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The Decade of Adjustment: A Review of Austerity Trends 2010-2020 in 187 Countries

Isabel Ortiz
Matthew Cummins
Jeronim Capaldo
Kalaivani Karunanethy

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The editor of the series is the Director of the Social Protection Department, ILO. For more information on the series, or to submit a paper, please contact:

Isabel Ortiz, Director Social Protection Department
International Labour Organization
4 Route des Morillons
CH-1211 Geneva 22 Switzerland
Tel. +41.22.799.6226 • Fax: +41.22.799.79.62

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Executive Summary

This paper: (i) examines the latest IMF government spending projections for 187 countries between 2005 and 2020; (ii) reviews 616 IMF country reports in 183 countries to identify the main adjustment measures considered by governments in both high-income and developing countries; (iii) applies the United Nations Global Policy Model to simulate the impact of expenditure consolidation on economic growth and employment; (iv) discusses how austerity threatens welfare and social progress; and (v) calls for urgent action by governments to adopt alternative and equitable policies for socio-economic recovery.

Analysis of expenditure projections reveals that there have been two distinct phases of government spending patterns since the onset of the global economic crisis. In a first phase (2008-09), most governments introduced fiscal stimulus programs and ramped up public spending. In 2010, however, premature budget cuts became widespread, despite vulnerable populations' urgent and significant need of public assistance. The second phase of the crisis is characterized by two major contractionary shocks, the first occurring in 2010-11 and the second taking off in 2016 and lasting at least until 2020.

The forthcoming adjustment shock is expected to impact 132 countries in 2016 in terms of GDP and hover around this level until 2020. One of the key findings is that the developing world will be the most severely affected. Overall, 81 developing countries, on average, are projected to cut public spending during the forthcoming shock versus 45 high-income countries. Comparing the forthcoming 2016-20 and pre-crisis 2005-07 periods further suggests that 30 per cent of countries are undergoing excessive contraction, defined as cutting expenditure below pre-crisis levels in terms of GDP. Overall, austerity is expected to impact more than two-thirds of all countries during 2016-20, affecting more than six billion persons or nearly 80 per cent of the global population by 2020.

In terms of austerity measures, a desk review of recent IMF country reports indicates that governments are weighing various adjustment measures. These include: (i) elimination or reduction of subsidies, including on fuel, agriculture and food products (in 132 countries); (ii) wage bill cuts/caps, including the salaries of education, health and other public sector workers (in 130 countries); (iii) rationalizing and further targeting of safety nets (in 107 countries); (iv) pension reforms (in 105 countries); (v) labour market reforms (in 89 countries); and (vi) healthcare reforms (in 56 countries). Many governments are also considering revenue-side measures that can adversely impact vulnerable populations, mainly through introducing or broadening consumption taxes, such as value added taxes (VATs) (in 138 countries), as well as privatizing state assets and services (in 55 countries). Contrary to public perception, austerity measures are not limited to Europe; in fact, many of the principal adjustment measures feature most prominently in developing countries.

Projections with the United Nations Global Policy Model indicate that the expected spending cuts will negatively affect GDP and employment in all regions. Compared to a baseline scenario without spending contraction, global GDP will be 5.5 per cent lower by 2020 further resulting in a net loss of 12 million jobs. Upper-middle and low income countries will be hardest hit, with fiscal adjustment reducing GDP by roughly 7.5 and 6 per cent, respectively, over the 2016-20 period. East Asia and Sub-Saharan Africa will be the most affected regions.

It does not need to be a decade of adjustment. Most developing countries did not pursue this policy stance in 2012-14 in order to attend to the pressing demands of their populations at a time of slow growth. Moreover, policymakers have a variety of options to expand fiscal space at their disposal, which should be examined in open, national dialogue. And some governments

are actually increasing subsidies and the wage bill, and expanding coverage/benefits of social protection and health, despite their contractionary fiscal environments.

This paper questions if the projected fiscal contraction trajectory—in terms of timing, scope and magnitude—as well as the specific austerity measures being considered are conducive to socio-economic recovery and the achievement of the Sustainable Development Goals (SDGs). This paper encourages policymakers to recognize the high human and developmental costs of poorly-designed adjustment strategies and to consider alternative policies that support a recovery for all.

JEL Classification: H5, H12, O23, H5, I3, J3

Keywords: public expenditure, fiscal consolidation, austerity, adjustment measures, impacts, wage bill, subsidies, pension reforms, labour flexibilization, rationalization of social protection, consumption taxes, privatization, crisis recovery

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In this latest version, Jeronim Capaldo has added a section on the impacts on growth and jobs, and Kalaivani Karunanethy has assisted in the review of IMF country reports.

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1. Introduction

In the wake of the food, fuel and financial crises, a fourth shockwave hit the global economy in 2010: fiscal adjustment. It would mark the onset of a prolonged period of budget cuts that is now projected to continue at least through 2020 in high-income and developing countries alike.

This working paper: (i) examines the latest IMF government spending projections for 187 countries by comparing the three distinct periods of 2005-07 (pre-crisis), 2008-09 (crisis phase I: expenditure expansion) and 2010-20 (crisis phase II: expenditure contraction); (ii) reviews 616 IMF country reports in 183 countries to identify the main adjustment measures; (iii) simulates the impacts of projected budget cuts on employment and growth using the United Nations Global Policy Model; (iv) discusses the varied effects of austerity on public welfare; and (v) calls for urgent action by governments to adopt alternative and equitable policies for socio-economic recovery.

Our review is based on information published by the IMF. The expenditure trend analysis uses country-level indicators extracted from the April 2015 *World Economic Outlook* database. To serve as a general reference, the projected changes in total government expenditure—both in terms of GDP as well as in real growth—for 187 countries are provided in Annex 1. Regarding the analysis of adjustment measures, the identification of different options considered by governments is inferred from policy discussions contained in 616 IMF country reports in 183 countries published between February 2010 and February 2015. Annex 3 presents the complete list of country reports reviewed. Annex 4 presents the detailed results from the employment and growth simulations.

2. Global Expenditure Trends, 2005-2020

2.1 Data and Methodology

Our analysis of government expenditure trends is based on IMF projections contained in the *World Economic Outlook* database (April 2015), the main source of comparable, cross-national fiscal data. Several caveats are worth mentioning. First, the scope of expenditure data varies across countries. While in most instances the data refer to central and local government, for some countries, the data refer to the public sector, which includes public enterprises. Second, total government spending projections may differ from the estimates used in this study as more up-to-date information becomes available. Third, expenditure data from IMF sources may vary from those reported in national budgets due to alternative projection assumptions and methods.

In terms of the methodology, we analyze changes in total government spending using two measures: (i) public expenditure as a percentage of GDP and (ii) the real value of public expenditure (the nominal value adjusted by inflation). Regarding the former, this is the most commonly used metric for cross-national comparisons and the most useful for assessing and comparing governments' fiscal position. However, for future years, spending-to-GDP ratios are based on IMF projections that assume limited impact of spending cuts on economic growth. We examine alternative projections in Section 4. The paper also examines absolute spending figures in order to offer a better indication of the possible effects that expenditure contraction may have on the real welfare of populations. We apply both of these measures to the 187 countries that have estimates during 2005-20, and we analyze the data across three time periods: 2005-07 (pre-crisis), 2008-09 (crisis phase I: expenditure expansion), 2010-20 (crisis phase II: expenditure contraction).

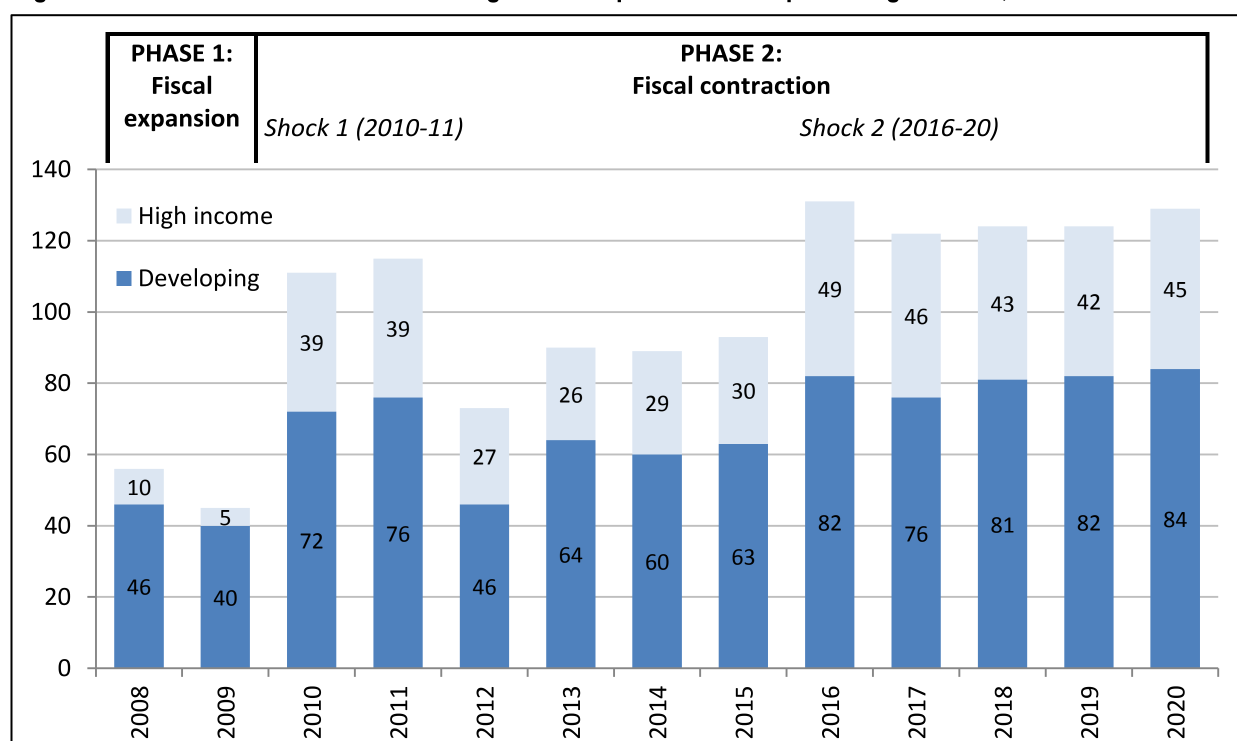
2.2 Results

2.2.1 The Two Phases: Fiscal Expansion (208-09) and Fiscal Consolidation (2010-20)

Analysis of expenditure projections verifies two distinct phases of spending patterns since the onset of the global economic crisis. In the first phase of the crisis, most governments introduced fiscal stimulus programmes and ramped up total spending. Overall, 137 countries (roughly three-quarters of the sample) expanded spending during 2008 and 2009 by an average annual increase of 3.3 per cent of GDP, with only about 50 countries contracting public expenditure (see Annex 1).

In 2010, however, governments started to scale back stimulus programs and reduce spending in a second phase of the crisis that is ongoing and expected to continue at least until 2020. As depicted in Figure 1, the expenditure contraction phase of the crisis is characterized by two unique shocks, the first occurring in 2010 and 2011 and the second taking off in 2016.

Figure 1: Number of Countries Contracting Public Expenditure as a percentage of GDP, 2008-20



Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2015)

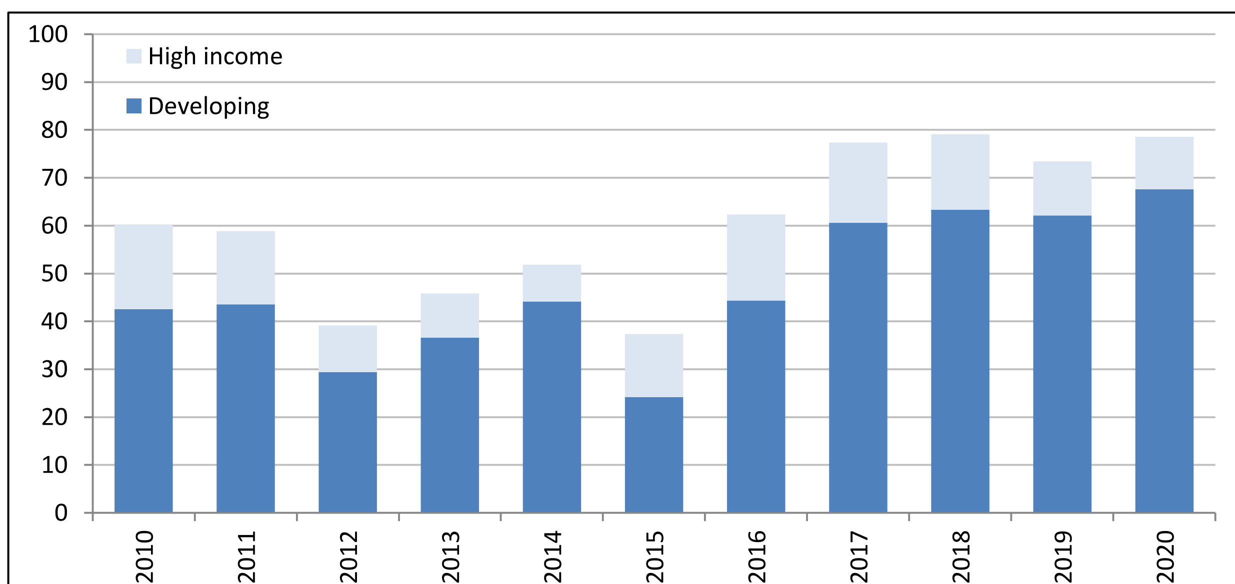
In terms of the first shock, the number of countries reducing their budgets as a per cent of GDP mushroomed between 2009 and 2010, impacting 113 countries by 2011 (or about 60 per cent of the sample). The average contraction size during this period amounted to 2.3 per cent of GDP, on average, confirming that the change in fiscal position in most countries was both sudden and severe.

The worldwide drive toward austerity then temporality waned beginning in 2012. During the four year period between 2012 and 2015, a number of countries eased policies to cut expenditures, which likely reflects the realization that prolonged budget cuts were not supporting economic growth and also contributing to political and civil unrest. In all, about 86 countries (or just slightly below 50 per cent of the sample), on average, cut their budgets during this phase.

Then, beginning in 2016, a new expenditure shock is projected to emerge, marking the beginning of a second, major period of contraction globally. Overall, budget reductions are expected to impact 132 countries in 2016 in terms of GDP and hover around this level at least until 2020.[1] During the five years covering 2016 to 2020, expenditure contraction is expected to impact 127 countries, on average, which amounts to more than two out of every three countries worldwide. East Asia and the Pacific along with the Middle East and North Africa are the regions forecasted to undergo the most severe cuts during the second shock (Table 1). The average expenditure contraction of East Asian countries is expected to intensify from -1.5 per cent of GDP in 2014 to -4.3 per cent of GDP in 2016; in the Middle East, budget cuts are projected to deepen from -2.1 per cent of GDP in 2014 to -4.2 per cent in 2017. In terms of income groups, lower middle-income countries are expected to decrease overall government spending from -1.5 per cent of GDP to -2.8 per cent between 2014 and 2016.

Turning to populations affected, expenditure projections indicate that austerity will affect more than 6.1 billion persons or nearly 80 per cent of the global population by 2020 (Figure 2). The populations of several developing regions are expected to be hit exceptionally hard, including more than 80 per cent of the inhabitants of the Middle East and North Africa,Latin America and the Caribbean, Eastern Europe and Central Asia. Looking at income groups, more than 90 per cent of the persons living in upper middle-income countries will be affected by austerity during the second shock. This underscores one of the more alarming findings, which, in stark contrast to newspaper headlines and public perception, verifies that austerity is increasingly a developing country phenomenon. In the year 2020, 83 per cent of persons living in developing countries are projected to be impacted by budget cuts, compared to 61 per cent of persons living in high-income countries.

Figure 2: Population Affected by Public Expenditure Contraction, 2010-20
(percentage of world population)



Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2015) and United Nation's *World Population Prospects: The 2010 Revision* (2011)

[1] The year 2020 is the last year in which fiscal projections are made available by the IMF in the April 2015 WEO.

Table 1: Number of Countries and Population Affected by Expenditure Contraction, 2008-15
(period averages, percentage of GDP)

Developing Region / Income Group	Indicator	Expenditure contraction		
		Shock 1		*Shock 2*
		2010-11	2012-15	2016-20
East Asia and Pacific (22 countries)	No. of countries contracting	13	9	14
	Average contraction (% of GDP)	-3.0	-2.1	-1.7
	% of population affected	22.2	14.7	76.0
Eastern Europe and Central Asia (21 countries)	No. of countries contracting	15	8	15
	Average contraction (% of GDP)	-2.1	-1.3	-0.7
	% of population affected	76.5	41.3	78.0
Latin America and Caribbean (25 countries)	No. of countries contracting	12	10	15
	Average contraction (% of GDP)	-1.3	-1.5	-0.5
	% of population affected	49.2	31.1	80.1
Middle East and North Africa (11 countries)	No. of countries contracting	8	5	8
	Average contraction (% of GDP)	-2.9	-3.6	-1.9
	% of population affected	75.1	36.2	83.1
South Asia (8 countries)	No. of countries contracting	6	4	4
	Average contraction (% of GDP)	-1.8	-1.4	-0.5
	% of population affected	84.6	68.6	73.2
Sub-Saharan Africa (45 countries)	No. of countries contracting	21	23	25
	Average contraction (% of GDP)	-2.3	-1.8	-0.9
	% of population affected	49.4	58.3	56.0
Low (32 countries)	No. of countries contracting	15	15	14
	Average contraction (% of GDP)	-1.5	-1.5	-0.8
	% of population affected	40.2	37.9	36.8
Lower-middle (47 countries)	No. of countries contracting	27	22	30
	Average contraction (% of GDP)	-2.3	-1.8	-1.3
	% of population affected	79.9	67.0	67.9
Upper-middle (53 countries)	No. of countries contracting	32	22	37
	Average contraction (% of GDP)	-2.6	-1.9	-0.8
	% of population affected	29.1	14.8	91.0
All Developing (132 countries)	No. of countries contracting	74	58	81
	Average contraction (% of GDP)	-2.3	-1.8	-1.0
	% of population affected	53.3	41.3	72.9
High (55 countries)	No. of countries contracting	39	28	45
	Average contraction (% of GDP)	-2.3	-1.2	-0.8
	% of population affected	86.1	53.0	79.5
Total Sample (187 countries)	No. of countries contracting	113	86	127
	Average contraction (% of GDP)	-2.3	-1.6	-0.9
	% of population affected	59.5	43.5	74.2

Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2015) and United Nation's *World Population Prospects: The 2010 Revision* (2011)

2.2.2 Excessive Contraction

Excessive austerity can be defined as reducing total government expenditure to below pre-crisis levels, prior to the onset of the global financial crisis.[2] Comparing the average level of public spending during the period of the second expenditure contraction shock (2016-20) with the average level of public spending during the pre-crisis period (2005-07) shows that the vast majority of countries are expected to maintain total expenditure far above pre-crisis levels. Projected spending amounts during the forthcoming phase of the crisis are 5.5 per cent of GDP higher, on average, than those during the pre-crisis phase in nearly 70 per cent of the sample (Table 2); in real terms, public expenditure is projected to be 90 per cent above pre-crisis spending levels in 90 per cent of the world (or 171 countries) (Table 3). These findings indicate that most governments are expected to have considerably higher levels of public support compared to the start of the global financial crisis.

Table 2: Changes in Total Government Spending, 2016-20 avg. over 2005-07 avg.
(percentage of GDP)

Developing Region / Income Group	Total Sample		Contracted		Expanded	
	No. of countries	Avg. spending Δ	No. of countries	Avg. spending Δ	No. of countries	Avg. spending Δ
East Asia and Pacific	22	3.3	9	-3.6	13	8.1
Eastern Europe and Central Asia	21	2.5	6	-1.8	15	4.2
Latin America and Caribbean	25	3.0	5	-3.5	20	4.6
Middle East and North Africa	11	0.5	7	-6.8	4	13.2
South Asia	8	1.9	2	-7.6	6	5.0
Sub-Saharan Africa	45	2.5	12	-6.6	33	5.9
All Developing Countries	132	2.5	41	-5.0	91	5.9
Low	32	4.9	6	-5.1	26	7.2
Lower-middle	47	1.7	16	-5.2	31	5.2
Upper-middle	53	1.7	20	-4.6	33	5.5
High	55	2.7	13	-3.0	42	4.4
All Countries	187	2.5	55	-4.5	**132**	**5.5**

Source: Authors' calculations based on the IMF's World Economic Outlook (April 2015)

Despite the widespread positive spending trend, an alarming number of countries appears to be undergoing excessive spending contraction, which has major risks (see Sections 4 and 5). In terms of GDP, analysis of expenditure estimates reveals that 55 governments may be slashing their budgets excessively during 2016-20 (Figure 3A). Seventeen of these countries are expected to be spending more than 5.0 per cent of GDP less, on average, during the second shock than compared to expenditure levels during the pre-crisis period. These countries include: Angola, Antigua and Barbuda, Bhutan, Botswana, Eritrea, Guyana, Iran, Iraq, Jamaica, Jordan, Marshall Islands, Nigeria, São Tomé and Príncipe, Seychelles, Sudan, Tuvalu and Yemen. In real terms, 16 governments are forecasted to have smaller budgets in 2016-20, on average, than during 2005-07 (Figure 3B).

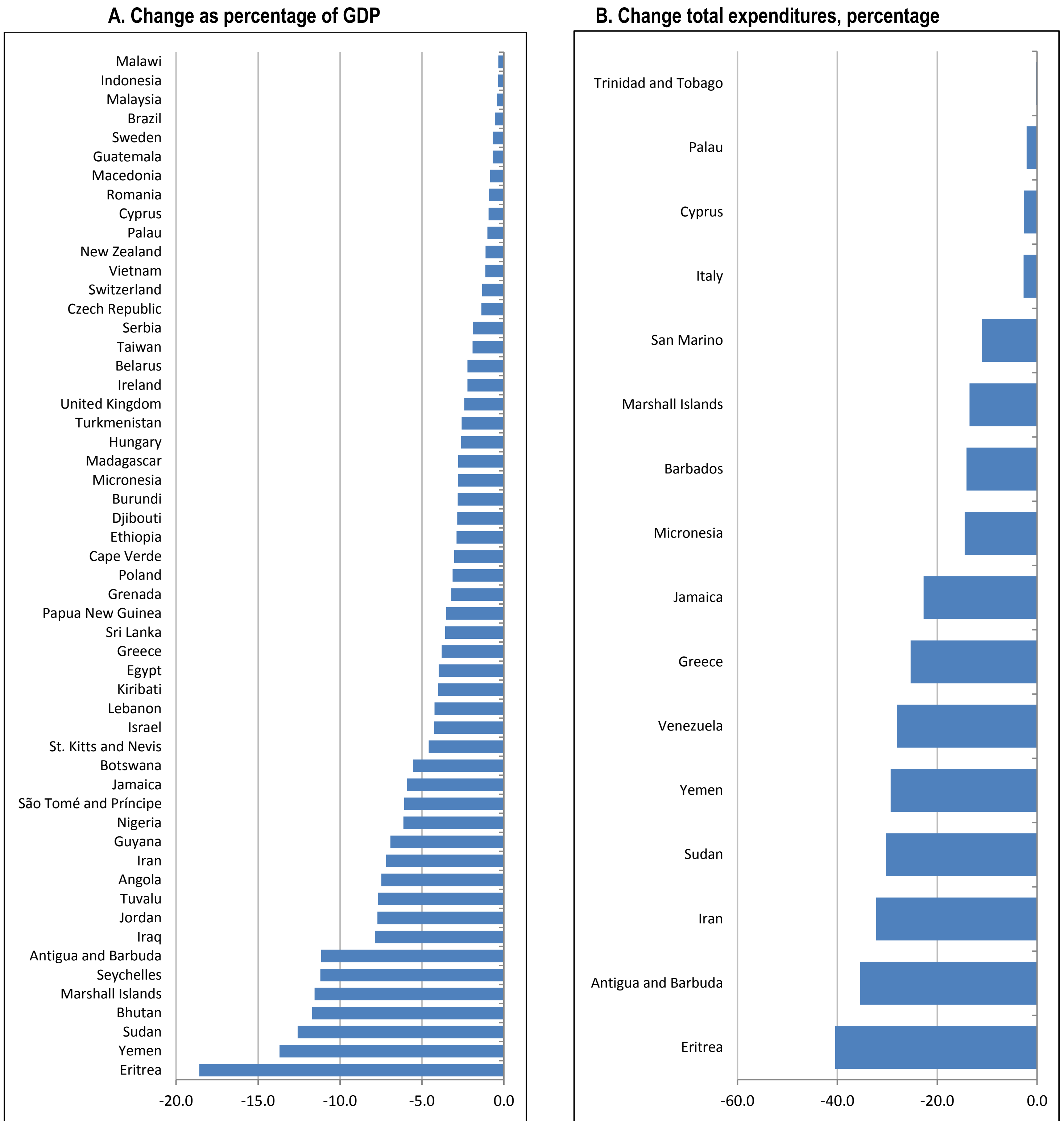
[2] The analysis does not make a judgment about the adequacy or not of pre-crisis spending levels; expenditure in 2005-07 is used to establish some type of reasonable baseline.

Table 3: Growth of Real Government Spending, 2016-20 avg. over 2005-07 avg.
(percentage)

Developing Region / Income Group	Total Sample		Contracted		Expanded	
	No. of countries	Avg. spending Δ	No. of countries	Avg. spending Δ	No. of countries	Avg. spending Δ
East Asia and Pacific	22	118.6	3	-10.0	19	138.9
Eastern Europe and Central Asia	21	99.5	0	…	21	99.5
Latin America and Caribbean	25	86.9	2	-25.4	23	96.7
Middle East and North Africa	11	46.4	2	-30.8	9	63.5
South Asia	8	130.0	0	…	8	130.0
Sub-Saharan Africa	45	106.3	2	-35.3	43	112.9
All Developing Countries	132	100.1	9	-23.7	123	109.1
Low	32	151.3	1	-40.4	31	157.5
Lower-middle	47	92.6	3	-24.7	44	100.6
Upper-middle	53	76.7	5	-19.7	48	86.8
High	55	32.9	7	-13.1	48	39.6
All Countries	187	80.6	16	-19.0	**171**	**89.9**

Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2015)

Figure 3: Change in Total Government Spending, 2016-20 avg. over 2005-07 avg.



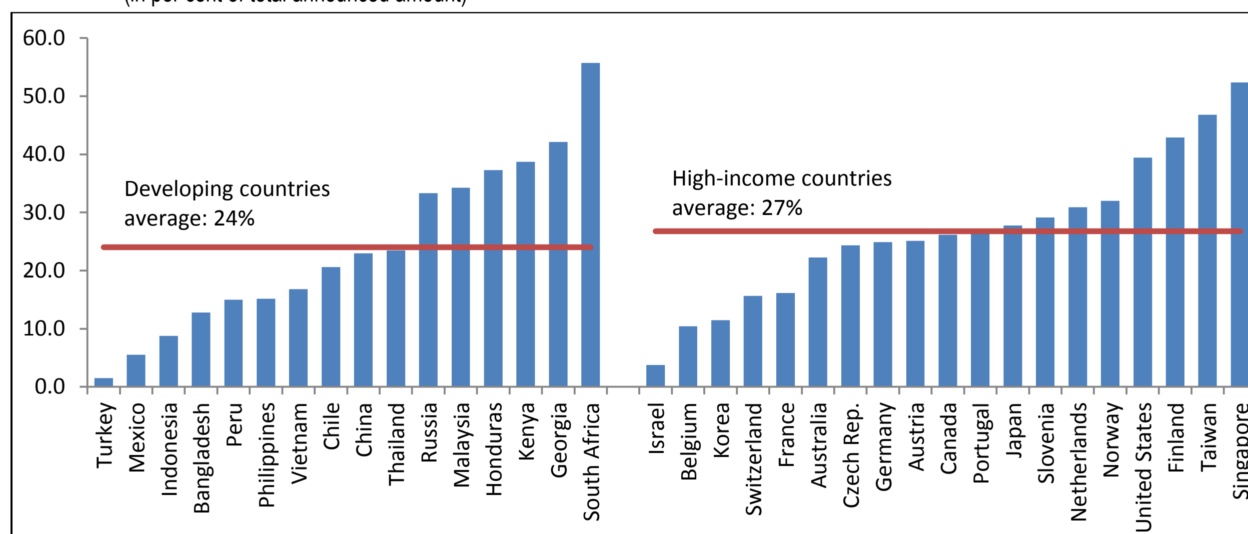
Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2015)

2.3 From Fiscal Stimulus to Fiscal Contraction

In 2008-09 there was a global consensus on countercyclical fiscal policies, whereby countries coordinated policies to combat the negative social and economic impacts of the crisis. The IMF spelled out the need for global fiscal stimulus: "In normal times, the Fund would indeed be recommending to many countries that they reduce their budget deficit and their public debt. But these are not normal times… if no fiscal stimulus is implemented, then demand may continue to fall… what is needed is… a commitment by governments that they will follow whatever policies it takes to avoid a repeat of a Great Depression scenario."[3] During the first phase of the crisis (2008-09), 137 countries ramped up public expenditure, with the average annual expansion amounting to 3.3 per cent of GDP.

