ADDING FUEL TO FIRE

How IMF demands for austerity will drive up inequality worldwide

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The COVID-19 pandemic has dealt a huge blow to every country, and many governments have struggled to meet their populations' urgent needs during the crisis. The International Monetary Fund (IMF) has stepped in to offer extra support to a large number of countries during the pandemic. However, Oxfam's analysis shows that as of 15 March 2021, 85% of the 107 COVID-19 loans negotiated between the IMF and 85 governments indicate plans to undertake austerity once the health crisis abates. The findings in this briefing paper show that the IMF is systematically encouraging countries to adopt austerity measures once the pandemic subsides, risking a severe spike in already increased inequality levels. A variety of studies have revealed the uneven distribution of the burden of austerity, which is more likely to be shouldered by women, low-income households and vulnerable groups, while the wealth of the richest people increases. Oxfam joins global institutions and civil society in urging governments worldwide and the IMF to focus their energies instead on a people-centred, just and equal recovery that will fight inequality and not fuel it. Austerity will not 'build back better'.

This paper was written by Nona Tamale. The production of this paper was overseen by Nabil Abdo. Oxfam acknowledges the assistance of Nadia Daar, Max Lawson, and Fiana Arbab. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

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Cover photo: A man sells beans in Ein al Basha vegetable market, Amman, Jordan.
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SUMMARY

Oxfam analysis has found that 85% of the 107 loans negotiated between the International Monetary Fund (IMF) and 85 national governments to respond to the COVID-19 crisis indicate plans to undertake fiscal consolidation, i.e. austerity, during the recovery period. This trend has been observed in the loan documents for 73 of the 85 countries. Oxfam, using publicly available IMF documents, tracked and analyzed these IMF loans approved between 1 March 2020 and 15 March 2021 to gain an understanding of the policy direction that the IMF and countries intend to take in the aftermath of this unprecedented crisis.

As of 15 March 2021, 85% of the 107 COVID-19 loans negotiated between the IMF and 85 governments indicate plans to undertake austerity once the health crisis abates.

Half a billion people are at risk of being pushed into poverty as a result of the pandemic.[1] From the outset, the IMF has warned that the impact of COVID-19 'will be profound [...] with increased inequality leading to economic and social upheaval'.[2] This has been confirmed by Oxfam's research revealing that in in 2020, billionaires' wealth increased by a staggering $3.9 trillion,[3] while workers lost $3.7 trillion in labour income during the same period.[4] The gap between the top 10% and bottom 80% has widened, and inequalities between high- and low-income countries have become more pronounced,[5] especially in light of the diverging recoveries, as rich countries are recovering faster while low- and middle-income countries are still struggling to secure vaccines for their populations.[6] The pandemic has aggravated existing inequalities, disproportionately affecting Black people, women, people living in poverty and other vulnerable groups, including refugees, migrants, people with disabilities, older people and Indigenous Peoples.[7] The International Labour Organization reports that the ongoing pandemic has had a more drastic impact on global labour markets than the global financial crisis of 2008, increasing global unemployment almost sevenfold in 2020 and resulting in a significant fall in employment incomes. Both of these outcomes have been unequally felt by women – who faced at least $800bn in lost income globally in 2020[8] – especially those on low pay and workers in low-skilled jobs.[9]

While the IMF's initial advice to governments was to spend as much as required to mitigate the severe impacts of the crisis, Oxfam's research finds that the IMF is encouraging countries to go down the path of austerity after the pandemic subsides. The IMF has historically advised countries facing high deficits and debt levels to adopt fiscal consolidation, despite strong criticism from other global actors, civil society and academia about its dangers, in particular that it has been shown to fuel inequality,[10] a finding consistent with the IMF's own research.[11]

Oxfam's analysis of IMF loans finds that 26 governments, primarily in Africa and the Latin American and Caribbean regions, had plans to commence or resume fiscal consolidation as early as 2020 and 2021. The most commonly proposed austerity measures in the IMF loans include wage bill cuts and freezes (31 countries), increases to or the introduction of value-added tax (VAT) (14 countries), and general public expenditure cuts (55 countries).

The burden of austerity is unevenly distributed across society. The most severe impacts are likely to be borne by the same sections of society that have been adversely affected by the pandemic – women, low earners and vulnerable groups. Resorting to austerity risks undoing even more of the pre-pandemic progress towards realizing the Sustainable Development Goals (SDGs), especially SDGs 1 and 10 on ending poverty and inequality, respectively. COVID-19 has already increased inequality in countries across the world; austerity would make this worse.

This paper reiterates the call to the IMF by global actors, civil society and academics to heed its own research and advise governments to adopt alternative policy options to 'build back better'.[12] These include progressive taxation through wealth taxes and capital gains taxes, the removal of tax exemptions that favour rich people, and tackling illicit financial flows such as tax evasion.[13] On the expenditure side, drawing lessons from both previous crises and the current crisis, the IMF ought to encourage governments to increase social spending as a permanent measure. Governments should focus on a people-centred recovery through redistributive policies such as free, quality, universal healthcare and education and universal social protection. This is essential given that the full-blown scale of the pandemic and its long-term impacts are yet to be understood, with many countries still struggling to contain the spread of the disease over a year after its outbreak.

1 INTRODUCTION

The COVID-19 pandemic has dealt a multi-dimensional blow to the world and affected all countries. Its impact on the lives of people, health systems and the stability of economies has been dire. With over 4m deaths worldwide at the time of publication[14] and half a billion people at risk of being pushed into poverty,[15] the crisis has exposed our collective frailty and the inability of our deeply unequal economy to work for all. Oxfam and Development Finance International's 2020 Commitment to Reducing Inequality Index showed that most countries were ill-prepared to face this crisis: only one in six countries were spending enough on health; only a third of the global workforce had adequate social protection; and, in more than 100 countries, at least one in three workers had no labour protection such as sick pay. While wealthy people have only gotten richer through the pandemic, globally, extreme poverty is expected to rise for the first time in 20 years. Experts predict that for the first time in recorded history, inequality will rise in virtually every country on earth.[16] The pandemic has exacerbated existing inequalities: women have been most adversely affected by the economic shock and are at higher risk of falling into extreme poverty than men. This is a result of job losses, as the sectors in which women are predominantly employed were the hardest hit – resulting in a loss of at least $800bn in income for women globally in 2020 – and an increase in their unpaid care workload.[17] Lockdowns imposed by governments to respond to the pandemic and the economic disruptions caused by COVID-19 to the global economy have taken a huge toll on workers. The ILO estimated that labour income loss in 2020 amounted to $3.7 trillion, and to $1.3 trillion in the first two quarters of 2021.[18] Black people, people living in poverty and other vulnerable groups – including refugees, migrants, older people, Indigenous Peoples and those with disabilities – have suffered disproportionately.[19] Similarly, children from lower-income households have faced more disruption to their education, especially girls, who are at higher risk of never returning to school.[20] During the pandemic, the LGBTQIA+ community has been disproportionately affected by homelessness, barriers to accessing health services and criminalization.[21]

Governments are struggling to meet their urgent health needs while keeping economies afloat during a time when most countries have had no choice but to impose lockdowns on economic activity. To support governments, multilateral financial efforts were initiated on several fronts early in the pandemic, with the IMF, whose mandate includes supporting countries to solve their balance of payments problems, at the forefront. The IMF pledged its $1 trillion lending capacity to offer financial assistance to countries facing urgent liquidity crises.[22] Predominantly through its emergency lending facilities, the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI), and augmentation of ongoing traditional loan programmes,[23] the IMF has lent to over 80 countries, primarily to support pandemic-related expenditures. Other instruments employed during this period include the Precautionary Liquidity Line (PLL) and the Flexible Credit Line (FCL).[24]

This briefing paper presents the findings from Oxfam's review of IMF COVID-19 loans disbursed from 1 March 2020 to 15 March 2021. One of the key findings highlighted is that the IMF has **recommended fiscal consolidation during the recovery period** as a solution to increasing debt levels and fiscal deficits for 73 countries (see Annex 1). This is proposed to be implemented through various fiscal measures, including indirect taxes, wage bill cuts or freezes, pension reforms, subsidy reforms and cuts in public investment, among others.

As was seen during the global financial crisis of 2008, the initial response of the IMF to the COVID-19 crisis was a push for countries to spend and provide stimulus, particularly encouraging increased health and social spending.[25] However, our analysis reveals that the IMF – as in the aftermath of the 2008 financial crisis – appears to be encouraging countries to embark on the path of fiscal consolidation once the pandemic subsides. This is alarming considering the body of evidence on the social and economic harms of fiscal austerity in the aftermath of a crisis in which millions of people have already sunk deeper into poverty. With poverty and inequality on the rise, austerity is bound to further widen the gap both between and within countries.[26] The IMF's own staff asserted that 'severe austerity measures were associated with inequality increases three times greater than expansive fiscal policy following a pandemic'.[27] Promoting austerity will mean that the most vulnerable people and the middle classes, who are bearing the brunt of the crisis, are also likely to pay for the recovery. This comes at a time where it only took nine months for the fortunes of the world's top 1,000 billionaires to return to their pre-pandemic highs, while for the world's poorest people, recovery could take more than a decade.[28] The world, especially lower- and middle-income countries, stands at an inflection point: governments can either exacerbate and fuel these inequalities by taking the path of austerity, or enact the necessary measures to reduce inequalities through taxing rich people to fund the economic recovery.

The IMF's push for austerity in the COVID-19 recovery period has been widely criticized.[29] In October 2020 there was a major civil society push against IMF-backed austerity, including through the release of research[30] and a 500-organization strong global letter addressed to the IMF.[31] This briefing paper contributes to the ongoing austerity debates through discussing the findings of a deep dive into the actual text of the IMF's COVID-19 loans. The rationale behind this was to gain a better understanding of the policies that the IMF is proposing during and in the immediate aftermath of the pandemic. This is especially important because of the Fund's assertions that most of its loans during this period fall under emergency lending, free from the conditionality typically associated with its traditional loan programmes. Oxfam's findings reveal that although most of the loans did not have conditionality per se, several countries have discussed with the IMF pursuing austerity measures in the recovery period, and some have negotiated traditional loan programmes wherein they are now bound by such conditions.

