SOCIAL AND ECONOMIC POLICY
WORKING PAPER

PRIORITIZING EXPENDITURES FOR A RECOVERY FOR ALL

A Rapid Review of Public Expenditures in 126 Developing Countries

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Prioritizing Expenditures for a Recovery for All: A Rapid Review of Public Expenditures in 126 Developing Countries

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The views, findings and conclusions in this paper remain the responsibility of the authors.

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Executive Summary

This paper examines expenditure projections over the near term and their potential implications for children and poor households during the economic recovery. It begins by analyzing whether expenditure consolidation is already or likely occurring in 2010-11. Using fiscal projection data published by the IMF for 126 low and middle income countries, we find that nearly half of the sample (44 percent) is expected to reduce aggregate government spending in 2010-11 when compared to 2008-09. This is of concern both in terms of GDP—where the average reduction is 2.7 percent of GDP—as well as in the real value of total government expenditures—where about 25 percent of the sampled countries is expected to make reductions of an average of 6.9 percent of expenditures. The overall timing and scope of projected spending contraction raise concern in light of the still fragile and uneven recovery and the continued crisis impacts on vulnerable populations in many developing countries.

In this general climate, we discuss the risks of pro-poor social spending being curtailed during the recovery. We then identify common adjustment measures considered by policymakers during the period 2009-10, which include (i) wage bill cuts or caps, (ii) limiting subsidies and (iii) further targeting social protection, as well as highlight their potential risks to children and poor households.

While recognizing the importance of macroeconomic stability and improving overall fiscal positions to provide space to mitigate future shocks, the paper questions if the projected fiscal adjustment trajectory in a number of countries—in terms of timing, scope and pace—is conducive to the objective of adequately protecting vulnerable households and the achievement of development goals such as the MDGs. Financing options for pro-poor social spending are also explored. We further encourage policymakers and development partners to evaluate the potential human and development costs of foregone social expenditures and to consider alternative policy measures to ensure a "Recovery for All" that is both fiscally sustainable and effective in terms of human development with equity for the poor.

Résumé Analytique

Ce document examine les projections des dépenses à court terme et leurs implications potentielles pour les enfants et les ménages pauvres au cours de la reprise économique. Il commence par analyser si la consolidation des dépenses est déjà survenue, ou susceptible de survenir, en 2010-11. En utilisant des données de projection financière publiées par le FMI pour 126 pays à faible ou moyen revenu, nous constatons que près de la moitié des pays de l'échantillon (44 pour cent) ont prévu de réduire leurs dépenses publiques en 2010-11 par rapport à 2008-09. Cette situation est préoccupante tant en termes de PIB (où la réduction moyenne est de 2,7 pour cent du PIB), que pour la valeur réelle des dépenses totales des administrations publiques (pour lesquelles on estime qu'environ 25 pour cent des pays de l'échantillon vont réduire leurs dépenses de 6.9 pour cent en moyenne). Le calendrier et la portée de la contraction des dépenses prévues sont préoccupants, compte tenu du caractère encore fragile et inégal de la reprise, ainsi que du fait que la crise continue d'avoir un impact sur les populations vulnérables dans de nombreux pays à faible ou moyen revenu.

Dans ce context général, nous discutons les risques de réduction des dépenses sociales pro-pauvres durant la période de reprise. Nous identifions ensuite les mesures d'ajustement considérées par les décideurs politiques (2009-10), qui comprennent (i) la réduction ou la limitation de la masse salariale, (ii) la limitation des subventions, et (iii) un meilleur ciblage de la protection sociale, ainsi que la mise en lumière des risques potentiels pour les enfants et les ménages pauvres.

Tout en reconnaissant l'importance de la stabilité macroéconomique et de l'amélioration des positions fiscales générales afin d'avoir l'espace nécessaire pour atténuer les chocs à venir, ce rapport soulève la question de savoir si la trajectoire d'ajustement budgétaire annoncée pour un certain nombre de pays (en termes de calendrier, d' ampleur et de rapidité d'exécution) est propice pour protéger adéquatement les ménages vulnérables et atteindre les objectifs de développement tels que les OMD. Des options de financement pour la protection des dépenses sociales pro-pauvres sont envisagées. L'article se termine en encourageant les gouvernements et les organisations de développement pour évaluer les coûts de la contraction budgétaire en terme de développement humain, et d'envisager des politiques alternatives qui répondent aux besoins sociaux, pour garantir une reprise économique au bénéfice de tous, qui soit à la fois durable au niveau fiscal et efficace en termes de développement humain et d'équité vis-à-vis des pauvres.

Resumen Ejecutivo

Este trabajo examina las tendencias del gasto público en el corto plazo, y sus posibles repercusiones en niños y hogares pobres en este período de recuperación económica. El informe comienza por analizar si procesos de contracción fiscal y de ajuste del gasto público están ocurriendo en 2010-11 en países en desarrollo. Utilizando datos contenidos en las proyecciones fiscales del Fondo Monetario Internacional en 126 países de bajo y medio ingreso, el análisis muestra que casi la mitad de los países (alrededor del 44%) planean reducir el gasto público durante el período de 2010-11, en comparación con 2008-09. Esto se corrobora en términos del PIB (la reducción media es del 2,7% del PIB), y en términos del valor real de los gastos totales del gobierno, alrededor de 25% de los países incluidos en la muestra se esperan reducciones de un promedio de 6,9%. La magnitud y la rapidez de la contracción del gasto público también resultan preocupantes, dado que la recuperación económica sigue siendo aun frágil, y la población en muchos países en desarrollo sigue sintiendo los impactos negativos de la crisis.

En este clima general de contracción del gasto público, se discuten los riesgos de que también se reduzcan los gastos sociales en un momento en que son muy necesarios. El informe presenta las medidas de ajuste más frecuentemente consideradas en 2009-10: (i) el recorte o freno a los salarios del sector público, (ii) la reducción de subsidios y (iii) una mayor focalización y racionalización de los programas de la seguridad social. El artículo destaca los riesgos potenciales de estas medidas de ajuste en niños y familias pobres.

Si bien se reconoce la importancia de la estabilidad macroeconómica y la mejora de la situación fiscal para mitigar futuras crisis, el informe cuestiona si la trayectoria proyectada de ajuste fiscal en algunos países, en términos de su magnitud y de la velocidad de implementación, es adecuada para proteger a los hogares vulnerables y a alcanzar objetivos nacionales de desarrollo tales como son los ODMs. El documento discute opciones para financiar el gasto social. El artículo cierra alentando a gobiernos y organizaciones de desarrollo a evaluar los costos humanos de la contracción fiscal, y a considerar políticas alternativas que respondan a necesidades sociales, para asegurar una “Recuperación para Todos,” que es fiscalmente sostenible y a la vez eficaz en términos de desarrollo humano con equidad.

1. Introduction

The latest economic indicators reaffirm a picture of growth recovering worldwide, albeit underlined by continued high uncertainty (IMF 2010a and UN 2010a-b). At the same time, the policy focus at the global level seems to have shifted from crisis responses to post-crisis adjustments, with discussions now focused on undertaking fiscal consolidation to restore economic sustainability rather than using fiscal stimulus to avoid deep recession (IMF 2010b-c and G20 2010).

The repercussions of this shift are most palpable and hotly debated in advanced economies. For example, a recent study suggests that in today's environment, fiscal consolidation is likely to have more negative short term effects on growth and employment than usual (IMF 2010d and UN 2010c). To what extent has this line of policy thinking also taken hold in developing countries, where incipient recovery is arguably more fragile and uneven?

This paper (1) examines the extent to which expenditure consolidation is already or likely occurring in 2010-11 among 126 low and middle income countries by compiling and analyzing projected fiscal trends, (2) assesses the risk of pro-poor social spending being adversely impacted in an environment of contracting overall expenditures by examining disaggregated fiscal projection data, where available, and measures commonly considered for achieving such contraction, (3) identifies potential financing options for greater pro-poor spending and (4) raises questions for developing countries to consider regarding the timing, composition and scope of expenditure adjustments in the near term.

Our review is based on information published by the International Monetary Fund (IMF). The fiscal trend analysis is based on country-level fiscal indicators from the latest Regional Economic Outlook (REO) publications (IMF 2010e-i) or, if government fiscal indicators are not provided in the REO publications, fiscal tables contained in recent country reports (issued from July 2009 to July 2010). The identification of possible adjustment measures considered by governments is inferred from policy discussions 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 Programmes). Combined, these sources provide recent data for 126 low and middle income countries (see Appendices I and II).

Due to the rapid nature of this study, we did not utilize information available from other public domains, and to the extent that the fiscal projections and discussions contained in the IMF reports differ from those in the budget announcements of national governments, our findings are interpretive.[1] In addition, as our findings are based on a snapshot of the projections and policy discussions available at the time of writing, they may need to be re-evaluated in light of

[1] While IMF country reports are published with national governments' consent, differences may arise from alternative projection assumptions and methods, as well as from different treatment of one-off items or special/contingency accounts. See Appendix I for complete details.

new estimates and policy measures. In oil producing countries, for example, fiscal projections are highly sensitive to oil price movements and forecasts. As such, we strongly recommend that they be followed up with in-depth analysis at the country level to arrive at a more robust picture in order to inform dialogues on policies conducive to a "Recovery for All."[2]

2. Background: Uneven and Fragile Recovery

For most low and middle income countries, the incipient revival in economic activity appears to be fragile and uneven, as many remain vulnerable to volatile commodity prices, shortfalls in external finance and investments, and, in some instances, financial system weaknesses. More importantly, according to the United Nations Global Pulse (UN 2010d) and the World Bank (2009a and 2010a), the social impacts of the global crisis continue to be felt in terms of rising hunger, unemployment and social unrest. On top of the millions already pushed into poverty in 2008-09, an additional 64 million could fall into extreme poverty during 2010 as a result of the combined, lingering effects of the crisis (World Bank 2010b).

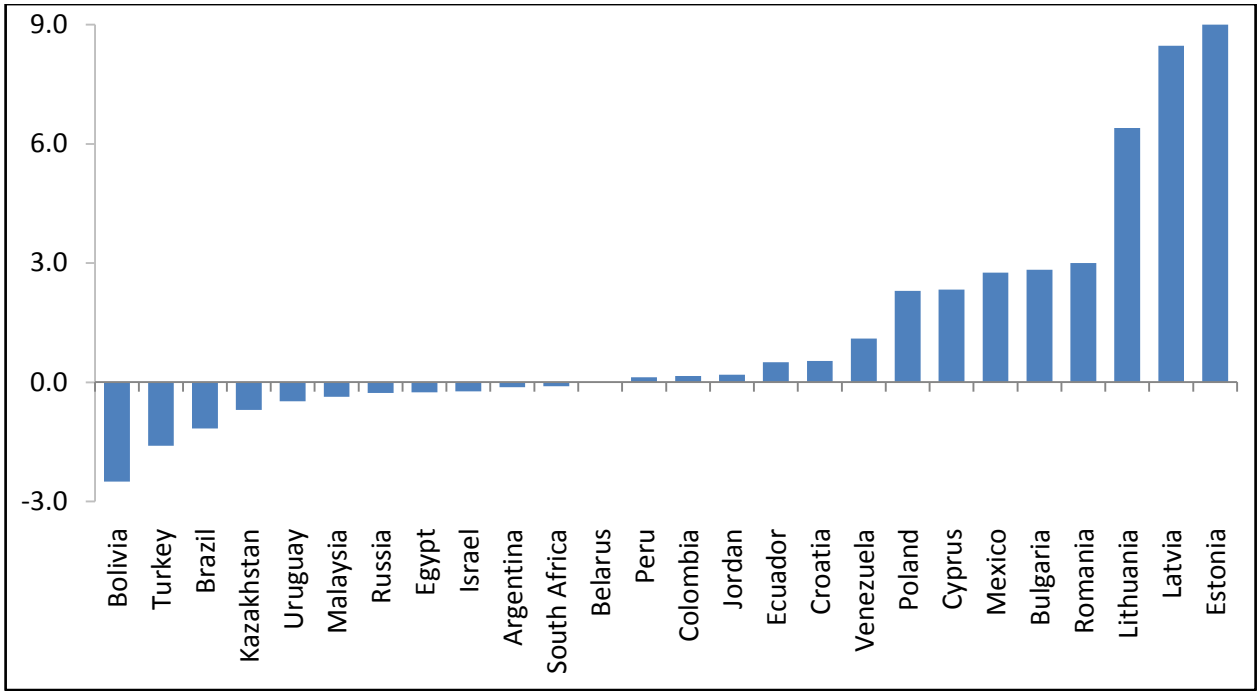
At the household level, the crisis is often felt in terms of employment. Our analysis of the latest labour statistics shows a distressing increase in unemployment—both in terms of the overall rate and number of persons—in the first quarter of 2010 compared to the same quarter a year earlier in many developing countries (Figure 1).[3] In South Africa, for example, where the unemployment rate reached 21.2 percent for men and 26.2 percent for women in the first quarter of 2009, another 378,000 men and women were unemployed a year later. In Colombia, an additional 556,000 people became unemployed in the first quarter of 2010 from a year earlier, while, in Mexico, this amounted to 510,000. Jobless rates in Estonia, Latvia and Lithuania jumped by 9.0, 8.5 and 6.4 percentage points, respectively, over the same time period. Such data imply that the recovery of earning prospects at the household level, particularly for those with vulnerable employment, lags behind what aggregate indicators of economic activity would suggest for many developing countries. In this context, the United Nations (UN 2010c-e) has called for continued macroeconomic stimulus, with a greater focus on boosting employment growth, which remains crucial for solidifying and broadening the recovery.

Moreover, as households are coping by compromising essential expenditures, children's rights to education, health and protection are under increasing threat, particularly for those in the bottom quintiles. For example, a recent study (UNICEF and World Bank 2010) shows that the poorer in Turkey were more likely to experience income losses during the recent economic slowdown and suffer greater welfare losses, reflecting their limited coping capacity.

[2] See UNICEF (2010a) for detailed discussions on the rationale, objectives and a framework of actions to assist national governments in undertaking policies conducive to an inclusive social and economic recovery.

[3] National unemployment estimates may differ from international sources, and the exact magnitude of recent developments should be ascertained within countries.

Figure 1. Percentage Point Change in Unemployment Rate, 2009Q1-2010Q1



Source: Authors' calculations using ILO's labour statistics database (July 2010). See Appendix I for technical notes.

These realities pose a challenge for solidifying and broadening recovery and for countries to meet the Millennium Development Goals (MDGs), especially those related to full and productive employment, education and health. Moreover, given that aggregate economic recovery is unlikely to be soon or strong enough, premature tightening or cutbacks in social spending raises the risk of underfunding public support essential for those hardest hit as well as not generating sufficiently broad-based domestic demand to ensure employment-oriented growth. Thus, while improving fiscal positions is important to provide space to mitigate future shocks, an accommodative public expenditure environment, with maintained—if not increased—levels of pro-poor spending on essential social services and social protection programmes, such as the "Social Protection Floor" (ILO and WHO 2009), is central to a Recovery for All and achievement of the MDGs.

The Outcome Document of the 2010 MDG Summit, agreed by all United Nations member countries, clearly expresses these concerns (UN 2010f). "We, Heads of State and Government... are deeply concerned about the impact of the financial and economic crisis, the worst since the Great Depression. It has reversed development gains in many developing countries and threatens to seriously undermine the achievement of the Millennium Development Goals by 2015.../... accelerating progress will require strengthening national ownership and leadership of development strategies; adopting forward-looking, macroeconomic policies that promote sustained, inclusive and equitable economic growth and increase productive employment opportunities...; adopting policies and measures oriented towards benefiting the poor and addressing social and economic inequalities;... promoting universal access to public and social services and providing social protection floors."

3. Expenditure Trends in 2010-11

It would have taken longer for incipient recovery to start if governments had not responded with accommodative monetary and fiscal policies in 2008-09 to cushion the blow of the crisis. In a remarkable departure from the past, stronger fundamentals as a result of past economic stabilization efforts and built-up buffers have enabled many developing countries to soften the impact of the global crisis on their economies and populations by expanding public spending during 2008-09 (IMF 2010e). Positive expenditure trends are found for the majority of countries across all regions (Tables 1 and 2). For example, about two-thirds of countries in Sub-Saharan Africa and East Asia and the Pacific increased total government spending by an average of 4.3 and 7.9 percent of GDP, respectively, when comparing 2008-09 average spending levels to those in 2007. Globally, 70 percent of developing countries increased public expenditures by an average of 4.1 percent of GDP (median value of 2.7 percent). In terms of real government spending, 85 percent of developing countries experienced positive growth—an average of 16.7 percent (median value of 12.6 percent)—when comparing 2008-09 average levels to those in 2007.

