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Social Spending Targets in IMF-Supported Programs in Sub-Saharan Africa

Prepared by an IMF team led by Frederic Lambert, composed of Ghislain Afavi, Vaishali Ashtakala, Irena Jankulov Suljagic, Pedro Juca Maciel, Myrto Oikonomou, Johanna Tiedemann, Luc Tucker, and Arina Viseth.

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Contents

Executive Summary v

Acronyms and Abbreviations vi

1. Introduction 1

2. Social Spending Targets in Sub-Saharan Africa 3
A. More Programs with Social Spending Targets 3
B. Mostly Indicative Targets 4
C. Growing Coverage of Social Protection 4
D. Increasingly Specific Target Definitions 5
E. Relatively "Ambitious" Targets 8

3. The Effect of Social Spending Targets 14
A. High Target Completion Rate 14
B. No Decline in Health and Education Spending Over the Course of IMF-Supported Programs 15
C. Targets Are Effective at Protecting Social Spending during Fiscal Consolidations 18
D. Some Evidence Suggests That Education and Health Outcomes in Sub-Saharan Africa Have Improved during IMF Programs with Social Spending Targets 20

4. Conclusion 24

Annex 1. Data Sources and Measurements 25

Annex 2. Data Sample 26

Annex 3. Model Specification 27

References 28

BOXES

Box 1. Nonspecific Versus Specific Social Spending Targets 7
Box 2. Social Spending Targets in IMF-Supported Programs with Rwanda 10
Box 3. Increasing Social Spending and Supporting Inclusive Growth in Côte d'Ivoire 11

FIGURES

Figure 1. Additional Spending Required by 2030 to Meet Sustainable Development Goals 1
Figure 2. IMF Programs with Social Spending Targets 3
Figure 3. Coverage of Social Spending Targets in New Programs, 2002–24 5
Figure 4. Definition of Social Spending Targets 6
Figure 5. Social Spending Targets Ambition 9

Figure 6. Target Completion Rate, 2002–24 14
Figure 7. Completion Rates for Social Spending and Fiscal Revenue ITs in Sub-Saharan African Programs 15
Figure 8. Public Spending on Health and Education during IMF-Supported Programs (Excluding Pandemic Years 2020–21) 16
Figure 9. Effect of IMF-Supported Programs in Sub-Saharan Africa on Social Spending over 2002–23 (Excluding Pandemic Years 2020–21) 17
Figure 10. Changes in Social Spending in IMF-Supported Programs in Sub-Saharan Africa by Fiscal Consolidation Effort over 2002–23 (Excluding Pandemic Years 2020–21) 19
Figure 11. Effect of Fiscal Consolidation on Social Spending during IMF-Supported Programs in Sub-Saharan Africa over 2002–23, Excluding Pandemic Years (2020–21) 20
Figure 12. Education Outcomes in Sub-Saharan Africa before and after IMF-Supported Programs with Education Spending Targets Since 2003 21
Figure 13. Health Outcomes in Sub-Saharan Africa before and after IMF-Supported Programs with Health Spending Targets Since 2003 22
Box Figure 2.1. Real GDP Index 10
Box Figure 2.2. Rwanda: Poverty Rate 10
Box Figure 2.3. Rwanda: Recurrent Priority Spending, 2002 10
Box Figure 3.1. Côte d’Ivoire: Social Spending Targets and Outturns (CFAF billions) 11
Box Figure 3.2. Côte d’Ivoire: Social Spending in Health and Education 13

TABLES

Annex Table 2.1. Number of Arrangements by Region and Financing Type, 2002–24 26
Annex Table 2.2. Social Spending Targets and Revisions, 2002–24 26
Annex Table 2.3. Distribution Changes of Fiscal Balance and Social Spending (Percentage Points) 26
Box Table 3.1. Côte d’Ivoire: Targets Definitions in the 2023 IMF-Supported Program 12

Executive Summary

This paper analyzes the development and effect of social spending targets in IMF-supported programs across sub-Saharan Africa from 2002 to 2024. This is a topic that warrants close attention, given that boosting social spending is a crucial part of development strategies across many countries. Meeting social spending targets would represent an important first step toward achieving the Sustainable Development Goals and addressing the needs of vulnerable populations.

As part of IMF-supported programs, many sub-Saharan African countries have adopted social spending targets. Since 2002, 37 out of 45 sub-Saharan African countries have engaged in IMF-supported programs. The introduction of a requirement in 2009 for programs supported by the Poverty Reduction and Growth Trust to include social spending targets has led to an increase in the use of social spending floors as part of program conditionality, with 89 percent of programs including such targets since 2010.

There is no uniform definition of social spending because classifications reflect country-specific arrangements and priorities, and social spending targets are also tailored to individual country circumstances. The absence of a uniform definition complicates international comparisons. It is nonetheless possible to examine the broad categories of social spending and how they evolve over time, including by making use of the detailed definitions of targets outlined in the technical documentation about IMF programs.

The type of social spending targets typically used in sub-Saharan Africa has evolved since 2002. Social spending floors initially focused on education and health but have since expanded to include social protection measures. Although social spending targets were typically based on broader definitions in earlier years, there has been a trend toward setting minimum thresholds for specific parts of social spending more recently, possibly reflecting progress in public financial management and countries' growing ability to track and monitor specific social programs. Over the period, social spending targets have predominantly taken the form of indicative targets rather than quantitative performance criteria, allowing for more flexibility.

Social spending targets are found to be set at ambitious levels in sub-Saharan Africa relative to other regions, but the completion rate is nonetheless high. As a share of tax revenues, the median social spending target in sub-Saharan Africa is higher than in all other regions except Europe, although the average target level has declined somewhat because more programs have focused on specific aspects of social spending. Despite ambitious targets in sub-Saharan African countries, completion rates compare favorably with other regions and with other types of fiscal conditionality. The high completion rate is not found to be because of targets being adjusted downward after the initial program agreement, which only happens in a small number of cases.

Although many IMF-supported programs in sub-Saharan African countries since 2002 have prescribed some form of fiscal consolidation, results suggest that social spending has generally been protected from wider spending cuts. Before and after comparisons show that health and education spending tend to rise during programs. The rise in health and education spending during IMF-supported programs is found to be more pronounced in sub-Saharan Africa than in most other regions, and the increase is also larger on average during programs including a social spending target, compared with programs where there is no social spending target. There is no evidence that in the presence of social spending targets, fiscal consolidations under IMF programs resulted in social spending cuts.

Although tentative evidence suggests that school enrollment rates increase and infant mortality decreases in the two years after social spending targets are implemented, these findings suffer from a lack of regularly updated data on education and health outcomes.

Acronyms and Abbreviations

CI	Confidence interval
GRA	General Resources Account
IT	Indicative target
MONA	Monitoring of Fund Arrangements database
PCI	Policy Coordination Instrument
PRGT	Poverty Reduction and Growth Trust
QPC	Quantitative performance criterion
RCF	Rapid Credit Facility
RFI	Rapid Financing Instrument
SMP	Staff-Monitored Program

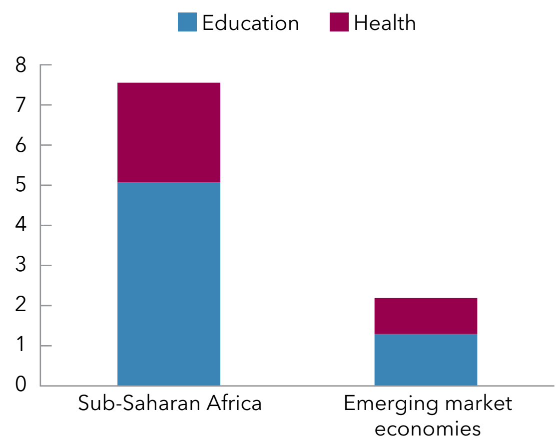
1. Introduction

Social spending is an important channel of support to the most vulnerable members of society. This paper defines social spending as on-budget government spending on health and education, as well as spending on social protection, which comprises both social insurance programs to protect households from adverse shocks and social assistance programs to alleviate poverty (IMF 2019a, 2024). Social spending is thus an important policy tool to promote human capital accumulation, foster inclusive growth, reduce inequality, protect vulnerable households during structural changes, and stabilize consumption during economic shocks.

Social spending is generally below desirable levels in sub-Saharan Africa. Although social spending is found to be crucial for promoting human capital accumulation and driving inclusive and sustainable future growth (World Bank 2023, 2025a, 2025b), sub-Saharan African countries often face significant financing constraints, leaving them heavily reliant on limited external funding sources. Previous analysis has found that spending on health, education, and social protection has, therefore, fallen well short of the levels required in sub-Saharan Africa, particularly given the large spending needs in those countries (MacDonald 2007; Ooms and Hammonds 2009; Stubbs and others 2017). Closing the health and education gaps in sub-Saharan Africa to achieve Sustainable Development Goals would require additional spending of almost 8 percentage points of GDP on average by 2030 (Figure 1; IMF 2019a).

Figure 1. Additional Spending Required by 2030 to Meet Sustainable Development Goals

(In percent of 2030 GDP, GDP weighted averages)



Sources: Gaspar and others (2019); and IMF (2021).

IMF-supported programs often include a commitment by country authorities to protect or increase social spending. This commitment usually takes the form of spending targets. In programs with low-income and fragile countries, IMF policy stipulates that "social and other priority spending should be safeguarded—and, whenever appropriate, increased" and that "this should be monitored through explicit program targets wherever possible" (IMF 2009b). The "target" vocable refers to program conditionality, that is, conditions designed to ensure that the program achieves its objective to prevent a decline in social spending under challenging macroeconomic conditions or help improve social spending adequacy.[1] It does not imply a determination of the ideal level of social spending or the level required to achieve Sustainable Development Goals.

Past research suggests the effectiveness of those targets varies across programs. Although several studies find evidence of significant and lasting increases in social spending in low-income countries during IMF-supported programs (Clements, Gupta, and Nozaki 2013; IMF 2019b; Gupta, Schena, and Yousefi 2020), others argue that program participation has actually lowered social spending (Stubbs and others 2020;

1 For the purpose of this paper, we define as social spending target any *quantitative* spending target (typically a spending floor) that covers social spending. As we discussed in Section 2, this may cover targets broadly referred to as "priority spending" targets. The paper focuses on quantitative performance criteria (QPCs) and indicative targets (ITs) and abstracts from an analysis of structural benchmarks.

Kentikelenis and Stubbs 2024). Moreover, the success of IMF-supported programs in safeguarding health and education spending depends on several factors including the design (for example, degree of emphasis on long-term structural expenditure, timeline), implementation, institutional capacity, and commitment of the country involved (IMF 2023; Hanedar and Munkacsi 2025). This paper aims to revisit those findings and to analyze the effect of social spending targets in sub-Saharan African countries specifically.

This paper first takes stock of social spending targets in IMF-supported programs in sub-Saharan African countries (Section 2) before discussing their effectiveness (Section 3). It concludes with some lessons for future program design (Section 4).