The IMF should be advocating for redistributive policies that aim to make societies and economies more equal, and shield people who have faced severe economic hardship because of the pandemic – including low-income households, middle-income groups at high risk of being pushed into poverty,[32] women and other vulnerable groups – from shouldering the heavy burden of austerity during recovery.

2 UNPACKING FISCAL CONSOLIDATION

Fiscal consolidation, also known as fiscal adjustment or austerity,[33] refers to policies implemented by governments with the intent of reducing budget deficits and sovereign debt.[34] While fiscal measures to implement fiscal consolidation can be expenditure- or revenue-based and could conceivably be achieved through progressive means, the more common measures include public spending cuts, the introduction of or increase in regressive consumption taxes such as VAT, wage bill cuts or caps, pension sector reform and fiscal rules and discipline, among others.[35] Fiscal rules are tools utilized by governments to contain fiscal policy, including through setting limits on debt and expenditure in relation to revenue,[36] with the ultimate aim of achieving 'fiscal responsibility and debt sustainability'.[37]

In recent decades, these macro-economic policies have commonly been adopted in response to global or regional recessions or crises. In the aftermath of the global financial crisis in 2008, for example, many countries – high-income, middle-income and low-income states alike – embarked on the path of fiscal consolidation.[38] The COVID-19 pandemic poses yet another global moment where austerity policies could be fronted as the natural response to promote recovery. This comes at a time when numerous governments are still implementing austerity measures following the 2008 crisis. This is arguably one of the reasons countries were so ill-prepared to face the COVID-19 pandemic, with persistent under-investment in health and social protection.[39]

The IMF, in too often pursuing and prioritizing growth and macro-economic stability above all else, has for decades influenced governments the world over through lending, technical assistance and surveillance, to adopt contractionary fiscal policies at the expense of other important considerations, including equity and the social well-being of their populations.[40] Although the Fund has made strides in its own research and discourse, sounding the alarm bells on inequality, it has remained insistent on recommending harmful austerity policies in the aftermath of crises.[41]

The proponents of such policies argue that fiscal consolidation stabilizes the debt of economies and promotes fiscal sustainability. They also argue that committing to undertake fiscal consolidation not only boosts the confidence of investors and international financial markets in a country's ability to repay its debts, but also has the potential to lower borrowing costs.[42]

However, austerity has been contested at national and global levels by citizen movements, trade unions, civil society, academia and global institutions, including the International Labour Organization (ILO) and UNICEF. This opposition is based on the vast evidence of the severe negative impacts of fiscal consolidation. Research, including studies conducted by IMF staff, demonstrates that austerity substantially increases income inequality, reduces wages and significantly increases long-term unemployment.[43] The compounding effect of economic recession, high unemployment and low incomes during and after crises, topped by austerity measures, could have severe consequences.[44] In Greece, for example, studies conducted between 2009 and 2010, in the aftermath of the 2008 financial crisis, found that youth unemployment had risen to 50%, HIV infections soared because of cuts to budgets for prevention, and that there was a potential link between the high suicide rates during this period and spending cuts in the country.[45]

It has been shown that austerity increases the income of the wealthiest 10% at the expense of the bottom 80%. This bottom 80% comprises the middle class, who are most affected by wage cuts and pension reform, and low-income earners,[46] who shoulder the negative consequences of cuts to spending on public services, subsidies and social protection programmes.[47]

Austerity measures also have far-reaching impacts on certain groups in society. Women disproportionately bear the brunt of contractionary fiscal measures such as wage cuts, increases in consumption taxes, and reductions in public spending,[48]which reduces women's power in household decision making, and hinders their ability to have leisure time. Research from the Middle East and North Africa region demonstrates that cuts in the public wage bill have a particularly negative impact on women, as many opt to work in the public sector because it provides more decent and formal employment than the private sector.[49] At the same time, regressive consumption taxes increase the cost of basic commodities, which can cause women, who spend considerably more on these items, difficulty in providing for their families.[50] Worse still, the unpaid care and domestic workload of women, who faced a higher rate of COVID-19-related unemployment than men,[51] has increased significantly during the pandemic.[52] Women and girls living in poverty who also face discrimination on the basis of race, disability and ethnicity, among other compounding and intersecting factors, are likely to have been even more severely affected.[53]

During fiscal adjustment, social protection programmes that support migrants, refugees and people with disabilities – groups that are all more likely to be living in poverty or unemployed[54] – are at risk of being cut or rationalized, resulting in more people being excluded from receiving benefits.[55] Similarly, older people stand to be affected by cuts to social spending, pension benefits and social protection,[56] while the LGBTQIA+ community is likely to face additional barriers to accessing services because of cuts to health spending.[57] Moreover, when consumption taxes such as VAT are introduced or increased instead of alternative forms of taxes such as wealth taxes and corporate taxes, the burden of austerity is shouldered by low-income households rather than high-income households and corporations, deepening inequality further.[58]

Although it has been argued that austerity is necessary to reduce deficits, which in turn sends a signal to international capital markets that a country is capable of repaying its debts, this has been found to be counterproductive.[59] As explained above, studies show that austerity inhibits growth, increases unemployment and shrinks tax revenues, which could potentially lead to higher deficit levels and make it even harder for governments to finance their priority areas.[60] This could also create a vicious cycle in which countries that are already spending significantly more on debt repayments than social spending must continue to borrow to service debt.[61]

3 METHODOLOGY

Through its lending, surveillance, technical advice to countries and research, the IMF has a major influence on the global economic agenda and country-level policies.[62] Its role in promoting austerity in post-crisis contexts is well documented[63] and it is therefore crucial to monitor its response to COVID-19, in order to assess whether such recommendations are continuing despite the abundant evidence of its harms, and where we can anticipate such policies to manifest.

This briefing paper presents findings from Oxfam's analysis of data on fiscal consolidation during the COVID-19 recovery contained in 107 IMF loan agreements negotiated with 85 countries[64] between 1 March 2020 and 15 March 2021. This information was reviewed in two phases: loans disbursed from 1 March to 20 September 2020 (phase 1), and loans disbursed 21 September 2020 to 15 March 2021 (phase 2). The findings from phase 1 were published in blog form in October 2020[65] and those of phase 2 in April 2021.[66]

The data was initially compiled and released as part of a dataset titled *Behind the Numbers: A Dataset on Spending, Accountability, and Recovery Measures included in IMF COVID-19 Loans*. Despite the IMF publishing information on its website about each COVID-19 loan it has approved, it is not as straightforward to determine how governments have promised to spend that money, and what economic measures the IMF has advised each of them to take, during the heat of this crisis but also as the pandemic eases. The research in this paper is part of a broader effort by Oxfam to compile an accessible and comprehensive dataset showing information on the spending, transparency, accountability and proposed recovery measures adopted by countries that have received COVID-19 financing from the IMF. With the dataset, the reader can obtain a snapshot view of any IMF loan approved as of 15 March 2021 – with quotes pulled from official IMF documents – and get an idea of what a recipient government has agreed with the IMF as it accepted these vast sums of money.

The primary target audience of the database is citizens and civil society, with the aim being to provide readers with a snapshot of the discussions between the IMF and their governments, as well as the policy direction their countries are currently taking or intend to pursue in the aftermath of the pandemic. The full dataset is available on Oxfam's website.[67]

The dataset covers the amounts of funding the IMF has committed and disbursed to borrowing countries by region; types of financing instruments the Fund has employed; the borrowing countries' current debt situation; fiscal policy measures, particularly social spending aimed at addressing the crisis; anti-corruption and transparency measures which countries have committed to undertake; and proposed fiscal measures for the recovery period which constitute the basis of the analysis in this briefing paper. The data on fiscal consolidation was collected through a comprehensive review of publicly available IMF documents, including IMF press releases, staff reports, Article IV reports, letters of intent, debt sustainability analyses, IMF Executive Director statements, and memorandums of economic and financial policies. Information was collated on commitments made by governments and recommendations by the Fund to pursue fiscal consolidation, macro-economic adjustment and fiscal adjustment, or curtail public spending during the COVID-19 recovery (see Annex 1). The review also identified measures typically classified as austerity measures, including wage bill cuts or caps, increases in or the introduction of consumption taxes such as VAT, subsidies reform, pension reforms, and rationalizing of social assistance[68] (see Annex 2). The choice of search terms, for the purposes of this review, was informed by Oxfam's understanding of austerity, commonly used measures and their resultant social and economic impact – an understanding drawn from existing literature on the subject.[69]

4 IMF-BACKED AUSTERITY: FINDINGS FROM ITS COVID-19 LOANS

In response to the COVID-19 pandemic, between 1 March 2020 and 15 March 2021 the IMF approved 107 loans worth $107bn to support 85 countries. Among them, 73 countries plan to pursue adjustment policies during recovery (see Annex 1). The pandemic has continued into 2021 and it remains unclear how long it will take to recede, but according to the loan documents, over 20 countries had planned to commence adjustments as early as 2020[70] and 2021.[71] For instance, The IMF is supporting the plans of countries such as Egypt, Mongolia, Colombia and Costa Rica to commence their fiscal consolidation plans as early as 2021 and 2022.

Over 20 countries had planned to commence adjustments as early as 2020 and 2021. For instance, The IMF is supporting the plans of countries such as Egypt, Mongolia, Colombia and Costa Rica to commence their fiscal consolidation plans as early as 2021 and 2022.

The Fund is advising many countries to adopt fiscal consolidation 'once the crisis abates.' In fact, in its initial response to COVID-19, the Fund lent to countries to enable them to meet their urgent pandemic-related needs, primarily through its emergency lending facilities – the RFI and RCF.[72] Some countries that had existing IMF loans, such as Benin and Togo, received financial assistance by way of augmentation of their loans. However, most of the countries seeking IMF support have since exhausted their access limits under the emergency facilities and therefore, some of them, including Afghanistan, Costa Rica and Ecuador, have negotiated additional traditional loan programmes which, unlike the emergency loans, contain conditionality in line with the programme objectives.[73]

PROPOSED FISCAL MEASURES

The most common fiscal measures that countries discuss pursuing with the IMF are **wage cuts, caps and freezes, increases in or the introduction of consumption taxes**, particularly VAT, and **public expenditure cuts.** Other notable fiscal measures set out in the loan documents include subsidy reform, pension reform, and the rationalization of social assistance programmes. In some instances, these recommended measures were not mutually exclusive. For example, the Fund encouraged eight countries to implement both VAT and wage bill measures (Angola, Eswatini, Mozambique, São Tomé and Príncipe, Ecuador, Pakistan, Malawi and El Salvador).