Table 1. Changes in Total Government Spending by Region, 2008-09 avg. versus 2007
(in percent of GDP, unless noted otherwise)

Region	Countries in Sample			Countries that Raised Spending			Countries that Lowered Spending		
	# of Countries	Δ in Spending Average	Δ in Spending Median	# of Countries	Δ in Spending Average	Δ in Spending Median	# of Countries	Δ in Spending Average	Δ in Spending Median
East Asia and Pacific	13	4.2	1.7	8	7.9	2.9	5	-1.7	-1.5
Europe and Central Asia	21	2.7	2.5	17	3.5	3.2	4	-0.7	-0.7
Latin America and Caribbean	27	1.8	1.8	21	2.6	2.4	5	-1.0	-0.6
Middle East and North Africa	12	2.8	0.4	6	7.0	5.2	6	-1.4	-1.5
South Asia	8	0.5	0.9	5	1.3	1.5	3	-0.8	-1.1
Sub-Saharan Africa	45	2.2	1.7	30	4.3	3.4	15	-2.1	-0.9
Total	126	2.3	1.6	87	4.1	2.7	38	-1.6	-1.3

Source: Authors' calculations based on IMF REO publications (April-May 2010) and IMF country reports (July 2009-July 2010).

Table 2. Growth of Real Government Spending by Region, 2008-09 avg. versus 2007
(percentage, unless noted otherwise)

Region	Countries in Sample			Countries that Raised Spending			Countries that Lowered Spending		
	# of Countries	Rate of Change Average	Rate of Change Median	# of Countries	Rate of Change Average	Rate of Change Median	# of Countries	Rate of Change Average	Rate of Change Median
East Asia and Pacific	13	13.4	4.9	8	28.1	17.3	5	-10.0	-8.6
Europe and Central Asia	21	17.1	12.3	21	17.1	12.3	0	…	…
Latin America and Caribbean	27	9.8	8.1	23	12.2	8.6	4	-4.0	-3.0
Middle East and North Africa	12	12.8	9.6	9	19.2	15.7	3	-6.3	-4.5
South Asia	8	13.2	15.6	7	15.2	16.2	1	-0.6	-0.6
Sub-Saharan Africa	44	12.6	11.3	38	16.6	14.5	6	-12.7	-8.4
Total	125	12.9	10.1	106	16.7	12.6	19	-8.5	-7.0

Source: Authors' calculations based on IMF REO publications (April-May 2010) and IMF country reports (July 2009-July 2010).

Until recently, however, the picture for 2010-11 for a large group of developing countries was more difficult to see due to the general lack of timely, consistent, cross-country data in the public domain. Using fiscal indicators published by the IMF between July 2009 and July 2010, we examined fiscal trends in 126 low and middle income countries in terms of changes in total government expenditures both as percent of GDP and in real terms (see Appendixes I and IV).

3.1. Many Governments Planning or Expected to Contract Total Expenditure in 2010-11

Compared to the 2008-09 experience, we find that a greater number of countries is expected to reduce total government expenditure in terms of GDP in 2010-11 (Table 3). Overall, as many as 56 out of 126 developing countries (or 44 percent) are forecasted to contract total government expenditure by an average of 2.7 percent of GDP in 2010-11 (median value of 1.8 percent).[4] This shift is most acute in the Middle East and North Africa, with more than 80 percent of countries expected to contract expenditure by an average of 2.4 percent of GDP. East Asia and the Pacific, on the other hand, emerges as the region with the largest expected spending cuts, with an average decrease of 5.9 percent of GDP in 2010-11 when compared to 2008-09.

Table 3. Changes in Total Government Spending by Region, 2010-11 avg. versus 2008-09 avg.
(in percent of GDP, unless noted otherwise)

Region	Countries in Sample			Countries that Raised Spending			Countries that Lowered Spending		
	# of Countries	Δ in Spending Average	Δ in Spending Median	# of Countries	Δ in Spending Average	Δ in Spending Median	# of Countries	Δ in Spending Average	Δ in Spending Median
East Asia and Pacific	13	-0.1	0.7	8	3.4	1.6	5	-5.9	-3.7
Europe and Central Asia	21	0.3	0.6	12	2.1	1.9	9	-2.1	-1.8
Latin America and Caribbean	27	0.7	0.5	19	2.0	1.4	8	-2.4	-1.2
Middle East and North Africa	12	-1.7	-1.3	2	1.9	1.9	10	-2.4	-2.3
South Asia	8	0.6	0.8	4	3.8	4.1	4	-2.5	-1.2
Sub-Saharan Africa	45	0.8	0.6	25	3.4	2.0	20	-2.4	-2.0
Total	126	0.4	0.3	70	2.8	1.8	56	-2.7	-1.8

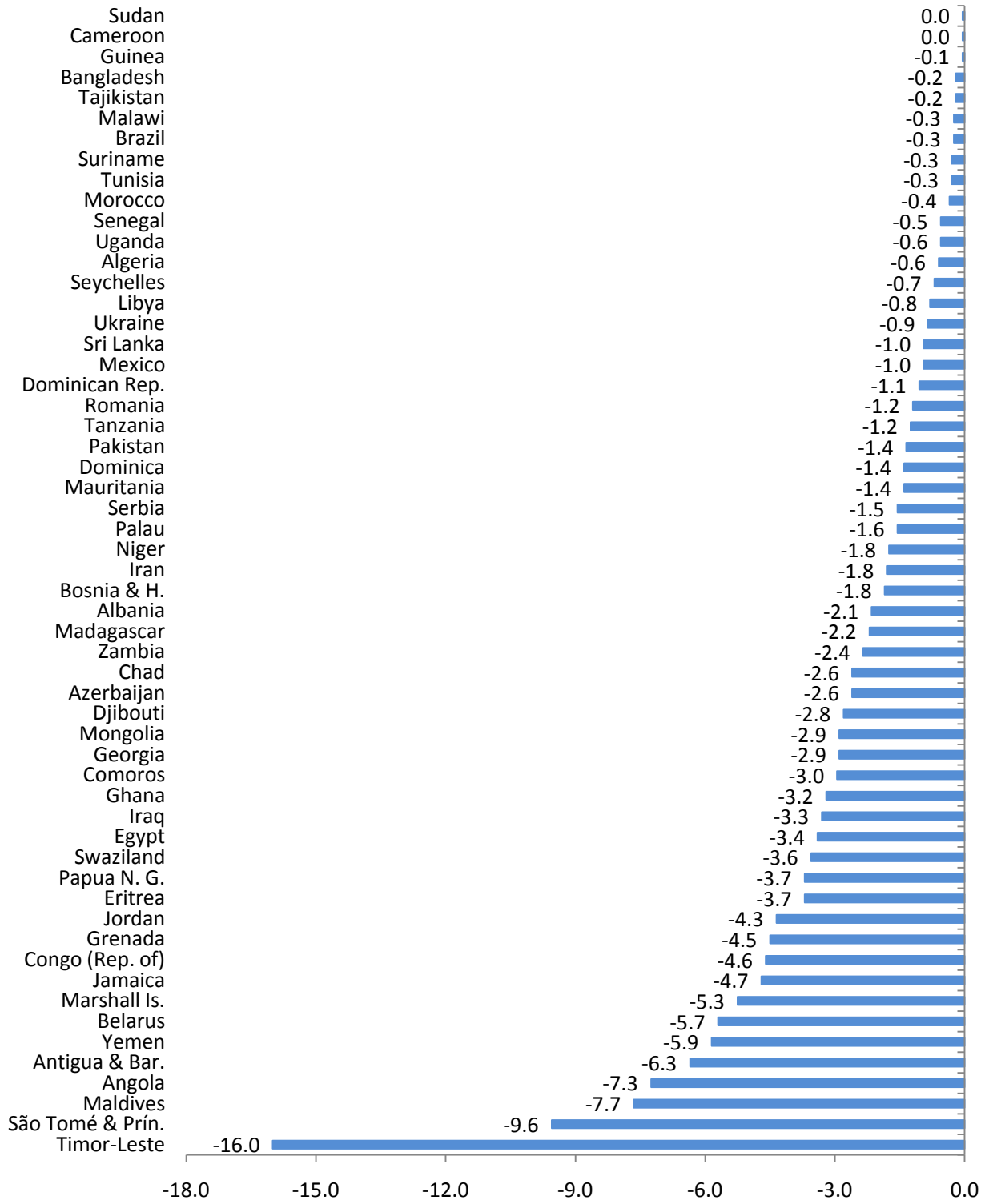
Source: Authors' calculations based on IMF REO publications (April-May 2010) and IMF country reports (July 2009-July 2010).

Several countries are projected to experience significant expenditure contraction (Figure 2). In particular, large cuts (5-16 percent of GDP) are expected in eight countries, including Angola, Antigua and Barbuda, Belarus, Maldives, Marshall Islands, São Tomé and Príncipe, Timor-Leste and Yemen. The magnitude of negative spending changes may reflect one or more of the following factors: (i) initial fiscal imbalance made worse by the impact of the global slowdown (e.g. Maldives); (ii) large drop in oil revenues that led to sharp adjustments in public spending (e.g. Angola); (iii) reversal of the measures put in place to mitigate the impact of the 2007-08 food and fuel price increases (e.g. Senegal); (iv) limited capacity to expand spending through

[4] For 13 countries in Latin America and the Caribbean, up-to-date expenditure data on central or general governments are not available from either country reports or the REOs. Instead, we used the REO fiscal indicators for the public sector, which includes public enterprises that are typically beyond the considerations of fiscal policy (see Appendix I).

Figure 2. Projected Change in Total Government Spending

(in percent of GDP, 2010-11 average over 2008-09 average, unless noted otherwise)



Sources: Authors' calculations based on the IMF's REO publications (April-May 2010) and country reports (July 2009-July 2010) . See Appendixes I and III for details.

Note: Value for Timor-Leste reflects % of non-oil GDP.

borrowing due to perceived high debt and country risk (e.g. Jamaica); and (v) donors' advice on fiscal policy, which is reflected to varying degrees in the projected fiscal trends.

Our overall finding of public spending contraction among many developing countries is consistent with another recent study that uses at least some non-publicly available data sources. Kyrili and Martin (2010) examine national budget documents for 56 low income countries and find that while two-thirds of the sample increased their budget deficits to counter the effects of the global crisis in 2009, only one-quarter have continued related recovery programmes in 2010. They further show that on average budget deficits are expected to halve in 2010, with the fastest cuts occurring in those low income countries that are most in need of protecting vulnerable populations.

When measuring fiscal trends in terms of the changes in the real value of total expenditures (in other words, nominal expenditure adjusted by consumer price index), however, fewer countries are expected or likely to contract total government expenditures in 2010-11 (31 out of 126 governments or about a quarter) (Table 4). The average size of the projected expenditure contraction in real terms is 6.9 percent (median value is 6.5 percent). Of these, more than half may experience over five percent decline in real expenditure, with Angola, Antigua and Barbuda, Grenada, Jamaica, Madagascar, and São Tomé and Príncipe expected to reduce real total government expenditure by over 12 percent (Figure 3).[5] As this picture reflects the combined effects of the reduced total government expenditure and the erosion in their real value caused by increases in local prices, several countries that are expected to experience substantial inflation in 2010-11 stand out (e.g. Angola, Belarus, Eritrea, Iran, Jamaica, and São Tomé and Príncipe).

Table 4. Growth of Real Government Spending by Region, 2010-11 avg. versus 2008-09 avg.
(percentage, unless noted otherwise)

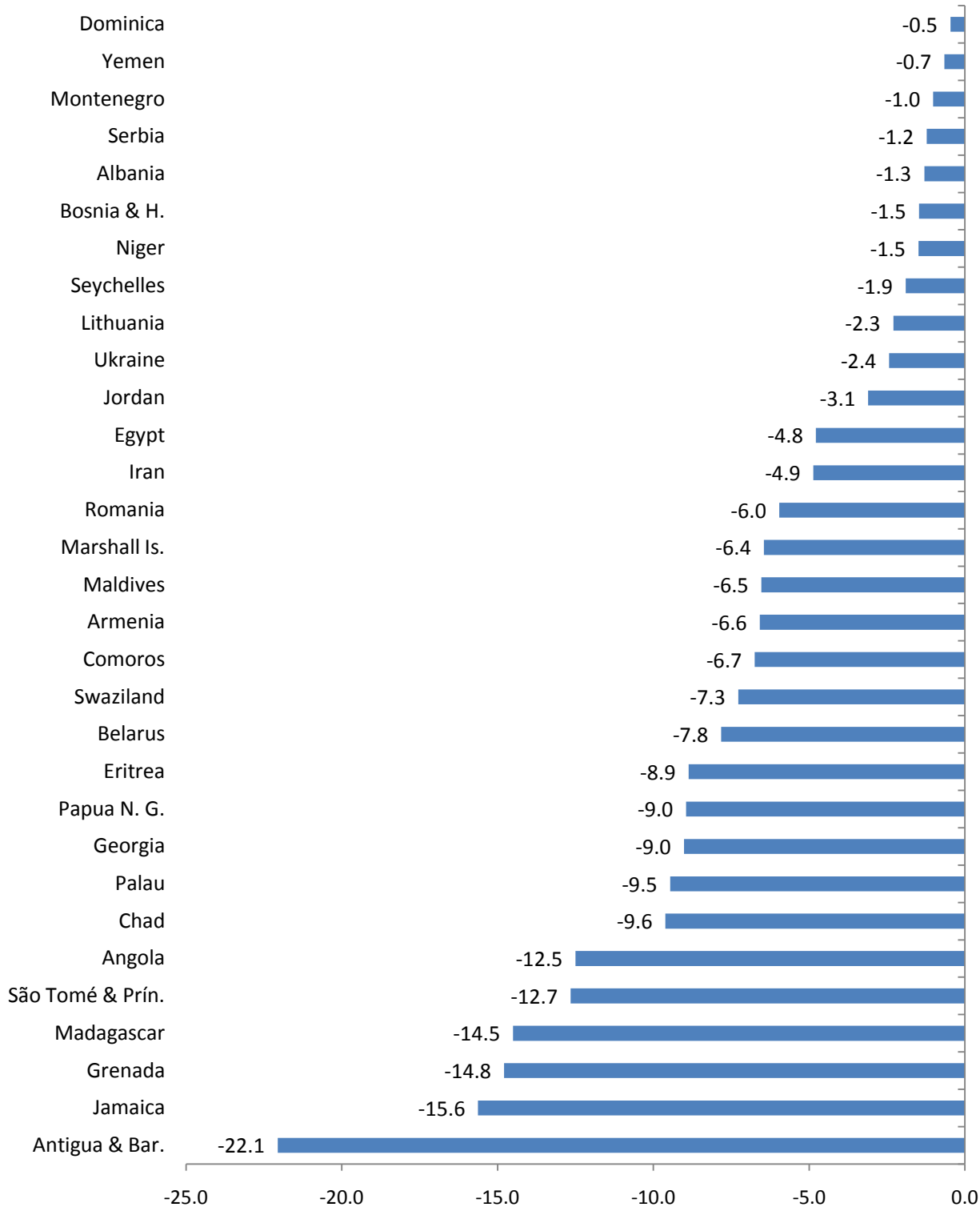
Region	Countries in Sample			Countries that Raised Spending			Countries that Lowered Spending		
	# of Countries	Rate of Change Average	Rate of Change Median	# of Countries	Rate of Change Average	Rate of Change Median	# of Countries	Rate of Change Average	Rate of Change Median
East Asia and Pacific	13	7.7	6.0	10	12.5	9.3	3	-8.3	-9.0
Europe and Central Asia	21	7.5	0.8	11	18.0	13.7	10	-3.9	-2.4
Latin America and Caribbean	27	8.6	7.7	23	12.4	9.4	4	-13.2	-15.2
Middle East and North Africa	12	3.9	2.6	8	7.5	5.1	4	-3.4	-3.9
South Asia	8	15.9	9.6	7	19.1	11.5	1	-6.5	-6.5
Sub-Saharan Africa	45	11.3	10.8	36	16.2	12.6	9	-8.4	-8.9
Total	126	9.3	6.7	95	14.6	11.5	31	-6.9	-6.5

Source: Authors' calculations based on IMF REO publications (April-May 2010) and IMF country reports (July 2009-July 2010).