2. Social Spending Targets in Sub-Saharan Africa

A. More Programs with Social Spending Targets

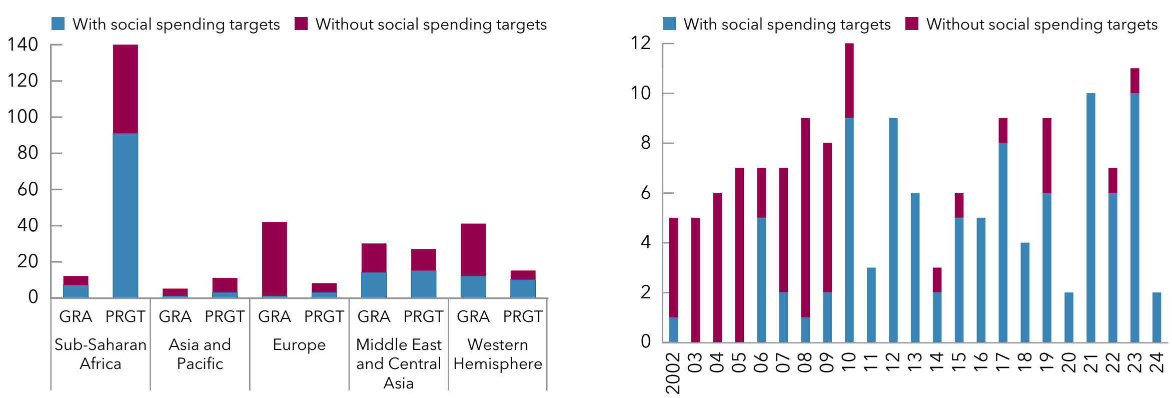
Since 2002, 37 of the 45 countries in sub-Saharan Africa have committed to IMF-supported programs, and many of those programs included social spending targets. Our database covers 152 programs with sub-Saharan African countries that were approved between January 2002 and September 2024, with 98 including social spending targets.[2] Initially very few programs included social spending conditionality (Figure 2). In 2009, however, the reform of the IMF's financial facilities for low-income countries created a requirement that programs supported by the Poverty Reduction and Growth Trust (PRGT) include targets to safeguard social and other priority spending whenever possible (IMF 2009a, 2009b). As a result, the share of sub-Saharan African programs approved with a social spending target has risen significantly since 2010, averaging 89 percent, higher than other regions such as Middle East and Central Asia (67 percent), Western Hemisphere (63 percent), Asia and Pacific (40 percent), and Europe (13 percent). In some cases, social spending targets were also introduced after program approval, during subsequent reviews.[3]

A few programs included two social spending targets. This is the case of three programs in sub-Saharan Africa: Liberia in 2008 (floor on social and other priority spending and floor on primary education and primary health care spending), Uganda in 2021 (social spending floor and floor on support to vulnerable households), and Côte d'Ivoire in 2023 (floor on targeted social spending and broader "pro-poor" spending target used in previous programs, reported as a memo item).

Figure 2. IMF Programs with Social Spending Targets

1. Number of New IMF-Supported Programs by Region, 2002–24

2. Number of New IMF-Supported Programs in Sub-Saharan African Countries 2002–24



Sources: MONA database; and authors' calculations.
Note: GRA = General Resources Account; PRGT = Poverty Reduction and Growth Trust.

[2] Data on IMF-supported programs are sourced from the Monitoring of Fund Arrangements (MONA) database, which includes information on quantitative and structural conditionality. The database covers all programs approved by the IMF Executive Board (that is, staff-monitored programs (SMPs) are not included) subject to ex ante or ex post conditionality, including precautionary facilities and nonfinancing instruments such as the Policy Coordination Instrument (PCI) and excluding urgent financing assistance under the Rapid Credit Facility (RCF) or the Rapid Financing Instrument (RFI).

[3] Social spending targets were introduced during reviews after program approval in the following arrangements: Benin 2010, Burundi 2008, Comoros 2009, Congo 2008, Djibouti 2008, Ghana 2003 and 2009, Liberia 2008, Mali 2008, Mongolia 2017, Niger 2008, Senegal 2007, Solomon Islands 2011, Tajikistan 2002, Tanzania 2010, Zambia 2008.

B. Mostly Indicative Targets

In sub-Saharan African IMF-supported programs, social spending targets have predominantly been included as "indicative targets (ITs)" rather than "quantitative performance criteria (QPCs)." ITs are generally more flexible than QPCs, offering a way to monitor progress in achieving program objectives in situations of high uncertainty and limited capacity, whereas QPCs identify specific, measurable conditions for IMF lending that relate to macroeconomic variables under the control of country authorities. Out of 152 new programs approved in sub-Saharan Africa between 2002 and 2024, 93 programs included social spending ITs, and 5 included social spending QPCs (Rwanda in 2002 and 2006, Chad in 2014, Senegal in 2020, Guinea-Bissau in 2023). QPCs on social spending are also relatively rare in non-sub-Saharan African countries (only 4 QPCs in 59 programs approved with quantitative social spending conditionality). Two programs—the one with Tunisia approved in 2016 and the one with Pakistan in 2019—initially started with a social spending IT that was later transformed into a QPC.

The emphasis on ITs for social spending is intended to promote adaptability, encourage progress, and enhance the effectiveness of programs while acknowledging country-specific circumstances. The flexible approach fosters countries' ownership and facilitates adaptation to changing circumstances and uncertainties. ITs serve as benchmarks for assessing a country's efforts in enhancing social welfare while recognizing the complexities of achieving social development goals. This flexibility is crucial in environments with limited capacity and data constraints.

C. Growing Coverage of Social Protection

Most social spending targets in sub-Saharan Africa cover education and health spending, and fewer targets include spending on social protection.[4] Coverage of health and education is higher in sub-Saharan Africa than in all other regions. Almost 90 percent of sub-Saharan African social spending targets reference education or health spending, whereas only about half of the sub-Saharan African targets reference social protection spending[5] (Figure 3, left). In contrast, targets in Asia and Pacific and in Europe tend to cover social protection more. Coverage is fairly similar across all three areas in programs in the Middle East and Central Asia and in the Americas. The share of social spending targets covering social protection in new programs in sub-Saharan African countries has, however, increased over time, and in the last five years, most targets were covering all three areas of social spending (Figure 3, right).

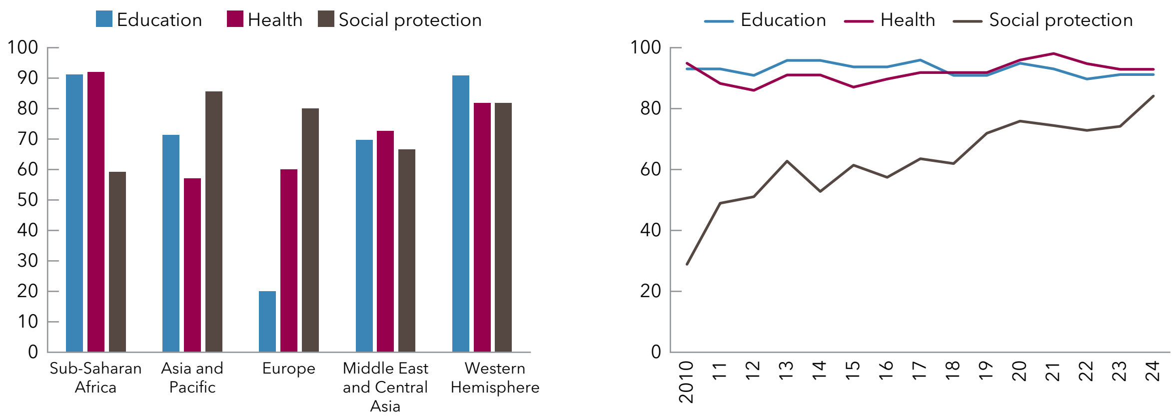
4 The analysis of the coverage and the specificity of social spending targets is based on the definitions of targets outlined in programs' technical memoranda of understanding. Those documents present the technical details and data requirements for monitoring and implementing IMF-supported programs.

5 As mentioned in the introduction, social protection includes both social insurances financed by contributions or payroll taxes and social assistance financed by general government revenue. Social spending targets include only the part of spending paid for by the government budget, which corresponds to social assistance or social safety nets.

Figure 3. Coverage of Social Spending Targets in New Programs, 2002–24

1. Share of Targets Including Education, Health, and Social Protection between 2002 and 2024, by Region
(In percent)

2. Share of Targets in Sub-Saharan African Programs Including Education, Health, and Social Protection
(In percent, 5-year moving average)



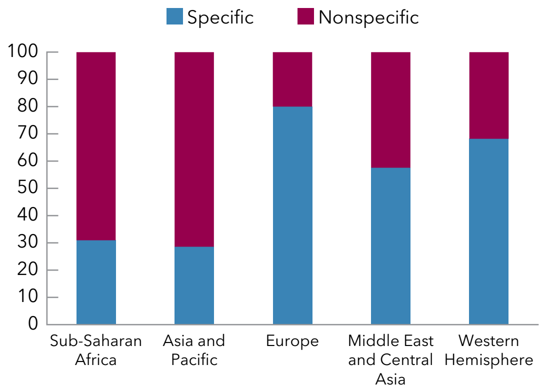
Sources: MONA database; and authors' calculations.
Note: Percentages do not sum to 100 because some social spending targets cover several categories.

D. Increasingly Specific Target Definitions

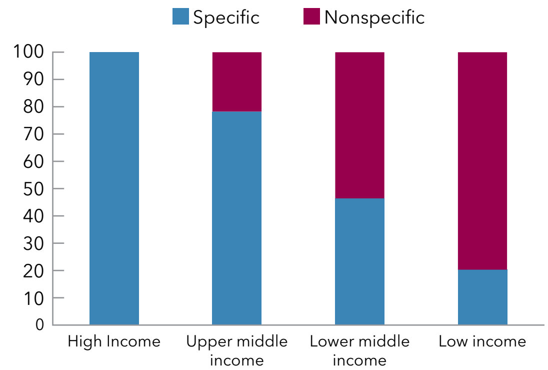
Social spending target definitions in sub-Saharan African programs have become more specific over time (see Box 1 for a description of the methodology used to distinguish between specific and nonspecific targets). Over the period 2002–24, social spending targets in sub-Saharan Africa have tended to be nonspecific, compared with most other global regions (Figure 4, top left). Sub-Saharan African programs typically set objectives for total social spending by social ministries rather than being tied to a functional budget classification or specific projects. A low share of prescriptive targets largely reflects the income status of sub-Saharan African countries, with programs in low-income countries usually favoring such nonspecific targets (Figure 4, top right). For those sub-Saharan African programs, targets linked to both education and health spending are not prescriptive about the type of spending or project in 73 percent of cases, whereas for social protection spending, the equivalent share is around 60 percent (Figure 4, bottom left). There has been some evolution toward more prescriptive targets in sub-Saharan Africa over time, however. Over 2020–24, half of the social spending targets in sub-Saharan Africa set goals in terms of a specific type of spending or project (Figure 4, bottom right). The growing share of specific targets may reflect progress in public financial management, often with support from IMF technical assistance, and a greater ability of governments to better monitor social spending. Boxes 2 and 3 illustrate how social spending targets definitions have been set in the context of IMF-supported programs in Rwanda and Côte d'Ivoire to best support the authorities' priorities toward sustainable development and inclusive growth.

