INTERNATIONAL MONETARY FUND

FISCAL MONITOR

A Fair Shot

2021
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. . . to indicate that data are not available

— to indicate that the figure is zero or less than half the final digit shown, or that the item does not exist

– between years or months (for example, 2008–09 or January–June) to indicate the years or months covered, including the beginning and ending years or months

/ between years (for example, 2008/09) to indicate a fiscal or financial year

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PREFACE

The projections included in this issue of the *Fiscal Monitor* are drawn from the same database used for the April 2021 *World Economic Outlook* and *Global Financial Stability Report* (and are referred to as "IMF staff projections"). Fiscal projections refer to the general government, unless otherwise indicated. Short-term projections are based on officially announced budgets, adjusted for differences between the national authorities and the IMF staff regarding macroeconomic assumptions. The fiscal projections incorporate policy measures that are judged by the IMF staff as likely to be implemented. For countries supported by an IMF arrangement, the projections are those under the arrangement. In cases in which the IMF staff has insufficient information to assess the authorities' budget intentions and prospects for policy implementation, an unchanged cyclically adjusted primary balance is assumed, unless indicated otherwise. Details on the composition of the groups, as well as country-specific assumptions, can be found in the Methodological and Statistical Appendix.

The *Fiscal Monitor* is prepared by the IMF Fiscal Affairs Department under the general guidance of Vitor Gaspar, Director of the Department. The project was directed by Paolo Mauro, Deputy Director; and Paulo Medas, Division Chief. The main authors of this issue are W. Raphael Lam and Mehdi Raissi (team leaders), Hamid R. Davoodi, William Gbohoui, Xuehui Han, Gee Hee Hong, Roberto Perrelli, Yuan Xiang, and Susan Yang for Chapter 1, which also benefited from contributions by Racheeda Boukezia, Teresa Curristine, Ruud de Mooij, Paul Elger, Alexandra Fotiou, Andresa Lagerborg, Sébastien Leduc, John Ralyea, Sandra Lizarazo Ruiz, Fazeer Sheik Rahim, Lorena Rivero del Paso, Xavier Rame, and Claude Wendling; and David Amaglobeli (lead), Jean-Marc Fournier (deputy), Fernanda Brollo, Chuling Chen, Maria Coelho, Andresa Lagerborg, Yuan Xiao with contributions from Kristoffer Berg, Ruud de Mooij, Shafik Hebous, Alex Klemm, Sébastien Leduc, Paolo Mauro, and Adil Mohommad for Chapter 2. The authors are also grateful to David Coady, Assistant Director, for his helpful comments and suggestions. Excellent research contributions were provided by Yuan Xiang and Andrew Womer. The Methodological and Statistical Appendix was prepared by Yuan Xiang. Joni Mayfield and Meron Haile provided excellent coordination and editorial support. Rumit Pancholi from the Communications Department led the editorial team and managed the report's production, with editorial assistance from Christine Ebrahimzadeh, Susan Graham, Nancy Morrison, Devlan O'Connor, and Vector Talent Resources.

Inputs, comments, and suggestions were received from other departments in the IMF, including area departments—namely, the African Department, Asia and Pacific Department, European Department, Middle East and Central Asia Department, and Western Hemisphere Department—as well as the Communications Department, Institute for Capacity Development, Finance Department, Legal Department, Monetary and Capital Markets Department, Research Department, Secretary's Department, Statistics Department, and Strategy, Policy, and Review Department. The chapter 2 of the *Fiscal Monitor* also benefited from comments by Barry Eichengreen (University of California, Berkeley), Wojciech Kopczuk (Columbia University), Camille Landais (London School of Economics), César Martinelli (George Mason University), Susan W. Parker (University of Maryland), Juan Gabriel Rodríguez (Complutense University), Carolina Sánchez-Páramo (World Bank), and Roy Van der Weide (World Bank). Both projections and policy considerations are those of the IMF staff and should not be attributed to Executive Directors or to their national authorities.

FOREWORD

One year into the COVID-19 pandemic, lives lost are approaching three million people and the number of new daily cases is still elevated, at about half million. Lockdowns, losses of employment and income, setbacks in the education of children, disruptions to routine health services, reversals in the downward trends of poverty, and food deprivation are among the consequences. The pandemic has had a disproportionate effect on poor people, youth, women, minorities, and workers without a college degree or in low-paying jobs.

The response of fiscal policy has been unprecedented in speed and size. In the COVID-19 emergency, governments used the budget promptly and decisively. In the last twelve months, countries have announced $16 trillion in fiscal actions. Fiscal actions have enabled health systems and have provided emergency lifelines to households and firms. By doing so, fiscal policy has also mitigated the contraction in economic activity. Indeed, economic growth surprised, on the upside as 2020 unfolded, and growth forecasts for 2021 have been revised up as well. Gradually, economies and societies have improved their ability to cope with the pandemic.

In the *Fiscal Monitor*, our analysis can be organized around the theme of *A Fair Shot*. It reminds us immediately of the amazing success in the development of vaccines. Only 11 months passed from the release of the genomic sequence of the virus, by Chinese scientists, the design of the mRNA vaccines by scientists in the US and Germany, and testing and manufacture of vaccines, culminating with the first shot in the arm of a 91-year-old British woman. At the time of writing, more than half a billion people have already been vaccinated. The race to vaccination is pacing up, but progress is very uneven across countries and regions in the world. If progress in vaccination is accelerated to reach everyone, the health, economic, and social benefits would be enormous. Even a narrow focus on tax revenues identifies potential gains in excess of $1 trillion for advanced economies alone over the medium term. Global vaccination may well be the public project with the highest return ever identified.

At present, the evolution of COVID-19 and its fallout on economic and social developments remain highly uncertain. Policies must remain agile and respond flexibly as the situation may require. The balance between supporting people and firms, in the emergency, and facilitating a resilient, sustainable and inclusive growth through economic transformation should evolve and adapt to the evolution of COVID-19 and of its consequences.

COVID-19 is leaving behind complex legacies that will need to be tackled. First, the amount of fiscal support in 2020 was much larger than the historical norm for business cycle fluctuations. That was appropriate because COVID-19 is a health emergency. But these measures were expensive and contributed to reaching historically high debt levels. In a context of historically low interest rates, countries with stronger buffers, better access to finance, or both were able to deploy larger fiscal support. Going forward, rebuilding buffers and dealing with legacies is crucial for resilience in the event of further shocks. Medium-term frameworks and better targeting will be key for building fiscal space and better confronting trade-offs such as providing support now and providing insurance against future emergencies.

Second, countries are in different stages of COVID-19, economic and labor market conditions differ, structural characteristics—including institutions—are distinct. Hence, fiscal policy must be tailored to country-specific circumstances.

A Fair Shot is also the title of Chapter 2 of the *Fiscal Monitor*. I have argued above that giving everyone access to a COVID-19 vaccine shot may well be the best investment of all. But Chapter 2 argues further that it is crucial to give everyone a fair shot at life success. Preexisting inequalities have amplified the adverse impact of the pandemic. And, in turn, COVID-19 has aggravated inequalities. A vicious

cycle of inequality could morph into a social and political seismic crack. To reduce that risk, Chapter 2 calls for tackling inequalities in access to basic public services—health care, education, social safety—and for strengthening redistributive policies. That will, in many cases, require substantial increases in tax capacity and improvements in the efficiency of public spending. Such strong demands on the public sector require good government. And the first requirement of good government is transparent and accountable commitment to a fair shot for all.

Vitor Gaspar
Director of the Fiscal Affairs Department

EXECUTIVE SUMMARY

Chapter 1: Tailoring Fiscal Responses

The race to vaccinate against COVID-19 continues, but the pace of inoculations is widely different across countries, with access unavailable for many. Global vaccination is urgently needed. Global inoculation would pay for itself with stronger employment and economic activity, leading to increased tax revenues and sizable savings in fiscal support. Until the pandemic is brought under control globally, fiscal policy must remain flexible and supportive of health care systems, households, viable firms, and the economic recovery. The need and scope for support varies across economies, depending on the effect of the pandemic and the ability to access low-cost borrowing. Many governments in advanced economies are implementing sizable spending and revenue measures in 2021 (6 percent of GDP, on average). Support in emerging market economies and especially in low-income developing countries has been smaller and front-loaded, with a large share of measures expiring.

Fiscal support has prevented more severe economic contractions and larger job losses. Meanwhile, such support, along with drops in revenues, has raised government deficits and debt to unprecedented levels across all country income groups. Average overall deficits as a share of GDP in 2020 reached 11.7 percent for advanced economies, 9.8 percent for emerging market economies, and 5.5 percent for low-income developing countries. Countries' ability to scale up spending has diverged. The rise in deficits in advanced economies and several emerging market economies resulted from roughly equal increases in spending and declines in revenues, whereas in many emerging market economies and most low-income developing countries, it stemmed primarily from the collapse in revenues caused by the economic downturn. Fiscal deficits in 2021 are projected to shrink in most countries as pandemic-related support expires or winds down, revenues recover somewhat, and the number of unemployment claims declines.

Average public debt worldwide reached an unprecedented 97 percent of GDP in 2020 and is projected to stabilize at around 99 percent of GDP in 2021. Despite higher debt, average interest payments are generally lower in advanced economies and many emerging markets, given the trend decline in market interest rates. In pursuit of their mandates, central banks have lowered policy rates and purchased government bonds, thereby facilitating the fiscal responses to the pandemic. For low-income countries, however, financing large deficits continues to be challenging, given limited market access and little scope to raise revenue in the near term. These countries need assistance through grants, concessional financing, or, in some cases, debt restructuring. Over the medium term, fiscal deficits are projected to shrink in all income groups as recoveries increase pace and fiscal adjustments resume. As a result, the debt-to-GDP ratios in most countries are projected to stabilize or decline, although public debt will continue to increase in a few countries because of factors such as aging and development needs.

Uncertainty concerning the fiscal outlook is unusually high. On the upside, faster-than-expected vaccinations could expedite an end to the pandemic, boosting revenue collections and reducing the need for additional fiscal support. On the downside, a more protracted economic downturn, an abrupt tightening of financing conditions amid high debt, a surge in corporate bankruptcies, volatility in commodity prices, or rising social discontent could inhibit the recovery. In general, the longer the pandemic lasts, the larger the challenge for the public finances.

Against this backdrop, fiscal policy priorities include continuing support as needed while vaccinations proceed and the recovery strengthens; promptly implementing the announced fiscal measures with upgraded project execution capacities and procurement procedures; pursuing a green, digital, and inclusive transformation of the economy; tackling long-standing weaknesses in public finances once the recovery is firmly in place; developing medium-term fiscal strategies to manage fiscal and financing risks; and renewing efforts to achieve the Sustainable Development Goals. To meet these priorities:

- Global cooperation must be scaled up to contain the pandemic, especially accelerated vaccination at

affordable cost in all countries. In an upside scenario in which the pandemic is controlled sooner in all countries (see the April 2021 *World Economic Outlook*), stronger economic growth would yield more than $1 trillion in additional tax revenues in advanced economies, cumulatively, by 2025, and save trillions more in fiscal support measures. Vaccination will, thus, more than pay for itself, providing excellent value for public money invested in ramping up global vaccine production and distribution.

- The targeting of measures must be improved and tailored to countries' administrative capacity so that fiscal support can be maintained for the duration of the crisis—considering an uncertain and uneven recovery. Given the low-interest environment, a synchronized green public investment push by countries with fiscal space can foster global growth.
- Policymakers need to balance the risks from large and growing public and private debt with the risks from premature withdrawal of fiscal support, which could slow the recovery. Credible medium-term fiscal frameworks are critical for attaining such balance, setting a path for rebuilding fiscal buffers at a pace contingent on the recovery. This effort could be supported by improving the design of fiscal rules or recalibrating their limits to ensure a credible path of adjustments or legislation such as "preapproving" future tax reforms. Improving fiscal transparency and governance practices can help economies reap the full benefits of fiscal support.
- To help meet pandemic-related financing needs, policymakers could consider a temporary COVID-19 recovery contribution, levied on high incomes or wealth. To accumulate the resources needed to improve access to basic services, enhance safety nets, and reinvigorate efforts to achieve the Sustainable Development Goals, domestic and international tax reforms are necessary, especially as the recovery gains momentum.

Chapter 2: A Fair Shot

The COVID-19 pandemic has exacerbated preexisting inequalities and poverty and has demonstrated the importance of social safety nets. It has also laid bare inequalities in access to basic services—health care, quality education, and digital infrastructure—which, in turn, may cause income gaps to persist generation after generation. In the months ahead, universal access to vaccines and progress in vaccination will be decisive. For the recovery period and beyond, policies will need to aim at giving everyone a fair shot at lifetime opportunities by reducing gaps in access to quality public services. For most countries, this will require mobilizing additional revenues and improving the delivery of services while fostering inclusive growth.

This chapter documents how large preexisting inequalities have worsened the effect of the COVID-19 pandemic, while the crisis, in turn, has escalated those inequalities. For example, countries with better access to health care have had lower mortality rates, considering the age of the population and the number of cases. Countries with higher relative poverty have had more reported infections, especially where urbanization is more extensive. Some effects on labor markets will be long lasting, as will be the impact on education. The unprecedented scale of school closures has resulted in education losses equivalent to about one-quarter of the school year in advanced economies and one-half in emerging market and developing economies. The largest losses have accrued to children from poorer and less-educated families. Moreover, in 2021, net school enrollment rates in emerging market and developing economies could drop by 1 percentage point (or about 6 million children dropping out of school). Children who drop out of school will experience major learning losses.

Policy responses should recognize that various aspects of inequality (income, wealth, opportunity) are mutually reinforcing and create a vicious circle. Interventions thus need to combine predistributive policies (which affect incomes before taxes and transfers) and redistributive policies (which reduce market income inequality, mostly through transfers and to a lesser extent through taxes, especially in advanced economies). Policy responses should thus include the following:

- *Investing more and investing better in education, health, and early childhood development.* Additional spending on education, for example, can reduce the enrollment gap between children from poor and rich households. Inefficiencies should also be tackled. In emerging markets and low-income developing countries, the difference between a country's spending efficiency and that of best performers ranges from 8 percent to 11 percent for health care and 25 percent to 50 percent for education.
- *Strengthening social safety nets by expanding coverage of the most vulnerable households, and increasing adequacy of*

benefits. Beyond making more resources available, these objectives can also be attained by reallocating spending to the most effective programs and by improving identification of and delivery to beneficiaries.

- *Mustering the necessary revenues.* Advanced economies can increase progressivity of income taxation and increase reliance on inheritance/gift taxes and property taxation. COVID-19 recovery contributions and "excess" corporate profits taxes could be considered. Wealth taxes can also be considered if the previous measures are not enough. Emerging market and developing economies should focus on strengthening tax capacity to finance more social spending.
- *Acting in a transparent manner.* For most countries, these reforms would be best anchored in a medium-term fiscal framework as early as possible. Strengthening public financial management and improving transparency and accountability, not least for COVID-19 response measures, will reinforce trust in government.
- *Supporting lower-income countries that face especially daunting challenges.* Meeting the Sustainable Development Goals—a broad measure of the access to basic services—by 2030 would require $3 trillion for 121 emerging market economies and low-income developing countries (2.6 percent of 2030 world GDP). Support from the international community is needed to aid reform efforts, with the immediate priority being affordable access to vaccines.

The COVID-19 pandemic has focused attention on governments and their ability to respond to the crisis. Popular support for better public services, already significant before the pandemic, has likely risen. Cross-country surveys administered before the pandemic suggest that respondents in advanced and emerging market economies have long expressed favor for more tax-financed spending on education, health care, and old-age care, and more progressive taxation. A recent survey suggests that, if a household member becomes ill with COVID-19 or loses employment, the probability of favoring progressive taxation rises by 15 percentage points. Meeting the rising demand for basic public services and more inclusive policies is crucial for policymakers to strengthen public trust and support social cohesion.

CHAPTER 1

TAILORING FISCAL RESPONSES

Introduction

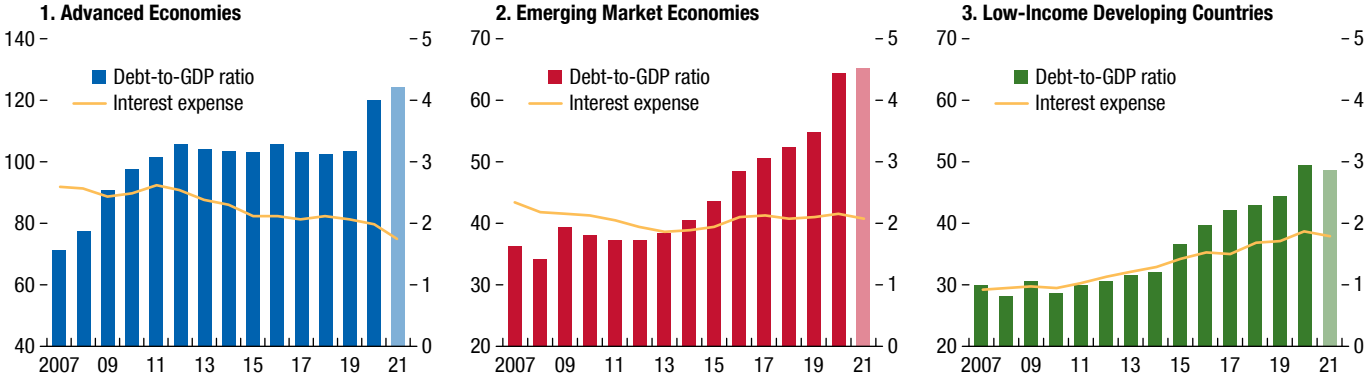
The COVID-19 pandemic has not yet been brought under control, and recovery is not assured. Access to vaccines, the pace of vaccination, the effectiveness of other measures to curb contagion, and the scale and modalities of policy support differ widely across countries. As a result, economic recoveries are diverging, with *China* and the *United States* recovering the fastest while many economies are lagging or are still stagnant (April 2021 *World Economic Outlook*). Continued and flexible fiscal support is, thus, crucial until a durable recovery is under way. Government actions are also needed to manage the legacies of the crisis, including debt vulnerabilities, rising fiscal risks, and the disproportionate burden on poor and vulnerable households that exacerbates preexisting inequities (Chapter 2). Many governments are implementing multiyear fiscal actions to support health care systems, households, and firms ($16 trillion globally since the beginning of the pandemic, with a data cutoff as of March 17, 2021). Such support varies across economies depending on the effect of pandemic-related shocks, the ability to access low-cost borrowing, and precrisis fiscal conditions. Public debt levels before the pandemic were higher than before the global financial crisis in 2007, but average interest payments are generally lower in advanced economies and many emerging market economies given the trend decline in market interest rates (Figure 1.1). The nonfinancial corporate sector in many countries entered the crisis with higher leverage than in 2007 (IMF Global Debt Database 2020), posing vulnerability to financial stress. Massive liquidity support to nonfinancial firms, although necessary, has increased private sector indebtedness (April 2021 *Global Financial Stability Report*). If bankruptcies increase, some private debt could migrate to the public sector through bailouts.

The longer the pandemic lasts, the greater the challenge is to public finances. Government deficits and debt have risen to unprecedented levels, given major fiscal support, along with a sharp fall in revenues caused by contractions in output (Figure 1.2, Tables 1.1 and 1.2). Average overall fiscal deficits as a share of GDP in 2020 reached 11.7 percent for advanced economies, 9.8 percent for emerging market economies, and 5.5 percent for low-income developing countries. Global public debt climbed to 97.3 percent of GDP in 2020, a surge of 13 percentage points from the level projected before the pandemic. In pursuit of their mandates, central banks in advanced economies and some emerging market economies have lowered policy rates and purchased government bonds, thereby facilitating the fiscal responses to the pandemic (Figure 1.3). Even so, many emerging market and developing economies have faced borrowing constraints, particularly those economies with elevated debt, large gross financing needs (Figure 1.4), and a high share of external or foreign-currency-denominated debt. In advanced economies, higher deficits have resulted from roughly equal increases in spending and declines in revenues, whereas in emerging market and developing economies, on average, the rise in deficits has stemmed primarily from the collapse in revenues caused by lower economic activity. For commodity exporters, depressed prices and supply cuts have added to the challenge. Fiscal deficits in 2021 are expected to shrink as pandemic-related support expires or winds down and automatic stabilizers play out (through, for example, higher tax revenues and lower unemployment benefits). The global public debt is projected to stabilize at about 99 percent of GDP through 2021 and in the medium term.

Large fiscal actions have prevented a more severe global economic contraction, greater job losses, and higher social costs. Fiscal support, therefore, should continue as feasible and as needed while vaccinations continue, testing capacity and other preventive measures are enhanced, and the recovery strengthens. Such support should increasingly be tailored to country circumstances and changing economic and pandemic conditions. On the basis of announced measures, however, a retrenchment in fiscal support is projected in 2021, especially in emerging market and developing economies with elevated debt. To balance the risks from growing debt with those from premature withdrawal of policy support, policymakers need to

Figure 1.1. Interest Expense and Government Debt, 2007–21
(Percent of GDP; debt-to-GDP, left scale; interest expense, right scale)

Despite rising public debt levels, interest bills are lower in advanced and emerging market economies.



Sources: IMF, World Economic Outlook database; and IMF staff calculations.

develop credible medium-term fiscal frameworks—thereby extending the horizon for fiscal policymaking beyond the annual budget. Fiscal policy should also enable a green, digital, and inclusive transformation of the economy in the post-COVID-19 environment. For example, efficient use of the Next Generation EU resources can facilitate such transformation in the *European Union*. Once the recovery is firmly in place, long-standing weaknesses in public finances must be tackled. Priorities include tax and social protection reforms as well as renewed efforts to achieve the Sustainable Development Goals (SDGs).

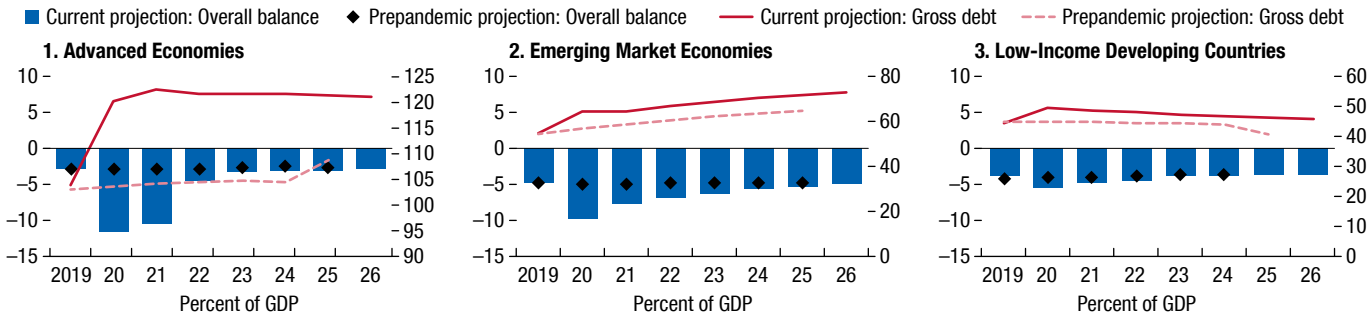
The remainder of Chapter 1 reviews recent fiscal developments and outlook by country income group, considering risks to public finances; examines the effectiveness of discretionary fiscal policy responses to the COVID-19 crisis; and discusses near-term, then longer-term, policy priorities.

Recent Fiscal Developments and Outlook

Although fiscal support actions have been massive, especially in advanced economies, other factors—especially output drops—have largely driven the rise in public debt ratios during 2020–21. The major effect of output contractions on debt ratios is revealed by an extended accounting method (Mauro and Zilinsky 2016) that considers the separate roles of economic

Figure 1.2. The Effect of the COVID-19 Pandemic on the Forecast of General Government Gross Debt and Fiscal Balances, 2019–26
(Percent of GDP; overall balance, left scale; gross debt, right scale)

The pandemic has strained public finances across all country groups.



Source: IMF, World Economic Outlook database.
Note: Prepandemic projections are based on the January 2020 *World Economic Outlook Update*. The right scale is different for each country income group.

Table 1.1. General Government Fiscal Overall Balance, 2016–26
(Percent of GDP)

						Projections					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
World	**–3.5**	**–3.1**	**–3.0**	**–3.6**	**–10.8**	**–9.2**	**–5.4**	**–4.4**	**–4.0**	**–3.9**	**–3.7**
Advanced Economies	**–2.7**	**–2.4**	**–2.5**	**–2.9**	**–11.7**	**–10.4**	**–4.6**	**–3.2**	**–3.0**	**–3.0**	**–2.8**
Advanced G-20	–3.1	–3.0	–3.1	–3.6	–12.7	–11.5	–5.0	–3.5	–3.3	–3.4	–3.2
Canada	–0.5	–0.1	0.3	0.5	–10.7	–7.8	–3.9	–1.3	–0.2	0.1	0.2
Euro Area	–1.5	–0.9	–0.5	–0.6	–7.6	–6.7	–3.3	–2.3	–1.8	–1.6	–1.6
France	–3.6	–2.9	–2.3	–3.0	–9.9	–7.2	–4.4	–3.8	–3.6	–3.5	–3.5
Germany	1.2	1.4	1.8	1.5	–4.2	–5.5	–0.4	0.4	0.5	0.6	0.6
Italy	–2.4	–2.4	–2.2	–1.6	–9.5	–8.8	–5.5	–3.8	–2.2	–2.0	–1.8
Spain[1]	–4.3	–3.0	–2.5	–2.9	–11.5	–9.0	–5.8	–4.9	–4.3	–4.3	–4.3
Japan	–3.8	–3.3	–2.7	–3.1	–12.6	–9.4	–3.8	–2.5	–2.3	–2.3	–2.4
United Kingdom	–3.3	–2.4	–2.2	–2.3	–13.4	–11.8	–6.2	–4.0	–3.4	–3.3	–3.3
United States[2]	–4.3	–4.6	–5.4	–5.7	–15.8	–15.0	–6.1	–4.6	–4.7	–5.0	–4.7
Others	0.5	1.2	1.0	–0.2	–6.0	–4.8	–2.6	–1.8	–1.4	–1.1	–0.9
Emerging Market Economies	**–4.8**	**–4.1**	**–3.8**	**–4.7**	**–9.8**	**–7.7**	**–6.7**	**–6.1**	**–5.6**	**–5.2**	**–4.9**
Emerging G-20	–4.9	–4.3	–4.3	–5.4	–10.4	–8.3	–7.4	–6.8	–6.3	–5.8	–5.4
Excluding MENAP Oil Producers	–4.4	–4.0	–3.9	–4.9	–9.8	–7.9	–6.9	–6.3	–5.8	–5.3	–5.0
Asia	–4.0	–4.0	–4.5	–5.9	–10.8	–9.2	–8.2	–7.4	–6.8	–6.2	–5.8
China	–3.7	–3.8	–4.7	–6.3	–11.4	–9.6	–8.7	–7.9	–7.2	–6.5	–6.0
India	–7.1	–6.4	–6.3	–7.4	–12.3	–10.0	–9.1	–8.4	–8.0	–7.7	–7.4
Europe	–2.8	–1.8	0.3	–0.7	–5.9	–3.5	–2.7	–2.7	–2.6	–2.5	–2.5
Russian Federation	–3.7	–1.5	2.9	1.9	–4.1	–0.8	–0.3	–0.5	–0.5	0.0	0.0
Latin America	–6.0	–5.4	–5.1	–4.0	–8.8	–5.7	–4.5	–4.2	–3.9	–3.7	–3.6
Brazil	–9.0	–7.9	–7.1	–5.9	–13.4	–8.3	–7.2	–7.3	–7.0	–6.6	–6.5
Mexico	–2.8	–1.1	–2.2	–2.3	–4.6	–3.4	–2.6	–2.6	–2.5	–2.5	–2.5
MENAP	–9.7	–5.5	–2.7	–3.9	–9.9	–5.7	–4.6	–4.3	–4.1	–3.8	–3.5
Saudi Arabia	–17.2	–9.2	–5.9	–4.5	–11.1	–3.8	–2.5	–2.0	–1.4	–0.9	–0.2
South Africa	–4.1	–4.4	–4.1	–5.3	–12.2	–10.6	–8.3	–7.1	–6.7	–6.7	–6.8
Low-Income Developing Countries	**–3.8**	**–3.5**	**–3.4**	**–3.9**	**–5.5**	**–4.9**	**–4.4**	**–4.0**	**–3.8**	**–3.7**	**–3.7**
Kenya	–8.5	–7.8	–7.4	–7.7	–8.4	–8.1	–6.6	–5.1	–4.0	–3.2	–2.5
Nigeria	–4.6	–5.4	–4.3	–4.8	–5.8	–4.2	–4.6	–4.4	–4.7	–5.1	–5.6
Vietnam	–3.2	–2.0	–1.0	–3.3	–5.4	–4.7	–4.4	–4.0	–3.7	–3.3	–3.0
Oil Producers	**–5.3**	**–2.9**	**0.0**	**–0.5**	**–8.3**	**–4.3**	**–2.8**	**–2.0**	**–1.7**	**–1.5**	**–1.5**
Memorandum											
World Output (percent)	**3.3**	**3.8**	**3.6**	**2.8**	**–3.3**	**6.0**	**4.4**	**3.5**	**3.4**	**3.3**	**3.3**

Source: IMF staff estimates and projections.

Note: All country averages are weighted by nominal GDP converted to US dollars (adjusted by purchasing power parity only for world output) at average market exchange rates in the years indicated and based on data availability. Projections are based on IMF staff assessments of current policies. In many countries, 2021 data are still preliminary. For country-specific details, see "Data and Conventions" and Tables A, B, C, and D in the Methodological and Statistical Appendix. MENAP = Middle East, North Africa, and Pakistan.

[1] Including financial sector support.

[2] For cross-economy comparability, expenditure and fiscal balances of the United States are adjusted to exclude the imputed interest on unfunded pension liabilities and the imputed compensation of employees, which are counted as expenditures under the 2008 System of National Accounts (2008 SNA) adopted by the United States but not in countries that have not yet adopted the 2008 SNA. Data for the United States in this table may thus differ from data published by the US Bureau of Economic Analysis.

growth (including its effects on the primary surplus), the interest bill, policy measures, and the stock-flow residual (Figure 1.5). The overall effect of negative output growth on the debt-to-GDP ratio in 2020 amounted to 9.8 percentage points for advanced economies, 5.5 percentage points for emerging market economies, and 3.1 percentage points for low-income developing countries. The subsections that follow discuss fiscal developments by income group.

Advanced Economies: Extending to Multiyear Support

Beginning with the onset of the pandemic early in 2020, most advanced economies have undertaken sizable fiscal support measures to counter the health crisis and its economic fallout (Figure 1.6.A). Various emergency lifelines have been extended and new fiscal actions announced as a bridge to recovery and amid new infection waves of varying timing and intensity. Revenues fell sharply, largely from depressed

Table 1.2. General Government Debt, 2016–26

(Percent of GDP)

						Projections					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Gross Debt											
World	**83.2**	**82.0**	**82.3**	**83.7**	**97.3**	**98.9**	**99.0**	**99.4**	**99.5**	**99.5**	**99.3**
Advanced Economies	**105.5**	**103.1**	**102.5**	**103.8**	**120.1**	**122.5**	**121.6**	**121.8**	**121.5**	**121.4**	**121.1**
Canada[1]	91.7	88.8	88.8	86.8	117.8	116.3	112.8	109.3	105.7	102.0	98.1
Euro Area	90.1	87.7	85.8	84.0	96.9	98.2	96.5	95.6	94.4	93.1	91.9
France	98.0	98.3	98.0	98.1	113.5	115.2	114.3	115.2	115.9	116.3	116.9
Germany	69.3	65.1	61.8	59.6	68.9	70.3	67.3	64.8	62.2	59.6	57.1
Italy	134.8	134.1	134.4	134.6	155.6	157.1	155.5	155.1	153.7	152.0	151.0
Spain	99.2	98.6	97.4	95.5	117.1	118.4	117.3	117.3	116.8	117.7	118.4
Japan	232.5	231.4	232.5	234.9	256.2	256.5	253.6	252.9	253.4	254.0	254.7
United Kingdom	86.8	86.3	85.8	85.2	103.7	107.1	109.1	110.7	111.4	112.2	113.0
United States[1]	106.6	105.6	106.6	108.2	127.1	132.8	132.1	132.4	133.0	133.9	134.5
Emerging Market Economies	**48.4**	**50.5**	**52.4**	**54.7**	**64.4**	**65.1**	**67.3**	**69.2**	**70.8**	**72.2**	**73.2**
Excluding MENAP Oil Producers	50.1	52.2	54.2	56.3	66.1	67.1	69.2	71.1	72.7	74.0	75.0
Asia	50.0	52.8	54.4	57.3	67.6	69.9	73.0	75.6	77.8	79.8	81.4
China	48.2	51.7	53.8	57.1	66.8	69.6	73.7	77.3	80.4	83.3	86.0
India	68.7	69.5	70.2	73.9	89.6	86.6	86.3	85.7	84.8	83.8	82.6
Europe	32.0	30.1	29.7	29.2	37.6	36.9	37.2	37.7	38.2	38.4	38.8
Russian Federation	14.8	14.3	13.6	13.8	19.3	18.1	17.7	17.6	17.7	17.3	17.4
Latin America	56.4	61.1	67.5	68.4	77.7	75.9	76.0	76.3	76.5	76.2	75.8
Brazil[2]	78.3	83.6	85.6	87.7	98.9	98.4	98.8	100.1	101.0	101.4	101.7
Mexico	56.7	54.0	53.6	53.3	60.6	60.5	60.5	60.7	60.7	60.7	60.8
MENAP	44.8	44.3	44.1	49.0	56.6	53.7	54.4	55.1	55.7	55.9	55.4
Saudi Arabia	13.1	17.2	19.0	22.8	32.4	31.0	31.7	31.1	32.2	32.4	31.2
South Africa	51.5	53.0	56.7	62.2	77.1	80.8	84.4	87.2	89.9	92.5	94.9
Low-Income Developing Countries	**39.8**	**42.2**	**42.8**	**44.3**	**49.5**	**48.6**	**48.2**	**47.5**	**46.9**	**46.3**	**45.7**
Kenya	50.5	56.9	60.2	62.1	68.7	71.5	72.9	72.3	71.8	70.0	68.1
Nigeria	23.4	25.3	27.7	29.2	35.1	31.9	32.5	33.0	33.9	35.3	37.0
Vietnam	47.6	46.3	43.6	43.4	46.6	48.0	47.3	46.8	45.8	44.9	43.7
Oil Producers	**41.3**	**41.8**	**44.0**	**45.5**	**58.8**	**56.2**	**56.0**	**55.6**	**55.3**	**54.6**	**53.9**
Net Debt											
World	**69.3**	**67.9**	**68.0**	**68.6**	**83.2**	**86.3**	**86.6**	**86.9**	**86.9**	**87.2**	**87.3**
Advanced Economies	**76.9**	**75.0**	**74.8**	**75.2**	**90.8**	**94.2**	**94.4**	**94.7**	**94.8**	**95.4**	**95.8**
Canada[1]	28.7	26.0	25.6	23.4	33.0	37.0	36.6	34.8	32.3	29.7	26.9
Euro Area	74.2	72.1	70.4	69.2	80.8	82.8	81.8	81.3	80.5	79.5	78.6
France	89.2	89.4	89.3	89.3	104.3	106.1	105.1	106.1	106.7	107.2	107.7
Germany	49.6	45.8	43.0	41.4	50.0	52.5	50.4	48.4	46.4	44.3	42.2
Italy	121.6	121.3	121.8	122.1	142.0	144.2	143.1	143.1	141.9	140.4	139.7
Spain	86.1	85.1	83.6	82.2	102.3	104.5	104.3	104.8	104.9	106.0	107.2
Japan	149.6	148.1	151.2	150.4	169.2	172.3	171.0	170.7	171.3	171.8	172.6
United Kingdom	77.8	76.8	75.9	75.3	93.8	97.2	99.2	100.8	101.5	102.3	103.1
United States[1]	81.7	81.4	81.7	83.0	103.2	109.0	109.5	110.1	111.0	113.2	115.3
Emerging Market Economies	**35.0**	**36.1**	**37.0**	**38.7**	**46.0**	**47.7**	**49.1**	**50.3**	**51.2**	**51.6**	**51.3**
Asia	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Europe	31.5	30.3	30.5	29.3	38.9	39.9	40.7	41.4	42.2	42.7	43.0
Latin America	40.3	42.5	42.9	44.1	51.5	53.7	55.3	57.1	58.5	59.3	60.0
MENAP	32.2	32.3	34.6	40.5	46.7	46.4	47.5	49.0	49.4	49.4	48.3

Source: IMF staff estimates and projections.

Note: All country averages are weighted by nominal GDP converted to US dollars (adjusted by purchasing power parity only for world output) at average market exchange rates in the years indicated and based on data availability. Projections are based on IMF staff assessments of current policies. In many countries, 2021 data are still preliminary. For country-specific details, see "Data and Conventions" and Tables A, B, C, and D in the Methodological and Statistical Appendix. MENAP = Middle East, North Africa, and Pakistan.

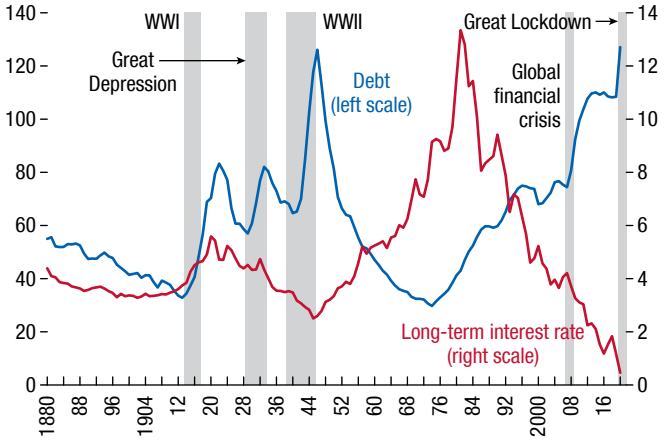
[1] For cross-economy comparability, gross and net debt levels reported by national statistical agencies for economies that have adopted the 2008 System of National Accounts (*Australia, Canada, Hong Kong SAR, United States*) are adjusted to exclude unfunded pension liabilities of government employees' defined-benefit pension plans.

[2] Gross debt refers to the nonfinancial public sector, excluding Eletrobras and Petrobras, and includes sovereign debt held on the balance sheet of the central bank.

Figure 1.3. Public Debt and Bond Yields in Advanced Economies, 1880–2020

(Percent of GDP, left scale; percent, right scale)

Government debt has reached unprecedented levels, whereas interest rates are at historical lows.

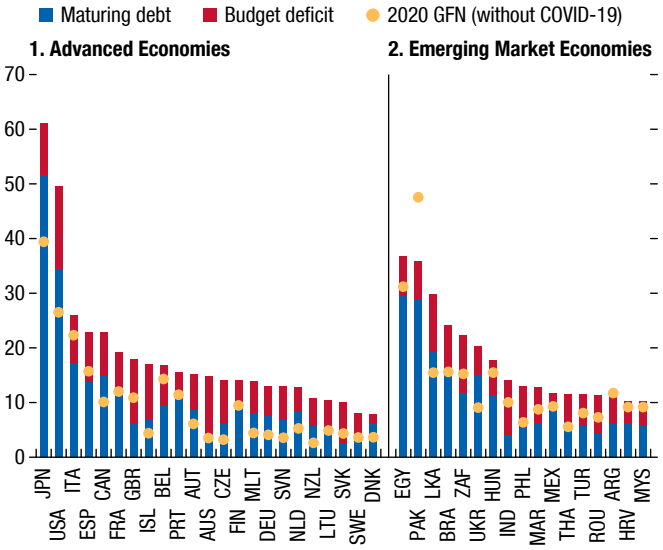


Sources: IMF, Historical Public Debt Database; IMF, World Economic Outlook database; JST Macro-History database; Maddison Database Project; Thomson Reuters Datastream, Global Financial Data; and IMF staff calculations.
Note: The public-debt-to-GDP and long-term interest rate series for advanced economies are based on a constant sample of 20 countries, weighted by GDP in purchasing-power-parity terms. WWI = World War I; WWII = World War II.

Figure 1.4. Gross Financing Needs, 2021

(Percent of GDP)

Gross financing needs have been boosted by the COVID-19 crisis.



Sources: Bloomberg Finance L.P.; IMF, World Economic Outlook database; and IMF staff estimates.
Note: Data labels use International Organization for Standardization (ISO) country codes. GFN = gross financing needs.

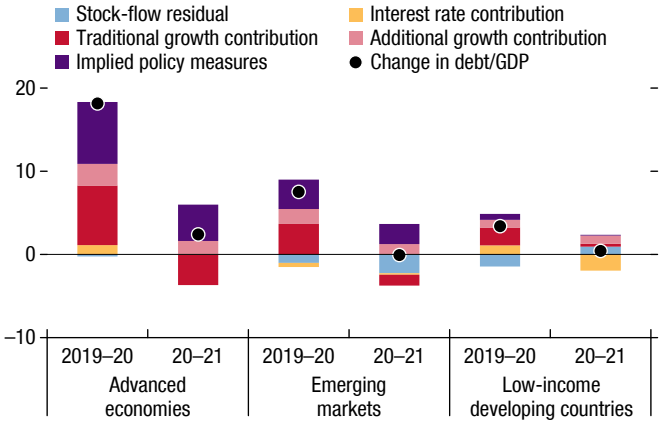
economic activity (Figure 1.6.B). The average cyclically adjusted primary deficit of advanced economies jumped to 7.6 percent of GDP in 2020. The *United States* provided assistance equivalent to 16.7 percent of GDP in 2020 to households, firms, and state and local governments. *Japan* and the *United Kingdom* provided 15.9 percent and 13 percent, respectively, of GDP of above-the-budget-line support in 2020. Similarly, national fiscal policies in the *euro area* (totaling more than 5 percent of the region's GDP) and sizable automatic stabilizers (amounting to about 5 percent of GDP) have provided critical support for workers and firms. With severe economic contraction and massive fiscal support, the average government gross debt-to-GDP ratio of advanced economies soared to 120 percent in 2020.

The average fiscal deficit in 2021 is expected to narrow, as several pandemic-related support actions expire or wind down and automatic stabilizers play out. Several measures have, however, been extended to 2021 and beyond. In *Canada*, the timeline for the withdrawal of fiscal support will not be locked into a

Figure 1.5. Accounting for Changes in Government Debt, 2019–21

(Percent of GDP)

Output drops have had a major effect on public debt.

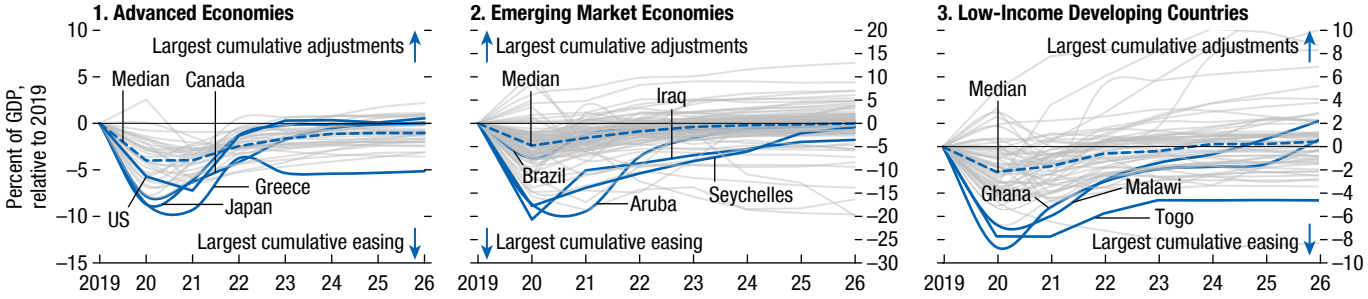


Sources: IMF, World Economic Outlook database; and IMF staff estimates.
Note: Additional growth contribution refers to the effect on the primary surplus through lower revenues. The stock-flow residual is the change in the debt ratio resulting from factors (such as bailouts or exchange rate changes) other than those listed. The overall effect of output growth on debt-to-GDP ratio is measured by the sum of traditional and additional growth contributions (dark and light red bars).

Figure 1.6. Recent Fiscal Developments and Outlook across Income Groups, 2019–26

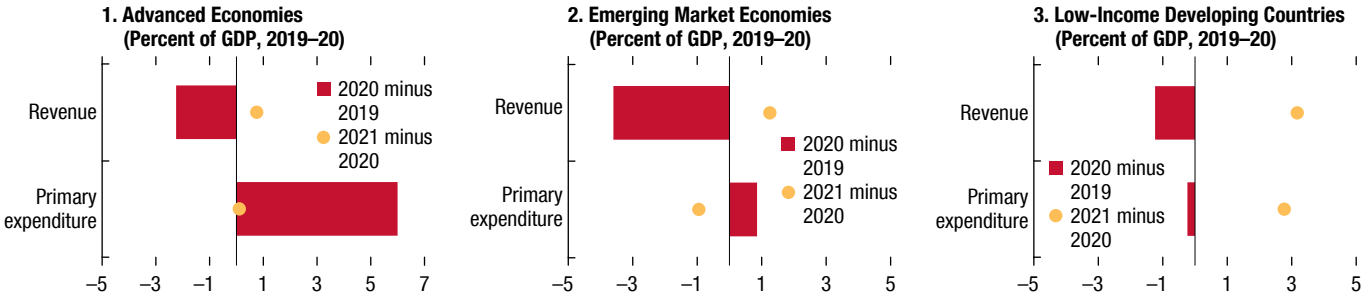
A. Cumulative Change in Fiscal Balance (Percent of GDP, relative to 2019)

Fiscal support is expected to unwind over the medium term.



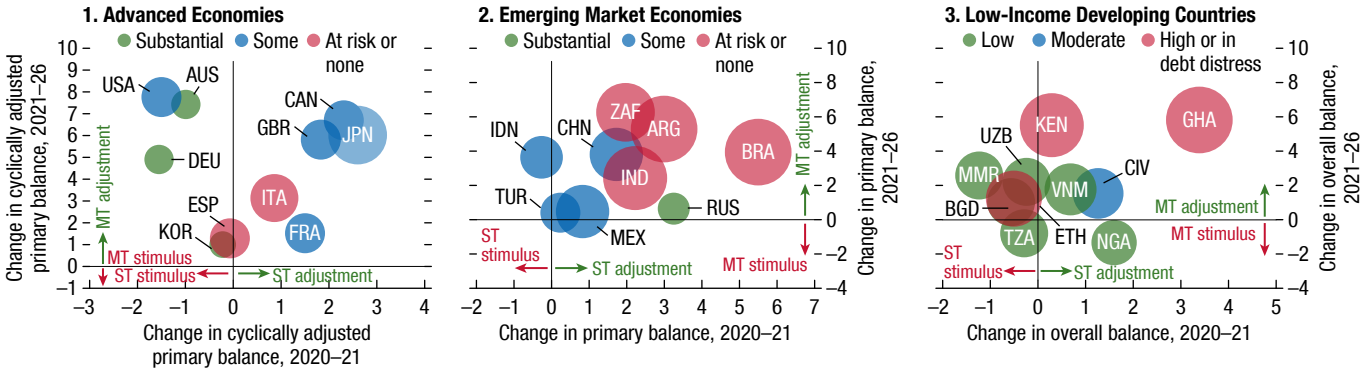
B. Change in General Government Expenditure and Revenue (Percent of pre-COVID-19 GDP)

Revenues fell everywhere, whereas pandemic-related spending was higher mostly in advanced economies.



C. Fiscal Adjustment and Public Debt for Selected Economies, 2020–26 (Percent of GDP)

Countries with fiscal space at risk are projected to adjust more in the coming years.



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Figures 1.6.A and 1.6.C use the cyclically adjusted primary balance for advanced economies, primary balance for emerging market economies, and overall balance for low-income developing countries. Numbers in each year refer to the cumulative change since 2019. Figure 1.6.B reports the weighted averages across income groups. Pre–COVID-19 GDP refers to the GDP outturn in 2019 and the October 2020 *World Economic Outlook* projections of GDP for 2020 and 2021. Colors in Figure 1.6.C indicate fiscal space in panels 1 and 2 and risk of debt distress in panel 3. The bubble size refers to debt-to-GDP ratio relative to the respective income group average. Data labels use International Organization for Standardization (ISO) country codes.

predetermined calendar. In the *United Kingdom*, the fiscal year 2021/22 budget strengthens short-term support to the economy, including by extending the pandemic-related support through September 2021, while laying out a strategy to restore medium-term fiscal sustainability centered on corporate and income tax increases. The 2021 budgets of *European Union* countries remain supportive and should be bolstered by grants from the European Union's Recovery and Resilience Facility. *Japan* has announced sizable fiscal support for 2021, including public investment for climate-resilient infrastructure and incentives for firms to invest in digital technology. More support is likely forthcoming in several countries. By providing

additional resources to tackle the public health crisis (including through vaccinations) and supporting those in need (including through unemployment benefits, the earned-income tax credit, child tax credits, and food assistance), the American Rescue Package in the *United States* would create much-needed lifelines as well as a large frontloaded fiscal impulse in the next two years.

Over the medium term, fiscal deficits are projected to shrink in most advanced economies as recoveries accelerate and gradual fiscal adjustments resume. The average cyclically adjusted primary deficit is projected to fall from 7.6 percent of GDP in 2020 to 2.3 percent in 2026, slightly higher than the pre–COVID-19 levels (Figure 1.6.C). *Germany* continues to guide its medium-term budget plan by the policy priority of promoting greener, smarter, and more inclusive growth. Several countries are expected to have larger cyclically adjusted primary deficits compared with the pre–COVID-19 levels (*Belgium, Denmark, Italy, Korea, The Netherlands, Spain*), of which a few would benefit from spending and/or revenue reforms (*Belgium, France, Italy*). In *Japan*, the large increase in fiscal imbalances from COVID-19 and age-related budget pressures point to the need to reanchor the medium-term fiscal policy to ensure that debt remains sustainable. Favorable interest–growth differentials and projected fiscal adjustment plans—likely to occur at a faster pace than projected before the pandemic—are expected to stabilize the debt-to-GDP ratios in most advanced economies over the medium term. The average public debt for this group is projected to stand at 121 percent of GDP by 2026, 17 percentage points higher than the pre–COVID-19 levels. Public debt in several countries, however, is projected to rise in the medium term (*Korea, United States*). In *Korea*, increased expenditures to strengthen social safety nets, support job creation, and foster innovation over the medium term are likely to put public debt on an upward trajectory. In contrast, the average public debt for the *euro area* is projected to gradually decline to 92 percent of GDP in 2026.

Emerging Market Economies: Varied Outlook for Fiscal Responses and Adjustments

Nearly all emerging market economies eased fiscal policy in 2020. The average overall fiscal deficit more than doubled relative to 2019 to reach 9.8 percent of GDP. *China* shifted to broader demand support over time after bringing the pandemic under control earlier than most other countries. *India* announced a support package in November 2020 that included multiyear investment incentives, additional agricultural subsidies, and measures to support housing as well as formal and rural employment. *Brazil* expanded the social safety net and provided a job-retention program, as well as implementing other measures. The fiscal deficit in *Saudi Arabia* widened sharply despite an increase in the value-added tax rate, hikes in custom duties, and the removal of 2018 cost-of-living allowances. Revenue and expenditure measures in oil exporters were smaller than the emerging market average, partly reflecting such economies' ability to absorb additional health care costs in existing budget envelopes. Double-digit deficits in many countries contributed to a surge in average government debt ratios to 64.4 percent of GDP at the end of 2020, a 10 percentage points rise from the previous year, reflecting severe economic contraction and—for commodity exporters—lower natural resource revenues. Central banks' asset purchases and other global support measures helped reduce debt-service costs.

The average overall deficit is set to narrow in 2021 to 7.7 percent of GDP under the output recovery projected in the April 2021 *World Economic Outlook* baseline. Revenues are expected to recover somewhat, and pandemic-related spending is set to decline gradually, with significant variation across countries. *China*'s fiscal policy is expected to tighten mildly. Despite the partial unwinding of exceptional fiscal measures, *Indonesia*'s 2021 budget envisages a moderate expansionary fiscal stance as some unspent 2020 budget allocations are carried over and other spending, including public investment, is expected to increase. India's fiscal year 2021/22 budget focuses on health care, education, and public infrastructure and predicts a continued accommodative fiscal stance with increased flexibility in the financing envelope for state governments. Some countries expect large fiscal adjustments. For example, the *Russian Federation* foresees reducing non-oil deficits by gradually unwinding pandemic-related fiscal measures, aiming to return to the fiscal rule in 2022. *Saudi Arabia* has planned a significant central government fiscal consolidation in 2021. *Mexico* approved a "no policy change" conservative budget compared with 2020. In *Brazil*, the expiry of the COVID-19 response "war budget" implies a sizable tightening of primary expenditures.