[5] The decline in public expenditure in Madagascar is mainly due to the ongoing domestic political crisis, and associated data weaknesses call for caution in interpreting the available figures.

Figure 3. Projected Growth of Real Government Spending

(2010-11 average over 2008-09 average, unless noted otherwise)



Sources: UNICEF staff calculations based on the IMF's REO publications (April-May 2010) and country reports (July 2009-July 2010). See Appendixes I and IV for details.

3.2. Drivers of Projected Expenditure Changes by Region

Developing countries' ability to apply fiscal stimulus or sustain expenditure patterns depends on a number of factors, such as revenue generation capacity, initial debt burden, access to capital markets and/or macroeconomic fundamentals. Using cross-country data on fiscal projections, we also examined the main drivers behind projected changes in total government expenditures in GDP percentage terms in order to understand regional and individual country trends.

In Sub-Saharan Africa, about half of the developing countries are expected to contract total expenditure as a percentage of GDP under current policy directions (Figure 4.1). This appears to be mainly driven by a substantial decline in expected revenue in 2010-11 compared to 2008-09, as well as the apparent inability to secure new financing (i.e. selling government assets and/or new debt borrowing) to offset revenue shortfalls, reflecting the region's relatively high initial debt burden and limited access to capital markets. In Swaziland, for example, new financing is expected to increase although the amount is insufficient to offset the large drop in revenue, resulting in an expenditure reduction of about -3.6 percent of GDP. With the exceptions of Comoros, the Democratic Republic of Congo, and São Tomé and Príncipe, grants do not appear to be a major factor behind projected expenditure trends.

Latin America's low and middle income countries have fared relatively well and show signs of quick recovery in 2010-11 with a majority of countries (19 out of 27) expected to further expand expenditure from 2008-09 levels in terms of GDP (Figure 4.2). This largely reflects stronger financing efforts as well as growing revenues in several countries (e.g. El Salvador, Guyana, Haiti, Nicaragua, St. Lucia and Venezuela). On the other hand, many Caribbean countries, some of which were under considerable debt distress prior to the global economic slowdown, are expected to undertake substantial expenditure cuts, including Antigua and Barbuda, Dominica, Grenada and Jamaica. Brazil and Mexico, two of the region's largest economies, are also forecasted to experience a small contraction in public expenditures, while Argentina, the other major economy, will expand government spending largely through net debt financing.

As a region, the Middle East and North Africa appears to be one of the hardest hit in terms of government revenue (Figure 4.3). Nearly all of its developing countries are forecasted to experience a revenue decline, with Algeria, Egypt, Iraq, Morocco and Yemen expected to experience contractions of three or more percent of GDP in 2010-11 compared to 2008-09.[6] Lower revenues, coupled with limited scope for increased net debt financing to sustain expenditure patterns during the previous time period, drive the region to scale back total government expenditure (10 out of 12 countries). On the aggregate, this amounts to about -1.7 percent of GDP, with Jordan and Yemen undergoing the steepest declines at -4.4 and -5.9 percent of GDP, respectively.

[6] As revenues in many countries in this region are largely connected to oil prices, this finding is particularly sensitive to changes in oil price projections.

Figure 4. Factors Driving Changes in Expenditure Trends across Regions
(in percent of GDP, 2010-11 average over 2008-09 average)

Figure 4.1. Sub-Saharan Africa

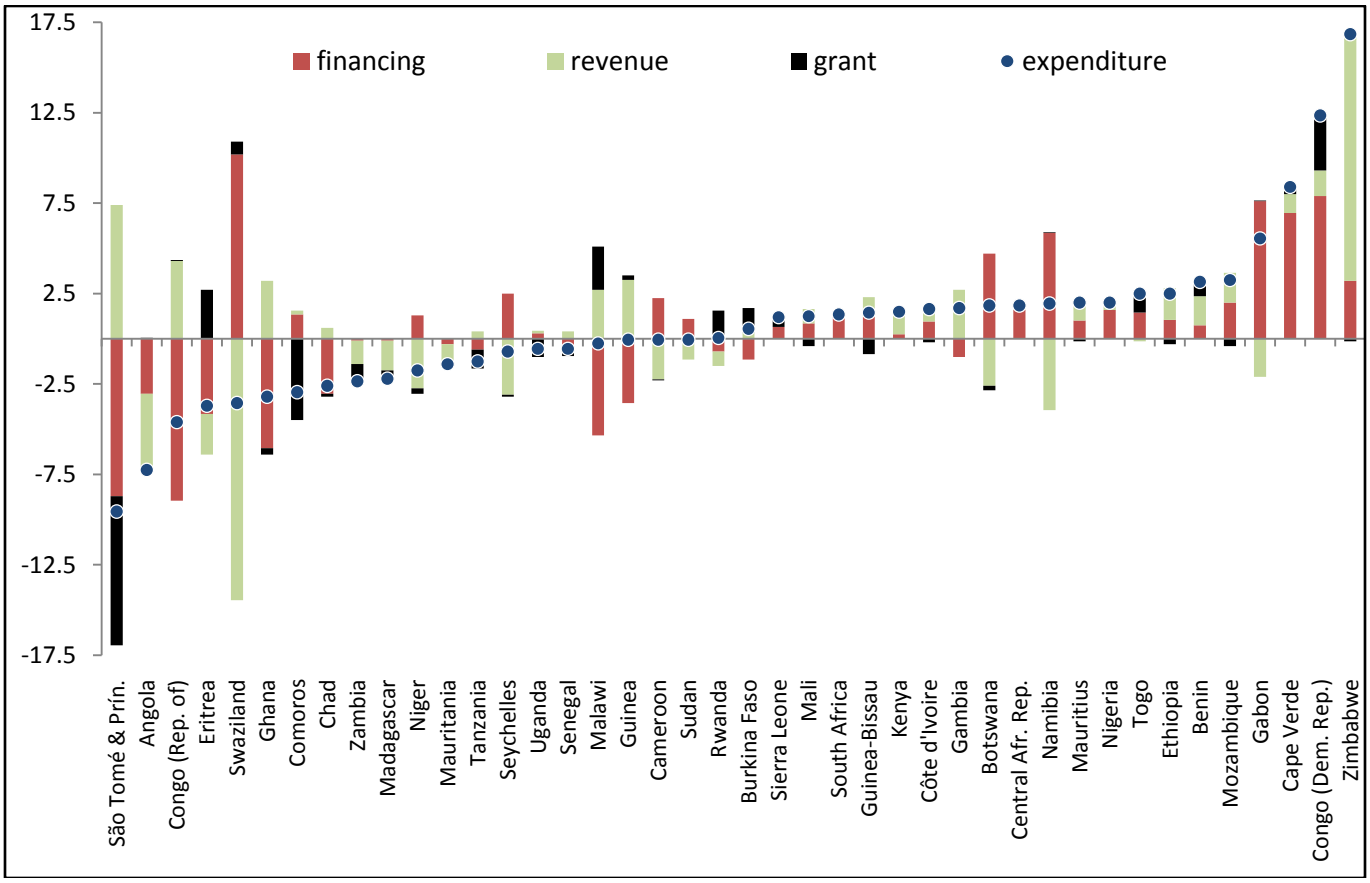
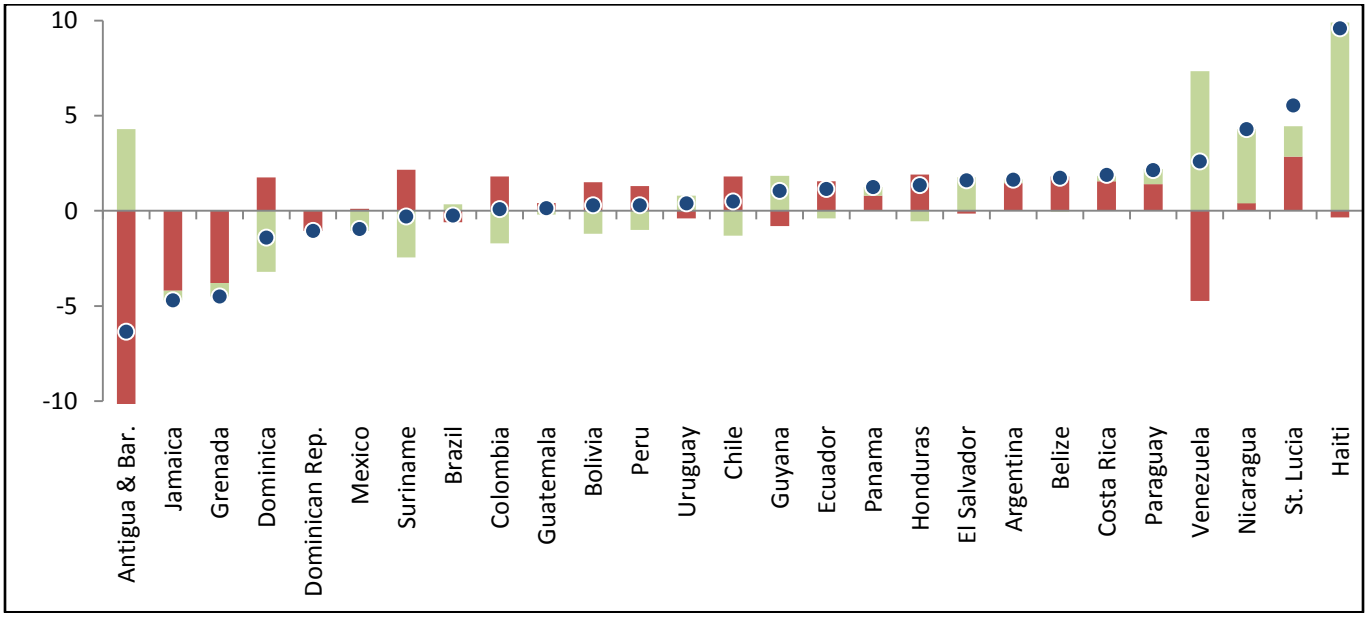


Figure 4.2. Latin America and the Caribbean



Sources: Authors' calculations based on IMF projections. See Appendix I for complete details.

Figure 4 (cont). Factors Driving Changes in Expenditure Trends across Regions
(in percent of GDP, 2010-11 average over 2008-09 average)

Figure 4.3. Middle East and North Africa (MENA) & Commonwealth of Independent States (CIS)

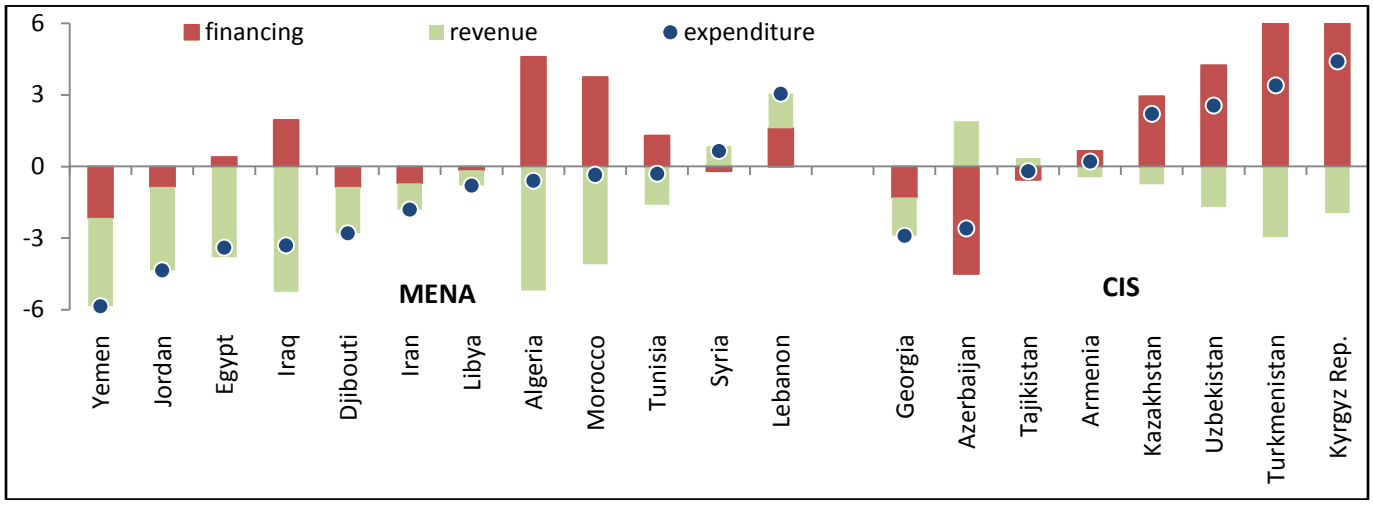


Figure 4.4. Central and Eastern Europe

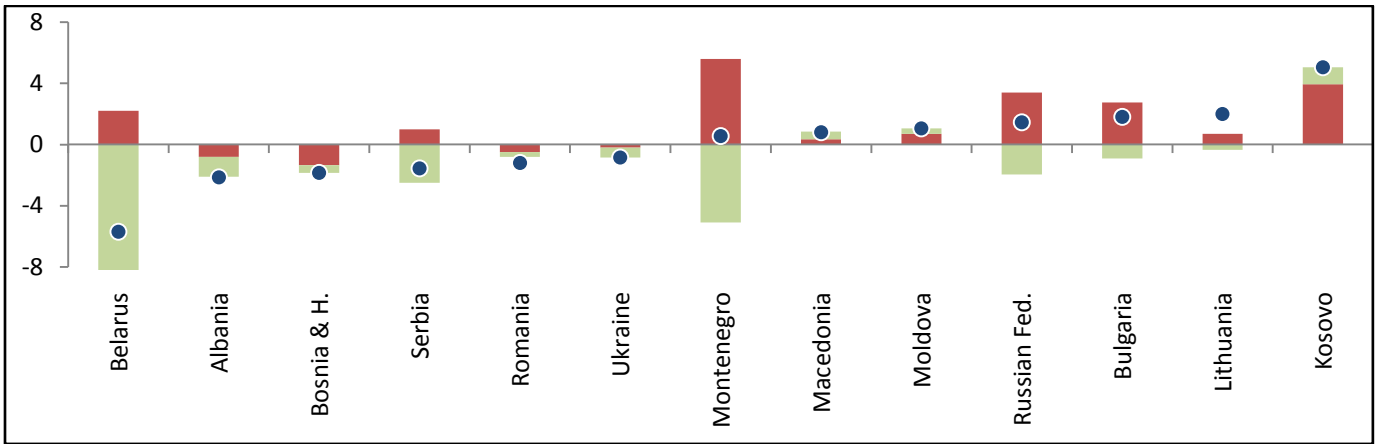
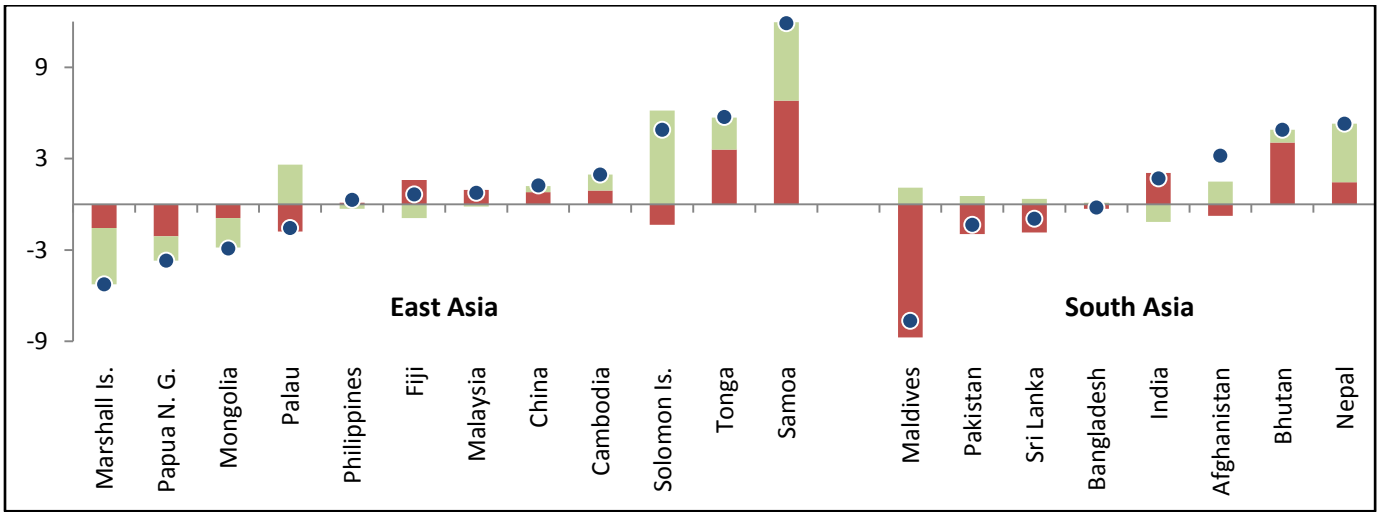


Figure 4.5. East Asia and South Asia



Sources: Authors' calculations based on IMF projections. See Appendix I for complete details.