Box 1: Tunisia – wage bill cuts and energy subsidy reforms

In April 2020, the IMF approved a $745m emergency assistance loan for Tunisia under the RFI, in which the government committed to pursue fiscal consolidation in the COVID-19 recovery period, implemented through two main fiscal measures: 1) cuts to the civil service wage bill; and 2) the elimination of energy subsidies.[74] To cushion the blow, the government plans to protect low-income households through a social safety net. The Fund and the government are apprehensive about the possible backlash against these reforms amid a tense political climate. Thus, the IMF has advised the Tunisian government to seek public buy-in through a 'social compact' with stakeholders. Although the IMF proposes urgent adoption of these fiscal reforms, the Tunisian government noted that it will 'require more time to reach consensus with multiple civil partners.'[75]

It is not the first time that subsidy cuts and wage bill reforms have been raised in the context of an IMF loan programme in Tunisia. They were among the structural benchmarks set out in the country's 2013 Stand-By Arrangement and 2016 Extended Fund Facility (EFF), respectively.[76] Although fossil fuel energy subsidies can be environmentally harmful and may benefit rich people disproportionally, their removal could have a far-reaching impact on low-income households.[77] The wage bill cuts stand to exacerbate the inequality gap, which is already expected to increase because of the pandemic.[78] The proposed substitute of a targeted social safety net runs the risk of excluding some households and individuals, with dire consequences, especially in the aftermath of the COVID-19 crisis, which could push almost half a million people into poverty, the majority of whom are likely to be women.[79]

Tunisia intends to negotiate a new EFF arrangement with the Fund soon, with the intention of further concretizing these reforms.

As of March 2021, **The IMF had supported the plans of 31 countries to reform their public wage bill.** Thirteen of them are in Sub-Saharan Africa[80] (Angola, Burkina Faso, Chad, Gambia, Guinea-Bissau, Liberia, Malawi, Mozambique, São Tomé and Príncipe, Sierra Leone, Eswatini, South Africa and Lesotho); eight are in Latin America and the Caribbean (the Bahamas, Barbados, Costa Rica, Ecuador, El Salvador, Honduras, Paraguay and St. Vincent and the Grenadines); five in MENA and Central Asia (Jordan, Georgia, Kyrgyz Republic, Pakistan and Tunisia); four in Europe (Bosnia and Herzegovina, Kosovo, Ukraine and North Macedonia); and one is in the Asia Pacific region (Tonga) (see Annex 2). The various approaches to this reform include wage cuts, freezes and caps, and the early retirement of public employees. Costa Rica and Tunisia, for example, undertook public wage freezes during the pandemic as part of their fiscal response to the crisis.[81] Malawi, on the other hand, recently decided to increase its public-sector salaries, a move that the IMF is advising against[82] but which trade unions in the country are jubilant about, since the additional income will support households to recover economically.[83]

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On taxation, while the IMF is recommending tax reform and increased revenue mobilization, there is little emphasis on promoting progressivity of taxation aimed at the richest individuals and corporations. Costa Rica is one the rare countries where the Fund recommended progressive measures by encouraging the government to improve luxury property taxation. This lack of progressive tax policy recommendations contradicts its own research, including the 2021 Fiscal Monitor, which not only found that there is a high public preference for progressive taxation but also recommended this approach, including wealth taxes, as a key way to tackle inequality.[84] Instead, **the Fund is advising 14 countries to introduce or increase VAT, a regressive consumption tax, or to eliminate VAT exemptions.** Of the countries that have VAT reform as part of their fiscal consolidation plans, seven are in Sub-Saharan Africa (Nigeria, Eswatini, Mozambique, São Tomé and Príncipe, Kenya, Malawi and Angola); three in MENA and Central Asia (Afghanistan, Egypt and Pakistan); three in Latin America and the Caribbean (Ecuador, El Salvador and Panama); and one in the Asia Pacific region) (see Annex 2). This indirect tax increases the cost of basic commodities, making it even more difficult for people, particularly women and those in low-income households, to sustain their livelihoods, especially following job losses and loss of income as a result the pandemic.

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The Fund has encouraged some countries, including Afghanistan and Ecuador, to shield people living in poverty from the impact of VAT increases by exempting food and basic items. In the case of Ecuador, the Fund argues that the proposed fiscal consolidation measures will reduce inequality, as it suggests that the increase in VAT will mostly impact high-income households,[85] and equates the wage bill cuts to a 'progressive income tax' because 'public sector employees earn above the median income'.[86] These measures are classic forms of austerity, and the arguments in support of them ignore the severe economic impact of the pandemic on the livelihoods of the middle classes, who also require protection from economic shock.[87] Between March and May 2020, Ecuador recorded an additional 2.1 million people living in poverty, and the poverty rate increased to 37% by almost 12 percentage points, while the number of middle-income earners fell by 12%.[88] Cutting the wage bill during recovery could have serious negative repercussions for these middle-income earners, given that they faced the biggest wage drop compared with high- and low-income earners and that they are currently excluded from existing social protection programmes.[89]

SOCIAL SPENDING

The IMF has encouraged countries to increase their social spending, particularly on healthcare expenditure and social protection, in order to respond to the pandemic.[90] However, its resounding advice to governments is to reverse these spending measures 'as soon as the crisis abates'. This advice comes in the face of public health and social spending already being at record lows in many countries.[91] The CRI Index found that only 26 of the 158 countries surveyed were spending adequately on public healthcare prior to the pandemic.[92] Systematically low investments in health systems over the years is a key reason governments were ill-prepared to fight the COVID-19 pandemic, and is a key factor in growing inequality. It is crucial that the IMF supports governments to maintain such expenditure, not do away with it. Instead, the Fund is proposing that countries replace these spending measures with targeted social assistance. This was noted in the loans for a number of countries, including Sierra Leone, El Salvador, Costa Rica, Nicaragua, Peru, Chad, Georgia, Mauritania, Mongolia, Madagascar, Egypt and Colombia.

It is concerning that the IMF is suggesting targeted social assistance programmes or safety nets as the primary intervention that countries should use to protect their people from the dire effects of fiscal austerity. The downsides of targeting, as opposed to universal healthcare and social protection, are well documented and often exclude those who need support.[93] This is particularly risky at present due to the increased and likely undercounted numbers of people living in poverty globally as a result of the pandemic.[94] Moreover, since these programmes are typically designed to direct support to low-income groups only, they usually exclude middle-income earners, who will also require support to recover from the severe economic shock.[95] Instead, the situation calls for a switch from traditional social assistance programmes to the expansion of social protection coverage during the recovery period, and the creation of new programmes in line with the needs of this section of the population.[96]

Box 2: El Salvador – 'reverse social spending'

In April 2020, the IMF approved a $389m emergency assistance loan for El Salvador under the RFI, in which the government has noted its commitment to adopt fiscal consolidation measures in the immediate aftermath of the COVID-19 pandemic, starting in 2021. The IMF has recommended both revenue raising-measures (through increasing consumption taxes) and expenditure contraction measures (through reducing the wage bill via freezes and the early retirement of public employees).

El Salvador increased its expenditure by $900m to meet its emergency pandemic needs. This was primarily spent on increasing the wage bill (0.3% of GDP), health spending (1% of GDP), a one-time cash transfer to 75% of households (1.5% of GDP) and the construction of a new hospital (0.5% of GDP).

The World Health Organization (WHO) has commended El Salvador for its investment in the public health system, which facilitated the building of a new hospital and increased the number of beds.[97] Meanwhile, a study conducted in 2020 found that some of the government's social protection measures were insufficient. For example, many households that qualified for the cash transfer and food baskets distributed by the government did not receive them.[98]

Regardless, the Fund has recommended that once the crisis is over, the government halts its temporary measures, reverses its increase in spending and pursues fiscal consolidation to recover the 3% of GDP spent through the above measures. This had been planned to start in 2021.[99]

Aside from losing the gains made, increasing VAT is likely to exacerbate the economic shock for low-income households, with a heavy burden falling on women. Recent estimates show that 39% of young women in the Latin American region lost their jobs during the pandemic, and El Salvador is one of the most affected countries.[100]

The Fund's Managing Director has explicitly asked countries to avoid the premature withdrawal of their fiscal support.[101] Indeed, the IMF has warned some countries such as Nicaragua, The Gambia, Peru and Mauritania against the premature unwinding of fiscal support given the uncertainty around the impact and duration of the pandemic. In a few cases, the Fund has been increasingly encouraging countries to balance fiscal adjustment with the protection of social spending for the most vulnerable people. This is reflected in the conditionality-based loan programmes negotiated with Costa Rica, Afghanistan, Ecuador and Panama. Although these four country programmes have social spending floors, they only commit to targeted social assistance for specific government programmes. For instance, Ecuador's social spending floor consists solely of cash transfer programmes to low-income households.[102] However, as explained above, targeted social assistance cannot replace the benefits and redistributive impacts of universal social protection,[103] a lesson the absence of social protection coverage for middle-income earners during this pandemic has taught policy makers and governments. Further, social spending floors in IMF loans have previously been heavily criticized,[104] and Oxfam's analysis of the IMF programmes (non-emergency loans) approved during the COVID-19 pandemic suggests that the Fund is conducting business as usual. The social spending floors fall far short of the targets set out in the Sustainable Development Goals (SDGs), highlighting a lack of commitment on the part of the IMF and governments to protect social spending during the COVID-19 recovery.[105]

Importantly, experience from previous crises has shown that fiscal consolidation always takes precedence over social spending.[106] Recommendations and strategies for achieving the planned fiscal adjustments are well laid out in the loan documents, whereas guidelines for protecting social priorities remain vague and seem to be presented merely as compensatory measures to lessen the heavy impact of harsh austerity measures on the most vulnerable populations.