Figure 4. Definition of Social Spending Targets

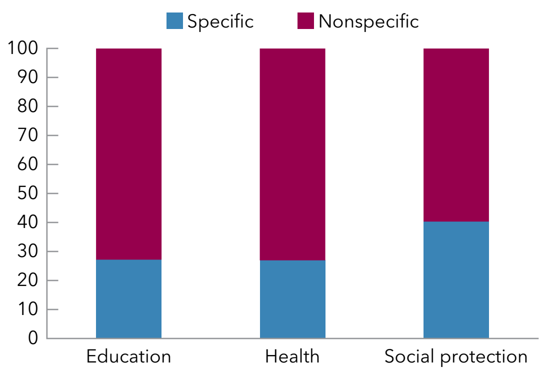
1. Share of Specific/Nonspecific Target Definitions between 2002 and 2024, by Region
(In percent)



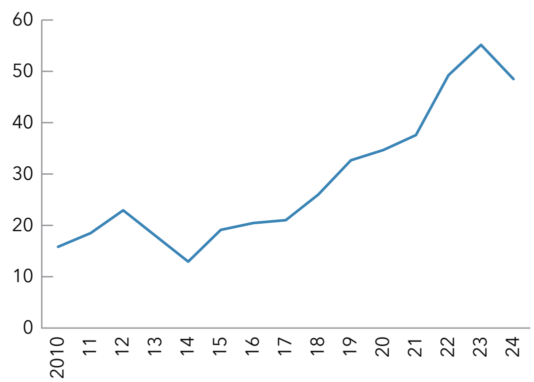
2. Share of Specific/Nonspecific Target Definitions between 2002 and 2024, by Income Group
(In percent)



3. Share of Specific/Nonspecific Targets in Sub-Saharan Africa Programs between 2002 and 2024, by Area
(In percent)



4. Share of Specific Target Definitions in Sub-Saharan Africa Programs over Time
(In percent, 5-year moving average)



Sources: MONA database; and authors' calculations.
Note: Targets are deemed "nonspecific" when the definition refers to the overall budget of social ministries and does not refer to specific social objectives or programs. "Specific" definitions refer to functional budget classifications or specific social programs. The classification relies on the information provided in program documents. Judgment is used in some instances when program definitions encompass aspects from both categories—specific and nonspecific.

Box 1. Nonspecific Versus Specific Social Spending Targets

We identified social spending targets among quantitative program targets using a word search algorithm, selecting all targets related to education, health, social, pro-poor, anti-poverty, or cash transfer spending, as well as spending aimed at supporting vulnerable households.

Those targets are classified as *nonspecific* when they are measured by current or capital spending of sectoral ministries involved in social policies (such as the Ministry of Education, the Ministry of Health, the Ministry of Social Affairs) and, depending on countries, other ministries like Ministries of Women, Youth, Water, Development, or Agriculture. Although the reference to budget allocations in the definition of program targets can facilitate target monitoring, especially when public financial management capacity is limited, such nonspecific social spending target definitions may imply that a significant share of the included spending is absorbed by administrative overhead costs with limited to no effect on effective education, health, or social services provision. Even when targets explicitly exclude overhead costs, there is no guarantee that spending effectively contributes to the provision of social services. For example, in some fragile countries, budget allocations for the payment of teachers' salaries do not contribute to better education because teachers often are not physically present to honor their contracts. Conversely, the budget allocation of "social" ministries to set social spending targets does not account for social spending programs led by other entities, including independent agencies and administrations under the responsibility of the Presidency or the Prime Minister's Office.

We classify social spending targets as specific when spending can be related to specific programs that are expected to have a positive effect on *specific* social outcomes, as targeted by the authorities. For example, the definition could include spending on programs aiming at promoting vocational training, protecting vulnerable families or children, assisting jobless youth to start their own businesses, or providing cash transfers for the poor and most vulnerable people. Setting and achieving specific social spending targets require the technical capacity to both identify specific programs and track spending related to those programs. Development partners can help select the most relevant social spending programs, and a functional budget classification can facilitate social spending monitoring within and outside "social" ministries and support the implementation of specific social spending targets.

The trade-off between specific and nonspecific coverage in social spending conditionalities highlights the balance between specificity and flexibility (IMF 2024). Specific coverage, which targets particular social programs, can enhance cost-effectiveness and align with the granularity principle, ensuring resources are directed to well-designed initiatives. However, this approach may limit the ability to adapt to changing needs and could exclude a significant portion of vulnerable populations if the targeted programs have restricted reach. Conversely, nonspecific coverage allows for a more comprehensive approach, potentially safeguarding a wider array of recipients during crises and enabling necessary fiscal adjustments across sectors. Nonetheless, this may lead to inefficiencies because it could complicate resource allocation and diminish the focus on critical areas needing support. Ultimately, the choice between specific and nonspecific coverage requires careful consideration of the state capacity, economic and financial governance level, intended objectives, the need for flexibility, and the imperative to protect vulnerable groups effectively.

Whether nonspecific or specific, the coverage of social spending targets reflects the authorities' objectives and priorities, from strengthening social protection (for example, universal health insurance) to building human capital (vocational training, scholarships) or reducing poverty (cash transfer programs).

E. Relatively "Ambitious" Targets

The median social spending target in sub-Saharan African programs is equivalent to 3.7 percent of GDP. The magnitude of social spending targets, when measured against other economic indicators such as GDP, revenues, or expenditures, varies significantly among countries. This heterogeneity reflects not only how broadly or narrowly these targets are defined but also countries' reliance on external budget support and the overall size of their public sectors and economies. In some countries, social spending targets are set at a level that is less than 1 percent of GDP, as in Mozambique in 2022, the Democratic Republic of the Congo in 2021, and Guinea in 2017. In other countries, targets are much larger, such as in Senegal in 2021, where the target was equivalent to 9 percent of GDP.

However, metrics other than GDP better reflect the relative fiscal effort required by governments to meet the targets. The size of the public sector in low-income countries is smaller on average than in advanced economies and emerging market economies, which implies that a given adjustment as a share of GDP will be more challenging in low-income countries. An alternative is to compare social spending targets across countries as a share of revenues and expenditures. Social spending as a share of tax revenues is a particularly useful indicator for sustainability because it accounts for the low levels of tax collection in sub-Saharan African countries and, therefore, represents spending efforts by governments for social programs that can be sustainably financed. It also allows for meaningful cross-country comparisons, highlighting efforts to balance social investments with fiscal constraints (OECD 2019).

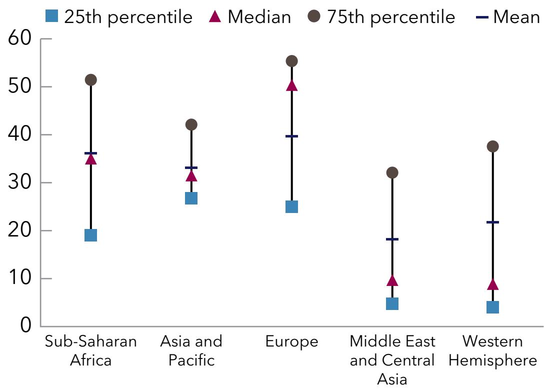
As a share of tax revenue, the median social spending target in sub-Saharan Africa is higher than in all other regions except Europe. There are significant differences in the size of social spending targets as a share of tax revenue across regions (Figure 5, top left). The median share in sub-Saharan African programs is equal to 35 percent and is higher than in the Western Hemisphere, Middle East and Central Asia, and Asia and Pacific, where the medians are 9 percent, 10 percent, and 32 percent, respectively. Only Europe has higher social spending targets as a share of revenues, with a median of 50 percent. Social spending targets are also higher in sub-Saharan African countries than in the Western Hemisphere and in the Middle East and Central Asia when measured as a share of expenditure (Figure 5, top right).

Specific targets, which focus on specific programs or rely on functional budget classifications, tend to be set at lower levels. Specific targets are set at 22 percent of tax revenues on average, or 14 percent of government expenditures. By comparison, nonspecific targets are set at 42 percent of revenues, or 25 percent of expenditures. One reason is that specific targets are more likely than nonspecific ones to explicitly exclude part of the administrative or overhead costs from the target calculation. Wages, for instance, are explicitly excluded in 54 percent of specific target definitions but are excluded in only 19 percent of nonspecific targets. Specific targets also explicitly exclude spending that is externally financed more frequently than nonspecific ones (29 percent versus 26 percent), although that difference is most likely not statistically significant.

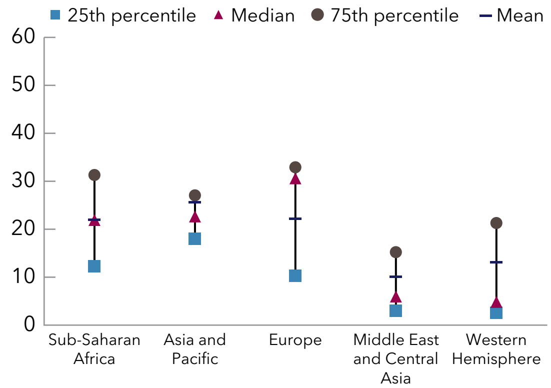
The level of social spending targets seems to have declined over time because wages have been more frequently excluded from target calculations. Social spending targets in sub-Saharan African programs have declined as a share of both tax revenue and government expenditures over time (Figure 5, bottom left and bottom right), but the decline in the average target value may have been amplified by the growing share of specific targets compared with nonspecific ones. The growing share of target definitions explicitly excluding wages, which has risen to 37 percent over 2020–24 compared with 14 percent over 2006–10, has also exacerbated this trend.

Figure 5. Social Spending Targets Ambition

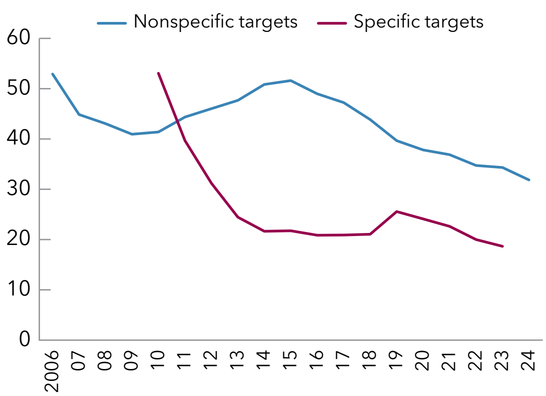
1. Targets as a Share of Tax Revenue, 2002–24
(In percent)



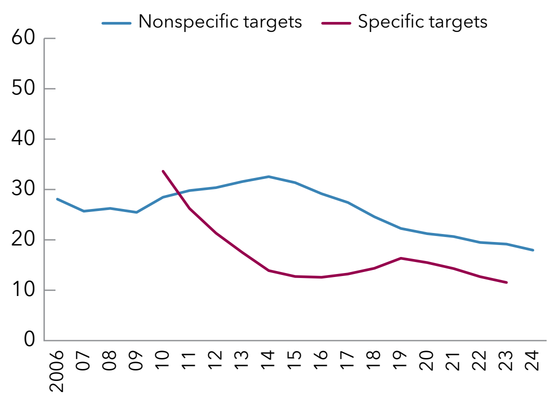
2. Targets as a Share of Budget Expenditures, 2002–24
(In percent)



3. Sub-Saharan Africa Targets as a Share of Tax Revenue over 2006–24
(In percent, 5-year moving average)



4. Sub-Saharan Africa Targets as a Share of Budget Expenditures over 2006–24
(In percent, 5-year moving average)



Sources: MONA database; World Economic Outlook; and authors' calculations.