At least 48 countries announced fiscal stimulus packages totaling US$2.4 trillion, of which approximately a quarter was allocated to social protection measures (Figure 4). Social protection played a key role in attenuating the immediate negative effects of the crisis on. One of the key lessons from these initial crisis responses is that social protection can function as an automatic stabilizer most effectively if the relevant schemes and programmes are implemented early (ILO, 2014). In the absence of such social protection measures, the effect of the crisis on unemployment, households' disposable income and poverty rates in 2009-10 would have been much worse (ILO, 2011).

Figure 4: Size of Social Protection Component of Stimulus Packages 2009
(in per cent of total announced amount)



Sources: Authors' calculations based on Zhang, Thelen and Rao (2010) and IMF country reports for Chile and Peru

What prompted governments to abandon fiscal expansion in 2010 and embrace expenditure contraction? The conventional answer is to address debt and fiscal deficits. However this seemingly straightforward explanation deserves further exploration, especially given the fragile state of recovery in 2010 and the clear, negative impacts that fiscal retrenchment would have on economic activity.

Early in 2010, IMF advice underwent a major change (later supported by the OECD and ultimately also by the G20). Two IMF Board papers approved in February 2010—"Exiting from crisis intervention policies" and "Strategies for fiscal consolidation in the post-crisis world"—called for large-scale fiscal adjustment "when the recovery is securely underway" and for structural reforms in public finance to be initiated immediately "even in countries where the recovery is not yet securely underway" (IMF, 2010a;

[3] Olivier Blanchard, Economic Counselor and Director, IMF Research Department, *IMF Survey Magazine*, 29 December 2008.

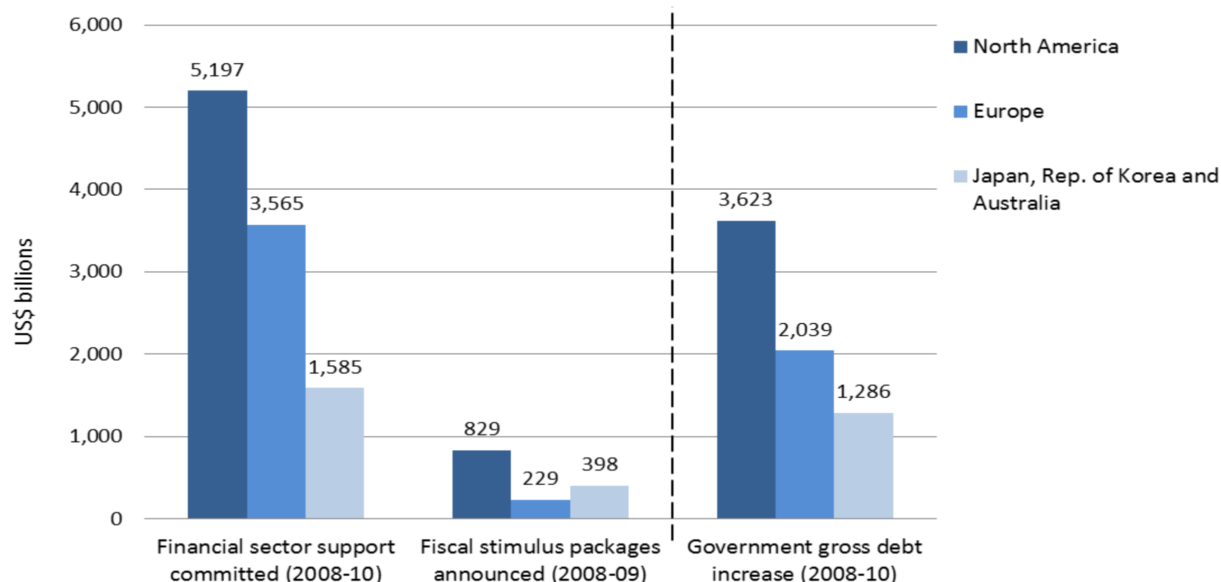
IMF, 2010b). Reforms of pension and health entitlements were called for, accompanied by "strengthened safety nets" for the poorest (IMF, 2010a, pp. 15-32). On the composition of fiscal adjustment, it was advised that most of it could come from:

- Unwinding the previously adopted fiscal stimulus packages;
- Reforming pension and health entitlements to reduce the long-term financial obligations of the state by way of avoiding "a rise in spending as a share of GDP" (IMF, 2010a, p. 16);
- Containing other spending, by means such as eliminating subsidies; and
- Increasing tax revenues.

All these suggested reforms became mainstream policy advice in a majority of countries around the world after 2010 and shaped the direction embraced by the economic adjustment programmes agreed with countries facing a sovereign debt crisis. Other international institutions also played a role. The Bank of International Settlements (BIS)—the bank for central bankers—joined the IMF in advocating front-loaded fiscal consolidation and structural reforms claiming that the limits to fiscal stimulus had been reached in a number of countries (BIS 2010 and 2011). The OECD 2010 Economic Outlook (OECD, 2010) also focused on the urgent need for fiscal consolidation and structural reforms (in, for example, labour and product markets), pointing out that in both OECD and non-OECD countries the economic slack was disappearing and recovery taking hold rapidly. While these positions generally focused on higher-income countries, they also urged fiscal adjustment in developing countries, given that the risk of debt distress was increasing there too. However, as the global policy reversal was completed, it became apparent that recovery was not under way in the world's largest economies. Instead a pattern of slow growth and persistent unemployment seemed to settle in, partly due to fiscal consolidation itself.

Thus the second phase of the crisis, beginning in 2010, saw a total policy reversal, a 180-degree shift in governments' public expenditure. The sovereign debt crisis in Europe turned public attention to government spending, as if it were the cause of the crisis. Rising debts and deficits at this point resulted from bank bailouts to rescue the financial sector from bankruptcy, stimulus packages and lower government revenues due to the slowdown in economic activity (Figure 5). In other words, government debt and deficits were symptoms of the crisis, not its cause. Yet fiscal consolidation prescribed to cut back on public policies and downsize state budgets as the main ways to reduce deficits, calm the markets and revive the economy. Following this logic, the social welfare state was depicted as unaffordable and a burdensome impediment to competitiveness and output growth.

Figure 5: Support for the Financial Sector, Fiscal Stimulus Packages and Public Debt Increases, selected high income countries, 2008-10 (US$ billions)



Note: North America includes United States and Canada; Europe includes Austria, Belgium, Finland, France, Germany, Greece, Ireland, the Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom
Sources: ILO 2014, based on IMF, 2010c; IMF, 2013; Stolz and Wedow, 2010

The reasons for the quick, deep and prolonged cuts to public spending in developing countries are less clear. The IMF's role in influencing policy through surveillance appears as a main contributing factor (Islam et al 2012; Molina 2010; Van Waeyenberge, Bargawi and McKinley 2010; Weisbrot and Montecino 2010).[4]

Numerous studies highlight the fallacious basis of austerity programs (CESR 2012, ILO 2012 and 2014, Krugman 2012, Stiglitz 2012, UNCTAD 2011b, United Nations 2013, Weisbrot and Jorgensen 2013, etc.). In the short term, austerity depresses incomes and hinders domestic demand, harming economic activity and employment and ultimately undermining recovery efforts. In the long term, as unemployment and excess capacity persist, potential output may decrease. Even recent research at the IMF acknowledges that fiscal consolidation has adverse effects on both short and long-term unemployment, private demand and GDP growth, with wage-earners hurt disproportionately more than profit- and rent-earners (Guajardo, Leigh and Pescatori 2011; Ball, Leigh and Loungani 2011). Furthermore, IMF Chief Economist Olivier Blanchard admitted to serious underestimation of these negative effects in calculations used to argue in favor of fiscal contraction (Blanchard and Leigh 2013). However, IMF operations have not yet reflected these findings.

In both high-income and developing countries, there is a strong need to continue countercyclical policies and higher public spending to avert recession, revitalize the economy, generate productive employment, support development needs and repair the social contract. The present contractionary policy stances fall short of what is needed for economic recovery and addressing the jobs crisis. Employment creation is

[4] It is important to note that few governments actually have IMF programs, and the IMF's influence of global and national policy debates is mostly through its policy advice and surveillance missions, the so called "Article IV consultations." These are carried out annually in nearly every country and provide recommendations on a broad range of issues, from fiscal, monetary and exchange rate policies to pensions, healthcare systems, safety nets, labour policies, among others, despite the fact that social policy is not in the IMF's mandate.

associated with a different set of macroeconomic policies that promote investment in productive capacities and growth of aggregate demand, coupled with adequate social policies (Epstein 2009; ILO 2009a, 2010a, 2010b and 2012; Ocampo and Jomo 2007; Pollin, Epstein and Heintz 2008; United Nations 2009a and 2013; UNCTAD 2011a and 2011b; Weeks and McKinley 2007). Further, the focus on fiscal balances deviates public attention from the unsolved root cause of the crisis, which is excessive deregulation of financial markets, as well as from logical global solutions, like a sovereign debt workout mechanism that deals fairly with both lenders and borrowers (UNCTAD 2011a). The United Nations (2009a, 2009b, 2012 and 2013) has repeatedly called for forceful and concerted policy action at the global level to promote employment-generating growth, financial market stability and support development.

3. Main Adjustment Measures Considered, 2010-2015

3.1 Methodology

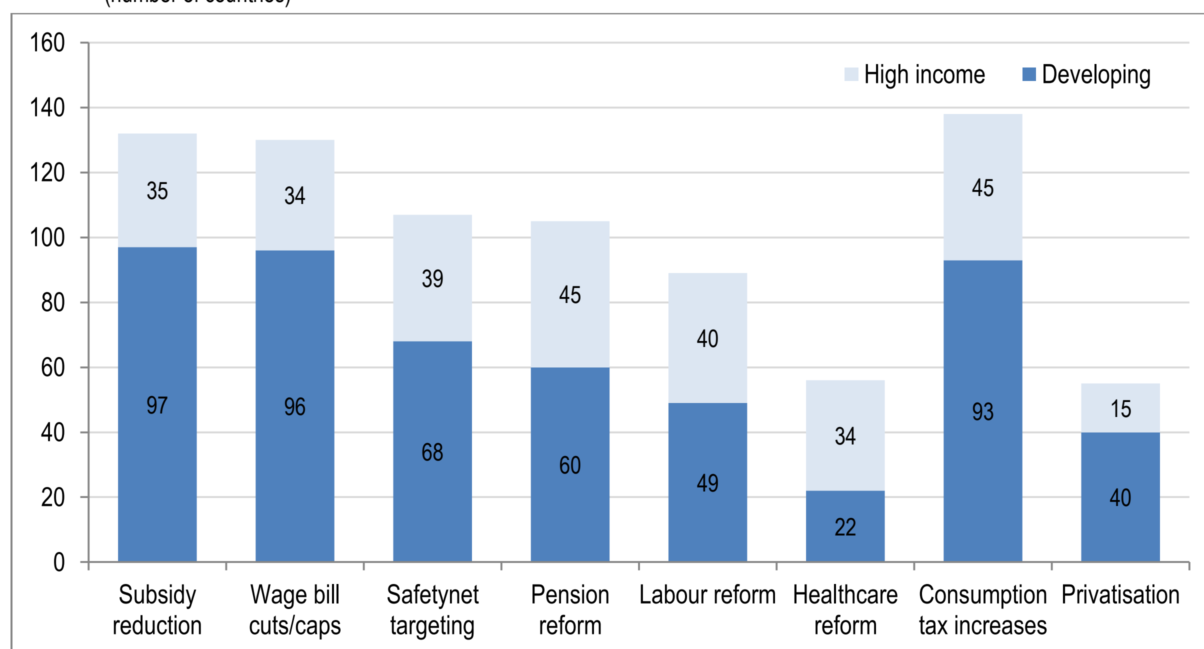
How are governments achieving fiscal adjustment? And what are the main adjustment measures that have direct social impacts? To answer these questions, this section looks at policy discussions and other information contained in IMF country reports, which cover Article IV consultations, reviews conducted under lending arrangements (e.g. Stand-by Arrangements and Extended Credit Facility), consultations under non-lending arrangements (e.g. Staff Monitored Programs) and other publicly available IMF reports. In total, this section reviews all 616 reports that appeared between February 2010 and February 2015 covering 183 countries (see Annex 3 for details). Two caveats must be kept in mind. First, the findings are solely based on the authors' interpretation of information contained in IMF country reports. Secondly, to the extent that measures eventually adopted by governments may differ from those under consideration in IMF country reports, this analysis is only indicative, and actual outcomes require verification.

3.2 Results

3.2.1 Global Adjustment Trends

Our review of IMF country reports indicates that seven main policies are being considered by governments worldwide to consolidate budgets, along with two policy measures to boost revenues (Figure 6). The most widely discussed adjustment measures are (i) reducing or eliminating subsidies, (ii) cutting or capping the wage bill, (iii) rationalizing and/or further targeting safety nets, (iv) pension reforms, (v) labour reforms and (vi) healthcare reforms. In parallel, two important measures to raise revenues in the short-term are also prevalent and include (vii) increasing consumption taxes, such as sales and value-added taxes (VATs), and (viii) privatizing public assets and services. The review of IMF reports shows that additional adjustment measures are being considered, such as education reforms (e.g. rationalizing investments in education and raising tuition fees in Finland, Lithuania, Moldova, Portugal, Russia, Spain and the United States), but they have not been included since they only appear in a small number of countries. A discussion of the main adjustment policy approaches follows, and regional summaries are provided in Annex 4.

Figure 6: Incidence of Austerity Measures in 183 Countries, 2010-15



Source: Authors' analysis of 616 IMF country reports published from February 2010 to February 2015

The most commonly considered measures to contain or reduce government expenditure include:

- **Eliminating or reducing subsidies:** Overall, 132 governments in 97 developing and 35 high-income countries appear to be limiting subsidies, predominately on fuel, but also on electricity, food and agricultural inputs, which makes this the most widespread adjustment measure.

- **Cutting or capping the wage bill:** As recurrent expenditure, like salaries, tend to be the largest component of national budgets, an estimated 130 countries are considering reducing their wage bill, which is often carried out or planned as a part of civil service reforms. In total, 96 developing and 34 high-income countries are considering this policy stance.

- **Rationalizing and/or further targeting social safety nets:** The review indicates that 107 governments in 68 developing and 39 high-income countries are considering rationalizing spending on safety nets and welfare benefits, often by revising eligibility criteria and targeting to the poorest, which is a *de facto* reduction of social protection coverage.

- **Reforming old-age pensions:** Approximately 105 governments in 60 developing and 45 high-income countries are discussing different changes to their pension systems, such as raising contribution rates, increasing eligibility periods, prolonging the retirement age and/or lowering benefits, among others.

- **Labour flexibilization reforms:** These generally include revising the minimum wage, limiting salary adjustments to cost of living standards, decentralizing collective bargaining and increasing the ability of enterprises to fire employees. Some 89 governments in 49 developing and 40 high-income countries are considering some form of labour flexibilization.

- **Healthcare system reforms:** These are being considered by 56 governments in 22 developing and 34 high-income countries and can include raising fees and co-payments for patients as well as introducing cost-saving measures in public healthcare centers.

At the same time, commonly adopted measures to increase government revenues are:

- **Increasing consumption taxes on goods and services:** This can be achieved either through increasing or expanding VAT rates or sales taxes or by removing exemptions. Some 138 governments in 93 developing and 45 high-income countries are employing some form of change to their consumption-based taxes, making this the most prominent revenue side being considered in response to fiscal pressure.

- **Privatization of public assets and services:** This is another option being pursued to increase short-term revenues which, according to IMF reports, is being considered by 55 governments in 40 developing and 15 high-income countries.

Contrary to public perception, an examination of IMF country reports indicates that austerity measures are not limited to Europe. In fact, many adjustment measures emerge more frequently in developing countries (Tables 4 and 5). For instance, while pension and labour reforms are dominant in high-income countries, developing countries exhibit a higher incidence of wage bill cuts/caps and lower subsidies. In contrast, consumption tax increases and privatization are equally common in both groups.

Table 4: Main Adjustment Measures by Region, 2010-15
(number of countries)

Region/income	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatization
East Asia and Pacific	15	18	10	6	9	2	18	8
Eastern Europe/Central Asia	14	17	18	18	12	9	14	11
Latin America/Caribbean	14	14	13	17	11	2	18	3
Middle East and North Africa	10	8	7	5	6	3	9	2
South Asia	6	7	5	2	3	0	7	3
Sub-Saharan Africa	38	32	15	12	8	6	27	13
Developing countries	97	96	68	60	49	22	93	40
High-income countries	35	34	39	45	40	34	45	15
All countries	**132**	**130**	**107**	**105**	**89**	**56**	**138**	**55**

Source: Authors' analysis of 616 IMF country reports published from February 2010 to February 2015

Another interesting finding relates to the scale of austerity measures being adopted by individual countries. Overall, at least two policy options are being discussed in 169 countries, three or more in 145 countries, four or more in 122 countries, five or more in 91 countries, six or more in 56 countries and seven or more in 15 countries: Barbados, Belarus, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Egypt, Fiji, France, Greece, Hungary, Iceland, India, Ireland, Italy, Jamaica, Jordan, Kuwait, Latvia, Lebanon, FYR Macedonia, Malta, Moldova, Montenegro, Netherlands, Palau, Poland, Portugal, Romania, Russia, Serbia, Slovak Republic, Slovenia, Spain, Turkey, Tuvalu and the United Kingdom. On the other side of the spectrum, only seven countries in the world appear not to be contemplating any type of adjustment based on information from their latest IMF country reports. This list includes Aruba, Equatorial Guinea, Hong Kong China, Rwanda, South Sudan, Syria and Uzbekistan.

With respect to the evolution of adjustment measures over time, reports show higher occurrence of most measures in the second half of the period (Sept. 2012-Feb. 2015) than in the first half (Feb. 2010-Aug.

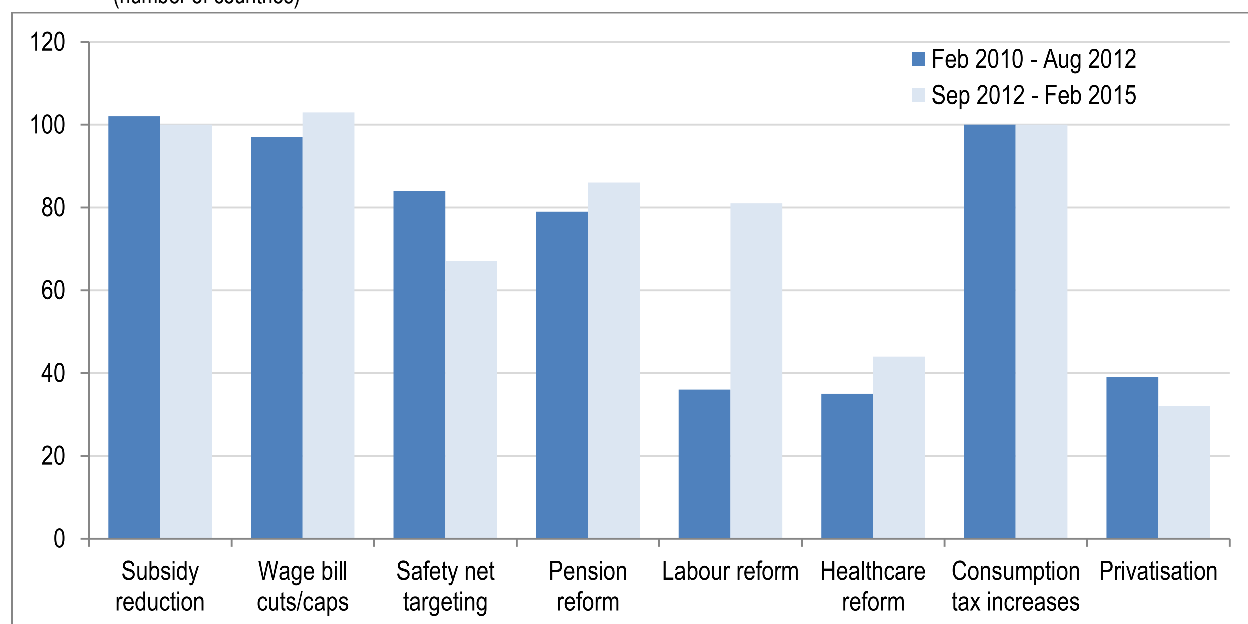
2012) including labour reforms, pension reforms and healthcare reforms. Three adjustment measures became slightly less frequent (reducing subsidies, rationalizing/targeting safety nets and privatizations).

Table 5: Main Adjustment Measures by Region, 2010-15
(percentage of countries)

Region/income	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatization
East Asia and Pacific	62	62	24	29	29	10	76	19
Eastern Europe/Central Asia	53	84	58	68	53	32	47	26
Latin America/Caribbean	42	53	37	74	58	11	58	11
Middle East and North Africa	100	75	50	50	75	13	75	13
South Asia	71	71	43	29	29	0	86	29
Sub-Saharan Africa	74	62	24	24	19	14	55	14
Developing countries	65	66	34	42	37	15	61	17
High-income countries	47	51	51	70	72	51	55	23
All countries	**59**	**61**	**40**	**51**	**48**	**26**	**59**	**19**

Source: Authors' analysis of 616 IMF country reports published from February 2010 to February 2015

Figure 7: Main adjustment measures, 2010-12 and 2012-2015
(number of countries)



Source: Authors' analysis of 616 IMF country reports published between February 2010 and February 2015

The next sections present the incidence of adjustment measures in high income countries and geographic regions, focusing on recent trends (2012-15). For an analysis of the earlier period (2010-12), see *The Age of Austerity: A Review of Public Expenditures and Adjustment Measures in 174 Countries*.

3.2.2 Adjustment measures in high-income countries

Labour and pension reforms are the most common among the range of austerity measures that high-income countries are considering or have adopted since 2012. As many as 38 countries are considering labour market reforms, including measures to reduce the tax wedge (e.g. Austria, Belgium, Iceland and Slovakia), limiting wage indexation (e.g. Belgium, Cyprus), increase employment flexibility (e.g. Chile, Norway), reform collective bargaining (e.g. Slovakia, Spain, Sweden), and contain minimum wages (Latvia).

About 37 countries are considering pension reforms, such as raising the retirement age, discouraging early retirement, limiting or freezing benefits, increasing taxes or reducing tax exemptions on pension income and increasing employee contributions. These measures are being discussed in the majority of European countries and beyond. For instance, Antigua and Barbuda and Kuwait are weighting to reform their pension systems; Russia, to increase to 40 the number of contribution years required for a minimum wage recipient to to claim benefits.

In addition, 29 countries are considering increases in VATs or removing exemptions, including for basic items, such as Croatia, Israel, Japan, Luxembourg, the Netherlands and Spain.

Healthcare reforms feature prominently in 27 countries, such as Austria, Belgium, Canada, Croatia, France, Germany, Iceland, Japan, the Netherlands and New Zealand, generally focusing on contain healthcare spending by rationalizing benefits and improving efficiency in the health sector.

About 27 countries are considering cuts/caps in the public-sector wage bill (e.g. Canada, France, Finland, Malta, Slovenia) and a similar number rationalizing safety nets, reducing both benefits and beneficiaries, adopting more narrow-targeted approaches (e.g. Belgium, Cyprus, Greece, Russia, Spain, Trinidad and Tobago).

Privatizations are in the agenda of 12 countries, such as Latvia (banking), Malta (utilities), Portugal (airports, postal services), Russia (banking), Slovak Republic (telecommunications) and Slovenia (banking).

Table 6: Adjustment Measures in High-Income Countries, 2012-15

Country	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatization
Antigua and Barbuda		●		●				
Australia						●		
Austria	●		●	●	●	●		
Bahamas	●	●					●	●
Barbados	●	●	●		●			
Belgium	●	●	●	●	●	●	●	
Canada		●		●	●	●		
Chile					●			
Croatia	●	●	●	●	●	●	●	
Curaçao	●	●		●	●	●	●	
Cyprus	●	●	●	●	●	●		●
Czech Republic					●			
Denmark	●		●	●	●	●		
Equatorial Guinea								
Estonia					●			
Finland		●		●	●		●	
France	●	●	●	●	●	●	●	

Country	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatization
Germany	●				●	●		
Greece	●	●	●	●	●	●	●	●
Hong Kong			l.					
Iceland	●		●	●	●	●	●	
Ireland	●	●	●	●		●	●	
Israel		●	●		●		●	
Italy	●	●		●	●	●		●
Japan				●	●	●	●	
Korea	●		●	●	●	●	●	
Kuwait	●	●		●		●	●	●
Latvia			●	●	●			●
Lithuania		●		●				
Luxembourg			●	●	●	●	●	
Macao					●			
Malta		●	●	●	●	●		●
Netherlands	●				●	●	●	
New Zealand			●	●		●	●	
Norway	●		●	●	●		●	
Poland	●	●		●	●		●	●
Portugal	●	●	●	●	●	●	●	●
Qatar				●				
Russia		●	●	●	●		●	●
San Marino		●	●	●	●	●	●	
Saudi Arabia	●	●	●	●	●		●	
Singapore								
Slovak Republic		●		●	●		●	●
Slovenia	●	●	●	●	●	●	●	●
Spain		●	●	●	●	●	●	
St. Kitts and Nevis	●	●	●	●				
Sweden					●			
Switzerland				●	●		●	
Trinidad and Tobago	●		●	●			●	
United Arab Emirates	●	●	●					
United Kingdom			●	●	●	●	●	
United States				●	●	●	●	
Uruguay								
Total	25	27	27	37	38	27	29	12

Source: Authors' analysis of 284 IMF country reports published between September 2012 and February 2015

3.2.3 Adjustment Trends in East Asia and the Pacific

Subsidy reduction and cuts/caps to the public-sector wage bill dominate the list of austerity measures for the East Asia and Pacific region, together with raising consumption taxes.

Subsidy reform is being considered by 13 countries, such as Fiji, Indonesia, Malaysia, Myanmar, Timor-Leste and Thailand. While energy subsidies or subsidies to state-owned utility companies are the main focus, other reforms include cuts to copra subsidies to help low-income farmers on remote islands in Kiribati and to low-income housing subsidies in the Philippines.

About 13 countries are considering cuts/caps to the public wage bill (e.g. most of the Pacific islands, Laos, Malaysia, Timor-Leste and Vietnam).

Most countries (16) in this region are considering increasing consumption taxes (e.g. Indonesia, Laos, Papua New Guinea, Thailand) or introduce changes to VATs (e.g. Marshall Islands, Palau, Tonga,

Tuvalu). While Kiribati has already introduced a new VAT, Malaysia is planning to introduce a goods and services tax in 2015 with Myanmar and Timor-Leste planning the same.

At the same time, Fiji, the Marshall Islands, Micronesia and Palau are considering pension reforms, and Malaysia, Mongolia and Tuvalu are narrowing social protection schemes. Labour market reforms are also on the agenda in at least six countries in the region, Cambodia, China, Indonesia, Timor-Leste and Tuvalu.

Table 7: Adjustment Measures in East Asia and the Pacific, 2012-15

Country	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatisation
Cambodia					●	●	●	
China					●		●	
Fiji	●	●	●	●				●
Indonesia	●		●		●		●	
Kiribati	●	●					●	●
Lao PDR		●					●	
Malaysia	●	●	●	●			●	
Marshall Islands	●	●		●			●	
Micronesia	●	●		●			●	
Mongolia	●	●	●					
Myanmar	●						●	●
Palau	●	●		●			●	●
Papua New Guinea								
Philippines	●						●	
Solomon Islands		●						
Thailand	●						●	
Timor-Leste	●	●			●		●	
Tonga		●					●	
Tuvalu	●	●	●	●	●	●	●	
Vanuatu					●		●	
Vietnam		●						
Total	13	13	5	6	6	2	16	4

Source: Authors' analysis of 284 IMF country reports published between September 2012 and February 2015

3.2.4 Adjustment Trends in Eastern Europe and Central Asia

Wage bill cuts/caps, pension reforms and rationalizing safety nets feature most prominently across Eastern Europe and Central Asia.

Wage bill cuts/caps are discussed in the IMF country reports in Armenia, Belarus, Hungary, Kazakhstan, Macedonia, Moldova, Montenegro, Poland, Russia, Serbia and Ukraine. For example, Serbia undertook a 10 per cent public sector wage cut while Macedonia implemented a freeze on public-sector wages and new hirings to achieve savings in the wage bill.