The average overall deficit is projected to shrink from 9.8 percent of GDP in 2020 to 4.9 percent in 2026. Fiscal adjustments are envisaged through spending restraint (3.3 percentage points of GDP on a cumulative basis) and moderate revenue mobilization efforts. *China* is projected to tighten off-budget investment. *India* aims to gradually reduce the central government fiscal deficit, although it will be important to lay out a medium-term fiscal framework with concrete measures and targets. In *South Africa*, fiscal adjustment relies largely on containing the wage bill rather than expediting reform of state-owned enterprises and rationalizing costly and inefficient subsidies. *Indonesia* plans adjustments of 1.5 percent of GDP annually during 2022–23 to return to the deficit ceiling, relying on expenditure cuts as the cyclical recovery in tax revenue is offset by the permanent reduction in corporate income tax rates initiated in 2020. Most oil-exporting countries (*Kazakhstan, Saudi Arabia*) foresee significant spending restraints and additional non-oil revenues to reduce sizable deficits, considering that oil revenues are projected to remain more subdued over the medium term than in the pre-2014 period.

With moderate fiscal adjustments, the average government debt-to-GDP ratio is projected to rise further in 2021 and remain on an upward trajectory to exceed 73 percent of GDP by 2026 (largely driven by *China* over the medium term). Although the average interest–growth differential is expected to remain favorable, sizable primary deficits continue to weigh on debt, which is expected to rise further in two-thirds of emerging market economies in 2021. General government debt in *China* is expected to reach 69.6 percent of GDP in 2021, higher than the average in emerging market economies. Likewise, in *South Africa*, the pandemic-related increase in debt is estimated to continue, reaching 95 percent of GDP by 2026. Debt-to-GDP ratios are projected to stabilize at high levels in several emerging market economies, including *Brazil* (98.4 percent) and *India* (86.6 percent) in 2021. For all countries, a credible medium-term fiscal framework, anchored on revised fiscal objectives and revenue mobilization, can enhance confidence and reduce vulnerabilities.

Low-Income Developing Countries: Challenging Trade-Offs

In 2020, the average overall fiscal deficit of low-income developing countries increased by 1.5 percentage points of GDP to reach 5.5 percent of GDP, and the average public debt increased by 5 percentage points to reach 49.5 percent of GDP at the end of 2020. Despite large revenue shortfalls from output drops and a concurrent fall in commodity prices, deficits rose by less than in other income groups because total spending remained essentially constant (Figure 1.6.B) as financing remained constrained—even after larger external grants and exceptional emergency and concessional financing (including from the IMF). Many governments reprioritized spending—for example, 60 percent of countries in the group cut capital expenditures as a ratio of GDP levels projected before the COVID-19 pandemic. Less severe economic contractions compared with advanced economies have served as mitigating factors. Spending needs are expected to rise for vaccination and safety nets, in addition to financing requirements for preexisting development goals.

In 2021, the average fiscal deficit is projected to decline to 4.9 percent of GDP. As economies recover, revenue collection is projected to improve. Capital spending is expected to recover partially in most countries after the temporary cuts in 2020 (*Guinea, Haiti, Malawi, Nigeria, Tajikistan*). However, deficits are expected to widen in a few countries as revenue-to-GDP ratios only partially recover, while spending and debt-service costs continue to rise (*Kenya*). Over the medium term, the average fiscal deficit is projected to return to its prepandemic level by 2026, largely aided by revenue increases (*Republic of Congo, Haiti, Lao P.D.R.*). Average expenditure is projected to broadly stabilize, although some countries with high public debt ratios are projected to restrain spending to secure debt sustainability (*Republic of Congo, Mozambique, Zambia*). In the absence of renewed policy efforts domestically and internationally, achieving the SDGs by 2030 would be extremely difficult.

Near-term debt vulnerabilities remain high. Financing large deficits is challenging, given limited market access and restricted ability to increase revenues in the near term. Average debt levels are projected to peak in 2021 while continuing to climb in some countries. Nonetheless, average debt is projected to stabilize over the medium term, with elevated debt service relative to tax revenues in many countries (exceeding 20 percent in *Ghana, Kenya, Nigeria,* and *Zambi*a) and debt distress risks in several others. Actions were taken in 2020 to provide low-income developing countries with

grants, concessional loans, and debt relief to address a steep rise in public debt. Beneficiaries included 38 countries (out of 70) assessed to be at high risk of or in debt distress, according to the IMF–World Bank Debt Sustainability Assessments. Fiscal adjustments in several countries (*Vietnam*) and debt restructuring (*Chad, Republic of Congo*) are expected to contribute to debt reduction. As of the end of December 2020, 45 countries (or more than 60 percent of eligible countries) had requested to join or extend the Debt Service Suspension Initiative, benefiting from the suspension of $5 billion total debt service (or an average of 0.6 percent of countries' public debt) as reported by the Group of Twenty (G20) economies for May through December 2020.

Risks to the Fiscal Outlook

Risks to the fiscal outlook abound on both sides. On the upside, faster-than-expected vaccinations, particularly in emerging market and developing economies, could bring an end to the pandemic sooner than assumed in the baseline, boosting revenue collections and allowing governments to unwind temporary lifelines sooner. On the downside, risks include a more protracted economic downturn, abrupt tightening of financing conditions amid high debt, or materialization of contingent liabilities from liquidity support measures, volatile swings in commodity prices, and rising social discontent. Risks are intertwined and reinforce one another.

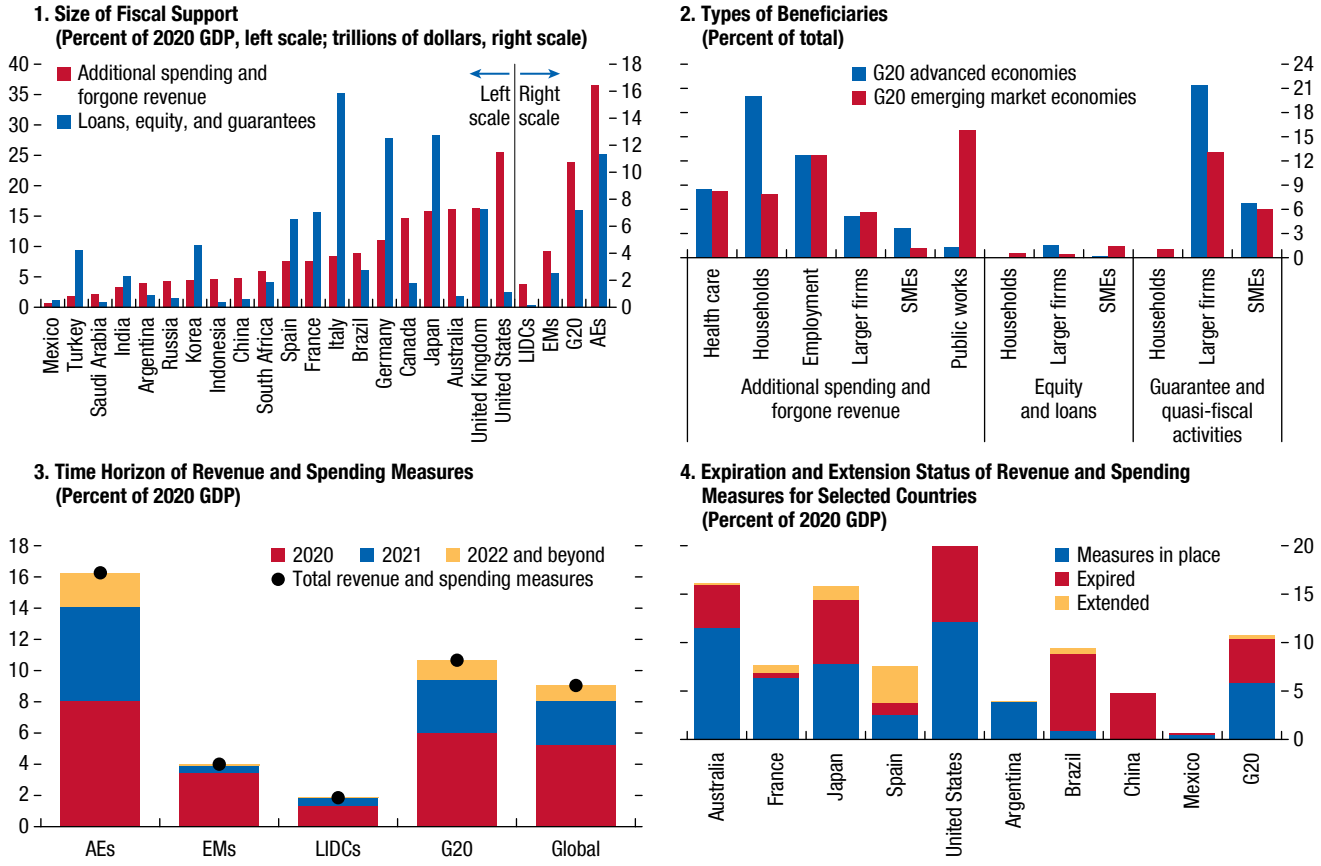
- *Protracted economic downturn:* Growth could be weaker if implementation of the announced measures lags or if lockdowns from renewed waves of infections persist. Delays in vaccine deployment and lower vaccine efficacy against new variants of the virus could dampen hopes of a quick exit from the pandemic and increase the scale of long-term scarring. For example, an adverse scenario presented in the April 2021 *World Economic Outlook* shows that high and rising infections would further restrict mobility and activity, leading to 0.5–1 percentage point lower growth in 2021–22 than the baseline and larger fiscal deficits and debt. A premature scaling back of policy support would likely cause losses in employment and income, particularly exacerbating poverty and inequality for vulnerable individuals, such as informal workers and low-income groups.
- *Abrupt tightening of financing conditions:* Higher and rising debt leaves governments and nonfinancial firms more exposed to abrupt changes in financing conditions from the current accommodative levels. An abrupt surge in yields—possibly driven by diverging paths of recovery (with *China* and the *United States* recovering faster than others), policy response to higher inflation expectations, or investors losing confidence in fiscal policy credibility or debt repayment capacity—could worsen financing constraints for emerging market and developing economies, particularly those with large financing needs or debt denominated in foreign currency (April 2021 *Global Financial Stability Report*).
- *Materialization of contingent liabilities:* Nearly 40 percent of global fiscal support constitutes governments' liquidity support measures through provision of loans or guarantees, equity injections, and other forms of quasi-fiscal operations, including through public corporations. Although liquidity support has helped limit bankruptcies, calls on government guarantees or widening losses in state-owned enterprises could cause contingent liabilities to materialize that could eventually weaken government balance sheets (Box 1.1; Mbaye, Moreno Badia, and Chae 2018). Surges in bankruptcies could further strain public balance sheets through corporate-bank-sovereign links.
- *Volatility in commodity prices:* Renewed weakness in commodity prices could worsen the revenue outlook, posing challenges to already stretched budgets in commodity-exporting countries.
- *Rising social discontent:* Social tensions could erupt as the pandemic or an inadequate policy response—including unequal access to vaccines—lead to more deaths or socioeconomic hardship (unemployment, poverty, malnutrition, inequality, food shortages, or price increases) and exacerbate deep-rooted discontent. These factors could weaken the trust in and policy effectiveness of governments and put public finances at risk.

Effectiveness of Discretionary Fiscal Policy Responses to COVID-19

The size, composition, and duration of fiscal support has varied across countries (Figure 1.7, panel 1) and has influenced its effectiveness. Of the $16 trillion in global pandemic-related fiscal actions taken

Figure 1.7. Government Fiscal Support in Response to COVID-19, 2020–21

The size, nature, and duration of fiscal support varied significantly across countries.

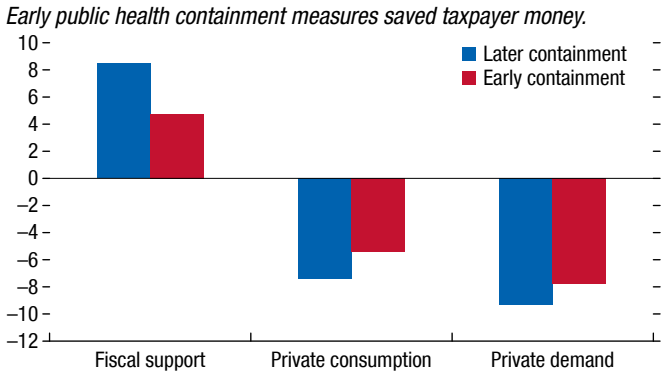


Sources: IMF, Fiscal Monitor Database of Country Fiscal Policies in Response to COVID-19; and IMF staff estimates.
Note: Data refer to fiscal measures announced between January 2020 and March 17, 2021. AEs = advanced economies; EMs = emerging market economies; G20 = Group of Twenty; LIDCs = low-income developing countries; SMEs = small and medium enterprises.

through March 17, 2021, $10 trillion consists of additional spending and forgone revenue, and $6 trillion of government loans, guarantees, and capital injections. Among G20 advanced economies, half of the above-the-line support was devoted to employment protection and household income support (Figure 1.7, panel 2). Among emerging market economies, public works (typically aimed at infrastructure investment) and employment protection received the most support. In G20 advanced economies, large firms benefited more from government support (dominated by guarantees and quasi-fiscal activities). Many advanced economies have announced multiyear fiscal actions with revenue and spending measures of 6 percent of GDP in 2021 to contain the health crisis, provide lifelines, and support the recovery. In contrast, pandemic-related fiscal support in emerging market economies has been frontloaded (Figure 1.7, panel 3). A large part of fiscal support is expiring (*Brazil, China*) and in only a few cases is it being replaced with new measures or substantial extension of existing programs (*France*, *Japan*, *Spain*, *United States*) (Figure 1.7, panel 4). The rest of this section assesses how effective support measures have been in mitigating the adverse impact of the pandemic on output, employment, and incomes.

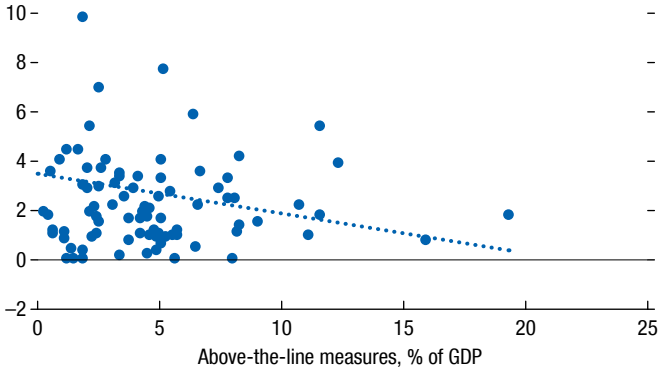
Output effects of fiscal measures. Empirical analysis suggests that government spending and revenue actions have prevented a more severe global economic contraction—including through spillovers. It is estimated that, at the global level, such actions have mitigated the fall in global growth in 2020 by 2 percentage points (Chudik, Mohaddes, and Raissi 2021). The effect of the fiscal actions is likely stronger as

Figure 1.8. Forecast Revisions in Private Consumption and Demand, 2020
(Percent of GDP for fiscal support; percentage points for private consumption and demand)



Source: IMF staff calculations.
Note: Early containment is achieved if the aggregate stringency index is above the cross-sectional median after the country had reached 100 cases of infections.

Figure 1.9. Unemployment Forecast Revisions and Fiscal Measures, 2020
(Percentage points)



Source: IMF staff calculations.
Note: "Above-the-line measures" refers to additional spending and forgone revenue in response to the COVID-19 pandemic.

the analysis does not include loans, guarantees, and equity injections, because their more limited use in past years compared with the present crisis makes their macroeconomic effects difficult to quantify.[1] For individual countries, the effects depend on country-specific factors, cross-border spillovers, and the size and composition of policy support. In general, countries with larger spending and revenue actions (mostly advanced economies) have experienced smaller output contractions. The growth effects of fiscal measures were especially large in *Canada*, *Germany*, and the *United States*. Such effects occurred sooner in countries that relied on consumption- and income-support measures, whereas they have taken place with longer lags but also longer duration in countries, such as *China*, that made greater use of public investment (in addition to relief for households and businesses) to support the recovery soon after the pandemic was initially brought under control. Although emerging market economies have provided smaller fiscal packages, on average, many have benefited from spillovers from massive monetary and fiscal policy responses by advanced economies, which eased global financial conditions, limited capital outflow pressures in emerging markets, and supported global demand (despite supply disruptions).

Private demand and employment effects of fiscal measures. Fiscal support has also mitigated the adverse effects of the pandemic on private demand, private consumption, and unemployment. The scale and effect of fiscal support has also been influenced by public health containment measures designed to limit the spread of the virus (October 2020 *Fiscal Monitor*). Such containment measures have differed across countries in size and timing. Countries that adopted stronger containment measures earlier in 2020 deployed smaller fiscal packages and experienced smaller downward revisions in forecasts of real private consumption and real private demand (Figure 1.8).[2] Fiscal measures have also dampened job losses: larger above-the-budget-line fiscal support for employment (such as wage subsidies to firms and employment-retention programs) is associated with a smaller upward revision in the unemployment rate (Figure 1.9).

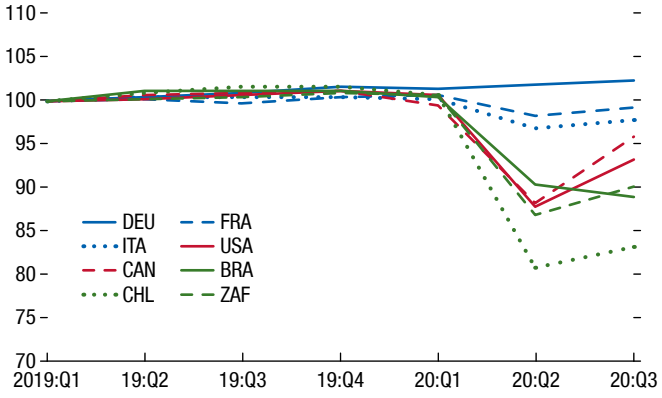
Labor market effects of fiscal measures. The measures chosen to protect jobs or support workers' incomes have influenced the effects on employment and well-being. For example, high-frequency data indicate that countries that relied primarily on wage subsidies or job-retention programs often experienced adjustments by reducing the number of working hours

[1]Moreover, the analysis focuses on discretionary policy measures and may not fully capture the effects of automatic stabilizers (for example, automatic increases in unemployment benefits as employment falls).

[2]Forecast revisions refer to the 2020 estimate of private consumption and demand from the October 2020 *World Economic Outlook* minus the projection of the same variable for the year 2020 from the October 2019 *World Economic Outlook*.

Figure 1.10. Effects of the Pandemic on Employment, 2019:Q1–2020:Q3
(Index; 2019:Q1 = 100)

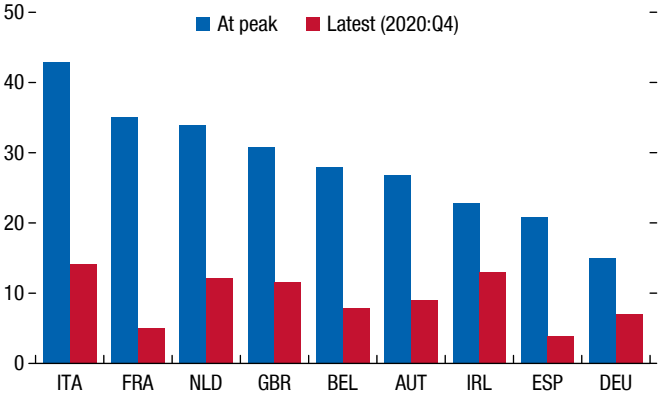
Countries with extensive job-retention programs experienced fewer job losses.



Sources: Eurostat; and Haver Analytics.
Note: Data labels use International Organization for Standardization (ISO) country codes.

Figure 1.11. Take-Up of Job-Retention Schemes for Selected Advanced Economies
(Percent of employees)

Take-up of job-retention programs has fallen from peak levels.



Sources: *The Financial Times*; Organisation for Economic Co-operation and Development; UK Office of National Statistics; and University of Oxford.
Note: Data labels use International Organization for Standardization (ISO) country codes.

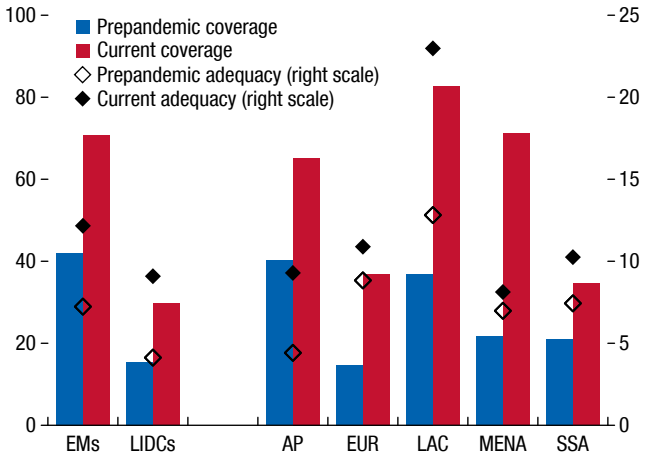
(*France, Germany, Italy, United Kingdom*), whereas more jobs were lost in countries that extended unemployment benefits (*Canada, United States*), although lost incomes were largely replaced (Figure 1.10).

The long-term implications of different forms of labor market support also depend on the duration of the pandemic. Whereas job-retention programs are powerful at reducing separations and preserving ultimately viable job matches, they could, if such programs are overextended, hamper reallocation to the jobs that will be created in the postpandemic era (Barrero, Bloom, and Davis 2020). High-frequency data show that job-retention programs have so far adjusted flexibly in line with an increase in working hours—as reflected in a decline in the take-up of such programs relative to the spring of 2020 (Figure 1.11). The effects of recent extensions of job-retention programs remain to be seen. Another risk is that wage subsidies have postponed—rather than averted—layoffs that could occur when support is withdrawn. For countries that relied largely on unemployment benefits, displaced workers may ultimately be structurally unemployed if their skills erode before job creation resumes. Effective support would, therefore, need to be adjusted over time to account for these trade-offs and the evolving path of the pandemic, with support relying more on reallocation measures during the recovery phase (Chapter 3 of the April 2021 *World Economic Outlook*).

The effect of fiscal measures on social safety nets. Additional social protection spending in response to the COVID-19 pandemic was 0.6 percent of GDP on average during the first three quarters of 2020, including to widen social safety nets (Gentilini and others 2020). Increased social protection spending has mitigated the rise of global extreme poverty by about 10 million people (October 2020 *Fiscal Monitor*). The effectiveness of social safety nets can be assessed along several dimensions, including coverage, adequacy, and cost efficiency. During the COVID-19 crisis, the share of the population covered by social safety nets has increased in emerging market and developing economies, with significant cross-country variation (Figures 1.12 and 1.13). Some countries, such as the *Philippines*, have reached a large portion of the population through social assistance to low-income households, displaced workers, and small businesses. In addition to broader coverage, the existing beneficiaries of social safety nets have received higher transfers as well, resulting in improved adequacy levels in 2020. Across regions, Middle East and North African countries have recorded the highest rise in coverage but the lowest increases in terms of adequacy of benefits—reflecting untargeted support (for example, subsidies) for many countries in the region. In Latin American and Caribbean countries, adequacy levels doubled while keeping a relatively high coverage of the population.

Figure 1.12. Adequacy and Coverage of Social Safety Nets
(Percent of eligible beneficiaries, left scale; percent of household pretransfer income, right scale)

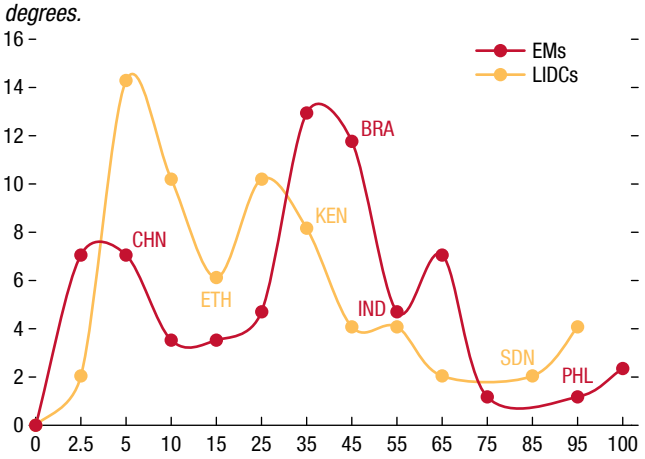
Social safety nets expanded during the pandemic.



Sources: Gentilini and others 2020; World Bank ASPIRE; and IMF staff estimates.
Note: Adequacy is the total transfer amount received by beneficiaries as a share of pretransfer total income and coverage denotes the share of population that receives social assistance. AP = Asia and Pacific; EMs = emerging markets; EUR = Europe; LAC = Latin America and the Caribbean; LIDCs = low-income developing countries; MENA = Middle East and North Africa; SSA = sub-Saharan Africa.

Figure 1.13. Coverage of COVID-19 Social Assistance
(Percent of countries, vertical axis; percent of population, horizontal axis)

Coverage of safety nets rose across the board, but to varying degrees.



Sources: Gentilini and others 2020; World Bank ASPIRE; and IMF staff estimates.
Note: Coverage denotes the share of population that receives social assistance. Some countries have a high coverage (sometimes exceeding 100 percent of the population) owing to program duplications. Those exceeding 100 percent of the population are excluded. Post–COVID-19 data are constructed by adding COVID-19 social assistance to pre–COVID-19 information. Data labels use International Organization for Standardization (ISO) country codes.
EMs = emerging markets; LIDCs = low-income developing countries.

Despite these efforts, preexisting gaps in social protection systems could hamper cost efficiency and should be addressed durably (for example, by reducing leakages of benefits to high-income groups and program fragmentation and by expanding coverage).

Near-Term Policies: Win the Vaccination Race and Target Support More Effectively

The strength of the recovery hinges on when the pandemic is controlled and how policy support will continue. It is, therefore, imperative to ensure that health care systems everywhere are adequately resourced and that global cooperation on producing and distributing vaccines to all countries at affordable prices is reinforced, particularly because many low-income countries rely on external grants to finance their vaccination plans. Vaccines are a global public good. Efforts to increase funding for COVAX—the multilateral mechanism for equitable access to vaccines—must be scaled up. The sooner global vaccinations control the pandemic, the quicker economies can return to normal and will need less government support. Under the April 2021 *World Economic Outlook* upside scenario in which faster global vaccination brings the virus under control sooner, the global gain in GDP is $9 trillion cumulatively through 2025, with two-fifths of that gain accruing to advanced economies. Assuming a tax-to-GDP ratio of 30 percent on average and unit elasticity of revenues with respect to output, this would translate to a $1 trillion cumulative gain in revenues for advanced economies, plus savings from reduced spending on lifelines for people and firms. Such an increase would provide an excellent return on investment for public money, paying for itself, given that the cost of global vaccination is estimated in the tens of billions of dollars.

As lockdowns become increasingly more localized and recoveries accelerate, lifelines should be better targeted and focus on people still significantly affected by the pandemic. As economies open up, support policies should rotate toward structural transformation (for example, supporting vocational training, providing hiring incentives, or facilitating the balance sheet repair of nonfinancial firms).

Under current policies, many programs are set to expire before the race between vaccinations and new waves of infections end. Countries need to maintain

support measures flexibly but refine their design and eligibility criteria as trade-offs between policy instruments (for example, job-retention programs versus income-support programs) evolve according to the path of the pandemic. Support measures should therefore focus on the most vulnerable households and viable or systemic firms and on helping workers prepare for the post-COVID-19 economy. Emergency lifelines should be withdrawn only gradually where local transmission has been persistently low and activity has begun to normalize. If policy space permits, resources freed from expiring lifelines can be reallocated to support the recovery and structural transformation (Chapter 3 of the April 2021 *World Economic Outlook*). Yet, if the pandemic and economic indicators worsen, withdrawal of support should be paused or reversed. Measures may need to be extended with contingent spending plans through supplementary budgets or established COVID-19 contingency funds. Ensuring transparency in usage and carefully managing fiscal risks from contingent liabilities will be crucial given their scale, coverage, and novelty (IMF 2020e).

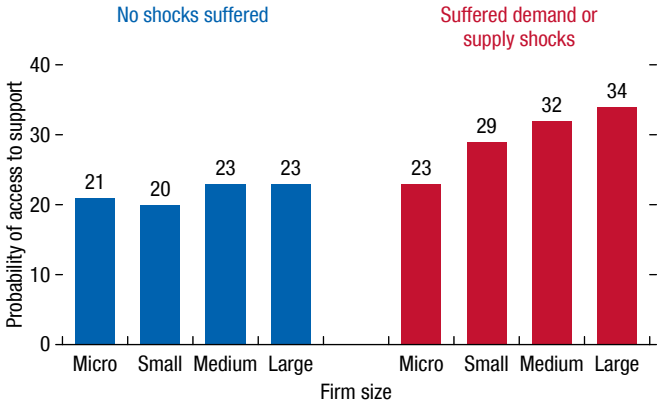
More targeted support to vulnerable households. The pandemic has had a disproportionately adverse effect on poor people, youth, women, minorities, and workers in low-paying jobs and the informal sector (Chapter 2). Policymakers should ensure social protection spending is sustainable over the potential duration of the crisis and enhance the effectiveness of such spending through better targeting:

- Improving the coverage of social safety nets in a cost-effective way can be achieved by limiting the leakage of benefits to unintended beneficiaries. Other options include enhanced means testing in advanced economies and proxy means testing in emerging market and developing economies, whereby targeting is improved by identifying needy households on the basis of characteristics strongly associated with welfare, such as household size and composition, age of the household head, number of dependents, employment status, position of significant assets, and so on (Coady and Le 2020). Countries can use instruments that are effective in reaching individuals most in need, including individuals in the informal sector. For example, two-thirds of workers in the informal sector in sub-Saharan Africa do not have access to banking or other financial services. Effective instruments could therefore include government-to-person payments, mobile money, in-kind transfers such as food assistance, basic education and health care services, matching databases of beneficiaries to create a single registry, and use of community-based methods to identify needy households.
- Increasing the progressivity of net transfers by reducing the benefit withdrawal rate as earnings increase would improve the design of safety net programs. Beyond social safety nets, there is opportunity to extend unemployment benefits for longer periods (but possibly at reduced levels) and to implement gender budgeting.

Support to otherwise viable nonfinancial firms. Government support to nonfinancial firms in 2020 was timely, and it reduced liquidity shortages, job losses, and bankruptcies (Ebeke and others 2020). However, with limited information about firms' viability, the support was sometimes not sufficiently targeted. For example, one-fifth of nonfinancial firms that received government support did not experience a large direct adverse effect on their operations, leading to substantial mismatches in access to public credit or other liquidity programs (Cirera and others 2021; Figure 1.14). In some cases, low demand, administration capacity constraints, or conditionality contributed to a low take-up rate of loan guarantees (*Germany, United States*).

Figure 1.14. Nonfinancial Firms' Access to Public Support, by Size and Type of Shock
(Percent)

Larger firms had better access to support. Many firms received support although they were not directly affected by the COVID-19 pandemic.



Sources: Cirera and others 2021; World Bank, Business Pulse and Enterprise Surveys data.
Note: "No shocks suffered" refers to firms that did not experience business closure or a decrease in sales relative to before COVID-19.

Various liquidity programs have covered one-quarter of the surveyed nonfinancial firms, with larger firms being more likely to receive public support than small and medium-sized enterprises.

As the pandemic persists, governments need to tailor policies that prevent resource misallocation and limit the rise of low-productivity firms that depend on government assistance for survival. The size and type of support will also depend on available fiscal space, type of firm, and the ability of governments to manage programs involving a large number of firms (Box 1.2). Governments should also roll back blanket loans and guarantees, and public support should be limited to circumstances in which there is a clear market failure. Examples include when a high degree of uncertainty deters the flow of funds from banks and capital markets to nonfinancial firms in the absence of government assistance, or when private sector participants fail to internalize the cost to society of widespread bankruptcies and job losses, or when private and public sector mechanisms are not adequate to resolve insolvency problems in a timely and effective way. To tackle the risk of widespread insolvencies, (quasi) equity injections such as junior "profit participation" loans could be considered, if fiscal space permits and capacity to reach and monitor the intended firms exists (Díez and others 2021).

Budget needs are expected to remain sizable, including for widespread vaccinations; continued provision of targeted lifelines adapted to recurring waves of contagion; and broad-based demand support, depending on fiscal space and macroeconomic conditions as economies emerge from the pandemic. These challenges will pose formidable policy trade-offs for policymakers—especially in highly indebted emerging market and developing economies that face tight financing constraints and have limited capacity for social protection and domestic revenue mobilization. The situation is even more precarious in fragile states or countries that are at risk of debt distress, limiting the scope for near-term support. In addition to reprioritizing noncritical spending and seeking efficiency gains, several countries will need assistance from the international community, including grants, concessional and emergency loans, and, in some cases, debt restructuring of commercial and official debt. Quickly implementing the G20 Common Framework for Debt Treatments and widening its country coverage of eligible debtors is thus necessary.

Broader Policy Priorities: Anchor Fiscal Support, Transition to a New Post-COVID-19 Economy, and Address Crisis Legacies

The trade-off between continuing to support the economy in the near term and strengthening fiscal positions over time can be made more palatable within credible medium-term fiscal frameworks attuned to economic developments. For example, in countries where recovery is faster and more complete than expected, lifelines could be withdrawn faster and fiscal buffers built more quickly. Once the recovery is firmly in place, calibrated consolidation strategies—supported by pro-growth and inclusive measures—should be implemented. This is especially true in advanced economies that face elevated debt levels and structural pressures such as those related to aging. In highly indebted emerging market and developing economies, low-for-long interest rates are not assured and investor appetite may disappear quickly; large financing needs, foreign currency denomination, and short maturity can be amplifying factors. Early development and announcement of such strategies could create more near-term fiscal space for maneuver while anchoring fiscal sustainability. Commitment devices, such as strengthened rules-based or principles-based fiscal frameworks with increased transparency and accountability mechanisms and legislation such as "preapproval" of future tax reforms can also enhance policy credibility. The use of escape clauses or temporary suspension of fiscal rules has provided many countries with flexibility in accommodating fiscal support during the pandemic (Box 1.3). To avoid undermining the credibility of rules-based fiscal frameworks, countries should clearly communicate pathways for reinstating the rules (and, in some cases, recalibrate the rules' limits or improve their design) and reducing deficits and debt below the required limits.

In low-income developing countries, achieving debt sustainability while addressing development needs requires raising domestic revenues, improving spending efficiency, and facilitating private sector activity through structural reforms and improvements in governance and the rule of law. The COVID-19 pandemic has set back countries' progress toward achieving the SDGs. Financing needs for SDGs were already large before the pandemic and, based on an in-depth analysis of four low-income countries and emerging market economies, would likely rise further by 2.5 percentage points to 4 percentage points of

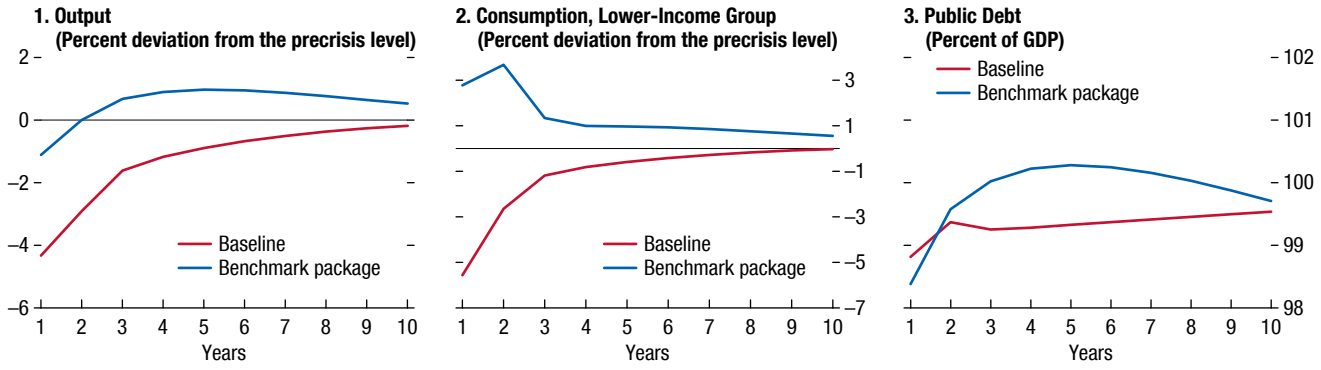
GDP in those countries, depending on the potential scarring effects of the pandemic (Benedek and others 2021). Revenue collection should be bolstered through a medium-term revenue strategy in which both tax policy and revenue administration efforts are well coordinated. Measures include implementing well-designed value-added taxes with timely refunds; building capacity for property taxation; gradually expanding the base for corporate and personal income taxes, including by eliminating costly tax exemptions; and efficiently taxing extractive industries (IMF 2019a). Adopting a comprehensive risk-based strategy (by focusing on large taxpayers) could improve compliance. Concerns that the value-added tax would affect low-income households disproportionately can be better addressed by strengthening social safety nets (Chapter 2).

The effect of the crisis on countries' public finances also reinforces the need to improve debt management and transparency. Advanced economies and some emerging markets could lock in historically low borrowing costs and extend average debt maturities. Low-income countries should close gaps in their debt operations, including weak legal frameworks, lack of operational risk management, insufficient audits, and incomplete coverage of debt statistics (particularly debt contracted through autonomous public entities, extrabudgetary funds, and state-owned enterprises that remains off budget). Further efforts are needed to manage risks and keep up with the evolving complexity of public debt structures. Measures include publishing regular debt reports, broadening the coverage of debt statistics, and limiting risks from contingent liabilities. All governments need to monitor and manage fiscal risks associated with pandemic-related support (which, if realized, would further add to public debt) and disclose contingent liabilities comprehensively.

A well-designed and timely fiscal package can support an inclusive economic recovery while reducing public debt over time. Model simulations for a typical advanced economy or an emerging market with manageable financing costs—calibrated to roughly match the deep contraction of global GDP in 2020—could help inform the design of such a package (Online Annex 1.1). The simulations consist of temporary transfers to lower-income households, frontloaded public investment, and higher labor income taxes in the medium term. The model offers two distinctive insights. First, timing is critical. It is beneficial to provide greater short-term fiscal support when interest rates are low and economic slack is high and to strengthen fiscal positions once a recovery is under way. Second, the composition of measures matters. Reliance on high-multiplier expenditure measures and progressive personal income taxation can raise growth and mitigate income inequality while containing the increase in public debt over time. Transfers boost income and consumption for low-income households, and increased taxes are borne by high-income households over the medium term (Figure 1.15).

Figure 1.15. Balancing Greater Short-Term Support and Medium-Term Fiscal Discipline

Simulations show that a well-designed fiscal package can raise growth and mitigate income inequality while containing the increase in public debt over time.



Source: IMF staff estimates.
Note: The baseline has no additional fiscal actions relative to what was deployed in 2020. The benchmark package consists of targeted transfers to low-income households (2 percent and 1.5 percent of GDP for years one and two, respectively), public investment (0.5 percent of GDP for the first two years and declining gradually), and a delayed increase in labor income tax rates for high-income households by 0.5 percentage points at the peak (Online Annex 1.1).

At present, a deep recession and accommodative monetary policy would increase the size of multipliers (Auerbach and Gorodnichenko 2012; Erceg and Lindé 2014), but high public debt and pandemic-induced supply constraints tend to lower it (Bi, Shen, and Yang 2016). The fiscal package discussed previously and in Online Annex 1.1 would increase output with a two-year cumulative output multiplier of slightly more than 1, considering the low-interest-rate environment and accommodative monetary stance, spike in unemployment and its partial recovery, firm-level excess capacity, and composition of fiscal measures—including targeted transfers to those who are more likely to spend rather than save them. The long-term multiplier could be close to 2, assuming a persistent increase in productive public investment. However, many other factors could affect the size of fiscal multipliers, including mobility restrictions, the productivity of public capital, the efficiency of public investment, the size of economic slack, and government indebtedness (October 2020 *Fiscal Monitor*).

Another factor is the timing and quality of the spending mix, including frontloaded public investment. Postponing quality public investment will likely limit the expansionary effect of targeted transfers because of its knock-on effects on private firms' incentives to invest (given that public capital is complementary to private investment in a low-interest-rate environment). In addition, delaying the push for high-return public investment would increase aggregate demand when the recovery is more advanced and interest rates are likely higher. This would make the same public investment less expansionary. Thus, for countries with fiscal space, an early push for quality public investment maximizes its growth effects. Refining the pipeline of appraised projects and resolving bottlenecks can help with scale-up. As a priority, pandemic-related investments in health care and vaccination should be maintained.

When the recovery is under way, policy should increasingly change focus to rebuilding buffers and reducing debt vulnerabilities. Model simulations illustrate several factors related to the quality and timing of short-term support, long-term adjustment needs for debt stabilization, and instrument choices. Medium-term adjustment needs, in particular, would be smaller if short-term support is based on high-quality and frontloaded measures (as outlined previously and detailed in Online Annex 1.1). Fiscal positions strengthened through more progressive personal income taxation over the medium term tend to be more equitable. In contrast, fiscal adjustments through higher capital income tax rates (if not on rents) generate a fiscal multiplier below 1 in the long term. Although raising capital income tax rates can mitigate income inequality (as can more progressive labor income taxes in the benchmark package), it has a stronger negative effect on private investment and, hence, long-term growth.

As part of recovery efforts, expenditures could be prioritized toward measures that bolster inclusive and robust growth, such as an investment push by economies with fiscal space. Investment projects—ideally with the participation of the private sector—should aim at mitigating climate change and facilitating digitalization, and can be partly financed with higher carbon taxes (October 2019 and October 2020 *Fiscal Monitor*). In low-income countries, green investment can be facilitated through official support, especially if combined with domestic and international private finance and improved public investment management frameworks. Strengthening social safety nets and addressing the weaknesses in tax systems—including by improving progressivity in domestic taxes and reforming international tax systems—could support inclusive growth. Progressivity and revenue performance could be improved through broader tax bases; more progressive personal income taxation; more neutral capital taxation; improvements in the design of value-added taxes; more and better use of carbon, property, and inheritance taxes; digital enhancements; and institutional strengthening to enable revenue administrations to implement and manage these tax reforms (de Mooij and others 2020; IMF 2019b; October 2019 *Fiscal Monitor*; October 2020 *World Economic Outlook*). The appropriate mix of measures would depend on individual countries' tax systems, the size of informal sector, and other economic structures. On international tax, reaching a political agreement under the Organisation of Economic Co-operation and Development's "Inclusive Framework" will help prevent unfettered tax competition that undermines revenue mobilization efforts and a proliferation of unilateral measures that could catalyze tax or trade wars with large economic costs (Box 1.4).

As vaccinations advance and economies recover, fiscal policy needs to focus on enabling a green, digital, and inclusive transformation of the economy, while managing fiscal and financing risks. Priority areas

include (1) investing for the future and improving health care and education outcomes; (2) facilitating the reallocation of labor and capital; (3) improving the coverage and adequacy of social protections in a cost-effective way—thereby countering the rise of inequality and poverty (Chapter 2); (4) reforming tax systems, including at the international level; and (5) reducing debt vulnerabilities and enhancing debt transparency. Once the recovery is firmly in place, long-standing weaknesses in public finances must be tackled by rebuilding fiscal buffers, addressing crisis legacies, and in low-income developing countries, renewing efforts to achieve the SDGs that have suffered a setback during the pandemic.

Box 1.1. Keeping the Receipts: One Year On, Some Innovative Practices

Since the onset of the COVID-19 pandemic, governments have been advised to "Do what it takes, but keep the receipts" to protect lives and livelihoods (April 2020 *Fiscal Monitor*). Many countries have demonstrated a commitment to tracking and transparently reporting on emergency COVID-19 spending[1] and the IMF has provided advice on how to keep (and verify) the receipts (IMF 2020a). This box highlights innovative practices implemented by various countries in the following areas: (1) tracking COVID-19 spending; (2) ensuring transparency of COVID-19 responses, including for procurement contracts; and (3) auditing COVID-19 spending.

Tracking COVID-19 spending: Where possible, countries have built on recent reforms of their public financial management systems to implement ad hoc measures and track, report, control, and oversee their COVID-19 response:

- Some countries have implemented their measures through normal budget channels while adapting their budget nomenclature and programs and their financial management information systems to better track the budgeting and execution of these measures (IMF 2020b). *Burkina Faso* and *France* have used their programmatic budget frameworks to introduce specific COVID-19 programs or actions that cut across ministries and agencies. Countries with modern charts of accounts and financial management information systems, such as *Honduras* and *Rwanda*, have tagged COVID-19 spending in their information systems. Because some implementing agencies are off budget (for example, national development banks), other countries—such as *Benin*—have achieved more comprehensive monitoring with innovative tracking mechanisms beyond the perimeter covered by their financial management information systems.
- More than 40 countries have established dedicated COVID-19 funds to centralize their emergency response and keep an audit trail (IMF 2020c). Some countries—such as *Botswana*—have also made use of such funds to combine and track public and private support. A COVID-19 fund, backed by strong safeguards, can be a pragmatic approach when public financial management systems are weak (for example, where key processes and controls are not automated). These safeguards include strong legal backing, a clear "sunset clause," well-defined public financial management processes, and robust accounting and reporting standards. Learning from the Ebola crisis, *Sierra Leone* has set up such a fund, which contributed to the rapid deployment of emergency operations, and facilitated a recent real-time audit on the use of emergency funds by the country's supreme audit institution (Audit Services of Sierra Leone 2020).

Ensuring transparency of COVID-19 measures: In addition to tracking and monitoring, it is equally important to demonstrate that funds have been effectively allocated and used for their intended purposes, particularly given the exceptional nature—in size, composition, and speed—of the fiscal response to COVID-19. Many countries across income groups have done so:

- COVID-19–related information is typically included in regular budget execution reports. For example, *Austria* includes COVID-19 spending and guarantees in its monthly budget report and provides information on COVID-19 response in its report on state-owned enterprises. But some countries, such as the *Maldives,* have prepared dedicated reports, sometimes on a weekly basis. Others—such as *Colombia, France, Honduras*, and *Peru*—have published spending information on dedicated transparency portals, providing a comprehensive picture of support expenditure that is updated promptly. Emerging good practice on transparency portals suggests that they provide an overview of the COVID-19 response (including off-budget measures), such as in the *Philippines*; show cross-sectional information on spending, such as in *Brazil* (for example, by administrative, economic, and functional groups; by beneficiary; and by region); and allow open access to microdata, such as in *Paraguay* and the *United States*.
- Countries such as *Jordan* and *Papua New Guinea* also publish information on procurement contracts, including their beneficial ownership, in line with their commitment when accessing IMF emergency funding. Countries such as *Ecuador*, *Kenya*, *Kyrgyz Republic,* and *Nicaragua* went further to amend their procurement legal framework to require the collection of beneficial ownership information for

[1]In addition, countries have committed to publish information on COVID-19–related procurement contracts, including on the true owner ("beneficial ownership") of the contracted companies, and to audit the COVID-19 response. The IMF has kept track of these commitments.

Box 1.1 *(continued)*

all contracts on a permanent basis. Countries such as *Colombia*, *Honduras,* and *Ukraine* have added a module in their e-procurement platforms that presents detailed information on all emergency procurement related to COVID-19.

- Civil society and the media have aided external oversight, making the data more easily available and, in some cases, complementing government efforts on transparency. In *South Africa*, where procurement data have been published by the government, volunteers disseminated the data by making it available on a platform called "Keep the Receipts." The Latin American Journalists Network for Transparency and Anti-Corruption, Red PALTA, has used procurement data from seven Latin American countries to publish articles tracing overpricing and corruption in the purchase of medical equipment.

Adequately scrutinizing and auditing COVID-19 spending: Legislatures and the public must be confident that COVID-19 expenditures have been used as intended and that waste has been avoided.

- To mitigate the relaxation of ex ante controls done to respond swiftly to the pandemic (IMF 2020d), supreme audit institutions have stepped in to provide stronger and more timely ex post controls. In *Honduras, Peru, Sierra Leone*, and *South Africa*, the respective supreme audit institutions have undertaken interim audits to uncover irregularities and tackle governance vulnerabilities as they happen. These audits are bearing results. In *South Africa*, more than one-third of the auditees have taken actions to address identified irregularities; the Unemployment Insurance Fund has recovered R3.4 billion (US$220 million) of incorrect payments, and the president has set up a high-level task force to address allegations of corruption (Auditor General of South Africa 2020). In January 2021 the European Court of Auditors published a first review of the European Union's emergency response until mid-2020 and announced that one-quarter of its audits in 2021 would focus on the European response to fighting the pandemic.
- Other independent watchdog institutions will ensure accountability of COVID-19 spending. In *Austria*, the Parliamentary Budget Office has spearheaded transparency efforts. In *Kenya*, the Ethics and Anti-Corruption Commission recently issued a report indicating that procurement laws were violated in the purchase of COVID-19–related supplies.

Box 1.2. Considerations When Supporting Firms

As the COVID-19 pandemic dramatically changes household behavior and business operations, a growing share of firms, particularly small and medium-sized enterprises, are incurring sustained losses. If the pandemic persists, widespread corporate insolvencies could follow, destroying millions of jobs and weakening the recovery (Díez and others 2021). This box highlights the key elements of support to firms:

Partnering with the private sector to assess the viability of firms: Where governments do not have the capacity to assess the financial health of each firm (especially small and medium-size enterprises), that function may be better served by the private banking sector, the capital markets, or even sovereign wealth funds or development banks. To avoid moral hazard among private lenders, loan guarantees should gradually be made partial.

Targeting support to viable firms (Figure 1.2.1): The April 2021 *Global Financial Stability Report* discusses how to identify illiquidity and solvency risks (applying to firms with access to capital markets or banks). Fiscal support to such firms (together with regulatory measures) would prevent a large increase of bankruptcies (Blanchard, Philippon, and Pisani-Ferry 2020; Gourinchas and others 2020). Governments could facilitate the restructuring of firms that have a viable business plan but are insolvent, for example, by making loan write-offs tax deductible for creditors. For firms that are difficult to reach, such as microenterprises or those operating in the informal sector, government support may need to be channeled through other means, including institutions that provide microcredit to households that own small businesses. Policymakers should allow a gradual process whereby nonviable firms shrink or close and new ones open, and some workers move between companies and sectors with help from targeted time-bound hiring subsidies, wage-loss insurance programs, and increased training. This could be facilitated by streamlined, standardized restructuring or bankruptcy procedures. Support could depend on objectives such as fostering digitalization and improving energy efficiency.

Encouraging greater reliance on equity financing:[1] Government guarantees on bank loans should be reduced over time and linked to restrictions on dividends and share buybacks. Guarantees or insurance could be offered for portfolios of privately funded and managed distressed assets rather than individual loans, and involve better risk pricing such that viable firms could access credit at lower rates. If the social cost of mass bankruptcies exceeds the private cost to debtors and creditors, governments could consider targeted quasi equity injections, including into small and medium-sized enterprises, such as through profit participation loans (Díez and others 2021). Governments could also consider conversion of guaranteed debt into equity and quasi equity for highly indebted but viable firms, especially for large firms or cases with a strong economic and social rationale for intervention. For example, in *Germany*, the government has introduced a temporary "umbrella" program—authorized by the European Commission—that uses all classes of equity and hybrid instruments to support firms affected by the pandemic. Even so, government equity stakes come with potential costs for the firm (political interference), the government (oversight responsibilities and governance issues), and the economy (competitive neutrality concerns) (April 2020 *Fiscal Monitor*). Experience during the global financial crisis suggests that government's direct involvement in private balance sheet restructurings (for instance, by injecting equity capital or subordinating its tax or debt claims on firms) could, in some cases, prevent tail-risk events (October 2009 *Global Financial Stability Report;* Group of Thirty 2020). However, it will be crucial to ensure that public support is done transparently at arm's length for good governance, consistent with overall policy goals, and that there is a clear exit strategy (including to minimize fiscal risks).

[1]Persistent corporate debt accumulation may lower productivity growth in the long term and raise vulnerabilities (Gopinath and others 2017; Lam and others 2017; Diamond, Hu, and Rajan 2020; Anderson and Raissi 2021).

Figure 1.2.1. Policy Support to Nonfinancial Firms

Differences in viability and leverage of firms call for varying types of policy interventions.