Box 2. Social Spending Targets in IMF-Supported Programs with Rwanda

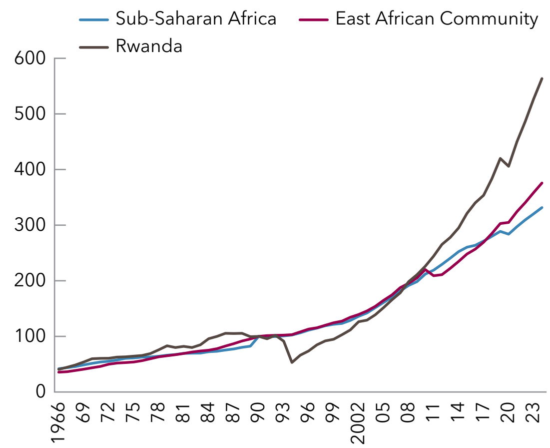
The Rwandan economy has achieved remarkable socioeconomic progress over the past two decades, yet significant development needs persist. Through a combination of strategic reforms and sustained donor support, economic growth accelerated in the late 1990s, maintaining a robust average of 7.5 percent per year from 2000 to 2024 (Box Figure 2.1). This growth has led to substantial improvements in living standards: the poverty rate has declined (Box Figure 2.2), life expectancy has increased by nearly 18 years since 1990, the infant mortality rate has been reduced by two-thirds, and there has been a notable rise in education completion rates. Despite these social achievements, advancing developmental goals and fostering inclusivity remain a key priority for the country.

IMF-supported programs in Rwanda have targeted broad priority spending in line with national priorities and development objectives, rather than focusing only on social spending. In the 2002 program, recurrent priority expenditures were defined as total budget outlays identified by the government as essential (Box Figure 2.3). The definition has been further expanded to include domestically financed capital expenditures and policy lending. The identified priorities have been consistent with several key national strategies, including (1) the Poverty Reduction Strategies for programs initiated in 2002 and 2006; (2) the first and second Economic Development and Poverty Reduction Strategies for programs initiated in 2010, 2013, and 2016; and (3) the first and second National Strategies for Transformation for programs initiated in 2019 and 2022. Priority expenditure has been monitored through the integrated financial management system, which tracks budget spending at the program level.

Priority spending has been directed toward social sectors and productivity-enhancing strategies. The 2006 program outlined an increase in expenditures on

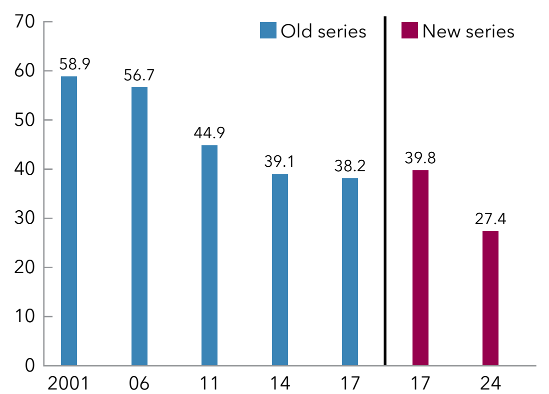
Box Figure 2.1. Real GDP Index

(Per capita in International PPP USD index; 1990 = 100)



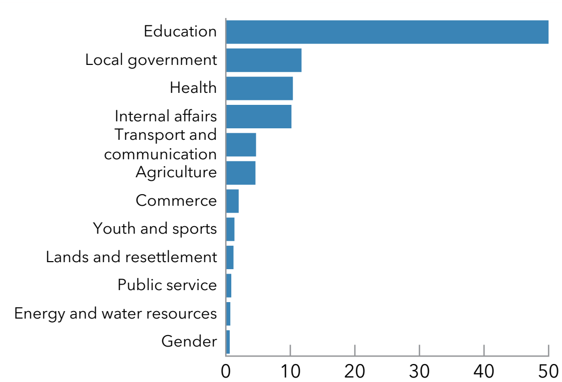
Box Figure 2.2. Rwanda: Poverty Rate

(In percent)



Box Figure 2.3. Rwanda: Recurrent Priority Spending, 2002

(In percent)



Sources: Rwandan authorities; and IMF Staff Reports.

Box 2. Social Spending Targets in IMF-Supported Programs with Rwanda (Concluded)

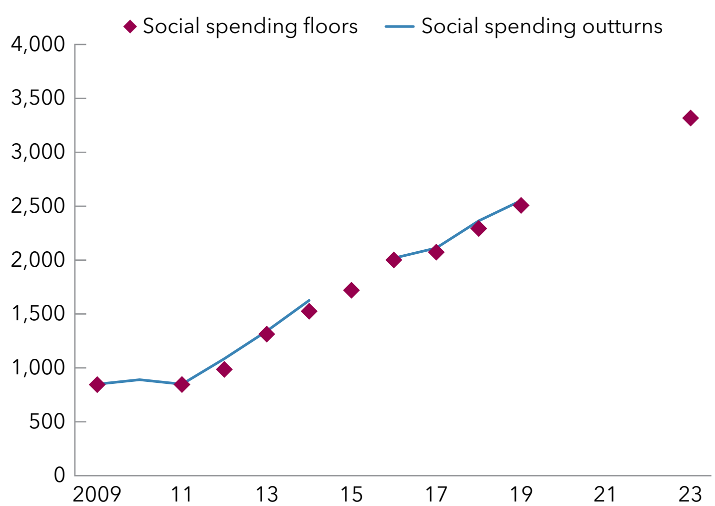
education and health by 0.6 percent of GDP, which elevated priority spending from 5 percent to 6 percent between 2005 and 2006. More recent programs have maintained priority spending at around 10 percent of GDP, with over half allocated to capital expenditures. These figures—when compared with a median social spending target of 3.7 percent of GDP for sub-Saharan African countries—reflect a broad definition of priority spending that spans various sectors and programs focused on enhancing social services and productivity. This approach ensures that a wide array of needs is addressed, contributing to sustainable development and improved living standards. Links to priority and other social spending were also safeguarded and monitored under the 2019 and 2022 Policy Coordination Instruments through a memorandum item on priority spending.[1]

The Rwandan experience underscores the necessity to support program ownership. The integration of social objectives into national strategies and the allocation of resources toward education and health within a broader "priority spending" target reflect the government's commitment to address persistent socioeconomic challenges and enhance overall living standards while keeping the flexibility to spend toward other sustainable development goals.

[1] For further details, see Policy Coordination Instrument – Updated Operational Guidance Note (https://www.imf.org/en/publications/policy-papers/issues/2024/04/25/policy-coordination-instrument-updated-operational-guidance-note-548302).

Box 3. Increasing Social Spending and Supporting Inclusive Growth in Côte d'Ivoire

Box Figure 3.1. Côte d'Ivoire: Social Spending Targets and Outturns
(CFAF billions)



Sources: Ivoirien authorities; and IMF Staff Reports.
Note: Targets and outturns are based on the broad "pro-poor" definition of social spending.

Côte d'Ivoire has experienced very strong GDP growth since the 2011 period of internal conflict, but social outturn lag some regional peers. Over the past decade, Côte d'Ivoire's GDP growth has consistently exceeded the sub-Saharan African average by approximately 3 percentage points, underscoring the nation's economic resilience. While the poverty rate has been declining in recent years, a large share of the population still lives below the poverty line. Enhancing social

Box 3. Increasing Social Spending and Supporting Inclusive Growth in Côte d'Ivoire (Concluded)

spending is, therefore, critical for supporting the most vulnerable members of society. Over the course of IMF-supported programs, Côte d'Ivoire has consistently met its social spending targets (Box Figure 3.1; IMF 2023, 2024). Nonetheless, social spending remains below the levels of some other West African countries as a share of GDP, and so are social outcomes.

Early IMF-supported programs in Côte d'Ivoire emphasized a broad definition of social spending, whereas the latest program adopts a more targeted approach to address specific poverty-reduction priorities. Since 2009, Côte d'Ivoire has used a broad definition of social spending capturing total spending aimed at the poorest members of society, encompassing approximately 30 percent of total government expenditures. That "pro-poor" spending measure recognized the need to support the most vulnerable members of the population not only through education and health services but also by providing access to electricity, safe drinking water, or by improving road infrastructure. In the most recent program, building on the achievements over the past decade, a more targeted measure of social spending has been introduced in addition to the pro-poor spending measure, which is still reported as a memo item (Box Table 3.1). This narrow definition of social spending focuses on poverty-reduction priorities where Côte d'Ivoire has been lagging behind its peers. Targeted social spending accounts for approximately 28 percent of pro-poor spending. Nonetheless, the pro-poor social spending aggregate is published as a memorandum item to increase transparency and improve the comparability and accountability of social spending over time.

Box Table 3.1. Côte d'Ivoire: Targets Definitions in the 2023 IMF-Supported Program

	Total pro-poor spending	Targeted social spending
Agriculture and rural development	✓	
Fishing and animal husbandry	✓	
Education	✓	✓
Health	✓	✓
Social housing and reconstruction	✓	
Social protection	✓	✓
Other poverty-fighting spending	✓	
Roads and infrastructure	✓	
Water and sanitation	✓	
Access to electricity	✓	
Decentralization (excl. education, health and agriculture)	✓	
Youth employment		✓

Source: IMF Staff Reports.
Note: Detailed components of health, education, and social spending categories differ across the two target definitions.

Box 3. Increasing Social Spending and Supporting Inclusive Growth in Côte d'Ivoire (Concluded)

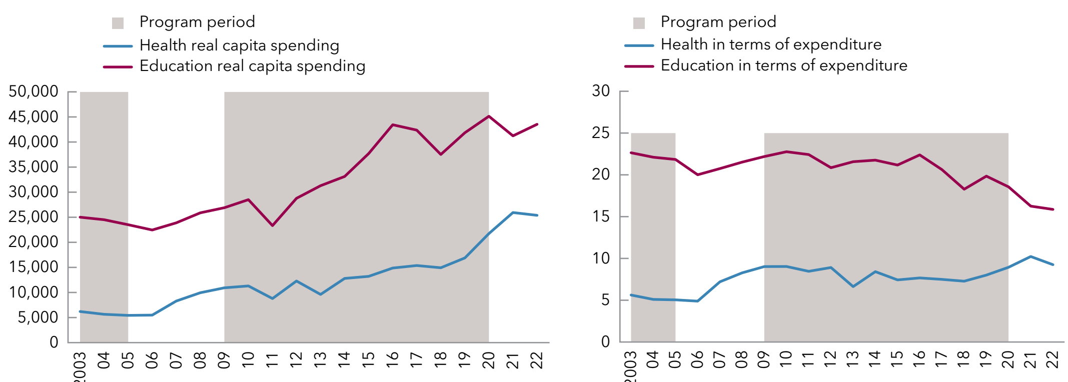
The new targeted social spending measure reflects the authorities' reform priorities and the areas where progress was most needed. The authorities' reform agenda aims to promote human capital development, especially among women and young people, including through the establishment of the Government Youth Program (PJGouv). Health insurance coverage has also been expanded as part of wider efforts to improve social welfare. Consistent with those priorities, the targeted definition of social spending under the current program includes separate categories for spending to improve youth employment and social protection.