Pension reform appears to be considered in 13 countries. Montenegro reduced transfers for social protection (including for pensions and disability) by 0.4 per cent of GDP and maintains a freeze on pensions. Serbia cut nominal pensions (22 per cent for those between 25,000 and 40,000 dinars and 25 per cent for higher amounts) and adopted other cost-cutting reforms, including a higher statutory retirement age for women, increased minimum retirement age and penalties for early retirement. The governments of Albania, Azerbaijan, Bulgaria, Hungary, Kyrgyz Republic, Moldova, Russia, and Ukraine are in the process of reforming their pension systems.

Safety net rationalization is considered in 11 countries and the phasing out of subsidies is prominent in 10 countries—including cuts to energy subsidies, agricultural subsidies and transfers to state-owned enterprises and utilities—across the region. Both of these options appear in Azerbaijan, Serbia and Ukraine.

Labour market reforms, such as improving flexibility in hiring and wage bargaining, is reported in the policy discussions of 10 countries such as Hungary, Poland, Turkey, Serbia and Montenegro. To cite one example, Kosovo reduced the maternal leave period in 2012.

Lastly, privatization is being considered in various areas like energy (Albania, Armenia, Romania), aluminum (Montenegro) and socially-owned enterprises (Serbia).

Table 8: Adjustment Measures in Eastern Europe and Central Asia, 2012-15

Country	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatisation
Albania		●		●	●			
Armenia		●	●	●				
Azerbaijan	●		●	●				
Belarus	●	●					●	●
Bosnia		●	●					
Bulgaria	●	●	●	●		●	●	
Georgia								
Hungary	●	●	●	●	●	●	●	
Kazakhstan		●		●	●			
Kosovo		●			●			
Kyrgyz Republic	●	●	●	●			●	
Macedonia	●	●			●			
Moldova	●	●	●	●	●	●	●	
Montenegro		●		●	●		●	●
Romania	●	●	●	●	●	●	●	●
Serbia	●	●	●	●	●		●	●
Turkey		●	●	●	●	●		●
Ukraine	●	●	●	●		●	●	
Uzbekistan								
Total	10	16	11	13	10	6	9	5

Source: Authors' analysis of 284 IMF country reports published between September 2012 and February 2015

3.2.5 Adjustment Trends in Latin America and the Caribbean

In Latin-American and the Caribbean, adjustment measures largely center on pension, labour, wage bill and subsidy reforms; a number of countries are also increasing consumption taxes.

Belize, Costa Rica, El Salvador, Grenada, Guyana, Jamaica, Mexico, Nicaragua, Paraguay, Peru, and St. Vincent and the Grenadines discussing pension reforms.

Policy discussions on labour market reforms have focused on reducing regulations, keeping minimum wages low, and increasing flexibility in working arrangements, hiring practices, wage bargaining and contracts. For example, Colombia is considering containing the pace of growth of the minimum wage and Suriname relaxing employment protection regulations.

On the revenue side, governments in 11 countries are considering increasing consumption taxes. For example, Costa Rica agreed to increase its VAT from 13 to 16 per cent in incremental steps starting in

2016, El Salvador is considering to increase its VAT to 15 per cent and Suriname planning to introduce a new VAT tax.

Subsidy reform affects eight countries across the region. This includes El Salvador (electricity), Suriname (electricity and water), Guyana (electricity), Bolivia (fuel), Paraguay (electricity and water) and Nicaragua (electricity).

Containing the public-sector wage bill is another frequently mentioned austerity measure affecting Belize, Costa Rica, El Salvador, Grenada, Jamaica, Mexico and Suriname among others.

Privatizations are being considered in The Bahamas (energy and water sectors), Colombia (energy), Haiti (telecommunications), Jamaica (public services) and Paraguay (public utilities).

Table 9: Adjustment Measures in Latin America and the Caribbean, 2012-15

Country	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatisation
Belize		●	●	●	●		●	
Bolivia	●				●		●	
Brazil				●	●			
Colombia				●	●	●	●	
Costa Rica		●		●	●	●	●	
Dominica				●				
El Salvador	●	●	●	●			●	
Grenada		●	●	●	●		●	
Guatemala							●	
Guyana	●			●				
Haiti	●	●					●	●
Jamaica		●	●	●	●			●
Mexico		●		●				
Nicaragua	●		●	●	●		●	
Panama	●							
Paraguay	●	●		●	●		●	
Peru				●	●			
St. Vincent		●	●	●				
Suriname	●	●	●		●		●	
Total	**8**	**10**	**7**	**14**	**11**	**2**	**11**	**2**

Source: Authors' analysis of 284 IMF country reports published between September 2012 and February 2015

3.2.6 Adjustment Trends in the Middle East and North Africa

Subsidy reform is the key adjustment measure in the Middle East and North Africa region, as all countries are under pressure to reform their energy and, in some cases, food and other subsidies. Algeria, Egypt, Iran, Jordan, Lebanon, Morocco, Tunisia and Yemen are considering to reduce subsidies and to provide fuel at market prices. Egypt, Jordan and Morocco also have substantial food subsidy programs, which are a key component of their social protection systems and under the reform discussion.

Other common adjustment measures include wage bill cuts/caps and labour market reforms. Joblessness is high in the region and the public sector tends to be the largest employer. Here, Egypt set a ceiling for public sector wages and is also working on revising the public pay system and limiting the number of retirees that can be replaced. Algeria is considering to stabilize the size of the civil service and limit wage increases; Jordan and Morocco, to reduce their wage bill In terms of labour markets, Algeria, Egypt, Iran, Jordon, Morocco and Tunisia are planning major reforms, including efforts to relax regulations and improve training and education programmes.

Regarding consumption taxes, Egypt plans to replace its current sales tax with a VAT regime, Iran is bringing forward a planned increase from 6 to 8 per cent, and Algeria is considering to limit exemptions.

Table 10: Adjustment Measures in the Middle East and North Africa, 2012-15

Country	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatisation
Algeria	●	●			●		●	
Egypt	●	●			●		●	
Iran	●		●		●		●	●
Jordan	●	●	●	●	●		●	
Lebanon	●		●	●		●	●	
Morocco	●	●		●	●		●	
Tunisia	●	●	●	●	●			
Yemen	●	●						
Total	**8**	**6**	**4**	**4**	**6**	**1**	**6**	**1**

Source: Authors' analysis of 284 IMF country reports published from September 2012 to February 2015

3.2.7 Adjustment Trends in South Asia

Subsidy reform and cutting the public-sector wage bill are key austerity measures considered or adopted in South Asia.

Five countries in the region have large energy and food subsidies and are currently in the process of reforming them. Bangladesh, India, Nepal, Pakistan and Sri Lanka have cut fuel subsidies through adjustments of prices and tariffs and by reducing transfers to state-owned fuel companies and utilities that sell at capped prices. Bangladesh, India and Sri Lanka have already cut subsidies and raised fuel prices substantially since 2013. Pakistan has started an ambitious program that is expected to reduce subsidies from about 1.8 per cent of GDP to 0.3-0.4 per cent of GDP over a three-year period.

The public sector wage bill is under scrutiny in Afghanistan, Bhutan, India, Nepal and Pakistan. Afghanistan is pursuing wage restraint even as it attempts to expand public services in order to meet its commitments toward the Millennium Development Goals (MDGs). Bhutan instituted a new Pay Commission in 2014 to recommend wage adjustments in the public sector. Nepal introduced a hiring freeze in 2012. Pakistan is considering a civil service reform to improve the quality of the public service, reduce corruption and contain the wage bill.

Six countries are considering increasing consumption taxes. Sri Lanka is considering to extend VAT to more sectors in order to broaden the tax base; Bhutan is considering to remove sales tax exemptions for basic items and to introduce a VAT. Similarly, Afghanistan aimed to introduce a VAT in 2014 and India is planning to introduce a goods and services tax in 2015.

Privatizations are being considered in Afghanistan (banking sector) and in Pakistan, where 65 public enterprises have been approved for privatization by the Council of Common Interest.

Targeting safety nets and labour reforms are the other two measures that affect this region. India launched an ambitious program to provide subsidized food to 67 per cent of its population to reduce hunger, improve nutrition and enhance food security through the Food Subsidy Act in 2014; however, policy discussions contained in IMF country reports advise against expanding the scheme as it will add to the fiscal deficit and recommend instead that these efforts be converted to a system of targeted, direct cash transfers. Bangladesh has already started to move away from universal food subsidies to more targeted programs. And India and Nepal are also discussing easing labour regulations that are perceived restrictive.

Table 11: Adjustment Measures in South Asia, 2012-15

Country	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatisation
Afghanistan		●					●	●
Bangladesh	●		●				●	
Bhutan		●					●	
India	●	●	●	●	●		●	
Nepal	●	●	●	●	●			
Pakistan	●	●					●	●
Sri Lanka	●						●	
Total	5	5	3	2	2	0	6	2

Source: Authors' analysis of 284 IMF country reports published from September 2012 to February 2015

3.2.8 Adjustment Trends in Sub-Saharan Africa

Subsidy reform and wage bill cuts/caps are the main adjustment measures being considered across Sub-Saharan Africa, followed by consumption tax increases, further targeting and pension reform.

Removing subsidies is prevalent in more than 30 countries, such as Angola, Burundi, Comoros, Gabon, Madagascar, Mauritania, Senegal, Sudan and Tanzania. Reforms focus on energy subsidies and in some cases, food and agricultural subsidies (usually for agricultural inputs such as fertilizer). Gabon eliminated most industrial diesel subsidies in January 2014 as did Mauritania. Burkina Faso has increased prices for butane while Tanzania increased electricity prices. Ghana raised electricity and water tariffs (the former by 60 per cent). Zambia raised retail fuel prices in May 2013 by an average of almost 22 per cent, which generated savings for the government of about 1.2 per cent of GDP. Many of these countries are also considering to cut transfers to state-owned electricity companies, which cover the shortfalls from setting tariffs below cost-recovery prices (e.g. Comoros, Mauritania, Senegal). Aside from fuel subsidies, other subsidies are also being targeted, such as for maize and agricultural inputs in Zambia.

The removal of universal subsidies is often accompanied by a safety net consisting of cash transfers that are narrowly targeted to the poorest. For example, policy discussions contained in IMF Angola country reports focus on reducing fuel subsidies that benefit all Angolans and instead introduce "a well-targeted conditional cash transfer scheme to protect the less fortunate with a subsidy amount of 50% of the poverty line [that] would cost on an annual basis around ½% of GDP, one eighth of the current level of spending on fuel subsidies". Madagascar is phasing out its fuel subsidies that support all citizens but only the poorest are to be compensated by a small targeted urban transport subsidy.

Table 12: Adjustment Measures in Sub-Saharan Africa, 2012-15

Country	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatisation
Angola	●		●					
Benin	●	●					●	
Botswana	●	●	●			●	●	●
Burkina Faso	●						●	
Burundi	●	●	●			●	●	
Cabo Verde		●			●			
Cameroon	●							
Chad	●							
Comoros	●	●					●	●
Congo	●							
Congo, Rep.	●	●					●	
Côte d'Ivoire	●	●		●	●		●	

Country	Subsidy reduction	Wage bill cuts/caps	Safety net targeting	Pension reform	Labour reform	Health reform	Consumption tax increases	Privatisation
Ethiopia		●				●	●	
Gabon	●	●			●			
Gambia	●				●		●	
Ghana	●	●		●			●	
Guinea	●						●	
Guinea Bissau	●						●	
Kenya		●		●			●	
Lesotho		●						
Liberia	●	●						
Madagascar	●			●				
Mali								
Mauritania	●	●	●		●		●	
Mauritius	●		●	●			●	
Mozambique	●	●	●			●		
Namibia	●	●	●					
Nigeria	●	●				●	●	●
Rwanda								
São Tomé		●						
Senegal	●	●	●		●		●	
Seychelles							●	
Sierra Leone	●							
South Africa		●		●	●	●		
South Sudan								
Sudan	●	●					●	●
Swaziland		●						●
Tanzania	●	●		●			●	
Togo	●	●	●	●				●
Uganda	●			●			●	
Zambia	●	●		●			●	
Zimbabwe	●	●	●		●		●	
Total	**31**	**26**	**10**	**10**	**8**	**6**	**23**	**6**

Source: Authors' analysis of 284 IMF country reports published from September 2012 to February 201

Containing the wage bill is the second most common austerity measure in Sub-Saharan Africa (26 countries). This affects some of the poorest countries struggling to deliver public services in health and education, such as Benin, Comoros, Ethiopia, Kenya, Nigeria, São Tomé and Principe, Togo and Zambia. Ethiopia's 2013 Article IV report notes that "the restraining of recurrent spending has taken place across all the sectors, with notable decline in the ratios of current spending-to-GDP in the education and health sectors, reflecting public sector wage restraint during the episode of high inflation." Togo plans to contain the increase of the wage bill below that of nominal GDP in the medium term despite the call from unions to increase wages.

Increasing consumption taxes is a main revenue mobilization measure across the region. For example, Mauritania raised its VAT by 2 per cent to 16 per cent and Ethiopia, Sudan, and Zambia are also considering increases. Ghana raised its VAT regime by 2.5 per cent while also removing exemptions.

Despite the large incidence of poverty many countries in Sub-Saharan Africa are advised to narrow-target their existing social protection programs. Burundi, Botswana, Mauritania, Mauritius, Mozambique, Namibia and Togo are some of the countries advised to better target their safety nets.

Lastly, it is also noteworthy that privatizations are being discussed somewhat frequently. This includes in Benin (cotton, wood and cement industries, public utilities), Botswana (telecommunications), Cameroon (postal services), Comoros (telecoms), Gambia (telecoms), Nigeria (energy), Sudan (banking), Togo (banking, telecoms, energy, phosphates).

4. Impacts on Growth and Employment

In this section we analyze the effects of prospective fiscal adjustments for the years 2016-2020 on growth and employment. Using the United Nations Global Policy Model (GPM) we project losses in terms of GDP and employment in every region, due to the significant reductions of aggregate demand caused by spending cuts.

4.1 Methodology

In order to project the effects of the 2016-2020 spending cuts we impute them into the GPM[5]. We then use the model to calculate the effects on all other macroeconomic variables, including GDP growth and employment. Results are compared to corresponding values from a baseline scenario.

As mentioned in previous sections, government expenditure affects many aspects of the economy through linkages that must be carefully considered. This is true also when taking a macroeconomic perspective that focuses on aggregate economic performance as measured by GDP and total employment. Government spending affects the government's budget, private investment, the decisions of financial operators and, depending on its composition, labour productivity, private consumption and many other variables. Calculating the net effect on GDP growth and employment is usually a complex matter requiring assumptions about the relative importance of each linkage.

In policy discussions it is often assumed that the expectations of financial operators are the most important channel through which the level of fiscal spending affects the economy. In the prevailing view financial operators anticipate the effects that government spending might have on a government's debt and its default probability. If expectations worsen, landing institutions and international investors may be less willing to transfer funds into a country, which may both public and private investment and, ultimately, growth and employment. By contrast, an improvement in expectations is supposed to lead to better funding conditions, regardless of how it is achieved. While everyone acknowledges the direct negative effects of spending cuts on labour and corporate incomes, in the prevailing view cutting fiscal spending is beneficial to the economy because the indirect positive effects playing out through the financial channels are supposed to outweigh any adverse effects.

The trouble with the prevailing view is that it assumes away two critical aspects of reality. First, although market confidence does affect financial flows, these do not mechanically affect investment flows—faster growth and higher employment do not necessarily follow from optimism in the financial market. Secondly, the negative effects of fiscal spending have proven hard to anticipate. In fact, they can be more or less strong depending on the phase the economy is in. In recessions or periods of stagnation, the level of economic activity is tightly constrained by aggregate demand—in turn determined by the level of disposable income—rather than the availability of labour, skills and other resources. Even if firms can fund more investment and produce more, they often choose not to because they would not be able to sell the extra production. In this context, cutting government spending may aggravate a recession even if the economy is flush with liquidity, in a mechanism known as "liquidity trap," Famously, low government debt (relative to GDP) did not avert a harsh recession in Spain while high debt has not caused one in Japan. At the same time large injections of liquidity by the European Central Bank, in the form of unprecedented lending to commercial banks, may have averted banking defaults but have not helped Europe out of stagnation.

[5] The GPM is the United Nations' macroeconomic model, used for medium-term projections on the global economy.

Overlooking these dynamics results in biased projections.[6] Therefore, we project the effects of fiscal adjustment on growth and employment using the United Nations Global Policy Model, which is based on more realistic assumptions.[7] First, it recognizes the importance of government spending as a source of aggregate demand and the fact that financial flows are not necessarily transformed into productive investment. Secondly, it recognizes the importance of international feedbacks. When a government cuts spending, the immediate negative impact on the country's growth leads to a reduction of imports that harms other countries' exports and GDP. If the country is relatively small, the effect on the rest of the world may be marginal. But when a country is large, as the United States or China, or when many governments cut their spending simultaneously, as in the European Union, the effects on the rest of the world are likely to be large and have repercussions on each country's exports that further depress economic activity.

In our five-year projections we compare two different scenarios: a baseline scenario in which we assume no fiscal adjustment and a scenario in which we assume that government spending is cut according to Table 1 without any compensatory change in tax rates.[8] Our results contradict the prevailing view that sees confidence in financial markets as the critical driver of real economic activity. Global austerity appears as a counterproductive strategy leading to lower growth and employment in every region of the world.

[6] See Blanchard and Leigh (2013) for the latest admission to this bias in IMF projections.
[7] For a technical description of the model see Izurieta and Cripps (2014). For other applications see UNDESA (2010, 2011, 2012), UNCTAD (2013, 2014) Capaldo (2015) and Capaldo and Izurieta (2015).
[8] For more details on projection results see Annex 5.

4.2 Projection Results

Results are summarized in Table 13

Table 13: Impact of Fiscal Adjustment on GDP and Employment compared to baseline, 2015-2020

	GDP	Employment
Units	% (*)	Jobs (millions)
All Countries:		
High Income	-4.98	-4.75
Upper-Middle Income	-7.62	-4.39
Lower-Middle Income	-2.60	-0.14
Low Income	-6.17	-2.45
Developing countries:		
Eastern Europe and Central Asia	-3.73	-0.39
Middle East and Northern Africa	-3.67	-0.71
Sub-Sahara Africa	-4.92	-2.46
East Asia and Pacific	-11.58	-2.60
South Asia	-2.66	-1.06
Latin America and the Caribbean	-2.43	-0.54
World	-5.57	-11.73

Source: Authors' analysis based on Global Policy Model; (*) differences between five-year GDP growth rates, under baseline and under spending contraction.

Over the period 2015-20 upper-middle income countries are projected to bear the largest relative loss with a reduction of GDP of more than 7.5 percentage points compared to the baseline. In other words, after five years of fiscal adjustment, GDP will be approximately 7.5 per cent lower than it would be if fiscal adjustment were not implemented. Low-income countries are the second hardest hit with an overall loss of more than 6 per cent percentage points over five years. In the same period, high-income countries are projected to lose approximately 5 per cent. Lower-middle income countries will bear the smallest relative loss, approximately 2.5 per cent of GDP.

The geographical distribution of the losses borne by developing countries indicates that the East Asia and Pacific region will be the hardest hit, with a loss of more than 11 percent of GDP. The impact in this region is strongly affected by China, projected to lose approximately 13 percent of GDP compared to baseline. Sub-Saharan Africa will be the second hardest hit. Eastern Europe and Central Asia and the Middle East and Northern Africa are close behind with losses amounting to almost 4 per cent of GDP. At approximately 2.5 per cent of GDP, losses in South Asia will be smaller but still significant.

Annual growth figures show a consistent pattern (Figure 7) with fiscal adjustment setting every region on a lower path. However, annual figures—indicating losses in the order of 1 per cent—may obscure the extent of the total effect. Over five years these losses cumulate leading to the more visible figures summarized in Table 13. For the global economy as a whole, the total GDP loss is projected to be as large as 6 per cent points compared to the baseline scenario. Under the assumed fiscal adjustment, global GDP is projected to grow 9.4 per cent by 2020, compared to 15 per cent in the baseline. As an additional illustration, Figure 8 includes IMF global growth projections. Compared to the latter, the assumed fiscal adjustment implies a loss of seven points, a massive sacrifice in terms of growth over five years. Based on

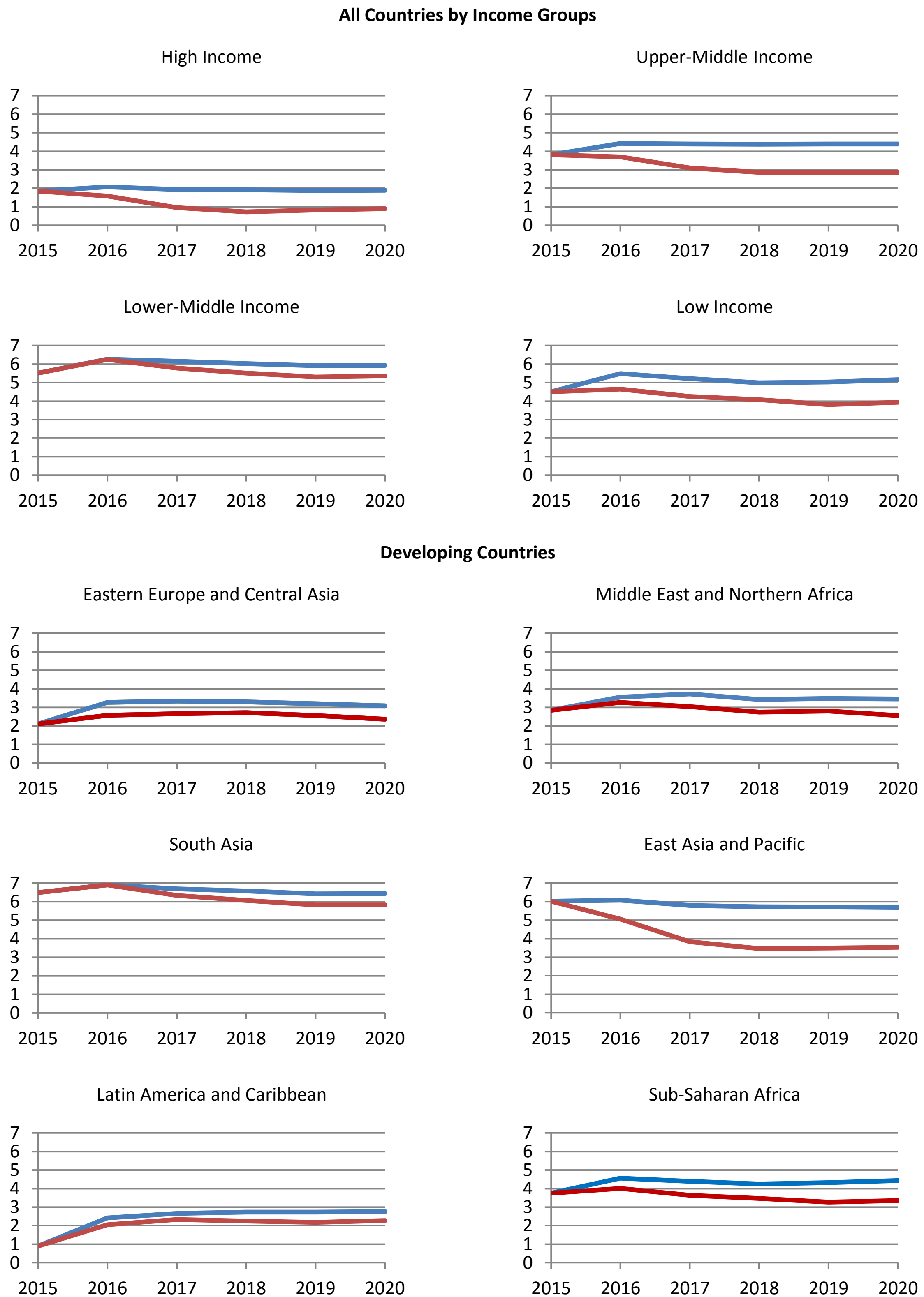
an estimated global GDP of US$100 trillion in PPP terms, this comparative loss amounts to approximately US$7 trillion over five years, enough resources to eliminate the infrastructure gap in developing countries (World Bank, 2013).

The negative impact on growth will also affect employment. In fact, GDP losses and employment losses are mutually reinforcing. As cuts to government spending reduce aggregate demand, corporate sectors in each country face losses of business that lead to layoffs and salary cutbacks. Meanwhile, in order to cut spending, governments must introduce hiring and/or wage freezes, or outright employment cuts in public services. These effects—in both the private sector and the government—reduce workers' disposable incomes negatively affecting consumption expenditure and investment. Lower consumption and investment feedback negatively onto business activity in a spiraling process that leads to employment losses and slower growth.

We project net employment losses across all income groups against the baseline scenario. High-income countries will be the most affected with a loss of 4.7 million jobs. Upper-middle income countries follow close behind with a loss of 4.4 million jobs, while low-income countries face a loss of 2.4 million jobs.

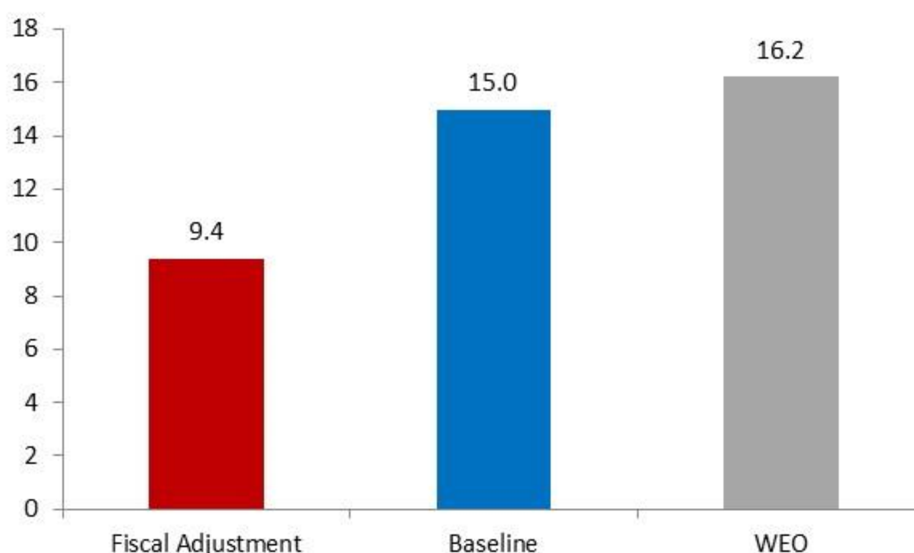
In total, we project that fiscal adjustment will cause the loss of 7 per cent of global GDP and of approximately 12 million jobs over the 2015-20 period.

Figure 8: Annual GDP Growth Rates, baseline (blue) and fiscal adjustment (red)



Source: Authors' analysis based on the Global Policy Model

Figure 9: Global GDP Growth Rates, 2015-2020



Source: Authors' analysis based on the Global Policy Model

5. Impacts on Welfare

The previous section analyzed the impact of the foreseen cuts in public spending on growth and employment. Projections carried out with the United Nations Global Policy Model suggest clear losses in terms of GDP and employment. This section describes the adverse social impacts that are associated with each of the most common adjustment measures.

5.1 Eliminating or Reducing Subsidies

Eliminating or reducing subsidies is the most common adjustment measure—currently considered by governments in 132 countries—and is often accompanied by discussions on safety net targeting as a way to compensate the poor. This is largely driven by the logic that generalized subsidies can be ineffective, costly and inequitable, while replacing them with targeted transfers can remove market distortions and more cost-effectively support the poorest groups (Coady et al. 2010).

However, governments must carefully assess the human and economic impacts of lowering or removing subsidies and ensure that any such policy change is accompanied by measures that adequately safeguard vulnerable populations and overall recovery prospects.

- **Food subsidies:** Poor and vulnerable households have been adjusting to high food costs for years, and their resilience to shocks is limited. Food security remains a critical issue in many countries, and families across the globe have reported eating fewer meals, smaller quantities and less nutritious foods.[9] In recent years, protests over food prices have erupted in many countries including Algeria, Bangladesh, Burkina Faso, Egypt, India, Iraq, Jordan, Morocco, Mozambique, Nigeria, Senegal,

[9] These behavior has been widely reported, such as in India, Pakistan, Nigeria, Peru and Bangladesh (Save the Children 2012), in Bangladesh, Cambodia, the Central African Republic, Ghana, Kazakhstan, Kenya, Mongolia, the Philippines, Serbia, Thailand, Ukraine, Vietnam and Zambia (Heltberg et al. 2012), in Bangladesh, Indonesia, Jamaica, Kenya, Yemen and Zambia (Hossain and Green 2011), and in Bangladesh, Cambodia, Guinea, Kenya, Lesotho Swaziland (Compton et al. 2010).

Syria, Tunisia, Uganda and Yemen. Moreover, some governments have removed food subsidies at a time when food assistance is sorely needed (Box 1).