Firm financial condition	Systemic or network firms	Large	Medium and small	Micro and informal sector
General support	• Targeted, temporary, and state-contingent tax and social security contribution deferrals or subsides (for example, to cover wages) for firms in affected sectors, especially when containment restrictions curtail demand. • As the economy reopens, focus should turn to fiscal measures to stimulate domestic demand. Infrastructure investment, temporary reduction in taxes (such as VAT or accelerated depreciation), cash transfers to individuals based on income.			
Liquidity constrained	• Partial guarantees. • Direct loans with restrictions. • Temporary debt repayment moratoriums or the temporary suspension of insolvency rules.	• Partial guarantees. • Direct loans with restrictions. • Temporary debt repayment moratoriums or the temporary suspension of insolvency rules.	• Standardized partial guarantee programs. • Direct loans (such as using development banks). • Temporary debt repayment moratoriums or the temporary suspension of insolvency rules. • Temporary reduce utility tariffs.	• Micro-lending program through banks. • Temporarily reduce utility tariffs and evictions.
Viable but insolvent without support	• Foster debt restructuring by making debt forgiveness nontaxable, providing tax credits to creditors that grant haircuts to debtors, or applying larger haircuts on government claims. • Fresh equity investment alongside private investors.	• Out-of-court financial restructuring. • Hybrid restructurings/prepackaged reorganization. • Foster debt restructuring (for example, make debt forgiveness nontaxable, provide tax credits to creditors that grant haircuts to debtors, larger haircuts on government claims). • Seed a privately run special financing facility for distressed enterprises under reorganization. • Equity-like funding.	• Out-of-court financial restructuring. • Hybrid restructurings/prepackaged reorganization. • Foster debt restructuring by making debt forgiveness nontaxable, providing tax credits to creditors that grant haircuts to debtors, or applying larger haircuts on government claims. • Seed a privately run special financing facility for distressed enterprises under reorganization.	• Provide debt discharge though streamlined liquidation procedures. • Enhance unemployment benefits. • Sponsor innovation fund alongside private sector to support micro startups.
Nonviable	• Infusion of equity with restrictions if closing firm would have negative effect on economic activity (such as by disrupting production or trade networks). • Providing a business reorganization plan is an option rather than bailing out inefficient state enterprises.	• Bolster formal bankruptcy system resources.	• Develop streamlined or standardized liquidation procedures for these firms.	• Provide debt discharge though streamlined liquidation procedures. • Enhance unemployment benefits. • Sponsor innovation fund alongside private sector to support micro startups.

Source: IMF staff compilations.
Note: Network firm refers to a firm that is part of a larger structure and operates under a common brand name or shares significant professional resources. VAT = value-added tax.

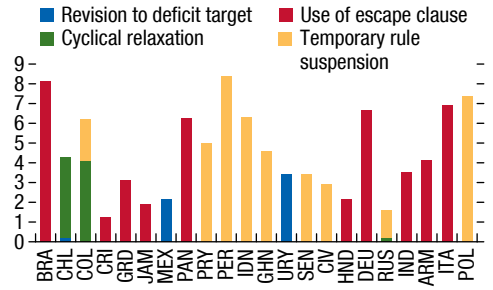
Box 1.3. The Flexibility of Fiscal Rules during the COVID-19 Pandemic

The COVID-19 pandemic continues to test the flexibility of rules-based fiscal frameworks and highlight the need for a return pathway to the rules (and, in some cases, a recalibration of the rules' limits). In 2020, many countries appropriately used escape clauses to deviate from or suspend the fiscal rules, on the basis of a predefined process that includes governments, parliaments, and, in some cases, fiscal councils (including to facilitate communications) (Figure 1.3.1). Commonly used provisions include the following:

- *Supranational escape clauses:* The activation of supranational escape clauses—such as those in the Central African Economic and Monetary Community, the Eastern Caribbean Currency Union, and the European Union—automatically triggered the national ones in some countries (*France, Italy, Portugal)*. Others relied on separate national escape clauses (*Czech Republic, Germany*), including different sets of triggers and suspension periods.
- *National escape clauses:* Countries with escape clauses resorted to them (*Armenia, Austria, Azerbaijan, Brazil, Costa Rica, Croatia, Estonia, Grenada, Honduras*). In some countries, escape clauses include quantitative triggers, such as in *India*, where the fiscal rule allows for temporary deviations from the target fiscal deficit (not exceeding 0.5 percentage points in a year) if real output growth declines by at least 3 percentage points below the average for the previous four quarters. *Brazil* adopted a "war budget" that excluded COVID-19 spending from the constitutional expenditure ceiling and declared a state of public calamity that lifted the obligation to comply with a primary balance target in 2020.
- *Suspension of the fiscal rules or changes to numerical targets:* Several countries without escape clauses temporarily suspended their fiscal rules (*Colombia, Ghana, Poland, Russian Federation*). *Paraguay* and *Peru*, despite having escape clauses, suspended their fiscal rules entirely until the end of 2021 to offer more flexibility. In some cases, the suspension of the rule was verified by independent fiscal councils, adding credibility to government decisions. *Indonesia* suspended the balance budget target of 3 percent of GDP for three years. *Chile, Mexico*, and *Uruguay* have modified their fiscal targets within their existing fiscal frameworks to allow for greater spending.

Figure 1.3.1. Policy Relaxation Relative to Fiscal Rule Limits, 2020
(Percent of GDP)

Many countries have used the built-in adjustments of fiscal rules during the COVID-19 pandemic.



Sources: Country reports; national authorities; and IMF staff calculations.
Note: Data labels use International Organization for Standardization (ISO) country codes.

Countries are contemplating when and how to transition back to the rules (that is, to exit the escape clause or end the suspension). For example, *Canada* plans to gradually unwind support measures on the basis of data-driven triggers such as employment or total hours worked rather than a predetermined calendar. Policymakers need to balance the need for continued flexibility to counter the pandemic and support the recovery against the need to keep market confidence, especially when debt and gross financing needs are high. *Brazil* has prioritized debt stability by withdrawing most COVID-related fiscal support measures at the end of last year and aiming to meet the expenditure ceiling in 2021. This reinforces credibility, though it requires a large upfront adjustment. A constitutional amendment exempted the recently announced round of cash transfers from the rule but limited it to 0.6 percent of GDP. For all countries, preserving the credibility of the framework requires ensuring that flexibility is temporary and transparent—including by communicating the process of returning to the rule, announcing a realistic medium-term path, and, in some cases, improving the design of the rules or recalibrating its limits to fit postpandemic circumstances.

Box 1.4. Toward an Agreement on Reforming International Taxes

The taxation of multinational corporations has been under severe stress in recent decades.[1] The way in which profits are attributed among affiliates of a multinational group in different countries not only is challenging to implement but leaves considerable scope for cross-border profit shifting. Especially in developing countries, anti-tax avoidance measures often remain ineffective—owing to limited administrative capacity—and do not address structural weaknesses in international tax rules. Digitalization has exacerbated the shortcomings of the current framework, which assigns taxing rights primarily on the basis of physical presence and enables highly digitalized firms to earn significant profits in "market countries" without incurring any income tax liability there. A potentially even larger revenue risk for governments comes from unrestricted tax competition among countries, an issue that is yet to be addressed.

The G20/OECD Base Erosion and Profit Shifting project, which concluded in 2015, partly addressed issues of tax avoidance by multinationals. But it did not fundamentally reform the system, leaving deep-rooted problems unresolved. Recognizing that more needs to be done, the now 139 members of the OECD's "Inclusive Framework" have since discussed reform proposals for a more fundamental departure from the current century-old norms. In October 2020, these were detailed in Blueprints on two pillars, which are currently being discussed.

- *Pillar One* aims to address the digitalization challenge through a new approach that assigns some taxing rights to market countries. It would use a formula based on the share of sales to reallocate a share of "residual" profits—those, roughly, in excess of a normal return—earned by large multinationals operating in some sectors (that is, automated digital services and consumer-facing businesses) to market countries. These new features are welcome to address some of the weaknesses of the current system (IMF 2019b). However, while offering a compromise, the proposal lacks a coherent economic rationale, is highly complex, and does not yet specify several issues of substance (such as the portion of profit to be reallocated). According to OECD (2020), it would increase global corporate tax revenues by ¼ to ½ percent.
- *Pillar Two* targets tax competition and further limits profit shifting by ensuring that profits of large multinationals are subject to at least some minimum level of taxation. It envisages an "outbound" tax rule (an "income inclusion rule") charged by residence countries on low-taxed foreign earnings, and two "inbound" rules (a principal "undertaxed payment rule" denying deductions for payments not taxed at a sufficient rate elsewhere, and a separate "subject to tax rule" permitting source countries under tax treaties to impose withholding taxes). According to OECD estimates, with this proposal global corporate tax revenues would rise by between 1¾ and 2¾ percent (OECD 2020). The broad intent of this pillar is welcome, but it is also likely to benefit advanced economies more than developing countries. The proposed effective priority of the "outbound" rule over the principal "inbound" rule (given the likely limited impact of the narrow and optional "subject to tax" rule) means that the revenue collected by "topping up" taxes on lightly taxed income in source countries accrues not to those countries, often developing countries, but to residence countries, often advanced economies.

Overall, the Blueprints contemplate significant and welcome departures from long-standing standards and go some way to addressing the fractures in the international tax architecture—paving the way for a more robust and sustainable future system. Agreement by mid-2021 is an ambitious target, calling for renewed efforts to address many implementation issues and excessive complexities of the proposals. Key features to be agreed include (1) the rule order in Pillar Two, with developing countries seeking a greater role for the inbound rule; (2) the scope of Pillar One, with some European countries focusing on automated digital services, and the United States asserting a broader reform beyond digital companies; and (3) the level of the minimum effective tax rate—with the range between 9 percent and 12½ percent being discussed seen as too low by some.

Reaching political agreement on the two pillars will be important to avoid both unfettered tax competition that undermines revenue mobilization efforts and a proliferation of unilateral measures—such as "digital service taxes" of various kinds now enhanced or proposed in many countries (Aslam and Shah 2020)—that could give rise to tax and trade wars with large economic costs for all. Even if agreement is reached, pressures for further reforms, likely expanding upon these newly adopted approaches, will continue given the relatively narrow scope and limited estimated effect of the proposals.

[1]The issues are discussed in more depth in de Mooij, Klemm, and Perry (2021) and Devereux and others (2021).

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CHAPTER 2

A FAIR SHOT

The COVID-19 pandemic has worsened preexisting inequalities. It has laid bare inequalities in access to basic services, which, in turn, may cause income gaps to persist generation after generation. For the recovery to benefit all and to strengthen trust in government, action is needed to reduce gaps in incomes and in access to services. For most countries, this will require mobilizing additional revenues and improving service delivery while fostering inclusive growth. In the period ahead, access to vaccines and the progress in vaccination will be decisive. Policymakers should also be responsive to public sentiment that, as a result of the pandemic, may be shifting toward greater demand for inclusive policies.

Introduction

COVID-19 has exposed and exacerbated preexisting inequalities in incomes and access to basic public services, such as health care and vaccination, both within and across countries.[1] Disruptions to education threaten social mobility by leaving long-lasting effects on children and youth, especially those from poorer households. These challenges are being compounded by accelerated digitalization and the transformational effect of the pandemic on the economy, posing low-skilled workers with difficulties in finding employment. Against this backdrop, societies may experience rising polarization, erosion of trust in government, or social unrest. These factors complicate sound economic policymaking and pose risks to macroeconomic stability and the functioning of society.

[1]The chapter uses several inequality-related concepts: inequality of income, mainly measured using a conventional Gini coefficient in which 0/1 represents perfect equality/inequality; wealth inequality, measured as the share of wealth attributed to the top 1 or 10 percent of the population; inequality of opportunity, which is income inequality driven by factors outside the control of individuals (such as parental education and income, race, gender, and place of birth); intergenerational mobility, which measures the extent to which parental income or education determines their children's income or education; and access to basic (public) services, which includes typical services governments provide for public consumption, with primary focus on education, health, social protection, and infrastructure.

Governments need to provide everyone with a fair shot—enabling all individuals to reach their potential—and to strengthen vulnerable households' resilience, preserving social stability and, in turn, macroeconomic stability. The pandemic has confirmed the merits of equal access to basic services—health care, quality education, and digital infrastructure—and of inclusive labor markets and effective social safety nets. Better performance in these areas has enhanced resilience to the pandemic and is key for the economic recovery to benefit all and to strengthen trust in government.

Meanwhile, policies to reduce income gaps and improve access to services face a more challenging economic and social environment. Public finances have been weakened in most countries as a result of the pandemic. To finance these critical policies and foster inclusive growth, many countries will need to raise additional revenues and improve spending efficiency. Measures will thus need to support inclusive growth in a context of tighter fiscal space. At the same time, policymakers should be aware of public attitudes, which may be shifting toward greater demand for inclusive policies.

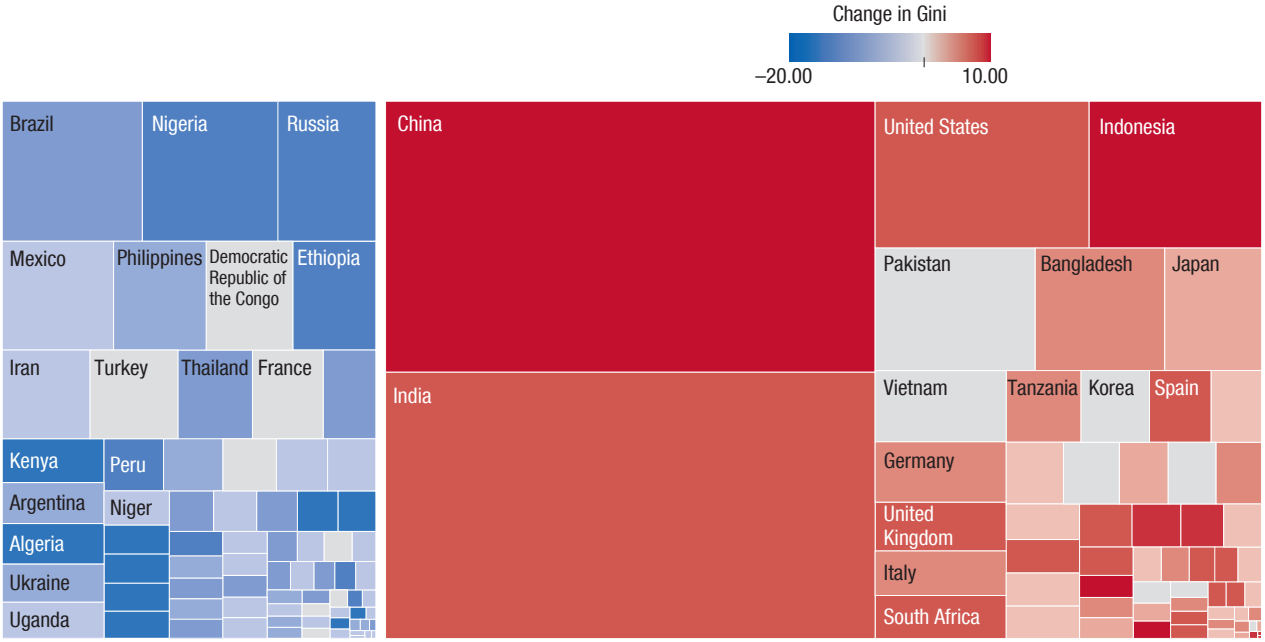
To discuss these policy challenges, this chapter first reviews trends in inequality before the pandemic, highlighting the tight connections among inequalities in income, wealth, access to basic services, and opportunities. It then reports early evidence that preexisting inequalities have exacerbated poor health and income outcomes from the COVID-19 crisis and that, in addition, the pandemic is worsening inequality, poverty, and educational attainment. The chapter then considers two groups of policies: predistributive (policies that affect the distribution of market income) and redistributive; both are needed to tackle inequalities in the postpandemic world. The chapter then explores how to garner popular support for distributive policies.

Trends in Inequality before the COVID-19 Pandemic

Before the pandemic, within-country income inequalities had been rising or remained high in many countries—in some cases, contributing to occasional

Figure 2.1. Change in Inequality (Gini Index), 1990–2019

Income inequality has increased in many advanced economies and large emerging market economies in the past three decades.



Sources: IMF Income Gini database; and World Economic Outlook database.
Note: The size of the rectangle corresponds to the relative size of the population of the country. The colors correspond to the difference in the Gini index between the value in the most recent available year and the 1990s. Red (blue) denotes worsening (improvement) in Gini, and gray points to little change.

episodes of social unrest (April 2020 *Fiscal Monitor*). Over the past three decades, income inequality has increased in most advanced economies and large emerging market economies (Figure 2.1). By contrast, in many emerging market economies and low-income developing countries, income inequality has declined, albeit from high levels. Both country-specific and global factors, such as technological innovation, globalization, and commodity price cycles, have shaped trends in income inequality. Meanwhile, global income inequality, measured across all individuals and abstracting from national borders, has declined steadily, reflecting that some of the largest emerging market economies have caught up with advanced economies (October 2017 *Fiscal Monitor*). Global extreme poverty, accordingly, had been declining since the 1990s (World Bank 2020b).

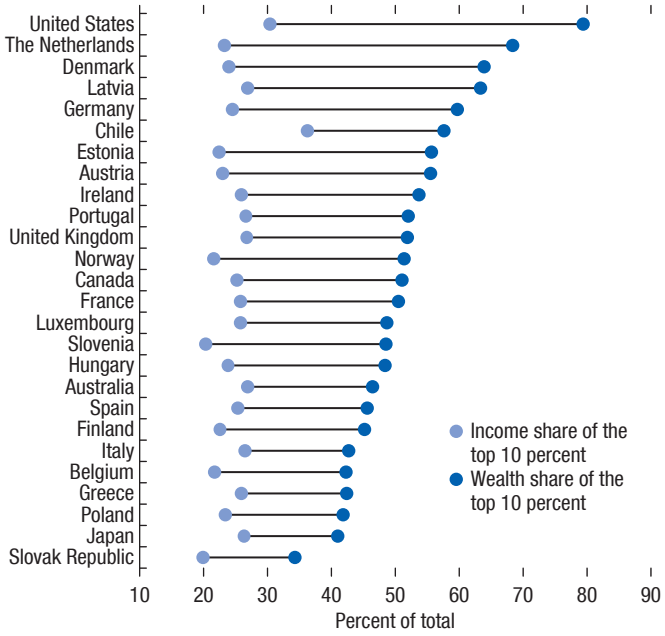
The wealth distribution is more unequal than the income distribution. The wealth share of the top 10 percent of the population is well above the income share of the top 10 percent in countries for which data are available (Figure 2.2). High wealth and income inequality create differences in opportunities and persistent disparities in access to basic services, such as education, health care, electricity, water, and internet. Intergenerational persistence in education—the extent to which the education of parents determines the education of their children—declined from the 1940s cohorts to the 1960s cohorts and effectively stalled thereafter, particularly in emerging market economies and low-income developing countries (Figure 2.3).

These various aspects of inequality (income, wealth, access to services, and opportunities) are mutually reinforcing (see, for example, Balboni and others 2020). Income inequality, an outcome, reflects individuals' choices and opportunities. Inequality of opportunities, which measures income inequality driven by factors outside the control of individuals (such as parental education and income, race, gender, and birthplace), stems, in part, from disparities in access to basic services, such as education and health care. For example, the differential access proxied by a country's index of progress in achieving the Sustainable Development Goals (SDGs) is closely associated with inequality of opportunity (Figure 2.4, panel 1).[2] In turn, inequality of opportunity is closely related to intergenerational persistence in income (Narayan and

[2]The SDG index tracks country performance on the SDGs with equal weight to all 17 goals and signifies a country's position between the worst (0) and the best or target (100) outcomes.

Figure 2.2. Income and Wealth Shares of the Top 10 Percent of the Population

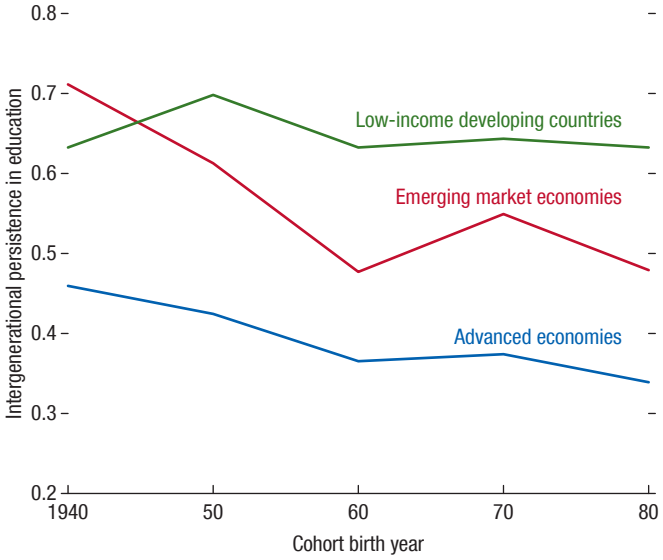
The wealth distribution is even more unequal than the income distribution.



Source: Organisation for Economic Co-operation and Development.
Note: Data are taken from the most recent available year, ranging from 2013 to 2017.

Figure 2.3. Intergenerational Persistence in Education, 1940–80

Progress has slowed for intergenerational mobility in education.



Sources: World Bank Global Database of Intergenerational Mobility 2018; and IMF staff calculations.
Note: Values of intergenerational persistence are coefficient estimates from the regression of children's years of education on the education of their parents. Higher values indicate great intergenerational persistence or lower mobility.

others 2018). Furthermore, income inequality has an adverse feedback loop to disparities in access and intergenerational mobility. Higher-income parents can give their children better access to good education and job opportunities, thus leading to intergenerational persistence in income. Income inequality and intergenerational persistence in income are significantly associated (Figure 2.4, panel 2).[3]

Income inequality is also related to intergenerational persistence in education. Access to education is an important determinant of intergenerational mobility in education, along with access to information and communication technology and income inequality (Online Annex 2.1). For example, for the 1960s cohort, an increase of 2¾ years in education is associated with an improvement from the third quartile to nearly the median of the distribution of intergenerational mobility in education. Moreover, an increase in income inequality by 9 Gini points is associated with a reduction of educational attainment by 0.9 years, as measured in 1980.

[3]This association between income inequality and its persistence across generations shown in panel 2 of Figure 2.4, with several countries of all income levels, was previously documented for advanced economies by Corak (2013).

This chapter focuses on disparities in access to basic services, which contribute to uneven lifetime opportunities. This emphasis on disparities in access or in opportunities not only has the virtue of broader acceptance, but also alleviates concerns about trade-offs between equity and efficiency.[4]

The Pandemic and Inequality

Effects of Preexisting Inequalities on Adverse Health Outcomes from the COVID-19 Pandemic

Preexisting inequalities, both across and within countries, have affected health outcomes from the COVID-19 pandemic.[5] Considering differences across countries, better access to health care, proxied

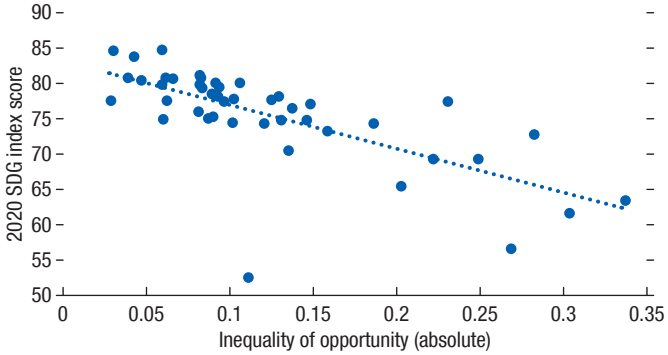
[4]Although empirical evidence on the relationship between income inequality and growth is not conclusive, some researchers report evidence that inequalities driven by uneven opportunities are negatively associated with growth (Marrero and Rodríguez 2013; Aiyar and Ebeke 2019). Reducing disparities in access to public services could thus also foster economic growth.

[5]In addition to its direct effect on wellness, COVID-19 has disrupted normal health care services. These disruptions could cause a substantial medium-term increase in deaths from other diseases such as HIV, tuberculosis, and malaria (Hogan and others 2020).

Figure 2.4. Relationships between Various Aspects of Inequality

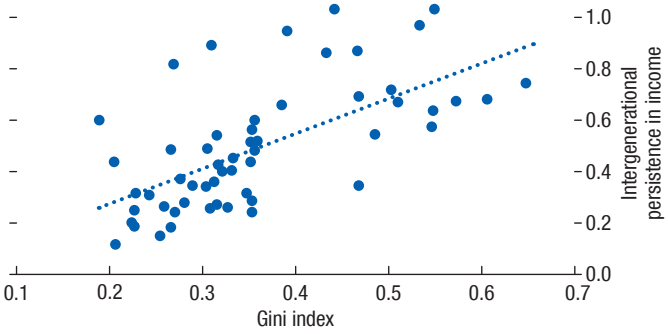
1. SDG Index and Inequality of Opportunity

Inequality of opportunity is closely related to a country's progress in achieving the SDGs.



2. Income Inequality and Intergenerational Persistence in Income

Also closely related are income inequality and the persistence of income across generations.



Sources: Sachs and others 2020; World Bank Global Database of Intergenerational Mobility 2018; and the World Database on Equality of Opportunity and Social Mobility (Equalchances).
Note: Panel 1 covers 45 countries of all income levels. Panel 2 covers 55 countries of all income levels. The first available income (or consumption) Gini is from 1965–85, and intergenerational persistence of income is for the 1960 or 1970 cohort, whichever is available. SDGs = Sustainable Development Goals.

by the number of hospital beds, is associated with lower age-adjusted mortality rates per capita.[6] In the period ahead, the availability of vaccines and the vaccination process will be even more decisive for health and economic outcomes. Turning to within-country income inequalities, which can be linked to inequality in access to services, cross-country analysis shows that both infection and death rates correlate positively with relative poverty, defined as the share of the population living below 50 percent of a country's median income. The association with relative poverty is stronger the larger the urban share of the population, suggesting higher infection rates among poorer urban households (Online Annex 2.2). Studies focusing on a single country confirm the link between health outcomes and income, inequality, and poverty. For example, COVID-19 death rates per capita have been almost twice as high in the *United States* in counties with poverty rates of more than 20 percent compared with those with less than 5 percent (Chen and Krieger 2020). US counties with higher income inequality have experienced higher infection rates (Brown and Ravallion 2020). In *France*, mortality rates have been twice as high in municipalities below the 25th income percentile than in municipalities above this threshold (Brandily and others 2020).

Several factors explain the link between inequality and COVID-19 outcomes. Poorer individuals, who, on average, have fewer teleworkable jobs, less job security, and less financial savings, are less likely to be able to practice social distancing (Chiou and Tucker 2020). Poorer people also more often live in crowded neighborhoods and houses; have inferior access to hygiene and basic public services, such as water and sanitation; and rely more on public transportation, making them more susceptible to infection (Papageorge and others 2020). Higher county death rates in the *United States* are associated with higher public transport use relative to telecommuting (Knittel and Ozaltun 2020). Moreover, minority groups have been experiencing even worse outcomes than predicted on the basis of income alone, reflecting inequities in access to basic services and differences in occupation. Based on a meta-analysis of 50 studies in the *United States* and the *United Kingdom*, Sze and others (2020) find a higher risk of COVID-19 infection for Black and Asian people than for White people. In São Paulo, *Brazil*, Black people have been 62 percent more likely to die from COVID-19 than White people. In *France,* excess mortality is higher in the Seine-Saint-Denis department, where many minorities live (Office of the United Nations High Commissioner for Human Rights 2020).

[6]This association between access to health care and mortality rates also holds when using the number of physicians as an alternative proxy for access to health care. Note, however, that having more hospital beds or more physicians does not always imply a better health care capacity. Higher numbers of COVID-19 deaths in advanced economies reflect, in part, an older population. According to clinical data, mortality rates were much higher for the older population (Yanez and others 2020).

Effects of the COVID-19 Pandemic on Inequality and Poverty

Because COVID-19 disproportionately affects the most vulnerable groups, poverty and income inequality are projected to rise. Global estimates point to an increase of 95 million people in extreme poverty in 2020 relative to the pre–COVID-19 projections (Chapter 1 of the April 2021 *World Economic Outlook*). Empirical evidence on previous pandemics, less widespread than COVID-19, indicates increases in inequality after a few years, especially where fiscal policy is constrained (Furceri and others, forthcoming). Technological change may accelerate, inserting further upward pressure on income inequality (October 2020 *Regional Economic Outlook: Asia and Pacific*). Many people are expected to suffer from the long-term effects of COVID-19 (Huang and others 2021), which may adversely affect their employment prospects.

The effect of the pandemic on labor markets has been staggering in depth and breadth. Developing economies, low-skilled workers, informal workers, and youth have experienced the most pronounced effects. Losses in working hours are estimated at an average of 8.8 percent in 2020 relative to the fourth quarter of 2019, with lower-middle-income countries showing an estimated decline in working hours of 11 percent (ILO 2021). The drop in employment has been sharper for low- and medium-skilled occupations. In the *United States*, high-wage workers' employment losses lasted only a few weeks, whereas low-wage workers experienced much larger job losses that persisted several months (Chetty and others 2020). Informal sector employment fell more steeply than formal sector employment (October 2020 *Regional Economic Outlook: Western Hemisphere*). Young workers experienced larger increases in unemployment (Chapter 3 of the April 2021 *World Economic Outlook*).

Women have been particularly affected by the pandemic in contrast with past recessions, when men more often lost their jobs (Rubery and Rafferty 2013). In emerging market and developing economies, women's unemployment rate increased more than men's, whereas for advanced economies there is not much difference (Chapter 3 of the April 2021 *World Economic Outlook*). Women are overrepresented in the sectors most affected by COVID-19, accounting for about 60 percent of workers in accommodation and retail services across member countries of the Organisation for Economic Co-operation and Development (OECD). Women also make up the bulk of first responders in health care—more than three-quarters of the world's medical doctors and nursing personnel combined are women (Boniol and others 2019). Working mothers have also borne the brunt of childcare during closures of schools and childcare centers.

High-frequency data confirm the large effect of the pandemic on poverty and inequality and the role of government support in mitigating its impact.[7] In *Spain*, according to Aspachs and others (2020), the post-transfer wage income Gini increased from 38.4 in February 2020 to 49.2 in December 2020, according to commercial bank account data, while Cantó Sánchez and others (2021) found that fiscal measures had helped to cushion the immediate impact on the loss of income. In *Mexico*, the share of the population in working poverty jumped from 35.7 percent in the first quarter to 44.5 percent in the third quarter (CONEVAL 2020). In *France*, bank data show that low-income households experienced a severe decrease in consumption, a decrease in savings, and an increase in debt (suggesting a significant drop in income), unlike the richer households, whose net financial wealth increased (Bounie and others 2020). In *Uruguay*, the poverty rate in the first three months of the pandemic rose from 8.5 percent to 11.8 percent. Government cash transfers had a positive but limited effect in mitigating this spike (Brum and De Rosa 2020).

In contrast, in the *United States*, with government support, the share of people below the federal poverty level declined from 11 percent in February 2020 to 9.3 percent in June 2020. However, the share rose to 11.8 percent in December 2020 when some benefits expired (Han, Meyer, and Sullivan 2020).[8] In *Brazil,* the new Emergency Aid social assistance more than compensated for the negative effect of COVID-19 on poverty and inequality, but the program ended in December (Al Masri, Flamini, and Toscani 2021). In *Ethiopia,* participation in the Productive Safety Net Program—the flagship social assistance program—largely offset the adverse effect of the pandemic on food security (Abay and others 2020).

[7]The timeliness and granularity of cross-country inequality data could be improved. This is a priority of the G20 Data Gaps Initiative and of the ongoing international effort to update the System of National Accounts.

[8]Han, Meyer, and Sullivan (2020) considers total income reported by respondents for the previous 12 months.

Effect of School Closures during COVID-19 on Instructional Losses

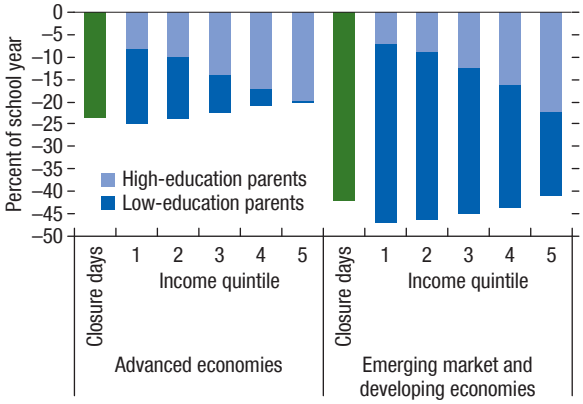
Future inequalities may be larger because school closures have led to an unprecedented global disruption to education. Country-specific studies on the effect of school closures on instructional losses paint a grim picture. In *the Netherlands*, average learning loss, measured by changes in nationally standardized test scores, was equivalent to one-fifth of a school year for primary school students, nearly the duration of school closure, and losses were larger among students from less-educated homes, highlighting the role of parents during remote learning (Engzell, Frey, and Verhagen 2020). School closures are expected to be the main reason for education losses, with the pandemic-induced income shock to parents playing a secondary role (Fuchs-Schündeln and others 2020).

A grim "COVID-19 slide" (loss in education) also occurred in the *United States*, with stark differences across race and income (Dorn and others 2020). In *England*, poorer children had a larger reduction in learning time, less access to learning resources (such as computers and dedicated study space), and less active school support during lockdowns (Andrew and others 2020). Daily learning time during school closures in *Germany* is estimated to have fallen by one-half, and the fall was larger for low-achieving students and boys (Grewenig and others 2020). Children in lower-income countries were less likely to engage in educational activities during school closures than in higher-income countries, according to phone surveys conducted by the World Bank (World Bank 2020a). Disruptions to education systems were particularly large in countries with limited infrastructure (Chapter 1 of the April 2021 *World Economic Outlook*).

Learning losses will be especially large in emerging market and developing economies and for children from poorer families and rural areas lacking access to digital infrastructure. Based on a cross-country analysis, realized education losses from required school closures as of December 31, 2020, are estimated at 20 percent to 25 percent of the school year in advanced economies and between 40 percent and 50 percent in emerging market and developing economies, depending on income quintile and parental education (Figure 2.5 and Online Annex 2.3). Considering both mandatory and recommended school closures, losses could be much larger. These estimates assume that some children will be engaged in remote learning, which will partly mitigate the learning losses, whereas others who do not engage in remote learning would suffer larger education losses.

Figure 2.5. Education Losses from School Closures and Remote Learning Efficiency in 2020

Learning losses reached about a quarter of children's normal annual learning progress in advanced economies and almost double this amount in emerging market and developing economies.



Sources: Engzell, Frey, and Verhagen 2020; Oxford COVID-19 Government Response Tracker; United Nations Educational, Scientific, and Cultural Organization; World Development Indicators and COVID-19 phone surveys; and IMF staff estimates.
Note: Data shown are simple averages. Green bars denote shares of a school year that schools at all grades were subject to mandatory closures between March 1 and December 31, 2020. Blue bars denote children's estimated learning losses by income quintile and are based on estimated learning efficiency varying by parents' education.

In addition to the supply-side effect of school closures, the COVID-19 shock could reduce demand for education. Reduced demand is especially relevant for developing countries and households whose income has fallen. Considering past recessions and the expected GDP growth for emerging market and developing economies in 2020, net school enrollment rates could fall by 1 percentage point in 2021 (Online Annex 2.3). Children who drop out of school are expected to suffer lifelong losses in income and opportunities.

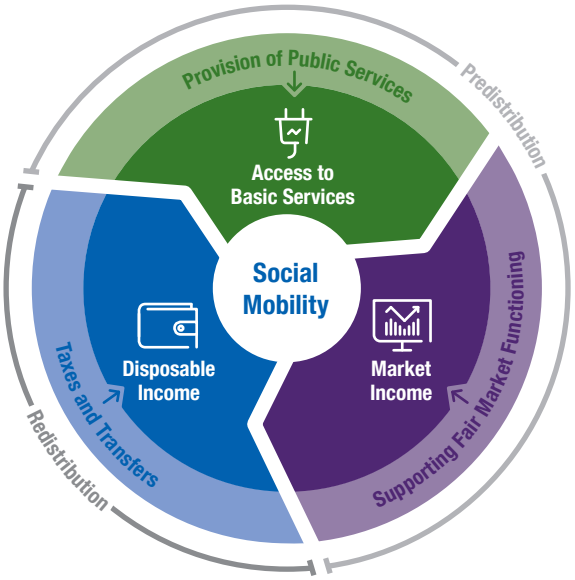
Policies to Tackle Rising Inequality: Predistribution and Redistribution

Policy Interventions

Policymakers would be well advised to focus on the social safety nets and health care and education services that came under severe stress from COVID-19. Governments should provide near-term emergency financing to the health care sector, including for vaccination campaigns, as well as to the education sector to support students' remote learning; encourage reenrollment (prioritizing students at higher risk of dropping out,

Figure 2.6. Policies: Conceptual Framework

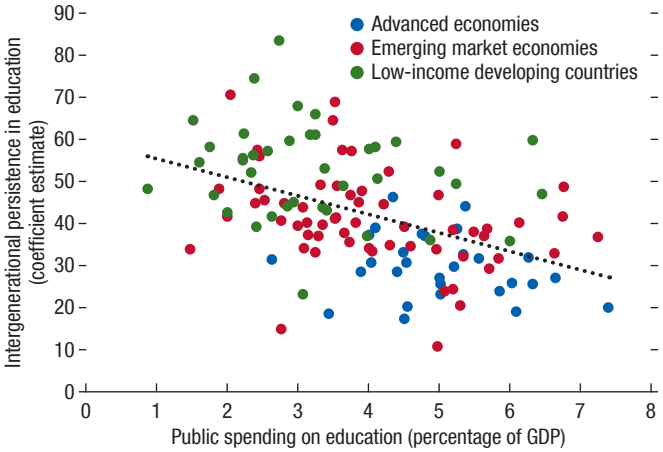
Predistributive and redistributive policies work together in multiple and reinforcing ways.



Source: IMF staff.

Figure 2.7. Spending on Education and Intergenerational Mobility

Higher spending on public education is associated with more years of schooling for children compared with their parents.



Sources: UNESCO; World Bank Global Database of International Mobility; and IMF staff estimates.
Note: Education spending (during school years) in percentage of GDP and education persistency in adulthood for the cohort born in the 1980s (derived as the regression coefficient in a simple regression of child's education on parental education).

including girls); and offset learning losses by adjusting curriculums, modifying school calendars, and providing teachers with development and guidance (World Bank 2020c). Even so, most public policies to reduce inequality and enhance opportunities will be similar to those that would have been appropriate before the pandemic. Predistributive policies reduce market income inequality (before taxes and transfers) and foster inclusive growth by (1) enhancing opportunities and increasing human capital before individuals enter the labor market, and (2) supporting participation in labor markets. Redistributive policies, in turn, can reduce poverty and disposable income inequality (after taxes and transfers) and improve access to basic services in the short term by redistributing income toward lower-income households. Similar to predistributive policies, redistributive policies can also enhance long-term growth, particularly by increasing school enrollment among children from disadvantaged backgrounds (Figure 2.6). Governments should take a holistic view in identifying sources of low intergenerational mobility and high inequality, tailoring policies to country-specific circumstances. For example, if education and access to basic services are adequate but mobility is low, then market functioning should be improved.[9]

[9]An example of a problem in market functioning is discrimination in labor markets, including by race, ethnicity, or disability.

Public spending on basic services can be a priority where access gaps are large and children's education is determined by their parents' education.

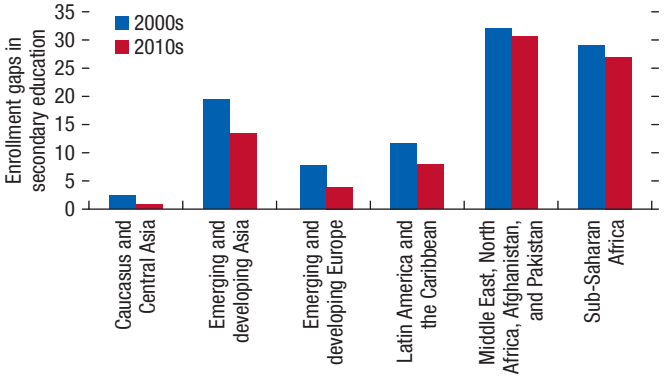
Policies to Enhance Access to Basic Services (Predistribution)

Public spending on education, health care, and infrastructure can improve access to basic services and human capital accumulation. Public spending can, in part, compensate for the gap in private investments in children between rich and poor parents. For example, cross-country evidence shows that government spending on education can reduce the importance of family background (Figure 2.7). Reducing market income inequality through better access to education may also diminish the need for fiscal redistribution.

Much remains to be done. Despite expanded access to services over the past few decades, large within-country gaps remain between higher- and lower-income households—for example, in access to education. Gaps between rich and poor households in enrollment rates—which are crude measures of educational attainment—are especially large in the Middle East, North Africa, and sub-Saharan Africa, where they reach 25 percentage points to 30 percentage points (Figure 2.8). More and better spending on education can reduce these gaps. For example, an increase

Figure 2.8. Differences in Enrollment Rates between the Richest and Poorest Households
(Percentage points)

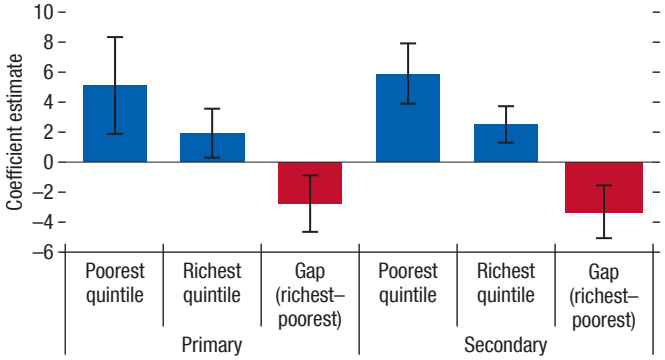
The Middle East and Africa have especially large gaps in school enrollment between rich and poor households.



Sources: United Nations Educational, Scientific, and Cultural Organization; and World Bank.

Figure 2.9. Effect of Public Education Spending on School Enrollment Rates

Increasing government spending on primary education by 1 percent of GDP could reduce the average enrollment gap by about 30 percent.



Sources: World Bank; United Nations Educational, Scientific, and Cultural Organization; and IMF staff calculations.
Note: Estimated coefficients from panel regressions. Data cover 38 emerging market economies over 2000–18.

in government spending on primary education of 1 percent of GDP could reduce the gap in enrollment rates between the highest- and the lowest-income quantiles by 2.8 percentage points, or almost one-third of the average enrollment gap (Figure 2.9 and Online Annex 2.4). The effect is similar for secondary education. Reducing large inefficiencies in education spending can also improve education outcomes (Sutherland, Price, and Gonand 2009; Grigoli 2015). In advanced economies, school enrollment gaps are small, but students from disadvantaged backgrounds have lower test scores and are less likely to complete upper secondary education or to aspire to tertiary education (OECD 2015). Large gaps also remain between advanced economies and developing countries in the acquisition of higher-level cognitive skills (Hanushek, Peterson, and Woessmann 2012).

Gender gaps in education remain despite some improvement over the past few decades. Gender inequality in education reduces human capital and, hence, productivity and growth. Countries with higher gender gaps in education also have lower life expectancy, GDP per capita, and measures of state capacity (Evans, Akmal, and Jakiela 2020). Moreover, better-educated women are more informed about nutrition and health care, have fewer children, marry at a later age, and are more likely to join the formal labor market and earn higher incomes (Duflo 2012; Keats 2018).

Focusing on teacher quality and on early childhood development can improve education outcomes. Teacher quality has a strong effect on students' lifetime earnings (Card, Domnisoru, and Taylor 2018). Higher salaries help attract, retain, and motivate better teachers. Some countries give priority to smaller class sizes, which they can fund by holding down teacher salaries. However, in advanced economies, prioritizing teacher quality is associated with better student outcomes (OECD 2016). In developing economies, improvements in infrastructure and instructional materials may be necessary before investments in teacher quality can take full effect (OECD 2013). Moreover, better public schoolteachers may not be rewarded with higher wages (Bau and Das 2020). Returns to investment in early childhood education are especially large because cognitive skills are developed early in life, boosting school returns in subsequent education stages (Cunha and Heckman 2007; Attanasio 2015).

Health care investments also foster growth and human capital accumulation, reducing inequality and increasing social mobility. Economic circumstances strongly predict children's health outcomes, which are related to human capital accumulation, adult health, and productivity (Case, Lubotsky, and Paxson 2002; Currie 2009). Government health care spending can reduce the importance of family background and thus can increase intergenerational mobility (Aizer 2014). Health care must begin before birth because maternal health determines health at birth, and in utero deprivations can reduce the effect of postnatal health care (Narayan and others 2018).

Tax policy can affect incentives for human capital investment, especially in one's children. Particularly in countries with more developed tax systems, child tax credits to lower-income households can have large effects on children's school attendance, performance, and future earnings (Chetty and others 2015) by allowing parents to buy more learning- and health-related items, but also by relieving the stress of income insecurity, enabling parents to focus on developmental activities. In contrast, there is little evidence that tax incentives encourage individuals to invest in new skills (Bulman and Hoxby 2015).

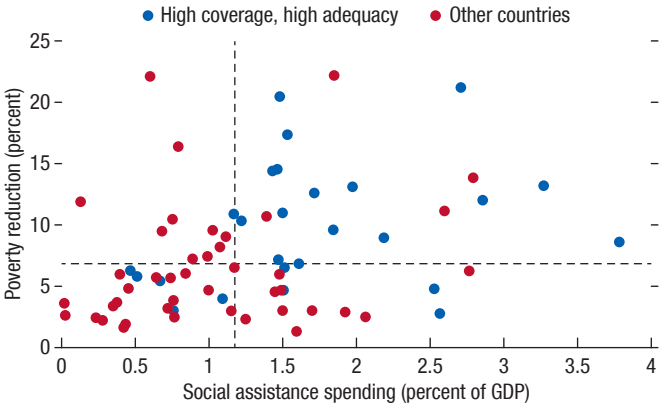
Policies to Support Free and Competitive Markets (Predistribution)

The economic transformation accelerated by the pandemic is calling for greater policy efforts to help workers to adapt to shifts toward jobs requiring higher-level cognitive skills (Chapter 3 of the April 2021 *World Economic Outlook*). As the pandemic is brought under control, policies should gradually shift to protecting people rather than jobs. A focus on skills acquisition at all levels and on adapting labor market institutions to new forms of work would help workers adjust to and gain from digital change (OECD 2018a). In the short term, governments should invest in active labor market policies—vocational training, job search assistance, wage subsidies, or public work programs—and extend support to microentrepreneurs or independent workers. It will also be critical to avoid discouraging new businesses. For example, limiting the use of tax loss offsets by start-up firms in their first years of operation increases the marginal cost of new investment (Rosenberg and Marron 2015). Simplified small business regimes can ease administration and encourage formalization of small companies, particularly in low-income developing countries.

Reducing gender gaps in labor markets can boost growth and enhance equality of opportunities. Making childcare more widely available and affordable, increasing the transparency of pay, decreasing gender gaps in salaries, and providing more parental leave can create a level playing field that allows women to work and develop their potential (Elborgh-Woytek and others 2013). In addition, refundable tax credits for low-income families and individualization of personal income tax filing could reduce the implicit gender bias against females and encourage female labor force participation (Eissa and Liebman 1996).

Figure 2.10. Effectiveness of Social Assistance Spending
(Percent)

Poverty reduction is higher where both coverage and adequacy are high.



Sources: World Bank ASPIRE database; and IMF staff calculations.
Note: Poverty reduction is defined as the difference between poverty headcount after and before transfers divided by poverty headcount before transfers. Data are taken from the most recent available year, ranging from 2008 to 2018. High coverage/adequacy is defined as the level above the median.

Tax and Transfer Policies (Redistribution)

Direct taxes and transfers have, in the long term, reduced income inequality by more than one-third in advanced economies. This redistribution accounts for 85 percent of the difference in disposable income inequality between advanced economies and emerging market and developing economies (October 2017 *Fiscal Monitor*). Three-quarters of fiscal redistribution in OECD countries is achieved through direct transfers and the remainder through taxes (Causa and Hermansen 2018); the former helps reduce inequality mostly at the bottom, and the latter at the top.[10]

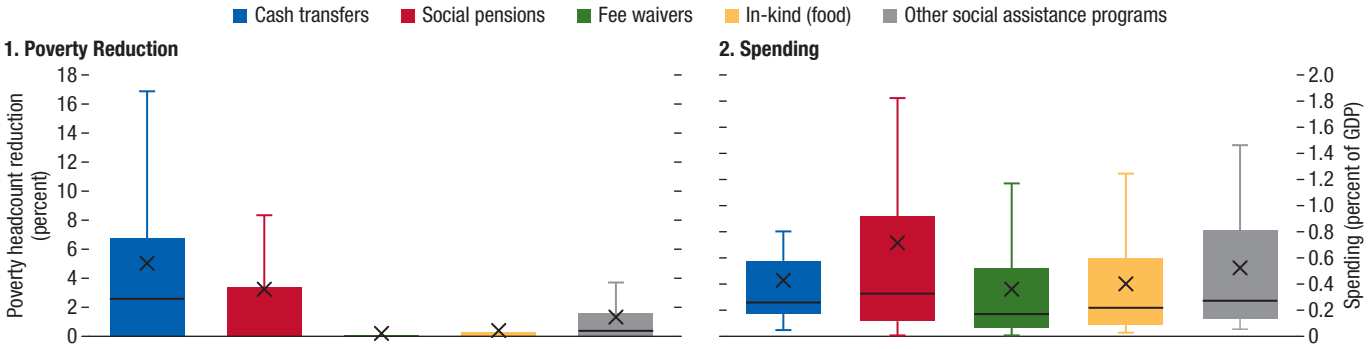
Coverage and adequacy determine the effectiveness of social assistance programs in reducing poverty and inequality.[11] These programs are particularly important in developing economies, where high labor market informality limits social insurance. Countries where both coverage and adequacy are high are more effective in fighting poverty and tend to reduce poverty more for a given amount of social assistance spending (Figure 2.10). Low coverage is a weakness exposed by COVID-19, preventing many countries from providing

[10]Beyond direct transfers, the distribution of indirect taxes and in-kind transfers also matters.

[11]Coverage is defined as the share of low-income households that benefit from social assistance. Adequacy is defined as the ratio of social assistance benefits relative to an individual's income before the transfer.

Figure 2.11. Effectiveness and Allocation of Social Assistance Programs
(Percent)

The most spending is not allocated to the programs most effective in reducing poverty.



Sources: World Bank ASPIRE database; and IMF staff calculations.
Note: Each box shows the 25th and 75th percentiles of the variable of interest. The midline/× corresponds to the median/mean. Poverty reduction is defined as the percentage change in poverty headcount. Data cover 110 emerging market and developing economies for the most recent available year during 2010 to 2018. Examples of in-kind (food) include food stamps, vouchers, nutrition programs, school feeding, school supplies, and in-kind/nonfood emergency support. Examples of fee waivers include reduced medical fees, education fee waivers, subsidies for utilities and agricultural inputs, and transportation benefits.

timely lifelines to vulnerable households. To improve coverage, governments need comprehensive social registries, including those that cover the informal sector. A reliable citizen identification system, such as a biometric ID, integrated with socioeconomic databases, is essential (Prady 2020). Identification systems need to be complemented by effective payment mechanisms, such as e-payments (Una and others 2020). Where access to bank accounts is limited, governments can use mobile money transfers (Davidovic and others 2020).

Some social assistance programs better reduce poverty than others and could encourage human capital accumulation. Cash transfer programs tend to have the largest effect of all social assistance programs in reducing poverty (Figure 2.11, panel 1). Cash transfer programs, moreover, may improve human capital accumulation and help households to smooth income shocks, reducing future inequality. This is especially true when benefits are conditional on requirements such as children's school attendance or regular health checkups (Parker and Vogl 2018; Barrera-Osorio, Linden, and Saavedra 2020). In contrast, fee waivers have little effect on poverty, because these programs are not usually well targeted. Spending is not always allocated to the programs with the largest effect on poverty (Figure 2.11, panel 2), suggesting that governments have significant room to increase the allocative efficiency of social assistance spending.

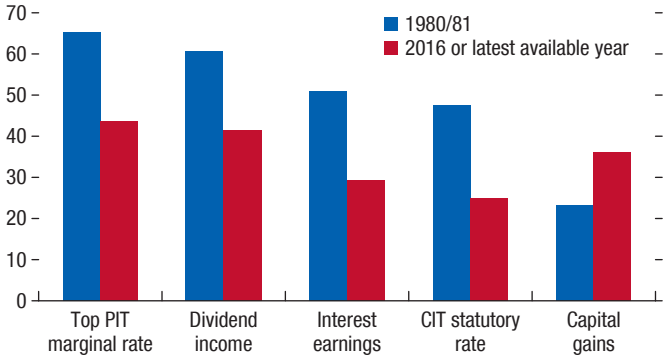
More progressive taxation, along with higher revenue mobilization (especially in countries with lower tax capacity) that finances social spending, has significant potential to reduce inequality, especially in countries where taxation and its progressivity are relatively low. Since the 1980s both the average market income inequality and the capital share of income at the top of distribution have risen (Saez and Zucman 2016). Tax policy has meanwhile become less progressive, with significant declines in top marginal tax rates for both labor and capital incomes (Figure 2.12).[12] Various other more complex measures also point to a declining trend in tax progressivity—the degree to which the average tax rate rises with income (October 2017 *Fiscal Monitor*; Gerber and others 2020).