During the timeframe covered by IMF programs between 2002 and 2022, education and health spending per capita increased in real terms (Box Figure 3.2). Real education spending per capita rose from about $23,000 in 2011 to $45,000 in 2020.[1] Real health spending per capita has generally been much lower but increased from less than $9,000 to close to $22,000 over the same period, more than doubling in less than a decade. Other areas of public spending in Côte d'Ivoire have, however, also risen over the same period, such that social spending on education has fallen when measured as a share of total spending. The IMF, World Bank, and other multinational institutions have been providing technical assistance and policy advice to ensure that increases in social spending are effectively targeted toward enhancing educational and health outcomes.

Box Figure 3.2. Côte d'Ivoire: Social Spending in Health and Education

1. Real per Capita Spending
(In US dollars)

2. Spending as a Share of Government Expenditure
(In percent)



Sources: MONA; and IMF Staff Calculations.

Although social spending targets have played a key role in enhancing the livelihoods of vulnerable members of society in Côte d'Ivoire, numerous challenges persist, requiring ongoing commitment and innovation. Côte d'Ivoire has seen decreased inequality, and access to electricity and water has improved (United Nations 2024). The human development index for Côte d'Ivoire was well below that of sub-Saharan Africa in 2011 but has improved rapidly since and is now above the sub-Saharan African average. However, significant gaps remain with social indicators in education outcomes and health, especially life expectancy, falling behind peers.

[1] Nominal amounts were deflated using the consumer price index with 2014 as the base year.

3. The Effect of Social Spending Targets

The goal of this section is to analyze the effectiveness of social spending targets. We start by looking at the completion rate of social spending targets, comparing it to the completion rate of other targets and investigating the effect of target revisions. We then analyze changes in social spending before and after IMF-supported programs and look for evidence of a potential effect of program targets on social spending. The results focus on changes in education and health spending, which have been covered by 90 percent of sub-Saharan African social spending targets since 2002 (see Figure 3). Social protection spending data are often not readily available, and spending on social protection will also be affected by other cyclical factors.

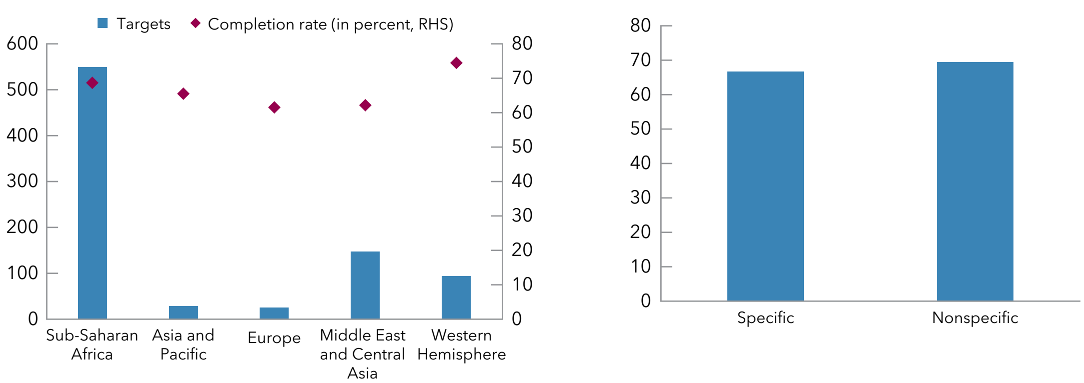
A. High Target Completion Rate

Social spending targets in sub-Saharan African programs are more likely to be met than in other regions. The average completion rate for social spending targets in sub-Saharan African countries is 69 percent, compared with 62 percent in Europe and in the Middle East and Central Asia, and 66 percent in the Asia and Pacific region. Only the Western Hemisphere region has a higher completion rate, at 74 percent (Figure 6, left). The completion rate for nonspecific targets, at 69 percent, is just slightly higher than that of specific targets, at 67 percent (Figure 6, right).

Figure 6. Target Completion Rate, 2002–24

1. Number of Social Spending Targets and Completion Rates

2. Target Completion Rate in Sub-Saharan Africa Programs
(In percent)



Sources: MONA database; and authors' calculations.
Note: The number of targets in the charts sums the number of targets that were assessed over the duration of each program. A program with one social spending IT and six reviews would then account for six targets.

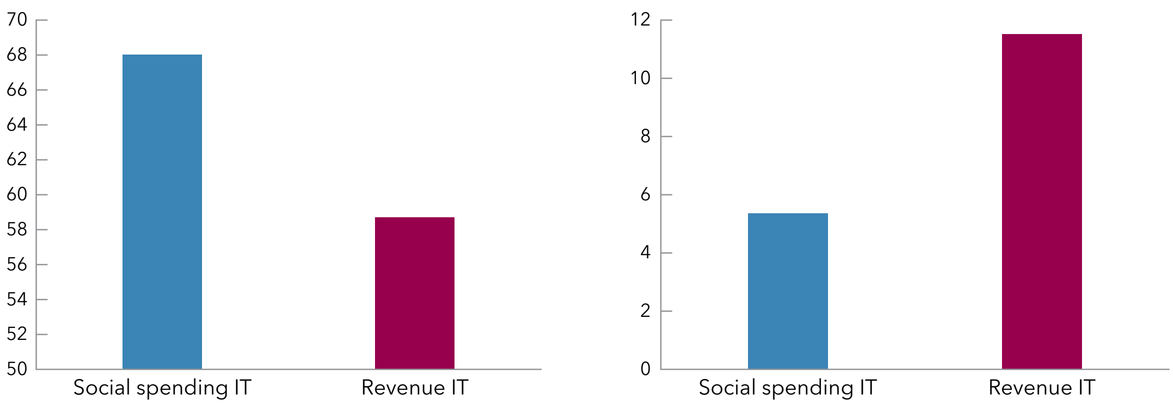
Completion rates are higher for social spending ITs than for other fiscal ITs. Social spending ITs in sub-Saharan African programs have an average completion rate of 68 percent, compared with 59 percent for ITs linked to fiscal revenues (Figure 7, left). The comparison focuses on ITs only (that is, excluding QPCs whose completion is required for program reviews to be completed in the absence of a waiver approved by the IMF Executive Board). Such a difference in completion rates for social spending and revenue ITs is not observed in other regions.

Social spending targets can be adjusted during programs, for example, because of unforeseen external shocks, but the relatively high completion rate is not because of such revisions. In sub-Saharan Africa, just 11 percent of social spending targets were subsequently lowered, potentially making them less challenging to meet. That share is comparable to that in other regions except for Europe, where the proportion of social spending targets that were revised down was 23 percent, and in Asia-Pacific, where the proportion of targets revised down was just 7 percent. Furthermore, in only a small number of cases were social spending targets met because of these downward revisions (Figure 7, right). Where targets were missed in sub-Saharan Africa, the median shortfall was about 15 percent of the original target.

Figure 7. Completion Rates for Social Spending and Fiscal Revenue ITs in Sub-Saharan African Programs

1. Overall Completion Rates
(In percent)

2. Proportion of Targets Completed after a Downward Revision of the Target
(In percent)



Sources: MONA database; and authors' calculations.
Note: The right chart represents the share of targets that were completed *only because* the targeted amounts were revised down. Such a situation happened only for 5 percent of completed social spending targets, versus 12 percent for completed revenue targets. IT = indicative target.

B. No Decline in Health and Education Spending Over the Course of IMF-Supported Programs

Before and after comparisons show that health and education spending tend to rise during IMF-supported programs.[6] Real social spending on health and education increases on average during IMF-supported programs (Figure 8). However, other areas of public spending tend to also increase, such that health or education spending as a share of government expenditure is little changed on average. Similarly, GDP growth during programs means that spending is, on average, little changed as a share of GDP.

The median increase in both real health and real education spending over the course of IMF-supported programs is higher in sub-Saharan Africa than in most other regions. Although the interquartile range of health spending changes is larger in sub-Saharan African programs and includes some negative values, the interquartile range for education spending changes lies above zero, an exception among other regions (Figure 8, bottom left). Real per capita health and education spending show fewer differences between regions, because the sub-Saharan African region has relatively higher population growth.

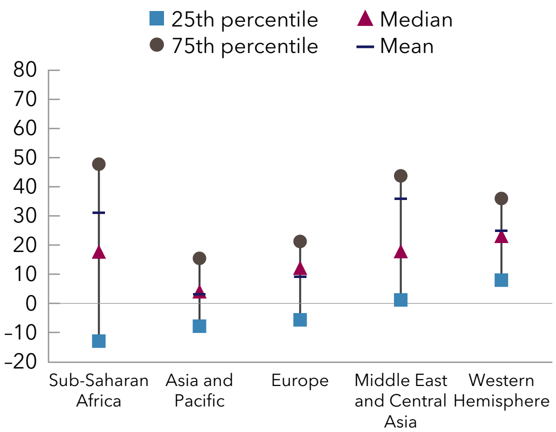
[6] Cross-country data on social spending are hard to find, especially for low-income countries, which represent a majority of sub-Saharan African countries. The analysis in this section, therefore, focuses on only two components of social spending: health and education spending. See Annex I for more details on data sources.

Simple descriptive statistics even suggest a positive effect of social spending targets on health and education spending. The mean and median percentage changes in real spending are higher in programs with social spending targets (Figure 8, top and bottom right).[7]

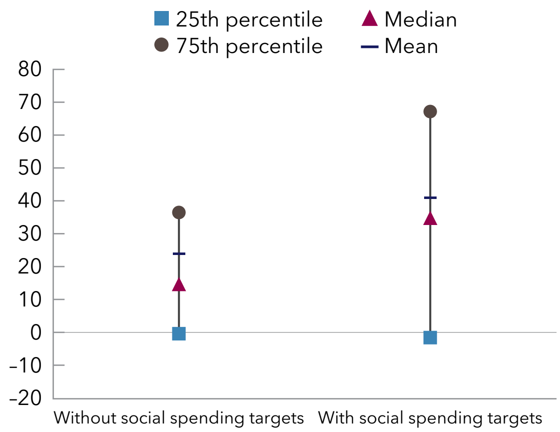
These results, although incomplete and not definitive, are remarkable because they tend to disprove the view that IMF-supported programs negatively affect social spending by requiring countries to consolidate their public finances (Oxfam 2023).