In the Commonwealth of Independent States (CIS) and Central and Eastern Europe (CEE), revenue declines are expected to be moderate with relatively heavy reliance on debt financing to support expansive public spending, partly reflecting the low initial debt burden across the regions (Figures 4.3 and 4.4). The most noteworthy cases include Belarus, Montenegro, Russia, Turkmenistan and Uzbekistan, all of which are predicted to endure revenue losses between two and eight percent of GDP along with implied increases in public debt levels by up to six percent of GDP.[7] Overall, 12 of the 21 low and middle income countries in the CIS and CEE are expected to increase government expenditures in 2010-11 compared to 2008-09, with a regional average increase of 0.3 percent of GDP.

Low and middle income countries in East and South Asia are divided in terms of overall projected expenditures, with roughly half of the sample expected to increase public spending as a percentage of GDP in 2010-11 when compared to 2008-09 (Figure 4.5). While there are no dominant trends for the region as a whole, small island developing countries emerge as outliers, with the Maldives and Marshall Islands undergoing large expenditure cuts (7.7 and 5.3 percent of GDP, respectively) and Samoa, the Solomon Islands and Tonga experiencing significant increases (11.9, 4.9 and 5.8 percent of GDP, respectively). Both of the world's most populous countries—China and India—are forecasted to expand public spending by 1.3 and 1.7 percent of GDP, respectively, mainly through debt financing. Conversely, Bangladesh and Pakistan, which are also among the world's most populous nations, are expected to slightly decrease government expenditures in GDP terms.[8] On the aggregate, developing countries in East Asia are estimated to decrease public spending by 0.1 percent of GDP over the time period with South Asia undergoing a 0.6 percent increase.

4. Will Social Spending be Preserved in a Contracting Environment?

A contracting expenditure environment is historically associated with greater risks of social spending being adversely impacted. Past evidence suggests that when governments resorted to aggregate fiscal cuts, social spending was typically unprotected. Research on the crisis of the 1980s (UNICEF 1987) shows that a significant share of developing countries experienced disproportionately large cuts in social spending areas (e.g. health, education or social security) when compared to aggregate expenditure (Table 5). Even more importantly, vulnerable populations were found to have suffered the largest cutbacks, both within social and other spending categories, like economic services and defense. Hicks (1991) finds that, during the period 1970-84, when a sample of 24 developing reduced expenditures, social sectors on average experienced smaller cuts than the total expenditure, but still received the third highest cuts; defense budgets, on the other hand, were found to be the most protected.

[7] This does not necessarily imply debt distress. For example, the debt level of Uzbekistan is low and does not present any danger to debt sustainability.

[8] Pakistan's position may be affected by the current devastating flooding across the country.

Table 5. Government Expenditure Cuts by Sector, 1979-83
(percentage of cases in each category)

	All *N=51*	Africa *N=16*	Asia *N=8*	Latin America *N=20*	Middle East *N=7*
General Public					
Vulnerable	40	38	25	45	43
Protected	23	25	25	25	14
Highly Protected	37	31	50	30	43
Defense					
Vulnerable	25	44	38	32	29
Protected	36	19	25	26	29
Highly Protected	39	38	38	42	43
Education					
Vulnerable	46	38	25	65	29
Protected	22	25	50	5	29
Highly Protected	33	38	25	30	43
Health					
Vulnerable	40	56	63	26	33
Protected	25	25	13	32	17
Highly Protected	36	19	25	42	50
Economic Services*					
Vulnerable	66	53	70	58	70
Protected	13	20	0	21	0
Highly Protected	22	27	25	21	29

Source: UNICEF (1987), Volume I, Table 3.4.
Note: 'vulnerable' = percentage decline more than aggregate expenditure; 'protected' = percentage decline less than aggregate expenditure; 'highly protected' = percentage increase during cuts in aggregate expenditure.
* Includes expenditure on agriculture and forestry, fishing, mining, manufacturing, construction, utilities and transport.

Among country-level studies, Ravallion (2002) finds that aggregate budget cuts in Argentina during the 1980s and 1990s typically resulted in proportionately greater cuts in social spending, and spending on targeted social assistance and employment programmes was more vulnerable to aggregate spending cuts than that on more universal social services. Research by Paxson and Schady (2005) on Peru also shows that public spending on health contracted sharply during the crisis in the late 1980s, which partly explains the rise in infant mortality. These findings highlight the need for action to support pro-poor spending at times of aggregate fiscal contraction.

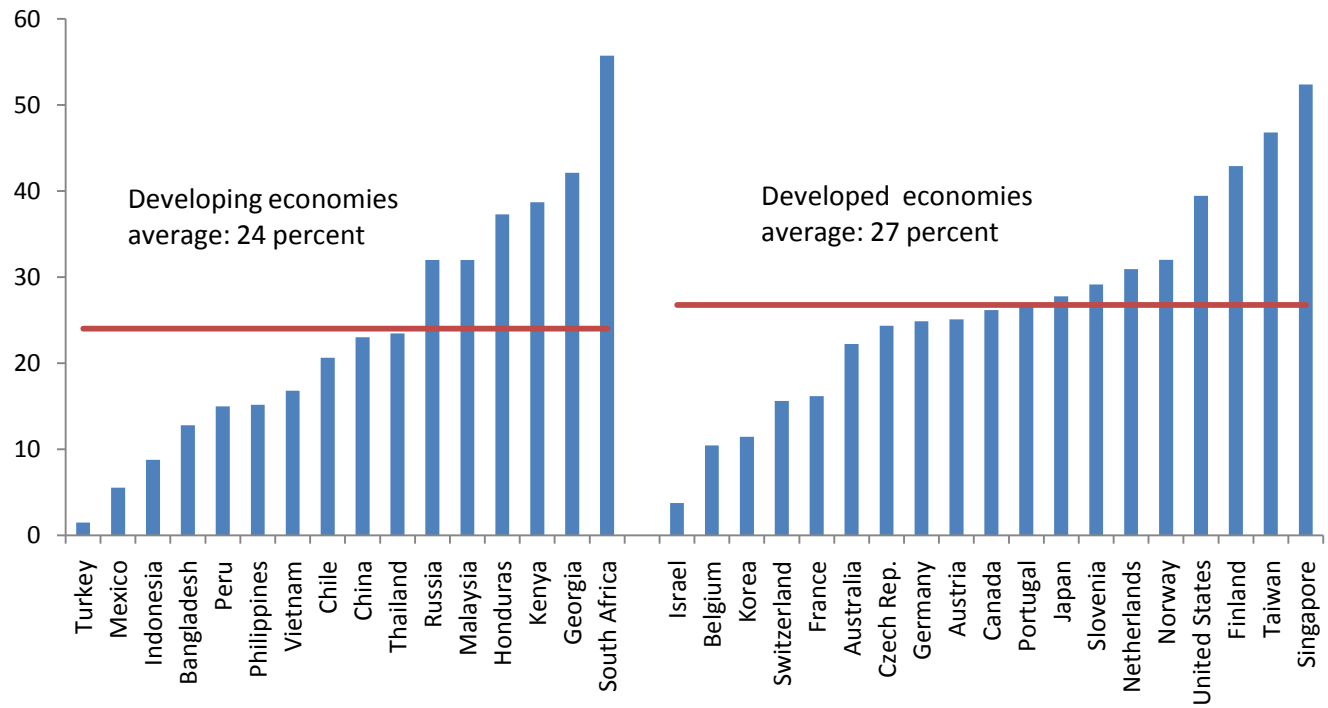
The recent crisis of food/fuel price increases and global economic slowdown, while differing in nature and magnitude from previous crises, has been shown to have caused significant revenue shortfalls among many developing country governments along with economic difficulties at the household level. In this context, what has been the recent experience in social spending essential to child wellbeing?

4.1. The 2008-09 Experience

This time around, the vital need for preserving social spending appears generally better recognized. Emerging evidence from the limited data available suggests that a considerable number of developing countries protected or increased social spending and other priority spending during 2008-09, despite falling revenues. For example, on average about 24 percent of the total announced fiscal stimulus amounts by developing countries was directed at pro-poor and social protection programmes (Figure 5). Yang and others (2010) show that 16 of 19 low income country programmes initiated in 2008-09 and supported by IMF lending facilities had budgeted higher social spending in 2009. In Sub-Saharan African countries with IMF-supported programmes, recently available spending outturn data show that the median value of social spending increased by 0.5 percent of GDP from 2008-09, and real spending growth accelerated from 4.8 to 6.8 percent (IMF 2010f).

Despite the general efforts to safeguard social expenditures in many developing countries, there is evidence that growth in social spending has slowed during 2008-09. A recent analysis (Brumby and Verhoeven 2010) shows that, on average, social spending (education and health) growth fell to below two percent during 2009 after averaging nearly ten percent between 2005 and 2008.

Figure 5. Size of Social Protection Component of Stimulus Packages
(in percent of total announced amount)



Sources: Authors' calculations based on Zhang et. al (2010) and IMF staff reports for Chile and Peru.

4.2. Risks for Social Spending in 2010-11

General increases in social spending during 2008-09 were largely facilitated by an overall expansionary fiscal stance and reflected a greater policy emphasis on protecting vulnerable populations from the negative shocks of the crisis. However, now that more governments are planning or expected to contract overall expenditure in the near term, will social spending suffer major cuts as in the past?

Limited preliminary evidence reveals a mixed bag. On the one hand, recent studies suggest a bleak outlook for social expenditures in some developing countries. For example, Kyrili and Martin (2010) find that two-thirds of 56 low income countries surveyed are cutting budget allocations in 2010 to one or more "priority" pro-poor sectors, which include education, health, agriculture and social protection. They further show that while expenditures on infrastructure, health and agriculture rose in 2009, they are expected to fall in 2010, with social protection allocations contracting in 2009-10 and ending the period more than 0.2 percent of GDP lower than in 2008, on average. Willem et al. (2009) also find significant reductions in social spending in the 2009-10 budgets among several countries in their sample of ten developing countries.

On the other hand, policy discussions described in recent IMF country reports suggest a greater emphasis on safeguarding "priority" social spending than in the past, most notably in low income countries supported under the IMF's new lending framework. The IMF's latest REO for Sub-Saharan Africa (2010e) shows that the median projected value of the budget for health and education spending is to increase slightly as a percent of GDP in 2010, although there is considerable intra-region variation with oil exporters and fragile states expected to undergo declines in 2010. To cite one example, social and priority spending in the Republic of Congo is projected to rise by two percent in real terms over 2010-11 while other spending is projected to decline (IMF 2010j).

Given the limited availability of data on social spending and the uncertain outlook in a fiscally contracting environment, our assessment is that even in countries with a policy intention of safeguarding "priority" pro-poor social spending (Box 1), there is a heightened risk of social spending and service delivery falling below the levels needed to adequately support vulnerable populations. In particular, one of the most immediate effects of the crisis in developing countries is heightened uncertainty in budget planning and implementation, which compounds existing weaknesses in social spending and service delivery. For example, in an environment where recovery in fiscal revenue is slow and the demand for government assistance remains great, inadequacies in social spending and service delivery are quickly exacerbated.

Box 1. Problems of Data and Definitions for Pro-poor Social Spending

There are different approaches to budgeting. For instance, public expenditures are often presented using a ***functional classification***, which is the amount allocated to different sector ministries (education, health, social security/welfare, agriculture, transport, energy, defense, etc.). In general, social spending includes education, health, social security and labour, and, in some instances, housing and water. However, updated and accurate information on sector expenditures is not easily available in many countries.

IMF reports, on the other hand, contain timely information on public expenditures using an ***economic classification***, which is based on aggregates across ministries (e.g. wage bill, transfers, goods and services, and investments). According to this classification, the wage bill (payroll of civil servants) is usually the largest component of public expenditures in low income countries and, accordingly, is one of the first items to be considered for cuts during adjustment periods. These classifications do not take into account distributional impacts.

National plans and policy discussions often identify the need to protect **"priority" pro-poor social expenditures**. Pro-poor indicates some consideration of distributional impacts. However, there is no universally accepted definition of pro-poor social expenditures, and the definition changes from country to country.

In practice, primary education and health are common elements of "priority" pro-poor social expenditures, but other investments with positive distributional impacts on vulnerable children and poor households may not be included if they are not viewed as priority by the government, such as social protection, water supply and sanitation, or public housing (Box 2). Our reading of recent IMF country reports also suggests that a wide variety of spending categories—such as electricity, judiciary and, in some cases, defense-related—were included in "priority" social spending to be protected under country programmes. These approaches raise the question about the effectiveness of priority setting in safeguarding those areas of social spending that are most essential for directly supporting vulnerable populations.

UNICEF, together with the United Nations, has a multidimensional approach to child wellbeing. The Convention of the Rights of the Child (UN 1990), which was ratified by 192 countries, clearly states the need to invest in eradicating all child deprivations. Children have a right not only to education and health, but also to food, clean drinking water, sanitation, shelter and other necessary investments for their families, including those related to basic livelihoods.

The expansion of social protection coverage, which was observed in a sizable number of developing countries as part of the crisis response, also comes under risk of losing its momentum, as more governments are increasingly targeting benefits (see section 4.3) and shifting priorities to jump-starting growth by making greater allocations to other sectors in their 2010 budgets, such as infrastructure and energy.

The heightened risk of inadequate social spending is further reflected by other factors. A reported or budgeted increase in "priority" spending may not cover certain social spending areas that are essential to vulnerable children and their families (Box 2). Moreover, cash management difficulties and capacity limitations can cause substantial delays in disbursements

Box 2. Expenditure Contraction and Social Spending: The Experience of Ghana

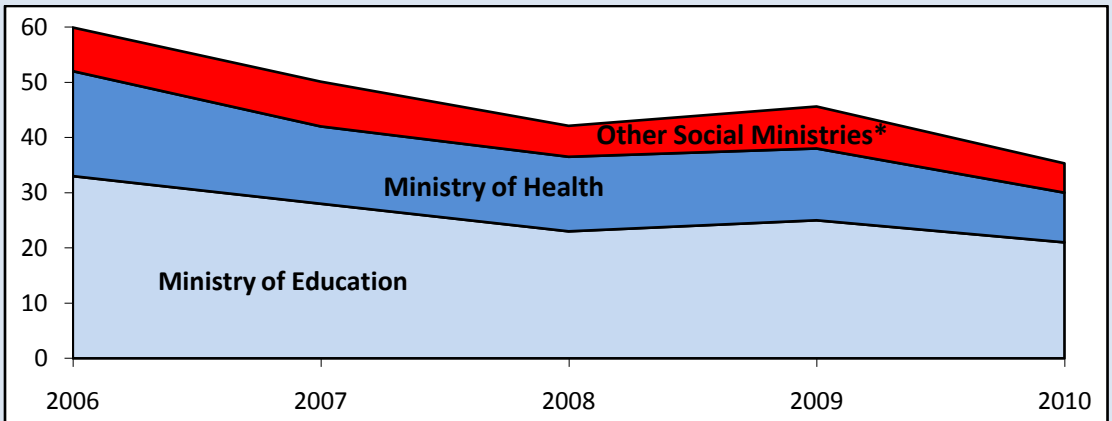
Ghana's economy came under severe distress in 2008 as a result of expansionary fiscal policy and the impact of the global crisis. The government, in response, sought fiscal consolidation and tighter real expenditure in the 2009-10 budgets. At the same time, macroeconomic difficulties coupled with higher local food prices and weakening economic activity threatened to push more Ghanaians into poverty (UNICEF Ghana 2010). Studies by local researchers calculated that monetary poverty among children would be 30 percent higher in 2011, and that hunger among children would rise an additional seven percent (from 58 to 65) in 2011 due to the crisis. The impact may be especially acute in the three northern regions where poverty remained high despite the dramatic reduction in national poverty levels.