Several countries may readily increase top marginal income tax rates (October 2013 *Fiscal Monitor*; Kindermann and Krueger, forthcoming), although balance needs to be struck against labor supply and investment distortions, as well as potential tax avoidance and evasion from higher taxes. Tax deductions that predominantly benefit higher incomes can also be reformed, such as some universal deductions proportional to taxpayers' incomes or mortgage interest deductions. Countries with flat tax rates could grant (in-work) tax credits for low-income households to heighten progressivity. Should they wish to increase progressivity also at the top of the distribution, they could consider raising tax rates on higher incomes. Addressing loopholes in the

[12]In addition to the decline in statutory rates, tax expenditures can often further weaken the progressivity of the benchmark system. For example, about 75 percent of the benefit of the preferential rates on long-term capital gains and qualified dividends in the *United States* is estimated to accrue to the top 1 percent of households by income (Toder and Baneman 2012).

Figure 2.12. OECD: Top Income Tax Rates
(Percent)

The top marginal tax rates for both labor and capital income have declined sharply since the 1980s.



Sources: Carey, Chouraqui, and Hagemann 1993; and Harding and Marten 2018.
Note: CIT = corporate income tax; OECD = Organisation for Economic Co-operation and Development; PIT = personal income tax.

taxation of capital income (interest, dividends, capital gains) can also increase effective progressivity. Because income from capital is skewed toward the rich, taxing interest, dividends, and capital gains will be progressive, even with a proportional tax rate. It is important to strengthen enforcement to prevent tax avoidance and evasion, particularly by high earners.

In parallel, more progressivity can be achieved by raising additional tax revenues to finance further social spending. Value-added taxes and excises are major revenue sources for most governments, in part owing to their relative ease of enforcement and collection. Consumption taxes can support equity if they are used to finance basic public services, such as health care, education, and infrastructure, because poor households benefit more from these services than rich households, in proportion to their incomes. Carbon taxes, a key tool in curbing incentives for greenhouse emissions, can also provide sizable revenues, which, in turn, can be redeployed to reduce other taxes that may be less progressive or more distortionary, or to fund social spending and needed public investment (October 2019 *Fiscal Monitor*).[13]

Wealth taxes have become less prevalent, largely owing to implementation challenges. Recently, the rising concentration of wealth has spurred renewed calls for wealth taxation.[14] Countries should, however, carefully assess trade-offs (Scheuer and Slemrod 2021). In addition to mechanically reducing wealth inequality, wealth taxes[15] could also increase the probability of intergenerational mobility. A study of *Norway* suggests that labor income inequality would have been 1 Gini point higher without a recurrent wealth tax (Box 2.1). In addition, using wealth data from 21 advanced and 3 emerging market economies, this chapter finds that absent behavioral responses, a recurrent 1 percent tax on the wealth of the top 1 percent of the population could reduce wealth inequality and increase revenues by up to 0.4 percent to 0.6 percent of GDP (Online Annex 2.5). Nonetheless, several factors weigh against recurrent wealth taxation, especially difficulties in asset valuation and in collecting third-party information, which can impede enforcement (Adam and others 2011).[16] Overall, before turning to new instruments, countries should consider closing of loopholes (Sarin, Summers, and Kupferberg 2020), more progressive income taxation, and greater reliance on property (Norregaard 2013) and inheritance taxes, which remain underused.[17] If these reforms are deemed insufficient to achieve policy objectives, countries could consider taxes on wealth while accounting for design and implementation challenges.

More and Better Spending to Enhance Access to Basic Services

Access to basic services helps give everyone a fair shot but is costly. For example, meeting the SDGs—a broad measure of access to basic services—by 2030 would require $3.0 trillion for 121 emerging market economies

[13]Unlike most advanced and emerging market economies, the burden of carbon taxes in many developing countries falls more on higher-income deciles, whose energy expenditure share is larger (Dorband and others 2019). Carbon taxes can also promote intergenerational equality of opportunity in the sense that younger generations will have to bear a greater share of the negative externalities accruing from carbon emissions over their lifetimes.

[14]Among OECD countries, only four (*France*, *Norway*, *Spain*, *Switzerland*) currently levy wealth taxes, bringing in 0.2 percent to 1.0 percent of GDP in revenues annually (OECD 2018b).

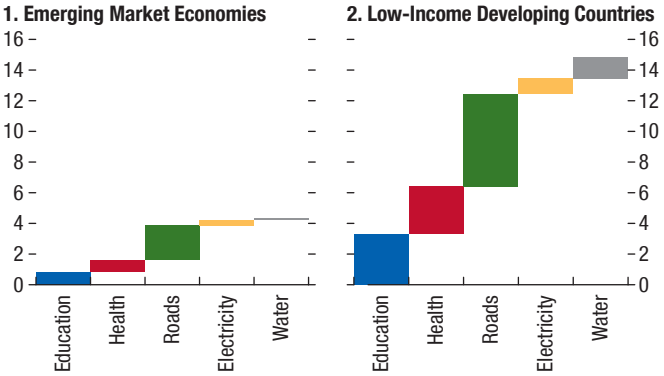
[15]Wealth taxes can be imposed as either recurrently on the stock of wealth, or on transfers of wealth (with the latter defined as financial or nonfinancial) and either on a gross or net basis (excluding debt). Wealth taxes could thus conceptually encompass real property and inheritance taxes. The discussion in the chapter focuses on a recurrent tax on net total wealth.

[16]International cooperation on information sharing and compliance enforcement, such as the automatic exchange of information initiative, could reduce future concerns regarding high tax evasion elasticities (including cross-border) observed in the past. Domestic reporting requirements could also be strengthened to help determine the value of annual wealth balances.

[17]Higher revenues from inheritance/gift taxes in *Belgium* and *France* (up to 0.7 percent of GDP) suggest that improvement is often feasible (De Mooij and others 2020).

Figure 2.13. Additional Spending Requirement for Meeting the SDGs by 2030
(Percentage of 2030 GDP)

Additional spending could amount to 4.7 percentage points for emerging market economies and 14.9 percentage points for low-income developing countries of their own 2030 GDP.



Source: IMF staff estimates.
Note: SDGs = Sustainable Development Goals.

and low-income developing countries (2.6 percent of 2030 world GDP). This cost includes additional recurrent spending to improve education and health care, as well as to build and maintain infrastructure.[18] On average, emerging market economies and low-income developing countries face additional spending of 4.7 percentage points and 14.9 percentage points of their own 2030 GDP, respectively (Figure 2.13). For both groups of countries, additional spending on education and health care accounts for half the total, with infrastructure accounting for the other half. COVID-19 is impeding efforts to meet the SDGs mainly by reducing tax revenues—long term for many countries. Furthermore, as global value chains are disrupted and resources are shifted to urgent health care and social spending, investment is delayed. An in-depth analysis of four emerging market and developing economies finds that the pandemic could lead to an additional annual financing shortfall of 2 ½ percent of GDP, on average, in that sample (Benedek and others, forthcoming).

While committing to additional spending, inefficiencies should be reduced. The efficiency gap—the difference between the country's spending efficiency and that of best performers—is wider, on average, the lower per capita income. Gaps range from 7 percent to 35 percent for different sectors in emerging market economies and from about 10 percent to 50 percent in low-income developing countries (Figure 2.14). Weak public investment and social spending governance, poor allocation of education and health care resources, inequality, and limited institutions tend to result in low spending efficiency (Mathai and others 2020; Schwartz and others 2020). Measures to improve efficiency, which heavily depends on strengthening public financial management frameworks, would help governments deliver better outcomes with the same resources and galvanize public support for spending. The COVID-19 pandemic has derailed implementation of the SDGs, highlighting the need for strong national ownership to prioritize the SDG agenda and improve spending efficiency, and for the international community to provide additional support through grants, concessional financing, and, in some cases, debt relief.

Strengthening Tax Capacity to Raise Additional Revenue

Strengthening tax capacity in the postpandemic world will be crucial for advanced and developing economies alike to meet large spending needs. In addition to strengthening revenue administrations, including through better governance and digitalization (especially in emerging market economies and low-income developing countries), reforming tax policy could raise additional revenues in the least-distortive ways. Countries can choose from various tax reforms to raise additional revenue (Abdel-Kader and De Mooij 2020; De Mooij and others 2020) from income, property, and consumption taxes (Figure 2.15).[19] International cooperation and agreement on effective minimum corporate taxation can help curb further tax competition and allow countries to maintain higher rates and reduce tax expenditures. In the postpandemic world, countries may emphasize the joint effect of taxes and expenditures by communicating that higher tax revenues will finance specific needs, such as health care, as prescribed under a medium-term revenue strategy (Platform for Collaboration on Tax 2017) and embedded in the budgets as early as possible. This could boost public confidence that revenues from tax reforms will be used adequately.[20]

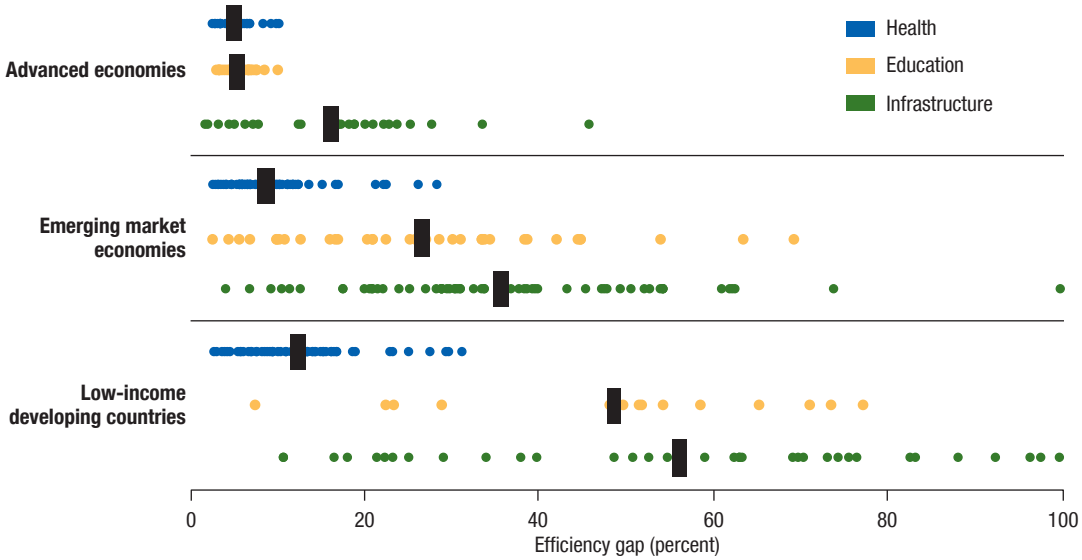
[18]Estimates of additional spending to meet the SDGs follow the framework in Gaspar and others (2019) and reflect more up-to-date key input data and methodological refinements that use information on education quality and rural access.

[19]As digital service firms generate increased profits during the pandemic, taxes on their value have also gained interest. Estimates suggest modest but growing potential yields but should be considered cautiously because they create economic distortions and firms can easily shift their incidence to users (Aslam and Shah 2020).

[20]Tax financing of specific initiatives is different from standard revenue earmarking through legislation, which usually causes excessive budgetary inflexibility and inefficiencies.

Figure 2.14. Sectoral Spending Inefficiencies

There is considerable room for improving the efficiency of spending.



Sources: Baum, Mogues, and Verdier 2020; Garcia-Escribano, Juarros, and Mogues (forthcoming); and IMF staff calculations.
Note: All estimates are based on Data Envelopment Analysis; for health, output is life expectancy and input is total per capita health expenditure. For education, outputs are test scores and net enrollment rates and input is public education spending per student (Online Annex 2.4). For infrastructure, output is the volume and quality of infrastructure and input is public capital stock and GDP per capita.

In addition, countries with robust tax systems may consider levying temporary COVID-19 recovery contributions as supplements to top personal income tax rates. Temporary increases in personal income tax rates (often restricted to the highest income brackets) were previously introduced during exceptional circumstances in *Germany* (1991), *Australia* (2011), and *Japan* (2013) (Abdel-Kader and De Mooij 2020).[21] Alternatively, taxes on "excess" profits (economic rents in excess of the minimum return required by investors), either in addition to or instead of the regular corporate income tax, can assure a contribution from businesses that prosper during the crisis (such as some pharmaceutical and highly digitalized businesses) and not affect companies (and their workers) otherwise earning minimal profits or incurring losses.

Support for a Fair Shot

Whether governments are investing in education, health care, infrastructure, or social safety nets, they will face difficult policy choices on how to finance these crucial expenditures. The policy dilemma will be as acute as ever given more limited fiscal space (Chapter 1). Raising taxes or reallocating spending will require dialogue with society at large to ensure that policies are aligned with people's preferences. Understanding these preferences, which have likely been affected by the COVID-19 crisis, will be crucial. Miscalculations can lead to political instability. Reinforcing trust in government is key to implementing needed public policies but is also more challenging during a pandemic.

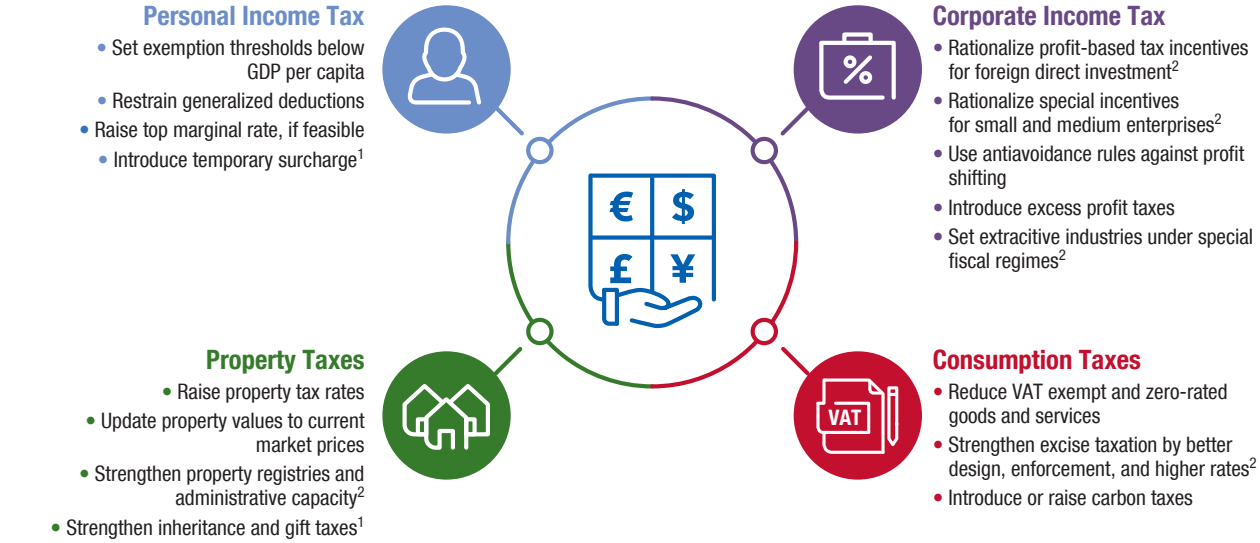
Surveys by the International Social Survey Program before the COVID-19 pandemic, covering thousands of individuals in several advanced and emerging market economies, suggest that respondents want greater provision of basic public services through higher and more progressive taxes, and some spending cuts and reallocation. Such survey results must be read with caution because they may capture views that are not fully representative of the population and may not force respondents to fully internalize budget constraints. Even so, they provide additional perspectives, especially where budget decisions are influenced by vested interests and may not fully reflect citizens' views.

Most respondents, particularly in emerging market economies, prefer more spending on education, health care, and pensions (Figure 2.16) and consider the provision of these services as the government responsibility. At the same time, most respondents, especially in emerging market economies, want spending cuts. This may suggest

[21]Temporary/one-off levies on net wealth would present bigger implementation challenges because they would need to be both unanticipated and believed certain not to be repeated (Keen 2013).

Figure 2.15. Tax Reform Options to Raise Additional Revenue

A variety of options are available, some especially suited to emerging market and developing economies.



Source: IMF staff.
Note: VAT = value-added tax.
[1]Especially applicable to advanced economies.
[2]Especially applicable to emerging market economies and low-income developing countries.

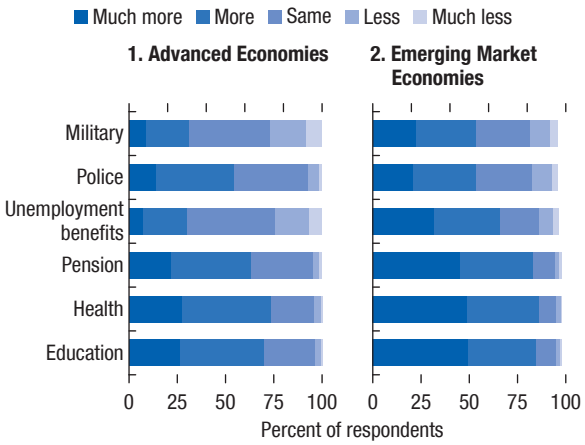
a preference for a shift from wasteful or low-priority spending to key basic services such as health care and education. Those most well-off prefer less government spending. Women are in favor of more government spending, especially on health care. Demand for spending cuts is less pronounced among young people.

Most respondents also prefer more progressive taxation. In most countries, more respondents believe that the tax burden is too high for low- and middle-income households compared with that of high-income households (Figure 2.17). This support is broad based, holding for advanced and emerging

Figure 2.16. Survey Results on Preferences for Tax-Financed Spending

(Percent of respondents)

Even before the pandemic, most respondents preferred more spending on education, health, and pensions.

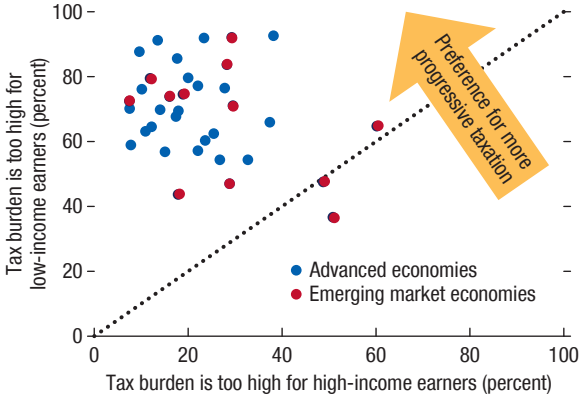


Sources: International Social Survey Program 2016 database; and IMF staff estimates.
Note: Results are based on individual-level data on 23 advanced economies and 12 emerging market economies in 2016.

Figure 2.17. People's Preference for Progressive Taxation

(Percent of respondents)

Most respondents preferred progressive taxation, even before the pandemic.



Sources: International Social Survey Program 2016 database; and IMF staff estimates.
Note: Results are based on 2016 individual-level data on 23 advanced economies and 12 emerging market economies. Percentages refer to the share of respondents who agree with the statements reported on each axis.

market economies and for subgroups, including those in the richest decile and those with high or low trust in government (Online Annex 2.6).

Support for higher public spending also depends on people's perceptions of how the government functions. Trust in government can depend on respondents' view of the government's integrity and capacity to deliver basic services, such as education and health care (Online Annex 2.6). Respondents who trust their governments are generally less likely to favor government spending cuts and more likely to favor additional spending in at least one sector without cuts in others (Online Annex 2.6). Previous studies have also found that more trust in governments leads to demand for more distributive policies (Yamamura 2014; Kuziemko and others 2015; Stantcheva 2020). Respondents who held a favorable perception of government responses to COVID-19 were more willing to support financial relief for the vulnerable (Balasundharam and Dabla-Norris 2021).

Trust in government is low when respondents are dissatisfied with the quality of basic services. Even if lower trust is associated with demand for spending cuts, it is also associated with demand for more services, suggesting that dissatisfied respondents do not consider their governments to provide value for tax money (Online Annex 2.6). When trust in government is low or corruption is perceived to be high, respondents want changes in spending allocation—especially toward spending on education, health care, and pensions.[22] With higher distrust in government, respondents also support more progressive taxation. This perhaps is due to the desire to correct inequalities that may be attributed to ill-gotten gains of the rich or weaknesses in tax collection (Di Tella, Dubra, and Lagomarsino 2016; Domonkos 2016; Online Annex 2.6).

The COVID-19 pandemic is likely changing people's attitudes toward policies that affect the distribution of income. Studies have found that preferences for distributive policies are influenced by major events.[23] For example, after economic recessions (Giuliano and Spilimbergo 2014) and experiences of personal misfortunes such as unemployment (Alesina and Giuliano 2011), people want more redistribution. In this context, several waves of the World Values Survey indicate that individuals with poor health view measures to improve distribution more favorably (Online Annex 2.6). Evidence from a survey undertaken in the *United States* during the COVID-19 pandemic reveals that respondents who lost employment or suffered from the disease, or personally know someone who has, are more likely to support progressive taxation (Box 2.2).

The pandemic is a vital test for governments' ability to maintain and reinforce people's trust. The risk is high that trust in government could deteriorate after COVID-19, especially if a government's response to the epidemic—including support to people and firms, as well as vaccination—is perceived to be inadequate or marred by favoritism or corruption. Past epidemics have undermined trust in political institutions and leaders in a durable manner (Aksoy, Eichengreen, and Saka 2020). In this context, ensuring fair and affordable access to safe and effective COVID-19 vaccines for all—starting with frontline workers and those in high-risk groups—irrespective of national boundaries, is crucial. Global cooperation, including financial support to COVAX, is needed to provide adequate supplies to countries lagging in vaccination efforts (January 2021 *World Economic Outlook Update*). Such mass immunization campaigns require adequate funding, organization, and infrastructure.

If governments can meet demands for basic services while strengthening transparency and accountability, trust will improve. With limited fiscal space, governments will need to prioritize efficiency gains and reallocation toward those most affected by the COVID-19 crisis before scaling up spending. At the same time, governments should plan medium-term policies for better basic services and better protection from income shocks while fostering a job-rich and inclusive recovery. If governments are unable to meet the challenge, the erosion of trust could lead to more polarized politics in which some call for a smaller government, while those affected by illness or job loss would urge for more government services. Although the primary responsibility rests with country governments, the global community can provide financial and technical support as well as policy coordination.

[22]The share of government spending on health care and education is lower in countries with higher perceived corruption (April 2019 *Fiscal Monitor*).

[23]These preferences may also reflect social norms (Alesina and Glaeser 2004), a reaction to the prevailing political regime (Alesina and Fuchs-Schündeln 2004), or perceptions on inequalities and on one's own prospects of success (Engelhardt and Wagener 2014; Alesina, Stantcheva, and Teso 2018).

Box 2.1. Persistent Consequences of Wealth Inequality for the Next Generation's Income: The Case of Norway

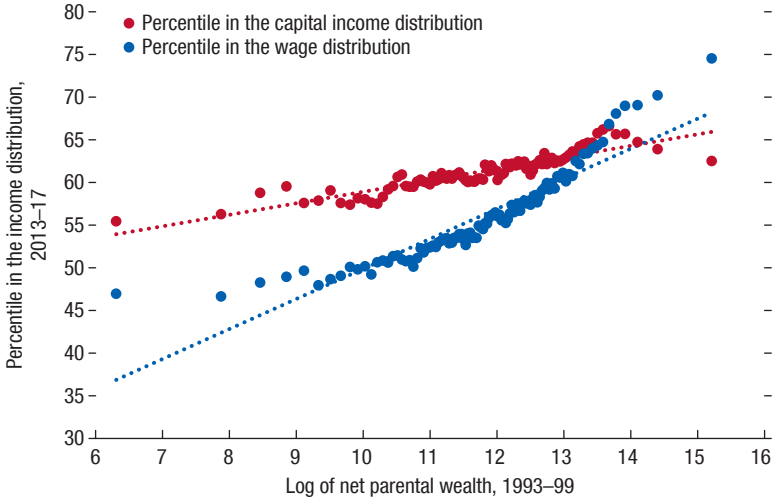
A study of Norwegian administrative data (Berg and Hebous 2021) finds that people who grow up in families with more wealth tend to have higher labor income, controlling for the education and incomes of their parents (Figure 2.1.1).

Norway is one of the few countries with a broad net wealth tax. In the 1990s, the liability threshold was net wealth of NKr500,000, with a progressive rate structure reaching 1.5 percent. As of 2020, the threshold had been increased to NKr1.5 million (more than twice the average GDP per capita) and the rate made flat at 0.85 percent.

Berg and Hebous simulate a hypothetical income distribution in the absence of a wealth tax in the late 1990s and early 2000s by exploiting variation in tax liability for the same wealth. The counterfactual labor income distribution is more unequal than the actual income distribution (raising the Gini coefficient by about 1 point).

Figure 2.1.1. Norway: Percentile in the Income Distribution of Children versus Parental Wealth

Norwegians who grow up in families with more wealth tend to have higher labor income.



Source: Berg and Hebous 2021.

Box 2.2. Public Preferences for Progressive Taxation in the Post–COVID-19 World

In the first survey-based analysis on progressive taxation after the onset of the coronavirus disease 2019 (COVID-19) crisis, Klemm and Mauro (2021) gauge how attitudes toward fiscal policy choices have changed in the context of the pandemic. Their study is based on an analysis of survey responses from a representative sample of 2,500 individuals in the *United States* in October 2020.

Respondents affected by the COVID-19 pandemic report a stronger preference for progressive taxation—both a temporary recovery levy and permanent structural reform—than those who were not so affected. Roughly one-half of the respondents reported experiencing job loss or serious COVID-19 illness or knowing (well) someone who did. Those who experienced serious illness or job loss favored progressive taxation with a likelihood of 15 percentage points higher than those who did not, controlling for socioeconomic and demographic factors. Even just knowing someone who was affected by the pandemic raised the likelihood of support. This result is consistent with previous findings that attitudes can be molded by personal experiences during crises and other upheavals that have major economic effects. The increase in the likelihood of supporting progressive tax reform is especially strong in groups—identified through their spending preferences—that are otherwise skeptical of such taxes.

This result needs to be interpreted with caution. First, it is unclear how long the effect will last. Previous studies have documented that the effect of job loss during the global financial crisis on attitudes toward welfare programs was short lived (Margalit 2013). Yet, the effect of recessions (Giuliano and Spilimbergo 2014) and epidemics (Aksoy, Eichengreen, and Saka 2020) was found to be longer lasting by forging the attitudes of cohorts that experienced such upheavals as young adults, then entered the job market during their "impressionable age." Second, to establish more general validity, further work will be necessary in other countries. Third, the survey is a static snapshot: it does not allow researchers to test whether the opposition to progressive taxation becomes more entrenched over time.

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ECONOMY ABBREVIATIONS

Code	Name
AFG	Afghanistan
AGO	Angola
ALB	Albania
ARE	United Arab Emirates
ARG	Argentina
ARM	Armenia
ATG	Antigua and Barbuda
AUS	Australia
AUT	Austria
AZE	Azerbaijan
BDI	Burundi
BEL	Belgium
BEN	Benin
BFA	Burkina Faso
BGD	Bangladesh
BGR	Bulgaria
BHR	Bahrain
BHS	Bahamas, The
BIH	Bosnia and Herzegovina
BLR	Belarus
BLZ	Belize
BOL	Bolivia
BRA	Brazil
BRB	Barbados
BRN	Brunei Darussalam
BTN	Bhutan
BWA	Botswana
CAF	Central African Republic
CAN	Canada
CHE	Switzerland
CHL	Chile
CHN	China
CIV	Côte d'Ivoire
CMR	Cameroon
COD	Congo, Democratic Republic of the
COG	Congo, Republic of
COL	Colombia
COM	Comoros
CPV	Cabo Verde
CRI	Costa Rica
CYP	Cyprus
CZE	Czech Republic
DEU	Germany
DJI	Djibouti
DMA	Dominica
DNK	Denmark
DOM	Dominican Republic
DZA	Algeria
ECU	Ecuador
EGY	Egypt
ERI	Eritrea
ESP	Spain
EST	Estonia
ETH	Ethiopia
FIN	Finland
FJI	Fiji
FRA	France
FSM	Micronesia, Federated States of
GAB	Gabon
GBR	United Kingdom
GEO	Georgia
GHA	Ghana
GIN	Guinea
GMB	Gambia, The
GNB	Guinea-Bissau
GNQ	Equatorial Guinea
GRC	Greece
GRD	Grenada
GTM	Guatemala
GUY	Guyana
HKG	Hong Kong Special Administrative Region
HND	Honduras
HRV	Croatia
HTI	Haiti
HUN	Hungary
IDN	Indonesia
IND	India
IRL	Ireland
IRN	Iran
IRQ	Iraq
ISL	Iceland
ISR	Israel
ITA	Italy
JAM	Jamaica
JOR	Jordan
JPN	Japan
KAZ	Kazakhstan
KEN	Kenya
KGZ	Kyrgyz Republic
KHM	Cambodia
KIR	Kiribati
KNA	St. Kitts and Nevis

Code	Name
KOR	Korea
KWT	Kuwait
LAO	Lao P.D.R.
LBN	Lebanon
LBR	Liberia
LBY	Libya
LCA	St. Lucia
LKA	Sri Lanka
LSO	Lesotho
LTU	Lithuania
LUX	Luxembourg
LVA	Latvia
MAR	Morocco
MDA	Moldova
MDG	Madagascar
MDV	Maldives
MEX	Mexico
MHL	Marshall Islands
MKD	North Macedonia
MLI	Mali
MLT	Malta
MMR	Myanmar
MNE	Montenegro
MNG	Mongolia
MOZ	Mozambique
MRT	Mauritania
MUS	Mauritius
MWI	Malawi
MYS	Malaysia
NAM	Namibia
NER	Niger
NGA	Nigeria
NIC	Nicaragua
NLD	Netherlands, The
NOR	Norway
NPL	Nepal
NZL	New Zealand
OMN	Oman
PAK	Pakistan
PAN	Panama
PER	Peru
PHL	Philippines
PLW	Palau
PNG	Papua New Guinea
POL	Poland
PRT	Portugal
PRY	Paraguay
QAT	Qatar
ROU	Romania
RUS	Russian Federation
RWA	Rwanda
SAU	Saudi Arabia
SDN	Sudan
SEN	Senegal
SGP	Singapore
SLB	Solomon Islands
SLE	Sierra Leone
SLV	El Salvador
SMR	San Marino
SOM	Somalia
SRB	Serbia
STP	São Tomé and Príncipe
SUR	Suriname
SVK	Slovak Republic
SVN	Slovenia
SWE	Sweden
SWZ	Eswatini
SYC	Seychelles
SYR	Syria
TCD	Chad
TGO	Togo
THA	Thailand
TJK	Tajikistan
TKM	Turkmenistan
TLS	Timor-Leste
TON	Tonga
TTO	Trinidad and Tobago
TUN	Tunisia
TUR	Turkey
TUV	Tuvalu
TWN	Taiwan Province of China
TZA	Tanzania
UGA	Uganda
UKR	Ukraine
URY	Uruguay
USA	United States
UZB	Uzbekistan
VCT	St. Vincent and the Grenadines
VEN	Venezuela
VNM	Vietnam
VUT	Vanuatu
WSM	Samoa
YEM	Yemen
ZAF	South Africa
ZMB	Zambia
ZWE	Zimbabwe

GLOSSARY

Accelerated depreciation deductions Tax measures that reduce the taxable income of a firm, by allowing for greater deductions for depreciation of an asset (e.g., machinery) in its earlier years of use.

Automatic stabilizers Revenue and some expenditure items that adjust automatically to cyclical changes in the economy—for example, as output falls, revenue collections decline and unemployment benefits increase, which "automatically" provides demand support.

Balance sheet Statement of the values of the stock positions of assets owned and liabilities owed by a unit, or group of units, drawn up in respect of a particular point in time.

Contingent liabilities Obligations that are not explicitly recorded on government balance sheets and that arise only in the event of a particular discrete situation, such as a crisis.

Countercyclical fiscal policy Active changes in expenditure and tax policies to smooth the economic cycle (by contrast with the operation of automatic stabilizers); for instance, by cutting taxes or raising expenditures during an economic downturn.

Coverage of public benefits Share of individuals or households of a particular socioeconomic group who receive a public benefit.

Cyclically adjusted balance (CAB) Difference between the overall balance and the automatic stabilizers; equivalently, an estimate of the fiscal balance that would apply under current policies if output were equal to potential.

Cyclically adjusted primary balance (CAPB) Cyclically adjusted balance excluding net interest payments (interest expenditure minus interest revenue).

Equity injections by the public sector Purchase of shares (ownership) of a firm by governments or public corporations, to provide it with the required capital to continue operations.

Fiscal buffer Fiscal space created by saving budgetary resources and reducing public debt in good times.

Fiscal multiplier Measures the short-term impact of discretionary fiscal policy on output. Usually defined as the ratio of a change in output to an exogenous change in the fiscal deficit with respect to their respective baselines.

General government All government units and all nonmarket, nonprofit institutions that are controlled and mainly financed by government units comprising the central, state, and local governments; includes social security funds and does not include public corporations or quasi corporations.

Government guarantees Government can provide coverage on the potential losses of the liabilities incurred by banks, firms, or households. They usually have no immediate upfront cost in the form of deficit or debt unless the expected cost is budgeted, but they create a contingent liability, with the government exposed to future calls on guarantees and fiscal risks.

Gross debt All liabilities that require future payment of interest and/or principal by the debtor to the creditor. This includes debt liabilities in the form of special drawing rights, currency, and deposits; debt securities; loans; insurance, pension, and standardized guarantee programs; and other accounts payable. (See the IMF's 2001 *Government Finance Statistics Manual* and *Public Sector Debt Statistics Manual*.) The term "public debt" is used in the *Fiscal Monitor*, for simplicity, as synonymous with gross debt of the general government, unless specified otherwise. (Strictly speaking, public debt refers to the debt of the public sector as a whole, which includes financial and nonfinancial public enterprises and the central bank.)

In-kind benefits/transfers Government social assistance provided in terms of specific goods (e.g., food) or services (e.g., healthcare) instead of cash.

Job retention schemes Government programs that provide payments to employers to retain current employees, either part or full time. The payments typically cover part or all of an employees' hours worked, or top up an employees' pay for hours reduced (i.e., lost wages).

Liquid assets Assets that can be readily converted to cash.

Net debt Gross debt minus financial assets corresponding to debt instruments. These financial assets are monetary gold and special drawing rights; currency and deposits; debt securities; loans, insurance, pensions, and standardized guarantee programs; and other accounts receivable. In some countries, the reported net debt can deviate from this definition based on available information and national fiscal accounting practices.

Output gap Deviation of actual from potential GDP, in percent of potential GDP.

Overall fiscal balance (also "headline" fiscal balance) Net lending and borrowing, defined as the difference between revenue and total expenditure, using the IMF's 2001 *Government Finance Statistics Manual* (GFSM 2001). Does not include policy lending. For some countries, the overall balance is still based on the GFSM 1986, which defines it as total revenue and grants minus total expenditure and net lending.

Potential output Estimate of the level of GDP that can be reached if the economy's resources are fully employed.

Primary balance Overall balance excluding net interest payments (interest expenditure minus interest revenue).

Progressive (or regressive) taxes Taxes that feature an average tax rate that rises (or falls) with income.

Public debt See *gross debt*.

Public sector Includes all resident institutional units that are deemed to be controlled by the government. It includes general government and resident public corporations.

Quasi-fiscal activities Non-commercial activities (such as subsidies or loans) undertaken by public corporations (such as state-owned enterprises or banks) on behalf of the government, outside their regular mandate.

Social insurance Programs aimed at protecting households from shocks that can adversely impact their incomes and welfare; typically financed by contributions or payroll taxes.

Social protection Comprise social insurance and social safety nets.

Social safety nets Noncontributory transfer programs financed by general government revenue.

Structural primary balance Extension of the cyclically adjusted primary balance that also corrects for other nonrecurrent effects that go beyond the cycle, such as one-off operations and other factors whose cyclical fluctuations do not coincide with the output cycle (for instance, asset and commodity prices and output composition effects).

Wage subsidies Government payments to workers or their employers to incentivize employers to recruit or retain (often disadvantaged) workers.

METHODOLOGICAL AND STATISTICAL APPENDIX

This appendix comprises four sections. "Data and Conventions" provides a general description of the data and conventions used to calculate economy group composites. "Fiscal Policy Assumptions" summarizes the country-specific assumptions underlying the estimates and projections for 2021–26. "Definition and Coverage of Fiscal Data" summarizes the classification of countries in the various groups presented in the *Fiscal Monitor* and provides details on the coverage and accounting practices underlying each country's *Fiscal Monitor* data. Statistical tables on key fiscal variables complete the appendix. Data in these tables have been compiled based on the information available through March 23, 2021.

Data and Conventions

Country-specific data and projections for key fiscal variables are based on the April 2021 World Economic Outlook database, unless indicated otherwise, and compiled by IMF staff. Historical data and projections are based on information gathered by IMF country desk officers in the context of their missions and through their ongoing analysis of the evolving situation in each country; they are updated on a continual basis as more information becomes available. Structural breaks in data may be adjusted to produce smooth series through splicing and other techniques. IMF staff estimates serve as proxies when complete information is unavailable. As a result, *Fiscal Monitor* data may differ from official data in other sources, including the IMF's *International Financial Statistics* and *Government Financial Statistics*.

Sources for fiscal data and projections not covered by the World Economic Outlook database are listed in the respective tables and figures.

The country classification in the *Fiscal Monitor* divides the world into three major groups: 39 advanced economies, 96 emerging market and middle-income economies, and 59 low-income developing countries. *Fiscal Monitor* tables display 35 advanced economies, 40 emerging market and middle-income economies, and 40 low-income developing countries. The countries in the tables generally represent the largest countries within each group based on the size of their GDP in current US dollars. Data for full list of economies can be found here: https://www.imf.org/external/datamapper/datasets/FM. The seven largest advanced economies as measured by GDP (Canada, France, Germany, Italy, Japan, United Kingdom, United States) constitute the subgroup of major advanced economies, often referred to as the Group of Seven. The members of the euro area are also distinguished as a subgroup. Composite data shown in the tables for the euro area cover the current members for all years, even though the membership has increased over time. Data for most European Union member countries have been revised following the adoption of the new European System of National and Regional Accounts (ESA 2010). Low-income developing countries are countries that have per capita income levels below a certain threshold (currently set at $2,700, as of 2016, as measured by the World Bank's Atlas method), structural features consistent with limited development and structural transformation, and external financial linkages insufficiently open to be considered as emerging market economies. Emerging market and middle-income economies include those not classified as advanced economies or low-income developing countries. See Table A, "Economy Groupings," for more details.

Most fiscal data refer to the general government for advanced economies, while for emerging market and developing economies, data often refer to the central government or budgetary central government only (for specific details, see Tables B–D). All fiscal data refer to calendar years, except in the cases of The Bahamas, Bangladesh, Barbados, Bhutan, Botswana, Dominica, Egypt, Eswatini, Ethiopia, Haiti, Hong Kong Special Administrative Region, India, the Islamic Republic of Iran, Jamaica, Lesotho, Malawi, Marshall Islands, Mauritius, Micronesia, Myanmar, Namibia, Nauru, Nepal, Pakistan, Palau, Puerto Rico, Rwanda, St. Lucia, Samoa, Singapore, Thailand, Tonga, and Trinidad and Tobago, for which they refer to the fiscal year. For economies whose fiscal years end before June 30, data are recorded in the previous calendar year. For economies whose fiscal years end on or after June 30, data are recorded in the current calendar year.

Composite data for country groups are weighted averages of individual-country data, unless specified otherwise. Data are weighted by annual nominal GDP converted to US dollars at average market exchange rates as a share of the group GDP.

For the purpose of data reporting in the *Fiscal Monitor*, the Group of 20 member aggregate refers to the 19 country members and does not include the European Union.

In the majority of advanced economies, and some large emerging market and middle-income economies, fiscal data follow the IMF's 2014 *Government Finance Statistics Manual* (GFSM 2014) or are produced using national accounts methodology that follow the System of National Accounts 2008 (SNA 2008) or ESA 2010, both of which are broadly aligned with the GFSM 2014. Most other countries follow the GFSM 2001, but some countries, including a significant proportion of low-income developing countries, have fiscal data that are based on the 1986 GFSM. The overall fiscal balance refers to net lending (+) and borrowing (–) of the general government. In some cases, however, the overall balance refers to total revenue and grants minus total expenditure and net lending.

The fiscal gross and net debt data reported in the *Fiscal Monitor* are drawn from official data sources and IMF staff estimates. While attempts are made to align gross and net debt data with the definitions in the GFSM, as a result of data limitations or specific country circumstances, these data can sometimes deviate from the formal definitions. Although every effort is made to ensure the debt data are relevant and internationally comparable, differences in both sectoral and instrument coverage mean that the data are not universally comparable. As more information becomes available, changes in either data sources or instrument coverage can give rise to data revisions that are sometimes substantial.

As used in the *Fiscal Monitor*, the term "country" does not in all cases refer to a territorial entity that is a state as understood by international law and practice. As used here, the term also covers some territorial entities that are not states but whose statistical data are maintained on a separate and independent basis.

Australia: For cross-economy comparability, gross and net debt levels reported by national statistical agencies for economies that have adopted the 2008 System of National Accounts (2008 SNA—Australia, Canada, Hong Kong Special Administrative Region, United States) are adjusted to exclude unfunded pension liabilities of government employees' defined-benefit pension plans.

Bangladesh: Data are on a fiscal year basis.

Brazil: General government data refer to the nonfinancial public sector—which includes the federal, state, and local governments, as well as public enterprises (excluding Petrobras and Eletrobras)—and are consolidated with those for the sovereign wealth fund. Revenue and expenditures of federal public enterprises are added in full to the respective aggregates. Transfers and withdrawals from the sovereign wealth fund do not affect the primary balance. Disaggregated data on gross interest payments and interest receipts are available only from 2003 onward. Before 2003, total revenue of the general government excludes interest receipts; total expenditure of the general government includes net interest payments. Gross public debt includes the Treasury bills on the central bank's balance sheet, including those not used under repurchase agreements. Net public debt consolidates nonfinancial public sector and central bank debt. The national definition of general government gross debt excludes government securities held by the central bank, except the stock of Treasury securities used for monetary policy purposes by the central bank (those pledged as security reverse repurchase agreement operations). According to this national definition, gross debt amounted to 88.8 percent of GDP at the end of 2020.

Canada: For cross-economy comparability, gross and net debt levels reported by national statistical agencies for economies that have adopted the 2008 SNA (Australia, Canada, Hong Kong Special Administrative Region, United States) are adjusted to exclude unfunded pension liabilities of government employees' defined-benefit pension plans.

Chile: Cyclically adjusted balances refer to the structural balance, which includes adjustments for output and commodity price developments.

China: Public debt data include central government debt as reported by the Ministry of Finance, explicit local government debt, and shares based on estimates from the National Audit Office estimate—of contingent liabilities the government may incur. IMF staff estimates exclude central government debt issued for the China Railway Corporation. Relative to the authorities' definition, consolidated general government net borrowing includes (1) transfers to and from stabilization funds; (2) state-administered funds, state-owned

enterprise funds, and social security contributions and expenses; and (3) some off-budget spending by local governments. Deficit numbers do not include some expenditure items, mostly infrastructure investment financed off budget through land sales and local government financing vehicles. Fiscal balances are not consistent with reported debt, because no time series of data in line with the National Audit Office debt definition is published officially.

Colombia: Gross public debt refers to the combined public sector, including Ecopetrol and excluding Banco de la República's outstanding external debt.

Dominican Republic: The fiscal series have the following coverage: the public debt, debt service, and cyclically adjusted or structural balances are for the consolidated public sector (which includes the central government, the rest of the nonfinancial public sector, and the central bank); and the remaining fiscal series are for the central government.

Egypt: Data are on a fiscal year basis.

Ethiopia: Data are on a fiscal year basis.

Greece: General government gross debt follows the Maastricht definition, and includes short-term debt and loans of state-owned enterprises.

Haiti: Data are on a fiscal year basis.

Hong Kong Special Administrative Region: Data are on a fiscal year basis. Cyclically adjusted balances include adjustments for land revenue and investment income. For cross-economy comparability, gross and net debt levels reported by national statistical agencies for countries that have adopted the 2008 SNA (Australia, Canada, Hong Kong Special Administrative Region, United States) are adjusted to exclude unfunded pension liabilities of government employees' defined-benefit pension plans.

Iceland: Gross debt excludes insurance technical reserves (including pension liabilities) and other accounts payable.

India: Data are on a fiscal year basis.

Islamic Republic of Iran: Data are on a fiscal year basis.

Ireland: General government balances for 2012 reflect the impact of banking sector support. Fiscal balance, estimates excluding these measures, are –7.9 percent of GDP for 2012. For 2015, if the conversion of the government's remaining preference shares to ordinary shares in one bank is excluded, the fiscal balance is –1.1 percent of GDP. Cyclically adjusted balances reported in Tables A3 and A4 exclude financial sector support measures. Ireland's 2015 national accounts were revised as a result of restructuring and relocation of multinational companies, which resulted in a level shift of nominal and real GDP. For more information, see "National Income and Expenditure Annual Results 2015." http://www.cso.ie/en/releasesandpublications/er/nie/nationalincomeandexpenditureannualresults2015/.

Japan: Gross debt is on an unconsolidated basis.

Latvia: The fiscal deficit includes bank restructuring costs and thus is higher than the deficit in official statistics.

Mexico: General government refers to the central government, social security funds, public enterprises, development banks, the national insurance corporation, and the National Infrastructure Fund, but excludes subnational governments.

Myanmar: Data are on a fiscal year basis.

Nepal: Data are on a fiscal year basis.

Norway: Cyclically adjusted balances correspond to the cyclically adjusted non-oil overall or primary balance. These variables are in percent of non-oil potential GDP.

Pakistan: Data are on a fiscal year basis.

Peru: Cyclically adjusted balances include adjustments for commodity price developments.

Singapore: Data are on a fiscal year basis.

Spain: Overall and primary balances include financial sector support measures estimated to be 3.7 percent of GDP for 2012, 0.3 percent of GDP for 2013, 0.1 percent of GDP for 2014, 0.1 percent of GDP for 2015, and 0.2 percent of GDP for 2016.

Sweden: Cyclically adjusted balances take into account output and employment gaps.

Switzerland: Data submissions at the cantonal and commune levels are received with a long and variable lag and are subject to sizable revisions. Cyclically adjusted balances include adjustments for extraordinary operations related to the banking sector.

Thailand: Data are on a fiscal year basis.

Turkey: The fiscal projections assume a more negative primary and overall balance than envisaged in the authorities' New Economic Program 2021–23 (September 2020), partly due to the deterioration in the growth outlook related to the COVID-19 pandemic, and partly due to definitional differences. The basis for the projections in the *World Economic Outlook* and *Fiscal Monitor* is the IMF-defined fiscal balance, which excludes some revenue and expenditure items included in the authorities' headline balance.

United States: Cyclically adjusted balances exclude financial sector support estimated at 0.1 percent of potential GDP for 2012, and 0.0 percent of potential GDP for 2013. For cross-economy comparability, expenditure and fiscal balances of the United States are adjusted to exclude the imputed interest on unfunded pension liabilities and the imputed compensation of employees, which are counted as expenditures under the 2008 SNA adopted by the United States, but not for countries that have not yet adopted the 2008 SNA. Data for the United States may thus differ from data published by the US Bureau of Economic Analysis (BEA). In addition, gross and net debt levels reported by the BEA and national statistical agencies for other economies that have adopted the 2008 SNA (Australia, Canada, Hong Kong Special Administrative Region) are adjusted to exclude unfunded pension liabilities of government employees' defined-benefit pension plans.

Uruguay: Data are for the nonfinancial public sector (NFPS), which includes the central government, the local government, social security funds, nonfinancial public corporations, and Banco de Seguros del Estado. The coverage of fiscal data was changed from the consolidated public sector to the NFPS with the October 2019 submission. Because of this narrower coverage, central bank balances are not included in the fiscal data.

Venezuela: Fiscal accounts include the budgetary central government; social security funds; FOGADE (insurance deposit institution); and a sample of public enterprises, including Petróleos de Venezuela, S.A. (PDVSA). Data for 2018–19 are IMF staff estimates.

Fiscal Policy Assumptions

Historical data and projections of key fiscal aggregates are in line with those of the April 2021 *World Economic Outlook*, unless noted otherwise. For underlying assumptions other than on fiscal policy, see the April 2021 *World Economic Outlook*.

Short-term fiscal policy assumptions are based on officially announced budgets, adjusted for differences between the national authorities and IMF staff regarding macroeconomic assumptions and projected fiscal outturns. Medium-term fiscal projections incorporate policy measures that are judged likely to be implemented. When IMF staff have insufficient information to assess the authorities' budget intentions and prospects for policy implementation, an unchanged structural primary balance is assumed, unless indicated otherwise.

Argentina: Fiscal projections are based on the available information regarding budget outturn and budget plans for the federal and provincial governments, fiscal measures announced by the authorities, and IMF staff projections.

Australia: Fiscal projections are based on data from the Australian Bureau of Statistics, the fiscal year 2020/21 midyear Economic and Fiscal Outlook of the Commonwealth and government, the fiscal year 2020/21 budget published by each state/territory government, and IMF staff estimates and projections.

Austria: Fiscal projections are based on data from Statistics Austria, the authorities' projections, and IMF staff estimates and projections.

Belgium: Projections are based on the 2020–21 Stability Programme, the Draft Budgetary Plan 2020, the 2021 budget, and other available information on the authorities' fiscal plans, with adjustments for IMF staff assumptions.

Brazil: Fiscal projections for 2021 reflect policy announcements as of March 12, 2021. Medium-term projections reflect full compliance with Brazil's constitutional expenditure ceiling.

Cambodia: Historical fiscal and monetary data are from the Cambodian authorities. Projections are based on the IMF staff assumptions following discussions with the authorities.

Canada: Projections use baseline forecasts from the Fall Economic Statement 2020, and the most recent provincial budgets available. The IMF staff makes some adjustments to this forecast, including for differences in macroeconomic projections. The IMF staff forecast also incorporates the most recent data releases from Statistics Canada's Canadian System of National Economic Accounts, including federal, provincial, and territorial budgetary outturns through the third quarter of 2020.

Chile: Projections are based on the authorities' quarterly fiscal reports, adjusted to reflect IMF staff projections for GDP and copper prices.

China: After a large fiscal expansion in 2020, a mild tightening is projected for 2021 based on government policy announcements.

Colombia: Projections are based on the authorities' policies and projections reflected in the Medium-Term Fiscal Framework 2019, adjusted to reflect IMF staff macroeconomic assumptions.

Croatia: Projections are based on the macroeconomic framework and the authorities' medium-term fiscal guidelines.

Cyprus: Projections are based on IMF staff assessments of authorities' budget plans and IMF staff macroeconomic assumptions.

Czech Republic: Projections are based on the authorities' budget forecast for 2018–19, with adjustments for IMF staff macroeconomic projections. Projections for 2019 onward are based on the country's Convergence Programme and Fiscal Outlook.

Denmark: Estimates for 2020 are aligned with the latest official budget numbers, adjusted where appropriate for IMF staff macroeconomic assumptions. For 2020, the projections incorporate key features of the medium-term fiscal plan as embodied in the authorities' latest budget.

Egypt: Fiscal projections are mainly based on budget sector operations. Projections are based on the budget for the fiscal year 2020/21 and the IMF's macroeconomic outlook.

Estonia: The forecast incorporates the authorities' approved supplementary budget for 2020, adjusted for newly available information and for IMF staff's macroeconomic scenario.

Finland: Projections are based on the authorities' announced policies, adjusted for the IMF staff macroeconomic scenario.

France: Estimates for 2020 and projections for 2021 onward are based on the measures of the 2018, 2019, and 2020 budget laws; the four amending budget laws voted in 2020; the draft 2021 budget laws, adjusted for differences in assumptions on macroeconomic and financial variables; and revenue projections.

Germany: IMF staff estimates and projections for 2021 and beyond are based on the 2021 budgets and data updates from the national statistical agency and Ministry of Finance, adjusted for the differences in IMF staff macroeconomic framework and assumptions concerning revenue elasticities. The projections do not reflect the 2021 supplementary budget or draft 2022 federal budget. The estimate of gross debt includes portfolios of impaired assets and noncore businesses transferred to institutions that are winding up, as well as other financial sector and European Union support operations.

Greece: Greece's general government primary balance estimate for 2020 is based on the preliminary budget execution data by the Greek authorities. Historical data since 2011 reflect adjustments in line with the primary balance definition under the enhanced surveillance framework for Greece.

Hong Kong Special Administrative Region: Projections are based on the authorities' medium-term fiscal projections on expenditure.

Hungary: Fiscal projections include IMF staff projections of the macroeconomic framework and fiscal policy plans announced in the 2020 budget.