- **Subsidies to agricultural inputs like seeds, fertilizer and pesticides:** A survey of 98 developing countries policy responses to the food crisis in 2008-10 shows that 40 per cent of governments opted for agricultural input subsidies (Ortiz and Cummins 2012; Demeke, Pangrazio and Maetz 2009). Adequate subsidies and the distribution of productive inputs can bolster local production, and their removal should be carefully weighed given the negative impacts (Khor 2008).

- **Fuel and energy subsidies:** Indeed, the wide fluctuations in international oil prices can make fuel and energy subsidies costly and, therefore, an obvious target. It is important to recognize, however, that the sudden removal of energy subsidies and consequent increases in prices have sparked protests in many countries, e.g. Algeria, Cameroon, Chile, India, Indonesia, Kyrgyzstan, Mexico, Mozambique, Nicaragua, Niger, Nigeria, Peru, Sudan and Uganda (Ortiz et al., 2013; Zaid et al., 2014). As a result, the adverse effects of this policy option should be carefully examined. First, cutting fuel subsidies can have a disproportionately negative impact on vulnerable groups, in terms of raising transport costs and the cost of fuel products, like kerosene, which low income households frequently rely upon for heating, cooking and lighting. Second, removing fuel subsidies can hinder overall economic growth, since higher costs of goods and services drag down aggregate demand. Third, any slowdown in economic growth will lower tax receipts and create new budgetary pressures—which is ironically the original impetus of the subsidy reversal.

There are several important policy implications that must be taken into account when considering a focus on subsidy removal and introducing compensatory measures for the poor:

- **Timing:** While subsidies can be removed overnight, developing social protection programs takes a long time, particularly in countries where institutional capacity is limited. Thus there is a high risk that subsidies will be withdrawn and populations will be left unprotected, making food, energy and transport costs unaffordable for many households.

- **Targeting the poor excludes other vulnerable households:** In most developing countries, middle classes are very low income and vulnerable to price increases, meaning that a policy to remove subsidies may lead to poor developmental outcomes (see Section 6.3 on targeting).

- **Allocation of cost savings. The large cost savings** resulting from reductions in energy subsidies should allow countries to develop comprehensive social protection systems: fuel subsidies are large, but compensatory safety nets tend to be small in scope and cost. For example, in Ghana, the eliminated fuel subsidy would have cost over US$1 billion in 2013, whereas the targeted LEAP programme costs about US$20 million per year.

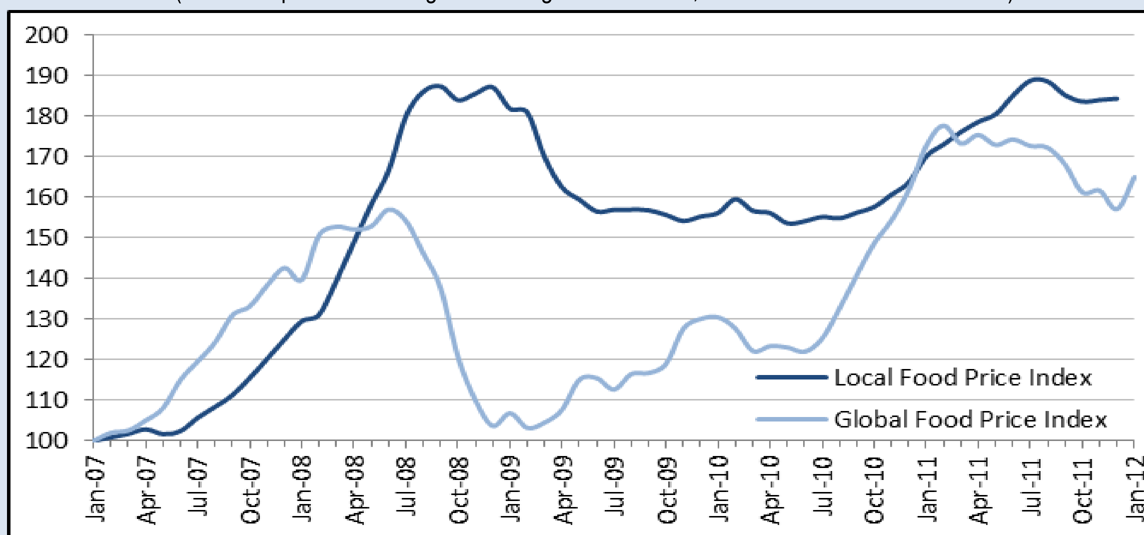
- **Subsidy reforms are complex and their social impacts need to be properly assessed and discussed within the framework of national dialogue,** so that the net welfare effects are understood and reforms are agreed to before subsidies are scaled back or removed
.

Box 1: Removing Food Subsidies despite High Food Prices

During the food and fuel crisis, many developing countries increased subsidies or cut taxes on food and/or fuel between 2006 and 2008 (IMF 2008). However, upon the easing in international commodity prices in late 2008, many countries started to reverse food subsidies, despite the lack of a clear indication that local food prices were lowered or that a compensatory social protection floor had successfully been put in place.

In 2012, local food prices were at or near record levels in many countries, especially low-income. After two major international price spikes in 2007-08 and 2010-11, populations in a sample of 55 developing countries were paying 80 per cent more, on average, for basic foodstuffs at the start of 2012 when compared to price levels prior to the 2007-08 crisis (Figure 10). Even more important is the apparent "stickiness" of local food prices once reaching new highs. While the international food price index dropped by more than 50 per cent in 2009 after peaking in early 2008, local food prices fell only minimally and remained elevated. Moreover, after the 2011 peaks, global food prices dropped by 13 per cent, but local food prices retracted by a meager 2 per cent. Careful analysis of the local realities facing the poor, prior to the removal of food subsidies, is thus an key lesson to avoid generating further poverty and jeopardizing long-term human development.

Figure 10: Local and Global Food Price Indices, Jan. 2007 to Jan. 2012
(local food prices in unweighted average index values; Jan. 2007=100 for both metrics)



Source: Ortiz and Cummins (2012)

5.2 Wage Bill Cuts or Caps

Adjustments to the public sector wage bill are widespread across the globe, under consideration by 130 governments in 34 high income and 96 developing countries. As recurrent expenditure like the salaries of teachers, health staff and local civil servants tend to be the largest component of the budget, wage caps and employment ceilings are often considered as an adjustment measure (Cornia, Jolly and Stuart 1987; Fedelino, Schwartz and Verhoeven 2006; Marphatia et al 2007), despite the fact that social expenditures tend to be low and insufficient to achieve human development objectives. The immediate concern is that reduced availability and/or quality of public services at the local level will impede human development. For example, in rural areas and urban slums where poverty is prevalent, a teacher or a nurse can be the deciding factor to whether or not a child has access to education and health services. As a result, employing and retaining service staff at local levels, and ensuring that they are sufficiently paid to provide for their own families, is key to social progress.

Today, however, IMF reports show that only a very limited number of low-income countries are expanding the number of health and education workers (e.g. Central African Republic, Gambia, Lao PDR, Mozambique, Niger). Elsewhere, policy discussions focus on "necessary" adjustments to the wage bill to achieve cost-savings which can lead to very undesirable results (Box 2). For teachers and medical staff, this can mean that their salaries are not adjusted in line with local inflation, paid in arrears or reduced in cases of employment retrenchment. Low pay is also a key factor behind absenteeism, informal fees and brain drain. In sum, decisions on wage bills must ensure that the pay, employment and retention of critical public sector staff are safeguarded at all times (Chai, Ortiz and Sire 2010).

Box 2: Cambodia's Wage Bill Cuts

In Cambodia, the number of poor people is estimated to have increased by at least 200,000 in absolute terms as a result of the recent crises, according to the World Bank. Confronted by a growing fiscal deficit, the government announced that it would be reducing the number of contracted and temporary staff in all sector ministries by 50 per cent in fiscal year 2010. However, after discussions with sector ministries and development partners, an exception was granted to the health and education sectors since it would be impossible to deliver social services without necessary staff. Yet it remains enforced for other ministries, some with long-term implications for development. To further contain the wage bill, the government also announced that salary supplementation, allowances and incentive schemes for civil servants would be cancelled and replaced by a new streamlined system. UNICEF site surveys showed increased staff absenteeism and reduced working hours.

Source: Ortiz and Cummins (2012)

5.3 Rationalizing and Further Targeting of Safety Nets

Rationalizing spending on safety nets and welfare benefits is another common policy channel to contain overall expenditure considered by 107 governments. Economists often advise governments to better target their spending when budget cuts are called for, as a way to reconcile poverty reduction with fiscal austerity (Ravallion 1999).

IMF reports generally associate targeting social programs to poverty reduction. Targeting is discussed in 39 higher income and 68 developing countries, including low income such as the Gambia, Haiti, Mali, Mauritania, Nicaragua, Senegal, Sudan, Timor-Leste, Togo and Zambia, where on average about half of the population is below the national poverty line. In such environments, the rationale to target to the poorest is weak; given the large number of vulnerable households above the poverty line, universal policies may better serve developmental objectives. Moreover, targeting social programs to the extreme poor, like in Moldova (Box 3), excludes most of the poor who are also in need public assistance. In addition, targeting is politically difficult and administratively complicated. For instance, the government of Togo noted in its IMF country report (2011) the lack of capacity to target the poorest segments of the population in rural areas, where as much as 70 per cent of the population lives below the poverty line.

Overall, policymakers should consider that, in times of crisis, it is important to scale up social investments—not scale down. In most developing countries, as well as in some higher income countries, the middle classes are very low income and vulnerable to price increases, such as from the removal of subsidies (Cummins et al. 2013). Given the critical importance to support households in times of hardship, as well as to raise people's incomes to encourage demand, a strong case can be made to extend universal transfers (e.g. to families with children, older persons, person with disabilities and others typically included in a social protection floor) or to carry out some form of geographic targeting to provide immediate support to vulnerable groups.

Moreover, targeting to the poor should not be viewed as a panacea, since there are major problems associated with means-testing:[10]

- It is costly—means testing absorbs an average of 15 per cent of total program costs;
- It is administratively complex and requires significant civil service capacity, which is often lacking in lower income countries;
- It can lead to large under-coverage, leaving many vulnerable persons excluded by design from receiving benefits when their need for public assistance is high;
- It generates incentive distortions and moral hazard;
- In many countries, targeting has led to dismantling public service provision for the middle classes and created two-tier systems, generally private services for the upper income groups and public services for low-income groups—and services for the poor tend to be poor services.
- Targeting can backfire politically; middle-income groups may not wish to see their taxes go to the poor while they are required to pay for expensive private services;
- Targeting to the poorest and excluding vulnerable populations by policy design is inconsistent with the United Nations Charter, the Millennium Declaration, the Universal Declaration of Human Rights, and the Convention on the Rights of the Child, among other conventions that have been signed by virtually every government.

The United Nations has recently called for a social protection floor to provide a minimum set of social services and transfers for all persons. By facilitating access to essential services and decent living standards, social protection is essential to accelerate progress toward achieving development goals. At this juncture, it is imperative that governments focus on expanding social protection coverage rather than scaling down or improving the targeting of existing programs.

Box 3: Targeting Social Assistance: The Case of Moldova

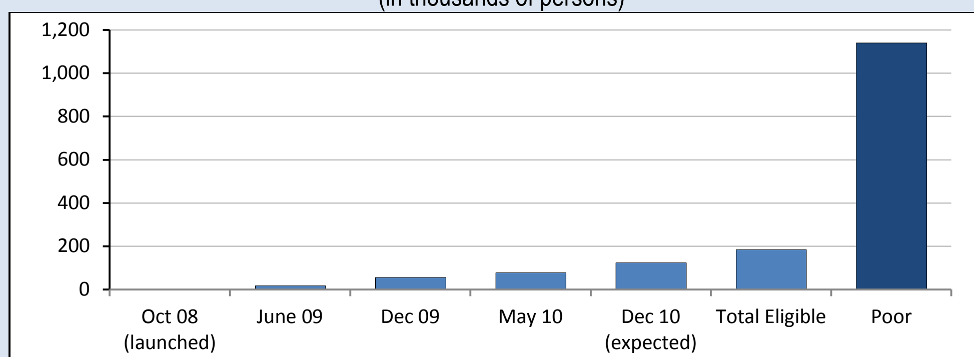
In 2008, Moldova reformed its social assistance system, moving gradually from a system of category-based nominal compensations for individuals (persons with disabilities, pensioners, war veterans, multi-children families, etc.) to poverty-targeted cash benefits for households. Whereas under the previous system benefits were small, the new social assistance system is designed to target the poorest households and increase the benefit provided.

However, extensive delays occurred in implementing the new system, which were compounded by complicated application procedures and confusion among qualified households. As a result, less than half of the eligible beneficiaries had applied for support one year after the launch. Moreover, households that enrolled in the new system were required to re-apply after a period to continue receiving benefits; one-third of eligible households failed to do so. The government has since taken actions to improve the system.

Moldova's experience underscores the risks of targeting-based reforms. Above all, means-testing is complex to implement and often leads to delays and/or under-coverage. In this example, barely 40 per cent of targeted beneficiaries were receiving support 18 months after the launch of the new system, and this was only expected to increase to two-thirds after more than two years (Figure 11). The protracted start-up time also meant that most vulnerable families had to cope with multiple income shocks with little or no assistance.

[10] See for instance Mkandawire (2005), Ortiz (2008) and UNRISD (2010).

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



Another major risk of targeting-based reform is not to include, by design, the majority of vulnerable populations. While the scope of the targeted population is often a difficult policy decision for governments, in Moldova the safety net is being targeted to the bottom poorest, compared to 26.4 per cent of the population that are below the poverty line. This means that many poor people are excluded from any type of cash benefit despite their continued need for public assistance.

Source: Ortiz and Cummins (2012)

5.4 Pension and Health Reforms

Reforming old-age pensions is being considering by 105 governments in 60 developing and 45 high income countries. The risks of reducing pensions and healthcare benefits are obvious: vulnerable groups are excluded from or receive less critical assistance at a time when their needs are greatest. Moreover, since women are more dependent on public support and more likely to face poverty in old-age than men, pension and health cuts are likely to have a disproportionate negative impact on women and increase gender disparities (UN Women 2015).

Common pension reforms include raising the retirement age, reducing benefits, increasing contribution rates and reducing pension tax exemptions, as well as structural reforms in some countries. Most countries were introducing changes to their pension systems prior to the crisis, in view of the demographic ageing of populations, but fiscal consolidation precipitated the adoption of drastic cost-saving measures without adequate consideration of their social impacts. Simulations show future pensioners receiving lower pensions in at least 14 European countries, with a projected decline by more than 10 percentage points in eight countries.

In some European countries, courts have reviewed the constitutional validity of fiscal consolidation measures. In 2013, the Portuguese constitutional court ruled that four fiscal consolidation measures in the budget, mainly affecting civil servants and pensioners, were unlawful and in breach of the country's constitution. In Latvia, the 2010 budget proposed new spending cuts and tax increases, including a 10% cut in pensions and a 70% decrease for working pensioners; the constitutional court ruled that the pension cuts were unconstitutional on the grounds that they violated the right to social security, and the cuts had to be reversed. In Romania, 15% pension cuts proposed in May 2010 were also declared unconstitutional (ILO 2014, OHCHR 2013).

A lesser known fact is that governments in 60 developing countries are also considering pension reforms. This includes a number of island nations in the Pacific and Caribbean, Eastern European and Central Asian states, as well as countries like Brazil, El Salvador, Lebanon, Mauritius, Morocco, Nepal and

Zambia. A general pattern is to reform contributory public social security systems, which provide higher benefits to those who contributed during their working life, and expand non-contributory social pensions, normally targeted to the poor as part of social assistance, with much lower benefits that are often inadequate to ensure old-age income security.

Healthcare system reforms are being considered by 56 governments in 22 developing and 34 high income countries. Typical health adjustment measures include increased user fees or charges for health services, reductions in medical personnel, discontinuation of allowances and increased copayments for pharmaceuticals. Increased out-of-pocket expenditure for health add further pressure on governments to increase pensions and other social protection benefits to cover the additional cost for households to seek necessary health care. Meanwhile, a lower quality of health service provision leads to worse health outcomes (e.g. Karanikolos et al., 2013; Mladovsky et al., 2012). Weakened mental health, increased substance abuse and higher suicide rates have all been linked with fiscal consolidation measures (WHO, 2011; Stuckler and Basu, 2013). The European Centre for Disease Control warned that serious health hazards are emerging because of the fiscal consolidation measures introduced since 2008. More specifically, in Greece, Portugal and Spain, citizens' access to public health services has been seriously constrained to the extent that there are reported increases in mortality and morbidity. The Lancet further speaks of "a Greek public health tragedy" in which citizens are subject to one of the most radical programmes of welfare state retrenchment in recent times (Kentikelenis et al., 2014).

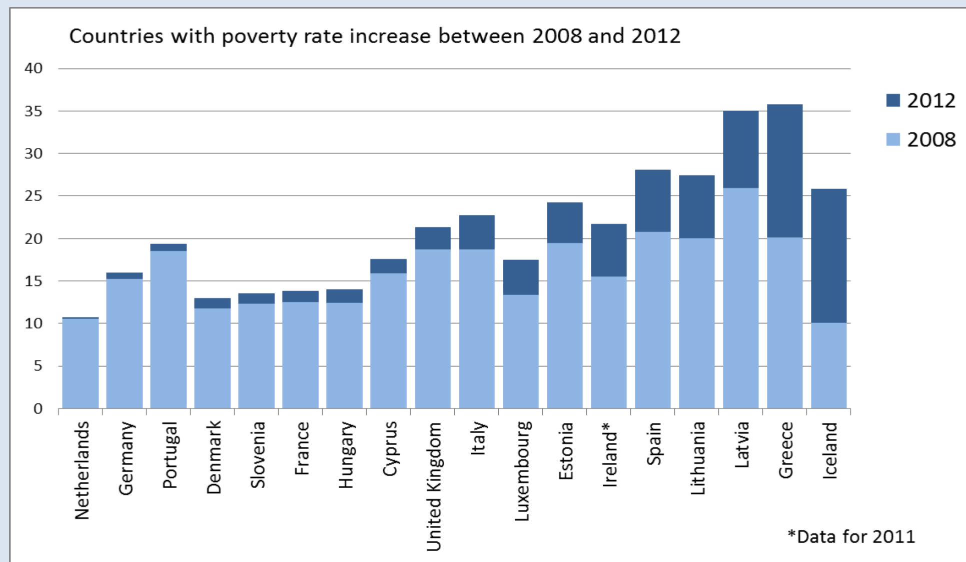
Cuts to development assistance also present significant health-related dangers to populations in developing countries. Given that more than half of public health budgets in Sub-Saharan Africa depend on foreign aid, funding shortfalls can increase stress on women who are the predominant caretakers of sick persons (Seguino 2009). Moreover, due to the income losses stemming from the employment crisis, families have consistently reported lower healthcare spending and service utilization. For example, households in Armenia, Bulgaria and Montenegro significantly reduced doctor visits, medical care and prescription drug use (World Bank 2011).

In short, reducing pensions and health services places additional pressures on household incomes, which, aside from the direct physical consequences, pressures families to increase precautionary savings, reducing aggregate demand and delaying recovery. As a result, governments should consider rationalizing expenditure that has less severe social and economic consequences. In a time of fragile recovery, governments should also look to sustain pensions and social services and, when necessary, introduce new schemes and extend health and social protection for all persons.

Box 4: Increasing Poverty in High Income Europe

European countries have reduced a range of social protection benefits and limited access to quality public services; together with persistent unemployment, lower wages and higher taxes, these measures have contributed to increases in poverty or social exclusion, now affecting 123 million people in the European Union—24 per cent of the population, many of them children, women and persons with disabilities. Several European courts have found cuts unconstitutional. The achievements of the European social model, which dramatically reduced poverty and promoted prosperity and social cohesion in the period following the Second World War, have been eroded by short-term adjustment reforms.

Figure 12: Increase in the Proportion of the Population at Risk of Poverty in European Countries (2008-12)



Note: Based on an at-risk-of-poverty line of 60 per cent of median equivalized income anchored at a fixed moment in time (2008)
Source: ILO (2014) based on EUROSTAT data

5.5 Labour Reforms

Labour flexibilization is being considered by 89 governments. These generally include relaxing dismissal regulations, revising minimum wages, limiting salary adjustments to cost of living benchmarks and decentralizing collective bargaining (Box 5). Labour market reforms are supposed to increase competitiveness and support businesses during recessions—compensating for the underperformance of the financial sector—which is commonly viewed as an easier strategy to boost the supply of credit to firms than introducing financial sector reforms. However, there is limited evidence that labour market flexibilization generates jobs (Howell 2005, Palley 1999, Rodgers 2007, Standing 2011), and women workers are particularly hard hit by such measures (Ghosh 2013). In fact, evidence suggests that, in a context of economic contraction, labour market flexibility is more likely to generate "precarization" and vulnerable employment, as well as depress domestic incomes and, therefore, aggregate demand, ultimately hindering crisis recovery efforts (van der Hoeven 2010). Even in export-led economies, flexibilization policies do not lead to higher income and employment; rather, the end result is contractionary (Capaldo and Izurieta 2012).

It is imperative that employers, unions and governments dialogue together about how to achieve socio-economic recovery. Social pacts can be an effective strategy to articulate labour market policies that have positive synergies between economic and social development; they are especially well-suited to arrive at optimal solutions in macroeconomic policy, in strengthening productivity, job and income security, and in supporting employment-generating enterprises. While the level of labour protection, benefits and flexibility will vary from country to country, the key is to identify a balance to ensure sustained economic activity and positive social outcomes, where employers benefit from productivity gains and workers benefit from job and income security.

Box 5: Examples of Labour Flexibilization Reforms Worldwide, 2010-12

- **Armenia:** Fixed-term (temporal) contracts can now be renewed an unlimited number of times and without restrictions on their maximum duration.
- **Central African Republic:** The requirement to obtain an authorization from the labour inspection has been removed in cases of collective dismissals.
- **Gabon:** Restrictions on renewing fixed-term contracts of short duration have been removed.
- **Greece:** Law 3863 reduced the length of notice period for individual dismissals from five to three months, reduced severance payments for white-collar workers; Law 3899 allows for companies of any size that experience adverse financial and economic conditions to conclude collective agreements containing less favorable conditions than those agreed in the relevant sectoral agreements.
- **Hungary:** In 2011, a reform of the labour code compromised the role of social dialogue at the national level and limited the possible motivations for strikes and protests.
- **Italy:** Law 138 allows for company-level agreements to deviate from sectoral agreements.
- **Latvia:** Notice periods in cases of collective dismissals have been reduced from 60 to 45 days.
- **Malawi:** Severance payments in cases of collective dismissals have been reduced from 30 to 25 weeks' pay for employees with ten years of service, and from 80 to 65 weeks' pay for employees with 20 years of service.
- **Mauritius:** The requirement to obtain an authorization from the labour inspection has been removed in cases of collective dismissals.
- **Romania:** The 2011 Law on Social Dialogue abolished collective bargaining at the national level.
- **Rwanda:** The obligation to consult workers' representatives in cases of individual and collective dismissals for economic reasons has been eliminated.
- **Spain:** Individual dismissal notice has been reduced from 30 to 15 days; the employee is now only entitled to 33 days salary per year of service (compared to 45 previously); consultations between employer and workers' representatives in cases of collective dismissals have been reduced.
- **Zimbabwe:** Severance payments in cases of individual dismissals were reduced by two months of pay.

Source: ILO (2012)

5.6 Increasing Consumption Taxes

Revising consumption-based taxes is another policy option being discussed extensively, considered by 138 governments in 93 developing and 45 high income countries. While this is a revenue-side rather than a spending-side approach to adjustment, it is important because increasing the costs of basic goods and services can erode the already limited incomes of vulnerable households and stifle economic activity. The primary danger of this approach is that it is regressive, weighing proportionally more on lower income households since they consume a larger share of their income than richer ones. Consumption-based taxes reduce poorer households' disposable income further exacerbating existing inequalities.[11]

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

Box 6: Options to Increase Government Resources Exist even in the Poorest Countries

There is a variety of options to expand fiscal space for a socially-responsive recovery, even in the poorest countries, all of which are supported by policy statements of the United Nations and international financial institutions:

- **Increasing tax revenues:** This can include progressive tax sources—e.g. corporate profits, financial activities, natural resource extraction, personal income, property, imports/exports—or by strengthening the efficiency of tax collection methods and compliance, including fighting tax evasion.

- **Restructuring sovereign debt:** For governments in financial distress, restructuring existing debt may be possible and justifiable if the legitimacy of the debt is questionable (e.g. nationalized private sector debts) and/or the opportunity cost in terms of worsening growth and living standards is high. Five main options are available to governments to restructure sovereign debt: (i) re-negotiating debt (more than 60 countries since 1990s); (ii) achieving debt relief/forgiveness (e.g. HIPC); (iii) debt swaps/conversions (more than 50 countries since 1980s); (iv) repudiating debt (e.g. Iraq, Iceland); and (v) defaulting (more than 20 countries since 1999, including Argentina and Russia). There is ample experience of governments restructuring debt, but in recent times creditors have managed to minimize "haircuts," a popular term that refers to investor losses as a result of debt restructuring. The IMF has proposed a Sovereign Debt Restructuring Mechanism, and the United Nations has also called for a sovereign debt workout mechanism that deals fairly with lenders and borrowers alike.

- **Domestic borrowing:** Many developing countries have underdeveloped domestic bond markets and could tap into them for development purposes.

- **Using fiscal and central bank foreign exchange reserves:** This includes drawing down fiscal savings and other state revenues stored in special funds, such as sovereign wealth funds, and/or using excess foreign exchange reserves in the central bank for domestic and regional development. For instance, a country like Timor-Leste, where the share of people living in poverty increased from 36 per cent to 50 per cent between 2001-07, had an estimated US$6.3 billion invested overseas.

- **Adopting a more accommodating macroeconomic framework:** This entails allowing for higher budget deficit paths and higher levels of inflation without jeopardizing macroeconomic stability.

- **Curtailing illicit financial flows (IFFs):** This involves capital that is illegally earned, transferred or utilized and includes, *inter alia*, traded goods that are mispriced to avoid higher tariffs, wealth funneled to offshore accounts to evade income taxes and unreported movements of cash. In 2009, it is estimated that US$1.3 trillion in IFFs moved out of developing countries, mostly through trade mispricing, with nearly two-thirds ending up in developed countries; this amounts to more than ten times the total aid received by developing countries.

Note: For a summary and discussion of different options for increased fiscal space, see Ortiz et al. (2015)
Some official sources: IMF and World Bank (2006), IMF (2003 and 2009), UNCTACD (2011a), UNDP (2007 and 2011), United Nations (2009a-b and 2013) and WHO (2010)

It is worrisome that austerity discussions focus on consumption taxes rather than income, inheritance, estate, property, corporate, etc. taxes which are powerful instruments against income inequality. More progressive tax approaches should be explored, including those on luxury goods and the financial sector. Additionally, there has been limited action to curb tax evasion, tax heavens or illicit financial flows, which could potentially capture billions of resources that are effectively "lost" each year. A discussion on fiscal space options for a socially-responsive recovery can be found, among others, in Hall (2010), and Ortiz et al. (2015) (Box 6).

fuel and food staples consumed by vulnerable populations, and Ghana and the Republic of Congo are considering tax increases on luxury items, like vehicles.

In recent history, increasing progressive taxation from the richest income groups to finance social and pro-poor investments has been uncommon. This is largely the result of the wave of liberalization and de-regulation policies that swept across most economies in the 1980s and 1990s. These led both developing and high-income countries to offer tax breaks and subsidies to attract foreign capital, as well as to scale back income taxes applied on wealthier groups and businesses to further encourage domestic investment. The former logic is being questioned in many countries as a result of the crisis, especially regarding the financial sector. Different financial sector tax schemes are being proposed on currency transactions as well as on the profits and remuneration of financial institutions.[12] Discussion on raising income taxes, inheritance and property taxes is also starting in several countries, as well as efforts to combat tax evasion. Moreover, many developing countries are taxing natural resources like hydrocarbons and minerals. It is imperative that distributional impacts are at the forefront of tax decisions, and that alternative options to increase fiscal space are considered in policy discussions

5.7 Privatization of State Assets and Services

Privatization of public assets and services has returned to the policy debate, considered by 55 governments worldwide in 40 developing and 15 high-income countries. Debates on privatization date back to the decades of structural adjustment.