Box 3: South Sudan – fiscal consolidation is 'inevitable'

South Sudan is at high risk of debt distress.[107] Its oil-dependent economy has been severely affected by the fall in oil revenues and it has had limited access to external concessional financing.[108] Thus, while other countries swept in to provide a stimulus to their citizens in response to the pandemic, the South Sudanese government, in a tight spot, implemented fiscal adjustment measures, including cuts to public expenditure.[109]

In November 2020, the IMF approved a $52.3m emergency assistance loan to South Sudan under the RCF, followed by a further $174.2m in March 2021 under the same facility. In the latter loan, it was agreed that the government would – as the crisis is ongoing – pursue fiscal consolidation as a priority while 'making sufficient room, to the extent possible, for COVID-19-related needs and growth-enhancing spending, especially in the health and education sectors'.[110]

South Sudan's high debt levels are inhibiting its capacity to meet the basic needs of its people. Prior to the pandemic, less than a third of the country's population had access to health services,[111] and it was spending 11 times more on debt repayments than on education, health and social protection combined.[112]

The country is grappling with the impact of the pandemic on the lives and livelihoods of its people. A household survey conducted in June 2020 found that 52% of the population lost either some or all of its primary source of income, one in eight households lost all their income, and four in five households skipped meals or ran out of food supplies.[113] The burden of fiscal adjustment will likely fall on low- and middle-income households that have been exposed to economic shock without adequate social protection. Women will likely be disproportionately affected given that since the beginning of the pandemic, they have been balancing providing for the basic needs of their households while taking on more unpaid care work.[114]

Cutting or restructuring public expenditure is another austerity measure which governments intend to adopt to reduce deficits and debt levels.[115] Following a period of fiscal expansion to respond to the urgent health and economic demands of the pandemic, the IMF COVID-19 loans indicate that over 50 governments, including Costa Rica, Panama, Kenya, Lesotho, Sierra Leone and South Sudan, supported by the Fund, intend to reduce their public expenditure. Although some countries committed to protect social priorities while cutting their expenditure – including social protection (Costa Rica), wages for public servants (South Sudan) and universal healthcare and food security (Kenya) – without concrete and binding commitments, these

Following a period of fiscal expansion to respond to the urgent health and economic demands of the pandemic, the IMF COVID-19 loans indicate that over 50 governments, including Costa Rica, Panama, Kenya, Lesotho, Sierra Leone and South Sudan, supported by the Fund, intend to reduce their public expenditure.

protections are not guaranteed. By way of example, Kenya reportedly cut its healthcare spending in the recently passed supplementary budget.[116]

IMF LOAN PROGRAMMES IN THE NEAR FUTURE

It is expected that a number of countries will agree new IMF loan programmes, having exhausted their access limits on IMF emergency financing, and with the IMF ready to return to its regular mode of conditionality-based financing. Ongoing international debt restructuring initiatives are also predicated on countries agreeing a traditional IMF programme.[117] Based on the trends noted above, we can expect that the IMF will likely insist on fiscal austerity in the conditionality negotiated with many countries in the near future.

5 THE IMPLICATIONS OF AUSTERITY ON INEQUALITY DURING THE COVID-19 RECOVERY

Dubbed the 'inequality virus', the COVID-19 crisis has aggravated inequalities both between and within countries, further widening the pre-pandemic divide between rich and poor people around the globe.[118] The health and economic impacts of the pandemic have also reinforced existing inequalities among different sections of the population. Women have been the hardest hit by job and income losses, and this has been exacerbated by an increase in unpaid care and domestic work.[119] Black people, Indigenous Peoples and other marginalized and vulnerable groups all over the world have also been more severely affected.[120]

Undertaking austerity measures as the main fiscal policy response to recovery following a pandemic is alarming for several reasons. First, COVID-19 has reversed the pre-pandemic gains made by several countries towards achieving the SDGs, particularly low-income countries' progress on reducing poverty[121] and tackling gender and income inequalities.[122] Progress towards achieving the inequality targets under SDG 10, for example, has been slowed by worsening gender inequalities across sectors (including health, education and labour), at home and in the workplace[123] and the increased pressures on social protection systems, especially in low-income countries.[124] By shrinking the available fiscal space, austerity policies threaten to curtail the ability of governments to get back on track with achieving their social spending targets under the SDGs.[125] Target 10.4 of SDG

10 specifically requires governments to 'adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality'. Austerity measures, including wage cuts, cuts to social spending and rationalizing social assistance programmes, directly contradict SDG 10 insofar as their effects are most severely felt by women, low-income households and those who are vulnerable.[126]

Second, the full impact of the pandemic has not yet been felt, and may not be fully understood even several years after it ends. The IMF's own research studies assessing the long-term impacts of pandemics show that they tend to increase income inequality, with a more devastating impact where economic activity is also affected, as is the case with the ongoing COVID-19 crisis.[127] In this regard, austerity measures in the post-pandemic period may cripple recovery efforts. In addition, regressive measures that typify austerity push the burden of recovery onto poor people and the middle classes, while requiring little responsibility or contribution from rich people who have already recovered from the pandemic. However, the IMF has rarely recommended progressive revenue-raising measures in its country-specific advice in the COVID-19 loan documents.[128]

The findings of this analysis of IMF loans reiterates the criticism of the IMF for the growing gulf between its discourse on inequality and its country-level policy recommendations.[129] Although its global efforts reflect an institution championing the need to reduce inequality, there is a mismatch between this and its implementation at the national level, which is where the rubber meets the road. Its continued push for fiscal austerity during the COVID-19 recovery, as opposed to redistributive policies, despite the known negative impacts on income and gender inequality, reinforces the argument that the IMF's fight against inequality continues to be rhetorical in nature.

At this critical juncture, governments can either choose to continue down the same path and fuel this increasing inequality or take the necessary redistributive measures and fund recovery through progressive efforts to reduce inequalities. The IMF has a responsibility to support and encourage governments to build the necessary fiscal space for a just recovery through progressive policies. Oxfam recommends that the IMF takes bold actions to reduce the inequality crisis, which was already worsening prior to the outbreak of COVID-19.[130] This requires encouraging governments to pursue policies outside the traditional neoliberal macro-economic policies that have been shown to fuel inequality. There are alternative measures that the IMF should be recommending countries adopt to ensure a more people-centred recovery.[131]

- Core macroeconomic decisions should not be made by IMF mission chiefs behind closed doors with finance ministers, but instead as a part of an inclusive and transparent national dialogue, where different options are presented and discussed, and where there is broad agreement on the appropriate economic and fiscal strategy.
- The IMF should, wherever possible, demonstrably allow more flexibility on macro-economic targets such as inflation and fiscal deficits. This should include the speed at which they have to be reduced and what level should be targeted. The optimal level of foreign exchange reserves should also be discussed, and options presented. An analysis of the

trade-offs involved between different options for the relevant macro-economic targets and the impact of these on fiscal space and spending should be transparently laid out.

- On the revenue side, progressive taxation of rich individuals and corporations is key, including through wealth taxes, capital gains taxes and the removal of tax exemptions that benefit high-income earners. Tackling illicit financial flows (IFFs), such as corporate tax evasion, can also be instrumental.[132]
- The IMF should help countries restructure their debts and back the cancellation of all middle- and low-income countries' debt payments owed during the pandemic, and where necessary after the pandemic as well.
- The IMF must clearly work with donors to maximize aid flows, and in particular secure balance of payments and budget support.
- On the expenditure side, the IMF should encourage and support countries to make increases in social spending a permanent measure and establish the basis for securing quality, universal, free public services and universal social protection. The Fund should learn from its past mistakes of treating social spending as a compensatory measure for the economic hardship caused by implementing neoliberal macro-economic policies.
- The IMF should also support countries in creating the necessary fiscal space through the new $650bn Special Drawing Rights (SDR) allocation, including through supporting countries to transfer SDRs from reserve accounts to their budgets for fiscal use, and through encouraging significant channelling of SDRs from rich countries to middle- and low-income countries. This should be done without adding to existing debt or attaching economic conditionality. SDR channelling would ideally be used to provide debt cancellation. The IMF should insist that such SDR channelling by rich countries is not counted as part of their aid commitments,

Redistributive policies like universal social protection and increased social spending go a long way towards closing the gaps between rich and poor people, reducing poverty and protecting low-income households, women and vulnerable groups who would be most impacted by fiscal adjustment policies. Financing recovery from the COVID-19 pandemic should be borne by the richest people in society. This is the first step to building back better.