India: Historical data are based on budgetary execution data. Projections are based on available information on the authorities' fiscal plans, with adjustments for IMF staff assumptions. Subnational data are incorporated with a lag of up to one year; general government data are thus finalized well after central government data. IMF and Indian presentations differ, particularly regarding divestment and license auction proceeds, net versus gross recording of revenues in certain minor categories, and some public sector lending.

Indonesia: Fiscal projections are consistent with a gradual unwinding of the large fiscal stimulus in 2020, including returning the fiscal deficit to below 3 percent of GDP by 2023.

Ireland: Fiscal projections are based on the country's Budget 2021 and Stability Programme Update 2020.

Israel: Historical data are based on Government Finance Statistics data prepared by the Central Bureau of Statistics. Projections are based on figures from the Ministry of Finance for the execution of the COVID fiscal package during 2020, and assumes partial implementation of the package for 2021.

Italy: IMF staff estimates, and projections are informed by the fiscal plans included in the government's 2021 budget. The stock of maturing postal saving bonds (BPF) is included in the debt projections.

Japan: The projections reflect fiscal measures already announced by the government as of March 9, 2021, with adjustments for IMF staff assumptions.

Kazakhstan: Fiscal projections are based on the budget code and IMF staff projections.

Korea: The forecast incorporates the overall fiscal balance in the 2021 annual and supplementary budget and the medium-term fiscal plan announced with the 2021 budget, and IMF staff adjustments.

Libya: Against the backdrop of a civil war and weak capacity, the reliability of Libya's data, especially medium-term projections, is low.

Malaysia: Fiscal projections are based on budget numbers, discussions with the authorities, and IMF staff estimates.

Malta: Projections are based on the latest Stability Programme Update by the authorities and on budget documents, which also take into account other recently adopted fiscal measures, adjusted for IMF staff macroeconomic and other assumptions.

Mexico: The 2020 Public Sector Borrowing Requirement estimate by IMF staff adjusts for some statistical discrepancies between above-the-line and below-the-line numbers, and proceeds from the oil hedge program as recommended in the 2018 Fiscal Transparency Evaluation report for Mexico. Fiscal projections for 2021 are broadly in line with the approved budget; projections for 2022 onward assume compliance with rules established in the Fiscal Responsibility Law.

Moldova: Fiscal projections are based on various bases and growth rates for GDP, consumption, imports, wages, and energy prices and on demographic changes.

Myanmar: Fiscal projections are based on budget numbers, discussions with the authorities, and IMF staff estimates.

Netherlands: Fiscal projections for the period 2020–25 are based on IMF staff forecast frameworks, and also informed by authorities' draft budget plan and the Bureau for Economic Policy Analysis projections. Historical data were revised following the June 2014 Central Bureau of Statistics release of macro data because of the adoption of the European System of National and Regional Accounts (ESA 2010) and the revisions of data sources.

New Zealand: Fiscal projections are based on Half Year Economic and Fiscal Update 2020 and IMF staff estimates.

Nigeria: Fiscal projections assume unchanged policies and differ from the authorities' active policy scenario.

Norway: Fiscal projections are based on the 2020 budget and subsequent ad-hoc updates.

Philippines: Revenue projections reflect IMF staff macroeconomic assumptions and incorporate the updated data. Expenditure projections are based on budgeted figures, institutional arrangements, and current data in each year.

Poland: Data are based on ESA 1995 for 2004 and earlier. Data are based on ESA 2010 beginning in 2005 on an accrual basis. Projections are based on the 2020 budget and take into account additional fiscal measures that will subsequently be incorporated into a revised 2020 budget later this year.

Portugal: The projections for the current year are based on the authorities' approved budget, adjusted to reflect the IMF staff's macroeconomic forecast. Projections thereafter are based on the assumption of unchanged policies.

Romania: Projections for 2020 mainly reflect legislated changes up to the end of 2020. Medium-term projections include a gradual implementation of recovery measures from the temporary recovery instrument (Next Generation EU).

Russia: Fiscal policy was countercyclical in 2020. There will be some degree of consolidation in 2021 in line with economic recovery, and the deficit is likely to come back to the fiscal rule's limit in 2022.

Saudi Arabia: IMF staff baseline fiscal projections are based on IMF staff's understanding of government policies as outlined in the 2021 budget. Exported oil revenues are based on *World Economic Outlook* baseline oil price assumptions and IMF staff's understanding of Saudi Arabia's current oil export policy under the OPEC+ agreement.

Singapore: For fiscal year 2020, projections are based on the initial budget, subsequent supplementary budgets, and budget execution through end of 2020. Fiscal year 2021 projections are based on the initial budget of February 16, 2021. IMF staff assumes gradual withdrawal of remaining exceptional measures in fiscal year 2022 and unchanged policies for the remainder of the projection period.

Slovak Republic: Fiscal projections are based on the 2021 budget but take into consideration available data for 2020 and include the new EU recovery funds (not included in the budget) for projection years.

Spain: The 2020 fiscal projections include the discretionary measures adopted in response to the COVID-19 crisis, the legislated pension and public wage, and the minimum vital income support. For 2021, the projections include COVID-19–related support measures, the legislated increase in pensions, and the legislated revenue measures. Fiscal projections from 2022 onward assume no policy changes. Disbursement under the EU Recovery and Resilience Facility are reflected in the projections for 2021–24.

Sri Lanka: Fiscal projections are based on IMF staff assessments.

Sweden: Projections for 2020 are based on preliminary information on the fall of 2020 budget bill. The fiscal impact of cyclical developments is calculated using the 2014 Organisation for Economic Co-operation

and Development elasticity,[1] which takes into account output and employment gaps.

Switzerland: The authorities' announced a discretionary stimulus—as reflected in the fiscal projections for 2020 and 2021—which is permitted within the context of the debt brake rule in the event of "exceptional circumstances."

Turkey: The basis for the projections in the *World Economic Outlook* and *Fiscal Monitor* is the IMF-defined fiscal balance, which excludes some revenues and expenditure items that are included in the authorities' headline balance.

United Kingdom: Fiscal projections are based on the latest GDP data published by the Office for National Statistics on February 12, 2021, and on forecasts by the Office for Budget Responsibility from November 23, 2020. Revenue projections are adjusted for differences between IMF staff forecasts of macroeconomic variables (such as GDP growth and inflation) and the forecasts of these variables assumed in the authorities' fiscal projections. Projections assume that the measures taken in response to the COVID-19 outbreak expire as announced. It is also assumed there is some additional fiscal consolidation relative to the policies announced to date starting in fiscal year 2023–24 with the goal of stabilizing public debt within five years. IMF staff data exclude public sector banks and the effect of transferring assets from the Royal Mail Pension Plan to the public sector in April 2012. Real government consumption and investment are part of the real GDP path, which, according to the IMF staff, may or may not be the same as projected by the UK Office for Budget Responsibility. Data are presented on a calendar year basis.

United States: Fiscal projections are based on the September 2020 Congressional Budget Office baseline adjusted for IMF staff policy and macroeconomic assumptions. Projections then incorporate the effects of the American Rescue Plan; the Coronavirus Preparedness and Response Supplemental Appropriations Act; the Families First Coronavirus Response Act; and the Coronavirus Aid, Relief, Paycheck Protection Program and Health Care Enhancement Act. Finally, fiscal projections are adjusted to reflect IMF staff forecasts for key macroeconomic and financial variables, different accounting treatments of financial sector support, and defined-benefit pension plans, all of which are converted to a general government basis. Data are compiled using the 2008 System of National Accounts, and when translated into government financial statistics, this is in accordance with the *Government Finance Statistics Manual 2014*. Because of data limitations, most series begin in 2001.

Venezuela: Projecting the economic outlook in Venezuela, including assessing past and current economic developments as the basis for the projections, is complicated by the lack of discussions with the authorities (the last Article IV consultation took place in 2004), incomplete understanding of the reported data, and difficulties in interpreting certain reported economic indicators given economic developments. The fiscal accounts include the budgetary central government, social security funds, FOGADE (insurance deposit institution), and a sample of public enterprises including PDVSA. The data for 2018–21 are IMF staff estimates. The effects of hyperinflation and the lack of reported data mean that IMF staff-projected macroeconomic indicators should be interpreted with caution. For example, nominal GDP is estimated assuming that the GDP deflator rises in line with IMF staff projections of average inflation. Public external debt in relation to GDP is projected using IMF staff estimates of the average exchange rate for the year. Considerable uncertainty surrounds these projections.

Vietnam: Fiscal data for 2015–17 are the authorities' estimates. From 2018 onward, fiscal data are based on IMF staff projections.

Yemen: Hydrocarbon revenue projections are based on *World Economic Outlook* assumptions for oil and gas prices and authorities' projections of production of oil and gas. Non-hydrocarbon revenues largely reflect the authorities' projections, as do most of the expenditure categories, with the exception of fuel subsidies, which are projected based on the *World Economic Outlook* price consistent with revenues. Monetary projections are based on key macroeconomic assumptions about the growth rate of broad money, credit to the private sector, and deposit growth.

[1]Price, R., T. Dang, and Y. Guillemette. 2014. "New Tax and Expenditure Elasticity Estimates for EU Budget Surveillance." OECD Economics Department Working Papers 1174. OECD Publishing, Paris.

Definition and Coverage of Fiscal Data

Table A. Economy Groupings

The following groupings of economies are used in the *Fiscal Monitor*. Data for all the economies can be found here: https://www.imf.org/external/datamapper/datasets/FM

Advanced Economies	Emerging Market and Middle-Income Economies	Low-Income Developing Countries	G7 Countries	G20 Countries[1]	Advanced G20 Countries[1]	Emerging G20 Countries
Australia	Albania	Afghanistan	Canada	Argentina	Australia	Argentina
Austria	Algeria	Bangladesh	France	Australia	Canada	Brazil
Belgium	Angola	Benin	Germany	Brazil	France	China
Canada	Antigua and Barbuda	Bhutan	Italy	Canada	Germany	India
Cyprus	Argentina	Burkina Faso	Japan	China	Italy	Indonesia
Czech Republic	Armenia	Burundi	United Kingdom	France	Japan	Mexico
Denmark	Aruba	Cambodia	United States	Germany	Korea	Russia
Estonia	Azerbaijan	Cameroon		India	United Kingdom	Saudi Arabia
Finland	Bahamas, The	Central Africa Republic		Indonesia	United States	South Africa
France	Bahrain	Chad		Italy		Turkey
Germany	Barbados	Comoros		Japan		
Greece	Belarus	Congo, Democratic Republic of the		Korea		
Hong Kong SAR	Belize	Congo, Republic of		Mexico		
Iceland	Bolivia	Côte d'Ivoire		Russia		
Ireland	Bosnia and Herzegovina	Djibouti		Saudi Arabia		
Israel	Brazil	Eritrea		South Africa		
Italy	Brunei Darussalam	Ethiopia		Turkey		
Japan	Bulgaria	Gambia, The		United Kingdom		
Korea	Cabo Verde	Ghana		United States		
Latvia	Chile	Guinea				
Lithuania	China	Guinea-Bissau				
Luxembourg	Colombia	Haiti				
Macao SAR	Costa Rica	Honduras				
Malta	Croatia	Kenya				
Netherlands	Dominica	Kiribati				
New Zealand	Dominican Republic	Kyrgyz Republic				
Norway	Ecuador	Lao P.D.R.				
Portugal	Egypt	Lesotho				
Puerto Rico	El Salvador	Liberia				
San Marino	Equatorial Guinea	Madagascar				
Singapore	Eswatini	Malawi				
Slovak Republic	Fiji	Mali				
Slovenia	Gabon	Mauritania				
Spain	Georgia	Moldova				
Sweden	Grenada	Mozambique				
Switzerland	Guatemala	Myanmar				
Taiwan Province of China	Guyana	Nepal				
United Kingdom	Hungary	Nicaragua				
United States	India	Niger				
	Indonesia	Nigeria				
	Iran	Papua New Guinea				
	Iraq	Rwanda				
	Jamaica	São Tomé and Príncipe				
	Jordan	Senegal				
	Kazakhstan	Sierra Leone				
	Kosovo	Solomon Islands				
	Kuwait	South Sudan				
	Lebanon	Somalia				
	Libya	Sudan				
	Malaysia	Tajikistan				
	Maldives	Tanzania				

Table A. Economy Groupings *(continued)*

Advanced Economies	Emerging Market and Middle-Income Economies	Low-Income Developing Countries	G7 Countries	G20 Countries[1]	Advanced G20 Countries[1]	Emerging G20 Countries
	Marshall Islands	Timor-Leste				
	Mauritius	Togo				
	Mexico	Uganda				
	Micronesia	Uzbekistan				
	Mongolia	Vietnam				
	Montenegro	Yemen				
	Morocco	Zambia				
	Namibia	Zimbabwe				
	Nauru					
	North Macedonia					
	Oman					
	Pakistan					
	Palau					
	Panama					
	Paraguay					
	Peru					
	Philippines					
	Poland					
	Qatar					
	Romania					
	Russia					
	Samoa					
	Saudi Arabia					
	Serbia					
	Seychelles					
	South Africa					
	Sri Lanka					
	St. Kitts and Nevis					
	St. Lucia					
	St. Vincent and the Grenadines					
	Suriname					
	Syria					
	Thailand					
	Tonga					
	Trinidad and Tobago					
	Tunisia					
	Turkey					
	Turkmenistan					
	Tuvalu					
	Ukraine					
	United Arab Emirates					
	Uruguay					
	Vanuatu					
	Venezuela					

Note: G7 = Group of Seven; G20 = Group of Twenty.
[1] Does not include European Union aggregate.

Table A. Economy Groupings *(continued)*

Euro Area	Emerging Market and Middle-Income Asia	Emerging Market and Middle-Income Europe	Emerging Market and Middle-Income Latin America	Emerging Market and Middle-Income Middle East, North Africa, and Pakistan	Emerging Market and Middle-Income Africa
Austria	Brunei Darussalam	Albania	Antigua and Barbuda	Algeria	Angola
Belgium	China	Azerbaijan	Argentina	Bahrain	South Africa
Cyprus	Fiji	Belarus	Aruba	Egypt	
Estonia	India	Bosnia and Herzegovina	Bahamas, The	Iran	
Finland	Indonesia	Bulgaria	Barbados	Iraq	
France	Malaysia	Croatia	Belize	Jordan	
Germany	Maldives	Hungary	Bolivia	Kuwait	
Greece	Marshall Islands	Kazakhstan	Brazil	Lebanon	
Ireland	Micronesia	Kosovo	Chile	Libya	
Italy	Mongolia	Montenegro	Colombia	Morocco	
Latvia	Nauru	North Macedonia	Costa Rica	Oman	
Lithuania	Palau	Poland	Dominica	Pakistan	
Luxembourg	Philippines	Romania	Dominican Republic	Qatar	
Malta	Samoa	Russia	Ecuador	Saudi Arabia	
Netherlands	Sri Lanka	Serbia	El Salvador	Syria	
Portugal	Thailand	Turkey	Grenada	Tunisia	
Slovak Republic	Tonga	Ukraine	Guatemala	United Arab Emirates	
Slovenia	Tuvalu		Guyana		
Spain	Vanuatu		Jamaica		
			Mexico		
			Panama		
			Paraguay		
			Peru		
			St. Kitts and Nevis		
			St. Lucia		
			St. Vincent and the Grenadines		
			Suriname		
			Trinidad and Tobago		
			Uruguay		
			Venezuela		

Table A. Economy Groupings *(continued)*

Low-Income Developing Asia	Low-Income Developing Latin America	Low-Income Developing Sub-Saharan Africa	Low-Income Developing Others	Low-Income Oil Producers	Oil Producers
Bangladesh	Haiti	Benin	Afghanistan	Chad	Algeria
Bhutan	Honduras	Burkina Faso	Djibouti	Congo, Republic of	Angola
Cambodia	Nicaragua	Burundi	Kyrgyz Republic	Nigeria	Azerbaijan
Kiribati		Cameroon	Mauritania	Timor-Leste	Bahrain
Lao P.D.R.		Central Africa Republic	Moldova	Yemen	Brunei Darussalam
Myanmar		Chad	Somalia		Canada
Nepal		Comoros	Sudan		Chad
Papua New Guinea		Congo, Democratic Republic of the	Tajikistan		Congo, Republic of
Solomon Islands		Congo, Republic of	Uzbekistan		Ecuador
Timor-Leste		Côte d'Ivoire	Yemen		Equatorial Guinea
Vietnam		Eritrea			Gabon
		Ethiopia			Iran
		Gambia, The			Iraq
		Ghana			Kazakhstan
		Guinea			Kuwait
		Guinea-Bissau			Libya
		Kenya			Nigeria
		Lesotho			Norway
		Liberia			Oman
		Madagascar			Qatar
		Malawi			Russia
		Mali			Saudi Arabia
		Mozambique			Timor-Leste
		Niger			Trinidad and Tobago
		Nigeria			United Arab Emirates
		Rwanda			Venezuela
		São Tomé and Príncipe			Yemen
		Senegal			
		Sierra Leone			
		South Sudan			
		Tanzania			
		Togo			
		Uganda			
		Zambia			
		Zimbabwe			

Table B. Advanced Economies: Definition and Coverage of *Fiscal Monitor* Data

	Overall Fiscal Balance[1]			Cyclically Adjusted Balance			Gross Debt		
	Coverage		Accounting Practice	Coverage		Accounting Practice	Coverage		Valuation of Debt[2]
	Aggregate	Subsectors		Aggregate	Subsectors		Aggregate	Subsectors	
Australia	GG	CG,SG,LG,TG	A	GG	CG,SG,LG,TG	A	GG	CG,SG,LG,TG	Current market
Austria	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	Face
Belgium	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	Face
Canada	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	Face
Cyprus	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Face
Czech Republic	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Nominal
Denmark	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Face
Estonia	GG	CG,LG,SS	C	. . .	. . .	. . .	GG	CG,LG,SS	Nominal
Finland	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Face
France	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Face
Germany	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	Face
Greece	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Nominal
Hong Kong SAR	GG	CG	C	GG	CG	C	GG	CG	Face
Iceland	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Face
Ireland	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Nominal
Israel	GG	CG,LG,SS	Mixed	GG	CG,LG,SS	Mixed	GG	CG,LG,SS	Nominal
Italy	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Face
Japan	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Current market
Korea	CG	CG,SS	C	CG	CG,SS	C	CG	CG,SS	Nominal
Latvia	GG	CG,LG,SS	C	GG	CG,LG,SS	C	GG	CG,LG,SS	Nominal
Lithuania	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Nominal
Luxembourg	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Face
Malta	GG	CG,SS	A	GG	CG,SS	A	GG	CG,SS	Nominal
The Netherlands	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Nominal
New Zealand	GG	CG,LG	A	GG	CG,LG	A	GG	CG,LG	Current market
Norway	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Current market
Portugal	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Nominal
Singapore	GG	CG	C	GG	CG	C	GG	CG	Nominal
Slovak Republic	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Face
Slovenia	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Face
Spain	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	Nominal
Sweden	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Nominal
Switzerland	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	A	GG	CG,SG,LG,SS	Nominal
United Kingdom	GG	CG,LG	A	GG	CG,LG	A	GG	CG,LG	Nominal
United States	GG	CG,SG,LG	A	GG	CG,SG,LG	A	GG	CG,SG,LG	Nominal

Note: Coverage: CG = central government; GG = general government; LG = local governments; PS = public sector; SG = state governments; SS = social security funds; TG = territorial governments. Accounting standard: A = accrual; C = cash; Mixed = combination of accrual and cash accounting.

[1] In many economies, fiscal data follow the IMF's *Government Finance Statistics Manual 2014*. The concept of overall fiscal balance refers to net lending (+) and borrowing (–) of the general government. In some cases, however, the overall balance refers to total revenue and grants minus total expenditure and net lending.

[2] "Nominal" refers to debt securities that are valued at their nominal values, that is, the nominal value of a debt instrument at any moment in time is the amount that the debtor owes to the creditor. "Face" refers to the undiscounted amount of principal to be repaid at (or before) maturity. The use of face value as a proxy for nominal value in measuring the gross debt position can result in an inconsistent approach across all instruments and is not recommended, unless nominal and market values are not available. "Current market" refers to debt securities that are valued at market prices; insurance, pension, and standardized guarantee schemes are valued according to principles that are equivalent to market valuation; and all other debt instruments are valued at nominal prices, which are considered to be the best generally available proxies for their market prices.

Table C. Emerging Market and Middle-Income Economies: Definition and Coverage of *Fiscal Monitor* Data

	Overall Fiscal Balance[1]			Cyclically Adjusted Balance			Gross Debt		
	Coverage		Accounting Practice	Coverage		Accounting Practice	Coverage		Valuation of Debt[2]
	Aggregate	Subsectors		Aggregate	Subsectors		Aggregate	Subsectors	
Algeria	CG	CG	C	. . .	. . .	. . .	CG	CG	Face
Angola	GG	CG,LG	Mixed	. . .	. . .	. . .	GG	CG,LG	Nominal
Argentina	GG	CG,SG,SS	C	CG	CG	C	CG	CG	Nominal
Belarus[3]	GG	CG,LG,SS	C	. . .	. . .	. . .	GG	CG,LG,SS	Nominal
Brazil[4]	NFPS	CG,SG,LG,SS,NFPC	C	NFPS	CG,SG,LG,SS,NFPC	C	NFPS	CG,SG,LG,SS,NFPC	Nominal
Bulgaria	GG	CG,LG,SS	C	GG	CG,LG,SS	C	GG	CG,LG,SS	Nominal
Chile	GG	CG,LG	A	CG	CG	A	GG	CG,LG	Face
China	GG	CG,LG	C	GG	CG,LG	C	GG	CG,LG	Face
Colombia[5]	GG	CG,SG,LG,SS	Mixed	GG	CG,SG,LG,SS	Mixed	GG	CG,SG,LG,SS	Face
Croatia	GG	CG,LG	A	GG	CG,LG	A	GG	CG,LG	Nominal
Dominican Republic	CG	CG,LG,SS,NMPC	Mixed	PS	CG,LG,SS,NMPC	Mixed	PS	CG,LG,SS,NMPC	Face
Ecuador	NFPS	CG,SG,LG,SS,NFPC	C	NFPS	CG,SG,LG,SS,NFPC	C	NFPS	CG,SG,LG,SS,NFPC	Nominal
Egypt	GG	CG,LG,SS	C	GG	CG,LG,SS	C	GG	CG,LG,SS	Nominal
Hungary	GG	CG,LG,SS,NMPC	A	GG	CG,LG,SS,NMPC	A	GG	CG,LG,SS,NMPC	Face
India	GG	CG,SG	C	GG	CG,SG	C	GG	CG,SG	Nominal
Indonesia	GG	CG,LG	C	GG	CG,LG	C	GG	CG,LG	Face
Iran	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Kazakhstan	GG	CG,LG	C	. . .	. . .	. . .	GG	CG,LG	Nominal
Kuwait	GG	CG,SS	Mixed	. . .	. . .	. . .	GG	CG,SS	Nominal
Lebanon	CG	CG	Mixed	CG	CG	Mixed	CG	CG	Nominal
Malaysia	GG	CG,SG,LG	C	GG	CG,SG,LG	C	GG	CG,SG,LG	Nominal
Mexico	PS	CG,SS,NMPC,NFPC	C	PS	CG,SS,NMPC,NFPC	C	PS	CG,SS,NMPC,NFPC	Face
Morocco	CG	CG	A	. . .	. . .	. . .	CG	CG	Face
Oman	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Pakistan	GG	CG,SG,LG	C	. . .	. . .	. . .	GG	CG,SG,LG	Nominal
Peru	GG	CG,SG,LG,SS	C	GG	CG,SG,LG,SS	C	NFPS	CG,SG,LG,SS,NFPC	Face
Philippines	GG	CG,LG,SS	C	GG	CG,LG,SS	C	GG	CG,LG,SS	Nominal
Poland	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Face
Qatar	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Romania	GG	CG,LG,SS	C	GG	CG,LG,SS	C	GG	CG,LG,SS	Face
Russia	GG	CG,SG,SS	Mixed	GG	CG,SG,SS	Mixed	GG	CG,SG,SS	Current market
Saudi Arabia	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
South Africa[6]	GG	CG,SG,SS	C	GG	CG,SG,SS	C	GG	CG,SG,SS	Nominal
Sri Lanka	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Thailand[7]	PS	CG,BCG,LG,SS	A	PS	CG,BCG,LG,SS	A	PS	CG,BCG,LG,SS	Nominal
Turkey	GG	CG,LG,SS	A	GG	CG,LG,SS	A	GG	CG,LG,SS	Nominal
Ukraine	GG	CG,LG,SS	C	GG	CG,LG,SS	C	GG	CG,LG,SS	Nominal
United Arab Emirates[8]	GG	CG,BCG,SG,SS	Mixed	. . .	. . .	. . .	GG	CG,BCG,SG,SS	Nominal
Uruguay	NFPS	CG,LG,SS,NMPC,NFPC	A	. . .	. . .	. . .	NFPS	CG,LG,SS,NMPC,NFPC	Face
Venezuela[9]	GG	BCG,NFPC	C	GG	BCG,NFPC	C	GG	BCG,NFPC	Nominal

Note: Coverage: BCG = budgetary central government; CG = central government; GG = general government; LG = local governments; NFPC = nonfinancial public corporations; NFPS = nonfinancial public sector; NMPC = nonmonetary financial public corporations; PS = public sector; SG = state governments; SS = social security funds. Accounting standard: A = accrual; C = cash; Mixed = combination of accrual and cash accounting.

[1] In many countries, fiscal data follow the IMF's *Government Finance Statistics Manual 2014*. The concept of overall fiscal balance refers to net lending (+) and borrowing (–) of the general government. In some cases, however, the overall balance refers to total revenue and grants minus total expenditure and net lending.

[2] "Nominal" refers to debt securities that are valued at their nominal values, that is, the nominal value of a debt instrument at any moment in time is the amount that the debtor owes to the creditor. "Face" refers to the undiscounted amount of principal to be repaid at (or before) maturity. The use of face value as a proxy for nominal value in measuring the gross debt position can result in an inconsistent approach across all instruments and is not recommended, unless nominal and market values are not available. "Current market" refers to debt securities that are valued at market prices; insurance, pension, and standardized guarantee schemes are valued according to principles that are equivalent to market valuation; and all other debt instruments are valued at nominal prices, which are considered to be the best generally available proxies of their market prices.

[3] Gross debt refers to general government public debt, including publicly guaranteed debt.

[4] Gross debt refers to the nonfinancial public sector, excluding Eletrobras and Petrobras, and includes sovereign debt held on the balance sheet of the central bank. The overall balance combines the cash primary balance of the nonfinancial public sector and the net interest of the public sector on an accrual basis

[5] Revenue is recorded on a cash basis and expenditure on an accrual basis.

[6] Coverage for South Africa is central government, but it serves a good proxy for the general government. It includes the national and provincial governments and certain public entities, while local governments are only partly covered. The subnational government debt is estimated to be limited given the available data from the South African Reserve Bank.

[7] Data for Thailand do not include the debt of specialized financial institutions (SFIs/NMPC) without a government guarantee.

[8] Gross debt covers banking system claims only.

[9] The fiscal accounts include the budgetary central government, social security, FOGADE (an insurance deposit institution), and a sample of public enterprises, including Petróleos de Venezuela, S.A. (PDVSA). Data for 2018–19 are IMF staff estimates.

Table D. Low-Income Developing Countries: Definition and Coverage of *Fiscal Monitor* Data

	Overall Fiscal Balance[1]			Cyclically Adjusted Balance			Gross Debt		
	Coverage		Accounting Practice	Coverage		Accounting Practice	Coverage		Valuation of Debt[2]
	Aggregate	Subsectors		Aggregate	Subsectors		Aggregate	Subsectors	
Afghanistan	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Bangladesh	CG	CG	C	CG	CG	C	CG	CG	Nominal
Benin	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Burkina Faso	CG	CG	CB	. . .	. . .	. . .	CG	CG	Face
Cambodia	CG	CG,LG	A	CG	CG,LG	A	CG	CG,LG	Face
Cameroon	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Chad	NFPS	CG,NFPC	C	. . .	. . .	. . .	NFPS	CG,NFPC	Face
Democratic Republic of the Congo	CG	CG,LG	A	. . .	. . .	. . .	CG	CG,LG,NFPC	Nominal
Republic of Congo	CG	CG	A	. . .	. . .	. . .	CG	CG	Nominal
Côte d'Ivoire	CG	CG,SS	A	. . .	. . .	. . .	CG	CG,SS	Nominal
Ethiopia	GG	CG,SG,LG	C	. . .	. . .	. . .	NFPS	CG,SG,LG,NFPC	Nominal
Ghana	CG	CG	C	. . .	. . .	. . .	CG	CG	Face
Guinea	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Haiti[3]	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Honduras	GG	CG,LG,SS	Mixed	GG	CG,LG,SS	Mixed	GG	CG,LG,SS	Nominal
Kenya	CG	CG	C	. . .	. . .	. . .	CG	CG	Current market
Kyrgyz Republic	GG	CG,LG,SS	C	. . .	. . .	. . .	GG	CG,LG,SS	Face
Lao P.D.R.[4]	CG	CG	C	CG	CG	C	CG	CG	Nominal
Madagascar	CG	CG,LG	C	. . .	. . .	. . .	CG	CG,LG	Nominal
Malawi	CG	CG	C	. . .	. . .	. . .	CG	CG	…
Mali	CG	CG	Mixed	. . .	. . .	. . .	CG	CG	Nominal
Moldova	GG	CG,LG,SS	C	GG	CG,LG,SS	C	GG	CG,LG,SS	Nominal
Mozambique	CG	CG,SG	Mixed	CG	CG,SG	Mixed	CG	CG,SG	Nominal
Myanmar[5]	NFPS	CG,NFPC	C	. . .	. . .	. . .	NFPS	CG,NFPC	Face
Nepal	CG	CG	C	CG	CG	C	CG	CG	Face
Nicaragua	GG	CG,LG,SS	C	GG	CG,LG,SS	C	GG	CG,LG,SS	Nominal
Niger	CG	CG	A	. . .	. . .	. . .	CG	CG	Nominal
Nigeria	GG	CG,SG,LG	C	. . .	. . .	. . .	GG	CG,SG,LG	Current market
Papua New Guinea	CG	CG	C	. . .	. . .	. . .	CG	CG	Face
Rwanda	GG	CG,LG	Mixed	. . .	. . .	. . .	GG	CG,LG	Nominal
Senegal	CG	CG	C	. . .	. . .	. . .	PS	CG	Nominal
Sudan	CG	CG	Mixed	. . .	. . .	. . .	CG	CG	Nominal
Tajikistan	GG	CG,LG,SS	C	. . .	. . .	. . .	GG	CG,LG,SS	Nominal
Tanzania	CG	CG,LG	C	. . .	. . .	. . .	CG	CG,LG	Nominal
Uganda	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Uzbekistan[6]	GG	CG,SG,LG,SS	C	. . .	. . .	. . .	GG	CG,SG,LG,SS	Nominal
Vietnam	GG	CG,SG,LG	C	GG	CG,SG,LG	C	GG	CG,SG,LG	Nominal
Yemen	GG	CG,LG	C	. . .	. . .	. . .	GG	CG,LG	Nominal
Zambia	CG	CG	C	. . .	. . .	. . .	CG	CG	Nominal
Zimbabwe	CG	CG	C	. . .	. . .	. . .	CG	CG	Current market

Note: Coverage: CG = central government; GG = general government; LG = local governments; NFPC = nonfinancial public corporations; NFPS = nonfinancial public sector; SG = state governments; SS = social security funds. Accounting standard: A = accrual; C = cash; CB = commitments-based; Mixed = combination of accrual and cash accounting.

[1] In many countries, fiscal data follow the IMF's *Government Finance Statistics Manual 2014*. The concept of overall fiscal balance refers to net lending (+) and borrowing (–) of the general government. In some cases, however, the overall balance refers to total revenue and grants minus total expenditure and net lending.

[2] "Nominal" refers to debt securities that are valued at their nominal values, that is, the nominal value of a debt instrument at any moment in time is the amount that the debtor owes to the creditor. "Face" refers to the undiscounted amount of principal to be repaid at (or before) maturity. The use of face value as a proxy for nominal value in measuring the gross debt position can result in an inconsistent approach across all instruments and is not recommended, unless nominal and market values are not available. "Current market" refers to debt securities that are valued at market prices; insurance, pension, and standardized guarantee schemes are valued according to principles that are equivalent to market valuation; and all other debt instruments are valued at nominal prices, which are considered to be the best generally available proxies of their market prices.

[3] Haiti's fiscal balance and debt data cover the central government, special funds and programs (Fonds d'Entretien Routier and Programme de Scolarisation Universelle, Gratuite, et Obligatoire), and the state-owned electricity company EDH.

[4] Lao P.D.R.'s fiscal spending includes capital spending by local governments financed by loans provided by the central bank.

[5] Overall and primary balances in 2012 are based on monetary statistics and are different from the balances calculated from expenditure and revenue data.

[6] Uzbekistan's listing includes the Fund for Reconstruction and Development.

Table A1. Advanced Economies: General Government Overall Balance, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	–5.5	–3.7	–3.1	–2.6	–2.7	–2.4	–2.5	–2.9	–11.7	–10.4	–4.6	–3.2	–3.0	–3.0	–2.8
Euro Area	–3.7	–3.0	–2.5	–2.0	–1.5	–0.9	–0.5	–0.6	–7.6	–6.7	–3.3	–2.3	–1.8	–1.6	–1.6
G7	–6.5	–4.3	–3.6	–3.0	–3.3	–3.3	–3.4	–3.7	–13.2	–11.9	–5.0	–3.5	–3.4	–3.5	–3.3
G20 Advanced	–6.1	–4.1	–3.5	–2.9	–3.1	–3.0	–3.1	–3.6	–12.7	–11.5	–5.0	–3.5	–3.3	–3.4	–3.2
Australia	–3.5	–2.8	–2.9	–2.8	–2.4	–1.7	–1.2	–3.8	–9.9	–10.4	–6.8	–4.9	–3.8	–3.1	–2.7
Austria	–2.2	–2.0	–2.7	–1.0	–1.6	–0.7	0.2	0.7	–9.6	–6.5	–3.6	–2.2	–1.4	–1.0	–0.9
Belgium	–4.3	–3.1	–3.1	–2.4	–2.4	–0.7	–0.8	–1.9	–10.2	–7.3	–5.0	–4.9	–5.0	–4.9	–4.9
Canada	–2.5	–1.5	0.2	–0.1	–0.5	–0.1	0.3	0.5	–10.7	–7.8	–3.9	–1.3	–0.2	0.1	0.2
Cyprus[1]	–5.6	–5.2	–0.2	0.2	0.2	2.0	–3.5	1.5	–5.0	–3.2	–0.8	–0.4	0.0	0.6	0.8
Czech Republic	–3.9	–1.2	–2.1	–0.6	0.7	1.5	0.9	0.3	–5.9	–7.8	–6.3	–5.6	–5.1	–4.5	–4.0
Denmark	–3.5	–1.2	1.1	–1.3	–0.1	1.8	0.7	3.8	–3.5	–1.8	–1.8	–1.2	–0.8	0.0	0.0
Estonia	–0.3	–0.2	0.7	0.1	–0.3	–0.4	–0.5	0.0	–5.4	–7.1	–6.3	–5.2	–4.4	–3.6	–3.0
Finland	–2.2	–2.5	–3.0	–2.4	–1.7	–0.7	–0.9	–1.0	–4.8	–4.3	–3.0	–2.2	–2.0	–1.8	–1.6
France	–5.0	–4.1	–3.9	–3.6	–3.6	–2.9	–2.3	–3.0	–9.9	–7.2	–4.4	–3.8	–3.6	–3.5	–3.5
Germany	0.0	0.0	0.6	1.0	1.2	1.4	1.8	1.5	–4.2	–5.5	–0.4	0.4	0.5	0.6	0.6
Greece	–6.7	–3.6	–4.1	–2.8	0.6	1.1	0.9	0.6	–9.9	–8.9	–2.6	–2.0	–1.8	–1.7	–1.5
Hong Kong SAR	3.1	1.0	3.6	0.6	4.4	5.5	2.3	–0.6	–10.0	–4.7	–0.1	–0.1	–0.1	–0.1	–0.1
Iceland	–2.6	–1.2	0.3	–0.4	12.5	1.0	0.9	–1.5	–7.3	–10.2	–8.9	–6.9	–4.1	–3.1	–3.2
Ireland[1]	–8.1	–6.2	–3.6	–2.0	–0.7	–0.3	0.1	0.5	–5.3	–5.5	–2.8	–1.4	–1.0	–0.4	–0.3
Israel	–4.4	–4.1	–2.4	–1.1	–1.4	–1.1	–3.6	–3.9	–11.8	–8.9	–4.4	–4.1	–3.9	–3.8	–3.7
Italy	–2.9	–2.9	–3.0	–2.6	–2.4	–2.4	–2.2	–1.6	–9.5	–8.8	–5.5	–3.8	–2.2	–2.0	–1.8
Japan	–8.5	–7.9	–5.9	–3.9	–3.8	–3.3	–2.7	–3.1	–12.6	–9.4	–3.8	–2.5	–2.3	–2.3	–2.4
Korea	1.5	0.6	0.4	0.5	1.6	2.2	2.6	0.4	–2.8	–2.9	–2.4	–2.5	–2.4	–2.3	–2.0
Latvia	0.2	–0.6	–1.7	–1.5	–0.4	–0.8	–0.7	–0.4	–3.9	–6.7	–1.8	–0.9	–0.5	–0.6	–0.5
Lithuania	–3.1	–2.6	–0.7	–0.2	0.3	0.5	0.6	0.3	–8.0	–6.1	–1.8	–0.8	–0.4	0.0	0.4
Luxembourg	0.5	0.9	1.4	1.3	1.9	1.3	3.1	2.4	–3.8	–1.5	–0.5	–0.1	0.0	0.0	0.0
Malta	–3.4	–2.3	–1.7	–1.0	0.9	3.2	2.0	0.5	–9.0	–5.7	–3.1	–2.5	–2.0	–1.5	–0.9
The Netherlands	–3.9	–2.9	–2.2	–2.0	0.0	1.3	1.4	2.5	–5.6	–4.3	–2.5	–1.6	–0.9	–0.3	–0.1
New Zealand	–2.2	–1.3	–0.4	0.3	1.0	1.3	1.1	–2.3	–5.7	–5.1	–3.9	–2.7	–1.7	–0.7	–0.2
Norway	13.8	10.7	8.6	6.0	4.1	5.0	6.9	5.6	–7.0	–0.2	1.4	2.9	3.9	4.5	4.3
Portugal	–6.2	–5.1	–7.3	–4.4	–1.9	–3.0	–0.3	0.1	–6.1	–5.0	–1.9	–1.4	0.5	0.3	0.3
Singapore	7.3	6.0	4.6	2.9	3.7	5.3	3.7	3.8	–8.9	–0.2	3.1	3.1	3.1	2.5	2.6
Slovak Republic	–4.4	–2.9	–3.1	–2.7	–2.6	–0.9	–1.0	–1.4	–7.3	–7.1	–4.9	–4.4	–3.9	–3.6	–3.3
Slovenia	–4.0	–14.6	–5.5	–2.8	–1.9	–0.1	0.7	0.5	–8.5	–6.2	–4.2	–3.4	–2.8	–2.2	–2.0
Spain[1]	–10.7	–7.0	–5.9	–5.2	–4.3	–3.0	–2.5	–2.9	–11.5	–9.0	–5.8	–4.9	–4.3	–4.3	–4.3
Sweden	–1.0	–1.4	–1.5	0.0	1.0	1.4	0.8	0.5	–4.0	–3.9	–1.8	–0.2	0.1	0.3	0.3
Switzerland	0.2	–0.4	–0.2	0.5	0.2	1.1	1.3	1.4	–2.6	–3.4	–0.7	–0.1	–0.1	0.0	0.0
United Kingdom	–7.6	–5.5	–5.5	–4.5	–3.3	–2.4	–2.2	–2.3	–13.4	–11.8	–6.2	–4.0	–3.4	–3.3	–3.3
United States[2]	–8.0	–4.6	–4.1	–3.5	–4.3	–4.6	–5.4	–5.7	–15.8	–15.0	–6.1	–4.6	–4.7	–5.0	–4.7

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table B.

[1] Data include financial sector support. For Cyprus, 2014 and 2015 balances exclude financial sector support.

[2] For cross-economy comparison, the expenditures and fiscal balances of the United States are adjusted to exclude the imputed interest on unfunded pension liabilities and the imputed compensation of employees, which are counted as expenditures under the 2008 System of National Accounts (2008 SNA) adopted by the United States, but not in economies that have not yet adopted the 2008 SNA. Data for the United States in this table may thus differ from data published by the US Bureau of Economic Analysis.

Table A2. Advanced Economies: General Government Primary Balance, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	–3.7	–2.1	–1.5	–1.1	–1.2	–0.9	–1.0	–1.5	–10.3	–9.3	–3.6	–2.3	–2.0	–2.0	–1.8
Euro Area	–1.0	–0.6	–0.2	0.1	0.4	0.8	1.2	0.8	–6.3	–5.5	–2.1	–1.3	–0.8	–0.6	–0.6
G7	–4.4	–2.5	–1.8	–1.3	–1.6	–1.6	–1.7	–2.0	–11.5	–10.5	–3.8	–2.4	–2.2	–2.3	–2.0
G20 Advanced	–4.1	–2.4	–1.8	–1.3	–1.5	–1.4	–1.5	–2.0	–11.1	–10.2	–3.8	–2.4	–2.2	–2.3	–2.0
Australia	–2.9	–2.1	–2.1	–1.9	–1.5	–0.9	–0.4	–3.0	–9.0	–9.5	–5.9	–3.9	–2.9	–2.1	–1.7
Austria	0.0	0.2	–0.7	0.9	0.1	0.8	1.4	1.7	–8.6	–5.5	–2.7	–1.3	–0.7	–0.4	–0.3
Belgium	–1.2	–0.2	–0.2	0.2	0.0	1.4	1.0	–0.2	–8.5	–5.9	–3.9	–3.9	–4.1	–4.0	–4.1
Canada	–1.8	–1.0	0.5	0.6	0.1	0.1	0.3	0.6	–10.3	–7.0	–3.5	–1.1	–0.1	0.2	0.4
Cyprus[1]	–2.9	–1.9	2.8	3.1	2.7	4.3	–1.2	3.6	–2.8	–0.9	1.4	1.5	1.8	2.2	2.3
Czech Republic	–2.7	–0.2	–1.0	0.3	1.5	2.1	1.5	0.8	–5.4	–7.1	–5.6	–4.8	–4.2	–3.7	–3.2
Denmark	–3.0	–0.8	1.6	–0.6	0.4	1.7	0.3	3.5	–3.8	–2.2	–2.2	–1.5	–1.1	–0.2	–0.1
Estonia	–0.4	–0.2	0.6	0.0	–0.4	–0.4	–0.5	0.0	–5.4	–7.1	–6.3	–5.2	–4.4	–3.6	–3.0
Finland	–1.9	–2.4	–2.8	–2.3	–1.4	–0.4	–0.7	–0.8	–4.7	–4.3	–3.1	–2.4	–2.1	–1.7	–1.5
France	–2.5	–1.9	–1.8	–1.8	–1.9	–1.3	–0.7	–1.6	–8.7	–6.0	–3.6	–3.0	–2.8	–2.7	–2.7
Germany	1.9	1.5	1.8	2.0	2.1	2.2	2.5	2.1	–3.8	–5.0	0.0	0.7	0.8	0.9	0.9
Greece	–1.3	0.5	–0.1	0.8	3.8	4.2	4.3	3.6	–7.0	–6.0	0.3	1.0	1.2	1.3	1.5
Hong Kong SAR	1.3	–0.7	3.6	0.6	3.6	4.7	1.0	–2.2	–11.2	–5.9	–1.3	–1.3	–1.3	–1.3	–1.3
Iceland	0.3	1.9	3.8	3.2	15.5	3.9	3.1	0.5	–5.0	–7.8	–4.5	–2.5	–0.8	0.3	0.4
Ireland[1]	–4.9	–2.7	–0.3	0.4	1.6	1.6	1.7	1.7	–4.2	–4.4	–1.9	–0.4	–0.1	0.4	0.5
Israel	–1.3	–1.1	–0.3	0.7	0.4	0.8	–1.4	–2.0	–9.8	–6.7	–2.2	–1.8	–1.6	–1.5	–1.4
Italy	2.0	1.8	1.4	1.4	1.3	1.2	1.3	1.7	–6.2	–5.6	–2.5	–0.9	0.6	0.7	0.7
Japan	–7.3	–6.8	–4.8	–2.9	–2.8	–2.4	–1.9	–2.4	–11.9	–8.9	–3.4	–2.1	–2.0	–2.0	–2.0
Korea	1.0	0.2	0.0	0.2	1.4	1.8	2.1	–0.1	–3.3	–3.2	–2.6	–2.6	–2.4	–2.2	–1.8
Latvia	1.7	0.9	–0.2	0.3	0.8	0.3	0.2	0.5	–3.0	–5.8	–1.1	–0.2	0.1	0.1	0.1
Lithuania	–1.2	–0.9	1.0	1.3	1.6	1.6	1.5	1.1	–7.8	–5.8	–1.6	–0.6	–0.2	0.2	0.6
Luxembourg	0.3	0.7	1.1	1.1	1.7	1.2	2.9	2.3	–4.0	–1.7	–0.6	–0.3	–0.3	–0.4	–0.5
Malta	–0.5	0.4	0.9	1.2	3.0	5.0	3.5	1.8	–7.8	–4.4	–1.8	–1.2	–0.7	–0.2	0.4
The Netherlands	–2.5	–1.6	–0.8	–0.8	1.1	2.2	2.2	3.2	–5.2	–4.1	–2.2	–1.4	–0.6	0.0	0.2
New Zealand	–1.3	–0.5	0.2	1.0	1.7	1.9	1.8	–1.6	–4.9	–4.2	–2.8	–1.5	–0.4	0.7	1.1
Norway	11.9	8.8	6.3	3.5	1.5	2.6	4.8	3.5	–8.9	–2.2	–0.6	0.9	1.8	2.4	2.2
Portugal	–1.9	–0.9	–3.0	–0.1	1.9	0.7	2.9	2.9	–3.2	–2.4	0.4	0.9	2.6	2.2	2.0
Singapore	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Slovak Republic	–2.8	–1.2	–1.4	–1.2	–1.2	0.3	0.2	–0.3	–6.3	–6.1	–4.0	–3.5	–3.0	–2.7	–2.3
Slovenia	–2.6	–12.6	–2.7	0.0	0.7	2.1	2.5	2.0	–7.0	–5.0	–3.3	–2.5	–2.1	–1.6	–1.6
Spain[1]	–8.2	–4.1	–3.0	–2.6	–1.9	–0.7	–0.3	–0.8	–9.4	–7.0	–3.7	–3.0	–2.5	–2.6	–2.6
Sweden	–0.8	–1.2	–1.4	0.1	1.0	1.4	0.8	0.4	–4.1	–4.0	–1.7	–0.1	0.2	0.4	0.4
Switzerland	0.6	–0.2	0.0	0.8	0.4	1.3	1.4	1.5	–2.4	–3.2	–0.5	0.1	0.1	0.1	0.1
United Kingdom	–5.3	–4.2	–3.7	–3.1	–1.7	–0.6	–0.6	–0.9	–12.3	–10.6	–5.3	–3.1	–2.4	–2.2	–2.1
United States[2]	–5.8	–2.6	–2.1	–1.7	–2.4	–2.6	–3.2	–3.4	–13.6	–13.3	–4.6	–3.1	–3.1	–3.4	–3.0

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: "Primary balance" is defined as the overall balance, excluding net interest payments. For country-specific details, see "Data and Conventions" in text, and Table B.

[1] Data include financial-sector support. For Cyprus, 2014 and 2015 balances exclude financial sector support.

[2] For cross-economy comparison, the expenditure and fiscal balances of the United States are adjusted to exclude the imputed interest on unfunded pension liabilities and the imputed compensation of employees, which are counted as expenditures under the 2008 System of National Accounts (2008 SNA) adopted by the United States, but not in economies that have not yet adopted the 2008 SNA. Data for the United States in this table may thus differ from data published by the US Bureau of Economic Analysis.

Table A3. Advanced Economies: General Government Cyclically Adjusted Balance, 2012–26

(Percent of potential GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	–4.0	–2.8	–2.3	–2.1	–2.4	–2.4	–2.7	–3.3	–9.0	–8.8	–4.7	–3.5	–3.3	–3.3	–3.2
Euro Area	–2.4	–1.1	–0.9	–0.7	–0.6	–0.7	–0.5	–0.7	–5.1	–4.8	–2.6	–2.1	–1.7	–1.5	–1.5
G7	–4.6	–3.2	–2.6	–2.4	–2.9	–3.1	–3.4	–3.9	–10.0	–9.9	–5.1	–3.7	–3.5	–3.7	–3.5
G20 Advanced	–4.3	–3.0	–2.5	–2.3	–2.7	–2.8	–3.1	–3.7	–9.7	–9.6	–5.0	–3.7	–3.5	–3.6	–3.4
Australia	–3.5	–2.7	–2.7	–2.6	–2.3	–1.6	–1.2	–3.6	–9.1	–10.1	–6.9	–5.0	–3.9	–3.1	–2.7
Austria	–2.5	–1.6	–2.0	–0.4	–1.1	–0.7	–0.4	–0.7	–8.3	–4.8	–2.7	–1.7	–1.2	–0.9	–0.9
Belgium	–3.8	–2.2	–2.2	–1.8	–1.7	–0.2	–0.6	–2.0	–8.2	–6.0	–4.5	–4.8	–5.0	–4.9	–4.9
Canada	–2.4	–1.5	–0.2	0.0	–0.1	–0.3	0.0	0.4	–9.0	–7.0	–4.2	–1.5	–0.3	0.1	0.2
Cyprus	–4.3	–2.0	2.2	2.1	1.0	1.5	2.1	–0.1	–3.3	–2.1	–0.5	–0.2	0.0	0.5	0.6
Czech Republic	–2.9	0.4	–0.7	–0.4	0.7	0.8	0.2	–0.6	–5.4	–7.3	–6.0	–5.5	–5.0	–4.5	–4.0
Denmark	–2.0	0.5	2.6	–0.5	–0.4	0.7	–0.7	1.6	–2.0	–1.1	–1.8	–1.2	–0.8	0.0	0.0
Estonia	0.1	0.4	1.1	0.6	0.0	–0.8	–1.3	–1.0	–4.8	–6.7	–6.1	–5.1	–4.3	–3.6	–3.0
Finland	–1.6	–0.9	–0.7	0.5	0.3	0.1	–0.1	–0.3	–1.9	–2.8	–2.4	–2.2	–2.0	–1.7	–1.6
France	–4.2	–2.9	–2.6	–2.3	–2.2	–2.2	–2.0	–3.0	–6.8	–5.3	–4.1	–3.7	–3.5	–3.4	–3.5
Germany	–0.1	0.5	0.8	1.1	1.1	0.8	1.2	1.3	–2.8	–4.4	–0.3	0.4	0.5	0.6	0.6
Greece	2.4	5.0	3.0	3.2	5.9	5.0	4.2	3.6	–4.8	–5.6	–0.2	–1.9	–1.9	–1.9	–1.7
Hong Kong SAR[1]	–0.8	–3.8	–0.8	–3.0	–0.9	–1.9	–3.2	–3.3	–10.6	–8.0	–4.3	–4.5	–4.6	–4.5	–4.5
Iceland	–1.4	–1.3	1.1	0.2	12.0	0.3	–0.7	–2.8	–4.6	–8.9	–8.4	–6.6	–3.9	–3.0	–3.2
Ireland[1]	–5.4	–4.6	–3.1	–1.3	–1.3	–1.0	–0.4	0.0	–4.5	–4.7	–2.5	–1.3	–0.9	–0.4	–0.3
Israel	–4.3	–4.2	–2.6	–0.8	–1.3	–1.1	–3.6	–4.1	–10.1	–7.9	–3.9	–3.8	–3.7	–3.7	–3.7
Italy	–1.5	–0.7	–0.8	–0.8	–1.1	–1.7	–1.8	–1.1	–6.1	–5.2	–4.0	–3.1	–1.7	–1.6	–1.5
Japan	–7.5	–7.4	–5.6	–4.4	–4.3	–3.5	–2.7	–2.6	–11.3	–8.5	–3.6	–2.5	–2.3	–2.3	–2.4
Korea	1.6	0.7	0.5	0.7	1.8	2.3	2.6	0.6	–2.1	–2.4	–2.2	–2.4	–2.4	–2.2	–2.0
Latvia	0.0	–1.4	–1.4	–1.6	–0.8	–1.7	–2.0	–1.4	–2.7	–5.9	–1.6	–0.7	–0.5	–0.6	–0.5
Lithuania	–2.2	–2.1	–0.6	0.2	0.8	0.5	0.4	–0.3	–7.8	–5.9	–1.7	–0.7	–0.3	0.0	0.4
Luxembourg	1.4	1.4	1.5	1.1	1.2	0.7	2.5	2.2	–2.9	–1.2	–0.4	0.0	0.1	0.1	0.0
Malta	–2.3	–1.1	–1.3	–2.1	0.6	3.0	1.4	0.2	–6.5	–3.5	–1.7	–1.4	–1.2	–1.1	–1.0
The Netherlands	–2.7	–1.1	–0.5	–0.8	0.8	1.3	0.8	1.8	–4.5	–3.4	–2.0	–1.3	–0.7	–0.1	–0.1
New Zealand	–1.1	–0.2	0.3	0.6	1.0	1.0	0.8	–1.7	–4.4	–4.4	–3.5	–2.6	–1.7	–0.7	–0.2
Norway[1]	–4.8	–5.2	–6.1	–7.2	–8.3	–8.4	–7.5	–8.1	–14.2	–12.5	–12.1	–11.7	–11.3	–11.0	–10.6
Portugal	–2.4	–0.9	–3.5	–1.7	–0.2	–2.4	–0.5	–0.5	–4.2	–3.8	–1.5	–1.1	0.6	0.3	0.2
Singapore	2.4	1.5	1.0	–0.7	1.2	1.8	0.6	1.7	–9.8	–2.5	0.8	0.8	0.7	0.2	0.3
Slovak Republic	–3.3	–1.7	–2.5	–3.2	–3.1	–1.6	–1.7	–1.8	–4.8	–5.7	–4.2	–4.1	–3.7	–3.5	–3.3
Slovenia	–3.0	–12.8	–4.4	–1.9	–1.8	0.0	0.6	0.3	–5.9	–4.9	–3.8	–3.2	–2.7	–2.2	–2.0
Spain[1]	–2.8	–1.8	–1.3	–2.2	–2.6	–2.5	–2.3	–3.1	–5.8	–6.0	–4.7	–4.6	–4.6	–4.5	–4.5
Sweden[1]	–0.8	–0.9	–1.0	–0.8	0.6	0.7	0.0	–0.4	–3.5	–3.6	–1.5	0.0	0.2	0.3	0.3
Switzerland[1]	0.3	–0.3	–0.2	0.5	0.2	1.1	0.9	1.2	–1.7	–2.7	–0.3	0.1	0.0	0.0	0.0
United Kingdom[1]	–6.0	–4.2	–4.9	–4.4	–3.3	–2.5	–2.3	–2.3	–10.8	–9.0	–4.8	–3.3	–3.1	–3.2	–3.2
United States[1,2]	–4.9	–3.0	–2.6	–2.6	–3.7	–4.3	–5.4	–6.1	–11.7	–12.9	–6.8	–5.1	–5.1	–5.4	–5.1

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table B.