Figure 8. Public Spending on Health and Education during IMF-Supported Programs (Excluding Pandemic Years 2020–21)

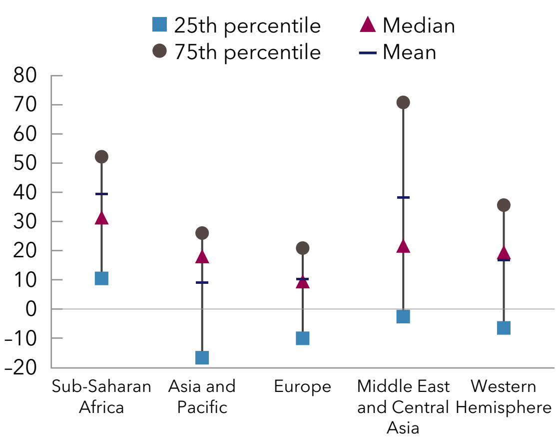
1. Changes in Real Health Spending by Region
(In percent)



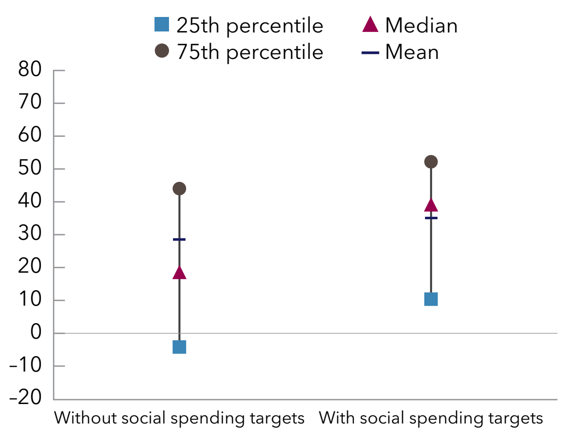
2. Changes in Real Health Spending in Programs with and without Social Spending Targets



3. Changes in Real Education Spending by Region
(In percent)



4. Changes in Real Education Spending in Programs with and without Social Spending Targets



Sources: MONA database; UNESCO Institute for Statistics; WHO; and authors' calculations.
Note: Real health and education spending is calculated using the consumer price index as the deflator. The analysis focuses on the periods before 2020 and after 2021, so excluding COVID-19 pandemic. The 25th and 75th percentiles represent cross-country interquartile ranges of changes in spending in the past year of the program relative to spending in the year prior to the approval date. A negative 25th percentile means that spending declined in 25 percent of programs.

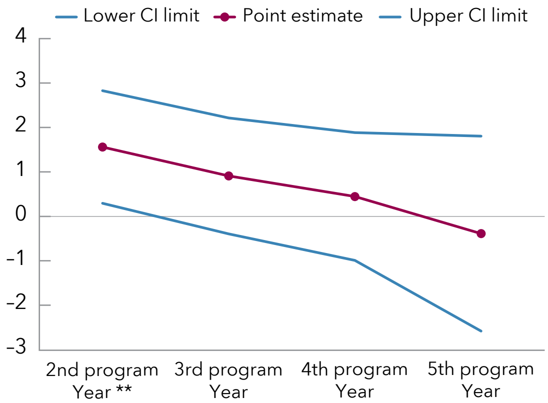
[7] The comparison may also reflect a difference in program timing as most PRGT-supported programs after 2010 include social spending targets.

An econometric analysis controlling for country fixed effects points to comparable results. A panel regression analysis of sub-Saharan African programs, controlling for country fixed effects, shows that both real health and education spending increase on average during program years (see specification in Annex 3). However, the results are not significant when looking at health or education spending as a share of government expenditure or GDP (Figure 9). A similar analysis also did not find a significant relationship between the existence of social spending targets and changes in health or education spending over the course of the program, but such tests are affected by the very small number of sub-Saharan African programs without social spending targets after 2010. Similarly, the lack of data on social outcomes in sub-Saharan African countries and the generalization of social spending targets in all PRGT-supported programs after 2010 prevent a systematic analysis of the actual effect of those targets on education, health, or poverty.

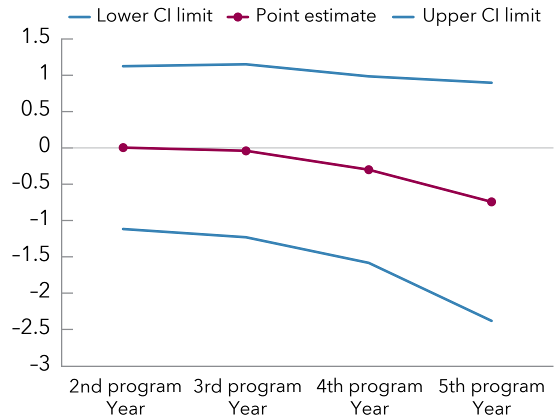
Figure 9. Effect of IMF-Supported Programs in Sub-Saharan Africa on Social Spending over 2002–23 (Excluding Pandemic Years 2020–21)

Figure 9. Effect of IMF-Supported Programs in Sub-Saharan Africa on Social Spending over 2002–23 (Excluding Pandemic Years 2020–21) (Concluded)

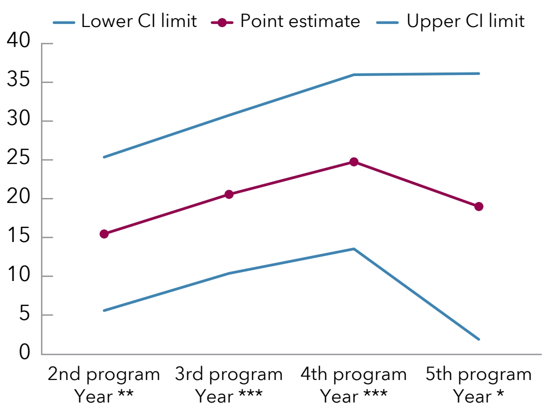
5. Health Spending
(In percent of government expenditure)



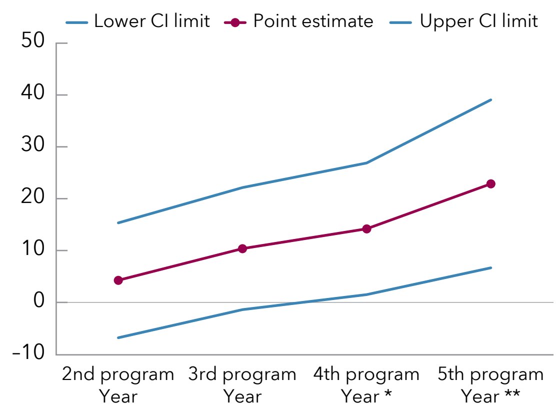
6. Education Spending
(In percent of government expenditure)



7. Real per Capita Health Spending
(In percent change)



8. Real per Capita Education Spending
(In percent change)



Source: Authors' calculations.

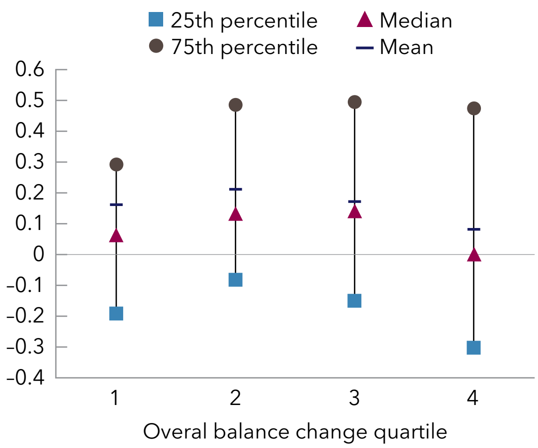
Note: Results of panel regressions of spending changes in program countries on dummy variables reflecting the program years, also controlling for country fixed effects. Lower and upper confidence interval (CI) limit lines represent confidence interval bounds at the 10 percent threshold. Statistical significance (*x*-axis labels) is denoted at *** $p < .01$, ** $p < .05$, * $p < .1$ values.

C. Targets Are Effective at Protecting Social Spending during Fiscal Consolidations

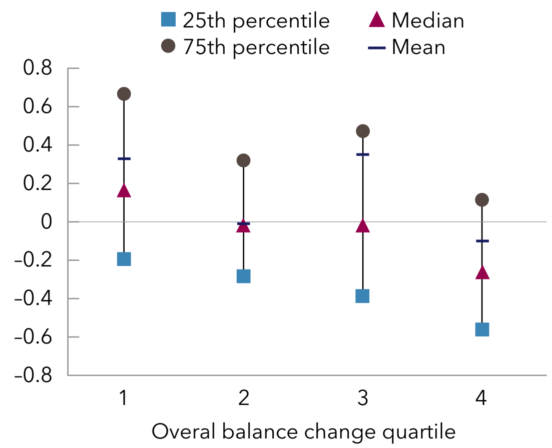
The median share of government spending dedicated to education or health in IMF-supported programs that include social spending targets increases with the size of fiscal consolidation (that is, improvement in the overall fiscal balance), further supporting the view that social spending targets may help shield social spending from spending cuts. On average, fiscal deficits were reduced by 0.6 percentage points of GDP during IMF-supported programs with social spending ITs, while education and health spending as a share of total government spending rose by 0.31 and 0.75 percentage points, respectively. For larger fiscal consolidations, the increase in the median share of social spending is mostly because of a decline in total spending, while social spending was less affected (Figure 10, bottom row). Moreover, median and average changes in education spending as a share of GDP remained positive, whatever the fiscal consolidation effort (Figure 10, top row).

Figure 10. Changes in Social Spending in IMF-Supported Programs in Sub-Saharan Africa by Fiscal Consolidation Effort over 2002–23 (Excluding Pandemic Years 2020–21)

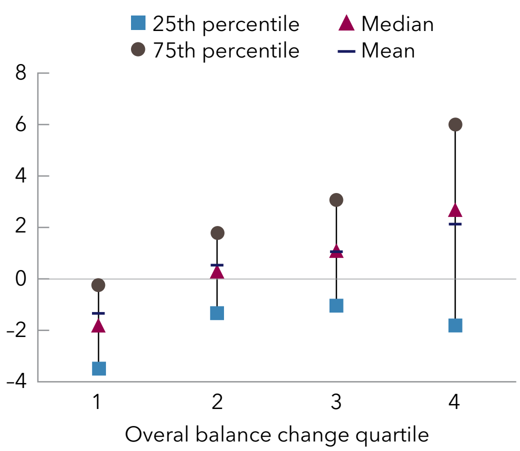
1. Changes in Education Spending as a Ratio of GDP



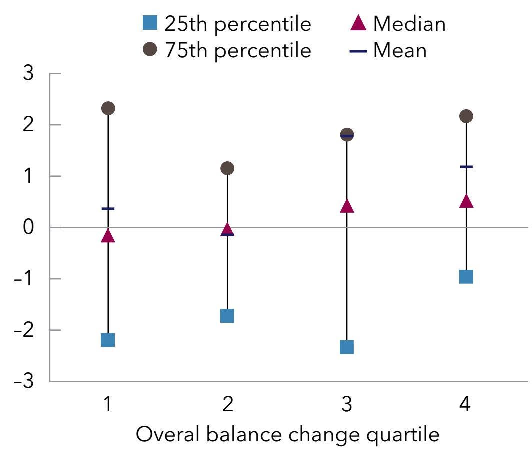
2. Changes in Health Spending as a Ratio of GDP



3. Changes in Education Spending as a Ratio of Total Spending



4. Changes in Health Spending as a Ratio of Total Spending



Sources: MONA database; UNESCO Institute for Statistics; WHO; and authors' calculations.