The IMF-supported programme provides for a floor for poverty-reducing budget expenditure, which is programmed to increase from 8.7 percent of non-oil GDP in 2008-09 to 8.8 percent in 2010-11, while total expenditure is planned to contract by about three percent. Ghana's public audit accounts show that the poverty-reducing expenditures in 2009 went mostly to the Ministries of Education (69 percent of total poverty-reduction expenditure) and Health (19 percent), followed by the Ministry of Interior (7.3 percent), the Ministry of Food and Agriculture (3.7 percent), and the Ministry of Roads and Highways (1.1 percent).

However, other social ministries with a key role in supporting vulnerable children and their families appear to form a trivial part of this protected spending category. For example, the Ministry of Employment and Social Welfare accounted for less than 0.3 percent of the total poverty reducing expenditure, and the Ministry of Women and Children Affairs, as well as the Ministry of Water, Works and Housing, comprised about 0.1 percent each. Further, when measuring social spending by the share of all relevant social ministry budgets in the total government budget, the social spending allocation appears to be falling (Figure 6).

While positive steps have been taken by the government (e.g. continued expansion of the cash transfer programme and free school uniforms to poor children), greater expenditure allocation to essential social areas are required to ensure that children and their families can survive the adverse impacts, including hunger, despite the overall contraction in public spending.

Figure 6. Ghana: Percent Share of Social Sector Budget in Total Discretionary Budget



Sources: Annual Budget Statements 2006-10, ISODEC and UNICEF staff calculations.

*Include Ministry of Employment and Social Welfare, Ministry of Water, Rural Works and Housing, Ministry of Food and Agriculture, and Ministry of Women and Children Affairs.

and implementation, even when budgeted amounts are preserved or increased. For example, in Pakistan, spending on the Benazir Income Support Programme amounted to only 10.4 billion rupees in the first quarter of 2009-10 compared to the 14 billion rupees projected under the programme (IMF 2010k).

On balance, despite the greater policy emphasis on preserving "priority" expenditures, social spending cuts remain a major concern for many developing countries in a climate of fiscal contraction. This points to the need to improve the efficiency of spending by strengthening governance and the quality of fiscal institutions, which could help increase the level of social services without additional spending in the medium term (Gupta, et al., 2008). In the short term, however, sustained allocations to the social sector and employment-generating economic programmes are needed to support a broad-based recovery.

5. Adjustment Measures and their Potential Risks to the Poor

The adjustment measures that countries choose to achieve expenditure consolidation have direct implications for social spending and the poor. Some measures involve tradeoffs. For example, what impact would wage cuts have on private spending and, hence, on aggregate demand and economic recovery? In addition, the measures commonly considered for achieving expenditure consolidation are prone to certain design and implementation limitations, thus resulting in possible unintended consequences for those vulnerable groups whom priority social spending is intended to protect.

Examining key measures potentially considered by governments, as discussed in IMF country reports, we find that a large number of governments is considering capping or cutting wage bills, phasing out or removing fuel or food subsidies, and rationalizing or reforming transfers such as social protection, whereas the expansion of wages, subsidies and social transfers are being contemplated in a fewer number of countries (Table 6). To the extent that measures eventually adopted by governments may differ from those under consideration, the countries shown in Table 6 are indicative, and actual outcomes require verification.

Table 6. Selected Adjustment Measures Commonly Considered, 2009-10

Wage Bill Cuts/Caps	Limit Subsidies	Further Target Social Protection
Algeria	Belarus	Armenia
Belarus	Bolivia	Azerbaijan
Belize	Burkina Faso	Bosnia and Herzegovina
Benin	Cambodia	Cambodia
Bhutan	Cote d'Ivoire	Fiji
Bosnia and Herzegovina	Egypt	Georgia
Botswana	El Salvador	Grenada
Burundi	Ghana	Iraq
Cambodia	India	India
Comoros	Iran	Libya
Cote d'Ivoire	Libya	Lithuania
Democratic Republic of Congo	Lithuania	Maldives
Egypt	Malaysia	Mauritania
Fiji	Maldives	Mauritius
Georgia	Mexico	Moldova
Grenada	Mongolia	Mongolia
Guinea-Bissau	Morocco	Romania
Iraq	Nigeria	Syria
Lesotho	Republic of Congo	Timor-Leste
Libya	Romania	Ukraine
Lithuania	São Tomé and Príncipe	
Maldives	Sri Lanka	
Mali	Syria	
Marshall Islands	Timor-Leste	
Mauritania	Togo	
Mauritius	Tunisia	
Montenegro		
Palau		
Philippines		
Romania		
Serbia		
Solomon Islands		
South Africa		
Sri Lanka		
St. Lucia		
Syria		
Togo		
Tonga		
Zambia		
Zimbabwe		

Source: Authors' analysis of 93 IMF country reports (July 2009-July 2010). See Appendix II for complete details.

Table 6 (cont). Selected Adjustment Measures Commonly Considered, 2009-10

Increase Wage Bill	Expand Subsidies	Expand Targeted Transfer Programmes
Angola	Armenia	Bolivia
Malawi	Benin	Chile
Niger	Bulgaria	Guatemala
Sierra Leone	Burundi	Malawi
Suriname	Central African Republic	Morocco
Tanzania	Chile	Pakistan
The Gambia	Democratic Republic of Congo	Paraguay
	Dominican Republic	Russia
	Mali	Sri Lanka
	Mozambique	Suriname
	Niger	Tajikistan
	Pakistan	Tanzania
	Sierra Leone	Togo
	Suriname	Tunisia
	Tajikistan	
	Togo[9]	

Source: Authors' analysis of 93 IMF country reports (July 2009-July 2010). See Appendix II for complete details.

5.1. Wage Bill Cuts or Caps

As recurrent expenditures like salaries tend to be the largest component of national budgets, a sizable number of countries is looking to cut or cap wage bills as a way to achieve planned fiscal consolidation, often as part of civil service reforms. If well designed and executed, this could generate fiscal savings that could be used for increasing low government wages for essential public service providers and expanding essential posts required to meet the MDGs.[10]

However, at least in the short term, there are risks that wage bill cuts or caps may translate into salaries being reduced or eroded in real value, payments in arrears, hiring freezes or employment retrenchment, which can adversely impact the delivery of basic social services, particularly in high poverty areas (Box 3). UNICEF (2010b) analysis of recent salary information for primary teachers and nurses shows that their pay in real terms was significantly diminished by increases in local prices during 2009 in about a third of the countries for which data are available. The data also suggest that, in about half of the countries in the sample, teachers or nurses are not adequately compensated when comparing their pay with at least one income or cost of living benchmark.

[9] Togo is improving the composition of the transfers by limiting subsidies to certain populations while expanding for others.

[10] UNESCO (2010) points that the rate at which teaching posts are created will need to increase if universal primary education is to be achieved by 2015.

Box 3. Cambodia's Wage Bill Cuts in 2010

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 (World Bank 2009b). 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 percent in fiscal year 2010. Part of the logic to reduce Cambodia's wage bill was to create fiscal space for priority social investments. 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 equity in service delivery, such as the Ministry of Social Affairs where social worker coverage was already low before reductions were imposed (1 per 25,000 persons). To further contain the expansive 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, along with other development partners, has pointed to the potential unintended consequences of removing salary incentives on the quality of service delivery. For instance, incentives can double the base salary for certain civil servant categories in Cambodia, such as health sector staff, and shortly after their discontinuation, UNICEF site surveys showed increased staff absenteeism and/or reduced working hours (UNICEF 2010c).

As low pay is a key factor behind teacher absenteeism, informal fees and brain drain, it is essential to protect the positions and compensation of essential public sector employees such as teachers, medical staff and social protection workers. Decisions on wage bills need to ensure that the pay, employment and retention of essential social sector staff are safeguarded at all times to protect child-related social services—and enhanced when fiscal situations improve—in order to support greater human capital development for long-term growth and the achievement of the MDGs.

5.2. Limiting Subsidies

A significant number of countries appears to be considering the reduction or removal of subsidies, often accompanied by the development of more targeted social safety nets as a way to compensate the poor. The logic is to remove market distortions while supporting the poor by targeted transfers. As some argue (Coady et. al. 2010), generalized subsidies are frequently ineffective, costly and inequitable, and should be removed in favor of more targeted and pro-poor measures.

However, some countries have removed subsidies at a time when there is still a high level of need for public food and nutrition support (Box 4). Recent analysis (UNICEF 2010d) warns that domestic food prices remain high in many developing countries; in some, prices have continued to ascend, such as maize prices in Tanzania and rice prices in Vietnam. Until a functioning targeted social safety net is put in place, a case may be made to extend the use of general consumer subsidies, possibly modified to encourage pro-poor self-selection (e.g. providing subsidies on those goods that the poor tend to consume disproportionately more), as at least a

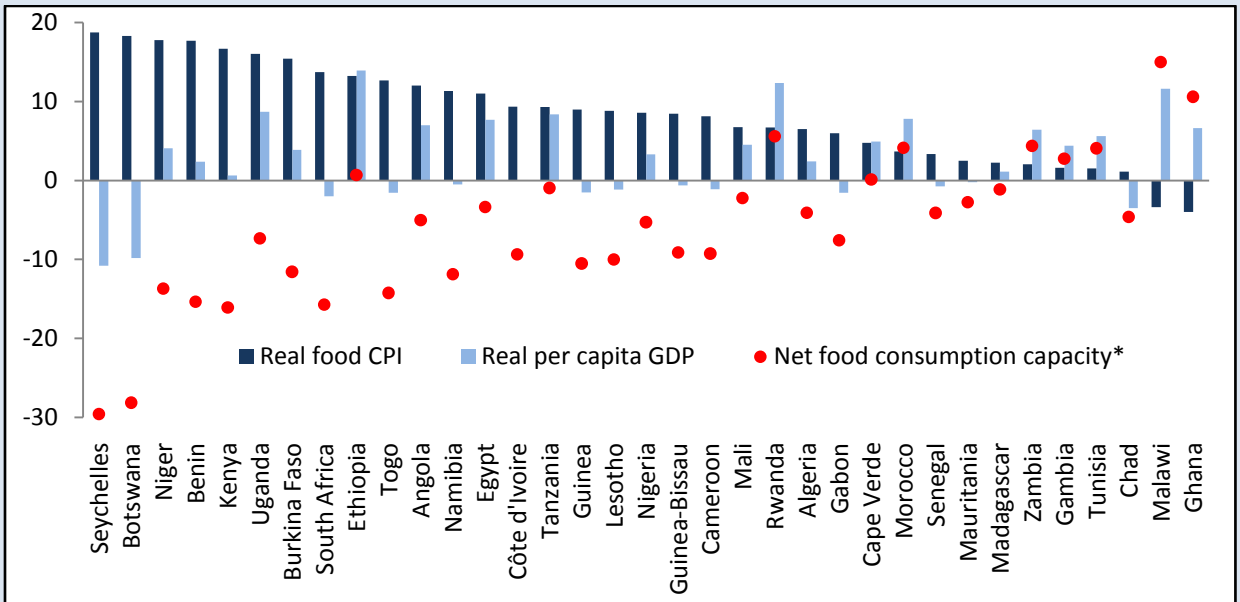
Box 4. Could the Removal of Food Subsidy Come Too Soon for Some Countries?

During the food and fuel crisis, many developing countries increased subsidies or cut taxes on food and/or fuel between 2006 and 2008 (IMF 2008a). However, upon the easing in international commodity prices in late 2008, several African countries, including Seychelles, Niger, Burkina Faso and Senegal, reversed the temporary measures of food subsidies and duty exemptions (IMF 2009), despite the lack of a clear indication that a compensatory safety net measure had successfully been put in place.

UNICEF staff analysis (Chai 2009) shows that many African countries continued to experience substantial local food price increases well after the international food commodity prices tapered off, and the high inflation in local food prices had been prolonged, lasting eight months on average. Consequently, the cumulative increases in local food prices outpaced those in per capita GDP, suggesting that, on average, these countries' populations were less able to afford the same amount of food than before (Figure 7). Further, comparing the recent food crisis with other episodes of high food price inflation in recent history indicates that in about half of the African countries for which data are available, the recent food crisis is the worst in the past decade (e.g. in Seychelles and Burkina Faso).

Figure 7. Africa: Food Prices and Per-Capita GDP, May 2007-May 2009

(percentage change over the recent 24 months)



Source: Chai (2009) based on ILO Laborsta database and IMF WEO database (both April 2009).
* Calculated as the difference between real per capita GDP and real food CPI.

As the poor tend to be disproportionately affected by food price shocks and associated negative coping methods (e.g. cutting back on education and health expenditures), prolonged high food prices can inflict particularly severe and potentially irreversible damage on poor children and pregnant women. Careful analysis of the local realities facing the poor, prior to the removal of the subsidies, is thus important to avoid jeopardizing the long-term development of human capital. In the short term, while more cost-effective safety net measures are being developed, better designed food subsidies or custom tax exemptions may be warranted, which could be cost effective when combined with nutrition interventions such as micronutrient and weaning supplements. A Poverty and Social Impact Analysis for Senegal, for example, concluded that maintaining the tax suspension for rice in the short term, while simultaneously expanding existing school lunch and primary health care programmes, would benefit the poor (IMF 2008b).

short term measure to protect children and poor households from the rising prices of essential goods and services. Moreover, while subsidies are often withdrawn quickly, a functioning targeting mechanism takes a considerable amount of time to design and implement, and this timing mismatch threatens to leave behind the most vulnerable.

5.3. Further Targeting

Economists often advise governments to better target their spending when cuts are called for, as a way to reconcile poverty reduction with fiscal austerity (Ravallion 1999). Our review confirms that this measure is currently being considered by many countries, particularly in those under tight fiscal pressures (e.g. Maldives) or with the legacy of an extensive social welfare system (e.g. Mongolia).

Targeting could deliver more cost-effective social assistance and yield fiscal savings over the medium term. In the short term, however, the design and implementation of new targeting schemes invariably have limitations that may result in the unintended effects of excluding vulnerable and marginalized children and their families, particularly where poverty is widespread. A key limitation is that means-tested targeting is costly, administratively complex and requires significant civil service capacity (Mkandawire 2005). Targeting reforms can also lead to significant delay and large under-coverage (Box 5 on Moldova).

Another limitation is that, due to a confluent of budgetary and political economy considerations, the scope of the target often falls short of adequately covering vulnerable populations and, instead, tends to focus only on the extreme poor or the poorest (Box 5). This leaves many poor people excluded from receiving any type of cash benefit at a time when their need for public assistance is significant. Thus, a strong case may be made to extend universal transfers (e.g. to families with children) or to carry out geographic targeting to provide immediate support to vulnerable groups facing unexpected and prolonged shocks until adequate administrative capacity is developed to effectively implement more sophisticated systems.

Furthermore, current practices of targeting by income or consumption poverty do not adequately take into account other dimensions of poverty, such as lack of ready access to schools and clean water or health facilities. As a result, those children whose families meet the minimum consumption criteria but remain vulnerable to dropping out of school, malnutrition and/or child mortality due to the deprivations of a safe and enabling environment are at risk of being left behind. Several studies (Alkire and Seth 2008, and Coulombe and Chai 2010) indicate that this exclusion risk could be empirically significant. This consideration calls for setting targeting criteria beyond consumption or income poverty measures.

In summary, typical adjustment measures, such as cutting/capping wages, phasing out subsidies and further targeting social protection schemes, have risks to the poor and should not be applied without an assessment of their social impacts and alternative policy options.