[1] Data for these economies include adjustments beyond the output cycle.

[2] For cross-economy comparison, the expenditure and fiscal balances of the United States are adjusted to exclude the imputed interest on unfunded pension liabilities and the imputed compensation of employees, which are counted as expenditures under the 2008 System of National Accounts (2008 SNA) adopted by the United States, but not in economies that have not yet adopted the 2008 SNA. Data for the United States in this table may thus differ from data published by the US Bureau of Economic Analysis.

Table A4. Advanced Economies: General Government Cyclically Adjusted Primary Balance, 2012–26

(Percent of potential GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	–2.2	–1.2	–0.7	–0.6	–0.9	–1.0	–1.2	–1.8	–7.6	–7.7	–3.7	–2.5	–2.3	–2.3	–2.1
Euro Area	0.2	1.2	1.3	1.3	1.2	1.1	1.1	0.8	–3.8	–3.6	–1.5	–1.0	–0.7	–0.6	–0.5
G7	–2.6	–1.4	–0.9	–0.7	–1.2	–1.4	–1.7	–2.2	–8.4	–8.6	–3.9	–2.5	–2.4	–2.5	–2.2
G20 Advanced	–2.4	–1.4	–0.9	–0.7	–1.1	–1.2	–1.5	–2.1	–8.1	–8.3	–3.9	–2.6	–2.4	–2.4	–2.2
Australia	–2.8	–2.0	–1.9	–1.7	–1.4	–0.7	–0.3	–2.7	–8.2	–9.1	–5.9	–4.0	–3.0	–2.2	–1.7
Austria	–0.3	0.5	–0.1	1.5	0.5	0.7	0.8	0.3	–7.3	–3.8	–1.7	–0.8	–0.4	–0.3	–0.3
Belgium	–0.7	0.7	0.6	0.7	0.6	1.8	1.2	–0.3	–6.6	–4.7	–3.5	–3.8	–4.1	–4.0	–4.1
Canada	–1.7	–1.0	0.1	0.6	0.5	–0.1	0.1	0.4	–8.6	–6.3	–3.8	–1.3	–0.2	0.2	0.4
Cyprus	–2.3	0.3	4.3	4.2	2.8	3.3	3.8	1.6	–1.6	–0.3	1.2	1.2	1.4	1.7	1.7
Czech Republic	–1.7	1.4	0.4	0.5	1.5	1.5	0.8	0.0	–4.8	–6.7	–5.3	–4.7	–4.2	–3.7	–3.2
Denmark	–1.4	0.8	3.0	0.2	0.1	0.6	–1.1	1.3	–2.3	–1.5	–2.1	–1.5	–1.1	–0.2	–0.1
Estonia	0.0	0.3	1.0	0.5	–0.1	–0.9	–1.3	–1.0	–4.8	–6.6	–6.1	–5.1	–4.3	–3.6	–3.0
Finland	–1.4	–0.8	–0.5	0.6	0.6	0.3	0.1	–0.1	–1.8	–2.8	–2.6	–2.4	–2.1	–1.7	–1.4
France	–1.8	–0.8	–0.6	–0.5	–0.5	–0.5	–0.4	–1.6	–5.7	–4.2	–3.3	–2.9	–2.7	–2.7	–2.7
Germany	1.7	1.9	2.0	2.2	2.0	1.7	1.9	1.9	–2.4	–4.0	0.1	0.7	0.8	0.9	0.9
Greece	6.8	8.5	6.5	6.4	8.7	7.9	7.4	6.5	–2.2	–2.8	2.7	1.1	1.1	1.1	1.3
Hong Kong SAR[1]	–2.6	–5.5	–0.8	–3.0	–1.7	–2.7	–4.6	–4.9	–11.7	–9.2	–5.5	–5.7	–5.8	–5.7	–5.7
Iceland	1.5	1.9	4.6	3.8	15.0	3.3	1.6	–0.7	–2.4	–6.5	–4.1	–2.2	–0.7	0.4	0.4
Ireland[1]	–2.3	–1.2	0.2	1.1	0.9	1.0	1.2	1.3	–3.5	–3.7	–1.6	–0.3	0.0	0.4	0.5
Israel	–1.2	–1.2	–0.5	0.9	0.5	0.8	–1.4	–2.2	–8.2	–5.7	–1.6	–1.5	–1.4	–1.4	–1.4
Italy	3.4	3.7	3.4	3.0	2.5	1.8	1.7	2.1	–3.0	–2.2	–1.0	–0.3	1.1	1.1	1.0
Japan	–6.3	–6.3	–4.6	–3.4	–3.3	–2.6	–1.9	–1.9	–10.6	–8.0	–3.2	–2.1	–2.0	–2.0	–2.0
Korea	1.1	0.3	0.1	0.4	1.5	1.9	2.2	0.1	–2.6	–2.8	–2.4	–2.5	–2.4	–2.2	–1.8
Latvia	1.5	0.0	0.1	0.2	0.4	–0.5	–1.0	–0.6	–1.8	–5.0	–0.8	0.0	0.2	0.1	0.1
Lithuania	–0.3	–0.4	1.1	1.7	2.1	1.7	1.4	0.5	–7.5	–5.6	–1.5	–0.5	–0.2	0.2	0.6
Luxembourg	1.2	1.3	1.3	0.9	1.1	0.5	2.3	2.1	–3.1	–1.3	–0.5	–0.3	–0.2	–0.3	–0.4
Malta	0.5	1.6	1.3	0.2	2.7	4.8	2.9	1.6	–5.3	–2.3	–0.5	–0.1	0.1	0.2	0.3
The Netherlands	–1.4	0.2	0.8	0.4	1.9	2.3	1.7	2.5	–4.1	–3.2	–1.7	–1.0	–0.4	0.1	0.2
New Zealand	–0.2	0.5	0.9	1.3	1.7	1.7	1.4	–1.1	–3.7	–3.5	–2.5	–1.4	–0.3	0.6	1.1
Norway[1]	–7.1	–7.5	–8.9	–10.3	–11.3	–11.3	–10.1	–10.6	–16.5	–15.0	–14.6	–14.3	–13.9	–13.6	–13.2
Portugal	1.6	2.9	0.6	2.4	3.6	1.2	2.7	2.4	–1.4	–1.2	0.8	1.2	2.7	2.2	2.0
Singapore	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Slovak Republic	–1.8	0.0	–0.8	–1.7	–1.7	–0.3	–0.5	–0.7	–3.8	–4.8	–3.3	–3.2	–2.8	–2.6	–2.3
Slovenia	–1.6	–10.9	–1.6	0.8	0.8	2.1	2.4	1.8	–4.5	–3.7	–2.8	–2.4	–2.0	–1.6	–1.6
Spain[1]	–0.5	0.9	1.4	0.2	–0.2	–0.2	–0.1	–1.1	–3.9	–4.0	–2.7	–2.7	–2.8	–2.8	–2.7
Sweden[1]	–0.6	–0.7	–0.8	–0.7	0.6	0.7	0.0	–0.5	–3.7	–3.7	–1.4	0.1	0.3	0.4	0.4
Switzerland[1]	0.7	–0.1	0.0	0.7	0.4	1.2	1.1	1.3	–1.6	–2.5	–0.1	0.2	0.2	0.2	0.1
United Kingdom[1]	–3.8	–2.9	–3.1	–3.0	–1.7	–0.7	–0.6	–1.0	–9.7	–7.9	–3.8	–2.4	–2.1	–2.1	–2.1
United States[1,2]	–2.8	–1.2	–0.7	–0.8	–1.7	–2.3	–3.1	–3.9	–9.6	–11.1	–5.2	–3.6	–3.5	–3.8	–3.3

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: "Cyclically adjusted primary balance" is defined as the cyclically adjusted balance plus net interest payable/paid (interest expense minus interest revenue) following the *World Economic Outlook* convention. For economy-specific details, see "Data and Conventions" in text, and Table B.

[1] The data for these economies include adjustments beyond the output cycle.

[2] For cross-economy comparison, expenditure and fiscal balances of the United States are adjusted to exclude the imputed interest on unfunded pension liabilities and the imputed compensation of employees, which are counted as expenditures under the 2008 System of National Accounts (2008 SNA) adopted by the United States, but not in economies that have not yet adopted the 2008 SNA. Data for the United States in this table may thus differ from data published by the US Bureau of Economic Analysis.

Table A5. Advanced Economies: General Government Revenue, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	35.3	36.5	36.5	36.1	36.0	35.9	35.9	35.6	35.7	35.5	36.1	36.2	36.2	36.2	36.3
Euro Area	46.2	46.8	46.8	46.4	46.2	46.2	46.4	46.4	46.4	46.4	46.5	46.4	46.2	46.0	45.8
G7	34.8	36.3	36.5	36.3	36.0	35.9	35.7	35.5	35.7	35.4	36.2	36.4	36.3	36.3	36.6
G20 Advanced	34.3	35.6	35.8	35.6	35.4	35.3	35.2	35.0	35.2	34.9	35.6	35.7	35.7	35.7	35.9
Australia	33.1	33.7	33.9	34.5	34.9	35.1	35.6	34.5	35.0	33.2	32.6	33.0	33.5	33.7	33.8
Austria	49.0	49.7	49.6	50.0	48.5	48.5	48.9	49.1	48.3	48.3	48.6	48.8	48.5	48.5	48.5
Belgium	52.2	53.0	52.5	51.3	50.8	51.3	51.4	50.1	50.6	50.7	50.4	50.4	50.5	50.5	50.5
Canada	38.4	38.5	38.5	40.0	40.3	40.3	41.1	41.5	41.8	40.1	40.4	41.3	41.8	42.0	42.0
Cyprus	36.4	37.0	40.2	39.7	37.7	38.7	39.5	41.5	42.3	43.8	44.7	45.1	45.2	45.2	44.7
Czech Republic	40.3	40.9	40.0	40.8	40.5	40.5	41.5	41.4	41.9	39.5	39.9	40.0	40.2	39.9	39.9
Denmark	54.5	54.6	56.4	53.2	52.4	52.3	51.2	53.0	51.6	50.4	49.5	49.5	49.5	50.1	50.1
Estonia	38.8	38.1	38.3	39.5	38.7	38.5	38.7	39.0	39.3	39.2	39.4	40.2	40.1	39.8	39.6
Finland	53.3	54.3	54.3	54.1	53.9	53.0	52.5	52.4	51.9	52.3	52.2	52.1	52.0	51.9	51.9
France	52.1	53.1	53.3	53.2	53.0	53.5	53.4	52.5	52.5	52.5	52.1	51.5	51.5	51.3	51.3
Germany	44.9	45.0	44.9	45.1	45.5	45.6	46.3	46.7	46.9	46.1	46.8	46.9	46.8	46.8	46.8
Greece	47.0	48.3	46.6	48.2	50.3	49.4	49.3	48.0	48.3	50.3	50.2	50.0	49.1	48.3	47.2
Hong Kong SAR	21.4	21.0	20.8	18.6	22.6	22.9	20.7	20.2	19.7	20.3	21.9	21.8	21.8	21.8	21.8
Iceland	45.2	44.8	46.2	43.2	59.1	45.4	44.9	41.9	42.4	39.2	39.7	39.9	39.7	39.3	38.8
Ireland	34.4	34.6	34.3	27.3	27.6	26.1	25.7	25.1	23.4	22.4	22.8	22.8	22.8	22.9	22.5
Israel	36.1	36.4	36.6	36.8	36.5	37.8	36.2	35.3	34.6	35.4	35.4	35.4	35.4	35.4	35.4
Italy	47.6	48.1	47.9	47.8	46.7	46.3	46.2	47.1	47.8	47.9	47.6	47.5	47.5	47.4	46.7
Japan	30.4	31.2	32.8	33.6	33.6	33.6	34.3	34.1	34.1	33.6	34.0	34.2	34.3	34.4	34.4
Korea	21.2	20.5	20.2	20.3	21.1	21.8	22.9	23.0	22.8	22.7	22.9	23.0	23.2	23.2	23.2
Latvia	37.1	36.5	36.1	35.9	35.7	35.7	37.3	37.5	38.6	40.8	44.0	44.4	41.4	38.4	38.2
Lithuania	32.0	32.0	33.4	34.2	33.6	32.9	33.8	34.1	34.0	34.3	34.6	34.7	34.7	34.7	34.8
Luxembourg	44.7	44.5	43.6	43.2	42.8	43.4	45.3	44.6	43.8	43.3	42.9	42.7	42.6	42.6	42.6
Malta	38.2	38.0	38.2	37.2	36.9	38.0	38.3	37.2	36.9	36.9	37.0	36.6	36.5	36.5	36.6
The Netherlands	42.0	42.8	42.8	41.8	42.8	42.9	42.9	43.7	41.3	42.3	42.9	43.2	43.2	43.3	43.4
New Zealand	37.6	37.3	37.2	37.6	37.5	36.9	37.3	36.5	36.7	36.0	35.7	36.0	36.3	36.6	36.9
Norway	56.4	54.4	54.2	54.5	54.8	54.6	55.8	57.2	51.2	51.8	52.6	53.6	54.4	55.0	54.9
Portugal	42.7	44.8	44.4	43.8	42.9	42.4	42.9	42.6	42.0	43.5	43.9	43.7	43.7	42.9	42.3
Singapore	17.2	16.9	17.2	17.3	18.9	18.9	17.6	18.0	17.7	19.3	18.8	18.4	17.9	17.8	17.7
Slovak Republic	36.8	39.6	40.2	43.1	40.1	40.4	40.7	41.4	42.2	41.8	41.5	42.1	40.7	41.4	41.3
Slovenia	45.4	45.7	45.3	45.9	44.2	44.0	44.3	43.8	44.7	45.0	44.4	43.9	43.6	43.6	43.6
Spain	37.9	38.8	39.2	38.7	38.1	38.2	39.2	39.2	40.8	41.7	41.3	41.0	40.7	39.2	38.9
Sweden	48.8	49.1	48.1	48.4	49.8	49.7	49.6	48.8	49.1	48.4	48.7	49.1	49.2	49.2	49.3
Switzerland	31.6	31.8	31.6	32.6	32.3	33.1	32.6	32.9	33.7	33.2	33.0	33.0	33.0	33.0	33.0
United Kingdom	36.1	36.5	35.6	35.8	36.3	36.8	36.8	36.6	36.8	35.7	36.2	37.4	37.8	37.9	37.9
United States	29.2	31.4	31.4	31.6	31.2	30.7	30.0	30.0	30.3	30.0	31.2	31.3	31.1	31.1	31.6

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For economy-specific details, see "Data and Conventions" in text, and Table B.

Table A6. Advanced Economies: General Government Expenditure, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	40.8	40.2	39.6	38.7	38.6	38.3	38.4	38.6	47.4	45.8	40.6	39.5	39.2	39.2	39.1
Euro Area	49.9	49.9	49.2	48.4	47.7	47.1	46.9	47.0	54.1	53.2	49.8	48.7	48.1	47.6	47.4
G7	41.3	40.7	40.1	39.3	39.3	39.1	39.2	39.3	48.9	47.4	41.2	39.9	39.7	39.8	39.9
G20 Advanced	40.4	39.7	39.2	38.5	38.5	38.3	38.3	38.6	47.9	46.4	40.5	39.3	39.0	39.1	39.2
Australia	36.6	36.5	36.8	37.3	37.3	36.8	36.9	38.3	45.0	43.7	39.5	37.8	37.3	36.8	36.5
Austria	51.2	51.6	52.3	51.0	50.0	49.1	48.7	48.4	57.9	54.8	52.3	51.0	49.9	49.5	49.4
Belgium	56.5	56.1	55.6	53.7	53.1	52.0	52.2	52.1	60.8	58.0	55.4	55.3	55.5	55.4	55.5
Canada	40.9	40.0	38.4	40.0	40.8	40.5	40.9	41.0	52.4	47.9	44.3	42.5	42.0	41.9	41.8
Cyprus	42.0	42.2	40.4	39.5	37.5	36.7	43.0	40.1	47.4	47.0	45.5	45.6	45.2	44.6	43.9
Czech Republic	44.2	42.1	42.1	41.4	39.8	39.0	40.6	41.2	47.9	47.3	46.2	45.6	45.3	44.5	43.9
Denmark	58.0	55.8	55.2	54.5	52.5	50.5	50.5	49.2	55.1	52.2	51.3	50.7	50.3	50.1	50.1
Estonia	39.1	38.2	37.6	39.4	39.0	38.9	39.1	39.0	44.7	46.3	45.6	45.4	44.5	43.5	42.6
Finland	55.4	56.8	57.3	56.5	55.6	53.6	53.3	53.4	56.7	56.6	55.1	54.3	54.0	53.7	53.5
France	57.1	57.2	57.2	56.8	56.7	56.5	55.6	55.5	62.4	59.7	56.5	55.3	55.0	54.8	54.7
Germany	44.9	44.9	44.3	44.1	44.4	44.2	44.5	45.2	51.1	51.6	47.3	46.6	46.3	46.2	46.2
Greece	53.6	51.9	50.7	51.0	49.7	48.3	48.4	47.4	58.2	59.1	52.8	52.0	50.9	50.0	48.7
Hong Kong SAR	18.3	20.0	17.3	18.0	18.3	17.4	18.4	20.8	29.7	25.0	22.0	21.9	21.9	21.9	21.9
Iceland	47.9	46.1	45.9	43.6	46.5	44.5	44.0	43.4	49.7	49.4	48.6	46.8	43.8	42.4	42.0
Ireland	42.5	40.8	38.0	29.3	28.3	26.4	25.6	24.5	28.7	27.8	25.6	24.2	23.8	23.3	22.8
Israel	40.5	40.5	38.9	37.8	38.0	38.9	39.7	39.3	46.4	44.3	39.8	39.5	39.3	39.2	39.2
Italy	50.6	51.0	50.9	50.3	49.1	48.8	48.4	48.6	57.3	56.7	53.1	51.3	49.7	49.4	48.4
Japan	39.0	39.1	38.7	37.6	37.5	36.9	37.0	37.2	46.7	43.0	37.8	36.6	36.6	36.7	36.8
Korea	19.7	19.9	19.8	19.7	19.5	19.6	20.4	22.6	25.6	25.6	25.3	25.5	25.6	25.4	25.2
Latvia	36.9	37.0	37.8	37.4	36.1	36.5	38.1	37.9	42.5	47.5	45.8	45.3	41.9	39.0	38.7
Lithuania	35.2	34.6	34.0	34.4	33.3	32.4	33.2	33.9	42.0	40.4	36.4	35.5	35.1	34.7	34.4
Luxembourg	44.1	43.6	42.2	41.9	40.9	42.1	42.2	42.2	47.5	44.8	43.4	42.8	42.6	42.6	42.6
Malta	41.6	40.4	39.9	38.2	35.9	34.8	36.4	36.7	45.9	42.6	40.1	39.1	38.5	38.0	37.5
The Netherlands	45.9	45.7	44.9	43.8	42.8	41.7	41.5	41.3	46.9	46.6	45.4	44.9	44.1	43.6	43.5
New Zealand	39.8	38.6	37.7	37.3	36.5	35.6	36.2	38.8	42.4	41.1	39.5	38.8	38.0	37.3	37.1
Norway	42.7	43.7	45.5	48.5	50.7	49.6	48.9	51.6	58.2	52.0	51.2	50.6	50.5	50.6	50.7
Portugal	48.9	49.9	51.7	48.2	44.8	45.4	43.2	42.5	48.1	48.6	45.8	45.1	43.2	42.6	42.0
Singapore	9.8	10.9	12.6	14.4	15.2	13.6	13.9	14.1	26.6	19.5	15.6	15.2	14.8	15.3	15.1
Slovak Republic	41.1	42.5	43.3	45.8	42.7	41.4	41.7	42.7	49.6	48.8	46.4	46.4	44.6	45.0	44.6
Slovenia	49.4	60.3	50.8	48.7	46.2	44.1	43.5	43.3	53.2	51.2	48.6	47.3	46.4	45.8	45.7
Spain	48.7	45.8	45.1	43.9	42.4	41.2	41.7	42.1	52.3	50.7	47.1	45.9	45.0	43.5	43.3
Sweden	49.8	50.5	49.7	48.4	48.8	48.3	48.8	48.3	53.1	52.2	50.5	49.2	49.1	48.9	49.0
Switzerland	31.4	32.2	31.8	32.1	32.1	32.0	31.3	31.5	36.3	36.6	33.7	33.1	33.1	33.0	33.0
United Kingdom	43.7	42.0	41.2	40.3	39.6	39.3	39.0	38.9	50.3	47.5	42.5	41.4	41.2	41.2	41.2
United States[1]	37.2	36.0	35.5	35.1	35.5	35.4	35.4	35.7	46.2	45.0	37.3	35.9	35.8	36.1	36.4

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For economy-specific details, see "Data and Conventions" in text, and Table B.

[1] For cross-economy comparison, expenditure and fiscal balances of the United States are adjusted to exclude the imputed interest on unfunded pension liabilities and the imputed compensation of employees, which are counted as expenditures under the 2008 System of National Accounts (2008 SNA) adopted by the United States, but not in economies that have not yet adopted the 2008 SNA. Data for the United States in this table may thus differ from data published by the US Bureau of Economic Analysis.

Table A7. Advanced Economies: General Government Gross Debt, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	105.6	104.2	103.6	103.0	105.5	103.1	102.5	103.8	120.1	122.5	121.6	121.8	121.5	121.4	121.1
Euro Area	90.7	92.6	92.8	90.9	90.1	87.7	85.8	84.0	96.9	98.2	96.5	95.6	94.4	93.1	91.9
G7	120.9	118.6	117.5	116.2	119.3	117.2	116.8	118.0	136.7	139.5	138.1	138.2	138.1	138.1	138.0
G20 Advanced	114.1	112.2	111.4	110.7	113.7	111.4	111.2	112.7	130.8	133.7	132.8	133.1	133.0	133.1	133.0
Australia[1]	27.5	30.5	34.0	37.7	40.5	41.1	41.7	47.5	63.1	72.1	77.0	78.0	77.2	76.0	75.0
Austria	81.7	81.0	83.8	84.4	82.5	78.6	74.0	70.5	85.2	87.2	85.7	84.6	82.7	80.1	78.0
Belgium	104.8	105.5	107.0	105.2	105.0	102.0	99.8	98.1	115.0	115.9	116.2	117.4	118.9	120.6	122.2
Canada[1]	85.4	86.1	85.6	91.2	91.7	88.8	88.8	86.8	117.8	116.3	112.8	109.3	105.7	102.0	98.1
Cyprus	79.4	102.9	109.1	107.2	103.1	93.5	99.2	94.0	118.2	113.0	105.4	102.3	95.1	91.4	85.7
Czech Republic	44.2	44.4	41.9	39.7	36.6	34.2	32.1	30.2	37.6	44.0	48.0	51.4	53.9	56.1	55.0
Denmark	44.9	44.0	44.3	39.8	37.2	35.5	33.8	33.0	43.4	41.6	42.9	43.8	44.2	44.3	44.3
Estonia	9.8	10.2	10.6	10.0	9.9	9.1	8.2	8.4	18.5	25.1	30.3	34.4	37.3	39.5	40.8
Finland	53.6	56.2	59.8	63.6	63.2	61.2	59.6	59.3	67.1	68.8	69.2	69.9	70.6	70.9	71.2
France	90.6	93.4	94.9	95.6	98.0	98.3	98.0	98.1	113.5	115.2	114.3	115.2	115.9	116.3	116.9
Germany	81.1	78.7	75.6	72.3	69.3	65.1	61.8	59.6	68.9	70.3	67.3	64.8	62.2	59.6	57.1
Greece	162.0	179.0	181.5	179.0	183.4	182.4	189.9	184.9	213.1	210.1	200.5	193.1	189.1	184.8	179.6
Hong Kong SAR[1]	0.5	0.5	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.9	0.9	0.8	0.6	0.5	0.3
Iceland	133.9	122.0	115.2	97.2	79.9	69.4	61.1	68.3	79.9	82.5	86.1	88.7	88.5	86.9	77.5
Ireland	119.9	120.0	104.4	76.6	74.2	67.3	62.9	57.4	59.8	63.2	63.2	61.4	59.7	57.7	54.4
Israel	68.5	67.1	65.7	63.8	62.1	60.6	60.9	60.0	73.0	78.3	78.8	79.3	79.7	80.2	80.7
Italy	126.5	132.5	135.4	135.3	134.8	134.1	134.4	134.6	155.6	157.1	155.5	155.1	153.7	152.0	151.0
Japan	226.1	229.6	233.5	228.4	232.5	231.4	232.5	234.9	256.2	256.5	253.6	252.9	253.4	254.0	254.7
Korea	35.0	37.7	39.7	40.8	41.2	40.1	40.0	42.2	48.7	53.2	57.2	61.0	64.4	67.3	69.7
Latvia	41.6	39.2	40.9	36.5	39.8	40.1	36.4	37.0	45.5	47.2	45.3	43.6	42.2	40.7	39.2
Lithuania	39.7	38.7	40.5	42.7	39.9	39.3	33.7	35.9	47.0	49.5	47.7	45.6	43.2	40.7	38.1
Luxembourg	22.0	23.7	22.7	22.0	20.1	22.3	21.0	22.0	25.5	26.8	27.3	27.4	27.2	27.1	27.0
Malta	65.9	65.8	61.6	55.9	54.3	48.5	44.8	42.0	55.4	57.9	56.6	55.5	53.1	50.3	47.2
The Netherlands	66.4	67.8	68.0	64.6	61.9	56.9	52.4	47.6	54.0	56.1	56.1	55.9	55.0	53.5	51.8
New Zealand	35.7	34.6	34.2	34.2	33.4	31.1	28.1	32.1	41.3	46.4	50.5	52.8	53.7	52.5	50.4
Norway	31.1	31.6	29.9	34.5	38.1	38.6	39.7	40.9	41.4	41.6	41.3	41.0	40.7	40.4	40.2
Portugal	129.0	131.4	132.9	131.2	131.5	126.1	121.5	116.8	131.6	131.4	125.6	122.0	117.6	113.9	110.6
Singapore	106.7	98.2	97.8	102.2	106.5	107.8	109.8	129.0	128.4	129.5	130.7	131.9	133.1	134.3	135.5
Slovak Republic	51.8	54.7	53.6	51.9	52.4	51.7	49.9	48.5	60.7	64.0	64.3	63.3	63.4	64.0	64.5
Slovenia	53.6	70.0	80.3	82.6	78.5	74.1	70.3	65.6	81.5	80.5	78.2	77.7	76.7	75.5	74.2
Spain	86.3	95.8	100.7	99.3	99.2	98.6	97.4	95.5	117.1	118.4	117.3	117.3	116.8	117.7	118.4
Sweden	37.5	40.2	44.9	43.7	42.3	40.7	38.9	35.1	38.5	40.4	40.2	38.8	37.3	35.7	34.0
Switzerland	42.2	41.6	41.6	41.7	40.5	41.2	39.2	39.8	42.9	44.8	44.1	43.4	42.3	41.5	40.4
United Kingdom	83.2	84.2	86.1	86.7	86.8	86.3	85.8	85.2	103.7	107.1	109.1	110.7	111.4	112.2	113.0
United States[1]	103.4	104.8	104.6	104.7	106.6	105.6	106.6	108.2	127.1	132.8	132.1	132.4	133.0	133.9	134.5

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For economy-specific details, see "Data and Conventions" in text, and Table B.

[1] For cross-economy comparison, gross debt levels reported by national statistical agencies for economies that have adopted the 2008 System of National Accounts (Australia, Canada, Hong Kong SAR, United States) are adjusted to exclude unfunded pension liabilities of government employees' defined-benefit pension plans.

Table A8. Advanced Economies: General Government Net Debt, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	76.3	75.1	75.3	75.2	76.9	75.0	74.8	75.2	90.8	94.2	94.4	94.7	94.8	95.4	95.8
Euro Area	73.2	75.6	75.8	74.7	74.2	72.1	70.4	69.2	80.8	82.8	81.8	81.3	80.5	79.5	78.6
G7	88.7	87.0	86.9	86.2	88.1	86.6	86.5	86.9	104.9	108.8	108.5	108.8	109.0	109.8	110.6
G20 Advanced	82.7	81.3	81.4	81.1	82.9	81.3	81.3	82.1	99.3	103.2	103.4	103.9	104.1	105.0	105.7
Australia[1]	13.8	16.0	19.1	22.1	23.3	23.3	24.1	26.2	38.4	48.8	54.0	55.8	55.2	54.2	53.5
Austria	60.5	60.4	59.1	58.3	56.9	55.9	50.7	47.9	61.3	64.4	64.2	63.9	62.8	60.9	59.6
Belgium[2]	92.0	92.5	93.4	92.0	91.2	88.3	86.3	85.2	101.4	103.0	104.0	105.6	107.5	109.5	111.5
Canada[1]	28.9	29.7	28.5	28.4	28.7	26.0	25.6	23.4	33.0	37.0	36.6	34.8	32.3	29.7	26.9
Cyprus	67.2	78.8	90.4	90.6	85.8	78.7	52.5	48.1	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Czech Republic	28.1	28.8	29.2	28.1	25.0	21.5	19.6	18.3	25.8	32.3	36.3	39.8	42.7	45.3	44.5
Denmark	18.5	18.3	18.1	16.2	17.5	15.4	13.3	11.9	16.3	17.4	18.5	19.0	19.2	18.4	17.7
Estonia	–4.7	–4.3	–3.8	–2.0	–1.9	–1.8	–1.8	–2.2	0.6	10.4	16.6	21.4	25.1	27.9	29.9
Finland[3]	9.4	12.9	17.2	18.4	21.2	21.8	24.3	24.6	29.7	32.8	34.4	35.5	36.5	37.2	37.7
France	80.0	83.0	85.5	86.3	89.2	89.4	89.3	89.3	104.3	106.1	105.1	106.1	106.7	107.2	107.7
Germany	59.6	58.7	55.1	52.5	49.6	45.8	43.0	41.4	50.0	52.5	50.4	48.4	46.4	44.3	42.2
Greece	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Hong Kong SAR[1]	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Iceland[4]	104.8	99.2	88.1	78.0	65.2	57.9	48.6	55.4	63.8	69.8	74.4	77.5	77.8	76.8	74.9
Ireland[5]	86.9	90.1	85.9	65.7	65.3	58.8	54.2	49.4	54.8	58.0	58.2	56.6	55.1	53.2	50.0
Israel	63.2	62.2	61.8	60.1	58.4	56.8	57.4	57.2	70.2	75.6	76.2	76.8	77.4	78.0	78.6
Italy	114.1	119.2	121.4	122.2	121.6	121.3	121.8	122.1	142.0	144.2	143.1	143.1	141.9	140.4	139.7
Japan	144.0	142.9	145.1	144.6	149.6	148.1	151.2	150.4	169.2	172.3	171.0	170.7	171.3	171.8	172.6
Korea	2.3	5.8	7.5	9.5	9.7	9.6	9.6	11.8	18.2	22.7	26.8	30.6	34.0	36.9	39.3
Latvia	29.6	29.5	29.6	30.8	30.6	31.6	28.0	28.5	36.7	38.9	37.6	36.2	35.2	34.0	32.9
Lithuania	33.4	34.1	32.5	35.4	32.9	32.9	27.7	30.4	41.4	44.2	42.6	40.8	38.6	36.3	33.9
Luxembourg	–10.8	–9.4	–11.3	–12.6	–12.0	–11.7	–11.2	–8.4	–4.6	–1.2	0.9	2.3	3.2	4.1	5.0
Malta	56.4	56.7	52.2	47.7	41.8	36.4	33.7	30.8	. . .	. . .	. . .	. . .	. . .	. . .	. . .
The Netherlands	52.1	53.7	54.8	52.8	51.0	46.2	42.5	41.6	43.8	45.5	45.5	45.3	44.6	43.4	42.0
New Zealand	8.5	8.6	7.9	7.3	6.6	5.5	4.7	7.0	14.7	21.7	25.7	27.9	28.0	26.5	24.5
Norway[6]	–49.0	–60.1	–74.6	–85.6	–84.2	–79.3	–71.4	–101.9	–121.2	–110.0	–113.3	–117.7	–122.5	–127.4	–132.1
Portugal	115.7	118.3	120.5	121.5	120.0	116.6	115.5	110.7	122.9	123.0	117.7	114.4	110.3	106.9	103.8
Singapore	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Slovak Republic	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Slovenia	36.6	45.2	46.5	50.3	52.2	51.9	45.8	42.7	50.5	52.3	50.9	50.5	49.9	49.0	48.2
Spain	71.8	80.8	85.2	84.9	86.1	85.1	83.6	82.2	102.3	104.5	104.3	104.8	104.9	106.0	107.2
Sweden	11.3	11.4	11.2	11.2	8.9	6.3	6.0	3.5	6.4	9.9	11.0	10.8	10.3	9.7	9.0
Switzerland	21.4	20.5	20.5	20.7	21.4	20.5	18.9	19.4	22.6	24.5	23.8	23.0	22.0	21.1	20.1
United Kingdom	74.7	75.9	77.9	78.2	77.8	76.8	75.9	75.3	93.8	97.2	99.2	100.8	101.5	102.3	103.1
United States[1]	80.8	80.7	81.2	80.7	81.7	81.4	81.7	83.0	103.2	109.0	109.5	110.1	111.0	113.2	115.3

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For economy-specific details, see "Data and Conventions" in text, and Table B.

[1] For cross-economy comparison, net debt levels reported by national statistical agencies for economies that have adopted the 2008 System of National Accounts (Australia, Canada, Hong Kong SAR, United States) are adjusted to exclude unfunded pension liabilities of government employees' defined-benefit pension plans.

[2] Belgium's net debt series has been revised to ensure consistency between liabilities and assets. Net debt is defined as gross debt (Maastricht definition) minus assets in the form of currency and deposits, loans, and debt securities.

[3] Net debt figures were revised to only include categories of assets corresponding to the categories of liabilities covered by the Maastricht definition of "gross debt."

[4] "Net debt" for Iceland is defined as gross debt minus currency and deposits.

[5] "Net debt" for Ireland is defined as gross general debt minus debt instrument assets, namely, currency and deposits (F2), debt securities (F3), and loans (F4). Net debt was previously defined as general government debt less currency and deposits.

[6] Norway's net debt series has been revised because of a change in the net debt calculation, which excludes the equity and shares from financial assets and includes accounts receivable in the financial assets, following *Government Finance Statistics* and the Maastricht definition.

Table A9. Emerging Market and Middle-Income Economies: General Government Overall Balance, 2012–26
(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	–1.0	–1.6	–2.5	–4.3	–4.8	–4.1	–3.8	–4.7	–9.8	–7.7	–6.7	–6.1	–5.6	–5.2	–4.9
Asia	–1.6	–1.8	–1.9	–3.3	–4.0	–4.0	–4.5	–5.9	–10.8	–9.2	–8.2	–7.4	–6.8	–6.2	–5.8
Europe	–0.8	–1.5	–1.5	–2.7	–2.8	–1.8	0.3	–0.7	–5.9	–3.5	–2.7	–2.7	–2.6	–2.5	–2.5
Latin America	–2.8	–3.1	–4.9	–6.6	–6.0	–5.4	–5.1	–4.0	–8.8	–5.7	–4.5	–4.2	–3.9	–3.7	–3.6
MENAP	4.8	2.6	–1.9	–7.8	–9.7	–5.5	–2.7	–3.9	–9.9	–5.7	–4.6	–4.3	–4.1	–3.8	–3.5
G20 Emerging	–1.2	–1.8	–2.6	–4.5	–4.9	–4.3	–4.3	–5.4	–10.4	–8.3	–7.4	–6.8	–6.3	–5.8	–5.4
Algeria	–4.4	–0.4	–7.3	–15.3	–13.1	–6.5	–4.4	–5.6	–7.7	–13.6	–11.8	–11.9	–12.3	–12.4	–12.9
Angola	4.1	–0.3	–5.7	–2.9	–4.5	–6.3	2.2	0.7	–1.7	1.2	1.8	1.5	1.6	1.5	1.6
Argentina	–3.0	–3.3	–4.3	–6.0	–6.7	–6.7	–5.5	–4.5	–8.9	. . .	. . .	. . .	. . .	. . .	. . .
Belarus[1]	0.4	–1.0	0.1	–3.0	–1.7	–0.3	1.8	0.8	–3.3	–3.8	–2.8	–1.2	–1.1	–0.8	–0.8
Brazil	–2.5	–3.0	–6.0	–10.3	–9.0	–7.9	–7.1	–5.9	–13.4	–8.3	–7.2	–7.3	–7.0	–6.6	–6.5
Bulgaria	–0.4	–1.8	–3.7	–2.8	1.5	0.8	0.1	–1.0	–3.0	–3.9	–2.0	–1.8	–0.8	–0.3	0.0
Chile	0.7	–0.5	–1.5	–2.1	–2.6	–2.6	–1.5	–2.7	–7.1	–2.3	–2.9	–2.1	–1.4	–0.7	–0.7
China	–0.3	–0.8	–0.9	–2.8	–3.7	–3.8	–4.7	–6.3	–11.4	–9.6	–8.7	–7.9	–7.2	–6.5	–6.0
Colombia	0.2	–1.0	–1.7	–3.5	–2.3	–2.5	–4.7	–2.5	–6.9	–8.3	–3.6	–3.0	–1.9	–1.7	–1.6
Croatia	–5.3	–5.3	–5.3	–3.3	–1.0	0.8	0.2	0.4	–8.0	–3.9	–2.6	–2.5	–2.4	–2.3	–2.3
Dominican Republic	–6.6	–3.5	–2.8	0.0	–3.1	–3.1	–2.2	–1.9	–7.4	–3.4	–2.5	–2.3	–2.3	–2.3	–2.4
Ecuador[2]	–0.9	–4.6	–5.2	–6.1	–8.2	–4.5	–3.2	–3.1	–6.3	–2.4	0.9	1.7	2.1	2.2	2.2
Egypt[3]	–10.0	–12.9	–11.3	–10.9	–12.5	–10.4	–9.4	–8.0	–7.9	–7.3	–5.8	–5.6	–4.8	–4.6	–4.2
Hungary	–2.3	–2.6	–2.8	–2.0	–1.8	–2.4	–2.1	–2.0	–8.5	–6.5	–4.8	–3.6	–2.3	–1.4	–0.6
India	–7.5	–7.0	–7.1	–7.2	–7.1	–6.4	–6.3	–7.4	–12.3	–10.0	–9.1	–8.4	–8.0	–7.7	–7.4
Indonesia	–1.6	–2.2	–2.1	–2.6	–2.5	–2.5	–1.8	–2.2	–5.9	–6.1	–4.4	–3.0	–2.6	–2.3	–2.1
Iran	–0.6	–0.9	–1.1	–1.6	–1.9	–1.8	–1.9	–5.1	–8.4	–6.8	–7.7	–8.5	–9.3	–9.9	–10.6
Kazakhstan	4.4	4.9	2.5	–6.3	–4.5	–4.3	2.6	–0.6	–7.3	–3.0	–1.4	–0.8	–0.8	–0.8	–0.8
Kuwait	32.4	34.1	22.4	5.6	0.3	6.3	9.0	4.4	–9.4	–6.8	–4.5	–4.6	–5.0	–4.9	–4.0
Lebanon	–8.4	–8.8	–6.2	–7.5	–8.9	–8.6	–11.3	–10.5	–9.9	–18.8	–13.6	–8.9	–5.8	–3.6	–2.3
Malaysia[4]	–3.1	–3.5	–2.6	–2.5	–2.6	–2.4	–2.6	–2.2	–5.1	–4.4	–3.4	–3.1	–3.0	–2.9	–2.9
Mexico	–3.7	–3.7	–4.5	–4.0	–2.8	–1.1	–2.2	–2.3	–4.6	–3.4	–2.6	–2.6	–2.5	–2.5	–2.5
Morocco	–7.2	–5.1	–4.8	–4.6	–4.5	–3.5	–3.7	–4.1	–7.6	–6.4	–5.9	–5.1	–4.5	–3.8	–3.4
Oman	4.6	4.7	–1.1	–15.9	–21.0	–12.6	–8.3	–6.7	–17.3	–4.4	–1.5	–1.5	–0.2	0.1	0.3
Pakistan	–8.6	–8.4	–4.9	–5.3	–4.4	–5.8	–6.4	–9.0	–8.0	–7.1	–5.5	–3.9	–3.9	–3.5	–2.9
Peru	2.1	0.7	–0.2	–2.1	–2.2	–2.9	–2.0	–1.4	–8.4	–4.8	–3.1	–2.5	–2.0	–1.7	–1.4
Philippines	–0.3	0.2	0.8	0.6	–0.4	–0.4	–1.6	–1.8	–5.5	–7.4	–5.5	–4.4	–3.7	–3.0	–2.3
Poland	–3.8	–4.2	–3.7	–2.6	–2.4	–1.5	–0.2	–0.7	–8.2	–4.7	–2.6	–2.9	–2.9	–2.8	–2.8
Qatar	10.5	21.6	15.4	21.7	–4.8	–2.5	5.9	4.9	1.3	1.4	7.3	7.1	6.5	6.5	6.7
Romania	–2.5	–2.5	–1.7	–1.4	–2.4	–2.8	–2.8	–4.6	–9.7	–7.1	–6.3	–6.2	–6.1	–5.9	–5.9
Russia	0.4	–1.2	–1.1	–3.4	–3.7	–1.5	2.9	1.9	–4.1	–0.8	–0.3	–0.5	–0.5	0.0	0.0
Saudi Arabia	11.9	5.6	–3.5	–15.8	–17.2	–9.2	–5.9	–4.5	–11.1	–3.8	–2.5	–2.0	–1.4	–0.9	–0.2
South Africa	–4.4	–4.3	–4.3	–4.8	–4.1	–4.4	–4.1	–5.3	–12.2	–10.6	–8.3	–7.1	–6.7	–6.7	–6.8
Sri Lanka	–5.6	–5.2	–6.2	–7.0	–5.3	–5.5	–5.3	–8.2	–11.9	–10.5	–9.7	–8.6	–8.3	–7.9	–7.7
Thailand	–0.9	0.5	–0.8	0.1	0.6	–0.4	0.1	–0.8	–4.7	–4.9	–1.5	–1.4	–1.2	–1.2	–1.1
Turkey	–1.8	–1.5	–1.4	–1.3	–2.3	–2.2	–3.7	–5.6	–5.4	–5.7	–6.1	–6.1	–6.0	–6.0	–6.1
Ukraine	–4.3	–4.8	–4.5	–1.2	–2.2	–2.2	–2.1	–2.0	–6.2	–5.2	–3.5	–2.4	–2.4	–2.4	–2.4
United Arab Emirates	9.0	8.4	1.9	–3.4	–2.8	–1.7	1.9	0.6	–7.4	–1.3	–1.1	–0.9	–0.6	–0.3	0.0
Uruguay[5]	–2.2	–1.7	–2.6	–1.9	–2.7	–2.5	–1.9	–2.7	–4.9	–3.5	–3.1	–2.7	–2.5	–2.4	–2.3
Venezuela	–10.4	–11.3	–15.6	–10.7	–10.8	–23.0	–31.0	–10.0	–5.0	. . .	. . .	. . .	. . .	. . .	. . .

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table C. MENAP = Middle East, North Africa, and Pakistan.

[1] For Belarus, the underlying assumption for IMF staff projections is no compensation for the loss of oil-related discounts and transfers as a result of internal changes in Russia's taxation system. (Negotiations between Russia and Belarus on this issue are ongoing.)

[2] The data for Ecuador reflect net lending/borrowing for the nonfinancial public sector. Ecuadorian authorities, in the context of the Extended Fund Facility approved in March of 2019 and with the technical support from IMF staff, are revising the historical fiscal data for the net lending/borrowing of the nonfinancial public sector to correct recently identified statistical errors, mostly in the recording of revenues and expenditures of local governments. Fiscal data reported in the table for 2018 and 2019 reflect the corrected series, while data for earlier years are still being revised and will be corrected in subsequent *World Economic Outlook* releases as far back as 2012. The authorities are also working on reconciling historical revenue and expenditure data with financing data.

[3] These numbers are based on the nominal GDP series before the recent revision; therefore, data in the tables are not comparable to the authorities' numbers.

[4] The general government overall balance in 2019 includes a one-off refund of tax arrears in 2019 of 2.4 percent of GDP.

[5] Data are for the nonfinancial public sector, which includes central government, local government, social security funds, nonfinancial public corporations, and Banco de Seguros del Estado. The coverage of fiscal data was changed from the consolidated public sector to the nonfinancial public sector with the October 2019 submission. With this narrower coverage, the central bank balances are not included in the fiscal data. Historical data were also revised accordingly. Starting in October 2018, the public pension system has been receiving transfers in the context of a new law that compensates persons affected by the creation of the mixed pension system. These funds are recorded as revenues, consistent with the IMF's methodology. Therefore, data and projections for 2018–21 have been affected by these transfers, which amounted to 1.2 percent of GDP in 2018, 1.1 percent of GDP in 2019, and are projected to be 0.6 percent of GDP in 2020, 0.2 percent of GDP in 2021, and zero thereafter. See IMF country report No. 19/64 for further details. The disclaimer about the public pension system applies only to the revenues and net lending/borrowing series.

Table A10. Emerging Market and Middle-Income Economies: General Government Primary Balance, 2012–26
(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	0.6	0.0	–0.9	–2.6	–3.1	–2.3	–2.0	–2.9	–8.0	–5.8	–4.7	–4.1	–3.5	–3.1	–2.7
Asia	–0.4	–0.6	–0.6	–2.1	–2.6	–2.5	–3.0	–4.4	–9.1	–7.6	–6.5	–5.7	–5.0	–4.5	–4.0
Europe	0.4	–0.3	–0.4	–1.5	–1.6	–0.7	1.4	0.3	–4.8	–2.3	–1.4	–1.4	–1.3	–1.1	–1.0
Latin America	0.2	–0.1	–1.6	–2.4	–2.3	–1.6	–1.4	–0.4	–5.5	–2.4	–1.0	–0.5	0.0	0.4	0.6
MENAP	5.5	3.3	–1.2	–7.1	–9.0	–4.9	–1.6	–2.5	–8.5	–3.7	–2.4	–1.9	–1.5	–1.0	–0.6
G20 Emerging	0.4	–0.2	–0.9	–2.7	–3.1	–2.4	–2.5	–3.5	–8.6	–6.4	–5.5	–4.8	–4.2	–3.7	–3.3
Algeria	–5.3	–0.5	–7.4	–15.8	–13.1	–6.2	–4.6	–6.2	–7.5	–13.6	–11.5	–10.9	–10.4	–9.6	–9.6
Angola	5.0	0.4	–4.7	–1.1	–1.7	–3.0	6.7	6.0	4.7	7.5	7.2	6.4	6.1	5.7	5.3
Argentina	–1.7	–2.6	–3.5	–4.4	–4.8	–4.2	–2.3	–0.4	–6.4	. . .	. . .	. . .	. . .	. . .	. . .
Belarus[1]	1.7	0.0	1.1	–1.3	0.3	1.6	3.8	2.5	–1.4	–2.0	–1.0	0.4	0.4	0.6	0.5
Brazil	1.9	1.7	–0.6	–1.9	–2.5	–1.8	–1.7	–0.9	–9.2	–3.7	–2.1	–1.6	–0.8	–0.2	0.3
Bulgaria	–0.1	–1.3	–3.4	–2.4	1.8	1.2	0.3	–0.8	–2.9	–3.8	–1.8	–1.5	–0.6	–0.1	0.3
Chile	0.8	–0.4	–1.3	–1.9	–2.4	–2.3	–1.1	–2.3	–6.6	–1.9	–2.4	–1.5	–0.7	0.0	0.1
China	0.2	–0.3	–0.3	–2.3	–3.0	–3.1	–3.8	–5.5	–10.4	–8.7	–7.8	–6.9	–6.1	–5.5	–4.9
Colombia	1.8	0.9	–0.2	–1.7	–0.4	–0.5	–2.5	0.0	–4.3	–5.5	–0.5	0.0	1.0	1.1	1.1
Croatia	–2.6	–2.6	–2.4	–0.2	1.9	3.2	2.3	2.4	–5.9	–1.6	–0.4	–0.3	–0.3	–0.3	–0.4
Dominican Republic	–4.2	–1.2	–0.4	2.3	–0.6	–0.5	0.4	0.8	–4.2	0.0	0.7	0.9	0.8	0.8	0.7
Ecuador[2]	–0.2	–3.5	–4.2	–4.7	–6.7	–2.3	–0.7	–0.5	–3.4	–1.0	2.5	3.4	4.0	4.3	4.4
Egypt[3]	–4.9	–5.9	–4.2	–4.1	–4.3	–2.5	–0.4	1.4	1.3	1.0	2.2	2.1	2.0	1.9	1.8
Hungary	1.9	1.7	1.0	1.3	1.2	0.2	0.2	0.2	–6.6	–4.7	–2.9	–1.6	0.0	1.0	2.1
India	–3.2	–2.4	–2.6	–2.7	–2.5	–1.6	–1.6	–2.8	–6.8	–4.5	–3.6	–3.0	–2.6	–2.4	–2.1
Indonesia	–0.4	–1.0	–0.9	–1.2	–1.0	–0.9	0.0	–0.5	–3.8	–4.1	–2.4	–1.0	–0.8	–0.5	–0.5
Iran	–0.5	–0.8	–1.0	–1.5	–1.4	–1.0	–1.1	–4.5	–7.5	–4.7	–4.6	–4.4	–4.2	–4.0	–3.7
Kazakhstan	3.8	4.4	2.0	–5.9	–4.3	–5.2	1.8	–0.8	–8.0	–3.4	–1.8	–1.1	–1.0	–1.1	–1.1
Kuwait[4]	25.4	25.8	12.7	–7.5	–14.2	–9.4	–3.0	–8.8	–23.0	–17.5	–17.0	–18.0	–18.2	–17.7	–16.3
Lebanon	–0.2	–0.7	2.5	1.4	0.4	0.8	–1.4	–0.3	–5.7	–15.8	–11.0	–6.1	–2.8	–0.7	0.9
Malaysia	–2.1	–2.1	–0.9	–0.9	–0.8	–0.6	–0.8	–0.2	–3.3	–2.9	–1.4	–1.1	–0.9	–0.7	–0.6
Mexico	–0.9	–0.9	–1.7	–1.2	0.4	2.6	1.6	1.4	–0.6	0.2	0.7	0.5	0.6	0.6	0.7
Morocco	–4.7	–2.5	–2.1	–1.9	–1.8	–0.9	–1.3	–1.5	–5.1	–3.8	–3.3	–2.6	–1.8	–1.1	–0.7
Oman	3.3	2.6	–2.1	–16.1	–21.8	–13.4	–6.9	–5.0	–14.4	–2.5	0.9	1.4	2.5	3.0	2.8
Pakistan	–4.2	–3.9	–0.3	–0.5	–0.1	–1.5	–2.1	–3.5	–1.7	–1.0	0.4	1.6	1.7	1.7	1.6
Peru	3.0	1.7	0.7	–1.2	–1.3	–1.9	–0.9	–0.2	–6.9	–3.2	–1.7	–1.1	–0.7	–0.5	–0.3
Philippines	2.2	2.6	3.0	2.5	1.4	1.3	0.1	–0.2	–3.5	–4.9	–2.8	–1.8	–1.0	–0.4	0.3
Poland	–1.1	–1.7	–1.7	–0.9	–0.7	0.1	1.2	0.6	–6.9	–3.7	–1.7	–1.9	–1.9	–1.9	–1.8
Qatar	12.0	22.8	16.6	23.2	–3.3	–1.1	7.4	6.6	3.6	3.3	9.0	8.7	8.0	7.8	8.0
Romania	–0.7	–0.8	–0.2	–0.1	–1.1	–1.7	–1.5	–3.5	–8.4	–5.6	–4.6	–4.4	–4.2	–4.0	–3.8
Russia	0.7	–0.8	–0.7	–3.1	–3.2	–1.0	3.4	2.2	–3.6	–0.4	0.1	–0.2	–0.1	0.3	0.3
Saudi Arabia	11.7	5.2	–4.2	–17.9	–20.2	–11.1	–6.5	–4.5	–13.0	–3.5	–2.0	–1.5	–0.9	–0.3	0.5
South Africa	–1.7	–1.4	–1.3	–1.6	–0.7	–0.8	–0.4	–1.3	–7.7	–5.7	–2.9	–1.3	–0.5	0.0	0.6
Sri Lanka	–0.9	–0.6	–2.0	–2.2	–0.2	0.0	0.6	–2.2	–5.3	–4.0	–2.7	–1.5	–1.1	–0.7	–0.5
Thailand	0.0	1.3	–0.1	0.7	1.0	0.1	0.6	–0.3	–4.2	–4.4	–0.9	–0.7	–0.5	–0.4	–0.4
Turkey	0.7	0.8	0.5	0.6	–1.0	–0.9	–2.2	–3.8	–3.5	–3.3	–3.2	–3.2	–3.1	–3.0	–2.9
Ukraine	–2.4	–2.3	–1.2	3.0	1.9	1.6	1.1	1.0	–3.2	–1.7	0.1	1.1	0.9	0.7	0.6
United Arab Emirates	9.3	8.8	2.2	–3.2	–2.7	–1.5	2.1	0.9	–6.9	–0.7	–0.4	–0.2	0.2	0.6	1.0
Uruguay[5]	–0.1	0.4	–0.5	0.2	–0.2	–0.1	0.6	–0.5	–2.3	–0.8	–0.4	0.1	0.3	0.4	0.4
Venezuela	–6.9	–8.1	–11.9	–9.0	–10.6	–23.0	–31.0	–10.0	–5.0	. . .	. . .	. . .	. . .	. . .	. . .