ANNEX I

FISCAL CONSOLIDATION IN IMF COVID-19 LOANS

No.	Country	Type of Financing	Loan Document Text
Sub-Saharan Africa			
1.	Angola	Augmentation of EFF	Despite the crisis, fiscal consolidation will continue, while creating space for adequate spending on health and social safety nets… In the medium term, fiscal consolidation will be largely achieved through increased non-oil revenue, in particular through enhanced VAT collection.
2.	Benin (1)	Augmentation of ECF	From 2021 onwards, the authorities plan to revert to the medium-term fiscal path. To preserve fiscal sustainability, the increase in the fiscal deficit should be temporary and reversed after the shocks dissipate… The authorities remain committed to strengthening debt sustainability by adhering to medium-term fiscal consolidation, conducting sound public investment management, and enhancing debt management capacity.
	Benin (2)	RCF	The authorities remain committed to strengthening debt sustainability by adhering to medium-term fiscal consolidation, conducting sound public investment management, and enhancing debt management capacity… They give assurance to maintain prudent macroeconomic policies needed to support a swift recovery and achieve sustained inclusive growth, once the pandemic abates.
3.	Burkina Faso	RCF	Once the impact of the shock has abated, the fiscal policy will be rebalanced toward a more growth friendly composition, including rising domestically financed development spending back to the pre-epidemic path and scaling down elevated current transfers. The authorities confirmed that any fiscal measures will include a sunset date that will would be revisited as the pandemic evolves.
4.	Cabo Verde	RCF	The government remains fully committed to the objectives set out in the Policy Coordination Instrument program, even though some quantitative targets will need to be reassessed in the context of the next review. As soon as the crisis abates, we will continue to implement policies and reforms to increase domestic revenues and contain public spending to help strengthen the fiscal position, protect the peg.
5.	Cameroon (1)	RCF	… the authorities remain committed to their reform agenda under the ECF [Extended Credit Facility] arrangement. They plan to undertake adjustments to return to the fiscal consolidation path once the crisis abates to safeguard debt sustainability and ensure a strong recovery.
	Cameroon (2)	RCF	The authorities agreed on the importance of undertaking the needed adjustments to return to the fiscal consolidation path once the crisis abates to safeguard debt sustainability and ensure a strong and inclusive recovery… As the crisis wanes, fiscal consolidation will resume, with the aim to preserve fiscal and debt sustainability. The authorities also intend to negotiate a successor arrangement with the Fund, to support their reform agenda towards robust, sustained and inclusive growth…
6.	Chad (1)	RCF	Staff welcomes the authorities' continuing commitment to the broad objectives under the current ECF arrangement… It welcomes the authorities' resolve to return to the medium-term fiscal path and implement the needed adjustment measures as soon as the current crisis abates…

	Chad (2)	RCF	As the crisis abates, fiscal adjustment will be needed, particularly since oil prices are expected to remain low, including by allowing temporary expenditure measures to expire. This would necessitate strengthening domestic revenue mobilization and rationalizing spending while protecting poverty reducing expenditure… Over the medium-term, they will pursue fiscal consolidation, including through unwinding the temporary COVID-19-related measures and step up domestic revenue mobilization…
7.	Cote d'Ivoire	RCF	The authorities should return to the pre-crisis deficit from 2021 onwards once the crisis abates to preserve the gains achieved during the ECF/EFF-supported program and ensure debt sustainability… The authorities had delivered significant fiscal consolidation under the ECF and EFF-supported program. The fiscal deficit declined from 3.3 percent of GDP in 2017 to 2.3 percent of GDP in 2019, with consolidation underpinned by spending compression, as tax policy reforms proved more difficult to implement…
8.	Congo, Democratic Republic	RCF	Staff plans to continue discussions on the timeline of the appropriate fiscal adjustment path to address specific shocks in the context of the forthcoming Staff-monitored program (SMP) review… Under the SMP, the government has committed to reduce the fiscal deficit… The government's objective was to increase revenue, better control expenditures, and issue T-bills to meet any financing gap. However, the COVID-19 has upended these plans… They remain committed to resuming their macroeconomic adjustment efforts once the crisis subsides… Domestic adjustment efforts were also made to prioritize COVID-19 related spending. In this regard, the government cut current spending excluding wages by about 2 percent of GDP. As well, the operating budget of ministries and public institutions was reduced drastically by 30 percent. Spending in key programs like free basic education was preserved alongside expenditures in health care. Furthermore, the authorities are taking preparatory steps to implement revenue-enhancing measures by the end of the year, should the pandemic recede. This include digitalization of tax procedures, VAT collection, and enhanced controls at the borders…
9.	Eswatini	RFI	… we have developed a detailed medium-term fiscal consolidation plan to stabilize public debt and bolster external buffers, while protecting the most vulnerable. Cabinet has approved a plan to adopt consolidation measures of 6 1/2 percent of GDP over the next three years starting in FY21/22, which are part of the government's Medium-Term Recovery Strategy. The consolidation plan, recently approved by cabinet, aims to restore debt sustainability, while protecting the most vulnerable through a combination of spending and revenue measures.
10.	Ethiopia	RCF	Fiscal consolidation is expected to resume in 2021/22. The authorities remain committed to introducing measures to raise tax revenues for 2020/21 by 1 percentage point of GDP. In the event that the pandemic renders this difficult, staff would support delaying implementation until the crisis abates and then introducing them in a supplementary budget law.
11.	Gabon (1)	RFI	The authorities remain committed to pursuing the planned medium-term growth- friendly fiscal consolidation… They intend to revert to the fiscal consolidation path set out in the Staff Report for the Fourth and Fifth Reviews under the extended arrangement once the fallout from the pandemic subsides. Stronger fiscal adjustment will be required in the medium term and the authorities are committed to taking the steps needed to increase domestic revenue and rationalize spending while protecting the poor.
	Gabon (2)	RFI	The authorities'… intend to revert to the fiscal consolidation path set out in the Staff Report for the Fourth and Fifth Reviews under the extended

			arrangement once the COVID-19 crisis has subsided. Most crisis- related spending and tax relief introduced in 2020 are expected to be rolled back in 2021, although COVID-related constraints to tax compliance and restrictions on the work of revenue administrations will continue somewhat in the first half of 2021... This would require a credible fiscal consolidation anchored on bolstering fiscal revenues and enhancing the efficiency of public spending and possibly implemented in the context of a new IMF-supported arrangement...
12.	Gambia (1)	ECF	Fiscal consolidation in the medium-term will ensure debt sustainability while protecting critical social and infrastructure needs. We aim to improve the primary balance by 1-11/2 percent of GDP between 2019 and 2025, consistent with the need to accommodate the rising amortization of external debt starting 2025. This medium-term fiscal profile features a gradual increase in domestic revenue to around 15.2 percent of GDP by end-2025, supported by growing taxable activity...
	Gambia (3)	Augmentation of ECF	In the near term, however, an active policy response would be called for to meet the emergency needs and stimulate the economy by focusing on actions with a high growth multiplier, while relying to a largest possible extent on foreign financing in the form of grants. Subsequently, once the economic recovery takes hold, the policy focus should shift towards appropriate fiscal consolidation, to ensure sustainability and crowd-in the private sector.
13.	Ghana	RCF	The government remain fully committed to maintaining macroeconomic stability and will pursue medium-term policies consistent with fiscal consolidation...
14.	Guinea	RCF	The authorities have indicated their commitment to continue the ECF arrangement and program discussions will resume as soon as feasible... As the impact of the crisis subsides, the authorities will orient fiscal policy to preserve debt sustainability and target a lower-than-previously-programmed primary fiscal deficit path.
15.	Guinea Bissau	RCF	As the pandemic eases, the authorities are committed to put in place a fiscal consolidation program to ensure debt sustainability while addressing the country's vast developmental needs... In 2021, the authorities will initiate an ambitious fiscal consolidation program to ensure medium-term sustainability while continuing to provide support for economic recovery... In 2020, despite the pandemic, the authorities started to rebuild track record by adopting prudent fiscal policies that foster reengagement with the donor community. The authorities have implemented and are planning to implement measures to strengthen revenue mobilization, rationalize the wage bill and improve the debt maturity profile to underpin fiscal consolidation and debt sustainability.
16.	Kenya	RCF	Staff recommend that revenue measures also be part of the medium-term fiscal consolidation strategy, with the aim of restoring and then raising the revenue-to-GDP ratio above that prevailing before the COVID crisis... The authorities remain committed to fiscal consolidation in 2020/21 and over the medium term to reduce macroeconomic vulnerabilities.... To help achieve the objective of consolidation, staff advise implementing measures to raise revenues as a share of GDP over the medium term.
17.	Lesotho	RCF	The authorities have begun setting out plan for post-pandemic adjustment, and announced their intention to seek Fund support in this regard... Careful prioritization of expenditures could deliver a growth-friendly consolidation while still protecting the vulnerable. In this regard, the medium-term measures set out in the LOI [Letter of Intent] are a good foundation, and close engagement with the IMF through a Fund-supported program could help to further specify and implement the adjustment...

			While the authorities' immediate priority is to respond to the pandemic through emergency health and economic mitigation measures, fiscal consolidation and structural reforms will be required to restore external balance" Once COVID-19 subsides and in the context of a likely drop in SACU revenues, there is an urgent need to strengthen economic fundamentals and ensure debt sustainability by carrying out fiscal consolidation and implementing growth-enhancing structural reforms.
18.	Liberia	RCF	The authorities reiterate their commitment to reforms under the ECF arrangement to stabilize macroeconomic conditions and lay the foundation for inclusive and durable growth. Once the crisis subsides, they will resume fiscal consolidation to support debt sustainability, including domestic revenue mobilization and rationalization of expenditures.
19.	Madagascar (2)	RCF	Going forward, the authorities will pursue prudent policies to preserve fiscal and debt sustainability over the medium-term in line with the objectives of the *Plan Emergence Madagascar* (PEM). They will shift the fiscal policy stance to consolidation by unwinding temporary measures related to the pandemic once the health crisis abates. Ongoing reforms to improve revenue mobilization, enhance public financial management, and strengthen the financial situation of some public enterprises would be sustained... The authorities reiterate their interest in a successor arrangement under the Extended Credit Facility to support their development strategy under the PEM.
20.	Malawi (2)	RCF	Staff and the authorities agreed on a temporary relaxation of the FY 2020/21 stance to accommodate the deteriorated economic outlook as well as the need for fiscal consolidation over the medium-term. The new government is still formulating medium-term measures that would be consistent with the new long-term growth strategy under development...
21.	Mozambique	RCF	Beyond this short-term objective, the government remains fully committed to medium-term fiscal consolidation and its structural reform agenda to support inclusive and sustainable growth... Going forward, to help ensure that public debt indicators remain sustainable the authorities are committed to fiscal consolidation once the temporary shock has passed and confidence has been restored...
22.	Niger	RCF	The authorities' medium-term macroeconomic policies will remain guided by the objectives of the ECF-supported program. Maintaining macroeconomic stability is the core goal, with prudent fiscal policy making the final consolidation push in 2021 and 2022, underpinned by reforms to mobilize domestic revenues and improve spending quality... Fiscal consolidation once the COVID-19 pandemic will have passed, underpinned by revenue mobilization and spending quality improvements, should preserve public debt sustainability and macroeconomic stability.
23.	Nigeria	RFI	Once the COVID-19 crisis passes, they intend to resume their revenue-based fiscal consolidation program—which they started this year by increasing the VAT rate and introducing an automatic fuel pricing mechanism— while creating fiscal space for priority spending and avoiding recourse to central bank financing... The authorities (in their letter of intent) have indicated that they are committed to ensuring debt remains sustainable by pursuing revenue-based fiscal consolidation... ... fiscal policy will be driven by the government's planned medium-term fiscal consolidation path, which entails increasing revenue to 15 percent of GDP through further VAT reforms, increasing excise taxes, and removing tax exemptions once the crisis abates. The authorities are committed to resume revenue-based fiscal consolidation to eliminate central bank financing and create space for priority spending.
24.	Rwanda (1)	RCF	Staff supports the relaxation of the fiscal stance and the temporary suspension of the program fiscal rule (a fiscal deficit limit of 5.5% of GDP on average over a rolling 5-year window from FY19-20 under the PCI).