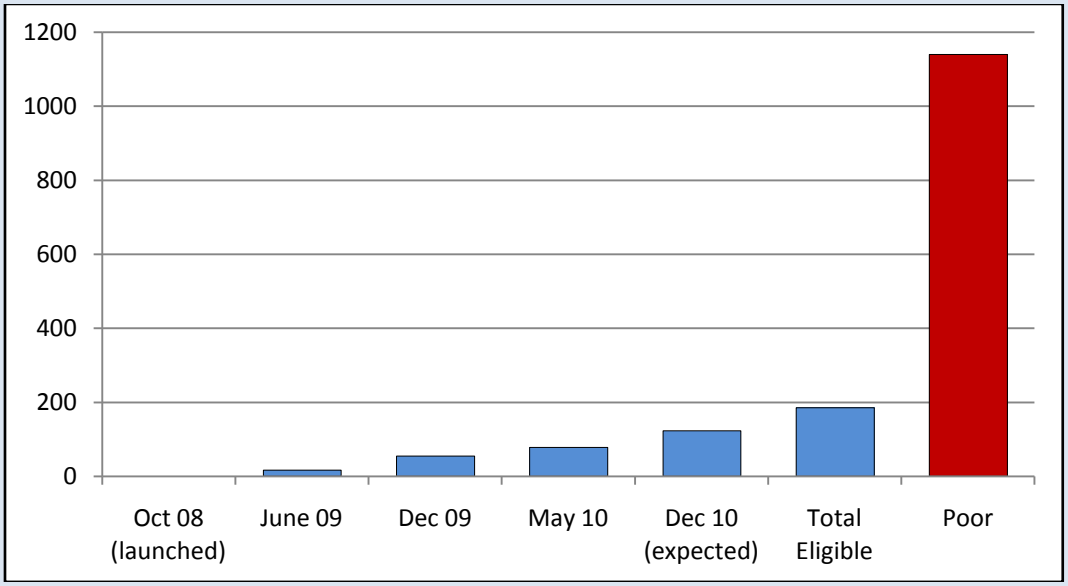
Box 5. Targeting Social Assistance: The Case of Moldova

In 2008, Moldova reformed its social assistance system, moving gradually from a system of category-based nominal compensations for individuals (disabled children and adults, lone pensioners, war veterans, multi-children families, etc.) to poverty-targeted cash benefits for households. Under the previous system, the benefits were small, and less than half of the poorest Moldovans were covered. The new social assistance system is designed to target the poorest households while also increasing 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 several actions to strengthen 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 percent of targeted beneficiaries was 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 had passed (Figure 8). The protracted start-up time also meant that most vulnerable families had to cope with the economic crisis with little or no assistance.

Figure 8. Beneficiaries under the 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 percent of the population that is 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.

Sources: Barca, et. al (2010); Malhotra, et. al (2009); and Olteanu, et. al (2009).

From a broader perspective, macroeconomic and expenditure decisions are often taken without an adequate analysis of their potential impacts in terms of employment, social development and inclusive and resilient growth. In particular, some analyses question the logic of using micro-interventions to support the poorest, while adopting macroeconomic policies which may tend to benefit the non-poor (UN 2010e and UNRISD 2010). The logic of these studies is based on looking at the wider distributional impacts of economic decision-making, and they are supported by calls by the United Nations Secretary-General and the ILO that macroeconomic policies should not only focus on debt stabilization and curbing inflation, but should ultimately support growth of real output, employment and social development (UN 2010g and ILO 2009).

Just as stress tests are widely accepted to gauge financial sector vulnerabilities, they could likewise be used to assess the potential social consequences of macroeconomic policies, as well as social protection system capacity to address them (Kanbur 2010). There are precedents in distributional analysis, poverty and social impact analysis (PSIAs), and studies and evaluations of equitable policies, which expanded from the late 1990s (Ortiz 2008). In addition, more and better data and analysis are needed, in terms of collecting real-time accurate information, as recognized by the United Nations Global Pulse (UN 2010d), as well as in terms of assessing alternative scenarios to simulate impacts on social and labour market indicators both with and without policy responses (Islam and Chowdhury 2010). If properly designed and carried out, such analysis could alert policymakers on the potential distributional impacts of different options.

6. Exploring Financing Options for Greater Pro-Poor Social Spending

In most of the examples seen in this paper, a common factor behind expenditure consolidation is some combination of lower revenues and limited scope for increasing debt financing to sustain expenditure patterns. To what extent is it possible to maintain social expenditures, and how can this be accomplished in the context of economic recovery?

For some low income countries where the government's and households' buffer is low and capacity for domestic resource generation is limited, maintaining adequate social expenditure will be difficult without concessional external support. For these countries, large scale, concessional external financing from the donor community will remain crucial for lessening human sufferings and preventing setbacks in achieving the MDGs (UN 2010b).

For other low and middle income countries, the most viable option is to focus on generating domestic resources by expanding the tax base, reducing waste and inefficiencies from government operations, improving public financial management and introducing progressive taxes, if feasible (Box 6). This may be combined with reprioritization of public expenditures for essential social investment by reducing low-impact, ineffective spending. Governments may also consider drawing down reserves when this does not pose major external risks. Where countries' debt levels are sustainable and there is capacity for sound debt management,

domestic or external borrowing may be an alternative. These options, consistent with policy positions of the international financial institutions (IMF 2010l), should be fully explored prior to making decisions on expenditure cuts that could have potentially detrimental impacts on children and hinder a Recovery for All.

Box 6. Potential Financing Options for Expanded Pro-poor Spending

- Acquiring concessional external financing without jeopardizing macroeconomic stability, such as through grants, concessional borrowing or debt relief (e.g. G7 countries announced in February 2010 that they would cancel their bilateral debt with Haiti to aid the country in reconstruction efforts).
- Increasing domestic revenues, such as by broadening the tax base, increasing progressive taxation (e.g. income tax, taxing the financial sector or taxes on natural resources, cars, cigarettes) and/or eliminating revenue leakages (e.g. strengthening tax administration, closing tax loopholes and rationalizing tax exemptions/incentives). Some recent examples include a tax to help fund conditional cash transfers in Brazil, the Mongolia Development Fund from copper exports, Bolivia's use of hydrocarbon royalties for its National Development Plan, and consideration of bank taxes in the U.S. and the U.K.
- Eliminating, where immediately possible, inefficiencies at different levels that could lead to cost-savings in public programmes (e.g. more effective channeling of resources to the end-beneficiaries while minimizing leakages). However, care should be taken as sector reforms are only feasible in the medium term and will not generate sufficient fiscal space in the short term.
- Re-prioritizing public expenditures for essential social investment by reducing low-impact, ineffective spending (e.g. Costa Rica abolished its military in 1948 and channeled additional resources into social services).
- Tapping government reserves, especially among developing countries that achieved a significant expansion over the past decade (e.g. Brazil's reserves grew from US$50 to US$250 billion from 2005-10, and the government was able to lend dollars to businesses during the height of the global credit crunch and extend social assistance to aid a faster recovery).
- Commercial borrowing where debt levels are sustainable and there is capacity for sound debt management (e.g. Tanzania, which has a low debt distress level, borrowed US$1.5 billion from local and foreign commercial banks to boost its 2010-11 budget and cover a deficit left by an unexpected withdrawal of donor support).
- A more accommodating macroeconomic policy framework for both social and economic recovery, which is not exclusively focused on controlling inflation and fiscal deficits, but also on real output, incomes and employment (e.g. Indonesia has allowed a higher deficit in order to bolster recovery efforts).

Through maintained or expanded pro-poor social spending, these financing options support countries' progress towards the MDGs, and when properly managed, can be consistent with the objective of macroeconomic stability. In the immediate term, in particular, an accommodative macroeconomic policy framework which is not exclusively focused on controlling inflation and

fiscal deficits, but also on real output, incomes and employment, may be feasible without jeopardizing the policy framework that earned countries low inflation. The appropriate timing and scope of expenditure adjustment for a given developing country will depend on its specific macroeconomic and social circumstances, such as debt distress level, degree of openness, quality of fiscal institutions, and the magnitude of the external and domestic shock impact on poor and vulnerable families, taking into account their initial coping capacity.

7. Concluding Remarks

Based on information published by the IMF, our review finds that a significant number of low and middle income countries is tightening or planning to tighten public expenditures in 2010-11. Common adjustment measures considered by policymakers during the period 2009-10 include wage bill cuts or caps, limiting subsidies (e.g. on food) and further targeting social protection. Fiscal consolidation is now being pursued in a greater number of countries when the recovery is still fragile and uneven, and vulnerable populations continue to suffer from the cumulative effects of the food/fuel price increases and the global economic slowdown.

Protecting the poor and the vulnerable is crucial to equitably sharing the adjustment costs of macroeconomic crises. However, macroeconomic and expenditure decisions are often taken without significantly assessing their potential impacts in terms of employment, social development, and inclusive and resilient growth. Current policies focusing on fiscal consolidation may have major impacts on social spending and other expenditures that foster aggregate demand, and therefore recovery. The distributional impacts, as well as possible alternative policy options for social and economic recovery, should be reviewed by key decision makers.

Many of those likely to be hardest hit are poor, marginalized children and their families. The limited window of intervention for fetal development and growth among young children means that their deprivations today, if not addressed promptly, will have largely irreversible impacts on their physical and intellectual capacities, which will in turn lower their productivity in adulthood—this is a high price for a country to pay. Providing immediate and adequate support for children and their families is therefore an urgent imperative. This requires a careful assessment of the risks facing vulnerable and poor populations and balancing policies to restore medium-term macroeconomic sustainability with those to protect and support the socially and economically vulnerable in the immediate term, both which are necessary to achieve a country's sustained growth and human development potential.

The greater emphasis now placed by many countries on safeguarding social spending is a major and welcome step towards achieving that balance. As public financial management further improves in developing countries, there will likely be greater success in achieving the dual objectives of restoring macroeconomic stability and protecting the vulnerable. To mitigate the risk of social spending being adversely impacted during expenditure contraction in the short

term, it is important to focus policies on preserving and expanding social spending within a framework of medium-term fiscal sustainability.

Some potential questions for policymakers to consider in this regard may include:

- Is attention given to basing expenditure policy decisions on both economic and social indicators that are sufficiently disaggregated to capture the conditions of the poor? Are recovery policies considering high unemployment, rising food prices and social inequalities?

- What are the social impacts of macroeconomic policy decisions, including the opportunity cost of not scaling up equity-based interventions and social protection programmes, both which are essential for a "Recovery for All"? Are 'stress tests' to assess the capacity of social protection systems to withstand shocks being undertaken? Are effective support policies being designed and implemented, with attention to whether policy responses can occur quickly and effectively?

- Is the fiscal adjustment trajectory—in terms of scope and pace—conducive to the achievement of the MDGs? Are alternative scenarios fully explored in debt and fiscal sustainability assessment exercises that could help accommodate a socially responsive recovery?

- Given the limitations and exclusion risks of common targeting practices, are alternative approaches—such as a basic level of social protection and services (the United Nation's proposed social protection floor)—fully considered in order to better achieve the objectives of protecting the vulnerable, increasing their resilience, and maximizing their human development potential and economic participation?

In the words of the United Nations Secretary-General (2010): "*As the G20 considers 'fiscal consolidation and exit strategies from extraordinary macroeconomic and financial support measures,' I urge all governments to take into account—besides the usual macroeconomic indicators—human development objectives and impacts, especially through job recovery… We must act now. We must avoid reverting to the pre-crisis conditions that denied too many of our fellow human beings a fair chance at a decent living… We must work together to establish the basis for a more secure, prosperous and equitable world for all.*"

Appendix I: Data Description

Overview

All quantitative data presented by the authors in this paper are based on country-level fiscal indicators from the latest IMF Regional Economic Outlook (REO) publications (IMF 2010e-i) or, if government fiscal indicators are not provided in the REO publications, fiscal tables contained in recent IMF country reports (approval dates from July 2009 to July 2010). The sample is limited to those countries classified as low or middle income according to the World Bank (as of July 2010).[11] Within these parameters, there is data for 126 countries, which are characterized as follows: (i) 36 are low income, 48 are lower middle income and 42 are upper middle income; (ii) 85 reflect data from REO publications and 41 from country reports;[12] and (iii) 113 have expenditure data in terms of the central, federal, national, or general government, while 13 are in terms of the public sector. The data description table below provides the complete background on the expenditure data used for all countries in the sample.

Caveats

The scope of government expenditure data varies across countries. In most instances, the data refer to central and local government, and for some countries, the data refer to the public sector, which include public enterprises.

Revenue, expenditure and overall balance data from IMF sources may differ from those reported in national budgets due to alternative projection assumptions and methods. In the case of Algeria, for example, revenue differences are attributed to alternative estimates for international oil prices, and expenditure differences reflect the IMF's lower capital expenditure estimates based on past spending trends, as well as the IMF's non-inclusion of special/contingency accounts.

As more economic and fiscal indicators become available, subsequent expenditure projections may differ from the projections used in this study, which are based on IMF REO publications (IMF 2010e-i) and country reports (approval dates from July 2009 to July 2010).

Technical Notes

Figure 1: All countries reflect labour force survey data except for Belarus, Bosnia and Herzegovina, Mauritius, Mongolia, Romania, Serbia and Ukraine whereby employment office records were used. The reporting period for unemployment data is monthly for all countries with the following exceptions: the quarterly average applies to Argentina, Bolivia, Ecuador, Egypt, Estonia, Israel, Jordan, Kazakhstan, Lithuania, Mexico and South Africa; and the three month moving average applies to Colombia and Peru.

Figure 4: In Figure 4.1, Burundi, Lesotho and Liberia were excluded due to very large ODA movements; increase in revenue in São Tomé and Príncipe is almost entirely due to receipt of oil signature bonuses; In Figure 4.5, Timor-Leste was excluded due to very large financing and revenue movements.

[11] Available at: http://data.worldbank.org/about/country-classifications/country-and-lending-groups.

[12] Data from country reports were utilized for four Latin American countries included in the REO publication in order to obtain central government values rather than public sector values (Costa Rica, Dominican Republic, Guatemala and Paraguay).

Data Description

#	Country	Region (World Bank)	Income Group (World Bank)	Data Source (IMF)	Expenditure Measure	Data Notes
1	Afghanistan	South Asia	Low	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
2	Albania	Europe & Central Asia	Upper middle	Country Report - April 2010	General government	
3	Algeria	Middle East & North Africa	Upper middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	Expenditure values include special accounts
4	Angola	Sub-Saharan Africa	Lower middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
5	Antigua & Barbuda	Latin America & Caribbean	Upper middle	Country Report - July 2010	Central government	
6	Argentina	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	Federal government & provinces	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
7	Armenia	Europe & Central Asia	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
8	Azerbaijan	Europe & Central Asia	Upper middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
9	Bangladesh	South Asia	Low	Country Report - December 2009	Central government	
10	Belarus	Europe & Central Asia	Upper middle	Country Report - March 2010	General government	
11	Belize	Latin America & Caribbean	Lower middle	REO: Western Hemisphere (May 2010), p. 60	Central government	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
12	Benin	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
13	Bhutan	South Asia	Lower middle	Country Report - December 2009	General government	
14	Bolivia	Latin America & Caribbean	Lower middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
15	Bosnia & Herzegovina	Europe & Central Asia	Upper middle	Country Report - March 2010	General government	
16	Botswana	Sub-Saharan Africa	Upper middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
17	Brazil	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
18	Bulgaria	Europe & Central Asia	Upper middle	Country Report - April 2010	General government	
19	Burkina Faso	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
20	Burundi	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
21	Cambodia	East Asia & Pacific	Low	Country Report - October 2009	General government	
22	Cameroon	Sub-Saharan Africa	Lower middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
23	Cape Verde	Sub-Saharan Africa	Lower middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
24	Central African Republic	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	

#	Country	Region (World Bank)	Income Group (World Bank)	Data Source (IMF)	Expenditure Measure	Data Notes
25	Chad	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
26	Chile	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
27	China	East Asia & Pacific	Lower middle	Country Report - July 2010	General government	
28	Colombia	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
29	Comoros	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
30	Congo (Democratic Rep.)	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
31	Congo (Republic of)	Sub-Saharan Africa	Lower middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
32	Costa Rica	Latin America & Caribbean	Upper middle	Country Report - May 2010	Central government	
33	Côte d'Ivoire	Sub-Saharan Africa	Lower middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
34	Djibouti	Middle East & North Africa	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
35	Dominica	Latin America & Caribbean	Upper middle	Country Report - April 2010	Central government	
36	Dominican Republic	Latin America & Caribbean	Upper middle	Country Report - October 2009	Central government	
37	Ecuador	Latin America & Caribbean	Lower middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
38	Egypt	Middle East & North Africa	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	General government	
39	El Salvador	Latin America & Caribbean	Lower middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
40	Eritrea	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
41	Ethiopia	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
42	Fiji	East Asia & Pacific	Upper middle	Country Report - December 2009	Central government	
43	Gabon	Sub-Saharan Africa	Upper middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
44	Gambia	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
45	Georgia	Europe & Central Asia	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	General government	
46	Ghana	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
47	Grenada	Latin America & Caribbean	Upper middle	Country Report - March 2010	Central government	
48	Guatemala	Latin America & Caribbean	Lower middle	Country Report - June 2010	Central government	
49	Guinea	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
50	Guinea-Bissau	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
51	Guyana	Latin America & Caribbean	Lower middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure

