Reviews ECF	August 13, 2021
Singapore	East Asia & Pacific	HIC	21/156	Article IV	July 16, 2021
Slovak Republic	Europe & Central Asia	HIC	21/133	Article IV	June 21, 2021
Slovenia	Europe & Central Asia	HIC	21/94	Article IV	May 25, 2021
Solomon Islands	East Asia & Pacific	LMIC	20/49	Article IV	February 18, 2020
Solomon Islands	East Asia & Pacific	LMIC	20/190	RFP under RFI and RFD under RCF	June 1, 2020
Solomon Islands	East Asia & Pacific	LMIC	22/14	Article IV	January 21, 2022
Somalia	Sub Saharan Africa	LIC	20/85	Second Review Under Staff Monitored Program and Request ECF and EFF	March 25, 2020
Somalia	Sub Saharan Africa	LIC	20/310	First review under ECF	November 1, 2020
South Africa	Sub Saharan Africa	UMIC	20/33	Article IV	January 30, 2020
South Africa	Sub Saharan Africa	UMIC	20/226	RFP Under RFI	July 27, 2020
South Africa	Sub Saharan Africa	UMIC	22/037	Article IV	February 1, 2022
South Sudan	Sub Saharan Africa	LIC	21/246	First review under SMP	November 15, 2021
Spain	Europe & Central Asia	HIC	22/45	Article IV	February 16, 2022
Sri Lanka	South Asia	LMIC	22/91	Article IV	March 25, 2022
St Lucia	Latin America & Caribbean	UMIC	20/54	Article IV	February 24, 2020
St Lucia	Latin America & Caribbean	UMIC	20/157	RFD under RCF	April 28, 2020
St Vincent & Grenadines	Latin America & Caribbean	UMIC	20/179	RFD under RCF	May 20, 2020
Sudan	Sub Saharan Africa	LIC	20/289	Staff-Monitored Program	October 23, 2020
Suriname	Latin America & Caribbean	UMIC		First Review under the EFF	March 25, 2022
Sweden	Europe & Central Asia	HIC	20/151	RFD under RCF	May 6, 2020
Sweden	Europe & Central Asia	HIC	21/61	Article IV	March 25, 2021
Switzerland	Europe & Central Asia	HIC: OECD	21/130	Article IV	June 21, 2021
Tajikistan	Europe & Central Asia	LMIC	20/151	RFD under RCF	May 6, 2020
Tajikistan	Europe & Central Asia	LMIC	22/53	Article IV	February 18, 2022
Tanzania	Sub Saharan Africa	LMIC	21/254	Request for disbursement RCF	December 1, 2021
Tanzania	Sub Saharan Africa	LMIC	21/213	Request for disbursement RCF	September 1, 2021
Thailand	East Asia & Pacific	UMIC	21/97	Article IV	June 3, 2021
Timor Leste	East Asia & Pacific	LMIC	21/152	Article IV	July 14, 2021
Togo	Sub Saharan Africa	LIC	20/107	Sixth Review under the ECF	April 3, 2020
Trinidad Tobago	Latin America & Caribbean	HIC	22/73	Article IV	March 10, 2022
Tunisia	Middle East & North Africa	LMIC	20/103	RFP under RFI	April 10, 2020
Tunisia	Middle East & North Africa	LMIC	21/44	Article IV	February 26, 2021
Türkiye	Europe & Central Asia	UMIC	21/110	Article IV	June 11, 2021
Turkmenistan	Europe & Central Asia	UMIC		n.a.	n.a.
Uganda	Sub Saharan Africa	LIC	20/165	RFD under RCF	May 6, 2020
Uganda	Sub Saharan Africa	LIC	21/141	Request for ECF	June 2021

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Uganda	Sub Saharan Africa	LIC	22/077	First review under ECF	March 1, 2022
Ukraine	Europe & Central Asia	LMIC	20/197	Request for SBA	June 9, 2020
Ukraine	Europe & Central Asia	LMIC	21/250	First Review Under the SBA	November 24, 2021
United Arab Emirates	Middle East & North Africa	HIC	22/50	Article IV	February 17, 2022
United Kingdom	Europe & Central Asia	HIC	. 22/56	Article IV	February 23, 2022
United States	North America	HIC	21/162	Article IV	July 22, 2021
Uruguay	Latin America & Caribbean	HIC	22/16	Article IV	January 25, 2022
Uzbekistan	Europe & Central Asia	LMIC	20/171	RFD under RCF and RFP under RFI	May 18, 2020
Uzbekistan	Europe & Central Asia	LMIC	21/085	Article IV	April 26, 2021
Vanuatu	East Asia & Pacific	LMIC	21/208	Article IV	September 14, 2021
Vietnam	East Asia & Pacific	LMIC	21/42	Article IV	March 1, 2021
Zambia	Sub Saharan Africa	LMIC	n.a.	n.a.	n.a.
Zimbabwe	Sub Saharan Africa	LMIC	22/112	Article IV	April 1, 2022

* based on World Bank country classification for fiscal year 2021-22