			Staff will work with the authorities to identify a timeline for the appropriate fiscal adjustment path and on how to refine the program fiscal rule through the introduction of an escape clause to address specific shocks in the context of the forthcoming PCI review… Even as we contemplate an increase in public spending to carry out emergency response, we are aware of the need to ensure that this would not jeopardize macroeconomic stability and ensure that public debt-to-GDP ratios remain sustainable. Once the crisis subsides, we will stand ready to undertake fiscal consolidation over the medium-term to achieve the PCI objectives.
	Rwanda (2)	RCF	The identification of a credible adjustment path to bring public debt to prudent levels should start without delay. To be credible, this path should be designed now and implemented soon after the crisis abates. It should include measures to step up revenue mobilization efforts and to better prioritize public investment, also critical for contingency planning… They (the authorities) are also committed to a growth-friendly fiscal consolidation as soon as the COVID-19 crisis abates to keep debt sustainable, and to assess and mitigate emerging fiscal risks. To this end, they plan to formulate and discuss the desirable polices in the context of the next PCI review.
25.	Sao Tome and Principe (2)	Existing ECF	The authorities are committed to resuming fiscal consolidation once the crisis abates to improve internal and external balances. In this context, it is essential to keep the wage bill under control and complete the transition to the VAT by mid-2021 to increase revenue and create space for social spending and public investment…
26.	Seychelles	RFI	… the government is committed to implementing fiscal saving measures to bring back the public debt ratio on a downward path once the impact of the pandemic dissipates and confidence is restored, by steadily improving the primary balance from 2021 onwards to reach a surplus of 2 1/2 percent of GDP by 2025 and by actively continuing to seek external budget support after 2021. In staff's view, medium term consolidation measures could include reduction of non-priority current expenditures… The authorities are urged to steadfastly implement fiscal consolidation to reduce public debt vulnerability…
27.	Sierra Leone (1)	RCF	The authorities remain committed to the medium-term policy objectives of the ECF-supported program. In this regard, they are determined to resume growth-friendly fiscal consolidation efforts to restore fiscal and debt sustainability once the crisis abates.
	Sierra Leone (2)	RCF	Looking ahead, the authorities remain committed to maintaining macroeconomic and fiscal stability, in line with their medium-term reform program supported by the Extended Credit Facility. (ECF program includes fiscal consolidation measures)
28.	South Africa	RFI	The RFI will… complement the authorities' strong policy response to the crisis and their planned post-COVID-19 fiscal consolidation and reforms to promote growth that benefits all South Africans… Staff recommended a gradual and growth-friendly but sizable reduction of the consolidated government deficit. This consolidation will require implementation of fiscal measures of about 5–5 1/2 percent of GDP over the next five years, which alongside the impact of the growth recovery would allow the deficit to decline to average levels of about 4 1/2 percent of GDP in the medium term… Should the pandemic produce further economic damage or other risks to the outlook materialize, post-COVID-19 fiscal consolidation would need to be larger and reforms deeper, given the absence of fiscal space and the high debt level.
29.	South Sudan	RCF	The authorities are committed to pursuing macroeconomic stability by implementing fiscal consolidation… They intend to safeguard poverty-reducing and growth-enhancing spending.

			Fiscal consolidation, which is unavoidable even in FY20/21, given the large size of the external shock and limited access to financing, will aim at preserving peace and pro-growth expenditure… Further fiscal consolidation will come from cuts to investment expenditures, which are expected to decline from 3.2 percent of GDP in FY19/20 to 2 percent of GDP for FY20/21.
30.	Togo	Augmentation of ECF	Beyond 2020, the medium-term fiscal framework aims at continuing debt reduction to preserve long-term fiscal and external sustainability… the combination of continued fiscal consolidation and sustained GDP growth is expected to substantially reduce total public debt, which would decline below the benchmark for countries with medium debt carrying capacity starting in 2022… We remain committed to continue reducing public debt level and bolster permanent revenues while stepping up health spending to address the effects of the ongoing COVID-19 pandemic. Furthermore, we will continue to focus our policies on sustainable and inclusive growth, including the protection of social spending despite the fiscal consolidation… The authorities broadly agreed with staff's assessment of Togo's public debt situation and recommendations. They concurred with staff's assessment of risk ratings and distress level. Given that Togo's overall risk of debt distress remains high, they recognize that the fiscal consolidation must continue in order to bring public debt down below the relevant benchmark.
Middle East and North Africa			
31.	Afghanistan (1)	RCF	We commit to bring our fiscal deficit to within 1 percent of GDP by 2022. As the pandemic wanes, with pandemic-related spending phasing out and tax revenues recovering, the fiscal position should improve. Over the medium term, we will keep the operating deficit excluding grants on a declining path to reduce aid dependence. To meet these fiscal objectives, we aim to mobilize domestic revenue and further optimize our spending, while preserving priority social outlays.
32.	Armenia	Augmentation of SBA	We will implement gradual fiscal consolidation to bring government debt to GDP ratio to below 50 percent, in line with our fiscal rule. This would require lowering fiscal deficit to about 1 1/2 percent of GDP over the medium-term. This adjustment will be achieved by mobilizing revenue and containing current expenditure…
33.	Egypt (1)	RFI	… the authorities have indicated their commitment to resuming fiscal consolidation as the crisis abates, which is projected to put public debt on a downward trajectory from 2021/22.
	Egypt (2)	SBA	The envisaged fiscal envelope for FY2020/21 would temporarily raise government debt to about 93 percent of GDP (from 84 percent of GDP in FY2018/19). Under current assumptions, the authorities aim to unwind the temporary crisis-related expenditures and return to fiscal consolidation to resume the downward path of public debt in FY2021/22… The authorities are committed to continuing structural reforms that already began under the EFF…
34.	Georgia	Augmentation of EFF	While the authorities are rightly focused on dealing with the fallout of the COVID-19 pandemic, efforts should be made to implement the EFF reform agenda to support the economic recovery… Staff supports the authorities' plans for a gradual fiscal consolidation starting in 2021 as one-off spending expires and revenues recover.
35.	Jordan (1)	EFF	Continued fiscal consolidation efforts are needed to bring public debt toward more sustainable levels. The government's strategy should focus on broadening the tax base and reducing business tax exemptions…

	Jordan (2)	RFI	As the crisis abates, the authorities are committed to resuming gradual fiscal consolidation and accelerate structural reforms to rebuild buffers and support growth, in line with the EFF [Extended Fund Facility] objectives... The authorities are also committed to return to the fiscal consolidation strategy agreed under the EFF arrangement as soon as the situation normalizes… the pace of fiscal consolidation may need to be reconsidered at the time of first EFF review, in view of developments in containing the pandemic both in Jordan and globally, and Jordan's growth trajectory.
36.	Kyrgyz Republic	RFI	… the widening of the deficit in 2020 needs to be embedded in a medium-term fiscal plan, where the fiscal deficit is brought down to 3 percent of GDP within a few years once the temporary shock has passed and confidence has been restored. Previous analysis indicates that large tax exemptions, energy sector subsidies (2.0 percent of GDP), tighter management of the wage bill (11.5 percent of GDP in 2019), and improvements in public financial management should be priority areas for reducing the deficit in the medium term.
37.	Mauritania	Augmentation of existing ECF	Our economic policies aim to: (a) continue with fiscal consolidation and reinforcing debt sustainability at a gradual pace favorable to the recovery of growth…
38.	Pakistan	RFI	Reassuringly, the authorities have reaffirmed their commitment to the EFF and to implement the key policies in the program that will help support growth, build buffers, reduce public debt, and strengthen governance. In this regard, they underscored their commitment to maintain the fiscal consolidation strategy… embedded in the EFF.
39.	Tajikistan	RCF	Staff and the authorities agreed on the implementation of fiscal consolidation measures of 2 percent of GDP in 2021-22 to ensure debt sustainability. While the decline in tax revenues and increased health and social spending in 2020 will likely ease in 2021, staff estimates that an additional fiscal consolidation of 2 percent of GDP will be needed over the medium term to achieve a fiscal deficit target of approximately 2 1/2 percent of GDP and stabilize debt… The authorities agreed that detailed policies underpinning the medium-term fiscal consolidation will be included in the FY2021 and FY2022 annual budgets…
40.	Tunisia	RFI	The authorities are committed to resuming fiscal consolidation once the crisis abates. These efforts will include a reduction of the civil service wage bill as a share of GDP and further energy subsidy reforms, taking into account the social implications… Strong fiscal consolidation over the medium term—challenging in Tunisia's fragile socio-political context—will be unavoidable, once the Covid-19 crisis abates.
41.	Uzbekistan	RCF	Over the medium-term, Uzbekistan will pursue fiscal consolidation and continue tax and public financial management reforms…
Latin America and Caribbean			
42.	Bahamas	RFI	The authorities remain committed to fiscal consolidation over the medium term as specified under the Fiscal Responsibility Act (FRA). The government activated the escape clause of the FRA after Hurricane Dorian hit the country. This allows the authorities to postpone the achievement of their fiscal consolidation targets (a fiscal deficit of 0.5 percent of GDP by FY2020/21 and a public debt-to-GDP ratio of 50 percent by FY2024/25) by four years. The COVID-19 crisis will delay reaching these targets further, but the authorities are steadfast to bring the fiscal deficit to 0.5 percent of GDP by FY2026/27 and the debt ratio to 50 percent of GDP by FY2030/31.
43.	Barbados (1)	Augmentation of EFF	We are targeting a debt-to-GDP ratio of 60 percent by 2033; this will be achieved with a combination of fiscal consolidation, policies to boost growth, reform of our public finances and debt restructuring…
	Barbados (2)	Augmentation of the EFF	Over the medium term, fiscal adjustment will be supported by a cyclical recovery in revenues and continued structural reforms of SOEs…