#	Country	Region (World Bank)	Income Group (World Bank)	Data Source (IMF)	Expenditure Measure	Data Notes
						calculated as follows: public sector revenue - public sector overall balance
52	Haiti	Latin America & Caribbean	Low	Country Report - July 2010	Central government	
53	Honduras	Latin America & Caribbean	Lower middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
54	India	South Asia	Lower middle	Country Report - January 2010	Central government	2010 data used (no 2011 forecast available)
55	Iran	Middle East & North Africa	Upper middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
56	Iraq	Middle East & North Africa	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	General government	
57	Jamaica	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	Central government	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
58	Jordan	Middle East & North Africa	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
59	Kazakhstan	Europe & Central Asia	Upper middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	General government	
60	Kenya	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
61	Kosovo	Europe & Central Asia	Lower middle	Country Report - July 2010	General government	
62	Kyrgyz Republic	Europe & Central Asia	Low	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	General government	
63	Lebanon	Middle East & North Africa	Upper middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
64	Lesotho	Sub-Saharan Africa	Lower middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
65	Liberia	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
66	Libya	Middle East & North Africa	Upper middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
67	Lithuania	Europe & Central Asia	Upper middle	Country Report - July 2010	General government	
68	Macedonia	Europe & Central Asia	Upper middle	Country Report - November 2009	Central government	
69	Madagascar	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
70	Malawi	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
71	Malaysia	East Asia & Pacific	Upper middle	Country Report - August 2009	Federal government	
72	Maldives	South Asia	Lower middle	Country Report - March 2010	Central government	
73	Mali	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
74	Marshall Islands	East Asia & Pacific	Lower middle	Country Report - January 2010	Central government	
75	Mauritania	Sub-Saharan Africa	Low	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	Includes oil revenue transferred to the oil fund
76	Mauritius	Sub-Saharan Africa	Upper middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
77	Mexico	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure

#	Country	Region (World Bank)	Income Group (World Bank)	Data Source (IMF)	Expenditure Measure	Data Notes
						calculated as follows: public sector revenue - public sector overall balance
78	Moldova	Europe & Central Asia	Lower middle	Country Report - June 2010	General government	
79	Mongolia	East Asia & Pacific	Lower middle	Country Report - March 2010	General government	
80	Montenegro	Europe & Central Asia	Upper middle	Country Report - March 2010	General government	
81	Morocco	Middle East & North Africa	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
82	Mozambique	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
83	Namibia	Sub-Saharan Africa	Upper middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
84	Nepal	South Asia	Low	Country Report - May 2010	Central government	
85	Nicaragua	Latin America & Caribbean	Lower middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
86	Niger	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
87	Nigeria	Sub-Saharan Africa	Lower middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
88	Pakistan	South Asia	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	General government	
89	Palau	East Asia & Pacific	Upper middle	Country Report - April 2010	Central government	2010 data used (no 2011 forecast available)
90	Panama	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
91	Papua New Guinea	East Asia & Pacific	Lower middle	Country Report - May 2010	Central government	
92	Paraguay	Latin America & Caribbean	Lower middle	Country Report - May 2010	Central government	
93	Peru	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
94	Philippines	East Asia & Pacific	Lower middle	Country Report - January 2010	National government	2010 data used (no 2011 forecast available)
95	Romania	Europe & Central Asia	Upper middle	Country Report - June 2010	General government	
96	Russia	Europe & Central Asia	Upper middle	Country Report - July 2010	General government	
97	Rwanda	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
98	Samoa	East Asia & Pacific	Lower middle	Country Report - April 2010	Central government	
99	São Tomé & Príncipe	Sub-Saharan Africa	Lower middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
100	Senegal	Sub-Saharan Africa	Lower middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
101	Serbia	Europe & Central Asia	Upper middle	Country Report - June 2010	General government	
102	Seychelles	Sub-Saharan Africa	Upper middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
103	Sierra Leone	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
104	Solomon Islands	East Asia & Pacific	Low	Country Report - May 2010	Central government	

#	Country	Region (World Bank)	Income Group (World Bank)	Data Source (IMF)	Expenditure Measure	Data Notes
105	South Africa	Sub-Saharan Africa	Upper middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
106	Sri Lanka	South Asia	Lower middle	Country Report - October 2009	Central government	2010 data used (no 2011 forecast available)
107	St. Lucia	Latin America & Caribbean	Upper middle	Country Report - February 2010	Central government	
108	Sudan	Sub-Saharan Africa	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
109	Suriname	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	Central government	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
110	Swaziland	Sub-Saharan Africa	Lower middle	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
111	Syria	Middle East & North Africa	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	General government	
112	Tajikistan	Europe & Central Asia	Low	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	General government	
113	Tanzania	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
114	Timor-Leste	East Asia & Pacific	Lower middle	Country Report - July 2009	Central government	All values expressed as a percentage of non-oil GDP
115	Togo	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
116	Tonga	East Asia & Pacific	Lower middle	Country Report - April 2010	Central government	
117	Tunisia	Middle East & North Africa	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	Central government	
118	Turkmenistan	Europe & Central Asia	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	State government	
119	Uganda	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
120	Ukraine	Europe & Central Asia	Lower middle	Country Report - July 2010	General government	
121	Uruguay	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	General government	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
122	Uzbekistan	Europe & Central Asia	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	General government	
123	Venezuela	Latin America & Caribbean	Upper middle	REO: Western Hemisphere (May 2010), p. 60	Public sector	Total government expenditure calculated as follows: public sector revenue - public sector overall balance
124	Yemen	Middle East & North Africa	Lower middle	REO: Middle East and Central Asia (May 2010), pp. 54, 55, 57	General government	
125	Zambia	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	
126	Zimbabwe	Sub-Saharan Africa	Low	REO: Sub-Saharan Africa (April 2010), pp. 73-76	Central government	Data based on IMF staff estimates of price and exchange rate developments in U.S. dollars

Appendix II: IMF Country Reports Reviewed

Overall, 93 countries were analyzed to develop Table 6: Selected Adjustment Measures Commonly Considered, 2009-10. The identification of possible adjustment measures considered by governments is inferred from policy discussions 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 Programmes). All country reports included in the sample were approved between July 2009 and July 2010. The complete list, along with approval date and specific report type, is provided below.

#	Country	Date	Report Type
1	Albania	23-Apr-10	Staff Report for the 2010 Article IV Consultation
2	Algeria	16-Dec-09	2009 Article IV Consultation
3	Angola	26-Apr-10	First Review under the Stand-By Arrangement and Request for a Modification of a Performance Criterion
4	Armenia	11-Jun-10	Request for Three-Year Arrangements under the Extended Fund Facility and Extended Credit Facility, and Cancellation of the Stand-By Arrangement
5	Azerbaijan	19-Apr-10	2009 Article IV Consultation
6	Bangladesh	23-Dec-09	2009 Article IV Consultation
7	Belarus	15-Mar-10	Fourth Review Under the Stand-By Arrangement
8	Benin	27-May-10	2010 Article IV Consultation and Request for a Three-Year Arrangement Under the Extended Credit Facility—Staff Report; Staff Supplements and Staff Statement; Public Information Notice and Press Release on the Executive Board Discussion; and Statement by the Executive Director
9	Bhutan	7-Dec-09	2009 Article IV Consultation
10	Bolivia	23-Dec-09	2009 Article IV Consultation
11	Bosnia & Herzegovina	8-Mar-10	Staff Report for the First Review Under the Stand-By Arrangement
12	Botswana	2-Jul-10	Staff Report for the 2009 Article IV Consultation
13	Bulgaria	12-Apr-10	2010 Article IV Consultation—Staff Report; Staff Supplement; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Bulgaria
14	Burkina Faso	1-Jun-10	Request for a Three-Year Arrangement Under the Extended Credit Facility
15	Burundi	26-Jan-10	Third Review Under the Three-Year Arrangement Under the Extended Credit Facility
16	Cambodia	30-Oct-09	2009 Article IV Consultation
17	Cape Verde	21-Jun-10	Eight Review Under the Policy Support Instrument—Staff Report; Press Release
18	Central African Republic	18-Nov-09	Staff Report for the 2009 Article IV Consultation and Fifth Review Under the Arrangement Under the Poverty Reduction and Growth Facility, Requests for Waiver of Nonobservance and Modification of Performance Criteria, and Financing Assurances Review
19	Chad	1-Jun-10	2010 Article IV Consultation—Staff Report; Staff Supplements; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Chad
20	Chile	8-Jul-09	2009 Article IV Consultation
21	Colombia	22-Apr-10	Arrangement Under the Flexible Credit Line and Cancellation of the Current Arrangement

#	Country	Date	Report Type
22	Comoros	28-Aug-09	Assessment of Performance Under the Programme Supported by the Emergency Post-Conflict Assistance and Request for a Three-Year Arrangement Under the Poverty Reduction and Growth Facility
23	Congo, Dem. Rep.	5-Jan-10	Staff Report for the 2009 Article IV Consultation, Request for a Three-Year Arrangement Under the Poverty Reduction and Growth Facility, and Request for Additional Interim Assistance Under the Enhanced Initiative for Heavily Indebted Poor Countries
24	Costa Rica	14-May-10	Third and Final Review Under the Stand-By Arrangement
25	Côte d'Ivoire	24-Jun-10	Second Review Under the Three-Year Arrangement Under the Extended Credit Facility, Request for Waivers of Nonobservance of Performance Criteria, and Financing Assurances Review—Staff Report; Staff Statement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Côte d'Ivoire
26	Dominica	27-Apr-10	2010 Article IV Consultation - Staff Report; Staff Supplement and Public Information Notice on the Executive Board Discussion
27	Dominican Republic	26-Oct-09	Staff Report for 2009 Article IV Consultation and Request for a Stand-By Arrangement; Supplement to the Staff Report and Staff Statement; Public Information Notice and Press Release on Executive Board Discussion
28	Egypt	9-Mar-10	2010 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for the Arab Republic of Egypt
29	El Salvador	2-Mar-10	Request for a Stand-By Arrangement and Cancellation of Current Arrangement
30	Ethiopia	26-May-10	2010 Article IV Consultation and First Review of the Arrangement under the Exogenous Shocks Facility—Staff Report; Staff Supplements; and Press Release on the Executive Board Discussion.
31	Fiji	22-Dec-09	2009 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by Executive Director
32	Georgia	24-Jun-10	Sixth Review Under the Stand-By Arrangement and Requests for Modification of Performance Criteria, Waiver of Nonobservance of Performance Criterion, Waiver of Applicability of Performance Criterion, and Rephasing of Purchase—Staff Report; Staff Statement; Press Release on the Executive Board Discussion; and Statement by Executive Director
33	Ghana	14-May-10	Combined First and Second Reviews Under the Arrangement Under the Extended Credit Facility, Request for Waiver of Nonobservance of Performance Criteria, Modification of Performance Criteria and Rephasing of Disbursements—Staff Report; Staff Statement and Supplement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Ghana
34	Grenada	25-Mar-10	Fifth Review Under the Extended Credit Facility, Request for Waivers of Nonobservance of Performance Criteria and Request for a Three-Year Arrangement Under Extended Credit Facility, and Financing Assurance Review
35	Guatemala	2-Jun-10	Third Review Under the Stand-By Arrangement—Staff Report; Staff Statement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Guatemala.
36	Guinea-Bissau	24-Mar-10	2010 Article IV Consultation and Request for a Three-Year Arrangement Under the Extended Credit Facility and for Additional Interim Assistance Under the Enhanced Heavily Indebted Poor Countries Initiative

#	Country	Date	Report Type
37	Haiti	22-Jan-10	Sixth Review Under the Extended Credit Facility, Request for Waiver of Performance Criterion, and Augmentation of Access
38	India	11-Jan-10	2009 Article IV Consultation
39	Iran	11-Jan-10	2009 Article IV Consultation
40	Iraq	16-Feb-10	Staff Report for the 2009 Article IV Consultation and Request for Stand-By Arrangement
41	Kenya	7-Dec-09	Staff Report for the 2009 Article IV Consultation
42	Lesotho	17-May-10	Request for a Three-Year Arrangement Extended Fund Facility Arrangement—Staff Report; Staff Supplement; Press Release on the Executive Board Discussion; Statement by the Executive Director for the Kingdom of Lesotho
43	Liberia	7-Jun-10	Fourth Review Under the Three–Year Arrangement Under the Extended Credit Facility, Request for Modification of Performance Criteria, and Financing Assurances Review—Staff Report; Informational Annex; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Liberia
44	Libya	20-Jul-09	2009 Article IV Consultation
45	Lithuania	6-Jul-10	2010 Article IV Consultation - Staff Report; Staff Supplement; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Lithuania
46	Malawi	4-Feb-10	Staff Report for 2009 Article IV Consultation and Request for a Three-Year Arrangement Under the Extended Credit Facility
47	Malaysia	1-Jul-09	2009 Article IV Consultation
48	Maldives	17-Mar-10	First Review Under the Stand-By Arrangement and the 24-Month Arrangement Under the Exogenous Shocks Facility and Requests for Waivers of Nonobservance of Performance Criteria and Modification of Performance Criterion—Staff Report; Press Release on the Executive Board Discussion; and Statement by Executive Director for Maldives
49	Mali	28-Dec-09	Third Review Under the Three-Year Arrangement Under the Extended Credit Facility and Request for a Modification of Performance Criteria
50	Marshall Islands	15-Jan-10	2009 Article IV Consultation
51	Mauritania	26-Feb-10	2009 Article IV Consultation and Request for a Three-Year Arrangement Under the Extended Credit Facility—Staff Report; Public Information Notice and Press Release on the Executive Board Discussion; and Statement by Executive Director for the Islamic Republic of Mauritania
52	Mauritius	28-Dec-09	2009 Article IV Consultation
53	Mexico	1-Mar-10	2009 Article IV Consultation
54	Moldova	30-Jun-10	2010 Article IV Consultation and Staff Report for the 2010 Article IV Consultation, First Reviews Under the Extended Arrangement and Under the Three-Year Arrangement Under the Extended Credit Facility, and Request for Modification of a Performance Criterion - Staff Report; Staff Statement and Supplement; Public Information Notice and Press Release on the Executive Board Discussion; and Statement by the Executive Director for the Republic of Moldova.
55	Mongolia	3-Mar-10	Fourth Review under the Stand-By Arrangement and Request for Modification of Performance Criteria
56	Montenegro	24-Mar-10	2010 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by Executive Director
57	Morocco	23-Dec-09	2009 Article IV Consultation

#	Country	Date	Report Type
58	Mozambique	27-May-10	Sixth Review Under the Policy Support Instrument, Second Review Under the Arrangement Under the Exogenous Shocks Facility, and Request for a Three-Year Policy Support Instrument—Staff Report; Staff Supplement; Press Release on the Executive Board Discussion
59	Nepal	14-May-10	2010 Article IV Consultation and Request for Disbursement Under the Rapid Credit Facility—Staff Report; Staff Supplements; Public Information Notice on the Executive Board Discussion; Press Release on the Executive Board Discussion; and Statement by the Alternate Executive Director
60	Nigeria	22-Jan-10	Third Review Under the Three-Year Arrangement Under the Extended Credit Facility — Staff Report; Supplement; Press Release on Executive Board Discussion; and Statement by Executive Director for Niger
61	Pakistan	3-May-10	Fourth Review Under the Stand-By Arrangement, Requests for Waivers of Performance Criteria, Modification of Performance Criteria, and Rephasing of Access—Staff Report; Staff Statement and Supplement; Press Release on the Executive Board Discussion; and Statement by Executive Director
62	Palau	12-Apr-10	2010 Article IV Consultation—Staff Report; a Public Information Notice; and a Statement by the Executive Director of the Republic of Palau on the Executive Board Discussion
63	Papua New Guinea	4-May-10	2010 Article IV Consultation—Staff Report and Public Information Notice
64	Paraguay	21-May-10	2010 Article IV Consultation—Staff Report; Staff Supplement; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Paraguay
65	Peru	26-Mar-10	Staff Report for the 2010 Article IV Consultation
66	Philippines	4-Jan-10	2009 Article IV Consultation
67	Republic of Congo	12-Nov-09	Second Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility
68	Romania	16-Jun-10	Staff Report for the 2010 Article IV Consultation, Fourth Review Under the Stand-By Arrangement, and Requests for Modification and Waiver of Nonobservance of Performance Criteria—Staff Report; Staff Supplement; Public Information Notice and Press Release on Executive Board Discussion; Statement by Executive Director for Romania
69	Russian Federation	9-Jul-10	2010 Article IV Consultation - Staff Report; and Public Information Notice on the Executive Board Discussion
70	Rwanda	28-May-10	Request for a Three-Year Policy Support Instrument—Staff Report; Staff Supplement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Rwanda
71	Samoa	22-Apr-10	2010 Article IV Consultation—Staff Report; Joint World Bank/IMF Debt Sustainability Analysis; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Samoa
72	São Tomé and Principe	3-Feb-10	First Review Under the Three-Year Arrangement Under the Extended Credit Facility, and Request for Waivers of Performance Criteria
73	Senegal	7-May-10	Staff Report for the 2010 Article IV Consultation, Fifth Review Under the Policy Support Instrument, Third Review Under the Exogenous Shocks Facility, Request for Waiver of Nonobservance of Performance Criterion, and Modification of Assessment Criterion—Staff Report; Debt Sustainability Analysis; Press Release; Executive Director Statement; Public Information Notice
74	Serbia	11-Jun-10	Fourth Review Under the Stand-By Arrangement and Requests for Waiver of Non-Observance of End-March Performance Criterion and Modification of End-June Performance Criteria.