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: "Primary balance" is defined as the overall balance, excluding net interest payments. For country-specific details, see "Data and Conventions" in text, and Table C. MENAP = Middle East, North Africa, and Pakistan.

[1] For Belarus, the underlying assumption for IMF staff projections is no compensation for the loss of oil-related discounts and transfers as a result of internal changes in Russia's taxation system. (Negotiations between Russia and Belarus on this issue are ongoing.)

[2] The data for Ecuador reflect net lending/borrowing for the nonfinancial public sector. Ecuadorian authorities, in the context of the Extended Fund Facility approved in March of 2019 and with the technical support from IMF Staff, are undertaking revisions of the historical fiscal data for the net lending/borrowing of the nonfinancial public sector correcting recently identified statistical errors, mostly in the recording of revenues and expenditures of local governments. Fiscal data reported in the table for 2018 and 2019 reflect the corrected series, while data for earlier years are still under revisions and will be corrected in subsequent *World Economic Outlook* releases as far back as 2012. The authorities are also working on reconciling historical revenue and expenditure data with financing.

[3] Based on nominal GDP series before the recent revision; therefore, data in the tables are not comparable to the authorities' numbers.

[4] Interest revenue is proxied by IMF staff estimates of investment income. The country team does not have the breakdown of investment income between interest revenue and dividends.

[5] Data are for the nonfinancial public sector, which includes central government, local government, social security funds, nonfinancial public corporations, and Banco de Seguros del Estado. The coverage of fiscal data was changed from the consolidated public sector to the nonfinancial public sector with the October 2019 submission. With this narrower coverage, the central bank balances are not included in the fiscal data. Historical data were also revised accordingly. Starting in October 2018, the public pension system has been receiving transfers in the context of a new law that compensates persons affected by the creation of the mixed pension system. These funds are recorded as revenues, consistent with the IMF's methodology. Therefore, data and projections for 2018–21 have been affected by these transfers, which amounted to 1.2 percent of GDP in 2018, 1.1 percent of GDP in 2019, and are projected to be 0.6 percent of GDP in 2020, 0.2 percent of GDP in 2021, and zero thereafter. See IMF country report No. 19/64 for further details. The disclaimer about the public pension system applies only to the revenues and net lending/borrowing series.

Table A11. Emerging Market and Middle-Income Economies: General Government Cyclically Adjusted Balance, 2012–26

(Percent of potential GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	–2.1	–2.5	–2.7	–3.8	–4.0	–3.8	–3.9	–4.7	–8.1	–7.3	–6.6	–6.2	–5.8	–5.4	–5.1
Asia	–1.6	–1.8	–1.8	–3.0	–3.7	–3.8	–4.4	–5.6	–8.8	–8.5	–7.7	–7.1	–6.7	–6.2	–5.8
Europe	–1.1	–2.1	–1.2	–2.2	–2.3	–1.6	0.0	–1.0	–5.3	–3.0	–2.5	–2.7	–2.6	–2.5	–2.5
Latin America	–3.0	–3.6	–5.2	–6.4	–5.3	–4.9	–4.4	–3.7	–7.0	–5.1	–4.2	–4.1	–3.9	–3.7	–3.7
MENAP	–8.1	–7.8	–9.2	–10.9	–10.6	–8.4	–7.5	–7.8	–8.1	–9.6	–8.2	–7.5	–6.4	–5.6	–5.0
G20 Emerging	–1.9	–2.4	–2.6	–3.9	–4.2	–4.0	–4.2	–5.1	–8.6	–7.7	–7.1	–6.7	–6.3	–5.9	–5.5
Algeria	–3.0	2.4	–8.7	–17.8	–14.7	–8.3	–7.4	–11.5	–15.5	–22.9	–20.6	–19.1	–17.5	–15.6	–14.4
Angola	–0.2	–2.1	–5.2	0.8	–1.3	–3.2	3.1	1.2	–0.5	0.5	1.2	1.1	1.4	1.6	1.7
Argentina	–2.9	–3.6	–3.4	–6.2	–6.0	–7.2	–5.1	–3.4	–5.8	. . .	. . .	. . .	. . .	. . .	. . .
Belarus[1]	–0.2	–1.5	–0.8	–2.3	–0.1	0.3	1.7	0.5	–2.8	–2.9	–1.8	–0.3	–0.6	–0.5	–0.6
Brazil	–3.7	–4.6	–7.8	–10.4	–7.7	–6.9	–6.7	–5.8	–11.9	–7.7	–7.1	–7.3	–7.0	–6.6	–6.6
Bulgaria	–0.4	–1.8	–3.7	–2.8	1.5	0.8	0.1	–1.0	–1.8	–2.6	–1.4	–1.6	–0.7	–0.4	0.0
Chile[2]	–0.4	–0.5	–0.5	0.5	–1.0	–2.0	–1.5	–1.7	–2.6	–4.1	–3.9	–2.9	–1.9	–0.9	–0.9
China	–0.4	–0.9	–0.9	–2.5	–3.4	–3.6	–4.5	–5.9	–9.7	–9.0	–8.3	–7.6	–7.1	–6.5	–6.0
Colombia	0.1	–1.5	–2.4	–3.9	–2.6	–2.3	–4.1	–2.0	–4.8	–6.8	–2.5	–2.4	–1.5	–1.6	–1.6
Croatia	–6.1	–6.3	–5.2	–2.9	–1.0	0.8	0.4	0.2	–6.1	–2.7	–2.1	–2.2	–2.2	–2.3	–2.3
Dominican Republic	–6.2	–3.1	–4.8	–4.7	–4.2	–4.2	–4.0	–3.9	–8.1	–4.4	–3.6	–3.5	–3.6	–3.5	–3.5
Ecuador[3]	–2.3	–6.0	–6.5	–6.8	–7.6	–3.9	–3.8	–3.5	–4.4	–1.8	1.7	2.3	2.5	2.4	2.3
Egypt[4]	–9.9	–13.2	–11.6	–11.4	–12.0	–10.7	–9.5	–7.7	–7.0	–7.9	–6.2	–5.8	–4.9	–4.7	–4.3
Hungary	–0.1	–0.4	–1.7	–1.4	–1.2	–2.5	–3.0	–3.3	–7.7	–6.0	–4.6	–3.4	–2.2	–1.4	–0.6
India	–7.3	–6.6	–6.7	–7.0	–7.4	–6.3	–6.8	–7.4	–8.2	–8.9	–8.4	–8.1	–7.8	–7.6	–7.4
Indonesia	–1.9	–2.5	–2.3	–2.7	–2.5	–2.4	–1.7	–2.2	–4.7	–5.1	–3.9	–2.7	–2.5	–2.3	–2.1
Iran	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Kazakhstan	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Kuwait	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Lebanon	–17.4	–14.2	–14.1	–13.3	–13.0	–14.6	–12.3	–13.8	–10.2	–6.1	–17.4	–14.2	–9.4	–6.4	–4.7
Malaysia	–3.3	–3.2	–2.5	–2.7	–2.7	–2.6	–3.5	–1.8	–4.3	–3.9	–3.0	–2.8	–2.8	–2.7	–2.9
Mexico	–3.9	–3.6	–4.5	–4.2	–4.1	–2.6	–2.4	–2.1	–3.2	–2.6	–2.2	–2.4	–2.4	–2.5	–2.5
Morocco	–7.7	–5.9	–6.3	–4.6	–4.8	–4.2	–3.9	–4.0	–5.3	–5.5	–5.2	–4.9	–4.5	–3.8	–3.5
Oman	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Pakistan	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Peru[2]	1.3	0.1	–0.1	–1.6	–1.9	–2.1	–1.6	–0.6	–6.0	–4.2	–3.1	–2.9	–2.5	–2.3	–2.0
Philippines	–0.3	0.2	0.7	0.6	–0.4	–0.5	–1.6	–1.8	–4.8	–7.3	–5.5	–4.5	–3.7	–3.0	–2.3
Poland	–3.6	–3.6	–3.2	–2.3	–2.1	–1.7	–0.6	–1.2	–7.1	–3.7	–2.2	–2.9	–2.9	–2.9	–2.8
Qatar	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Romania	–1.3	–1.6	–1.0	–0.5	–1.9	–3.4	–3.7	–5.6	–8.8	–6.7	–6.2	–6.2	–6.1	–5.9	–5.9
Russia	0.1	–1.6	–0.1	–3.1	–3.2	–1.0	2.9	2.0	–4.4	–0.4	0.0	–0.4	–0.4	0.0	0.0
Saudi Arabia	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
South Africa	–4.3	–4.3	–4.4	–4.6	–4.0	–4.5	–4.2	–4.9	–8.1	–7.8	–7.4	–6.9	–6.6	–6.7	–6.8
Sri Lanka	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Thailand	–0.6	0.3	–0.4	0.5	0.9	–0.3	0.1	–0.7	–2.9	–2.8	–0.6	–0.9	–1.0	–1.0	–1.1
Turkey	–1.7	–2.0	–1.6	–1.5	–2.1	–2.9	–4.2	–5.3	–4.6	–5.7	–6.1	–6.1	–6.0	–5.9	–6.0
Ukraine	–4.5	–4.6	–3.3	0.9	–1.2	–1.3	–2.4	–2.4	–4.6	–4.7	–3.3	–2.4	–2.4	–2.4	–2.4
United Arab Emirates	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Uruguay[5]	–3.0	–2.7	–3.4	–1.9	–2.6	–2.5	–1.9	–2.3	–3.7	–2.8	–2.8	–2.6	–2.4	–2.4	–2.3
Venezuela	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table C. MENAP = Middle East, North Africa, and Pakistan.

[1] For Belarus, the underlying assumption for IMF staff projections is no compensation for the loss of oil-related discounts and transfers as a result of internal changes in Russia's taxation system. (Negotiations between Russia and Belarus on this issue are ongoing.)

[2] Data for these countries include adjustments beyond the output cycle.

[3] The data for Ecuador reflect net lending/borrowing for the nonfinancial public sector. Ecuadorian authorities, in the context of the Extended Fund Facility approved in March of 2019 and with the technical support from IMF staff, are revising the historical fiscal data for the net lending/borrowing of the nonfinancial public sector to correct recently identified statistical errors, mostly in the recording of revenues and expenditures of local governments. Fiscal data reported in the table for 2018 and 2019 reflect the corrected series, while data for earlier years are still under revisions and will be corrected in subsequent *World Economic Outlook* releases as far back as 2012. The authorities are also working on reconciling historical revenue and expenditure data with financing data.

[4] These numbers are based on the nominal GDP series before the recent revision; therefore, data in the tables are not comparable to the authorities' numbers.

[5] Data are for the nonfinancial public sector, which includes central government, local government, social security funds, nonfinancial public corporations, and Banco de Seguros del Estado. The coverage of fiscal data was changed from the consolidated public sector to the nonfinancial public sector with the October 2019 submission. With this narrower coverage, the central bank balances are not included in the fiscal data. Historical data were also revised accordingly. Starting in October 2018, the public pension system has been receiving transfers in the context of a new law that compensates persons affected by the creation of the mixed pension system. These funds are recorded as revenues, consistent with the IMF's methodology. Therefore, data and projections for 2018–21 have been affected by these transfers, which amounted to 1.2 percent of GDP in 2018, 1.1 percent of GDP in 2019, and are projected to be 0.6 percent of GDP in 2020, 0.2 percent of GDP in 2021, and zero thereafter. See IMF country report No. 19/64 for further details.

Table A12. Emerging Market and Middle-Income Economies: General Government Cyclically Adjusted Primary Balance, 2012–26

(Percent of potential GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	–0.3	–0.7	–0.9	–1.8	–2.1	–1.8	–2.0	–2.8	–6.2	–5.4	–4.6	–4.1	–3.7	–3.2	–2.9
Asia	–0.4	–0.6	–0.6	–1.8	–2.4	–2.3	–3.0	–4.2	–7.3	–6.9	–6.1	–5.4	–5.0	–4.5	–4.0
Europe	0.2	–0.8	0.0	–1.0	–1.1	–0.5	1.1	0.1	–4.1	–1.8	–1.2	–1.3	–1.2	–1.0	–1.0
Latin America	0.0	–0.5	–1.8	–2.0	–1.6	–1.0	–0.7	–0.1	–3.8	–1.9	–0.7	–0.4	0.0	0.4	0.6
MENAP	–4.9	–3.5	–4.8	–6.4	–5.3	–3.6	–2.3	–2.4	–2.6	–4.4	–3.0	–2.2	–1.4	–0.6	–0.1
G20 Emerging	–0.2	–0.7	–0.8	–2.0	–2.4	–2.1	–2.3	–3.2	–6.7	–5.9	–5.2	–4.7	–4.2	–3.8	–3.4
Algeria	–4.4	2.3	–8.9	–18.5	–14.8	–7.8	–7.7	–12.2	–15.3	–22.8	–20.4	–17.9	–15.2	–12.3	–10.3
Angola	0.8	–1.3	–4.1	2.3	1.0	–0.4	7.3	6.3	5.4	7.2	6.8	6.2	6.0	5.7	5.4
Argentina	–1.6	–3.0	–2.7	–4.6	–4.1	–4.7	–1.9	0.5	–3.5	–2.7	–1.0	0.4	1.0	1.7	1.8
Belarus[1]	1.2	–0.5	0.2	–0.7	1.8	2.3	3.6	2.2	–1.0	–1.1	0.0	1.3	0.9	0.9	0.7
Brazil	0.9	0.3	–2.1	–2.0	–1.4	–1.0	–1.3	–0.9	–7.9	–3.1	–1.9	–1.6	–0.8	–0.2	0.3
Bulgaria	–0.1	–1.3	–3.4	–2.4	1.8	1.2	0.3	–0.8	–1.6	–2.5	–1.2	–1.3	–0.5	–0.2	0.2
Chile[2]	–0.3	–0.4	–0.4	0.7	–0.7	–1.6	–1.1	–1.3	–2.1	–3.7	–3.4	–2.3	–1.2	–0.2	–0.1
China	0.1	–0.4	–0.4	–2.0	–2.7	–2.9	–3.7	–5.1	–8.8	–8.1	–7.4	–6.6	–6.0	–5.5	–4.9
Colombia	1.7	0.5	–0.8	–2.1	–0.6	–0.3	–1.9	0.4	–2.4	–4.2	0.5	0.6	1.4	1.2	1.1
Croatia	–3.3	–3.5	–2.3	0.2	1.9	3.2	2.5	2.2	–4.2	–0.5	0.1	–0.1	–0.1	–0.3	–0.4
Dominican Republic	–3.9	–0.9	–2.5	–2.3	–1.7	–1.6	–1.4	–1.0	–5.1	–1.1	–0.4	–0.3	–0.4	–0.3	–0.4
Ecuador[3]	–1.6	–5.0	–5.4	–5.4	–6.1	–1.8	–1.3	–0.8	–1.6	–0.4	3.3	4.0	4.3	4.6	4.5
Egypt[4]	–4.9	–6.1	–4.5	–4.6	–3.9	–2.7	–0.5	1.6	2.2	0.5	1.9	1.9	1.9	1.8	1.6
Hungary	3.9	3.7	2.0	1.9	1.8	0.1	–0.7	–1.0	–5.7	–4.2	–2.6	–1.2	0.2	1.2	2.4
India	–3.0	–2.1	–2.3	–2.5	–2.7	–1.5	–2.0	–2.7	–3.2	–3.6	–3.0	–2.7	–2.5	–2.3	–2.1
Indonesia	–0.7	–1.3	–1.1	–1.3	–1.0	–0.8	0.0	–0.4	–2.8	–3.2	–1.9	–0.8	–0.7	–0.5	–0.5
Iran	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Kazakhstan	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Kuwait	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Lebanon	–9.0	–5.8	–5.1	–3.9	–3.2	–4.9	–2.8	–5.8	–6.9	–3.0	–14.4	–11.2	–6.5	–3.4	–1.5
Malaysia	–2.3	–1.9	–0.8	–1.1	–0.9	–0.8	–1.6	0.2	–2.6	–2.4	–1.1	–0.9	–0.7	–0.5	–0.7
Mexico	–1.1	–0.9	–1.7	–1.4	–0.9	1.1	1.4	1.6	0.5	0.9	1.0	0.7	0.6	0.6	0.7
Morocco	–5.2	–3.3	–3.6	–1.9	–2.2	–1.7	–1.5	–1.5	–3.0	–3.0	–2.8	–2.3	–1.8	–1.1	–0.8
Oman	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Pakistan	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Peru[2]	2.3	1.1	0.8	–0.6	–1.0	–1.1	–0.5	0.5	–4.6	–2.7	–1.6	–1.5	–1.2	–1.1	–0.9
Philippines	2.2	2.6	2.8	2.6	1.4	1.2	0.1	–0.2	–2.8	–4.8	–2.8	–1.8	–1.0	–0.4	0.3
Poland	–0.9	–1.1	–1.2	–0.6	–0.4	–0.1	0.8	0.2	–5.7	–2.7	–1.3	–2.0	–1.9	–1.9	–1.8
Qatar	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Romania	0.4	0.0	0.5	0.7	–0.7	–2.3	–2.3	–4.4	–7.5	–5.2	–4.6	–4.4	–4.2	–4.0	–3.8
Russia	0.3	–1.2	0.3	–2.8	–2.8	–0.5	3.4	2.3	–3.9	0.0	0.3	0.0	0.0	0.3	0.3
Saudi Arabia	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
South Africa	–1.7	–1.4	–1.4	–1.4	–0.6	–0.9	–0.5	–1.0	–3.7	–3.0	–2.2	–1.2	–0.4	0.0	0.6
Sri Lanka	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Thailand	0.3	1.1	0.3	1.1	1.3	0.2	0.6	–0.2	–2.4	–2.4	0.0	–0.2	–0.2	–0.3	–0.4
Turkey	0.8	0.3	0.4	0.3	–0.7	–1.6	–2.7	–3.5	–2.7	–3.3	–3.2	–3.2	–3.1	–2.9	–2.8
Ukraine	–2.6	–2.2	0.0	4.9	2.8	2.4	0.9	0.6	–1.8	–1.2	0.3	1.1	0.9	0.7	0.6
United Arab Emirates	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Uruguay[5]	–0.9	–0.4	–1.2	0.2	–0.2	–0.2	0.6	–0.1	–1.2	–0.1	–0.1	0.2	0.3	0.4	0.5
Venezuela	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: Cyclically adjusted primary balance is defined as the cyclically adjusted balance plus net interest payable/paid (interest expense minus interest revenue) following the *World Economic Outlook* convention. For country-specific details, see "Data and Conventions" in text, and Table C. MENAP = Middle East, North Africa, and Pakistan.

[1] For Belarus, the underlying assumption for IMF staff projections is no compensation for the loss of oil-related discounts and transfers as a result of internal changes in Russia's taxation system. (Negotiations between Russia and Belarus on this issue are ongoing.)

[2] Data for these countries include adjustments beyond the output cycle. For country-specific details, see "Data and Conventions" in text, and Table C.

[3] The data for Ecuador reflect net lending/borrowing for the nonfinancial public sector. Ecuadorian authorities, in the context of the Extended Fund Facility approved in March of 2019 and with the technical support from IMF staff, are revising the historical fiscal data for the net lending/borrowing of the nonfinancial public sector to correct recently identified statistical errors, mostly in the recording of revenues and expenditures of local governments. Fiscal data reported in the table for 2018 and 2019 reflect the corrected series, while data for earlier years are still under revisions and will be corrected in subsequent *World Economic Outlook* releases as far back as 2012. The authorities are also working on reconciling historical revenue and expenditure data with financing data.

[4] These numbers are based on the nominal GDP series before the recent revision; therefore, data in the tables are not comparable to the authorities' numbers.

[5] Data are for the nonfinancial public sector, which includes central government, local government, social security funds, nonfinancial public corporations, and Banco de Seguros del Estado. The coverage of fiscal data was changed from the consolidated public sector to the nonfinancial public sector with the October 2019 submission. With this narrower coverage, the central bank balances are not included in the fiscal data. Historical data were also revised accordingly. Starting in October 2018, the public pension system has been receiving transfers in the context of a new law that compensates persons affected by the creation of the mixed pension system. These funds are recorded as revenues, consistent with the IMF's methodology. Therefore, data and projections for 2018–21 have been affected by these transfers, which amounted to 1.2 percent of GDP in 2018, 1.1 percent of GDP in 2019, and are projected to be 0.6 percent of GDP in 2020, 0.2 percent of GDP in 2021, and zero thereafter. See IMF country report No. 19/64 for further details.

Table A13. Emerging Market and Middle-Income Economies: General Government Revenue, 2012–26
(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	29.5	29.1	28.5	27.3	26.7	26.7	27.5	27.0	25.2	25.5	25.8	25.9	26.3	26.5	26.7
Asia	25.3	25.4	25.6	26.2	25.6	25.2	25.8	25.3	23.6	23.9	24.2	24.5	25.0	25.4	25.8
Europe	35.1	34.4	34.4	33.4	33.8	33.8	35.2	35.1	34.3	34.1	34.0	33.8	33.9	33.8	33.7
Latin America	30.1	29.8	28.9	26.4	26.8	27.2	27.1	27.2	25.8	25.6	26.1	26.2	26.4	26.5	26.4
MENAP	36.3	35.3	32.5	27.1	24.1	25.8	28.6	27.2	23.8	25.1	25.4	25.2	25.1	25.0	24.9
G20 Emerging	29.0	28.6	28.2	27.4	27.2	27.0	27.5	27.2	25.3	25.5	25.7	25.9	26.3	26.6	26.9
Algeria	39.1	35.8	33.3	30.5	28.6	32.0	33.4	32.2	30.3	25.6	26.5	26.3	26.0	26.0	25.9
Angola	41.3	36.7	30.7	24.1	17.5	17.5	21.9	20.0	18.2	20.7	20.4	19.8	19.2	18.7	18.2
Argentina	33.8	34.3	34.6	35.4	34.9	34.4	34.0	33.9	32.8	. . .	. . .	. . .	. . .	. . .	. . .
Belarus[1]	39.3	39.8	38.9	38.8	39.0	38.7	39.6	38.4	35.1	34.7	34.6	35.1	34.9	35.1	35.0
Brazil	34.7	34.5	32.5	28.2	30.6	30.4	30.6	31.4	29.4	28.6	29.0	28.9	29.2	29.2	29.0
Bulgaria	32.2	33.8	33.5	34.6	34.3	33.0	34.5	35.1	35.8	36.0	34.8	34.9	35.7	36.3	36.8
Chile	23.8	22.6	22.3	22.8	22.6	22.8	24.0	23.6	21.8	24.9	24.5	24.4	25.0	25.0	25.0
China	27.9	27.7	28.1	28.8	28.2	27.8	28.3	27.8	25.6	26.0	26.3	26.5	27.2	27.6	28.2
Colombia	29.2	29.0	29.5	27.8	27.7	26.8	30.0	29.4	26.5	27.0	29.2	29.4	29.5	29.3	29.0
Croatia	42.9	42.8	43.4	45.3	46.5	46.0	46.2	47.2	47.0	48.4	48.5	48.5	48.3	48.7	47.0
Dominican Republic	13.6	14.2	14.2	16.6	13.9	14.0	14.2	14.4	14.0	14.2	14.2	14.3	14.4	14.4	14.4
Ecuador[2]	39.3	39.2	38.4	33.6	30.3	32.0	35.3	33.2	30.5	32.9	35.6	35.6	35.5	35.4	35.4
Egypt[3]	20.8	21.7	24.4	22.0	20.3	21.8	20.7	20.3	19.3	20.6	21.0	21.2	21.5	21.8	21.7
Hungary	46.9	47.6	47.4	48.4	45.0	44.1	43.8	43.3	42.4	42.2	42.2	42.6	43.2	43.6	44.1
India	19.8	19.6	19.1	19.9	20.1	19.9	20.0	19.6	18.7	19.3	19.6	19.7	19.9	20.1	20.2
Indonesia	17.2	16.9	16.5	14.9	14.3	14.1	14.9	14.2	12.4	12.4	12.9	13.4	13.7	13.9	12.8
Iran	13.5	13.4	14.0	15.7	16.7	16.9	15.4	10.4	9.6	10.1	10.3	10.5	10.7	10.9	11.1
Kazakhstan	26.3	24.8	23.7	16.6	17.0	19.8	21.4	19.7	18.2	19.0	19.1	19.3	19.1	19.1	19.1
Kuwait	71.2	72.3	66.6	60.0	54.1	57.7	58.4	57.9	56.5	51.0	53.2	52.4	51.0	49.8	48.9
Lebanon	21.8	20.1	22.6	19.2	19.4	21.9	21.0	21.0	11.9	11.1	12.2	13.6	16.8	18.7	20.2
Malaysia	25.4	24.3	23.3	22.2	20.1	19.5	20.2	21.3	20.4	19.4	19.8	19.8	19.8	19.8	19.8
Mexico	24.5	24.1	23.4	23.5	24.6	24.6	23.5	23.6	24.6	23.3	23.4	23.1	23.1	23.1	22.9
Morocco	28.0	27.8	28.0	26.1	26.1	26.6	26.1	25.6	28.7	25.3	26.6	26.8	27.1	27.4	27.7
Oman	48.7	49.5	46.3	34.9	30.2	33.2	36.8	37.4	34.3	33.7	36.2	36.3	36.4	35.9	35.5
Pakistan	13.0	13.5	15.2	14.5	15.5	15.5	15.2	13.0	15.1	15.8	17.0	17.5	17.6	17.6	17.6
Peru	22.4	22.3	22.4	20.3	18.8	18.3	19.4	19.9	18.0	18.3	18.9	18.9	19.1	19.2	19.3
Philippines	17.8	18.0	18.1	18.5	18.3	18.7	19.3	19.9	19.6	18.2	19.0	19.2	19.4	19.5	19.6
Poland	39.3	38.7	39.0	39.0	38.7	39.8	41.3	41.0	40.7	40.4	41.2	40.9	40.9	41.0	40.9
Qatar	41.5	49.9	47.7	60.3	35.3	32.2	34.8	37.5	35.6	33.7	37.4	36.6	35.2	34.2	33.6
Romania	32.6	31.5	32.0	32.8	28.9	28.0	29.2	28.9	29.1	30.3	29.7	29.4	29.2	29.4	29.7
Russia	34.4	33.5	33.9	31.9	32.9	33.4	35.5	35.8	34.7	34.7	34.1	34.0	34.0	33.9	33.7
Saudi Arabia	45.2	41.2	36.7	25.0	21.5	24.1	30.7	31.2	29.2	29.0	28.9	28.9	28.9	28.9	29.0
South Africa	26.9	27.3	27.6	28.2	28.6	28.2	29.1	29.7	27.9	27.5	28.4	28.7	28.8	28.8	28.8
Sri Lanka	12.2	12.0	11.6	13.3	14.1	13.8	13.5	12.6	9.6	10.6	11.5	11.7	12.0	12.1	12.1
Thailand	21.4	22.2	21.4	22.3	21.9	21.1	21.4	21.0	20.6	21.1	21.6	21.8	21.9	21.9	21.9
Turkey	32.3	32.5	31.6	31.9	32.5	31.2	31.0	30.2	29.3	28.2	28.5	28.5	28.6	28.6	28.6
Ukraine	44.7	43.3	40.3	41.9	38.3	39.3	39.6	39.4	41.0	38.5	37.4	37.1	36.8	36.5	36.3
United Arab Emirates	38.1	38.7	35.0	29.0	28.9	28.6	30.8	30.8	24.6	29.5	28.9	28.6	28.4	28.2	28.1
Uruguay[4]	25.6	27.2	26.6	26.6	27.1	27.5	28.8	28.2	28.4	28.2	28.0	28.1	28.1	28.2	28.2
Venezuela	29.8	28.4	34.6	19.7	14.3	14.7	17.4	11.4	5.9	. . .	. . .	. . .	. . .	. . .	. . .

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table C. MENAP = Middle East, North Africa, and Pakistan.

[1] For Belarus, the underlying assumption for IMF staff projections is no compensation for the loss of oil-related discounts and transfers as a result of internal changes in Russia's taxation system. (Negotiations between Russia and Belarus on this issue are ongoing.)

[2] The data for Ecuador reflect net lending/borrowing for the nonfinancial public sector. Ecuadorian authorities, in the context of the Extended Fund Facility approved in March of 2019 and with the technical support from IMF staff, are revising the historical fiscal data for the net lending/borrowing of the nonfinancial public sector to correct recently identified statistical errors, mostly in the recording of revenues and expenditures of local governments. Fiscal data reported in the table for 2018 and 2019 reflect the corrected series, while data for earlier years are still under revisions and will be corrected in subsequent *World Economic Outlook* releases as far back as 2012. The authorities are also working on reconciling historical revenue and expenditure data with financing data.

[3] These numbers are based on the nominal GDP series before the recent revision; therefore, data in the tables are not comparable to the authorities' numbers.

[4] Data are for the nonfinancial public sector, which includes central government, local government, social security funds, nonfinancial public corporations, and Banco de Seguros del Estado. The coverage of the fiscal data was changed from the consolidated public sector to the nonfinancial public sector with the October 2019 submission. With this narrower coverage, the central bank balances are not included in the fiscal data. Historical data were also revised accordingly. Starting in October 2018, the public pension system has been receiving transfers in the context of a new law that compensates persons affected by the creation of the mixed pension system. These funds are recorded as revenues, consistent with the IMF's methodology. Therefore, data and projections for 2018–21 have been affected by these transfers, which amounted to 1.2 percent of GDP in 2018, 1.1 percent of GDP in 2019, and are projected to be 0.6 percent of GDP in 2020, 0.2 percent of GDP in 2021, and zero thereafter. See IMF country report No. 19/64 for further details. The disclaimer about the public pension system applies only to the revenues and net lending/borrowing series.

Table A14. Emerging Market and Middle-Income Economies: General Government Expenditure, 2012–26
(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	30.5	30.6	31.0	31.6	31.5	30.8	31.3	31.8	35.0	33.2	32.5	32.0	31.9	31.7	31.6
Asia	26.9	27.1	27.4	29.5	29.5	29.2	30.3	31.3	34.4	33.2	32.5	31.9	31.8	31.6	31.6
Europe	35.9	36.0	35.9	36.1	36.6	35.5	34.9	35.9	40.2	37.6	36.7	36.6	36.5	36.3	36.2
Latin America	32.9	32.9	33.9	32.9	32.8	32.6	32.2	31.2	34.6	31.3	30.6	30.4	30.4	30.2	30.0
MENAP	31.5	32.7	34.4	34.9	33.8	31.3	31.4	31.1	33.7	30.7	29.9	29.5	29.2	28.8	28.5
G20 Emerging	30.2	30.4	30.7	31.8	32.0	31.3	31.8	32.5	35.7	33.8	33.2	32.7	32.6	32.4	32.3
Algeria	43.5	36.2	40.6	45.8	41.7	38.6	37.8	37.8	38.0	39.2	38.3	38.2	38.3	38.4	38.8
Angola	37.2	37.0	36.5	27.1	22.0	23.8	19.7	19.2	19.9	19.5	18.6	18.2	17.6	17.2	16.7
Argentina	36.8	37.6	38.9	41.4	41.5	41.1	39.5	38.3	41.6	. . .	. . .	. . .	. . .	. . .	. . .
Belarus[1]	38.9	40.8	38.8	41.8	40.7	39.0	37.8	37.6	38.4	38.5	37.3	36.3	36.0	35.9	35.8
Brazil	37.2	37.4	38.5	38.5	39.6	38.3	37.7	37.3	42.7	36.9	36.2	36.2	36.2	35.8	35.5
Bulgaria	32.7	35.6	37.2	37.4	32.8	32.1	34.4	36.0	38.8	39.9	36.8	36.7	36.5	36.7	36.8
Chile	23.1	23.1	23.8	24.9	25.3	25.4	25.4	26.3	29.0	27.2	27.4	26.5	26.4	25.7	25.7
China	28.2	28.6	29.0	31.6	31.9	31.6	32.9	34.1	37.0	35.6	35.0	34.4	34.3	34.2	34.2
Colombia	29.1	30.0	31.3	31.3	30.0	29.3	34.7	31.9	33.4	35.3	32.7	32.4	31.4	31.0	30.7
Croatia	48.2	48.1	48.7	48.6	47.4	45.2	46.0	46.9	55.0	52.3	51.1	50.9	50.7	51.0	49.3
Dominican Republic	20.1	17.7	17.0	16.7	17.0	17.1	16.3	16.3	21.5	17.6	16.7	16.6	16.7	16.7	16.8
Ecuador[2]	40.3	43.7	43.6	39.7	38.6	36.5	38.5	36.4	36.9	35.3	34.7	33.9	33.4	33.2	33.2
Egypt[3]	30.8	34.6	35.7	33.0	32.7	32.2	30.1	28.3	27.2	27.9	26.9	26.8	26.3	26.3	25.9
Hungary	49.2	50.2	50.1	50.4	46.8	46.5	45.9	45.3	50.9	48.6	47.0	46.2	45.5	45.0	44.7
India	27.4	26.6	26.2	27.1	27.2	26.2	26.3	27.1	31.0	29.2	28.6	28.2	28.0	27.8	27.7
Indonesia	18.8	19.1	18.6	17.5	16.8	16.6	16.6	16.4	18.2	18.5	17.3	16.4	16.3	16.2	15.0
Iran	14.2	14.2	15.1	17.3	18.7	18.7	17.2	15.5	18.0	17.0	18.0	19.0	19.9	20.8	21.8
Kazakhstan	21.9	19.8	21.3	22.9	21.5	24.1	18.8	20.2	25.5	22.0	20.6	20.1	19.9	19.9	19.9
Kuwait	38.8	38.1	44.3	54.4	53.8	51.4	49.4	53.5	65.9	57.8	57.7	57.0	56.0	54.7	52.9
Lebanon	30.2	28.9	28.8	26.7	28.3	30.5	32.3	31.5	21.8	23.0	25.8	22.5	22.6	22.3	22.5
Malaysia	28.5	27.8	26.0	24.7	22.7	21.9	22.8	23.5	25.4	23.0	23.2	22.9	22.8	22.7	22.7
Mexico	28.2	27.8	28.0	27.5	27.4	25.7	25.7	26.0	29.1	26.7	26.0	25.7	25.6	25.6	25.4
Morocco	35.2	32.9	32.9	30.7	30.5	30.1	29.9	29.7	36.3	31.8	32.5	32.0	31.6	31.2	31.1
Oman	44.1	44.9	47.4	50.9	51.2	45.8	45.1	44.1	51.6	38.1	37.7	37.8	36.6	35.8	35.2
Pakistan	21.7	21.8	20.1	19.8	19.9	21.3	21.6	22.0	23.1	22.9	22.5	21.4	21.5	21.1	20.5
Peru	20.3	21.6	22.6	22.4	21.0	21.2	21.4	21.3	26.4	23.1	22.0	21.4	21.1	20.9	20.7
Philippines	18.1	17.9	17.3	17.9	18.7	19.1	20.9	21.7	25.1	25.6	24.5	23.7	23.0	22.4	21.8
Poland	43.0	42.9	42.6	41.7	41.1	41.2	41.5	41.8	48.9	45.2	43.7	43.8	43.8	43.8	43.7
Qatar	31.0	28.3	32.3	38.6	40.1	34.7	28.9	32.6	34.3	32.4	30.1	29.5	28.7	27.7	26.8
Romania	35.1	34.0	33.7	34.2	31.3	30.8	32.0	33.5	38.8	37.5	36.0	35.6	35.3	35.3	35.6
Russia	34.0	34.7	34.9	35.3	36.6	34.8	32.6	33.9	38.8	35.5	34.5	34.5	34.5	33.9	33.7
Saudi Arabia	33.2	35.5	40.2	40.8	38.7	33.3	36.6	35.6	40.3	32.7	31.4	30.9	30.3	29.8	29.2
South Africa	31.4	31.6	31.9	32.9	32.7	32.6	33.2	35.0	40.1	38.1	36.6	35.8	35.5	35.5	35.6
Sri Lanka	17.8	17.2	17.9	20.4	19.5	19.3	18.8	20.8	21.5	21.2	21.2	20.4	20.3	20.0	19.8
Thailand	22.3	21.6	22.2	22.2	21.3	21.5	21.4	21.8	25.3	25.9	23.1	23.2	23.2	23.1	23.1
Turkey	34.2	33.9	33.1	33.2	34.8	33.4	34.6	35.8	34.6	34.0	34.5	34.6	34.6	34.6	34.7
Ukraine	49.0	48.1	44.8	43.0	40.6	41.5	41.7	41.4	47.1	43.7	40.9	39.5	39.2	38.9	38.7
United Arab Emirates	29.1	30.3	33.1	32.4	31.7	30.2	28.9	30.2	32.0	30.8	30.0	29.5	29.0	28.5	28.1
Uruguay[4]	27.8	28.9	29.2	28.5	29.8	30.1	30.7	30.9	33.3	31.7	31.2	30.8	30.6	30.6	30.6
Venezuela	40.3	39.7	50.1	30.3	25.2	37.7	48.4	21.4	10.9	. . .	. . .	. . .	. . .	. . .	. . .

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table C. MENAP = Middle East, North Africa, and Pakistan.

[1] For Belarus, the underlying assumption for IMF staff projections is no compensation for the loss of oil-related discounts and transfers as a result of internal changes in Russia's taxation system. (Negotiations between Russia and Belarus on this issue are ongoing.)

[2] The data for Ecuador reflect net lending/borrowing for the nonfinancial public sector. Ecuadorian authorities, in the context of the Extended Fund Facility approved in March of 2019 and with the technical support from IMF staff, are revising the historical fiscal data for the net lending/borrowing of the nonfinancial public sector to correct recently identified statistical errors, mostly in the recording of revenues and expenditures of local governments. Fiscal data reported in the table for 2018 and 2019 reflect the corrected series, while data for earlier years are still under revisions and will be corrected in subsequent *World Economic Outlook* releases as far back as 2012. The authorities are also working on reconciling historical revenue and expenditure data with financing data.

[3] These numbers are based on the nominal GDP series before the recent revision; therefore, data in the tables are not comparable to the authorities' numbers.

[4] Data are for the nonfinancial public sector, which includes central government, local government, social security funds, nonfinancial public corporations, and Banco de Seguros del Estado. The coverage of fiscal data was changed from the consolidated public sector to the nonfinancial public sector with the October 2019 submission. With this narrower coverage, the central bank balances are not included in the fiscal data. Historical data were also revised accordingly.

Table A15. Emerging Market and Middle-Income Economies: General Government Gross Debt, 2012–26
(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	37.1	38.3	40.4	43.6	48.4	50.5	52.4	54.7	64.4	65.1	67.3	69.2	70.8	72.2	73.2
Asia	39.6	41.3	43.4	44.9	50.0	52.8	54.4	57.3	67.6	69.9	73.0	75.6	77.8	79.8	81.4
Europe	25.7	26.6	28.9	31.1	32.0	30.1	29.7	29.2	37.6	36.9	37.2	37.7	38.2	38.4	38.8
Latin America	46.8	47.4	49.5	53.0	56.4	61.1	67.5	68.4	77.7	75.9	76.0	76.3	76.5	76.2	75.8
MENAP	26.6	26.8	26.8	34.4	44.8	44.3	44.1	49.0	56.6	53.7	54.4	55.1	55.7	55.9	55.4
G20 Emerging	37.4	38.6	41.0	44.0	48.8	51.5	53.3	55.8	65.6	66.7	69.4	71.8	73.9	75.7	77.2
Algeria	9.3	7.6	7.7	8.7	20.5	26.8	37.8	45.8	53.1	63.3	73.9	84.4	94.3	102.9	110.7
Angola	26.7	33.1	39.8	57.1	75.7	69.3	89.0	107.1	127.1	110.7	99.6	91.4	82.4	74.2	67.2
Argentina	40.4	43.5	44.7	52.6	53.1	57.0	86.4	90.2	103.0	. . .	. . .	. . .	. . .	. . .	. . .
Belarus[1]	36.9	36.9	38.8	53.0	53.5	53.2	47.5	41.0	48.0	45.7	46.8	44.6	44.4	42.9	42.6
Brazil[2]	62.2	60.2	62.3	72.6	78.3	83.6	85.6	87.7	98.9	98.4	98.8	100.1	101.0	101.4	101.7
Bulgaria	16.6	17.2	26.3	25.4	27.1	23.0	20.1	18.4	23.8	25.5	26.6	27.3	26.6	25.5	24.2
Chile	11.9	12.7	15.0	17.3	21.0	23.6	25.6	28.2	32.5	33.6	36.8	39.6	41.3	41.8	41.4
China	34.4	37.0	40.0	41.5	48.2	51.7	53.8	57.1	66.8	69.6	73.7	77.3	80.4	83.3	86.0
Colombia	34.0	37.6	43.3	50.4	49.8	49.4	53.6	52.3	62.8	64.2	64.3	63.5	61.4	59.3	57.2
Croatia	70.0	81.0	84.7	84.3	80.8	77.5	74.2	72.8	87.2	86.3	83.3	80.2	77.7	74.4	72.8
Dominican Republic	42.3	46.7	44.9	44.9	46.6	48.8	50.4	53.5	69.4	66.6	65.4	64.1	62.9	61.7	60.6
Ecuador[3]	17.5	20.0	27.1	33.8	43.2	44.6	46.1	51.5	64.6	65.1	64.1	61.2	59.5	56.0	51.9
Egypt[4]	73.8	84.0	85.1	88.3	96.8	103.0	92.5	84.2	90.2	92.9	88.9	86.9	82.9	78.8	73.4
Hungary	78.4	77.4	76.7	75.8	74.9	72.2	69.1	65.3	81.2	80.0	78.3	76.9	74.7	72.1	68.9
India	67.7	67.4	66.8	68.8	68.7	69.5	70.2	73.9	89.6	86.6	86.3	85.7	84.8	83.8	82.6
Indonesia	23.0	24.8	24.7	27.0	28.0	29.4	30.4	30.6	36.6	41.4	42.8	42.9	42.7	42.2	39.0
Iran	11.7	10.3	11.0	14.0	44.6	36.9	38.5	47.9	42.8	36.6	36.2	37.2	38.6	40.4	42.5
Kazakhstan	12.1	12.6	14.5	21.9	19.7	19.9	20.3	19.9	27.4	27.0	28.5	29.5	30.9	32.1	33.3
Kuwait	3.6	3.1	3.4	4.7	10.0	20.5	14.8	11.8	11.5	13.7	27.3	44.1	58.3	71.1	82.1
Lebanon	131.0	135.3	138.3	140.8	146.2	149.7	154.9	174.3	154.4	93.1	89.4	91.7	91.2	88.8	85.2
Malaysia	53.8	55.7	55.4	57.0	55.8	54.4	55.7	57.2	67.5	67.0	67.4	67.1	66.9	66.8	66.6
Mexico	42.7	45.9	48.9	52.8	56.7	54.0	53.6	53.3	60.6	60.5	60.5	60.7	60.7	60.7	60.8
Morocco	56.5	61.7	63.3	63.7	64.9	65.1	65.2	65.2	76.1	77.1	77.4	77.3	77.2	76.7	76.1
Oman	5.6	5.5	5.4	15.5	30.3	44.8	51.4	60.0	81.1	71.3	66.8	65.6	63.5	61.2	58.5
Pakistan	63.4	64.5	63.5	63.3	67.6	67.1	72.1	85.6	87.2	87.7	83.3	77.7	73.6	69.5	65.5
Peru	21.2	20.0	20.6	24.1	24.4	25.4	26.2	27.1	35.4	35.4	36.2	36.7	37.2	37.5	37.4
Philippines	45.7	43.8	40.2	39.6	37.3	38.1	37.1	37.0	47.1	51.9	54.4	55.4	55.3	54.5	52.8
Poland	54.3	56.4	51.1	51.3	54.2	50.6	48.8	45.7	57.7	57.4	56.1	55.4	55.3	55.4	55.4
Qatar	32.1	30.9	24.9	35.5	46.7	51.6	52.2	62.3	71.8	59.8	53.9	49.2	46.7	43.9	40.7
Romania	38.0	39.1	40.4	39.4	39.0	36.8	36.5	36.8	50.1	52.6	55.0	57.6	60.1	62.3	64.5
Russia	11.2	12.3	15.1	15.3	14.8	14.3	13.6	13.8	19.3	18.1	17.7	17.6	17.7	17.3	17.4
Saudi Arabia	3.0	2.1	1.6	5.8	13.1	17.2	19.0	22.8	32.4	31.0	31.7	31.1	32.2	32.4	31.2
South Africa	41.0	44.1	47.0	49.3	51.5	53.0	56.7	62.2	77.1	80.8	84.4	87.2	89.9	92.5	94.9
Sri Lanka	69.6	71.8	72.2	78.5	79.0	77.9	84.2	86.8	100.1	105.4	107.7	107.8	107.4	106.7	106.1
Thailand	41.9	42.2	43.3	42.6	41.7	41.8	42.0	41.0	49.6	55.9	54.7	54.2	53.8	52.7	51.4
Turkey	32.4	31.2	28.5	27.4	28.0	28.0	30.2	32.6	36.8	37.1	38.8	40.3	41.8	42.6	43.5
Ukraine	37.5	40.5	70.3	79.5	81.2	71.6	60.3	48.8	60.7	58.1	54.4	51.6	48.6	46.5	45.3
United Arab Emirates	21.2	16.0	14.2	16.7	19.4	21.6	20.9	26.8	38.3	37.1	39.2	40.0	40.2	39.9	39.2
Uruguay[5]	50.0	50.3	51.4	58.2	56.8	56.5	58.6	60.2	66.3	68.0	67.9	68.1	68.4	68.2	68.1
Venezuela	30.1	33.2	25.1	11.0	5.1	26.0	180.8	232.8	304.1	. . .	. . .	. . .	. . .	. . .	. . .

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table C. MENAP = Middle East, North Africa, and Pakistan.

[1] For Belarus, the underlying assumption for IMF staff projections is no compensation for the loss of oil-related discounts and transfers as a result of internal changes in Russia's taxation system. (Negotiations between Russia and Belarus on this issue are ongoing.)

[2] "Gross debt" refers to the nonfinancial public sector, excluding Eletrobras and Petrobras and including sovereign debt held on the balance sheet of the central bank.

[3] In late 2016, the authorities changed the definition of "debt" to a consolidated basis, which in 2016 was 11.5 percent of GDP lower than the previous aggregate definition. Both the historic and projection numbers are now presented on a consolidated basis.

[4] These numbers are based on the nominal GDP series before the recent revision; therefore, data in the tables are not comparable to the authorities' numbers.

[5] Data are for the nonfinancial public sector, which includes central government, local government, social security funds, nonfinancial public corporations, and Banco de Seguros del Estado. The coverage of fiscal data was changed from the consolidated public sector to the nonfinancial public sector with the October 2019 submission. With this narrower coverage, the central bank balances are not included in the fiscal data. Historical data were also revised accordingly.

Table A16. Emerging Market and Middle-Income Economies: General Government Net Debt, 2012–26
(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	23.2	23.4	24.9	28.3	35.0	36.1	37.0	38.7	46.0	47.7	49.1	50.3	51.2	51.6	51.3
Asia	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Europe	31.8	31.7	30.3	29.5	31.5	30.3	30.5	29.3	38.9	39.9	40.7	41.4	42.2	42.7	43.0
Latin America	29.1	29.1	31.7	34.9	40.3	42.5	42.9	44.1	51.5	53.7	55.3	57.1	58.5	59.3	60.0
MENAP	1.2	0.7	3.8	14.9	32.2	32.3	34.6	40.5	46.7	46.4	47.5	49.0	49.4	49.4	48.3
G20 Emerging	21.9	21.7	23.2	26.1	32.1	35.1	36.2	37.7	44.7	47.5	49.6	51.2	52.6	53.3	53.4
Algeria	–29.0	–29.5	–21.8	–7.6	13.3	21.3	25.2	30.2	50.4	60.5	71.0	81.4	91.1	99.6	107.2
Angola	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Argentina	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Belarus	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Brazil	32.2	30.5	32.6	35.6	46.1	51.4	52.8	54.6	62.7	68.3	71.0	74.3	77.0	78.7	80.5
Bulgaria	4.5	6.5	13.2	15.5	11.3	10.4	9.0	8.0	13.3	15.5	17.2	18.3	18.0	17.2	16.2
Chile	–6.8	–5.6	–4.4	–3.4	0.9	4.4	5.7	8.2	8.7	10.8	13.5	15.5	16.4	16.9	17.3
China	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Colombia	24.8	26.9	32.9	42.1	38.6	38.6	43.1	43.0	55.8	59.0	59.1	58.9	57.7	56.4	55.2
Croatia	58.3	65.6	69.7	71.0	68.7	65.6	62.4	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Dominican Republic	36.3	39.1	37.5	37.4	38.5	40.3	41.4	43.4	55.2	52.7	51.5	50.2	49.0	47.8	46.7
Ecuador	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Egypt[1]	63.5	73.7	77.1	78.8	88.2	93.9	81.3	74.2	79.5	83.2	81.0	82.6	79.1	75.3	66.7
Hungary	70.7	71.1	70.4	70.6	68.0	65.2	62.2	58.4	74.2	73.1	71.3	69.9	67.7	65.2	61.9
India	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Indonesia	18.6	20.6	20.4	22.0	23.5	25.3	26.7	27.0	33.0	38.0	39.7	40.0	40.0	39.8	36.7
Iran	1.0	–5.9	–6.1	–2.4	32.0	23.7	25.6	38.2	35.7	31.7	32.4	34.2	36.3	38.5	41.0
Kazakhstan	–15.9	–17.6	–19.1	–30.8	–23.8	–15.8	–15.8	–13.9	–8.9	–4.7	–3.6	–3.1	–2.6	–2.2	–1.8
Kuwait	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Lebanon	123.7	126.0	129.9	134.4	140.5	144.1	150.6	169.1	150.0	93.1	89.4	91.7	91.2	88.8	85.2
Malaysia	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Mexico	37.2	40.0	42.6	46.5	48.7	45.7	44.9	44.5	52.3	52.2	52.1	52.3	52.4	52.4	52.5
Morocco	56.0	61.2	62.8	63.1	64.4	64.8	64.9	64.9	75.4	76.5	76.7	76.6	76.5	76.1	75.4
Oman	–14.9	–28.3	–27.2	–22.8	–3.4	11.8	30.3	36.3	56.1	50.7	48.1	48.1	46.9	45.6	44.0
Pakistan	59.4	60.7	58.1	58.2	61.3	61.5	66.5	77.2	79.6	80.7	77.3	72.4	68.8	65.2	61.6
Peru	2.8	1.5	2.7	5.3	6.9	8.7	10.2	11.2	20.5	22.7	24.3	25.3	26.1	26.6	26.7
Philippines	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Poland	48.4	51.5	45.2	46.5	48.0	44.7	42.3	39.2	51.2	50.9	49.6	48.9	48.8	48.9	48.9
Qatar	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Romania	29.1	29.6	29.7	29.7	27.8	28.2	28.0	28.5	40.4	43.3	45.9	48.6	51.3	53.7	56.0
Russia	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Saudi Arabia	–47.1	–50.9	–47.1	–35.9	–17.1	–7.7	–0.1	5.0	15.8	17.6	19.6	20.9	21.5	21.7	20.9
South Africa	34.8	37.9	41.4	44.8	45.9	47.8	51.3	56.1	70.2	76.9	81.4	84.7	87.8	90.8	93.5
Sri Lanka	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Thailand	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Turkey	27.3	25.8	23.7	22.8	23.3	22.1	23.9	25.7	32.3	33.5	35.7	37.7	39.5	40.8	42.0
Ukraine	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
United Arab Emirates	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Uruguay[2]	38.1	39.7	41.6	45.6	45.6	45.7	47.9	51.0	57.1	59.0	59.0	59.3	59.6	59.6	59.6
Venezuela	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table C. MENAP = Middle East, North Africa, and Pakistan.