The rapid and massive privatization programs in the 1980s and 1990s were first judged as a great success. However, as more information became available and problems of both performance and fairness began to surface, the consensus shifted sharply towards the negative (Birdsall and Nellis 2005). A general view was that privatizations promote efficiency and short-term fiscal gains, but they also frequently led to job losses and wage cuts for workers as well as higher prices for consumers (Gupta, Schiller and Ma 1999). The emergence of private monopolies, unaffordable and/or low quality goods and services, and high costs of guaranteed revenues agreed under public-private partnerships for private service providers have recently led to partial or full re-nationalization in several countries (Box 7). Furthermore, corruption has been widely documented in privatization processes (Hall 1999, Kaufmann and Siegelbaum 1997). As supporters and detractors continue to bring evidence from earlier experiences, a larger evidence base is now available to policy-makers.

The resurgence of privatization policies should make government officials cautiously assess *ex-ante* the likely adverse impacts, and reconsider privatization in view of the short and long term effects:

- **Impacts on prices:** Rate hikes are often a result of privatized services and may lead to goods and services being unaffordable for populations—this is particularly important for water, education, health, social security (all human rights), energy, transport and other essential services.

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

- **Impacts on jobs and wages:** Privatization often leads to layoffs and wage cuts.

[12] For instance, Turkey taxes all receipts of banks and insurance companies (IMF 2010); Brazil introduced a temporary bank debit tax which charged 0.38% on online bill payments and cash withdrawals, before its discontinuation in 2008, it raised an estimated US$20 billion annually and financed healthcare, poverty alleviation and social assistance programs; Argentina operates a 0.6% tax on purchases and sales of equity shares and bonds, which, in 2009 accounted for more than 10% of overall tax revenue for the central government (Beitler 2010).

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

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

Box 7: Reversing Pension Privatizations

From 1981-2008, 23 countries privatized their pension systems, mainly in Latin America and Eastern Europe. Note that in global terms, this is a small number of countries (23 out of 192 countries). In recent years, however, many countries are reversing the earlier pension privatizations. A full or partial re-nationalization of assets accumulated in mandatory private systems was implemented in Argentina (2008), Bolivia (2010), Poland (2013), Hungary (2010) and Kazakhstan (2013). In some countries, reforms were declared unconstitutional or annulled before implementation (e.g. Ecuador and Nicaragua). Several more countries are considering reversal in 2015, including Chile, El Salvador and Russia. The main reasons why governments are revering pension privatizations are:

- **Low coverage:** Given that the poor do not have any capacity to contribute to expensive private insurance systems, privatizations did not improve coverage
- **High fiscal costs:** The costs of transitioning from a public to a private funded system were seriously underestimated and created new and strong fiscal pressures which were difficult for most governments to afford (e.g. 5 per cent of GDP in Chile).
- **Lower financial returns:** The high administrative costs and fees charged by insurance/pension fund companies lowered returns.
- **High risks for pensioners and the state:** The risk of financial market fluctuations was born by pensioners, many who lost their life savings during the global financial crisis. In cases like Chile, the state (the taxpayer) had to act as a guarantor of last resort.
- **Poor regulation and supervision**: In many cases, the functions of regulation and supervision of the pension system were captured by the same economic groups responsible for managing pension funds, creating a serious conflict of interest.
- **Gender inequalities** were widened: In some Latin American countries, the unemployment rate of women is twice that of men, and the regional average wage of women is lower than men's by 30 per cent, as women live longer than men.
- **Lack of adequate national dialogue**: Reforms were designed without adequate social dialogue nor based on ILO Conventions**. I**n the 1990's, the ILO warned about the risks of pension privatization; many reforms were closely linked to the conditionalities of structural adjustment programs.
- **Positive effect on capital markets:** The positive effect of private systems on capital markets did generally occur, making them more liquid and mature; however, the objective of a pension system is not to develop capital markets and benefit the financial sector, but to provide effective old-age income support – a recognized human right.

Sources: ILO (2014) and Mesa-Lago (2014)

6. Conclusion: A Decade of Austerity

Analysis of expenditure projections in 187 countries reveals that there have been two distinct phases of government spending patterns since the onset of the global economic crisis.

- **Crisis phase I, Fiscal expansion (2008-09):** Nearly all countries introduced fiscal stimulus and expanded public spending as a countercyclical measure to cushion the impacts of the global crisis on their populations. Overall, 137 countries (or 73 per cent of the world) ramped up expenditure, with the average annual expansion amounting to 3.3 per cent of GDP.

- **Crisis phase II, Fiscal contraction (2010-2020):** Despite the fragile state of economic recovery and the reported rising levels of poverty, unemployment and hunger, governments started to withdraw fiscal stimulus programs and scale back public spending beginning. The second and contractionary phase of the crisis is characterized by two shocks, the first occurring in 2010-2011 and the second taking off in 2016. Looking forward, expenditure contraction is expected to impact 127 countries annually at least until 2020, affecting more than six billion persons or nearly 80 per cent of the global population.

To understand how governments are achieving fiscal adjustment, this paper reviewed 616 IMF country reports in 183 countries published between February 2010 and February 2015. Policy discussions reveal that seven main policies are being considered by governments worldwide: (i) reducing or eliminating subsidies, (ii) cutting or capping the government wage bill, (iii) rationalizing and/or further targeting safety nets, (iv) pension reforms, (v) labour reforms, and (vi) health reforms; in parallel, two important measures to raise fiscal revenues in the short-term are also prevalent (vii) increasing consumption taxes, such as sales and value-added taxes (VATs) and (viii) privatizing public assets and services. Contrary to public perception, these consolidation strategies are not limited to Europe, and, in fact, many are more prevalent in developing countries. All of the different adjustment approaches pose potentially serious consequences for vulnerable populations, as summarized below.

- **Eliminating or reducing subsidies:** Overall, 132 governments in 97 developing and 35 high-income countries appear to be reducing or removing subsidies, predominately on fuel, but also on electricity, food and agriculture. While scaling back fuel and energy subsidies is being adopted across all regions, it appears especially dominant in the Middle East and North Africa, South Asia and Sub-Saharan Africa. The removal of public support for food and agriculture is also most frequently observed in the Middle and North Africa and Sub-Saharan Africa. However, this adjustment measure is being implemented at a time when food and energy prices hover near record highs; if basic subsidies are withdrawn, food and transport costs increase and can become unaffordable for many households. Higher energy prices also tend to contract economic activities.

- **Wage bill cuts/caps:** As recurrent expenditures like salaries of teachers, health workers and local civil servants tend to be the largest component of national budgets, an estimated 130 governments in 96 developing and 34 high-income countries are considering to reduce the wage bill, often as a part of civil service reforms. This policy stance may translate into salaries being reduced or eroded in real value, payments in arrears, hiring freezes and/or employment retrenchment, all of which can adversely impact the delivery of public services to the population.

- **Rationalizing and further targeting social safety nets:** Overall, 107 governments in 68 developing and 39 high-income countries and are considering rationalizing their spending on safety nets and welfare benefits, often by revising eligibility criteria and targeting to the poorest, which is a *de facto* reduction of social protection coverage. IMF country reports generally associate targeting with poverty reduction, as a way to reconcile poverty reduction with fiscal austerity. This policy approach runs a high risk of excluding large segments of vulnerable populations at a time of economic crisis and hardship. In most developing countries, the so-called middle classes are very low-income, and targeting to the poor only increases their vulnerability. Rather than targeting more and scaling down safety nets to achieve cost savings over the short term, there is a strong case for scaling up in times of crisis and building social protection floors for all.

- **Reforming old-age pensions:** Approximately 105 governments in 60 developing and 45 high-income countries are discussing different changes to their pension systems, such as through raising contribution rates, increasing eligibility periods, prolonging the retirement age, lowering benefits, sometimes structural reforms of contributory social security pensions. As a result, future pensioners

are expected to receive lower benefits. These reforms have contested by a number of national courts as anti-constitutional, and reforms reversed.

- **Labour reforms:** Labour flexibilization is also being considered by 89 governments in 49 developing and 40 high income countries. Labour reforms generally include revisions on minimum wages, limiting salary adjustments to cost of living benchmarks, decentralizing collective bargaining, and easing firing and compensation arrangements at the enterprise level. Labour market reforms are supposedly aimed at increasing competitiveness and supporting business in the context of recession, compensating for the underperformance of the financial sector. However, available evidence suggests that labour market flexibilization will not generate decent jobs; on the contrary, in a context of economic contraction, it is likely to generate labour market "precarization," depress domestic incomes and ultimately hinder recovery efforts.

- **Reforming health systems:** Another 56 governments in 34 developing and 22 high income countries are also discussing reforms to their healthcare systems, generally through increasing fees and co-payments paid by patients along with cost-saving measures in public health centers. The main risk of these budget contracting options is that vulnerable groups are excluded from receiving benefits or critical assistance is diminished at a time when their needs are greatest.

- **Increasing consumption taxes on goods and services:** Some 138 governments in 93 developing and 45 high-income countries are considering options to boost revenue by raising VAT or sales tax rates or removing exemptions. However, increasing the cost of basic goods and services can erode the already limited incomes of vulnerable households and stifle economic activity. Since this policy does not differentiate between consumers, it can be regressive, shifting the tax burden to vulnerable families and exacerbating inequalities. Alternatively, progressive tax approaches should be considered, such as taxes on income, inheritance, property and corporations, including the financial sector.

- **Privatization of public assets and services** is another source of short-term revenue source that, according to IMF reports, is being considered by 55 governments in 40 developing and 15 high-income countries. Sales proceeds produce short-term gains, but also long-term losses given the lack of future revenues; additionally, privatization risks include layoffs, tariff increases, unaffordable and low quality goods and public services.

While identifying specific budget-cutting policies is informative, it is even more telling to look at the range of different measures being considered at the national level, which is indicative of the potential damage that austerity may be inflicting on millions of persons around the world, especially among the 30% of countries that are undergoing excessive contraction. Overall, at least two policy options are being discussed in 169 countries, three or more in 145 countries, four or more in 122 countries, five or more in 91 countries, six or more in 56 countries and seven or more in 15 countries.

To understand the consequences of these spending cuts on the economy we projected their effects into the next five years with the United Nations Global Policy Model. Compared to a scenario without fiscal adjustment, we find losses of GDP and employment in every region and income group. Globally, we project a 7 percent loss of GDP and of approximately 12 million jobs over the 2015-20 period. East Asia will be the hardest-hit, with a loss of more than 11 percent, followed by Sub-Saharan Africa. Overall, our projections suggest that large spending cuts happening simultaneously in multiple regions do not stabilize the economy. Rather they generate more unemployment and weaken economic performance.

In short, there is overwhelming evidence that prioritizing fiscal austerity will not help to promote robust employment-generating growth nor will it improve living standards or social cohesion. The world was

shaken in 2011 by outbreaks of civil unrest in response to the combined and lingering effects of high unemployment, worsening living conditions, eroding confidence in governments and perceptions that the burden of the crisis is being unequally shared. This was clearly visible in the Arab Spring, the Occupy Wall Street movement in the United States, and the "*indignados*" (outraged) in Spain and other European countries, as well as in the violent food riots that erupted across Bangladesh, Burkina Faso, India, Iraq, Mozambique, Nigeria, Senegal, Uganda and Yemen, to name but a few. The ILO's index of social unrest further documents the rising levels of worldwide discontent, as the *World of Work Report* 2012 and 2013 warned that social unrest was being aggravated in 57 of the 106 countries surveyed.

It is time that the world takes leadership to coordinate global socio-economic recovery—a recovery for all persons. This requires shedding the myopic scope of macroeconomic and fiscal policy decisions and, instead, basing them on their potential to achieve full employment, human development and sustainable growth.

The United Nations has repeatedly warned that austerity is likely to bring the global economy into further recession and increase inequality. In doing so, it has called on governments for forceful and concerted policy action at the global level to make fiscal policy more countercyclical, more equitable and supportive of job creation; to tackle financial market instability and accelerate regulatory reforms; and to support development goals.

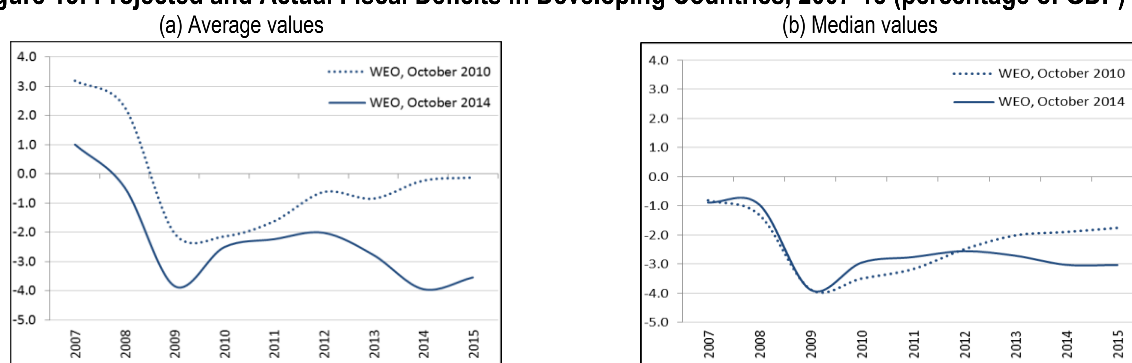
The crisis has already triggered a policy shift in some regions. Policymakers in Asia are increasingly moving away from unsustainable export-led growth models toward more inclusive employment-intensive recovery strategies that are centered on building internal markets and improving social protection systems. Latin America, another region much affected by financial crises in the 1990s, has pursued regional integration to expand internal markets and invested significantly in social protection systems to improve living standards; indeed, much of the region's relative resilience to the contagion effects of the current crisis is due to these recent policy stances.

Moreover, in 2012-15, some countries concerned with low growth and demand for their exports announced a new round of fiscal stimulus.[13] While the amounts are small for sustained recovery—compare the US$0.69 trillion in 2012-15 to the US$2.4 trillion of fiscal stimuli in 2008—they are a sign of policy change.

It does not need to be a decade of deep budget cuts to achieve fiscal balances. Actually, many developing countries softened its policy stance in 2012-2015. Figure 13 shows the projected and actual fiscal balances of developing countries over the 2007-15 time period based on IMF revenue and expenditure estimates contained in the October 2010 and October 2014 WEO databases. In 2010, the average values underestimated the fiscal costs of navigating the first phase of the global crisis (2008-09), which included the widespread implementation of fiscal stimulus plans (note the median values show a more adjusted initial path). More interesting are projections for the second phase of the crisis, starting in 2010. Although major fiscal deficit reductions were predicted—and advised by IMF surveillance missions—to take hold by 2015, the latest estimates confirm that most developing countries did not pursue this policy stance; in reality, most chose to increase deficits in order to attend to pressing demands at a time of low growth and to support social and economic recovery efforts.

[13] According to news sources, China announced US$383 billion (two different packages, 2012 and 2015), Japan US$154.5 billion (three different packages, 2012, 2013 and 2015), Brazil US$69 billion, Singapore US$13.2 billon, South Korea US$61.4 billion (two different packages, 2012 and 2014), Sweden US$3.5 billion, Indonesia US$2.5 billion, Malaysia US$2.2 billion, Vietnam US$1.4 billion and Peru US$0.75 billion; most of the stimulus packages are to be invested in infrastructure and tax incentives, some also include support to welfare to promote domestic consumption.

Figure 13: Projected and Actual Fiscal Deficits in Developing Countries, 2007-15 (percentage of GDP)



Source: IMF's World Economic Outlook (WEO), October 2010 and October 2014

It does not need to be a decade of austerity. There are countries resisting adjustment measures despite their difficult fiscal position. In IMF country reports, governments challenge orthodox policies, for example "the authorities argued that a solid safety net [social protection system] is an important stabilizer, and saw higher subsidies in agriculture and increases in pensions and social assistance as needed cushion…" (Macedonia's IMF Article IV Consultation 2013:16). Further, despite contracting public expenditures in terms of GDP, many governments are committed to:

- Expanding subsidies, like agricultural subsidies (e.g. Macedonia), energy tariffs and enterprise credit (e.g. Bhutan) and subsidies to house mortgages (e.g. Colombia);
- Increasing the wage bill of civil servants delivering essential services (e.g. Angola, Bolivia, Czech Republic, Estonia, Mauritius, Mongolia, Nepal, Peru, Sudan, Tuvalu) and, specifically, hiring new teachers and/or health workers (e.g. Burkina Faso, Turkey);
- Reducing VAT on basic items (e.g. Czech Republic, Uruguay);
- Increasing old-age pension benefits and entitlements (e.g. Colombia, Estonia, Georgia, Germany, Lesotho, Macedonia, Suriname, Uruguay), expanding coverage (e.g. Cape Verde, Saudi Arabia), maintain pension indexed to inflation (e.g. Czech Republic) and lowering taxes for pensioners (e.g. Sweden);
- Strengthening labour regulations or introducing/rising minimum wages (e.g. Albania, Georgia, Hungary, Kuwait, Latvia, Lithuania, Malaysia, Nepal and Papua New Guinea);
- Expand social protection, instead of narrow-targeting safety nets (e.g. Bolivia, Burkina Faso, Egypt, Georgia, Mexico, Peru, Sudan and Uruguay);
- Boosting healthcare expenditures (e.g. Algeria, Armenia, Burkina Faso, Czech Republic, Fiji, Georgia, Guatemala, Iran, Lesotho, Papua New Guinea, South Africa, Sudan, St Kitts and Nevis, Suriname and Uruguay).

There are also countries that actively and very successfully looked for alternatives, like Ecuador and Iceland (Box 8). Chad is reducing military outlay and increasing priority social spending despite fiscal consolidation. When Thailand was contracting public expenditures in 2010-12, the government at the time gives the following argument in its IMF Article IV Consultation (2012:25-27): "Alleviating income inequality is at the heart of the government's policy. The authorities emphasized their objective of income redistribution through measures such as increases in the minimum wage and support for the rice price aiming at boosting income among poorer segments of the population…/…The government argued that increases in the minimum wage and a higher rice price can start a virtuous growth cycle and boost domestic demand and growth as well as reduce social inequalities."

It does not need to be a decade of adjustment. In these difficult times, it is imperative that countries aggressively explore all possible alternatives to promote national socio-economic development with jobs and social protection. There are several options that all governments have to expand fiscal space, even in the poorest countries. These options, supported by policy statements of the UN and international financial institutions, include: re-allocating public expenditures, increasing tax revenues, expanding social security coverage and contributory revenues, lobbying for aid and transfers, eliminating illicit financial flows, using fiscal and foreign exchange reserves, borrowing or restructuring existing debt, and adopting a more accommodative macroeconomic framework. [14] An adequate policy mix would allow for public investments to boost employment and sustainable growth, improve living standards and reduce inequalities.

Box 8: A Decade of Austerity is not Inevitable – The Examples of Iceland and Ecuador

Iceland repudiated private debt to foreign banks and did not bail-out its financial sector, pushing losses on to bondholders instead of taxpayers. The government also imposed temporary capital controls to shield itself from capital outflows and focused on supporting households and businesses in a difficult fiscal context. From Iceland's IMF Article IV Consultation (2012:5-6): "A key post crisis objective of the Icelandic authorities was to preserve the social welfare system in the face of the fiscal consolidation needed. Wage increases, agreed among the social partners in May 2011, led to a rise in nominal wages of 6 per cent and the unemployment rate fell to about 7 per cent in 2012…/…In designing fiscal adjustment, the authorities introduced a more progressive income tax and created fiscal space to preserve social benefits. Consequently, when expenditure compression began in 2010, social protection spending continued to rise as a percentage of GDP, and the number of households receiving income support from the public sector increased. These policies, led to a sharp reduction in inequality. Iceland's gini coefficient—which had risen during the boom years—fell in 2010 to levels consistent with its Nordic peers."

Ecuador, a country challenged like Europe by not having a national currency (it uses the US$) and therefore has limited capacity for policy maneuver, creatively managed to restore growth and improve living conditions. The government kept interest rates low and expanded liquidity by requiring banks to keep at least 45 per cent of their reserves in Ecuador. On the other hand, it took a partial default on its illegitimate external debt (private debt that had been made public); the freed public resources were invested in human development, which included doubling education spending between 2006-09, nearly doubling housing assistance programs to low-income families and expanding its main social protection program, the cash transfer *Bono de Desarrollo Humano*. The results are impressive: poverty fell from a recession peak of 36.0 per cent to 28.6 per cent, unemployment dropped from 9.1 per cent to 4.9 per cent and school enrollment rates rose significantly (Ray and Kozameh 2012).

[14] Vid our earlier work *Fiscal space for social protection: Options to expand social investments in 187 countries*, Geneva, ILO.

Annex 1: Projected Changes in Total Government Expenditure in 187 Countries, 2005-2020

A. Annual change, as a % of GDP

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Afghanistan	0.6	2.6	3.2	-0.6	0.3	-0.4	1.1	3.1	0.0	1.2	1.1	2.1	0.2	1.8	2.0	-1.7
Albania	-1.1	0.4	0.4	2.5	1.0	-3.3	-0.5	-0.8	0.7	2.9	1.1	-1.1	-1.2	0.6	0.1	-0.4
Algeria	-3.6	1.7	4.4	4.6	4.4	-5.3	3.3	3.5	-7.0	2.7	3.1	-2.1	-1.6	-1.4	-1.2	-1.1
Angola	-1.0	3.6	2.8	14.2	-13.5	-1.9	0.1	1.2	-0.5	-3.7	-6.8	0.4	0.0	-0.1	0.0	0.1
Antigua and Barbuda	2.1	-3.9	-4.3	0.3	9.8	-14.2	1.3	-3.0	1.9	0.3	8.6	-11.7	-0.1	0.0	-0.2	-0.1
Argentina	1.2	0.4	2.3	1.5	3.3	0.2	2.1	2.2	1.6	2.9	1.4	-0.6	0.1	0.1	0.3	0.4
Armenia	...	0.1	2.4	-0.2	6.3	-2.4	-1.2	-1.1	1.5	0.2	2.9	-0.9	-0.2	-0.1	0.3	0.1
Australia	-0.3	-0.1	-0.3	0.7	2.9	-0.8	-0.5	0.2	0.2	0.6	0.6	-0.5	-0.2	-0.2	-0.1	0.0
Austria	-2.5	-0.8	-1.1	0.7	4.3	-1.3	-1.9	0.1	0.0	2.4	-1.3	-0.6	-0.2	-0.1	-0.1	0.0
Azerbaijan	-3.2	4.2	-0.9	5.2	2.7	-2.1	2.3	2.7	1.3	0.4	-3.2	-3.1	-0.6	-0.3	-1.0	-0.4
Bahrain	-1.1	-0.8	-0.8	0.3	2.0	2.9	-1.0	2.1	-1.0	1.6	3.5	-2.1	-1.3	0.3	0.1	0.0
Bangladesh	0.5	-0.1	-0.6	2.3	-1.2	0.0	1.3	0.3	0.4	-0.7	0.1	0.6	1.2	0.0	0.2	-0.3
Barbados	1.4	-3.4	4.4	0.9	-0.4	3.4	-0.3	4.2	0.3	-2.4	-1.8	0.4	0.1	0.2	0.0	-0.1
Belarus	1.0	2.4	0.1	0.8	-2.6	-4.1	-7.5	4.3	4.0	-2.7	4.2	-1.0	0.7	0.7	0.8	0.5
Belgium	2.5	-3.2	-0.1	1.9	3.8	-0.9	0.9	1.6	-0.4	0.1	-0.6	-0.9	-0.8	-0.5	-0.4	-0.3
Belize	-3.1	2.0	-1.0	-0.4	0.2	0.6	-0.3	-1.8	3.7	-0.1	-0.4	-0.4	0.1	-0.4	0.7	-0.8
Benin	0.9	-1.9	4.0	-2.0	3.7	-4.6	1.1	-0.5	1.4	-0.7	2.1	2.0	0.2	0.0	-2.1	-0.8
Bhutan	5.5	-2.1	-0.8	-0.4	-1.4	11.4	-7.0	-1.2	-3.6	-1.9	-5.9	2.0	-2.3	-2.1	-0.1	3.3
Bolivia	0.8	-3.3	2.8	2.7	0.5	-4.3	3.9	0.7	2.4	3.2	-2.4	-0.4	-0.5	-0.5	-0.4	-0.4
Bosnia and Herzegovina	0.3	-0.5	0.6	2.5	1.7	0.5	-2.2	0.2	-1.7	2.2	0.1	0.0	-0.4	-0.3	0.1	-0.5
Botswana	-5.9	-1.1	3.5	11.1	4.0	-11.0	-3.5	-0.7	-3.2	2.9	-0.9	-4.9	-0.9	-0.2	-0.7	-0.5
Brazil	1.5	-0.6	-1.5	-0.2	-0.3	1.6	-1.2	0.4	0.7	1.6	-0.5	-0.6	-0.5	-0.3	-0.5	-0.3
Brunei Darussalam	-4.5	-1.4	1.7	-2.4	8.5	1.4	-7.1	1.9	2.9	0.7	8.8	-3.7	-2.1	-1.9	-3.8	-1.3
Bulgaria	-0.2	-1.5	0.5	0.5	0.8	1.0	-2.9	0.5	2.8	1.6	0.0	-0.8	-0.4	-0.3	-0.4	-0.4
Burkina Faso	-0.1	1.9	1.1	-4.8	3.3	-1.4	-0.8	3.4	2.3	-4.5	1.3	0.2	0.9	0.6	0.3	0.2
Burundi	-2.7	1.4	11.4	2.2	-3.2	2.9	-1.1	-4.7	-3.7	-1.2	-0.8	-1.0	0.3	-0.3	-0.3	-0.6
Cambodia	-1.5	0.6	1.5	1.2	4.4	-0.1	-0.2	1.1	-0.2	-0.1	0.8	0.3	0.3	0.2	-0.1	0.1
Cameroon	-1.4	-0.1	1.1	3.4	-1.5	0.2	2.9	-1.0	2.4	0.8	-0.3	-0.2	-0.1	-0.7	-0.4	-0.2
Canada	-0.6	0.2	-0.2	0.4	4.3	-0.2	-1.4	-0.6	-0.4	-1.3	0.4	-0.3	-0.2	-0.2	-0.1	-0.1
Cape Verde	1.1	-0.2	-3.8	0.1	3.2	5.8	-5.4	1.3	-1.4	-0.5	0.0	-1.3	-0.8	-0.9	-2.6	-0.6
Central African Republic	3.5	-3.0	-0.8	3.1	0.2	2.0	-2.9	0.7	-1.7	0.9	5.3	-2.1	1.1	0.4	0.5	0.4
Chad	-1.2	2.4	3.2	1.7	5.3	0.2	-2.0	1.6	-1.1	-0.8	-4.5	0.9	-0.6	2.3	1.6	1.3
Chile	-0.6	-1.5	0.7	2.3	3.0	-0.8	-0.6	0.5	0.0	0.5	1.2	0.9	0.1	0.1	0.0	0.0
China	0.4	-0.2	0.3	4.3	2.9	0.7	0.8	1.2	0.9	0.3	1.3	-0.4	-0.5	-0.5	-0.5	-0.5
Colombia	-0.7	2.6	-0.2	-1.4	2.9	-0.1	-0.8	-0.4	0.9	0.4	-0.1	-0.7	-0.3	-0.3	-0.4	-0.4
Comoros	-0.2	1.4	1.1	3.7	-3.0	-0.9	0.0	3.2	-0.2	-1.4	1.7	1.2	0.6	0.7	-2.4	0.9
Costa Rica	-0.4	-1.0	-0.5	1.0	1.5	1.4	-0.9	0.3	1.0	0.1	0.1	0.2	0.2	0.3	0.2	0.1
Côte d'Ivoire	0.1	1.3	-0.4	0.6	-0.4	0.1	4.6	-2.5	0.0	1.0	-0.3	0.2	0.3	0.0	0.3	-0.1
Croatia	-1.6	-0.1	-0.2	-0.4	2.8	-0.4	1.4	-1.3	0.1	-0.1	0.5	-0.7	-0.4	-0.1	0.1	0.0
Cyprus	1.0	-0.5	-1.5	0.6	3.8	0.0	0.3	-0.7	-0.2	-1.7	0.2	-1.4	-0.5	-0.6	0.3	-0.1
Czech Republic	-0.3	-1.0	-0.9	0.2	3.4	-0.9	-0.9	1.3	-2.0	-0.3	0.0	-1.0	-0.2	0.0	0.0	-0.4
Democratic Republic of Congo	2.2	-1.0	0.7	2.0	1.2	4.0	-1.7	-0.7	-2.8	-0.9	2.4	0.8	-0.3	0.4	0.5	0.3
Denmark	-1.8	-1.4	-0.2	0.9	6.3	0.3	-0.2	2.0	-1.7	-2.5	0.1	-0.6	-1.5	-0.6	-0.4	-0.3
Djibouti	-0.7	0.6	0.4	2.8	1.5	-5.7	-0.9	1.7	0.5	9.9	2.2	-3.8	-10.9	-3.3	-1.6	-1.1
Dominica	0.7	-1.2	4.2	0.6	1.6	3.6	-5.2	0.5	-2.1	0.7	-0.2	0.1	0.1	0.1	0.1	0.0
Dominican Republic	-1.4	1.0	0.3	2.0	-2.0	-0.5	0.1	4.3	-2.1	0.0	-0.9	-0.3	0.0	0.0	0.1	0.5
Ecuador	1.0	-0.2	3.4	10.6	-2.3	1.7	4.7	1.0	3.6	-0.1	-4.6	-0.4	-0.6	-1.9	-1.6	-0.7
Egypt	-0.6	4.5	-2.5	0.7	-1.4	-1.2	-1.6	0.8	4.4	1.5	-3.4	-2.5	-0.9	-0.5	-0.5	-0.3
El Salvador	0.3	0.7	-1.3	1.2	2.2	0.2	0.0	0.3	0.3	-0.8	1.1	0.4	0.1	0.2	0.2	0.3
Equatorial Guinea	-4.1	5.9	2.7	0.2	38.7	-20.2	-6.6	10.5	-5.2	-0.4	17.8	-20.9	-6.5	-3.3	-5.4	1.3
Eritrea	2.6	-16.3	-1.2	2.2	-11.5	4.0	-1.0	-2.9	-0.9	-0.8	-0.2	-0.3	-0.3	-0.8	-0.4	-0.1
Estonia	-0.5	-0.1	0.3	5.4	5.3	-3.9	-2.4	1.7	-0.9	-0.8	1.1	-0.2	0.0	0.0	0.1	0.0