			We are targeting a debt-to-GDP ratio of 60 percent by 2033; this will be achieved with a combination of fiscal consolidation, policies to boost growth, reform of our public finances and debt restructuring… The Government intends to seek Parliamentary approval of a fiscal rule to enhance fiscal transparency, and lock in the gains of fiscal consolidation (*proposed reset structural benchmark for end-September 2021*).
44.	Bolivia	RFI	The medium-term fiscal consolidation path is realistic, while the authorities envisage even a more ambitious tightening through streamlining public spending while increasing its efficiency.
45.	Colombia	Augmentation of FCL	In the current crisis, the authorities have temporarily suspended the fiscal rule in 2020 and 2021 due to the fallout from and the need to address the health and economic costs of the pandemic… The decision [to suspend the fiscal rule] also includes an explicit commitment and financial plan to return to the rule by 2022, with a transitional budget in 2021 that details adjustments to expenditure and to fiscal revenues. Any increased fiscal policy flexibility will be destined exclusively to finance the expenditure required to counter the effects of the pandemic.
46.	Chile	FCL	The authorities remain committed to their plans for structural consolidation and debt stability over the medium term (lowering the structural deficit to 2.5 percent of GDP in 2021 and then by 0.5 percent of GDP in subsequent years, to reach a structural deficit target of 1 percent of GDP by 2024).
47.	Costa Rica (1)	RFI	Prior to the pandemic, Costa Rica was on a path of fiscal consolidation to keep public debt on a sustainable path, with a major fiscal reform bill passed at end-2018 and a fiscal rule that ties spending growth from 2020… They are committed to returning to the fiscal consolidation path with a strict implementation of the fiscal rule and revenue-enhancing measures once the crisis moderates…
	Costa Rica (2)	EFF	The fiscal consolidation will be supported by a balanced mix of expenditure rationalization—underpinned by the fiscal rule and equitable revenue mobilization, while strengthening the social safety net. The agreed measures were identified by the authorities in the context of a broad-based dialogue with social partners and political parties in late 2020 and early 2021 to ensure home-grown support and ownership of the reform
48.	Dominican Republic	RFI	They [the authorities] underscore their commitment to continued consolidation efforts in the medium term, but in view of the large-scale shock to the economy in 2020, these efforts must be postponed until the pandemic recedes.
49.	Ecuador (1)	RFI	Continued commitment to ambitious, yet credible, fiscal consolidation after pressures from the crisis subside will be needed to anchor public debt sustainability and strengthen the country's resilience to shocks. Even before the current crisis, strengthening the fiscal position was an important objective of the government…
	Ecuador (2)	EFF	The medium-term adjustment envisioned under the program has been designed to be progressive, to shield lower income groups and reduce income inequality… The composition of fiscal consolidation in the program reflects extensive TA and analysis; it balances growth and equity considerations, efficiency gains, and gaps with regional peers on both taxes and expenditure…
50.	El Salvador	RFI	Preserving fiscal sustainability should be a policy priority. The temporary deterioration of the fiscal position in 2020 is appropriate in light of the global pandemic, but (i) the temporary measures should be allowed to lapse in 2021 and (ii) once the crisis recedes the authorities should move expeditiously to announce a credible fiscal consolidation plan to put debt on a firmly declining path.

51.	Grenada	RCF	Once the COVID-19 crisis dissipates, the government should return to the FRL [Fiscal Responsibility Law] core parameters and re-build its buffers. As economic recovery takes hold, the FRL's escape clause should be withdrawn (with the timing of the withdrawal dependent on the duration of the shock), requiring that the primary surpluses return to, or rise above, the 3 1/2 percent of GDP floor… This strategy should be supported by fiscal adjustment measures, if needed, and a recalibration of the spending growth rule to internalize a withdrawal of the temporary outlays that were used to address the COVID-19 pandemic.
52.	Guatemala	RFI	Guatemala's Government is strongly committed to swiftly return to the fiscal consolidation from 2021 onwards, the fiscal balance is expected to improve through a reduction in the deficit to 3.0 percent of GDP in 2021 and continue its gradual adjustment to reach the historic average (2 percent of GDP) in the following years.
53.	Haiti	RCF	The authorities' macroeconomic policy in the short-term will be anchored around the SMP, with a view to starting the next fiscal year with a medium-term program supported by an ECF. Key objectives for the next few months are… (ii) quell fiscal dominance by working toward fiscal consolidation; and (iii) strengthen social safety nets.
54.	Honduras	Augmentation of SBA	During the last six years, the authorities have attained significant advance in strengthening the macroeconomic and governance framework, restoring macroeconomic stability, including but not limited to fiscal consolidation, while protecting fiscal space to attend to the more vulnerable, achieving approval of the Fiscal Responsibility Law (FRL)… In that vein, Authorities remain firmly committed to macroeconomic stability and the reform agenda…
55.	Nicaragua	RFI	Once the COVID-19 shock subsides, fiscal policy priority should focus on preserving fiscal sustainability, rebuilding buffers, and strengthening resilience. Resuming fiscal consolidation will be the key to ensure fiscal sustainability over the medium-term… Considering the downside risks related to the pandemic, we are preparing a contingency plan to secure adequate resources to protect priority spending. In addition, we commit to implement a multi-year fiscal consolidation of at least 3 percent of GDP in permanent measures over 2021–23 to bring the debt-to-GDP ratio to a firmly declining path over the medium term and improve fiscal policy planning by adopting a responsible and macro economically consistent medium-term fiscal framework.
56.	Panama (1)	RFI	Staff agrees with the temporary relaxation of fiscal deficit limits and the reorientation of fiscal policy to short-term priorities to mitigate the impact of the pandemic. To ensure that public debt-to-GDP ratios remain sustainable and on a declining path, staff supports the return to the gradual adjustment envisaged under the SFRL [Social and Fiscal Responsibility Law] once the pandemic recedes.
	Panama (2)	PLL	Fiscal policy should accommodate the implications of the pandemic on the budget in the short term, while adhering to a gradual consolidation process over the medium term. The expectation is that the pandemic will continue for part of this year. During this period, fiscal policy should aim at ensuring proper health services to the population and adequate social support to vulnerable groups to ensure social cohesion, minimize human suffering and prevent social tensions. As the pandemic recedes, and contagion rates are under control, fiscal consolidation should be underpinned by an enhancement of tax policy and revenue administration and a strategic prioritization of expenditure…

57.	Paraguay	RFI	We therefore intend to return the fiscal deficit to below the ceiling of 1.5 percent of GDP after the crisis is over. Given the highly uncertain economic prospects at this time, the precise time schedule will be determined at the time the 2021 budget is prepared… To keep the deficit below the ceiling and create room for additional investment, we will moderate current expenditure growth and increase revenues. We plan to revise the Fiscal Responsibility Law to limit real growth of primary expenditure to 2 percent down from 4 percent previously. We will also aim for further increases in tax revenue, which is only 10 percent of GDP.
58.	Peru	FCL	While the medium-term fiscal adjustment and the return to the numerical parameters of the fiscal rule will be to a large extent the result of the dissipation of temporary support policies and of higher tax collection associated to the economic recovery, it will be nonetheless key for the authorities to complement this process by continuing to focus on revenue administration measures…
59.	St. Lucia	RCF	The authorities are committed to ensuring debt remains sustainable over the medium- term and taking the necessary steps to bring the debt to their 2030 debt target. To this end, they are considering measures to widen the tax base (including by targeting the informal sector) once the economy recovers from the crisis and plans to adopt a fiscal rule that would create a clear institutional framework to guide the pace and composition of the medium-term fiscal consolidation and minimize implementation risks.
60.	St. Vincent and the Grenadines	RCF	… the authorities agree with staff recommendations to facilitate fiscal consolidation by enhancing the effectiveness of tax administration, tightly controlling current expenditure and wage bill growth…
Asia			
61.	Maldives	RCF	The Government remains committed to fiscal consolidation to restore fiscal and debt sustainability. On the revenue side, we will monitor the implementation of our new income tax, increase as planned, after the crisis…
62.	Mongolia	RFI	it will be critical to resume key reforms begun during the recent Extended Fund Facility arrangement. These include a return to fiscal consolidation to reduce still high public debt…
63.	Myanmar	RFI/RCF	The Myanmar authorities have been focusing their near-term fiscal spending on the pandemic relief and will shift to gradual fiscal consolidation when the crisis abates.
64.	Nepal	RCF	Once the effects of the pandemic have subsided, an enhanced commitment to fiscal consolidation will be needed to protect fiscal sustainability, which would be facilitated by the expiry of the temporary support programs…
65.	Samoa	RCF	We will embark on fiscal consolidation as soon as the post-pandemic economic recovery takes hold, and aim to maintain our overall fiscal deficit under the annual ceiling of 2 percent…
66.	Tonga	RCF	Notwithstanding the pandemic, fiscal consolidation continued through FY2020 as a result of donor support and investment delays. However, a fiscal deficit is unavoidable in FY2021 given the need to support the economy and healthcare through the pandemic. Post-pandemic, the authorities need to embark on fiscal consolidation measures to rebuild fiscal buffers and prioritize investment projects that improve resilience to natural disasters and raise potential growth. New donor grant commitments and debt relief would be helpful.
Europe			
67.	Albania	RFI	In the coming years, once the shocks have been overcome, it will be crucial to ensure steadfast fiscal consolidation and efforts to contain fiscal risks in order to create a larger fiscal buffer before a possible future shock hits. Staff stands ready to assist the authorities in addressing both