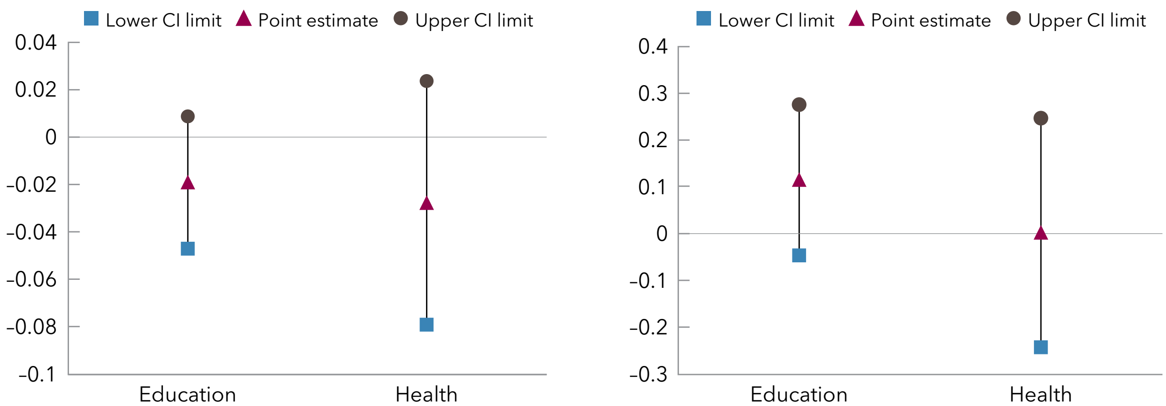
Note: The analysis focuses on the periods before 2020 and after 2021, so excluding COVID-19 pandemic. The *x*-axis represents the distribution of the changes in fiscal balances in each program year relative to fiscal balances in the year prior to the approval date. The value 1 corresponds to the first quartile and the value 4 to the last quartile of the distribution of fiscal balance changes. The 25th and 75th percentiles represent cross-country interquartile ranges of changes in spending in each program year relative to spending in the year prior to the approval date. A negative 25th percentile means that spending declined in 25 percent of program years marked by a given consolidation effort (that is, quartile of fiscal balance changes). See Annex Table A2.3 for the quartile distribution of overall balance changes.

A regression analysis did not find any significant negative effect of fiscal consolidation efforts on education and health spending. A panel regression analysis of sub-Saharan African programs with social spending targets, controlling for country fixed effects, showed a nonsignificant small negative effect of fiscal balance improvements on education and health spending as a share of GDP and a positive, albeit still not statistically significant, effect on education and health spending as a share of total government spending (Figure 11). Hence, social spending targets seem to have limited the effect of any spending cuts associated with fiscal consolidation on education or health spending.

Figure 11. Effect of Fiscal Consolidation on Social Spending during IMF-Supported Programs in Sub-Saharan Africa over 2002–23, Excluding Pandemic Years (2020–21)

1. Education and Health Spending as a Share of GDP

2. Education and Health Spending as a Share of Total Government Spending



Source: Authors' calculations.

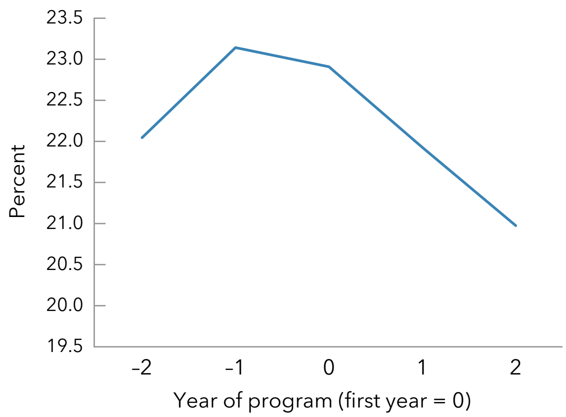
Note: Results of panel regressions of spending changes in programs with social spending targets on changes in the fiscal balances, also controlling for country fixed effects. Lower and upper confidence interval (CI) limit lines represent confidence interval bounds at the 10 percent threshold.

D. Some Evidence Suggests That Education and Health Outcomes in Sub-Saharan Africa Have Improved during IMF Programs with Social Spending Targets

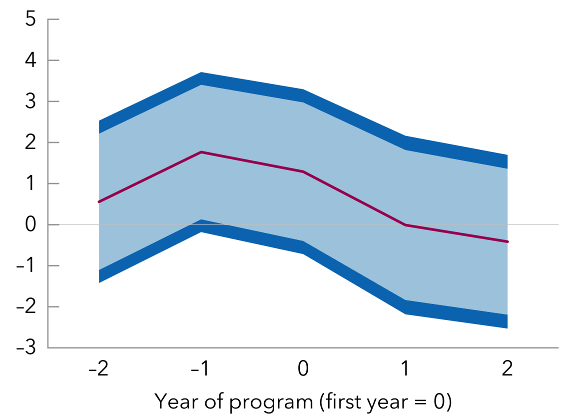
Tentative evidence using the World Development Indicators suggests that education outcomes in sub-Saharan African countries improve during IMF programs with education spending targets. Across the 36 program cases in sub-Saharan Africa where data are available, the median share of young people not in education falls from more than 23 percent in the year before the social spending target was implemented to 21 percent two years after the start of the program (Figure 12, top left). An event study analysis comparing program years with other years across the same sample of sub-Saharan African countries shows that the share of young people not in education is typically above average in the year before social spending targets are implemented, which demonstrates why the targets were deemed necessary. In the two years after the social spending target is implemented, the share of youth not in education is then found to fall back to a lower level than in the wider sample (Figure 12, top right). Although there is some evidence that school enrollment increases during IMF-supported programs with education spending targets, there is no evidence of a resulting increase in literacy rates, at least within the first two years of the programs. The median literacy rate is found to stay constant during IMF-supported programs with education spending targets (Figure 12, bottom left), and event study results are not significant (Figure 12, bottom right). Structural variables like literacy rates are typically slow moving and require sustained investment to ensure long-lasting improvements. Statistics are also updated infrequently in many countries and will, therefore, take some time to fully capture underlying changes.

Figure 12. Education Outcomes in Sub-Saharan Africa before and after IMF-Supported Programs with Education Spending Targets Since 2003

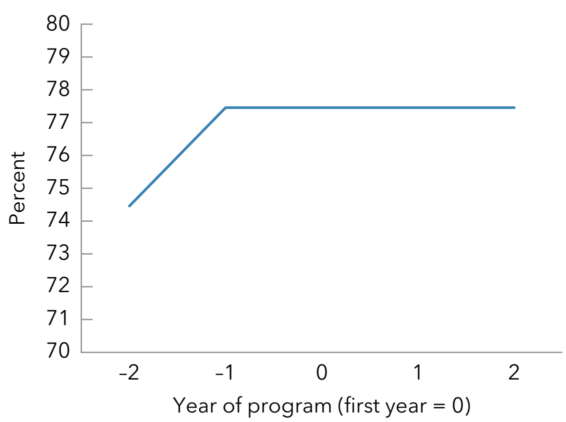
1. Median Share of Youth Not in Education, Employment, or Training before and after IMF-Supported Programs with Education Targets
(In percent)



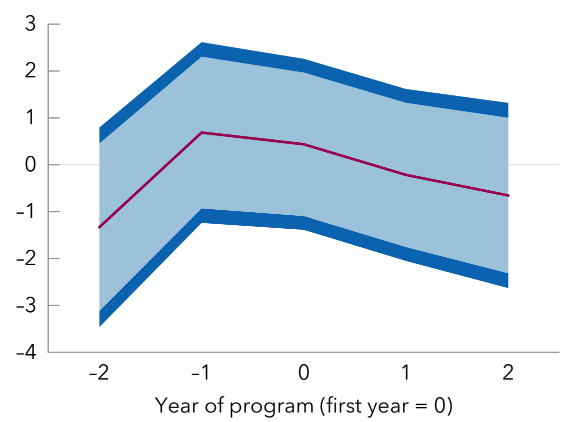
2. Average Share of Youth Not in Education, Employment, or Training before and after IMF-Supported Programs with Education Targets, Relative to Other Years
(In percentage points)



3. Median Youth Literacy Rates before and after IMF-Supported Programs with Education Targets
(In percent)



4. Average Youth Literacy Rates before and after IMF-Supported Programs with Education Targets, Relative to Other Years
(In percentage points)



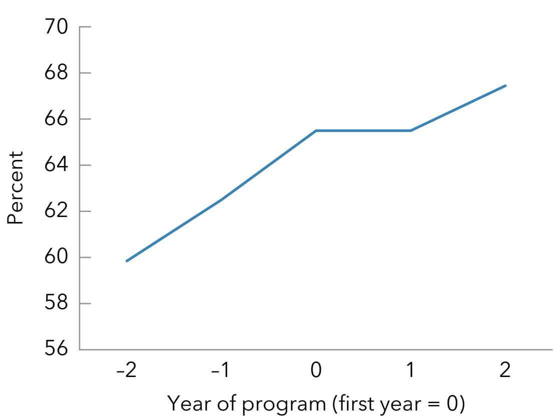
Sources: MONA database; World Development Indicators; and authors' calculations.

Note: The horizontal axis shows the year relative to the year in which the program was agreed, covering the period from two years before the start of the program to two years after. Where outcomes data are missing, they are assumed to stay constant at the same level as the previous year. The event study results compare outcome levels before and after programs with other years across the same sample of countries in sub-Saharan Africa. Countries are removed from the sample where any observation falls below the 1st percentile or above the 99th percentile of the sample. The lighter shaded areas correspond to 90 percent confidence intervals about the central estimates, while the darker areas correspond to 95 percent confidence intervals, based on robust standard errors. Event study regressions include year and country fixed effects.

Evidence also points toward improving health outcomes in sub-Saharan Africa during IMF-supported programs with health spending targets, although other countries have also achieved health improvements without financial assistance from the IMF. According to data from 39 program cases in sub-Saharan Africa, the share of births attended by skilled health staff increased from 62.5 percent to over 67 percent over the first two years of IMF-supported programs with health spending targets (Figure 13, top left). This represents a continuation of an upward trend before the start of the programs, albeit at a slower rate. Event study analysis also shows that the share of births attended by skilled health workers increases somewhat during programs with health spending targets, although the differences are not statistically significant (Figure 13, top right). Similar to statistics on education outcomes, data on the share of births attended by skilled health workers are updated infrequently, so these results should also be treated with caution. Infant mortality rates are found to decline in the years before IMF-supported programs with health spending targets, but the implementation of those programs coincides with an acceleration of that downward trend, such that the median infant mortality rate falls from 55.6 per 1,000 live births to 49.3 during the first two years of the programs (Figure 13, bottom left). This is a slightly larger decline than for sub-Saharan African countries more broadly, where the median infant mortality rate falls by 1.5 per year. Event study analysis shows that while there is some decline in infant mortality after the implementation of health spending targets, mortality rates remain well above average levels across the other years in the sample (Figure 13, bottom right).