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ethiopia	-0.3	-0.8	-1.5	-1.8	-1.6	1.4	-0.3	-1.6	1.2	-0.1	1.4	0.0	-0.2	-0.1	0.0	0.0
Fiji	-0.1	1.8	-1.8	-2.7	3.9	-1.6	1.3	0.1	-0.4	1.9	1.2	-1.9	0.0	-0.1	-0.1	-0.1
Finland	1.0	-0.9	-1.5	1.5	6.5	-0.1	-0.3	1.7	1.5	0.7	-0.2	-0.2	-0.4	-0.3	0.0	-0.1
France	0.4	-0.4	-0.3	0.8	3.8	-0.3	-0.5	0.8	0.4	0.4	-0.4	-0.5	-0.8	-0.9	-0.9	-0.8
Gabon	0.5	0.0	-1.2	-1.4	5.0	-2.2	3.2	6.0	-1.0	-4.2	-0.1	0.1	-0.5	-0.1	0.1	0.4
Georgia	2.8	1.1	5.1	4.2	3.1	-2.8	-4.0	0.5	-0.9	1.0	1.3	0.1	-0.3	-0.1	-0.1	0.1
Germany	-0.2	-1.5	-1.8	0.5	4.0	-0.3	-2.7	0.5	0.1	-0.4	0.2	-0.2	0.0	-0.2	0.0	0.0
Ghana	-1.0	2.2	1.1	1.5	-0.9	2.6	0.4	4.2	-3.3	0.8	-2.6	-1.5	-1.7	0.9	-0.3	-0.7
Greece	-0.5	1.6	2.0	3.7	3.4	-1.9	1.7	-2.9	-3.1	-1.5	-2.1	-1.5	-0.7	-0.8	-0.6	-1.2
Grenada	1.9	5.7	-4.7	0.2	-0.3	0.3	0.5	-2.1	1.7	3.1	-3.4	-2.3	0.6	0.0	0.0	-0.3
Guatemala	0.3	1.0	-0.4	-0.6	0.6	0.3	-0.1	-0.4	-0.2	-0.7	0.3	0.0	0.1	0.1	0.0	0.1
Guinea	-1.1	2.1	-5.8	2.4	8.1	6.0	-8.2	4.6	-1.1	5.0	3.5	-6.3	-1.0	-1.3	-0.2	-2.0
Guinea-Bissau	-3.7	-0.1	2.6	-0.7	-1.5	-2.2	-1.2	-3.8	0.3	10.6	-0.4	1.1	0.7	0.4	0.4	0.2
Guyana	5.7	0.7	-5.2	-1.7	1.6	-1.9	-0.2	0.8	-1.2	3.9	-0.5	-2.5	0.2	-2.4	-1.2	-1.4
Haiti	4.6	-0.7	0.4	2.4	4.5	0.4	2.7	2.6	-0.2	-2.0	-1.9	-0.6	0.2	-0.2	0.2	-0.1
Honduras	-2.1	0.8	0.1	2.1	0.8	-1.9	-1.1	0.8	3.9	-1.9	-0.6	-0.3	-0.2	-0.2	-0.1	-0.1
Hong Kong	-1.6	-1.6	-0.6	3.3	-1.2	0.4	2.2	-0.7	1.7	-2.6	-0.4	0.5	-0.4	-0.6	-1.3	0.0
Hungary	0.9	2.0	-1.7	-1.2	1.9	-0.6	-0.1	-1.0	1.0	-0.1	-0.7	-2.4	0.5	0.6	0.6	0.8
Iceland	-1.5	-0.3	-0.3	14.7	-6.8	0.7	-3.6	-0.3	-1.2	1.8	-2.3	-1.0	-1.2	-0.3	-0.1	-0.4
India	-0.9	0.3	-0.1	3.3	-1.4	-1.0	0.0	0.0	-0.2	-0.5	0.1	0.1	-0.1	-0.1	-0.1	0.0
Indonesia	-0.4	1.1	0.2	0.7	-2.4	-0.1	0.8	1.2	0.3	-0.4	-1.4	0.4	0.0	0.0	0.1	0.0
Iran	4.0	1.0	-4.1	2.4	-1.5	-1.5	-0.2	-4.4	0.5	0.6	0.5	-0.4	-0.3	-0.3	-0.4	-0.6
Iraq	-28.2	-12.9	-4.2	11.1	1.6	-9.3	-6.2	-0.5	5.5	-5.0	7.5	-0.3	-5.8	-1.1	-0.1	0.2
Ireland	0.3	0.6	1.9	6.1	5.6	18.5	-19.9	-3.9	-1.7	-2.0	-2.4	-1.6	-1.5	-1.3	-0.4	-0.4
Israel	-1.2	-1.4	-1.9	-0.4	-0.1	-0.8	-0.2	-0.1	-0.4	-0.3	-0.2	0.1	-0.1	-0.1	-0.1	-0.1
Italy	0.3	0.5	-0.8	1.0	3.3	-1.3	-0.7	1.7	0.0	0.9	-0.8	-0.8	-0.4	-0.4	-0.5	-0.3
Jamaica	-2.2	1.6	0.4	3.4	3.8	-5.5	-1.2	-2.2	-2.7	-0.1	0.3	-1.4	-0.5	-1.0	-0.4	-0.8
Japan	0.3	0.4	-1.2	2.4	4.3	-1.1	1.7	-0.7	0.6	-0.2	-0.7	-1.2	-0.1	0.3	0.4	0.7
Jordan	1.1	-2.5	0.6	-2.6	0.6	-4.5	2.8	-1.7	4.0	2.4	-9.3	0.9	0.1	-0.1	0.0	0.3
Kazakhstan	0.2	-2.3	3.9	3.4	-3.6	-1.0	-0.7	0.6	-2.2	2.6	1.2	0.0	-1.0	0.0	-0.8	-0.4
Kenya	1.4	-0.1	0.6	0.7	0.3	1.1	-0.6	0.6	1.1	1.9	1.6	-0.7	-1.0	-0.1	-0.3	-0.5
Kiribati	-8.4	-12.1	-3.3	1.9	-3.7	2.5	-0.5	11.0	3.7	35.6	-4.7	-30.6	-8.7	-5.0	-6.0	-2.7
Korea	-0.3	0.6	0.2	0.4	0.5	-1.8	0.4	0.7	0.4	0.3	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3
Kosovo	-1.7	-3.7	-1.4	5.6	4.4	-0.3	0.2	-0.2	-0.9	-1.0	2.8	0.1	0.0	0.1	0.1	0.1
Kuwait	-6.1	3.8	-1.8	10.3	1.8	2.6	-5.7	-1.2	-0.4	7.8	10.5	-4.2	-0.9	-0.3	-0.2	-0.1
Kyrgyz Republic	0.5	0.5	1.7	-2.5	5.1	2.7	0.3	3.2	-2.4	-2.4	3.2	-1.0	-0.8	-2.0	-1.1	0.2
Lao PDR	2.9	-1.0	0.9	-0.9	3.9	4.6	-1.7	0.5	4.9	-1.5	-0.8	0.0	0.0	0.4	0.7	0.0
Latvia	1.2	-0.6	-0.7	7.3	2.9	0.0	-4.6	-1.9	0.3	-0.1	-0.7	-1.6	-0.5	-0.4	-0.4	-0.6
Lebanon	-1.9	4.8	-1.0	-0.9	-2.3	-2.8	-0.8	1.5	-1.7	-0.1	0.4	0.4	0.7	0.7	0.5	0.2
Lesotho	3.1	2.5	-0.2	6.1	11.3	-8.4	6.1	-1.9	-0.6	1.5	-3.2	2.3	0.0	-0.1	-0.7	-2.9
Liberia	-0.4	-1.0	5.3	5.6	2.1	1.1	4.3	1.2	2.8	-1.8	4.9	-3.4	-2.7	-0.8	-0.6	-1.7
Libya	-13.3	2.1	2.5	7.1	17.3	-4.8	1.6	-10.5	25.3	14.7	11.2	-12.8	-9.9	-1.2	-3.3	1.5
Lithuania	0.3	0.3	0.7	2.6	6.6	-2.4	0.3	-6.3	-0.5	-1.1	0.5	-0.2	0.0	0.0	0.0	-0.1
Luxembourg	-0.2	-2.9	-1.5	1.3	5.6	-1.1	-1.6	1.1	0.4	0.4	0.2	-0.5	0.0	0.0	0.0	0.0
Macedonia	-1.6	-1.0	0.0	2.3	-0.2	-1.1	-0.7	1.4	-1.4	0.0	0.8	-0.9	-0.9	-0.1	0.0	0.0
Madagascar	-3.8	0.1	-2.7	-0.8	-3.8	0.0	0.0	-0.6	1.4	-0.4	2.1	0.5	0.7	0.2	0.1	-0.1
Malawi	0.7	1.7	2.5	0.4	-1.4	-0.1	-2.5	6.2	8.1	-6.9	-1.5	-3.4	0.2	-0.5	-1.6	-2.5
Malaysia	-2.5	1.1	0.3	1.1	4.2	-4.6	0.5	1.4	-0.4	-1.4	-1.6	-0.2	0.0	0.0	0.1	-0.5
Maldives	15.6	-2.9	-0.1	0.9	2.0	-3.3	-2.9	0.0	2.4	6.8	-0.5	-0.2	0.2	0.3	-0.6	-0.4
Mali	0.8	0.2	-0.4	-3.3	4.8	-3.0	2.0	-6.5	5.4	2.9	-0.3	-0.1	0.2	0.1	0.1	0.1
Malta	-0.2	0.1	-1.2	1.4	-0.7	-0.8	-0.2	1.5	-0.2	0.5	1.2	-0.9	-0.1	-0.1	-0.1	-0.1
Marshall Islands	30.2	-24.5	6.5	-5.8	1.0	-4.5	-2.5	-3.5	0.9	1.9	6.4	1.5	-1.4	-2.5	-0.7	-0.7
Mauritania	-2.1	-4.2	1.0	0.1	-1.9	-1.2	0.0	7.4	-1.2	2.4	-1.0	-1.8	0.4	-0.6	-1.8	0.1
Mauritius	0.5	-0.9	-0.6	1.0	2.5	-1.3	-0.5	-1.3	1.6	-0.9	0.4	0.0	0.0	0.1	-0.1	0.0
Mexico	0.7	1.2	0.5	2.6	1.2	-0.3	0.1	0.6	0.5	0.0	-1.9	-1.0	0.0	-0.3	-0.1	0.0
Micronesia	-11.5	0.9	-0.8	0.1	4.6	3.7	-2.1	-0.3	-5.7	-3.5	3.0	-2.4	0.0	0.3	0.1	0.0
Moldova	2.4	3.1	2.4	-1.0	3.7	-4.5	-1.8	1.1	-1.6	1.3	3.6	0.1	-0.6	-1.3	-0.9	0.0
Mongolia	-5.7	1.0	7.9	1.9	-1.9	1.1	6.4	1.0	1.3	-1.2	-3.8	-2.3	-1.4	-1.1	-1.0	0.3

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Montenegro	-1.6	3.6	1.1	8.8	-3.8	-1.9	-2.1	2.1	-1.1	0.6	2.8	2.4	-0.7	-3.5	-1.7	-0.5
Morocco	4.7	-3.1	0.7	1.8	-0.7	0.8	2.6	1.6	-2.2	-0.7	-1.9	-0.3	0.1	-0.3	-0.2	0.0
Mozambique	-1.1	3.6	1.2	0.3	4.4	0.6	1.9	-0.5	3.5	5.4	-4.7	-0.8	-0.7	-0.8	-0.6	-1.0
Myanmar	0.4	1.8	-0.9	-1.5	1.6	1.2	-0.3	8.4	0.2	3.9	1.5	1.3	0.1	0.3	0.2	0.2
Namibia	-1.2	-1.3	-0.6	2.6	3.6	1.3	4.2	-3.2	1.2	3.7	-0.3	-1.4	-0.2	0.3	0.2	0.1
Nepal	0.3	-1.0	2.2	0.4	4.0	-0.6	-0.1	0.7	-2.1	1.5	1.5	0.5	0.5	0.4	0.4	0.2
Netherlands	-1.2	0.8	-0.7	1.0	4.4	0.0	-1.2	0.4	-0.7	-0.5	-2.0	-0.6	-0.4	0.0	0.0	0.0
New Zealand	0.8	0.8	-0.6	1.5	1.7	2.8	-0.3	-3.4	-0.9	-0.5	-0.2	-0.8	-0.5	-0.6	-0.3	0.1
Nicaragua	0.2	-2.9	-0.1	0.4	0.8	-0.2	1.0	0.6	0.6	0.2	0.4	0.6	0.0	0.2	0.1	0.0
Niger	-0.5	-0.4	3.4	-0.5	1.3	-3.3	-1.2	4.0	4.4	1.4	4.3	-2.1	0.1	-0.2	-0.3	0.0
Nigeria	0.8	-7.0	6.1	-4.0	2.5	-0.6	0.7	-3.2	-0.7	-1.3	-1.5	0.3	0.2	-0.1	-0.2	0.0
Norway	-3.2	-1.7	0.1	-0.5	6.1	-0.9	-1.1	-0.8	1.1	1.6	0.5	-0.3	0.4	0.1	0.2	0.3
Oman	-4.4	-0.6	1.0	-6.3	9.5	-4.6	4.5	5.3	1.1	2.9	7.2	-1.9	-0.5	-1.0	-1.0	-0.8
Pakistan	0.8	1.1	2.4	2.0	-2.3	1.1	-0.7	2.1	-0.2	-1.6	-0.3	-0.2	-0.1	-0.1	-0.2	-0.3
Palau	-5.7	5.5	3.8	-4.1	-2.0	5.0	-5.3	0.9	-3.7	-0.8	3.1	2.1	0.1	0.3	-1.8	-1.2
Panama	-1.1	-0.5	-0.1	1.4	0.6	0.7	-0.2	-0.3	0.6	0.1	-0.7	-0.2	-0.6	-0.6	-0.2	-0.3
Papua New Guinea	2.0	-1.8	-2.4	1.8	6.8	-8.7	0.6	3.7	3.8	1.4	-7.3	-1.9	-1.0	-0.5	-0.2	-0.8
Paraguay	-0.6	1.1	-0.9	-1.3	4.3	-1.2	1.2	4.0	-1.7	0.7	1.2	0.1	0.1	0.0	0.0	0.0
Peru	0.8	-1.1	-0.5	1.0	1.8	-0.5	-1.0	0.5	1.2	1.0	0.2	-0.2	-0.4	-0.3	-0.1	-0.1
Philippines	-0.6	-0.4	-0.1	-0.3	1.4	-0.9	-1.2	0.9	-0.3	-0.2	1.2	0.1	0.1	0.2	0.2	0.2
Poland	2.3	0.4	-1.9	1.0	0.8	0.7	-1.9	-1.0	-0.7	-0.1	-0.1	-0.5	-0.1	-0.1	-0.1	0.1
Portugal	0.6	-3.8	1.6	0.8	4.9	1.6	-1.8	-1.5	1.6	-1.0	-1.2	-0.4	-0.3	-0.2	0.0	0.0
Qatar	0.3	-0.6	-1.4	-2.0	7.4	-3.2	-0.5	2.3	0.6	1.1	2.0	-1.1	-1.6	-1.0	-0.6	-0.5
Republic of Congo	-2.6	3.6	2.1	-6.2	1.0	-3.2	4.6	10.1	2.2	2.6	5.6	-7.8	-5.5	0.6	2.8	1.3
Romania	-1.2	1.5	1.7	1.1	1.5	0.1	-1.6	-1.5	-1.0	0.0	0.1	-0.7	-0.4	-0.2	-0.2	-0.2
Russia	-0.2	-0.4	3.1	0.1	7.1	-3.3	-2.3	1.6	0.9	0.1	0.1	-2.5	-0.1	-1.0	-0.3	-0.2
Rwanda	2.0	-1.6	1.2	1.4	-0.4	2.0	0.6	-0.6	1.8	-0.3	-2.0	-0.3	-0.2	0.1	-0.3	0.5
Samoa	3.2	-2.8	3.6	-3.2	5.2	6.6	-3.8	1.2	0.4	6.2	-5.2	-6.4	-1.4	-0.6	0.0	0.0
San Marino	0.1	0.2	0.1	1.1	2.4	-0.2	1.0	0.6	-1.2	1.4	-0.6	0.1	0.2	0.0	0.0	0.0
São Tomé and Príncipe	-16.8	3.0	-6.9	-8.4	19.2	-1.5	0.7	-3.1	-13.3	0.1	1.8	2.7	0.2	-0.9	-0.4	-0.9
Saudi Arabia	-4.4	-1.2	2.3	-2.6	11.1	-3.6	-0.9	0.0	2.4	4.8	7.4	-5.1	-2.5	-1.0	-2.1	-1.3
Senegal	0.9	3.0	0.9	-1.2	0.2	0.6	1.7	0.1	-0.7	0.8	-0.6	-0.6	0.0	-0.3	-0.5	-0.3
Serbia	-0.6	2.9	0.2	0.0	0.0	0.2	-1.3	3.7	-2.9	3.1	-1.8	-2.2	-1.7	-0.6	-0.2	-0.5
Seychelles	-0.9	4.6	-1.7	-14.9	5.1	2.5	0.1	1.3	-0.5	-3.7	0.9	-2.2	-0.9	-0.1	0.3	1.3
Sierra Leone	-0.1	-1.4	-3.7	3.2	1.3	2.7	1.4	-1.2	-4.7	0.7	1.9	1.0	0.1	0.0	0.0	-0.1
Singapore	-1.1	0.6	-0.8	5.6	0.4	-3.4	0.2	-0.3	1.6	2.1	2.8	-0.5	0.0	0.2	0.1	0.1
Slovak Republic	1.8	-0.8	-2.4	0.3	7.4	-1.9	-1.4	-0.4	0.8	0.4	-0.3	-0.6	-0.6	-0.3	-0.2	-0.2
Slovenia	0.3	-0.1	-2.3	1.1	4.6	0.8	0.1	-1.3	9.8	-7.1	-2.5	-0.4	0.0	0.2	0.1	0.1
Solomon Islands	6.3	3.3	5.7	2.1	6.7	3.8	-7.0	0.4	-0.7	-5.8	4.1	-2.3	-1.3	-1.0	-1.1	-1.0
South Africa	0.4	1.3	0.1	1.5	3.0	-0.2	-0.6	0.4	0.4	0.4	0.4	-0.1	-0.1	-0.1	-0.1	-0.1
Spain	-0.4	0.0	0.6	2.2	4.6	-0.1	-0.2	1.9	-3.0	-0.7	-1.2	-1.3	-0.4	-0.4	-0.5	-0.1
Sri Lanka	1.0	0.4	-0.8	-0.9	2.3	-2.0	-1.4	-1.7	-1.4	-0.6	2.3	-0.2	0.1	0.2	0.4	0.6
St. Kitts and Nevis	0.1	-1.5	-0.4	-0.3	1.9	3.2	-3.1	-3.3	2.3	-0.9	-1.9	-0.9	-0.7	-0.2	-0.1	-0.1
St. Lucia	3.3	-1.6	-2.7	0.9	1.7	1.9	2.0	1.4	-2.7	0.3	0.5	0.2	0.2	0.2	0.2	0.2
St. Vincent and Grenadines	1.9	-0.8	1.0	1.6	3.0	0.0	1.6	-5.8	3.0	1.0	-0.9	-0.9	-1.2	-0.7	-0.2	-0.1
Sudan	5.7	-2.4	1.6	-1.9	-2.9	-1.6	-1.2	-4.5	-0.2	-0.4	-0.4	0.3	-0.2	0.2	0.1	-0.1
Suriname	-0.3	-1.8	1.2	1.0	5.5	-1.9	0.7	3.4	1.6	-3.9	-1.4	-0.4	-0.4	-0.4	-0.6	-0.7
Swaziland	-1.4	-3.7	3.1	2.6	1.6	-2.8	-6.0	2.3	3.5	4.1	-2.5	-2.5	1.9	0.3	0.2	0.2
Sweden	-0.1	-1.2	-1.8	0.6	2.9	-2.3	-0.6	1.2	0.5	0.0	-0.4	-0.6	0.0	-0.2	-0.3	-0.3
Switzerland	-0.7	-1.8	-1.0	-1.8	1.6	-0.3	0.3	0.0	0.1	-0.4	0.6	-0.2	-0.1	-0.2	0.0	0.0
Taiwan	-0.3	-1.4	-0.4	0.7	2.8	-2.4	0.1	0.0	-0.7	-0.7	-0.2	-0.3	-0.3	-0.1	-0.1	-0.1
Tajikistan	2.7	-1.1	6.1	-0.8	1.5	-2.5	0.9	-2.5	3.2	0.5	-0.2	0.7	-0.3	0.4	0.4	0.8
Tanzania	1.5	-0.7	0.2	0.5	1.6	0.2	-1.1	0.5	-0.1	-0.1	0.8	0.1	0.1	-0.1	-0.1	0.0
Thailand	0.4	-1.0	1.2	-0.1	2.8	-0.8	0.0	1.7	-0.6	0.0	0.4	0.4	-0.1	0.0	0.1	0.0
The Bahamas	0.6	0.5	1.7	0.3	2.0	-0.1	1.9	0.7	-0.6	-1.6	0.9	-0.5	-0.1	-0.3	-0.1	-0.1
The Gambia	0.0	0.9	-4.6	1.5	3.7	0.9	1.9	3.8	-2.6	4.3	-0.8	-3.9	0.5	-0.9	0.0	-0.2
Timor-Leste	-1.3	-1.1	4.4	4.4	5.5	-0.3	1.3	3.0	-0.6	7.3	5.3	5.3	-0.2	1.1	-2.3	3.4
Togo	2.7	1.9	-0.8	-2.5	3.4	1.3	1.3	2.6	-0.9	0.2	-0.4	2.3	-1.0	-0.5	-0.4	0.6

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tonga	4.4	-0.2	0.5	-1.3	3.5	4.4	-0.5	-3.6	0.2	2.0	0.2	-2.5	-0.4	0.6	-0.3	-1.0
Trinidad and Tobago	1.5	4.6	-2.6	1.2	9.0	-2.1	-3.6	-0.4	1.7	-0.3	-1.5	1.3	0.5	0.2	-0.4	0.0
Tunisia	-0.1	-0.4	0.0	1.0	-0.1	-0.2	4.0	0.9	0.5	-1.8	-0.9	0.0	-0.2	-0.1	-0.1	-0.1
Turkey	-2.4	0.3	0.1	0.9	4.1	-1.9	-1.5	1.4	1.8	-0.9	-0.1	-0.8	-0.2	0.1	0.2	-0.4
Turkmenistan	0.8	-4.7	-1.5	-2.6	2.5	0.7	0.6	0.0	1.5	-0.7	-0.4	-0.7	-0.5	-0.4	-0.4	-0.4
Tuvalu	8.1	17.9	-10.9	-4.0	13.2	-7.0	-17.8	-2.9	6.1	15.5	-2.4	-4.3	-0.8	-2.1	-1.6	-1.1
Uganda	-1.6	-0.5	-0.1	0.6	-1.2	4.4	-2.6	-0.1	0.2	0.5	-0.2	1.7	0.8	1.1	0.2	0.0
Ukraine	2.5	0.4	-0.9	3.3	1.4	2.3	-3.5	3.3	-0.9	-2.8	1.7	-3.2	-0.1	-0.4	-0.2	-0.7
United Arab Emirates	-2.0	-0.1	2.0	4.3	13.0	-2.3	-1.2	-2.1	0.1	0.9	3.3	-2.2	-1.6	-1.5	-1.4	-1.6
United Kingdom	0.3	0.0	-0.2	2.6	3.8	-0.7	-1.5	0.3	-1.6	-1.0	-1.1	-1.4	-1.4	-1.0	-0.2	0.0
United States	0.2	-0.2	0.9	2.3	4.7	-1.9	-1.0	-1.2	-1.2	0.2	-0.6	-0.3	-0.6	-0.3	0.2	0.2
Uruguay	-1.0	0.4	-0.2	-0.2	2.2	0.7	-1.9	1.6	1.6	0.7	-0.6	0.0	-0.1	-0.1	0.0	0.0
Uzbekistan	-2.0	-0.5	1.4	0.1	3.4	-1.9	-0.7	1.7	0.4	0.4	1.0	-0.1	-0.2	-0.1	-0.1	0.0
Vanuatu	-0.2	1.8	1.9	5.0	-0.2	0.3	-2.7	-1.0	-1.9	1.0	4.9	0.4	0.0	-1.5	-1.0	-1.4
Venezuela	1.6	5.7	-3.3	-1.1	-1.6	-1.7	7.9	0.5	-2.0	5.6	-1.0	-1.1	-0.4	-0.2	-0.1	-0.1
Vietnam	1.5	-0.1	2.0	-1.0	4.5	-1.6	-3.1	2.5	-0.6	-2.0	0.3	-0.6	-0.5	-0.6	-0.2	-0.2
Yemen	2.6	0.6	3.0	0.9	-6.0	-5.0	-0.4	6.4	-5.4	-3.0	-4.3	1.0	0.4	-0.2	-0.2	-0.3
Zambia	-0.8	-2.8	0.2	-0.5	-1.7	0.3	1.2	3.0	2.7	-0.4	-1.5	-0.1	-0.4	0.0	-0.1	0.2
Zimbabwe	...	-8.8	-3.9	-1.6	9.8	8.5	5.4	0.7	1.1	-0.6	0.1	0.4	1.4	0.3	0.3	0.0

Source: Authors' calculations based on IMF's *World Economic Outlook* (April 2015)

B. Year on Year Real Growth, as a%

(in billions of local currency/average consumer prices)