#	Country	Date	Report Type
75	Seychelles	15-Jun-10	First Review Under the Extended Arrangement, Request for Modification of Performance Criteria, and Financing Assurances Review—Staff Report; Staff Supplement; and Press Release
76	Sierra Leone	19-May-10	Sixth Review Under the Arrangement Under the Extended Credit Facility, Request for Waiver for Nonobservance of a Performance Criterion, Request for a Three-Year Arrangement Under the Extended Credit Facility, and Financing Assurances Review—Staff Report; Press Release on the Executive Board Discussion; and Statement by Executive Director
77	Solomon Islands	21-May-10	Request for an Arrangement Under the Standby Credit Facility—Staff Report; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Solomon Islands
78	South Africa	20-Jul-09	2009 Article IV Consultation
79	Sri Lanka	17-Jul-09	Request for Stand-By Arrangement
80	St. Lucia	1-Feb-10	Staff Report for the 2010 Article IV Consultation
81	Suriname	22-Dec-09	2009 Article IV Consultation
82	Syria	12-Feb-10	2009 Article IV Consultation
83	Tajikistan	21-May-10	First and Second Review Under the Three-Year Arrangement Under the Extended Credit Facility, Request for Waiver of Performance Criteria, and Request for Augmentation of the Arrangement—Staff Report; Staff Statement; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Tajikistan
84	Tanzania	18-May-10	Seventh Review Under the Policy Support Instrument, Second Review Under the Exogenous Shocks Facility, and Request for a New Three-Year Policy Support Instrument—Staff Report; Staff Supplement; Press Release on Executive Board Discussion; Statement by Executive Director
85	The Gambia	21-Jan-10	Sixth Review Under the Arrangement Under the Extended Credit Facility and Request for Extension and Augmentation of the Arrangement, and Waiver of Nonobservance of Performance Criterion
86	Timor-Leste	8-Jul-09	2009 Article IV Consultation
87	Togo	10-Jun-10	Fourth Review Under the Three-Year Arrangement Under the Extended Credit Facility and Requests for Waivers of Performance Criteria and Augmentation of Access—Staff Report; Staff Statement; Press Release on the Executive Board Discussion; and Statement by the Executive Director
88	Tonga	21-Apr-10	2010 Article IV Consultation—Staff Report, Staff Supplement, and Public Information Notice on the Executive Board Discussion
89	Tunisia	30-Jul-09	2009 Article IV Consultation
90	Uganda	27-Apr-10	Seventh Review Under the Policy Support Instrument, Request for a New Policy Support Instrument and Cancellation of Current Policy Support Instrument—Staff Report; Staff Supplements; Press Release on the Executive Board Discussion; and Statement by the Executive Director
91	Ukraine	23-Jul-09	Second Review Under the Stand-By Arrangement and Request for Modification of Performance Criteria
92	Zambia	10-Jun-10	Fourth Review Under the Three-Year Arrangement Under the Extended Credit Facility, Requests for Waiver of Nonobservance of Performance Criteria and Modification of Performance Criteria, and Financing Assurances Review
93	Zimbabwe	29-Apr-10	2010 Article IV Consultation—Staff Report; Staff Supplement; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Zimbabwe

Appendix III: Projected Change in Total Government Expenditure

(in percent of GDP, 2010-11 average over 2008-09 average)

Country	Total Government Expenditure (% of GDP)				Change in Expenditure
	2008	2009	2010	2011	
Timor-Leste	106.0	101.0	94.0	81.0	-16.0
São Tomé and Príncipe	54.6	53.0	46.5	42.0	-9.6
Maldives	63.1	59.3	55.4	51.7	-7.7
Angola	41.6	42.9	36.3	33.7	-7.3
Antigua and Barbuda	30.0	38.8	28.8	27.3	-6.3
Yemen	41.2	35.2	33.4	31.3	-5.9
Belarus	49.6	46.6	42.9	41.9	-5.7
Marshall Islands	70.6	68.1	64.9	63.3	-5.3
Jamaica	33.0	38.3	32.8	29.1	-4.7
Congo (Republic of)	23.8	24.8	20.9	18.5	-4.6
Grenada	34.5	35.1	31.1	29.5	-4.5
Jordan	36.9	36.6	32.1	32.7	-4.3
Eritrea	42.1	30.4	34.1	31.0	-3.7
Papua New Guinea	30.0	35.7	29.5	28.8	-3.7
Swaziland	38.7	42.6	38.6	35.6	-3.6
Egypt	35.6	34.8	32.2	31.4	-3.4
Iraq	82.6	99.0	94.5	80.5	-3.3
Ghana	42.0	37.2	39.0	33.8	-3.2
Comoros	26.0	24.1	22.0	22.2	-3.0
Georgia	37.0	38.5	36.5	33.2	-2.9
Mongolia	41.0	38.3	38.5	35.0	-2.9
Djibouti	40.6	41.6	39.2	37.4	-2.8
Azerbaijan	31.1	34.8	30.0	30.7	-2.6
Chad	23.4	30.6	25.6	23.2	-2.6
Zambia	23.8	22.9	21.8	20.2	-2.4
Madagascar	18.7	15.4	13.4	16.3	-2.2
Albania	32.3	33.4	30.3	31.1	-2.1
Bosnia and Herzegovina	50.3	49.4	48.8	47.2	-1.8
Iran	27.0	27.1	25.9	24.6	-1.8
Niger	22.8	24.2	21.3	22.2	-1.8
Palau	43.1	44.8	42.4	…	-1.6
Serbia	44.5	43.6	43.4	41.6	-1.6
Mauritania	30.6	30.6	30.5	27.9	-1.4
Dominica	45.3	46.0	45.1	43.4	-1.4
Pakistan	22.2	19.3	19.5	19.3	-1.4
Tanzania	27.9	29.4	27.5	27.3	-1.3
Romania	37.0	39.2	38.5	35.3	-1.2
Dominican Republic	19.0	17.1	17.1	16.9	-1.1
Mexico	24.4	27.1	25.1	24.5	-1.0
Sri Lanka	22.6	22.3	21.5	…	-1.0
Ukraine	47.3	48.5	48.3	45.8	-0.9
Libya	39.3	55.4	47.0	46.1	-0.8
Seychelles	33.2	34.4	32.8	33.4	-0.7
Algeria	39.1	45.4	42.3	41.0	-0.6

Appendix III (cont). Projected Change in Total Government Expenditure

(in percent of GDP, 2010-11 average over 2008-09 average)

Country	Total Government Expenditure (% of GDP)				Change in Expenditure
	2008	2009	2010	2011	
Uganda	18.6	18.0	17.3	18.2	-0.6
Senegal	26.5	27.0	26.3	26.1	-0.5
Morocco	29.6	28.7	29.1	28.5	-0.4
Tunisia	27.3	27.8	27.6	26.9	-0.3
Suriname	25.5	33.0	30.7	27.2	-0.3
Brazil	37.9	39.5	38.1	38.8	-0.3
Malawi	39.4	37.1	40.1	35.9	-0.3
Tajikistan	28.0	28.6	28.5	27.7	-0.2
Bangladesh	15.9	14.1	14.8	14.8	-0.2
Guinea	17.4	24.0	20.9	20.4	-0.1
Cameroon	19.6	18.4	19.3	18.6	0.0
Sudan	23.2	20.4	21.5	22.0	0.0
Rwanda	24.8	25.9	25.0	25.8	0.0
Colombia	26.7	29.8	28.2	28.5	0.1
Guatemala	13.6	14.4	14.3	14.0	0.2
Armenia	22.5	31.7	29.1	25.5	0.2
Bolivia	36.1	32.4	34.6	34.5	0.3
Peru	24.5	25.7	25.7	25.1	0.3
Philippines	17.3	19.1	18.5	…	0.3
Uruguay	29.2	30.6	30.2	30.4	0.4
Chile	23.1	26.6	25.9	24.8	0.5
Lesotho	59.1	69.1	66.9	62.3	0.5
Burkina Faso	21.2	24.1	23.1	23.3	0.6
Montenegro	48.8	46.4	48.9	47.4	0.6
Syria	22.1	27.3	25.8	24.9	0.6
Fiji	25.0	26.0	26.4	25.9	0.7
Malaysia	26.2	30.3	29.4	28.6	0.8
Macedonia	34.5	34.3	35.7	34.7	0.8
Guyana	30.6	32.1	32.4	32.4	1.1
Moldova	41.6	45.5	45.1	44.1	1.1
Ecuador	34.3	33.3	35.1	34.8	1.2
Sierra Leone	20.7	22.7	22.8	23.0	1.2
China	20.0	23.0	23.0	22.5	1.3
Mali	21.2	26.0	25.3	24.4	1.3
Panama	25.5	25.8	26.8	27.0	1.3
Honduras	28.0	29.4	29.8	30.3	1.4
South Africa	29.8	33.0	33.2	32.3	1.4
Guinea-Bissau	21.0	22.5	23.9	22.5	1.5
Russian Federation	34.3	40.6	39.8	38.0	1.5
Kenya	26.8	28.3	29.4	28.7	1.5
El Salvador	20.0	21.7	22.6	22.3	1.6
Argentina	33.7	37.8	37.3	37.5	1.7
Côte d'Ivoire	21.1	21.1	22.3	23.2	1.7

Appendix III (cont). Projected Change in Total Government Expenditure

(in percent of GDP, 2010-11 average over 2008-09 average)

Country	Total Government Expenditure (% of GDP)				Change in Expenditure
	2008	2009	2010	2011	
India	15.2	16.8	17.7	…	1.7
Gambia	22.2	27.3	26.6	26.3	1.7
Belize	28.0	29.2	30.4	30.3	1.8
Bulgaria	36.5	37.1	38.8	38.4	1.8
Botswana	35.5	42.4	41.6	40.0	1.8
Central African Republic	16.7	15.8	18.9	17.3	1.9
Costa Rica	16.1	17.7	18.7	18.9	1.9
Cambodia	14.8	18.8	19.0	18.5	2.0
Namibia	27.8	30.0	30.6	31.1	2.0
Lithuania	37.4	43.2	41.8	42.8	2.0
Mauritius	21.9	25.1	26.0	25.0	2.0
Nigeria	29.2	29.5	34.2	28.5	2.0
Paraguay	14.8	19.1	19.0	19.2	2.2
Kazakhstan	26.8	24.8	28.1	27.9	2.2
Burundi	44.2	46.9	48.3	47.3	2.3
Togo	19.5	24.6	24.2	24.9	2.5
Ethiopia	18.9	17.2	20.2	20.9	2.5
Uzbekistan	30.0	34.2	35.7	33.6	2.6
Venezuela	33.4	32.0	35.2	35.4	2.6
Lebanon	34.0	33.7	36.4	37.4	3.1
Benin	21.2	24.7	26.4	25.8	3.2
Afghanistan	19.3	20.0	22.3	23.4	3.2
Mozambique	27.9	32.9	31.9	35.4	3.3
Turkmenistan	12.3	15.6	17.8	16.9	3.4
Nicaragua	30.9	33.5	35.9	37.1	4.3
Kyrgyz Republic	29.3	37.0	38.2	36.9	4.4
Bhutan	34.6	33.7	39.8	38.3	4.9
Solomon Islands	45.5	43.1	49.4	49.0	4.9
Kosovo	24.7	30.5	32.3	33.0	5.1
Nepal	17.4	17.2	22.4	22.8	5.3
Gabon	20.2	24.9	28.6	27.6	5.6
St. Lucia	30.9	35.8	38.9	36.8	5.6
Tonga	24.7	27.3	29.2	34.3	5.8
Cape Verde	31.1	30.9	38.8	40.0	8.4
Liberia	27.1	28.6	37.3	35.5	8.6
Haiti	18.2	22.3	27.3	32.4	9.6
Samoa	32.7	35.9	49.2	43.2	11.9
Congo (Democratic Republic)	23.0	25.7	37.2	36.2	12.4
Zimbabwe	6.5	23.9	33.7	30.4	16.9

Sources: UNICEF staff calculations based on the IMF's REO publications (April- May 2010) and country reports (July 2009-July 2010). See Appendix I for complete details.

Appendix IV: Projected Growth of Real Government Expenditure

(2010-11 average over 2008-09 average)

Country	Projected Growth	Country	Projected Growth	Country	Projected Growth
Antigua and Barbuda	-22.1	Bulgaria	2.8	Solomon Islands	12.5
Jamaica	-15.6	Iraq	2.9	Malawi	12.5
Grenada	-14.8	Sri Lanka	2.9	Sierra Leone	12.7
Madagascar	-14.5	Mongolia	3.0	Kazakhstan	13.7
São Tomé and Príncipe	-12.7	Botswana	3.5	Côte d'Ivoire	14.9
Angola	-12.5	Moldova	4.0	Guinea-Bissau	15.5
Chad	-9.6	Mauritania	4.1	Burundi	15.6
Palau	-9.5	Algeria	4.5	Panama	15.7
Georgia	-9.0	Lesotho	4.5	St. Lucia	15.8
Papua New Guinea	-9.0	Philippines	4.6	Nicaragua	16.1
Eritrea	-8.9	Russian Federation	4.8	Chile	16.4
Belarus	-7.8	Colombia	4.9	Gambia	17.3
Swaziland	-7.3	Senegal	5.2	Cambodia	17.6
Comoros	-6.7	Tanzania	5.5	Nigeria	17.6
Armenia	-6.6	Tunisia	5.7	Togo	17.9
Maldives	-6.5	Malaysia	6.0	Mali	18.6
Marshall Islands	-6.4	Fiji	6.0	Costa Rica	18.7
Romania	-6.0	Honduras	6.2	Central African Republic	19.3
Iran	-4.9	Guatemala	6.4	Mauritius	20.4
Egypt	-4.8	Suriname	6.6	Benin	20.5
Jordan	-3.1	Belize	6.7	Paraguay	20.9
Ukraine	-2.4	Brazil	6.8	Bhutan	21.6
Lithuania	-2.3	Bolivia	6.8	China	21.6
Seychelles	-1.9	Morocco	6.9	Tajikistan	21.9
Niger	-1.5	Venezuela	7.7	Kyrgyz Republic	23.8
Bosnia and Herzegovina	-1.5	Bangladesh	7.7	Lebanon	24.0
Albania	-1.3	Macedonia	7.7	Tonga	24.1
Serbia	-1.2	Ecuador	8.4	Mozambique	26.0
Montenegro	-1.0	Uganda	8.5	Argentina	26.0
Yemen	-0.7	El Salvador	9.4	Ethiopia	27.8
Dominica	-0.5	Ghana	9.8	Samoa	28.3
Congo (Republic of)	0.6	Sudan	10.6	Kosovo	28.8
Azerbaijan	0.8	Namibia	10.8	Gabon	29.1
Mexico	0.8	South Africa	10.8	Uzbekistan	31.1
Pakistan	1.0	Syria	11.1	Liberia	33.3
Timor-Leste	1.1	Rwanda	11.3	Cape Verde	38.4
Dominican Republic	1.4	India	11.5	Nepal	40.4
Guinea	2.0	Peru	11.5	Afghanistan	48.6
Cameroon	2.0	Burkina Faso	11.7	Haiti	48.6
Djibouti	2.3	Uruguay	11.7	Zimbabwe	50.6
Zambia	2.3	Kenya	12.1	Turkmenistan	58.1
Libya	2.4	Guyana	12.2	Congo (Democratic Rep.)	60.9

Sources: UNICEF staff calculations based on the IMF's REO publications (April-May 2010) and country reports (July 2009-July 2010). See Appendix I for complete details.

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