Figure 13. Health Outcomes in Sub-Saharan Africa before and after IMF-Supported Programs with Health Spending Targets Since 2003

1. Median Share of Births Attended by Skilled Health Workers before and after IMF-Supported Programs with Health Targets
(In percent)



2. Average Share of Births Attended by Skilled Health Workers before and after IMF-Supported Programs with Health Targets, Relative to Other Years
(In percentage points)

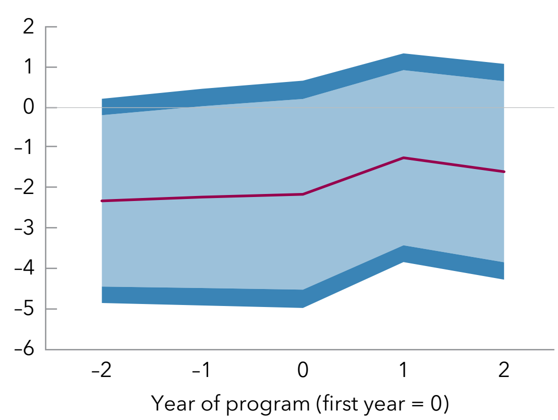
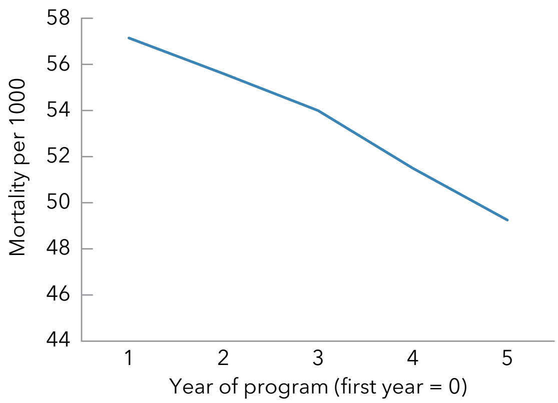
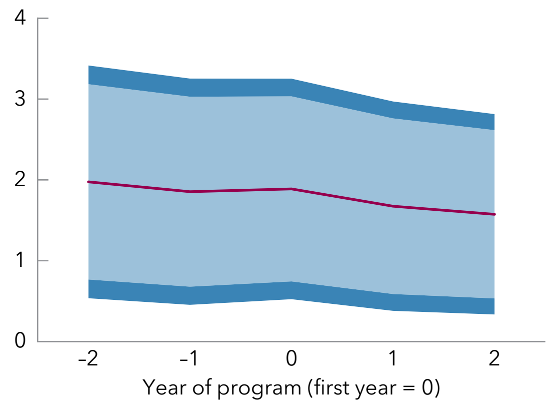


Figure 13. Health Outcomes in Sub-Saharan Africa before and after IMF-Supported Programs with Health Spending Targets Since 2003 (Concluded)

3. Median Infant Mortality Rates before and after IMF-Supported Programs with Health Targets
(Per 1,000 Live Births)



4. Average Infant Mortality Rates before and after IMF-Supported Programs with Health Targets, Relative to Other Years
(Per 1,000 Live Births)



Sources: MONA database; World Development Indicators; and authors' calculations.

Note: The horizontal axis shows the year relative to the year in which the program was agreed, covering the period from two years before the start of the program to two years after. Where outcomes data are missing, they are assumed to stay constant at the same level as the previous year. The event study results compare outcome levels before and after programs with other years across the same sample of countries in sub-Saharan Africa. Countries are removed from the sample where any observation falls below the 1st percentile or above the 99th percentile of the sample. The lighter shaded areas correspond to 90 percent confidence intervals about the central estimates, while the darker areas correspond to 95 percent confidence intervals, based on robust standard errors. Event study regressions include year and country fixed effects.

4. Conclusion

Social spending targets have become an increasingly important part of IMF-supported program design since 2010. In sub-Saharan African countries, social spending targets have generally been in the form of ITs, not QPCs. Having been initially focused on education and health spending in most cases, the coverage of social spending targets has increased over time to include social protection in many programs. Target definitions have also become increasingly specific, possibly reflecting progress in public financial management and expenditure monitoring. Although the ambition of social spending targets varies significantly across countries, the targets in sub-Saharan African programs are larger than in other regions when measured as a share of fiscal revenues. Despite these ambitious goals, those targets have been achieved in many cases and completion rates for social spending ITs are high relative to other types of fiscal ITs.

Importantly, education and health spending seem to increase over the course of most IMF-supported programs. It is not possible to definitively conclude about the role played by social spending targets in this increase, but programs including social spending targets have been accompanied by higher real education or health spending. And there is no evidence that education and health spending as a ratio of total spending or as a ratio of GDP have declined. Evidence suggests that social spending targets coincide with improved education and health outcomes in sub-Saharan Africa, although further work is required to fully test the robustness of these findings given that data on education and health outcomes are updated infrequently in some cases.

The range of social spending targets included in IMF-supported programs since 2002 reflects the need for policy advice to be tailored to the country context, including the adequacy and efficiency of existing social safety nets. The design of social spending measures should always consider the distributional effect of any macroeconomic adjustment (IMF 2019b). There may be opportunities to improve the efficiency of social spending in some cases. Public teachers and health workers' wages represent a significant share of public education and health spending, for example, so decisions regarding the inclusion or exclusion of these wages from any social spending target have important implications and need to take account of the country context. The more frequent exclusion of wages from social target calculations in recent years suggests that, in many cases, targets have been designed to focus on protecting other nonwage social spending.

Although the analysis of this paper focused on public spending, both the private sector and nongovernmental institutions also contribute to social spending. Social spending targets should, therefore, avoid crowding out the private provision of health, education, or other social services, which can work as an important complement to the public sector.

Finally, development partners can play a big role in better defining social spending targets and in helping with the effective implementation of social spending in the field when domestic capacity is limited. Weak governance, corruption, and lack of implementation capacity may account for poor social outcomes despite a high social spending target completion rate. Good public financial management practices with transparent public procurement processes, as well as strong anti-corruption frameworks and robust oversight, are thus key to ensuring social spending floors result in tangible and durable development outcomes.

Annex 1. Data Sources and Measurements

The paper uses diverse data sources for analyzing public sector spending.

Education expenditure data are sourced from the UNESCO Institute for Statistics, aligned with the International Standard Classification of Education (ISCED) adopted by the UNESCO General Conference in 2011, ensuring international comparability.

Public health spending data are based on information available from the WHO's Global Health Expenditure Database (GHED), which combines domestic government health spending and external health funding channeled through government channels. This definition focuses on current health spending because of the volatility of capital spending and its lack of contribution to direct health service accessibility, as per the System of Health Accounts 2011 (SHA 2011) framework. By including external transfers routed through the government, the analysis examines whether IMF programs stimulate donor assistance. Prior studies typically used total public health spending data without distinguishing between current and capital expenditures. The adoption of SHA 2011 methodology enhances accuracy by uniformly categorizing country-specific health spending financing flows, thereby facilitating more precise tracking.

Total government spending, GDP, inflation, and revenue data are coming from the IMF World Economic Outlook database.

There is no comprehensive database for social protection spending because many governments do not use functional budget classifications, and social protection spending can be done by several ministries.

The econometric analysis uses four measures of social spending.

- Social spending as a share of GDP helps assess whether spending fluctuates in line with general economic conditions. However, changes in this measure could simply reflect changes in GDP rather than spending levels. Thus, spending as a share of GDP could increase even when real spending declines because GDP declines by a greater proportion.
- Real social spending helps assess whether spending allocated to these sectors fluctuates in line with the general price level. Nevertheless, real spending estimates can simply reflect changes in economic conditions. Thus, real spending could increase because of higher real GDP growth.
- Real per capita social spending allows for comparison of the level of resources allocated by the government to these sectors. Nevertheless, real per capita spending estimates can suffer from measurement error because population data are revised infrequently, and nominal spending was deflated using the consumer price index in the absence of sector-specific deflators. Moreover, as is the case with all indicators, real spending could simply reflect changes in wages rather than changes in service provision, although competitive wages are required to avoid staffing problems.
- Social spending in percent of total government spending can be used to evaluate whether social spending is protected relative to other spending. However, increases in the share of government spending allocated to social sectors could coincide with declines in social spending when spending reductions in these sectors are less pronounced.

Annex 2. Data Sample

Annex Table 2.1. Number of Arrangements by Region and Financing Type, 2002–24

	IMF-Supported Programs		Programs Approved with Social Spending ITs or QPCs	
	GRA	PRGT	GRA	PRGT
Sub-Saharan Africa	12	140	7	91
Asia and Pacific	5	11	1	3
Europe	42	8	1	3
Middle East and Central Asia	30	27	14	15
Western Hemisphere	41	15	12	10

Sources: MONA database; and IMF staff calculations.

Annex Table 2.2. Social Spending Targets and Revisions, 2002-24

	Number of Targets	Targets Met	Targets Revised Down	Targets Met After Downward Revision	Targets Revised Up	Targets Met After Upward Revision
Sub-Saharan Africa	548	376	61	22	90	76
Asia and Pacific	29	19	2	0	1	1
Europe	26	16	6	4	15	12
Middle East and Central Asia	148	92	15	6	29	27
Western Hemisphere	94	70	11	3	23	17

Sources: MONA database; and IMF staff calculations.

Annex Table 2.3. Distribution Changes of Fiscal Balance and Social Spending (Percentage Points)

	Mean	P25	P50	P75
Overall fiscal balance	0.6	–0.92	0.25	1.78
Education spending as a ratio of total spending	0.31	–2.12	–0.24	2.08
Health spending as a ratio of total spending	0.75	–2.05	0.27	1.9

Sources: UNESCO Institute for Statistics; WHO; WEO; and IMF staff calculations.

Note: The analysis focuses on the periods before 2020 and after 2021 in sub-Saharan Africa, so excluding COVID-19 pandemic. The first row represents the distribution of the changes in fiscal balances in each program year relative to fiscal balances in the year prior to the program approval date. A positive change indicates a fiscal consolidation. The last two rows represent the distribution of the changes in education and health spending as a ratio of total spending in each program year relative to the spending in the year prior to the program approval date. P50 represents the median change.

Annex 3. Model Specification

This annex presents the underlying econometric specification used to produce the results shown in Figure 9.

Let Y_{it} denote social spending in country i at time t, with Y_{it0} the social spending variable in the year prior to the program approval.

Social spending is alternatively measured as education or health spending in real terms, per capita, as well as a ratio of total spending and GDP (see Annex 1).

The fixed effects regression model can be formally expressed as

$$\Delta Y_{it,t0} = \alpha + \sum_{s=2}^{5} \beta_s D_{it,s} + \gamma_i + \varepsilon_{it},$$

where $\Delta Y_{it,t0} = Y_{it} - Y_{it0}$ denotes the change in social spending during program years. α is a constant term. β_s are the coefficients of interest. $D_{it,s}$ is a dummy variable for each year t of the program and is equal to 1 if $s = t$ and 0 otherwise. γ_i accounts for the country-specific fixed effects, which are invariant over time. ε_{it} is the error term, capturing unobserved factors.

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