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Afghanistan	16.7	23.8	33.5	-6.7	27.4	12.7	10.7	32.6	0.4	4.9	7.8	13.0	6.5	11.6	12.4	-0.3
Albania	2.0	7.1	7.9	17.2	6.6	-5.9	-0.2	-2.0	2.8	11.0	5.4	1.1	0.8	6.7	5.0	3.1
Algeria	7.0	16.9	22.4	28.3	-4.7	1.2	26.1	10.7	-16.4	8.4	1.6	1.3	1.3	1.3	1.3	1.1
Angola	18.5	33.0	32.0	63.0	-36.9	5.6	14.1	5.0	-1.2	-10.7	-28.8	5.9	4.6	4.6	4.8	5.3
Antigua and Barbuda	15.6	-0.7	-3.5	0.4	22.7	-44.0	1.7	-9.9	7.4	3.6	39.7	-35.5	1.9	2.7	1.7	2.3
Argentina	16.3	14.6	28.6	22.0	16.7	16.7	24.6	16.1	16.5	55.1	35.5	-1.9	-0.4	0.5	1.0	1.3
Armenia	...	15.8	27.1	3.1	9.2	-5.8	-3.4	-1.1	7.2	3.6	8.1	-3.2	0.9	2.0	4.0	3.8
Australia	4.2	4.0	5.8	6.8	8.3	2.5	2.2	1.9	1.5	2.3	0.5	0.9	1.6	1.5	2.3	2.6
Austria	-2.1	2.0	1.4	1.6	6.1	-1.3	-2.4	0.4	-0.5	5.1	-1.4	0.5	1.0	0.9	0.8	0.7
Azerbaijan	17.3	63.7	25.3	33.1	0.1	5.8	19.7	12.7	8.2	0.3	-7.8	-8.9	1.1	2.1	0.6	1.3
Bahrain	13.3	9.8	10.1	15.7	-5.9	22.4	9.3	10.7	-0.1	6.4	1.2	-1.8	-0.7	4.2	3.2	2.6
Bangladesh	8.1	4.4	-0.7	25.9	-2.0	3.7	13.2	10.6	8.5	0.2	7.6	11.4	16.5	7.7	9.1	5.3
Barbados	8.7	-7.8	13.8	-4.5	-5.3	-0.1	-10.9	4.3	-1.4	-5.4	-3.2	2.5	1.9	2.3	1.9	2.1
Belarus	20.6	19.9	13.2	18.4	-11.3	1.2	-3.2	26.2	12.0	-3.1	13.2	0.3	1.2	1.6	1.5	1.0
Belgium	6.9	-3.7	3.3	2.3	6.0	0.5	2.3	2.5	-0.1	1.5	0.6	-0.2	-0.1	0.5	0.6	0.8
Belize	-7.9	11.3	0.3	-3.8	1.2	6.4	3.3	-2.7	17.0	3.0	2.2	1.8	3.0	1.4	4.8	-0.1
Benin	6.5	-5.9	27.7	-4.3	21.5	-16.5	8.8	2.2	12.6	2.2	15.5	14.0	6.0	5.2	-3.1	1.9
Bhutan	24.7	1.8	9.0	7.6	-0.2	47.7	-8.0	2.9	-5.0	0.5	-11.8	17.2	-0.6	2.0	7.5	22.9
Bolivia	7.7	2.7	15.2	11.2	-1.1	-2.8	23.2	9.8	14.2	14.5	-8.7	-1.2	3.4	2.7	3.0	2.9
Bosnia and Herzegovina	4.4	5.3	12.6	12.0	1.0	1.3	-4.3	-1.8	-1.3	6.4	1.9	3.6	3.4	4.0	4.6	3.4
Botswana	-6.6	0.3	17.5	25.7	3.9	-9.0	-7.2	-2.0	-3.2	18.2	1.9	-10.6	0.2	2.8	0.8	0.2
Brazil	8.0	5.0	4.6	7.6	1.3	16.0	2.3	3.3	4.8	4.8	-1.2	-0.6	1.4	2.0	1.7	2.2
Brunei Darussalam	3.4	9.7	5.8	0.4	-2.8	11.7	2.2	6.5	2.7	-3.2	-2.2	2.4	3.0	3.2	3.5	3.4
Bulgaria	5.8	1.4	12.2	3.5	-1.0	1.6	-3.1	1.3	8.1	8.7	1.3	-0.8	0.8	1.2	1.2	1.5
Burkina Faso	5.7	11.6	11.7	-15.1	21.0	6.8	7.0	25.4	14.8	-13.9	11.6	6.8	10.4	9.1	7.7	7.2
Burundi	-4.1	11.0	46.1	10.6	-4.6	15.6	6.3	-9.7	-3.3	4.2	3.5	1.6	6.3	4.7	4.1	3.2
Cambodia	0.5	14.7	21.7	3.4	32.7	4.3	3.6	11.4	4.9	3.4	13.6	8.9	8.2	8.0	6.8	7.2
Cameroon	-5.8	1.9	10.6	23.1	-5.4	5.7	21.1	0.1	18.7	8.8	3.6	4.0	4.1	1.4	2.7	3.6
Canada	2.5	3.9	2.6	3.7	5.5	3.7	0.1	0.4	1.4	-0.9	2.1	1.8	1.6	1.6	1.7	1.8
Cape Verde	9.7	6.6	-4.9	3.9	10.7	17.7	-12.1	3.3	-3.0	0.7	3.7	-0.3	1.2	1.1	-5.1	1.7
Central African Republic	29.5	-16.3	-0.2	23.3	3.2	15.7	-12.1	5.6	-42.3	6.5	42.5	-4.2	12.4	8.4	8.6	8.3
Chad	16.0	24.3	41.3	13.8	9.9	24.5	-2.2	9.3	-3.4	2.1	-21.8	14.3	7.1	17.8	13.3	8.0
Chile	7.2	6.6	9.3	7.0	15.1	9.8	3.0	5.4	4.1	5.2	8.2	6.6	3.4	3.7	3.7	3.8
China	16.8	15.7	16.3	37.8	25.5	14.9	14.7	14.1	11.6	7.7	11.5	3.7	3.7	4.1	3.9	3.9
Colombia	2.4	19.0	5.5	-1.1	11.8	5.1	7.5	2.2	7.8	7.3	-0.2	1.7	2.1	2.9	2.8	2.8
Comoros	2.4	6.8	6.3	18.5	-10.2	-1.4	4.6	14.2	4.4	-1.9	11.4	9.3	6.7	7.1	-4.5	8.2
Costa Rica	0.7	1.9	4.5	8.4	8.6	15.5	-1.0	6.3	8.4	6.0	5.3	4.9	5.2	5.3	5.2	4.6
Côte d'Ivoire	-0.2	7.6	0.7	8.0	2.6	6.7	-14.5	36.3	8.1	13.7	7.0	9.0	8.9	7.1	7.7	5.6
Croatia	0.6	5.3	5.9	0.9	-1.1	-2.7	2.1	-6.5	-2.1	-0.4	2.9	-0.4	0.9	1.8	2.2	2.0
Cyprus	7.6	4.0	3.0	5.4	7.6	0.8	-0.5	-4.9	-7.4	-7.0	1.5	-2.4	0.6	0.6	2.8	1.5
Czech Republic	3.8	2.4	3.9	-0.9	5.0	-2.7	-2.4	0.4	-5.3	3.3	3.6	0.4	2.0	2.1	2.2	1.0
Democratic Republic of Congo	42.5	-5.6	15.8	28.3	3.5	30.8	-7.6	8.0	-6.6	1.3	32.2	13.5	5.6	9.9	9.9	7.2
Denmark	0.0	1.2	1.1	1.9	5.8	3.0	-1.2	2.9	-2.7	-3.4	1.9	1.2	-0.5	1.5	1.9	2.1
Djibouti	1.3	6.4	6.1	11.4	8.9	-10.5	1.8	10.3	6.3	33.8	11.4	-1.1	-18.2	-2.9	1.7	2.1
Dominica	3.6	0.6	20.4	3.3	7.2	8.3	-12.4	1.2	-5.2	3.2	2.9	3.0	2.1	2.2	2.3	1.9
Dominican Republic	-1.5	15.5	9.7	15.7	-8.5	4.5	3.7	31.3	-7.9	5.6	0.0	2.7	4.2	4.3	4.7	7.0
Ecuador	16.4	8.2	23.6	59.9	-9.9	13.0	23.8	8.0	14.4	2.8	-11.6	2.8	3.0	-1.1	-0.8	1.9
Egypt	0.1	25.1	1.5	9.9	-3.9	0.2	-2.7	8.6	18.2	7.6	-4.8	-3.2	1.7	3.1	3.4	4.0
El Salvador	5.3	8.2	-3.4	6.0	6.7	3.3	2.6	2.5	2.5	-0.3	9.5	4.6	3.2	3.2	3.3	3.4
Equatorial Guinea	19.0	49.8	25.7	36.3	52.0	-15.5	4.9	40.6	-21.1	-11.6	-9.3	-30.2	-17.9	-15.8	-26.1	-4.3
Eritrea	2.9	-31.4	-3.4	-7.9	-26.5	14.3	5.5	-3.6	-3.7	-2.8	-2.5	-0.5	0.1	-1.0	0.6	-6.8
Estonia	9.6	14.7	13.7	6.6	-3.0	-7.5	-0.2	7.9	0.7	1.5	7.1	3.5	3.7	3.8	3.9	3.7
Ethiopia	8.8	4.9	3.6	-8.6	13.5	14.2	-1.3	6.8	14.5	12.2	19.1	7.1	6.7	7.7	7.9	7.6
Fiji	2.6	9.5	-8.3	-11.5	11.2	-2.2	5.9	2.2	3.3	13.4	9.5	-2.8	3.3	3.3	3.3	3.3

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Finland	5.1	1.7	3.0	3.0	4.4	1.5	1.2	1.5	1.5	1.0	0.9	0.8	0.7	1.2	1.7	1.7
France	2.3	1.9	2.8	0.9	4.0	0.7	-0.2	0.7	0.9	1.4	1.0	0.4	0.2	0.2	0.2	0.2
Gabon	19.7	9.8	4.1	8.0	-3.2	24.8	36.8	6.9	-1.7	-17.9	-5.9	5.6	2.4	2.8	3.6	5.6
Georgia	25.3	14.0	37.7	17.3	1.6	-0.6	-4.9	10.3	0.1	9.0	6.3	3.3	3.5	4.7	4.6	5.3
Germany	-0.9	-1.2	-1.5	0.4	4.9	3.0	-3.7	1.0	0.9	1.7	4.2	1.1	1.2	0.4	0.9	0.7
Ghana	-0.5	18.3	17.5	19.2	3.0	31.1	22.4	36.4	0.6	6.5	-5.0	-0.3	1.9	11.6	2.9	1.2
Greece	-1.4	9.9	8.5	7.7	3.5	-12.2	-8.3	-12.8	-10.8	-3.5	-2.1	0.8	2.4	1.5	1.6	-0.5
Grenada	20.9	16.5	-10.3	1.6	-7.5	-2.5	-0.1	-7.0	11.2	15.3	-7.2	-5.6	5.0	3.0	3.2	2.4
Guatemala	2.3	11.0	3.8	-3.1	6.3	6.6	4.1	-0.4	0.9	0.9	7.0	4.0	4.6	4.4	4.2	4.6
Guinea	-6.0	17.9	-35.2	19.4	54.9	33.0	-25.8	23.9	-6.8	18.1	10.3	-14.0	4.1	2.8	5.0	5.8
Guinea-Bissau	-9.4	-1.3	15.8	2.0	-4.3	-4.5	10.5	-28.0	-3.0	91.9	9.5	6.2	4.9	4.0	4.7	4.6
Guyana	16.8	6.4	-7.3	-2.5	7.9	0.5	8.7	11.0	-1.1	16.8	3.9	-2.5	3.8	-5.0	-1.6	-2.7
Haiti	44.6	-1.6	5.2	14.7	29.1	-2.6	18.3	11.9	3.5	-4.9	-4.4	1.9	5.2	3.0	4.5	3.2
Honduras	-3.4	9.9	6.1	8.9	2.2	-3.2	0.6	5.6	13.4	-3.7	1.2	1.6	2.3	2.3	2.7	2.6
Hong Kong	-4.6	-3.5	0.3	28.7	-7.7	0.7	14.7	-0.4	10.1	-12.2	7.6	6.4	1.2	0.3	-3.8	3.5
Hungary	4.9	7.9	-5.1	-2.6	-3.2	-3.1	-0.1	-5.5	4.9	6.9	4.0	-2.4	3.0	3.1	3.0	3.5
Iceland	1.8	5.5	8.2	36.1	-19.8	-1.7	-6.4	-1.4	-1.1	6.9	2.0	1.0	-0.3	2.2	2.3	1.8
India	5.3	9.8	9.0	16.3	-0.9	5.6	3.6	2.6	2.5	3.4	5.6	7.5	6.4	7.1	7.2	7.6
Indonesia	7.0	12.9	12.3	18.9	-7.2	7.7	13.3	12.9	5.5	2.1	-2.4	7.7	5.9	6.3	6.5	6.3
Iran	37.1	12.2	-7.7	7.1	-11.8	0.8	6.7	-33.1	1.1	2.2	-0.4	-0.5	-0.3	-0.2	-0.8	-2.2
Iraq	-30.3	-32.5	-18.3	70.3	-12.5	2.0	11.1	9.1	18.1	-16.5	-10.6	10.8	-1.9	5.2	6.6	6.8
Ireland	7.3	7.6	9.9	7.6	3.6	38.4	-28.4	-9.3	-3.5	0.6	-1.9	-1.4	-1.8	-1.8	0.8	1.0
Israel	1.5	1.7	2.1	0.2	2.1	2.5	2.2	5.2	3.1	2.4	4.9	3.0	2.6	2.6	2.6	2.6
Italy	1.3	2.7	0.1	0.2	2.3	-2.1	-2.3	-1.3	-1.6	2.0	-0.8	-0.5	0.5	0.3	0.1	0.4
Jamaica	-7.9	9.4	4.8	0.7	9.2	-18.1	-3.5	-7.4	-9.5	0.4	2.7	-3.1	0.7	-1.3	1.1	-0.8
Japan	1.1	1.4	-2.3	3.4	6.6	0.4	2.3	-1.0	2.3	-1.7	-0.2	-2.1	-0.8	0.6	1.1	1.9
Jordan	9.8	5.4	10.3	4.8	11.2	-7.9	14.4	-2.5	16.9	10.2	-20.3	7.9	5.1	4.5	4.9	6.0
Kazakhstan	21.1	10.9	36.0	21.8	-14.4	14.7	12.9	7.8	-0.9	14.1	-0.6	5.1	1.4	4.9	1.1	2.5
Kenya	10.1	10.2	14.0	3.6	5.7	11.0	0.4	7.2	10.6	13.1	14.5	6.0	4.6	7.6	6.3	5.0
Kiribati	-2.4	-13.1	0.5	-3.8	-12.2	7.9	-0.1	22.0	9.4	42.9	-0.6	-22.8	-7.0	-4.3	-5.3	-1.5
Korea	0.8	5.9	6.3	2.9	3.9	-2.4	3.3	4.6	4.1	4.8	3.0	1.2	1.5	1.7	1.5	1.6
Kosovo	-2.5	-12.5	-1.0	32.6	27.0	3.6	2.5	1.9	0.2	-0.7	14.2	3.9	3.7	3.8	4.0	4.3
Kuwait	6.4	37.5	-1.1	53.5	-23.2	10.1	7.0	7.7	-1.3	14.4	-7.0	-1.2	2.8	2.2	2.0	1.9
Kyrgyz Republic	4.4	8.7	19.6	-2.0	17.5	9.7	12.1	14.7	0.9	-2.5	10.2	0.2	2.8	-0.4	1.2	7.4
Lao PDR	28.5	8.5	15.9	0.3	29.4	29.8	0.6	10.9	28.7	4.3	4.3	6.9	7.9	11.4	10.5	7.0
Latvia	18.7	15.8	17.3	14.6	-19.6	-2.6	-4.1	1.0	6.2	2.6	1.7	-1.2	2.3	2.8	2.9	2.3
Lebanon	-3.4	11.6	5.5	3.3	12.3	-5.1	-2.2	8.5	-2.8	2.6	9.8	2.9	5.0	5.2	5.7	4.0
Lesotho	13.2	11.5	7.0	17.7	21.5	-8.4	16.2	-0.4	8.3	4.5	-0.7	8.4	5.3	5.2	4.3	0.9
Liberia	4.3	-6.3	68.2	32.8	7.6	10.3	29.5	10.5	14.2	-11.1	8.7	-9.1	-4.9	2.3	4.0	0.2
Libya	-3.9	23.2	20.2	37.3	3.0	7.4	-60.1	85.5	23.2	-26.1	-0.7	3.7	16.6	5.6	4.8	5.7
Lithuania	13.0	11.5	16.4	9.0	-6.8	-2.9	7.9	-12.3	2.2	0.1	5.7	3.2	3.8	3.7	3.9	3.7
Luxembourg	3.6	1.2	1.2	3.6	9.9	3.6	0.0	3.1	2.6	3.9	3.4	1.8	2.1	2.3	2.0	2.3
Macedonia	5.2	1.8	8.3	11.4	0.0	0.5	0.1	1.6	-0.4	5.4	7.6	1.7	1.7	4.4	4.6	4.0
Madagascar	-11.4	6.1	-8.0	2.5	-25.0	-0.3	0.4	-1.7	12.4	0.2	20.3	7.9	9.1	6.2	5.3	4.3
Malawi	0.9	12.8	23.2	10.4	4.9	7.7	-3.6	11.0	16.2	-9.2	3.7	-0.5	6.5	4.1	0.8	4.1
Malaysia	1.5	10.4	10.6	14.1	5.6	-5.5	9.5	9.8	1.2	0.0	-2.0	5.0	4.5	5.4	5.7	3.2
Maldives	49.1	18.1	10.6	10.9	3.0	-7.0	-0.4	-2.2	9.8	22.6	4.6	4.3	5.4	5.1	3.1	3.5
Mali	7.0	10.1	3.8	-9.5	29.7	-3.6	14.0	-25.6	33.3	19.7	4.4	4.6	5.9	5.3	5.4	5.6
Malta	3.1	2.2	3.3	5.2	-3.3	3.3	1.6	5.2	3.3	5.5	7.4	0.6	2.3	2.2	2.1	2.1
Marshall Islands	58.4	-29.1	11.8	-18.8	0.6	-1.7	-4.1	-4.2	4.3	2.8	13.9	4.0	-0.9	-3.1	-0.7	0.0
Mauritania	-0.9	13.2	3.0	3.5	-9.2	11.0	14.0	26.5	-2.5	6.0	-4.6	-2.0	5.8	2.5	0.3	5.2
Mauritius	2.9	-1.5	2.2	7.0	10.9	-2.0	-0.5	-3.0	9.9	-0.8	6.9	3.4	3.5	4.0	3.2	3.3
Mexico	7.9	13.4	6.1	13.8	-1.9	4.4	6.3	5.3	1.3	1.8	-4.3	-0.2	3.3	2.4	3.6	4.1
Micronesia	-16.4	-1.6	-3.5	-4.3	6.6	7.8	-2.2	-1.3	-14.0	-6.0	6.1	-5.0	0.7	1.1	0.6	1.0
Moldova	12.3	14.4	12.6	2.0	4.6	-0.1	1.7	5.4	4.5	9.3	7.8	2.7	2.1	0.8	1.8	3.9
Mongolia	-9.6	32.0	53.3	11.2	-10.9	19.7	50.6	13.0	9.0	-1.9	-8.0	-3.1	-0.6	2.2	2.7	9.2
Montenegro	0.7	26.9	23.8	27.2	-13.6	-0.8	-3.6	-1.5	1.0	3.1	11.0	8.5	1.2	-5.6	-1.1	2.2
Morocco	21.1	-4.0	6.9	13.9	2.8	6.0	12.7	6.4	-2.8	2.4	-1.2	3.9	5.3	4.2	4.7	5.3

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Mozambique	2.5	23.7	11.1	3.7	25.6	5.9	7.5	6.2	18.4	26.2	-5.6	5.6	5.7	5.3	5.5	14.1
Myanmar	25.9	22.2	0.1	-4.5	20.0	13.7	4.3	61.3	9.2	24.3	13.8	13.0	8.7	8.8	8.3	8.3
Namibia	3.3	5.5	4.6	13.2	11.4	8.8	20.3	1.5	14.6	18.0	5.1	2.5	5.0	6.3	5.9	5.6
Nepal	7.3	-4.7	23.0	7.8	35.9	6.7	3.9	6.8	-9.9	13.7	13.2	7.8	7.1	6.6	6.1	4.6
Netherlands	-0.5	6.2	2.8	4.6	5.8	1.4	-3.1	-2.2	-3.5	0.1	-2.7	0.2	0.8	1.6	1.5	1.4
New Zealand	4.7	3.7	3.8	3.5	4.0	10.5	-0.5	-7.3	1.5	3.0	2.6	0.8	1.0	1.2	1.9	2.8
Nicaragua	5.4	-9.2	3.1	1.9	3.6	2.8	13.2	7.9	4.2	7.8	6.2	6.8	4.2	4.8	4.2	3.9
Niger	5.1	5.0	26.3	3.4	6.7	-1.5	-2.4	35.5	26.0	13.3	20.3	-1.0	8.3	6.9	9.3	5.0
Nigeria	13.7	-22.9	59.5	-15.5	8.1	18.6	7.8	-17.5	-2.1	-7.2	-14.5	8.6	7.3	5.3	2.9	4.3
Norway	2.1	4.4	5.7	5.4	5.6	1.9	3.8	3.6	4.0	4.4	1.1	0.8	2.7	2.0	2.4	2.6
Oman	10.4	14.0	9.5	6.9	0.1	4.0	29.3	22.7	3.4	6.3	-8.1	3.0	2.3	-0.6	-1.1	-1.1
Pakistan	10.7	16.2	19.1	14.4	-5.7	7.9	4.3	9.3	3.7	-3.9	2.8	3.4	4.1	4.6	4.1	3.4
Palau	-10.2	10.5	8.1	-16.5	-16.2	11.4	-5.8	4.8	-6.8	2.5	10.4	7.9	2.9	2.7	-2.0	-1.2
Panama	1.6	6.0	10.5	12.9	5.1	11.1	8.6	7.5	10.3	6.0	4.7	5.6	4.4	4.5	5.5	4.7
Papua New Guinea	17.2	3.4	1.8	10.2	18.6	-14.1	12.8	13.3	14.7	13.5	0.0	-4.7	-1.3	0.2	1.6	-1.0
Paraguay	1.8	7.3	1.8	-1.8	19.5	8.1	8.7	18.3	4.0	6.6	7.9	3.9	3.9	3.5	3.2	3.5
Peru	11.2	7.9	6.4	10.7	9.1	10.4	2.9	7.0	11.0	6.6	4.2	3.5	3.0	3.4	4.2	3.8
Philippines	0.9	2.4	6.2	1.7	7.4	3.2	-3.3	10.8	4.6	4.1	13.7	7.0	6.6	7.0	6.8	6.8
Poland	9.6	8.0	4.2	5.7	4.9	4.6	-0.7	-2.1	0.3	3.6	4.3	2.4	3.3	2.9	3.2	3.6
Portugal	3.3	-6.5	6.8	1.2	9.7	4.4	-8.8	-9.8	3.5	0.2	-0.5	0.7	0.5	0.7	0.9	0.9
Qatar	29.2	18.3	13.0	0.6	29.1	20.1	23.8	17.4	4.7	1.4	0.3	-0.6	0.5	0.8	1.5	1.8
Republic of Congo	15.4	38.3	4.3	-1.4	-14.7	8.7	36.8	35.6	-3.3	6.0	-2.4	-4.3	0.4	1.5	3.7	-0.5
Romania	3.2	17.5	20.9	20.0	-4.1	-1.1	-4.1	-2.0	-0.2	3.8	4.7	0.8	2.0	2.9	2.9	3.0
Russia	12.0	12.0	24.6	9.0	1.5	2.7	4.7	10.3	2.2	-0.2	-9.5	-2.3	0.4	-2.0	0.7	1.1
Rwanda	19.7	1.9	16.2	16.6	2.5	17.0	12.0	6.1	12.3	9.1	1.4	6.2	6.4	7.6	6.1	9.1
Samoa	14.9	-5.8	15.6	-6.3	1.3	17.1	-4.3	1.9	0.6	18.5	-9.4	-15.6	-5.2	-1.2	1.5	2.0
San Marino	2.7	4.9	7.0	5.7	-1.0	-8.4	-6.2	-5.4	-9.3	4.3	-1.4	1.7	2.0	1.8	1.6	1.7
São Tomé and Príncipe	-21.5	10.3	-17.9	-16.3	60.7	1.8	2.9	-6.2	-26.7	4.8	13.4	12.3	5.2	2.2	4.4	3.0
Saudi Arabia	10.2	8.1	13.2	8.2	9.6	7.6	19.5	6.6	4.7	10.8	-0.8	-4.6	-1.0	1.3	-2.6	-0.9
Senegal	10.5	17.5	7.9	-0.3	4.2	6.6	9.1	4.6	-1.1	8.7	3.4	3.8	6.4	6.1	6.0	7.2
Serbia	2.4	13.7	8.6	3.7	-2.9	0.7	-2.9	6.7	-6.0	5.1	-4.3	-3.4	-2.0	1.9	2.9	2.7
Seychelles	6.3	26.4	29.9	-37.9	13.9	11.9	10.4	14.2	3.5	-5.8	5.0	-4.0	0.4	3.1	4.4	8.0
Sierra Leone	8.3	-1.4	-19.5	26.0	10.1	21.3	12.0	7.2	-9.5	6.4	-1.6	12.1	8.0	5.4	5.5	4.9
Singapore	0.6	16.4	4.6	33.6	11.0	-11.0	2.0	-2.3	13.9	14.6	19.6	1.5	4.4	5.3	0.0	0.3
Slovak Republic	11.1	4.7	3.0	5.3	11.7	0.2	-3.1	-1.7	2.5	3.2	1.9	1.3	1.4	2.1	2.4	2.5
Slovenia	3.7	5.0	1.7	5.0	5.1	0.1	0.1	-7.6	20.1	-10.6	-3.0	0.8	1.6	2.0	1.8	1.8
Solomon Islands	34.4	8.9	17.2	6.6	9.2	19.3	2.1	6.1	-4.0	-7.1	13.0	0.1	0.5	0.7	0.8	1.7
South Africa	9.0	12.6	7.5	6.2	9.3	4.5	2.7	3.5	3.7	2.7	4.1	2.0	2.2	2.4	2.6	2.5
Spain	3.5	4.5	6.0	4.8	7.8	-2.2	-3.8	-0.2	-8.3	-0.5	0.6	-1.5	0.7	0.6	0.3	1.4
Sri Lanka	10.5	10.9	1.8	-3.3	16.6	0.3	2.5	-0.9	-0.8	5.2	20.8	5.7	6.9	7.7	8.6	9.4
St. Kitts and Nevis	5.2	3.5	1.9	0.9	0.1	6.0	-9.9	-10.5	12.6	4.8	-2.4	0.4	0.4	2.0	2.2	2.1
St. Lucia	16.6	2.5	-6.8	0.1	8.5	8.6	6.8	1.6	-7.4	0.2	3.2	1.9	2.4	2.7	2.8	2.8
St. Vincent and Grenadines	9.5	4.5	8.5	-2.4	6.4	0.3	1.1	-16.8	12.3	6.7	0.1	0.8	-0.9	0.5	2.0	2.4
Sudan	37.5	2.0	17.4	-0.3	-15.3	1.2	-6.0	-31.4	2.1	-5.2	-0.9	7.3	3.3	6.4	6.0	4.3
Suriname	3.6	-2.4	11.3	9.5	37.1	-1.7	3.8	20.0	7.8	-11.0	-2.4	2.8	2.7	3.2	1.6	1.2
Swaziland	3.2	-0.5	12.3	8.7	4.0	-6.0	-16.9	9.3	15.7	15.5	-2.8	-6.7	6.3	1.5	1.2	1.1
Sweden	3.0	2.7	0.4	0.6	3.4	1.2	-0.4	2.3	3.4	3.6	2.6	1.9	2.7	2.1	1.8	1.7
Switzerland	0.6	-0.4	2.4	-4.1	4.3	1.5	3.0	1.6	2.4	1.4	2.7	0.1	0.9	1.0	1.5	1.5
Taiwan	-0.1	-3.3	1.9	-1.6	13.5	-3.8	0.3	0.6	-0.9	0.5	0.6	0.7	0.7	1.5	1.9	2.0
Tajikistan	23.4	11.6	55.6	11.1	16.0	2.7	12.0	3.4	20.5	8.1	2.0	8.3	4.4	6.5	6.5	7.9
Tanzania	17.8	9.3	8.7	13.4	11.9	8.8	1.0	3.7	4.9	6.6	11.8	7.6	7.8	6.7	6.4	6.4
Thailand	6.9	1.2	11.9	4.0	10.4	5.0	3.5	6.0	4.3	-0.1	5.0	5.4	3.6	4.0	4.1	3.4
The Bahamas	7.2	7.0	11.8	-1.1	5.0	-3.9	6.5	3.1	-0.1	-5.8	6.5	1.0	1.6	0.6	1.2	1.0
The Gambia	-2.2	5.0	-18.5	11.8	27.4	9.9	2.4	20.7	-4.1	16.1	2.3	-5.6	8.1	2.1	5.7	4.8
Timor-Leste	32.2	16.3	100.9	111.4	6.2	19.6	28.5	1.7	-20.8	17.6	2.6	7.2	-5.2	3.3	-7.3	-0.1
Togo	18.6	11.1	0.0	-5.5	20.9	10.1	15.0	21.9	2.2	6.3	4.8	16.1	2.3	4.0	4.3	8.2
Tonga	20.0	8.6	-3.6	-0.7	9.4	20.3	2.0	-10.5	-2.8	10.1	2.9	-5.8	0.5	3.8	1.5	-1.1
Trinidad and Tobago	18.6	25.2	0.2	17.0	-2.2	-16.7	-0.8	-5.6	8.4	-1.1	-8.5	2.8	2.3	1.7	0.0	1.6

