CAMPAIGN FOR END AUSTERITY PEOPLE AND PLANET

AUSTERITY BY DESIGN: HOW THE IMF FUELS INEQUALITY

01 What is IMF-Driven Austerity?

When countries seek IMF financial assistance, loans are often tied to strict conditions - commonly known as Structural Adjustment Programs. These conditions typically include:

- Cutting public spending
- Reducing wage bills
- Privatising public services
- Increasing consumption taxes like VAT

02 What's at Stake at the 2025 Spring Meetings?

As finance ministers and global leaders gather in Washington, D.C. for the IMF and World Bank Spring Meetings, the pressure is mounting to rethink austerity.

Since the pandemic, the IMF has returned to a familiar script: offering loans in exchange for public spending cuts, subsidy removals, and regressive tax hikes.

The result? Across the Global South, people are bearing the cost of "stabilisation"—without seeing recovery.

03 Inequality is Rising - And It's No Accident

An overwhelming 85% of the world's population is projected to live under austerity measures since 2023.

From Ghana to Sri Lanka, governments have been forced to slash public budgets in order to meet IMF conditions - even during global crises like COVID-19.

These policies hit low-income households the hardest, especially women, informal workers, and rural communities.

04 Data Snapshot: IMF Austerity in Action

87% IMF loans required countries to cut or freeze public sector wages.

78% IMF loans promoted regressive taxes, such as increased VAT, disproportionately hurting the poorest.

85% of the global population is affected by austerity since 2023

05 Criminal cuts to Healthcare and Education

- In Sierra Leone, IMF reforms contributed to chronic underfunding of healthcare, which exacerbated the country's ability to respond to Ebola and COVID-19.
- In Tunisia, budget cuts limited hiring in the public sector, causing a shortage of teachers and underpaid healthcare workers.
- In Zambia, the IMF required a freeze on social spending despite rising poverty, contributing to school closures and medicine shortages.

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CASE STUDIES: VOICES FROM THE GROUND

06

Kenya: Protests Against IMF-Backed Austerity

In 2023, the Kenyan government attempted to push through a Finance Bill raising VAT on essentials like fuel and bread. These reforms were linked to IMF loan conditions.

- Protesters took to the streets in what became the largest demonstrations since 2017.
- Civil society groups demanded greater transparency in IMF agreements and an end to regressive taxation.

The government eventually withdrew the bill—a rare retreat that underscores the power of organized public resistance.

07

Argentina: Austerity Without Relief

Argentina's 22 deals with the IMF over the decades have led to repeated economic crises:

- Between 2018 and 2022, the IMF's $44 billion loan program required deep budget cuts, including pension freezes and fuel subsidy removals.
- Poverty rose to over 40% in 2022, and inflation skyrocketed, hitting the working class the hardest.

08

Pakistan: Subsidy Cuts Deepen Poverty

Facing IMF loan conditions, Pakistan rolled back energy subsidies and raised taxes in 2022–2023 amid surging inflation.

- Electricity and fuel prices jumped, with power bills rising up to 46% for some households.
- The general sales tax was hiked to 18%, compounding the burden on everyday essentials.

The measures pushed millions deeper into poverty, as citizens faced rising costs with shrinking safety nets.

09

Ghana: IMF Deal Freezes Development

In 2022, Ghana reached a $3 billion agreement with the IMF that centered on public spending cuts and wage containment.

- The government agreed to freeze hiring, reduce the wage bill, and cut social spending by over $1.5 billion.
- Inflation surpassed 50% in 2023, severely reducing household purchasing power.

Austerity conditions worsened inequality and derailed progress on social and economic development.

10

A Call for Just Alternatives:

- Cancel unsustainable debt for low- and middle-income countries.
- Shift IMF focus toward progressive taxation (e.g., taxing wealth, corporations, polluters).
- End austerity as a default condition; instead, support universal public services and social protection.

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