			the immediate and the medium-term policy challenges and supporting a strong and sustainable economic recovery… Once the COVID-19 crisis is over, the authorities intend to resume their fiscal consolidation efforts to bring the public debt-to-GDP ratio to 60 percent by 2025.
68.	Bosnia and Herzegovina	RFI	The authorities are committed to resume fiscal consolidation once the consequences of the COVID-19 outbreak are contained, building on the progress achieved over the last years.
69.	Kosovo	RFI	After the current crisis, it will be crucial to rebuild fiscal buffers through fiscal consolidation to enhance preparedness for future shocks… Staff stands ready to assist the authorities in addressing both the immediate and the medium-term policy challenges and supporting a strong and sustainable economic recovery.
70.	Montenegro	RFI	The authorities will observe the path of fiscal consolidation towards a primary surplus of 2 percent of GDP in the medium term and a debt target closer to 60 percent of GDP by 2025; they will refrain from measures that would reverse this path… Looking ahead, they are fully committed to resume fiscal consolidation and to bring debt on a downward trajectory once the consequences of the COVID-19 outbreak are contained, building on the progress achieved over the last years.
71.	North Macedonia	RFI	To ensure debt sustainability, the authorities are committed to resuming fiscal consolidation once the health crisis is contained. Meanwhile, they stand ready to take any additional measures that may be needed, in consultation with the Fund, and maintain a close dialogue with staff to address both the immediate and medium-term policy challenges.
72.	Ukraine	SBA	As the recovery sets in, fiscal policy will need to be tightened to place public debt back on a downward path. Revenues will be supported by the rebounding of economic activity and crisis-related expenditures can be phased out, reducing the budget deficit to about 4-5 percent of GDP in 2021. Further ahead, fiscal consolidation will need to be supported by broadening the tax base, strengthening revenue administration, and rationalizing current expenditures, to achieve primary surpluses of about 1–11/2 percent of GDP—implying an overall deficit of around 21/2 percent of GDP by 2023. This should gradually return public debt to close to 50 percent of GDP by 2025 and ensure medium- term fiscal sustainability.

ANNEX 2

AUSTERITY MEASURES IN IMF LOANS DURING AND IN THE AFTERMATH OF THE COVID-19 PANDEMIC

Sub-Saharan Africa							
Country	**VAT (introduction, increase or Removal of Exemptions)**	**Wage Bill Cuts, Caps, Freezes or Reform**	**Subsidies Reform (removal/ rationalization)**	**Pension/ Social Security Reform**	**Reducing Public Spending**	**Rationalizing/ Further Targeting of Social Protection**	**Resumption of Fiscal Consolidation**
Angola	Yes	Yes	Yes	-	Yes	-	2020
Benin	-	-	-	-	Yes	-	2021
Burkina Faso		Yes	-	-	-	-	Once pandemic subsides
Cabo Verde	-	-	-	-	Yes	-	Once pandemic subsides
Cameroon	-	-	-	-	Yes	-	Once pandemic subsides
Central African Republic	-	-	-	-	Yes	-	-
Chad	-	Yes	-	-	Yes	-	Once pandemic subsides
Comoros	-	-	-	-	-	-	-
Congo, Democratic Republic of (DRC)	-	-	-	-	Yes	-	Once pandemic subsides
Cote d'Ivoire	-	-	-	-	Yes	-	2021
Eswatini, Kingdom of	Yes	Yes	-	-	Yes	Yes	2021
Ethiopia	-	-	-	-	-	-	2021
Gabon	-	-	-	-	Yes	-	Once pandemic subsides
Gambia	-	Yes	-	-	-	-	2021
Ghana	-	-	-	-	Yes	-	In the medium term
Guinea	-	-	-	-	Yes	-	Once pandemic subsides
Guinea Bissau	-	Yes	-	-	Yes	-	2021
Kenya	Yes	-	-	-	Yes	-	2021
Lesotho	-	Yes	-	-	Yes	-	Once pandemic subsides
Liberia	-	Yes	Yes	-	Yes	-	Once pandemic subsides
Madagascar	-	-	-	-	-	-	Once pandemic subsides
Malawi	Yes	Yes	-	-	-	-	Once pandemic subsides
Mali	-	-	-	-	-	-	-

Mozambique	Yes	Yes	-	-	Yes	-	Once pandemic subsides
Niger	-	-	-	-	Yes	-	2021
Nigeria	Yes	-	Yes	-	Yes	-	Once pandemic subsides
Rwanda	-	-	-	-	-	-	Once pandemic subsides
Sao Tome and Principe	Yes	Yes	Yes	-	Yes	-	Once pandemic subsides
Senegal	-	-	-	-	-	-	-
Seychelles	-	-	-	-	Yes	-	Once pandemic subsides
Sierra Leone	-	Yes	-	-	Yes	-	2021
South Africa	-	Yes	Yes	-	Yes	-	Once pandemic subsides
South Sudan	-	-	-	-	Yes	-	2021
Togo	-	-	-	-	Yes	-	2022
Uganda	-	-	-	-	-	-	-
Middle East, North Africa and Central Asia							
Country	**VAT (introduction, increase or Removal of Exemptions)**	**Wage Bill Cuts, Caps, Freezes or Reform**	**Subsidies Reform (removal/ rationalization)**	**Pension/Social Security Reform**	**Reducing Public Spending**	**Rationalizing/ Further Targeting of Social Protection**	**Resumption of Fiscal Consolidation**
Afghanistan	Yes	-	-	-	Yes	-	2021
Armenia	-	-	-	-	Yes	-	Once pandemic subsides
Djibouti	-	-	-	-	-	-	-
Egypt	Yes	-	-	Yes	Yes	Yes	2021
Georgia	-	Yes	-	Yes	-	Yes	2021
Jordan	-	Yes	Yes	Yes	Yes	Yes	Once pandemic subsides
Kyrgyz Republic	-	Yes	-	-	Yes	-	Once pandemic subsides
Mauritania	-	-	-	-	Yes	-	Once pandemic subsides
Pakistan	Yes	Yes	Yes	-	Yes	-	2021
Somalia	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tajikistan	-	-	-	-	Yes	-	2021
Tunisia	-	Yes	Yes	-	Yes	-	2021
Uzbekistan	-	-	-	-	-	-	Once pandemic subsides
Asia and Pacific							
Country	**VAT (introduction, increase or Removal of Exemptions)**	**Wage Bill Cuts, Caps, Freezes or Reform**	**Subsidies Reform (removal/ rationalization)**	**Pension/Social Security Reform**	**Reducing Public Spending**	**Rationalizing/ Further Targeting of Social Protection**	**Resumption of Fiscal Consolidation**
Bangladesh	-	-	-	-	-	-	-
Maldives	-	-	-	-	Yes	-	Medium term
Mongolia	-	-	-	-	-	-	2021/ Once pandemic subsides

Myanmar	Yes	-	-	-	-	-	Once pandemic subsides
Nepal	-	-	-	-	-	-	Once pandemic subsides
Papua New Guinea	-	-	-	-	-	-	-
Samoa	-	-	-	-	Yes	-	Once pandemic subsides
Solomon Islands	-	-	-	-	-	-	-
Tonga	-	Yes	Yes	-	Yes	-	2020
Latin America and Caribbean							
Country	**VAT (introduction, increase or Removal of Exemptions)**	**Wage Bill Cuts, Caps, Freezes or Reform**	**Subsidies Reform (removal/ rationalization)**	**Pension/Social Security Reform**	**Reducing Public Spending**	**Rationalizing/ Further Targeting of Social Protection**	**Resumption of Fiscal Consolidation**
Bahamas	-	Yes	-	Yes	Yes	-	Once pandemic subsides
Barbados	-	Yes	-	Yes	Yes	-	2021
Bolivia	-	-	-	-	Yes	-	Medium term
Chile	-	-	-	-	-	-	2021
Colombia	-	-	-	-	Yes	Yes	2022
Costa Rica	-	Yes	-	-	Yes	Yes	2021/Once pandemic subsides
Dominica	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dominican Republic	-	-	-	-	-	-	Once pandemic subsides
Ecuador	Yes	Yes	Yes	Yes	Yes	Yes	Once pandemic subsides
El Salvador	Yes	Yes	-	-	Yes	-	Once pandemic subsides
Grenada	-	-	-	-	-	-	Once pandemic subsides
Guatemala	-	-	-	-	Yes	-	2021
Haiti	-	-	Yes	-	Yes	-	Short to medium term
Honduras	-	Yes	-	-	Yes	-	Once pandemic subsides
Jamaica	-	-	-	-	-	-	-
Nicaragua	-	-	-	-	-	-	2021/ Once pandemic subsides
Panama	Yes	-	-	-	Yes	-	Once pandemic subsides
Paraguay	-	Yes	-	-	-	-	Once pandemic subsides
Peru	-	-	-	-	-	-	2021/Once pandemic subsides
St. Lucia	-	-	-	-	-	-	Once pandemic subsides

St. Vincent and the Grenadines	-	Yes	-	-	Yes	-	Once pandemic subsides
Europe							
Country	**VAT (introduction, increase or Removal of Exemptions)**	**Wage Bill Cuts, Caps, Freezes or Reform**	**Subsidies Reform (removal/ rationalization)**	**Pension/Social Security Reform**	**Reducing Public Spending**	**Rationalizing/ Further Targeting of Social Protection**	**Resumption of Fiscal Consolidation**
Albania	-	-	-	-	-	-	Once pandemic subsides
Bosnia and Herzegovina	-	Yes	-	-	Yes	-	Once pandemic subsides
Kosovo	-	Yes	-	-	Yes	Yes	Once pandemic subsides
Moldova	-	-	-	-	Yes	-	-
Montenegro	-	-	-	-	Yes	-	2021
North Macedonia	-	Yes	-	-	Yes	-	Once pandemic subsides
Ukraine	-	Yes	-	-	Yes	-	Once pandemic subsides

N/A: Loan documents are not available on the IMF website

NUMBER OF COUNTRIES PER MEASURE

- VAT: 14
- Wage Bill: 31
- Subsidies reform: 11
- Pension Reform: 6
- Reducing public spending: 55
- Further targeting of social protection programmes: 8

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