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tunisia	4.8	4.1	5.9	10.7	2.3	2.8	15.1	7.1	3.9	-3.3	-0.3	3.4	3.7	4.4	4.6	4.4
Turkey	0.0	7.6	2.6	4.8	5.4	1.1	6.4	4.3	7.9	1.1	2.3	1.4	2.9	3.9	4.0	2.4
Turkmenistan	13.8	-12.5	2.7	29.3	47.6	10.1	30.3	14.6	20.1	5.6	3.2	3.9	4.1	4.2	4.4	5.0
Tuvalu	5.3	22.9	-8.3	-3.4	12.8	-6.6	-9.5	-4.7	8.2	21.0	-0.6	-2.9	1.9	-2.7	-0.5	-0.3
Uganda	-2.6	2.6	6.6	11.6	1.9	38.6	-7.1	-2.5	4.4	6.8	4.0	16.2	9.2	10.6	6.0	5.4
Ukraine	19.6	14.3	15.4	13.7	-14.9	9.4	3.7	15.1	2.7	-10.1	-8.2	-4.9	4.3	4.0	4.4	3.3
United Arab Emirates	2.3	11.7	18.0	35.5	26.2	4.3	16.0	-0.8	7.2	0.6	-1.6	-1.5	-1.7	-1.9	-2.0	-1.9
United Kingdom	4.3	3.4	2.6	5.6	4.2	0.2	-3.9	0.3	-2.7	0.4	0.8	-1.5	-1.8	-0.5	1.6	2.1
United States	3.9	2.0	4.4	4.5	10.7	-2.4	-2.1	-1.2	-0.9	2.7	2.3	2.3	0.6	1.2	2.3	2.2
Uruguay	-0.2	5.7	7.0	6.6	8.7	8.7	1.6	8.6	8.8	5.3	0.9	2.7	2.5	2.9	3.1	3.3
Uzbekistan	10.4	12.2	26.7	19.2	26.7	8.8	9.2	16.7	12.6	13.0	9.3	6.1	5.7	6.3	6.3	6.4
Vanuatu	3.4	21.3	17.1	34.5	-0.5	2.8	-6.7	-3.5	-4.9	7.8	16.8	6.5	4.3	-2.1	-1.5	-3.2
Venezuela	29.5	33.5	-3.2	2.0	-21.7	6.5	32.3	0.9	-9.0	0.9	-26.8	-5.2	-4.7	-3.1	-2.7	-3.3
Vietnam	14.8	7.6	16.9	1.4	22.5	3.7	-2.6	16.8	1.4	-1.5	10.3	3.7	4.5	4.1	6.3	6.3
Yemen	22.6	7.4	14.7	7.2	-21.9	2.7	-14.8	19.8	-12.3	-10.8	-21.4	8.0	5.3	3.3	3.2	3.1
Zambia	2.0	-0.6	11.9	3.6	-7.0	17.5	16.7	20.9	18.3	3.6	0.0	6.6	4.6	6.1	5.6	7.0
Zimbabwe	...	-63.5	113.8	-75.7	324.0	80.9	38.7	12.4	10.4	-0.6	3.4	4.9	7.1	4.6	4.4	3.7

Source: Authors' calculations based on IMF's *World Economic Outlook* (April 2015)

Annex 2: Number of Countries and Population Affected by Expenditure Contraction, 2008-15

(annual values, in percentage of GDP)

Region / Income Group	Indicator	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
East Asia and Pacific	No. of countries contracting	11	5	11	15	5	11	11	8	13	14	12	15	15
	Persons affected (millions)	302	242	546	327	0	310	572	303	1,544	1,586	1,549	1,539	1,637
	% of population affected	15.6	12.4	27.8	16.5	0.0	15.4	28.4	14.9	75.5	77.2	75.0	74.1	78.5
Eastern Europe and Central Asia	No. of countries contracting	6	4	14	16	6	11	8	6	15	18	15	13	14
	Persons affected (millions)	34	29	171	247	46	115	176	121	261	262	172	166	244
	% of population affected	12.7	10.6	62.8	90.1	16.7	41.7	63.3	43.4	92.9	92.9	60.7	58.1	85.5
Latin America and Caribbean	No. of countries contracting	7	5	11	11	7	9	9	16	17	10	15	14	16
	Persons affected (millions)	289	249	235	288	70	78	71	472	524	337	479	479	494
	% of population affected	56.0	47.7	44.5	53.9	13.0	14.2	12.9	84.3	92.5	59.0	82.8	82.1	83.9
Middle East and North Africa	No. of countries contracting	2	6	10	6	4	4	5	5	7	7	10	10	7
	Persons affected (millions)	10	224	276	222	123	101	112	169	289	270	346	351	299
	% of population affected	3.2	69.3	84.0	66.2	36.2	29.3	31.9	47.2	79.5	73.2	92.5	92.5	77.6
South Asia	No. of countries contracting	3	4	5	6	3	6	5	3	3	3	3	4	5
	Persons affected (millions)	51	1,536	1,316	1,481	1,290	1,558	1,670	192	217	1,550	1,570	1,589	1,818
	% of population affected	3.2	95.0	80.2	88.9	76.3	90.9	96.1	10.9	12.1	85.7	85.7	85.7	96.9
Sub-Saharan Africa	No. of countries contracting	17	16	20	21	21	23	22	25	26	23	25	25	26
	Persons affected (millions)	393	313	381	466	559	468	606	517	426	509	654	599	701
	% of population affected	48.8	37.9	45.0	53.8	62.9	51.4	65.0	54.0	43.5	50.8	63.7	56.9	65.1
Low	No. of countries contracting	12	10	11	18	13	15	18	12	15	12	14	14	17
	Persons affected (millions)	255	321	175	459	304	270	525	168	287	316	328	264	508
	% of population affected	34.2	42.2	22.6	57.9	37.4	32.6	62.0	19.4	32.5	35.0	35.5	28.1	52.8
Lower-middle	No. of countries contracting	18	16	27	27	14	28	23	24	28	29	31	33	29
	Persons affected (millions)	459	1,887	2,076	1,914	1,566	2,092	2,350	972	651	2,006	2,209	2,274	2,352
	% of population affected	19.1	77.3	83.8	76.1	61.3	80.7	89.3	36.5	24.1	73.1	79.4	80.7	82.4
Upper-middle	No. of countries contracting	16	14	33	31	19	21	20	26	40	36	37	35	38
	Persons affected (millions)	366	385	703	687	220	268	333	633	2,353	2,224	2,266	2,217	2,366
	% of population affected	15.6	16.3	29.6	28.7	9.1	11.0	13.6	25.7	94.8	89.0	90.2	87.7	93.2
All Developing	No. of countries contracting	46	40	72	76	46	64	60	63	82	76	81	82	84
	Persons affected (millions)	1,080	2,593	2,955	3,061	2,089	2,631	3,208	1,774	3,291	4,547	4,803	4,756	5,225
	% of population affected	19.7	46.8	52.7	53.8	36.3	45.1	54.3	29.7	54.4	74.3	77.5	75.9	82.5
High	No. of countries contracting	10	5	39	39	27	26	29	30	49	46	43	42	45
	Persons affected (millions)	59	17	1,226	1,071	691	661	558	967	1,337	1,258	1,194	866	850
	% of population affected	4.5	1.3	92.2	80.0	51.3	48.8	41.1	70.8	97.3	91.1	86.0	62.1	60.7
All Countries	No. of countries contracting	56	45	110	115	73	90	90	92	132	123	125	124	129
	Persons affected (millions)	1,139	2,610	4,181	4,132	2,780	3,291	3,766	2,740	4,628	5,805	5,997	5,621	6,075
	% of population affected	16.8	38.0	60.2	58.8	39.1	45.8	51.8	37.3	62.3	77.4	79.1	73.4	78.6

Source: Authors' calculations based on the IMF's *World Economic Outlook* (April 2015) and United Nation's *World Population Prospects: The 2010 Revision* (2011).

Annex 3: IMF Country Reports Reviewed, February 2010 to February 2015

A total of 616 reports in 183 countries were reviewed, from February 2010 and February 2015. The identification of possible adjustment measures considered by governments is inferred from policy discussions and other information contained in IMF country reports, which cover Article IV consultations, reviews conducted under lending arrangements (e.g. Stand-by Arrangements and Extended Credit Facility) and consultations under non-lending arrangements (e.g. Staff Monitored Programs) and other information publicly available in IMF website. The complete list, along with the specific report number and date, is provided below.

Country	Report No.	Date Published
Afghanistan	14/128	May 2014
	12/245	August 2012
Albania	14/78	March 2014
	13/7	January 2013
	11/313	October 2011
	10/205	July 2010
Algeria	14/341	December 2014
	14/32	February 2014
	13/47	February 2013
	12/20	January 2012
	11/39	February 2011
Angola	14/274	September 2014
	12/215	August 2012
	11/51	February 2011
Antigua and Barbuda	13/76	March 2013
	Letter-of-Intent	May 2012
	10/279	September 2010
Armenia	13/34	February 2013
	12/153	June 2012
	11/178	July 2011
	10/350	December 2010
Aruba	10/334	October 2010
Australia	14/51	February 2014
	12/305	November 2012
	11/300	October 2011
Austria	14/278	September 2014
	13/280	September 2013
	12/251	August 2012
	11/275	September 2011
Azerbaijan	14/159	June 2014
	13/164	June 2013
	12/5	January 2012
	10/113	May 2010
Bahamas, The	14/75	March 2014
	13/100	April 2013
	11/338	December 2011
	10/369	December 2010
Bahrain	12/39	April 2012
Bangladesh	13/357	December 2013
	12/94	April 2012
	11/314	November 2011
	10/55	February 2010
Barbados	14/52	February 2014
	12/7	January 2012
	10/363	December 2010
Belarus	14/226	July 2014
	13/159	June 2013
	12/113	May 2012
	12/133	May 2012
	11/66	March 2011
Belgium	15/70	March 2015
	14/76	March 2014
	13/123	May 2013
	12/55	March 2012
	11/81	April 2011
	10/63	March 2010
Belize	14/280	September 2014
	13/227	July 2013
	11/340	December 2011
	11/18	January 2011
Benin	13/9	January 2013
	11/60	March 2011
	10/195	July 2010
Bhutan	14/178	July 2014
	11/123	June 2011
Bolivia	14/36	February 2014
	12/149	June 2012
	11/124	June 2011
Bosnia and Herzegovina	12/344	December 2012
	12/282	October 2012
	10/348	December 2010
Botswana	14/204	July 2014
	13/296	September 2013
	12/234	August 2012
	11/248	August 2011
	10/280	September 2010
Brazil	13/312	October 2013
	12/191	July 2012
Bulgaria	14/23	January 2014
	12/328	December 2012
	11/179	July 2011
	10/160	June 2010
Burkina Faso	14/215	July 2014
	13/26	January 2013
	12/158	July 2012
	11/226	July 2011
Burundi	14/293	September 2014
	12/226	August 2012
	11/199	July 2011
Cabo Verde	14/296	September 2014
	12/29	February 2012
	11/254	August 2011
	10/349	December 2010
Cambodia	14/33	February 2014
	13/2	January 2013
	12/46	February 2012
	11/45	February 2011
Cameroon	13/279	September 2013

Country	Report No.	Date Published
	12/237	August 2012
	11/266	September 2011
	10/259	July 2010
Canada	15/22	January 2015
	14/27	February 2014
	13/40	February 2013
	11/364	December 2011
Central African Republic	12/238	August 2012
	10/332	October 2010
Chad	14/100	April 2014
	13/87	May 2013
	11/302	October 2011
	10/196	June 2010
Chile	14/218	July 2014
	12/267	September 2012
	11/260	August 2011
	10/298	September 2010
China	14/235	July 2014
	13/211	July 2013
	12/195	July 2012
	11/192	July 2011
Colombia	14/141	May 2014
	13/35	February 2013
	12/274	September 2012
	11/224	July 2011
	10/105	May 2010
Comoros	15/34	February 2015
	13/32	February 2013
	13/03	January 2013
	11/72	March 2011
Congo, Dem. Rep.	14/301	October 2014
	13/94	April 2013
	11/190	July 2011
	10/88	March 2010
Congo, Rep.	14/272	September 2014
	12/283	October 2012
	11/255	August 2011
	11/67	March 2011
Costa Rica	15/29	February 2015
	13/79	March 2013
	11/161	July 2011
Côte d'Ivoire	13/367	December 2013

Country	Report No.	Date Published
	11/328	November 2011
	12/332	December 2012
	11/194	July 2011
Croatia	14/124	May 2014
	12/302	November 2012
	11/159	July 2011
	10/179	June 2010
Curaçao and Sint Maarten	14/239	August 2014
	11/342	December 2011
Cyprus	14/313	October 2014
	11/331	November 2011
	10/291	September 2010
Czech Republic	14/256	September 2014
	12/115	May 2012
	11/83	April 2011
	10/60	March 2010
Denmark	14/331	December 2014
	13/22	January 2013
	10/365	December 2010
Djibouti	12/197	July 2012
	10/277	September 2010
Dominica	13/31	January 2013
	11/324	November 2011
	10/261	August 2010
Dominican Republic	11/177	July 2011
	10/135	May 2010
Egypt, Arab Rep.	15/33	February 2015
	10/94	April 2010
El Salvador	15/13	January 2015
	13/132	May 2013
	11/306	October 2011
	11/90	April 2011
	10/307	October 2010
Equatorial Guinea	13/83	March 2013
	10/103	May 2010
Estonia	14/112	May 2014
	13/114	May 2013
	11/333	November 2011
	11/34	February 2011
Ethiopia	14/303	October 2014
	13/308	October 2013
	12/287	October 2012

Country	Report No.	Date Published
	10/339	November 2010
	10/175	June 2010
Fiji	14/321	November 2014
	13/370	December 2013
	12/44	February 2012
	11/85	April 2011
Finland	14/139	May 2014
	12/253	August 2012
	10/273	September 2010
France	14/182	July 2014
	13/251	August 2013
	12/342	December 2012
	11/211	July 2011
Gabon	15/47	February 2015
	13/55	March 2013
	11/97	May 2011
Gambia, The	13/289	September 2013
	12/129	June 2012
	12/17	January 2012
	11/22	January 2011
	10/274	September 2010
Georgia	13/264	August 2013
	12/98	April 2012
	11/87	July 2011
	11/146	June 2011
Germany	14/216	July 2014
	13/255	August 2013
	12/161	July 2012
	11/168	July 2011
Ghana	14/129	May 2014
	13/187	June 2013
	12/201	July 2012
	11/128	June 2011
Greece	13/154	June 2013
	13/20	January 2013
	11/351	December 2011
Grenada	14/196	July 2014
	10/139	May 2010
Guatemala	14/287	September 2014
	12/146	June 2012
	10/309	October 2010
Guinea	12/301	October 2012
	12/63	March 2012

Country	Report No.	Date Published
Guinea Bissau	13/197	July 2013
	11/355	December 2011
	11/119	May 2011
Guyana	14/294	September 2014
	11/152	June 2011
	10/292	September 2010
Haiti	13/90	April 2013
	12/220	August 2012
	11/106	May 2011
	10/263	August 2010
Honduras	11/101	May 2011
Hong Kong	14/132	May 2014
	13/11	January 2013
	10/345	December 2010
Hungary	14/155	June 2014
	13/85	March 2013
	12/13	January 2012
	11/35	February 2011
Iceland	15/72	March 2014
	13/256	August 2013
	12/309	November 2012
	10/305	October 2010
India	14/57	February 2014
	12/96	April 2012
	11/50	February 2011
	10/73	March 2010
	13/37	February 2013
Indonesia	15/74	March 2015
	13/362	December 2013
	12/277	September 2012
	10/284	September 2010
Iran	14/93	April 2014
	11/242	August 2011
	10/74	March 2010
Iraq	11/75	March 2011
	10/72	March 2010
Ireland	12/336	December 2012
	11/356	December 2011
Israel	14/47	February 2014
	12/70	April 2012
Italy	14/283	September 2014
	13/298	September 2013
	12/167	July 2012
	11/173	July 2011
Jamaica	14/169	June 2014
	11/49	February 2011
	10/267	July 2010
Japan	14/236	July 2014
	13/253	August 2013
	12/208	August 2012
	11/181	July 2011
Jordan	14/152	June 2014
	12/343	December 2012
	12/119	May 2012
	10/297	September 2010
Kazakhstan	14/242	August 2014
	12/164	July 2012
	11/150	June 2011
	10/241	July 2010
Kenya	14/302	October 2014
	12/300	November 2012
	12/14	January 2012
	11/165	July 2011
Kiribati	14/138	May 2014
	13/158	June 2013
	11/113	May 2011
Korea	14/101	April 2014
	12/275	September 2012
	11/246	August 2011
Kosovo	12/345	December 2012
	11/210	August 2011
Kuwait	14/333	December 2014
	13/336	December 2013
	12/150	June 2012
	11/217	August 2011
	10/236	July 2010
Kyrgyzstan	13/175	June 2013
	12/329	December 2012
	11/155	June 2011
Lao PDR	15/45	February 2015
	13/369	December 2013
	12/286	October 2012
	11/257	August 2011
Latvia	14/115	May 2014
	13/28	January 2013
	10/356	December 2010
Lebanon	14/237	July 2014
	12/39	February 2012
	10/306	October 2010
Lesotho	14/201	July 2014
	12/322	December 2012
	12/101	May 2012
	11/88	April 2011
Liberia	12/340	November 2012
	11/174	July 2011
	10/373	December 2010
Lithuania	14/113	May 2014
	13/81	March 2013
	11/326	November 2011
	10/201	July 2010
Luxembourg	14/118	May 2014
	12/160	July 2012
Macao	14/229	July 2014
Macedonia	14/231	July 2014
	13/178	June 2013
	12/133	June 2012
	11/42	February 2011
Madagascar	15/24	January 2015
Malawi	12/221	August 2012
	10/87	March 2010
Malaysia	14/80	March 2014
	13/51	February 2013
	12/43	February 2012
	10/265	August 2010
Maldives	11/293	September 2011
	10/167	June 2010
Mali	13/44	February 2013
	12/3	January 2012
	11/141	June 2011
Malta	15/46	February 2015
	13/203	July 2013
	12/105	May 2012
Marshall Islands	14/26	February 2014
	11/339	November 2011
	11/43	February 2011
Mauritania	15/35	February 2015
	12/323	December 2012
	12/246	August 2012

Country	Report No.	Date Published
	11/187	June 2011
	10/168	June 2010
Mauritius	14/107	May 2014
	12/62	March 2012
	11/96	May 2011
Mexico	- 14/319	November 2014
	13/334	November 2013
	12/327	December 2012
	11/250	August 2011
	11/250	August 2011
Micronesia	13/16	January 2013
	11/43	February 2011
Moldova	14/190	July 2014
	12/288	October 2012
	11/200	July 2011
	10/234	July 2010
Mongolia	14/64	March 2014
	12/320	November 2012
	11/76	March 2011
	10/52	February 2010
Montenegro	15/26	February 2015
	12/122	May 2012
	11/100	May 2011
	10/155	May 2010
Morocco	15/43	February 2015
	14/65	March 2014
	13/96	April 2013
	12/239	August 2012
	11/341	December 2011
Mozambique	13/200	July 2013
	13/1	January 2013
	11/149	June 2011
Myanmar	14/307	October 2014
	13/250	August 2013
	13/13	January 2013
	12/104	May 2012
Namibia	14/40	February 2014
	13/43	February 2013
	12/41	February 2012
	10/269	September 2010
Nepal	14/214	July 2014
	12/326	December 2012

Country	Report No.	Date Published
	11/318	November 2011
	10/185	July 2010
Netherlands	14/327	December 2014
	11/342	December 2011
New Zealand	14/158	July 2014
	13/117	May 2013
	12/132	June 2012
	11/102	May 2011
	10/144	May 2010
Nicaragua	13/377	December 2013
	12/256	September 2012
	11/118	May 2011
Niger	12/109	May 2012
	11/357	December 2011
	10/146	May 2010
Nigeria	14/103	April 2014
	13/116	May 2013
	12/194	July 2012
	11/57	February 2011
Norway	14/259	August 2014
	13/272	September 2013
	12/25	February 2012
Pakistan	13/287	September 2013
	12/35	February 2012
	10/384	December 2010
Palau	14/110	May 2014
	12/54	March 2012
	11/43	February 2011
Panama	14/157	June 2014
	13/88	March 2013
	12/83	April 2012
	10/314	October 2010
Papua New Guinea	14/325	December 2014
	13/339	December 2013
	12/126	June 2012
	11/117	May 2011
Paraguay	15/37	February 2015
	14/60	February 2014
	12/211	August 2012
	11/238	August 2011
Peru	14/21	January 2014
	13/45	February 2013
	12/26	February 2012

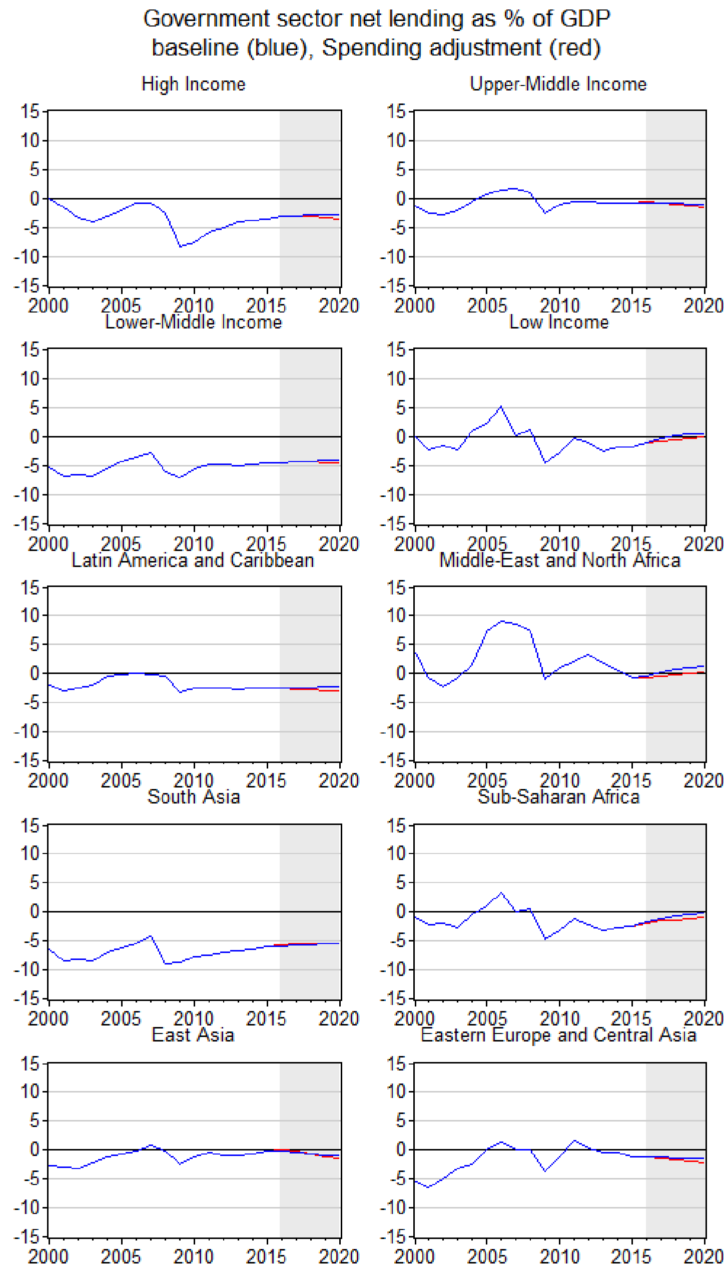
Country	Report No.	Date Published
	10/98	April 2010
Philippines	14/245	August 2014
	12/49	March 2012
	11/59	March 2011
	10/45	February 2010
Poland	14/173	June 2014
	13/219	July 2013
	11/166	July 2011
	10/118	May 2010
Portugal	13/18	January 2013
	11/363	December 2011
Qatar	14/108	May 2014
	13/14	January 2013
	12/18	January 2012
Romania	12/290	October 2012
	11/158	June 2011
	10/227	July 2010
Russian Federation	14/175	July 2014
	13/310	October 2013
	12/217	August 2012
	11/294	September 2011
	10/246	July 2010
Rwanda	14/343	December 2014
	13/77	March 2013
	12/152	June 2012
	11/19	January 2011
Samoa	12/250	August 2012
	10/214	July 2010
San Marino	14/104	April 2014
	13/122	May 2013
	12/108	May 2012
	11/78	March 2011
	10/67	March 2010
São Tomé and Principe	14/2	January 2014
	12/34	February 2012
	10/100	April 2010
Saudi Arabia	14/292	September 2014
	13/229	July 2013
	12/271	September 2012
	11/292	September 2011
Senegal	15/2	January 2015
	12/337	December 2012
	11/139	June 2011

Country	Report No.	Date Published
	10/165	June 2010
Serbia	-15/50-	February 2015
	3/206	July 2013
	11/311	October 2011
	11/213	July 2011
	10/93	April 2010
Seychelles	12/260	September 2012
	11/134	June 2011
	11/5	January 2011
Sierra Leone	12/285	October 2012
	10/370	December 2010
	13/330	
Singapore	14/312	October 2014
	13/328	November 2013
	12/248	August 2012
	10/226	July 2010
Slovak Republic	14/254	September 2014
	12/178	July 2012
	11/122	June 2011
Slovenia	15/41	February 2015
	12/319	November 2012
	11/121	May 2011
Solomon Islands	14/12	January 2014
	12/333	December 2012
	11/359	December 2011
	11/180	July 2011
South Africa	14/338	December 2014
	13/303	October 2013
	12/247	August 2012
	11/258	July 2011
South Sudan	14/345	December 2014
Spain	14/192	July 2014
	13/244	August 2013
	12/202	July 2012
	11/215	July 2011
Sri Lanka	14/285	September 2014
	13/120	May 2013
	12/198	July 2012
	10/333	October 2010
St. Kitts and Nevis	14/86	March 2014
	11/270	September 2011
St. Lucia	11/278	September 2011
	10/92	April 2010
St. Vincent and the Grenadines	14/251	August 2014
	11/343	December 2011
Sudan	14/364	December 2014
	13/317	October 2013
	12/298	November 2012
	11/86	April 2011
	10/256	August 2010
Suriname	14/316	October 2014
	13/340	December 2013
	12/281	October 2012
	11/256	August 2011
Swaziland	14/223	July 2014
	12/37	February 2012
	11/84	April 2011
	11/25	January 2011
Sweden	14/261	August 2014
	13/276	September 2013
	12/154	June 2012
	11/171	July 2011
Switzerland	14/142	May 2014
	13/128	May 2013
	12/106	April 2012
	11/115	May 2011
	10/140	May 2010
Syria	10/86	March 2010
Tajikistan	12/110	May 2012
	11/130	June 2011
	11/130	June 2011
Tanzania	14/120	May 2014
	13/12	January 2013
	11/105	May 2011
Thailand	13/323	November 2013
	12/124	June 2012
	10/344	December 2010
Timor-Leste	13/338	December 2013
	12/24	February 2012
	11/65	March 2011
Togo	14/38	February 2014
	11/240	August 2011
Tonga	14/240	August 2014
	12/166	July 2012
	11/110	May 2011
Trinidad and Tobago	14/271	September 2014
	13/306	October 2013
	12/127	June 2012
Tunisia	12/255	September 2012
	10/282	September 2010
Turkey	14/329	December 2014
	13/363	December 2013
	12/338	December 2012
	12/16	January 2012
	10/278	September 2010
Tuvalu	14/253	August 2014 December 2012
	12/259	September 2012
	11/46	February 2011
Uganda	13/215	July 2013
	12/135	June 2012
	10/132	May 2010
	11/308	October 2011
Ukraine	14/145	June 2014
	12/315	November 2012
	11/52	February 2011
United Arab Emirates	14/187	July 2014
	12/116	May 2012
	11/111	May 2011
	10/42	February 2010
United Kingdom	14/233	July 2014
	13/210	July 2013
	12/165	July 2012
	11/220	August 2011
United States	14/221	July 2014
	13/236	July 2013
	12/213	July 2012
	11/201	July 2011
Uruguay	14/6	January 2014
	11/375	December 2011
	11/62	March 2011
Uzbekistan	13/278	September 2013
Vanuatu	13/169	June 2013
	11/120	May 2011
Vietnam	14/311	October 2014
	12/165	July 2012
	10/281	September 2010

Country	Report No.	Date Published	Country	Report No.	Date Published	Country	Report No.	Date Published
Yemen	14/276	September 2014		12/200	July 2012		11/135	June 2011
	13/246	July 2013		11/196	July 2011			
	10/300	September 2010	Zimbabwe	14/202	July 2014			
Zambia	14/5	January 2014		12/279	September 2012			

Annex 4: UN Global Policy Model Simulation Details

As in all global econometric models, in the GPM most countries are aggregated into blocs while the largest economies are treated as individual units. In this simulation we use the 30-bloc aggregation and baseline projections specified in Capaldo and Izurieta (2015).
Although the simulation assumed cut in public spending and no explicit change in taxation regimes, results indicate that tax revenues tend to fall as a percentage of GDP (although not everywhere monotonically) leading to lower government net lending (lower budget surplus) or higher net borrowing (higher budget deficits).



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