[1] These numbers are based on the nominal GDP series before the recent revision; therefore, data in the tables are not comparable to the authorities' numbers.

[2] Data are for the nonfinancial public sector, which includes central government, local government, social security funds, nonfinancial public corporations, and Banco de Seguros del Estado. The coverage of fiscal data was changed from the consolidated public sector to the nonfinancial public sector with the October 2019 submission. With this narrower coverage, the central bank balances are not included in the fiscal data. Historical data were also revised accordingly.

Table A17. Low-Income Developing Countries: General Government Overall Balance, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	–2.2	–3.4	–3.3	–4.0	–3.8	–3.5	–3.4	–3.9	–5.5	–4.9	–4.4	–4.0	–3.8	–3.7	–3.7
Oil Producers	–0.4	–3.0	–2.9	–4.6	–5.3	–5.4	–4.1	–4.5	–5.7	–4.2	–4.5	–4.4	–4.7	–5.0	–5.4
Asia	–3.9	–4.2	–3.7	–4.1	–3.3	–2.7	–2.9	–4.1	–5.4	–5.6	–5.1	–4.7	–4.5	–4.2	–4.0
Latin America	–2.4	–3.9	–2.7	–1.2	–0.6	–0.6	–1.0	–0.5	–3.6	–3.2	–2.1	–2.1	–2.2	–2.2	–2.2
Sub-Saharan Africa	–1.6	–3.2	–3.4	–4.2	–4.6	–4.4	–3.9	–4.1	–5.8	–4.7	–4.2	–3.7	–3.6	–3.7	–3.7
Others	–1.1	–2.3	–1.8	–3.2	–2.6	–2.4	–2.2	–3.1	–4.5	–3.8	–3.0	–2.9	–2.8	–2.4	–2.2
Afghanistan	0.2	–0.6	–1.7	–1.4	0.1	–0.7	1.6	–1.1	–2.5	–2.5	–1.5	–0.7	–0.7	–0.9	–1.0
Bangladesh	–3.0	–3.4	–3.1	–4.0	–3.4	–3.3	–4.6	–5.4	–5.5	–6.0	–5.5	–5.0	–5.0	–5.0	–5.0
Benin	–0.2	–1.4	–1.7	–5.6	–4.3	–4.2	–3.0	–0.5	–4.9	–4.5	–3.0	–2.5	–2.0	–2.0	–1.5
Burkina Faso	–2.8	–3.5	–1.7	–2.1	–3.1	–6.9	–4.4	–3.5	–5.2	–5.6	–4.8	–4.0	–3.0	–3.0	–3.0
Cambodia	–4.5	–2.6	–1.6	–0.6	–0.3	–0.8	0.7	3.0	–1.7	–3.4	–4.2	–4.9	–5.6	–5.5	–5.3
Cameroon	–1.4	–3.7	–4.3	–4.4	–6.1	–4.9	–2.5	–3.3	–4.1	–2.6	–1.9	–1.2	–1.2	–1.0	–1.1
Chad	0.5	–2.1	–4.2	–4.4	–1.9	–0.2	1.9	–0.2	1.6	–0.8	0.7	–0.1	0.4	2.2	1.9
Congo, Democratic Republic of the	1.8	1.9	0.0	–0.4	–0.5	1.4	0.0	–1.9	–1.6	–0.9	–0.4	–0.5	–1.0	–0.9	–0.8
Congo, Republic of	7.2	–2.8	–10.7	–17.8	–15.6	–5.9	5.8	4.8	1.5	2.4	1.3	3.6	3.8	3.4	3.6
Côte d'Ivoire	–2.3	–1.6	–1.6	–2.0	–3.0	–3.3	–2.9	–2.3	–5.9	–4.6	–3.6	–3.1	–3.1	–3.1	–3.1
Ethiopia	–1.2	–1.9	–2.6	–1.9	–2.3	–3.2	–3.0	–2.5	–2.8	–3.3	–2.2	–1.9	–1.9	–1.7	–2.1
Ghana	–8.4	–9.2	–8.0	–4.1	–6.9	–4.1	–7.0	–7.3	–16.0	–12.6	–10.4	–9.3	–9.1	–8.9	–6.8
Guinea	–2.5	–3.9	–3.2	–6.9	–0.1	–2.1	–1.1	–0.5	–3.6	–2.3	–2.3	–2.3	–2.1	–2.3	–2.4
Haiti	–2.7	–4.1	–3.7	–1.5	0.0	0.0	–1.0	–1.4	–2.3	–2.9	–2.7	–2.2	–2.2	–2.1	–2.2
Honduras	–3.5	–5.7	–2.9	–0.8	–0.4	–0.4	0.2	0.1	–4.5	–3.4	–2.1	–2.5	–2.3	–2.1	–2.0
Kenya	–5.0	–5.7	–7.4	–8.1	–8.5	–7.8	–7.4	–7.7	–8.4	–8.1	–6.6	–5.1	–4.0	–3.2	–2.5
Kyrgyz Republic	–5.9	–3.7	–3.1	–2.5	–5.8	–3.7	–0.6	–0.1	–6.8	–4.8	–4.0	–3.0	–3.0	–3.0	–3.0
Lao P.D.R.	–2.3	–4.0	–3.1	–5.6	–5.1	–5.5	–4.7	–5.0	–6.5	–5.6	–5.3	–4.9	–4.5	–4.1	–3.8
Madagascar	–2.2	–3.4	–2.0	–2.9	–1.1	–2.1	–1.3	–1.4	–4.2	–5.8	–4.8	–4.3	–3.7	–3.2	–2.9
Malawi	–2.0	–5.2	–4.3	–5.9	–6.9	–7.4	–6.2	–6.5	–13.2	–12.5	–9.5	–8.0	–7.2	–5.9	–4.4
Mali	–1.0	–2.4	–2.9	–1.8	–3.9	–2.9	–4.7	–1.7	–5.5	–5.5	–4.5	–3.5	–3.0	–3.0	–3.0
Moldova	–1.9	–1.6	–1.6	–1.9	–1.5	–0.6	–0.8	–1.4	–5.3	–5.5	–3.8	–3.2	–2.9	–2.9	–2.9
Mozambique	–3.6	–2.6	–10.3	–6.7	–5.5	–2.9	–6.8	–0.1	–5.4	–4.1	–1.9	–1.1	–0.7	–0.4	–0.2
Myanmar	–2.6	–1.7	–1.3	–2.8	–3.9	–2.9	–3.4	–3.9	–5.6	–6.8	–6.3	–5.6	–5.4	–4.8	–4.3
Nepal	–1.2	1.6	1.3	0.6	1.2	–2.7	–5.8	–5.0	–5.1	–9.0	–6.9	–5.7	–4.0	–3.0	–3.0
Nicaragua	–0.1	–0.7	–1.2	–1.4	–1.7	–1.6	–3.0	–0.5	–3.5	–3.6	–1.2	–0.8	–2.1	–2.7	–2.6
Niger	–0.8	–1.9	–6.1	–6.7	–4.5	–4.1	–3.0	–3.6	–5.8	–4.4	–3.4	–2.4	–2.5	–2.5	–2.5
Nigeria	–0.1	–2.7	–2.4	–3.8	–4.6	–5.4	–4.3	–4.8	–5.8	–4.2	–4.6	–4.4	–4.7	–5.1	–5.6
Papua New Guinea	–1.2	–6.9	–6.3	–4.5	–4.7	–2.5	–2.6	–4.4	–6.2	–5.3	–2.8	–2.0	–1.4	–1.0	–0.6
Rwanda	–2.4	–1.3	–3.9	–2.7	–2.3	–2.5	–2.6	–5.2	–5.4	–4.0	–4.3	–2.6	–1.5	–1.0	–1.1
Senegal	–4.2	–4.3	–3.9	–3.7	–3.3	–3.0	–3.7	–3.9	–6.4	–4.9	–3.9	–3.0	–3.0	–3.0	–3.0
Sudan	–7.4	–5.8	–4.7	–3.9	–3.9	–6.2	–7.9	–10.8	–5.9	–3.1	–2.5	–2.4	–2.5	–2.6	–2.5
Tajikistan	0.6	–0.9	–0.1	–2.0	–9.0	–6.0	–2.8	–2.1	–4.4	–4.5	–2.5	–2.5	–2.5	–2.5	–2.5
Tanzania	–4.1	–3.8	–2.9	–3.2	–2.1	–1.2	–1.9	–1.7	–1.0	–1.3	–1.7	–2.0	–2.1	–2.0	–2.1
Uganda	–2.4	–3.2	–2.7	–2.5	–3.5	–2.7	–3.0	–4.8	–7.6	–5.5	–4.3	–4.0	–3.4	–2.8	–1.9
Uzbekistan	6.2	2.3	2.1	–0.3	0.8	1.3	1.7	–0.3	–3.3	–3.5	–2.8	–2.2	–1.8	–1.2	–1.3
Vietnam	–5.5	–6.0	–5.0	–5.0	–3.2	–2.0	–1.0	–3.3	–5.4	–4.7	–4.4	–4.0	–3.7	–3.3	–3.0
Yemen	–6.3	–6.9	–4.1	–8.7	–8.5	–4.9	–7.8	–5.3	–9.6	–6.1	–6.2	–8.0	–8.7	–7.0	–5.6
Zambia	–2.8	–6.2	–5.8	–9.5	–6.1	–7.6	–8.4	–9.8	–13.9	–9.3	–6.9	–4.0	–1.3	1.6	4.1
Zimbabwe	0.0	–1.3	–1.1	–1.8	–6.5	–8.3	–4.7	–1.4	1.1	–0.8	–0.8	–0.8	–0.5	–0.5	–0.4

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table D.

Table A18. Low-Income Developing Countries: General Government Primary Balance, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	–1.1	–2.2	–2.0	–2.6	–2.4	–2.1	–1.7	–2.3	–3.7	–3.2	–2.6	–2.1	–1.9	–1.7	–1.6
Oil Producers	0.9	–1.7	–1.6	–3.0	–3.7	–4.1	–2.5	–2.9	–3.7	–2.7	–3.0	–2.8	–2.8	–2.8	–2.9
Asia	–2.7	–2.8	–2.2	–2.5	–1.7	–1.2	–1.3	–2.6	–3.7	–3.9	–3.4	–2.9	–2.6	–2.3	–2.0
Latin America	–2.2	–3.7	–2.5	–0.7	–0.1	0.0	–0.4	0.3	–2.8	–2.7	–1.5	–1.3	–1.5	–1.5	–1.3
Sub-Saharan Africa	–0.6	–2.1	–2.2	–2.9	–3.0	–2.7	–2.0	–2.1	–3.6	–2.6	–2.0	–1.6	–1.4	–1.4	–1.3
Others	0.2	–1.1	–0.5	–1.9	–1.7	–2.2	–2.1	–2.8	–4.2	–3.5	–2.8	–2.4	–2.1	–1.5	–1.3
Afghanistan	0.3	–0.5	–1.7	–1.3	0.2	–0.6	1.7	–1.0	–2.4	–2.5	–1.5	–0.7	–0.6	–0.8	–0.8
Bangladesh	–1.1	–1.4	–1.0	–1.9	–1.5	–1.6	–2.8	–3.5	–3.4	–3.8	–3.2	–2.5	–2.6	–2.5	–2.4
Benin	0.2	–1.0	–1.4	–5.0	–3.4	–2.8	–1.4	1.1	–2.8	–2.1	–0.8	–0.4	0.0	–0.1	0.5
Burkina Faso	–2.1	–3.0	–1.1	–1.5	–2.2	–6.0	–3.3	–2.2	–4.0	–3.9	–3.2	–2.2	–1.1	–1.1	–1.1
Cambodia	–4.2	–2.3	–1.3	–0.3	0.1	–0.5	1.0	3.3	–1.3	–3.0	–3.8	–4.5	–5.1	–5.0	–4.8
Cameroon	–1.1	–3.3	–3.9	–4.0	–5.3	–4.0	–1.6	–2.3	–3.2	–1.5	–0.9	–0.3	–0.5	–0.3	–0.5
Chad	0.9	–1.5	–3.6	–2.7	0.1	1.3	3.0	0.8	2.5	0.0	1.5	0.6	1.1	2.8	2.4
Congo, Democratic Republic of the	2.3	2.4	0.3	–0.1	–0.2	1.6	0.4	–1.7	–1.3	–0.7	–0.1	–0.3	–0.6	–0.6	–0.5
Congo, Republic of	7.2	–2.7	–10.6	–17.2	–13.7	–4.3	7.7	8.0	2.9	4.5	3.3	5.4	5.4	5.0	5.2
Côte d'Ivoire	–1.0	–0.6	–0.7	–0.9	–1.7	–2.1	–1.6	–0.8	–3.9	–2.6	–1.9	–1.3	–1.3	–1.3	–1.4
Ethiopia	–0.9	–1.6	–2.2	–1.5	–1.8	–2.8	–2.5	–2.0	–2.4	–2.7	–1.4	–0.9	–0.8	–0.2	–0.2
Ghana	–5.8	–5.6	–3.4	1.0	–1.5	1.2	–1.4	–1.7	–9.2	–5.4	–1.6	–0.9	–0.4	–0.3	1.4
Guinea	–1.2	–3.0	–2.2	–6.1	0.9	–1.1	–0.3	0.0	–2.7	–1.4	–1.3	–1.4	–1.2	–1.3	–1.4
Haiti	–2.5	–3.9	–3.5	–1.4	0.2	0.2	–0.9	–1.1	–2.0	–2.6	–2.5	–2.0	–2.0	–2.0	–2.0
Honduras	–3.6	–5.6	–2.6	0.0	0.2	0.2	0.8	0.8	–3.7	–2.7	–1.2	–1.5	–1.3	–1.2	–1.0
Kenya	–2.9	–3.3	–4.8	–5.3	–5.3	–4.5	–3.7	–3.9	–4.5	–4.0	–2.3	–0.7	0.1	0.7	1.1
Kyrgyz Republic	–4.9	–2.9	–2.3	–1.7	–4.9	–2.9	0.4	0.8	–5.8	–3.4	–2.5	–1.5	–1.5	–1.4	–1.4
Lao P.D.R.	–1.7	–3.2	–2.4	–4.8	–4.2	–4.6	–3.5	–3.7	–4.1	–3.6	–3.1	–2.6	–2.0	–1.7	–1.4
Madagascar	–1.6	–2.8	–1.5	–2.2	–0.4	–1.4	–0.6	–0.7	–3.5	–4.9	–4.2	–3.6	–3.1	–2.6	–2.3
Malawi	–0.6	–1.7	0.0	–2.6	–2.6	–3.4	–2.3	–2.2	–7.3	–7.4	–5.4	–4.1	–3.2	–2.0	–1.6
Mali	–0.4	–1.9	–2.3	–1.2	–3.3	–2.0	–3.9	–0.7	–4.3	–4.2	–3.0	–1.9	–1.4	–1.4	–1.4
Moldova	–1.3	–1.1	–1.1	–1.2	–0.4	0.5	0.0	–0.7	–4.5	–4.5	–2.8	–2.3	–1.9	–1.8	–1.9
Mozambique	–2.7	–1.8	–9.2	–5.5	–3.0	0.0	–2.4	3.1	–2.3	–1.2	1.0	1.4	1.6	1.6	1.6
Myanmar	–1.3	–0.4	–0.1	–1.6	–2.6	–1.5	–1.6	–2.4	–4.0	–5.0	–3.9	–3.1	–2.8	–2.4	–1.8
Nepal	–0.4	2.2	1.8	0.9	1.5	–2.4	–5.4	–4.5	–4.5	–8.3	–5.9	–4.7	–2.9	–1.9	–1.8
Nicaragua	0.5	–0.5	–0.9	–0.9	–1.0	–0.7	–1.9	0.8	–2.2	–2.8	–0.3	0.6	–0.7	–1.1	–1.0
Niger	–0.6	–1.7	–5.8	–6.3	–3.8	–3.4	–2.1	–2.6	–4.7	–3.3	–2.2	–1.2	–1.3	–1.4	–1.4
Nigeria	0.8	–1.7	–1.5	–2.7	–3.4	–4.0	–2.6	–3.1	–3.7	–2.8	–3.0	–2.8	–2.8	–3.0	–3.1
Papua New Guinea	–0.2	–5.8	–4.6	–2.8	–2.8	–0.4	–0.2	–1.9	–3.7	–2.8	–0.6	0.4	1.1	1.6	2.0
Rwanda	–2.0	–0.4	–3.1	–1.8	–1.3	–1.5	–1.4	–3.9	–3.7	–2.2	–2.5	–1.1	–0.1	0.6	0.3
Senegal	–3.0	–3.1	–2.6	–2.1	–1.6	–1.1	–1.7	–1.9	–4.2	–2.7	–1.8	–0.9	–1.0	–0.9	–0.9
Sudan	–6.2	–5.3	–3.9	–3.2	–3.5	–5.7	–7.6	–10.6	–5.9	–3.0	–2.4	–2.3	–2.3	–2.2	–2.1
Tajikistan	1.1	0.1	0.4	–1.5	–8.3	–5.5	–1.7	–1.2	–3.5	–3.5	–1.6	–1.6	–1.6	–1.7	–1.7
Tanzania	–3.1	–2.6	–1.6	–1.7	–0.6	0.4	–0.2	0.0	0.9	0.7	0.1	–0.1	–0.2	–0.1	–0.1
Uganda	–1.4	–2.1	–1.5	–1.1	–1.5	–0.7	–1.2	–2.7	–5.3	–2.7	–1.3	–0.9	–0.3	0.1	1.0
Uzbekistan	6.2	2.2	1.9	–0.4	0.7	1.1	1.3	–0.3	–3.3	–3.5	–3.0	–2.1	–1.6	–1.0	–1.1
Vietnam	–4.5	–4.8	–3.7	–3.4	–1.6	–0.4	0.5	–1.9	–4.0	–3.4	–3.2	–2.9	–2.5	–2.0	–1.6
Yemen	–0.9	–1.5	1.5	–2.6	–3.2	–4.7	–7.8	–4.9	–9.0	–5.5	–5.8	–6.2	–5.9	–3.6	–1.5
Zambia	–1.5	–4.7	–3.6	–6.7	–2.6	–3.6	–3.7	–2.9	–8.3	–6.2	–4.2	–1.9	0.5	3.2	5.6
Zimbabwe	0.3	–0.7	–0.4	–0.9	–5.9	–7.5	–3.8	–1.0	1.5	–0.6	–0.6	–0.6	–0.3	–0.3	–0.3

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: "Primary balance" is defined as the overall balance, excluding net interest payments. For country-specific details, see "Data and Conventions" in text, and Table D.

Table A19. Low-Income Developing Countries: General Government Revenue, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	17.3	16.3	16.1	14.6	14.2	14.7	15.1	15.0	13.7	13.8	13.9	14.1	14.1	14.1	14.2
Oil Producers	16.9	13.6	12.8	8.2	6.1	7.2	9.2	8.7	7.2	8.2	7.9	7.6	7.5	7.4	7.4
Asia	16.2	17.0	16.7	16.5	16.0	16.1	16.1	16.0	14.1	13.7	14.1	14.3	14.5	14.7	14.8
Latin America	20.2	19.9	20.1	20.6	21.9	21.8	21.1	21.4	19.7	18.9	20.1	20.4	20.6	20.9	21.1
Sub-Saharan Africa	16.2	14.7	14.5	12.5	11.9	12.8	13.3	13.2	12.3	12.8	12.7	12.8	12.7	12.6	12.6
Others	24.7	22.4	21.8	18.5	17.7	17.7	20.7	21.0	19.8	19.8	20.3	20.7	21.0	21.4	22.0
Afghanistan	25.2	24.3	23.7	24.6	28.2	27.1	30.6	26.9	27.0	26.0	26.9	28.3	27.9	26.0	25.9
Bangladesh	11.2	11.2	10.9	9.8	10.1	10.2	9.7	10.0	9.6	9.2	9.6	9.6	9.7	9.7	9.7
Benin	14.0	13.5	12.6	12.6	11.1	13.6	13.6	14.1	14.8	14.2	14.5	15.2	15.4	15.4	15.6
Burkina Faso	19.9	21.7	19.2	18.3	18.6	19.2	19.4	20.4	21.7	20.7	21.2	21.4	21.7	22.0	22.3
Cambodia	17.2	18.7	20.1	19.6	20.8	21.6	23.9	27.1	22.5	23.1	22.7	22.2	22.1	22.0	22.0
Cameroon	16.3	16.3	16.6	16.5	14.8	15.0	16.1	15.7	13.2	14.5	14.7	14.7	14.8	14.8	14.7
Chad	24.4	20.7	17.8	14.0	12.4	14.6	15.3	14.2	21.3	16.8	17.9	17.2	17.3	18.5	17.9
Congo, Democratic Republic of the	15.5	14.6	18.5	16.8	14.0	11.7	11.1	10.7	9.1	10.9	11.2	11.5	11.7	11.7	11.8
Congo, Republic of	37.9	39.5	37.8	23.5	26.1	22.4	25.4	27.3	24.6	27.2	25.3	26.2	26.5	26.4	26.0
Côte d'Ivoire	13.9	14.2	13.6	14.5	14.7	15.1	14.8	15.0	14.4	15.3	15.3	15.3	15.2	15.1	15.2
Ethiopia	15.5	15.8	14.9	15.4	15.6	14.7	13.1	12.8	11.7	11.5	12.6	14.0	15.1	15.4	15.6
Ghana	13.7	12.5	13.4	14.9	13.4	13.9	14.5	13.7	12.3	13.1	14.0	14.6	14.8	15.0	15.3
Guinea	17.5	14.8	17.0	14.8	16.0	15.3	14.5	14.1	14.6	14.3	15.0	15.5	16.0	16.3	15.8
Haiti	13.7	12.2	11.2	11.3	10.9	10.5	10.4	8.3	7.7	8.0	8.6	9.2	9.8	10.2	10.2
Honduras	22.9	23.8	24.7	25.2	27.0	26.5	26.4	25.8	23.4	24.6	26.2	26.2	26.4	26.7	26.9
Kenya	19.1	19.7	19.8	19.1	19.2	18.2	18.2	17.7	17.3	16.9	17.3	18.2	18.5	18.9	19.2
Kyrgyz Republic	34.7	34.4	35.4	35.6	33.1	33.3	32.5	34.0	33.0	32.8	32.6	32.4	32.1	31.8	31.5
Lao P.D.R.	22.4	20.2	21.9	20.2	16.0	16.1	16.2	15.4	12.1	13.3	14.2	14.9	15.3	15.5	15.8
Madagascar	9.3	9.3	10.6	10.2	12.4	12.8	12.8	13.5	10.9	12.5	13.2	13.5	13.7	13.9	14.2
Malawi	24.4	23.9	21.4	21.6	20.9	22.7	21.5	21.3	19.5	21.7	22.1	23.6	24.8	25.2	25.3
Mali	14.6	17.4	17.1	19.1	18.3	20.1	15.6	21.4	20.0	21.8	21.3	21.6	21.3	21.3	21.3
Moldova	31.7	30.9	31.8	30.0	28.6	29.8	30.5	30.0	31.5	30.7	31.3	31.6	31.8	31.8	31.8
Mozambique	25.2	29.6	30.4	26.0	23.9	27.1	25.8	29.9	25.4	26.9	28.0	27.1	25.2	23.5	23.5
Myanmar	15.3	20.6	22.5	21.4	19.6	17.9	17.6	16.3	16.0	15.0	15.6	16.4	16.7	17.0	17.3
Nepal	15.6	17.1	17.9	18.2	20.1	20.9	22.2	22.4	21.9	21.2	23.6	24.5	25.4	25.7	25.9
Nicaragua	23.9	23.5	23.3	23.9	25.1	25.5	24.5	27.6	26.8	26.8	27.6	27.6	27.4	27.2	27.3
Niger	15.8	18.5	17.5	17.5	14.9	15.4	18.1	18.0	17.6	18.4	18.1	18.3	18.5	18.8	18.9
Nigeria	14.7	11.5	10.9	7.3	5.1	6.6	8.5	7.9	6.3	7.5	7.3	7.0	6.9	6.7	6.7
Papua New Guinea	21.2	20.7	20.8	18.3	16.1	15.9	17.7	16.3	13.9	14.4	15.2	15.7	15.9	16.1	16.4
Rwanda	22.1	24.8	23.5	23.8	22.8	22.6	23.8	23.6	23.1	23.4	23.2	23.8	23.9	23.3	22.9
Senegal	18.8	17.8	19.2	19.3	20.7	19.5	18.9	20.4	21.1	20.5	20.9	21.6	21.8	22.5	22.6
Sudan	9.1	9.6	8.8	8.5	6.1	6.9	8.9	7.8	4.8	11.1	9.9	9.8	9.5	9.5	9.4
Tajikistan	25.1	26.9	28.4	29.9	29.9	29.7	29.1	27.4	25.2	26.3	27.6	27.9	28.0	28.0	28.1
Tanzania	15.4	15.0	14.4	14.0	14.8	15.4	14.7	14.7	14.9	14.5	14.5	14.7	14.8	14.8	14.8
Uganda	10.7	10.1	10.8	12.7	12.4	12.7	13.2	13.6	13.6	14.1	14.5	14.7	15.1	16.1	17.4
Uzbekistan	31.6	29.1	28.3	25.6	25.4	24.7	27.8	28.1	26.6	25.8	26.2	26.6	27.0	27.4	27.9
Vietnam	18.0	18.5	17.7	19.2	19.1	19.6	19.5	19.5	16.2	15.9	16.2	16.5	16.8	17.1	17.4
Yemen	29.9	23.9	23.6	10.7	7.5	3.5	6.4	8.5	5.7	4.9	5.2	5.6	7.1	8.9	10.9
Zambia	18.7	17.6	18.9	18.8	18.2	17.5	19.4	20.4	20.0	19.1	19.2	19.4	19.3	19.3	19.3
Zimbabwe	20.4	19.6	19.3	18.7	16.8	14.1	12.8	14.2	16.7	16.8	16.8	16.8	16.8	16.8	16.8

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table D.

Table A20. Low-Income Developing Countries: General Government Expenditure, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	19.5	19.7	19.4	18.6	18.0	18.2	18.5	19.0	19.2	18.7	18.3	18.0	18.0	17.9	17.9
Oil Producers	17.3	16.5	15.7	12.7	11.4	12.6	13.3	13.2	12.9	12.4	12.4	12.1	12.2	12.4	12.8
Asia	20.1	21.2	20.4	20.5	19.3	18.8	19.0	20.1	19.5	19.3	19.2	19.0	19.0	18.8	18.8
Latin America	22.6	23.9	22.8	21.8	22.6	22.4	22.1	21.8	23.3	22.2	22.3	22.4	22.9	23.1	23.3
Sub-Saharan Africa	17.8	17.9	17.9	16.7	16.5	17.2	17.2	17.2	18.1	17.4	16.9	16.5	16.4	16.3	16.3
Others	25.8	25.0	23.9	22.0	20.5	20.4	23.4	24.5	24.4	23.9	23.6	23.8	24.1	24.0	24.4
Afghanistan	25.0	25.0	25.4	25.9	28.0	27.7	28.9	28.0	29.5	28.5	28.4	29.1	28.6	26.9	26.8
Bangladesh	14.2	14.6	14.0	13.8	13.4	13.6	14.3	15.4	15.0	15.3	15.1	14.6	14.7	14.7	14.7
Benin	14.2	14.9	14.2	18.2	15.4	17.8	16.6	14.6	19.7	18.7	17.5	17.7	17.4	17.4	17.1
Burkina Faso	22.7	25.3	20.9	20.4	21.6	26.1	23.8	23.9	26.9	26.3	26.0	25.4	24.7	25.0	25.3
Cambodia	21.7	21.4	21.7	20.3	21.1	22.4	23.2	24.1	24.2	26.5	26.9	27.1	27.6	27.5	27.3
Cameroon	17.8	20.0	20.9	20.9	20.9	19.8	18.5	19.1	17.3	17.2	16.7	15.8	16.0	15.8	15.8
Chad	23.9	22.8	22.0	18.3	14.4	14.9	13.3	14.4	19.8	17.7	17.2	17.3	16.9	16.3	15.9
Congo, Democratic Republic of the	13.7	12.7	18.5	17.2	14.5	10.4	11.1	12.6	10.7	11.8	11.6	12.1	12.7	12.6	12.7
Congo, Republic of	30.7	42.4	48.6	41.3	41.7	28.3	19.6	22.5	23.1	24.8	23.9	22.6	22.7	23.0	22.3
Côte d'Ivoire	16.1	15.9	15.2	16.5	17.7	18.4	17.7	17.3	20.3	20.0	18.9	18.4	18.3	18.2	18.3
Ethiopia	16.6	17.8	17.5	17.3	17.9	18.0	16.1	15.4	14.5	14.8	14.8	15.9	17.1	17.1	17.7
Ghana	22.1	21.7	21.4	18.9	20.3	18.0	21.5	21.1	28.3	25.7	24.4	23.9	23.9	23.9	22.1
Guinea	20.0	18.6	20.2	21.7	16.1	17.3	15.6	14.6	18.2	16.5	17.2	17.8	18.1	18.6	18.3
Haiti	16.4	16.3	15.0	12.7	10.9	10.5	11.5	9.6	10.0	10.8	11.2	11.5	12.0	12.4	12.4
Honduras	26.4	29.6	27.6	26.0	27.4	26.9	26.2	25.7	27.8	28.0	28.4	28.7	28.7	28.8	28.9
Kenya	24.2	25.4	27.2	27.2	27.7	26.1	25.6	25.4	25.7	25.0	24.0	23.2	22.6	22.1	21.7
Kyrgyz Republic	40.6	38.1	38.5	38.1	38.9	37.0	33.1	34.2	39.8	37.6	36.6	35.4	35.1	34.8	34.6
Lao P.D.R.	24.7	24.2	25.0	25.8	21.1	21.6	20.9	20.4	18.6	19.0	19.5	19.8	19.8	19.7	19.6
Madagascar	11.5	12.7	12.6	13.0	13.5	14.9	14.1	14.9	15.1	18.3	18.1	17.8	17.4	17.1	17.0
Malawi	26.4	29.2	25.7	27.5	27.8	30.1	27.7	27.8	32.8	34.2	31.6	31.6	32.0	31.2	29.6
Mali	15.5	19.8	20.0	20.9	22.3	22.9	20.3	23.1	25.5	27.3	25.8	25.1	24.3	24.3	24.3
Moldova	33.7	32.4	33.4	31.9	30.1	30.5	31.4	31.4	36.8	36.2	35.1	34.8	34.7	34.7	34.7
Mozambique	28.8	32.2	40.7	32.7	29.4	30.0	32.6	30.0	30.8	31.0	29.9	28.2	25.9	23.8	23.6
Myanmar	17.9	22.3	23.8	24.2	23.4	20.8	21.0	20.3	21.6	21.8	21.9	22.0	22.1	21.8	21.6
Nepal	16.8	15.5	16.6	17.7	19.0	23.6	28.0	27.3	27.0	30.2	30.5	30.2	29.4	28.8	28.9
Nicaragua	24.1	24.2	24.6	25.3	26.8	27.0	27.5	28.0	30.3	30.4	28.8	28.5	29.5	29.9	29.9
Niger	16.6	20.4	23.6	24.2	19.4	19.5	21.1	21.6	23.4	22.8	21.5	20.8	21.0	21.3	21.4
Nigeria	14.8	14.1	13.4	11.1	9.8	12.0	12.8	12.6	12.1	11.8	11.8	11.4	11.6	11.8	12.3
Papua New Guinea	22.4	27.6	27.1	22.8	20.9	18.4	20.3	20.7	20.1	19.7	18.0	17.8	17.3	17.1	17.1
Rwanda	24.5	26.1	27.4	26.5	25.0	25.1	26.4	28.8	28.6	27.4	27.5	26.4	25.4	24.3	24.0
Senegal	23.0	22.1	23.1	22.9	24.0	22.5	22.6	24.3	27.5	25.4	24.8	24.6	24.8	25.5	25.6
Sudan	16.5	15.3	13.5	12.4	10.0	13.1	16.7	18.7	10.8	14.2	12.4	12.2	12.0	12.0	11.9
Tajikistan	24.5	27.8	28.5	31.9	38.9	35.6	31.9	29.5	29.7	30.8	30.1	30.4	30.5	30.6	30.7
Tanzania	19.5	18.8	17.3	17.2	16.9	16.6	16.6	16.4	15.9	15.7	16.2	16.7	16.8	16.8	16.9
Uganda	13.1	13.3	13.6	15.2	16.0	15.5	16.2	18.4	21.2	19.7	18.8	18.7	18.5	18.9	19.3
Uzbekistan	25.4	26.8	26.2	25.9	24.5	23.4	26.0	28.3	29.9	29.3	29.0	28.8	28.8	28.7	29.2
Vietnam	23.5	24.5	22.8	24.2	22.2	21.5	20.5	22.8	21.6	20.6	20.5	20.5	20.5	20.4	20.4
Yemen	36.2	30.8	27.8	19.4	16.1	8.4	14.3	13.8	15.3	11.0	11.5	13.6	15.7	15.9	16.5
Zambia	21.5	23.8	24.7	28.3	24.3	25.1	27.9	30.2	34.0	28.4	26.1	23.4	20.6	17.7	15.1
Zimbabwe	20.4	20.9	20.4	20.5	23.4	22.4	17.4	15.6	15.6	17.6	17.6	17.6	17.3	17.3	17.2

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table D.

Table A21. Low-Income Developing Countries: General Government Gross Debt, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	30.5	31.7	32.1	36.5	39.8	42.2	42.8	44.3	49.5	48.6	48.2	47.5	46.9	46.3	45.7
Oil Producers	20.2	21.1	20.8	24.7	28.8	30.9	31.9	32.9	38.6	35.2	35.0	34.9	35.4	36.3	37.7
Asia	36.4	37.9	38.5	39.1	39.9	39.3	39.2	39.6	42.9	45.2	45.5	45.4	45.2	44.8	44.4
Latin America	27.2	32.3	30.1	30.9	32.4	33.6	35.0	38.6	41.4	42.4	43.1	42.6	43.9	44.1	44.2
Sub-Saharan Africa	24.9	26.6	27.8	33.5	37.4	40.1	41.9	44.2	49.1	47.2	47.2	46.5	45.9	45.4	44.8
Others	46.0	43.1	39.2	44.7	51.8	66.6	68.5	69.5	88.3	78.2	71.9	67.6	65.1	62.9	61.0
Afghanistan	6.8	6.9	8.7	9.2	8.4	8.0	7.4	6.1	7.8	8.8	9.6	10.3	11.0	11.6	12.3
Bangladesh	36.2	35.8	35.3	33.7	33.3	33.4	34.6	35.7	38.9	40.2	40.2	39.6	39.4	39.3	39.3
Benin	19.5	18.5	22.3	30.9	35.9	39.6	41.1	41.2	45.4	47.7	46.3	44.8	42.9	41.1	38.7
Burkina Faso	25.2	25.9	26.6	31.4	33.3	33.5	37.7	42.7	44.3	46.8	48.1	48.5	47.9	47.4	46.8
Cambodia	31.5	31.7	31.9	31.2	29.1	30.0	28.6	29.0	31.6	33.4	35.4	38.0	41.0	43.9	46.7
Cameroon	15.4	18.2	21.5	32.0	33.3	37.7	39.5	41.7	43.2	42.5	42.0	40.5	38.9	37.2	35.8
Chad	28.8	30.6	39.5	43.9	51.3	50.3	49.1	44.3	43.0	41.7	41.2	41.8	41.3	38.3	35.4
Congo, Democratic Republic of the	21.8	19.1	16.8	17.0	19.5	19.1	15.3	15.5	15.2	12.4	10.6	8.7	7.1	5.8	4.7
Congo, Republic of	30.2	33.9	42.3	74.2	91.0	94.2	78.6	83.3	101.7	90.5	84.5	74.9	69.6	63.8	57.9
Côte d'Ivoire	32.6	31.4	32.4	34.2	35.6	36.9	40.1	41.2	45.7	46.3	46.6	46.3	46.1	45.9	46.0
Ethiopia	42.2	47.5	47.6	54.5	54.9	57.7	61.1	57.7	55.3	56.0	56.3	52.5	48.6	44.0	40.8
Ghana	35.6	43.2	51.2	54.8	57.1	58.3	63.2	63.9	78.0	81.5	83.2	84.8	86.0	86.6	85.5
Guinea	27.2	34.0	35.1	41.9	42.5	40.5	38.3	36.8	41.4	42.3	43.3	42.4	41.3	40.3	39.2
Haiti	24.0	25.8	21.8	23.8	24.8	24.6	25.6	30.3	25.1	26.0	24.9	24.1	23.8	23.7	24.1
Honduras	29.2	39.4	37.1	37.1	38.2	38.9	40.0	41.9	48.9	53.9	55.8	54.8	57.0	57.1	56.7
Kenya	43.9	44.0	42.9	48.6	50.5	56.9	60.2	62.1	68.7	71.5	72.9	72.3	71.8	70.0	68.1
Kyrgyz Republic	50.5	47.1	53.6	67.1	59.1	58.8	54.8	54.1	74.3	73.4	71.7	70.3	68.8	67.6	66.7
Lao P.D.R.	46.1	49.5	53.5	53.1	54.5	57.2	59.7	61.6	68.0	68.3	68.8	69.1	68.8	67.7	66.1
Madagascar	30.4	36.2	37.8	44.1	40.3	40.1	39.8	37.8	43.6	46.9	47.8	48.6	49.1	49.4	49.6
Malawi	40.3	50.6	47.8	54.4	55.1	57.1	59.7	59.5	67.3	76.8	79.9	81.7	82.6	82.1	81.5
Mali	25.4	26.4	27.2	30.7	35.9	35.5	36.1	40.5	44.1	46.1	46.8	46.9	46.5	46.0	45.3
Moldova	31.2	29.8	35.0	42.4	39.2	34.3	31.6	28.3	35.3	39.5	40.1	41.6	41.6	41.1	39.5
Mozambique	37.4	50.1	64.3	87.4	119.9	100.1	105.3	103.4	122.2	125.3	126.4	119.8	108.6	95.8	78.5
Myanmar	36.5	36.1	35.2	36.4	38.3	38.5	40.4	38.8	39.3	49.1	53.6	56.0	58.1	59.7	61.0
Nepal	34.5	31.9	27.6	25.7	25.0	25.0	30.1	33.1	41.3	49.6	54.1	56.4	57.1	56.9	56.5
Nicaragua	27.9	28.8	28.7	28.9	30.9	34.1	37.6	41.7	46.0	47.6	47.8	49.1	50.7	51.4	51.2
Niger	18.1	19.6	22.1	29.9	32.8	36.5	36.9	39.8	44.2	44.5	42.0	39.9	39.2	38.8	38.7
Nigeria[1]	17.6	18.3	17.5	20.3	23.4	25.3	27.7	29.2	35.1	31.9	32.5	33.0	33.9	35.3	37.0
Papua New Guinea	19.1	24.9	26.9	29.9	33.7	32.5	36.7	40.0	49.2	49.6	49.7	48.3	47.7	45.4	43.9
Rwanda	19.0	26.0	28.2	32.2	36.4	41.3	45.0	51.0	61.0	66.0	67.9	68.4	67.1	65.6	64.2
Senegal[2]	34.5	36.9	42.4	44.5	47.5	61.1	63.5	64.8	65.8	66.8	66.6	62.5	59.9	58.6	56.3
Sudan	117.7	105.8	84.4	93.2	109.9	152.9	185.6	200.3	262.5	211.7	185.9	174.8	171.3	168.2	165.2
Tajikistan	32.3	29.1	27.7	34.7	42.1	50.3	47.8	43.1	48.1	49.8	49.2	49.0	48.8	48.5	48.0
Tanzania	29.2	31.4	34.6	37.1	37.0	37.7	38.7	38.2	38.2	37.9	37.4	37.1	36.8	36.3	36.0
Uganda	19.5	22.1	24.8	28.7	31.0	33.7	34.9	37.3	45.7	48.8	50.3	51.0	50.1	47.9	45.0
Uzbekistan	7.2	6.6	6.4	7.1	8.6	20.2	20.4	29.4	37.9	42.3	44.3	44.0	43.0	41.8	40.3
Vietnam	38.3	41.4	43.6	46.1	47.6	46.3	43.6	43.4	46.6	48.0	47.3	46.8	45.8	44.9	43.7
Yemen	47.3	48.2	48.7	57.0	72.3	77.4	74.5	76.5	83.2	73.0	67.9	59.4	54.2	51.3	50.7
Zambia	25.4	27.1	36.1	65.6	60.6	63.0	77.3	94.5	117.8	118.7	129.5	132.2	140.9	145.0	134.7
Zimbabwe	38.3	36.9	42.2	47.5	48.5	43.7	33.6	112.1	88.9	51.4	55.0	58.0	56.9	55.9	55.1

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table D.

[1] Debt includes overdrafts from the Central Bank of Nigeria and liabilities of the Asset Management Corporation of Nigeria.

[2] From 2017 onward, Senegal data include the whole of the public sector, whereas before 2017, only central government debt stock was taken into account.

Table A22. Low-Income Developing Countries: General Government Net Debt, 2012–26

(Percent of GDP)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Average	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Oil Producers	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Asia	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Latin America	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Sub-Saharan Africa	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Others	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Afghanistan	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Bangladesh	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Benin	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Burkina Faso	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Cambodia	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Cameroon	13.1	15.9	19.9	27.8	31.6	34.3	37.0	39.5	41.3	41.2	40.9	40.1	38.7	37.1	35.8
Chad	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Congo, Democratic Republic of the	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Congo, Republic of	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Côte d'Ivoire	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Ethiopia	37.0	41.9	43.0	49.6	50.9	53.8	57.5	53.9	51.8	53.3	54.0	50.4	46.6	35.5	34.1
Ghana	34.0	40.2	46.3	50.6	52.0	53.1	61.9	59.1	72.8	76.9	79.2	81.2	82.8	83.7	82.9
Guinea	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Haiti	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Honduras	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Kenya	40.1	40.1	38.7	43.5	45.1	51.1	54.5	57.3	64.3	68.5	70.1	69.5	67.7	66.7	64.9
Kyrgyz Republic	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Lao P.D.R.	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Madagascar	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Malawi	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Mali	21.3	20.2	20.0	23.2	29.9	30.6	32.7	34.3	29.2	25.6	24.8	25.1	25.8	26.9	27.7
Moldova	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Mozambique	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Myanmar	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Nepal	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Nicaragua	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Niger	14.4	15.3	17.2	25.9	29.5	32.3	34.0	35.9	40.5	41.1	38.9	37.1	36.5	36.2	36.1
Nigeria[1]	10.7	11.4	13.8	15.9	19.0	20.9	23.5	25.4	34.6	31.6	32.2	32.7	33.7	35.1	36.8
Papua New Guinea	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Rwanda	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Senegal	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Sudan	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Tajikistan	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Tanzania	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Uganda	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Uzbekistan	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Vietnam	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Yemen	45.3	46.7	47.8	56.1	71.3	76.6	73.8	75.8	82.6	72.5	67.6	59.1	54.0	51.0	50.5
Zambia	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .
Zimbabwe	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .

Source: IMF staff estimates and projections. Projections are based on staff assessments of current policies (see "Fiscal Policy Assumptions" in text).

Note: For country-specific details, see "Data and Conventions" in text, and Table D.

[1] The overdrafts and government deposits at the Central Bank of Nigeria almost cancel each other out, and the Asset Management Corporation of Nigeria debt is roughly halved. See footnote 1 in Table A21 for additional details.

Table A23. Advanced Economies: Structural Fiscal Indicators

(Percent of GDP, except when indicated otherwise)

	Pension Spending Change, 2020–30[1]	Net Present Value of Pension Spending Change, 2020–50[2]	Health Care Spending Change, 2020–30[3]	Net Present Value of Health Care Spending Change, 2020–50[2]	Gross Financing Need, 2021[4]	Average Term to Maturity, 2021 (years)[5]	Debt to Average Maturity, 2021	Projected Interest Rate–Growth Differential, 2021–26 (percent)	Pre-Pandemic Overall Balance, 2012–19	Projected Overall Balance, 2020–26	Nonresident Holding of General Government Debt, 2020 (percent of total)[6]
Average	0.8	25.0	2.6	91.4	34.7	7.1	17.9	–2.6	–3.2	–5.6	31.6
G7	0.8	23.2	3.0	103.2	40.5	6.9	20.6	–2.6	–3.9	–6.3	29.0
G20 Advanced	0.8	24.6	2.9	99.9	38.2	7.0	19.6	–2.6	–3.7	–6.1	28.7
Australia	0.7	20.5	1.0	38.2	14.7	7.5	8.4	–2.6	–2.7	–5.9	37.0
Austria	0.5	16.2	0.9	38.4	15.2	10.4	8.2	–2.9	–1.2	–3.6	75.3
Belgium	0.5	20.3	1.2	50.1	16.8	10.0	11.5	–2.7	–2.3	–6.0	68.6
Canada	0.7	12.5	1.1	41.6	22.8	5.4	21.7	–2.3	–0.5	–3.4	22.3
Cyprus	0.7	23.1	. . .	. . .	8.1	7.1	16.6	–2.7	–1.3	–1.2	83.4
Czech Republic	0.1	20.8	0.7	25.4	14.1	6.1	6.2	–2.8	–0.6	–5.6	39.2
Denmark	–0.7	–23.1	1.0	34.1	7.9	8.0	5.4	–2.6	0.2	–1.3	36.9
Estonia	–0.6	–14.3	0.5	22.2	. . .	0.4	42.2	–5.6	–0.1	–5.0	86.5
Finland	1.0	8.4	1.0	31.3	14.0	6.3	10.6	–2.6	–1.8	–2.8	69.0
France	0.5	0.4	1.1	41.4	19.2	7.8	14.6	–2.9	–3.6	–5.1	60.5
Germany	1.1	32.1	0.7	35.3	13.1	5.9	11.6	–3.1	0.9	–1.1	57.2
Hong Kong SAR	1.4	46.3	. . .	. . .	. . .	. . .	. . .	–2.9	2.5	–2.2	. . .
Iceland	1.6	52.2	1.5	58.6	17.0	4.5	6.2	0.3	1.1	–6.2	14.3
Ireland	0.7	29.9	0.5	22.2	6.4	10.8	5.5	–3.7	–2.5	–2.4	74.8
Israel	0.3	12.3	0.3	12.1	. . .	6.4	11.5	–1.3	–2.7	–5.8	17.9
Italy[7]	1.6	49.1	0.7	29.7	26.0	6.8	22.9	–1.0	–2.5	–4.8	33.9
Japan	–1.2	–2.8	1.7	56.5	61.1	8.2	31.4	–1.4	–4.9	–5.0	0.0
Korea	1.6	62.3	1.9	73.8	5.4	7.9	6.1	–2.0	1.2	–2.5	14.2
Latvia	–0.6	–14.0	0.6	23.9	. . .	9.7	4.7	–3.7	–0.7	–2.1	80.4
Lithuania	0.1	–1.3	0.8	30.1	10.3	7.2	6.5	–3.3	–0.6	–2.4	82.6
Luxembourg	1.2	47.5	0.9	38.6	. . .	5.0	5.1	–4.6	1.6	–0.8	51.8
Malta	–0.8	–8.3	. . .	. . .	13.9	8.2	6.7	–3.7	–0.2	–3.5	15.3
The Netherlands	0.5	22.1	1.7	60.9	12.7	7.5	7.2	–2.8	–0.7	–2.2	49.5
New Zealand	1.5	44.8	1.5	54.8	10.7	7.6	5.5	–0.9	–0.3	–2.9	28.0
Norway	0.7	18.3	2.0	71.5	. . .	4.7	8.7	–2.9	7.6	1.4	52.7
Portugal	0.7	17.5	0.9	34.2	15.6	6.4	20.7	–2.2	–3.5	–1.9	57.2
Singapore[8]	0.9	32.5	. . .	. . .	16.6	4.0	32.1	. . .	4.7	0.8	0.0
Slovak Republic	–0.6	–8.3	0.5	19.3	10.1	8.6	7.0	–3.9	–2.4	–4.9	62.3
Slovenia	1.1	54.5	0.7	30.4	13.1	8.8	9.2	–3.6	–3.5	–4.2	68.2
Spain	0.3	24.3	1.1	45.0	22.9	7.5	15.6	–2.6	–5.2	–6.3	53.7
Sweden	–0.5	–16.0	0.5	19.0	8.0	4.9	7.8	–2.7	0.0	–1.3	27.7
Switzerland	0.3	12.6	2.1	79.4	5.8	11.1	3.9	–1.6	0.5	–1.0	8.0
United Kingdom	0.3	14.1	1.4	53.5	17.9	14.8	7.0	–2.5	–4.2	–6.5	34.1
United States	1.2	30.3	4.4	152.3	49.6	5.8	22.0	–2.9	–5.0	–8.0	25.9

Sources: Bloomberg Finance L.P.; Joint External Debt Hub, Quarterly External Debt Statistics; national authorities; and IMF staff estimates and projections.

Note: All economy averages are weighted by nominal GDP converted to US dollars at average market exchange rates in the years indicated and based on data availability.

[1] Pension projections rely on authorities' estimates when these are available. For European Union (EU) countries, pension projections are based on *The 2018 Ageing Report* of the European Commission. When authorities' estimates are not available, IMF staff projections use the methodology described in Clements, Eich, and Gupta's *Equitable and Sustainable Pensions: Challenges and Experience* (IMF 2014). These pension spending projections can be different from the previous edition of the *Fiscal Monitor* because of new baseline pension numbers, as well as new labor force participation rate numbers from the International Labour Organization.

[2] For net present value calculations, a discount rate of 1 percent a year in excess of GDP growth is used for each economy.

[3] IMF staff projections for health care spending are driven by demographics and other factors. The difference between the growth of health care spending and real GDP growth that is not explained by demographics ("excess cost growth") is assumed to start at the economy-specific historical average and converge to the advanced economy historical average by 2050 (0.8 percent).

[4] "Gross financing need" is defined as the projected overall deficit and maturing government debt in 2021. For most economies, data on maturing debt refer to central government securities. Data are from Bloomberg Finance L.P. and IMF staff projections.

[5] For most economies, the average-term-to-maturity data refer to central government securities; the source is Bloomberg Finance L.P.

[6] Nonresident holding of general government debt data are for the third quarter of 2020 or latest available from the Joint External Debt Hub, Quarterly External Debt Statistics, which include marketable and nonmarketable debt. For some economies, tradable instruments in the Joint External Debt Hub are reported at market value. External debt in US dollars is converted to local currency, then taken as a percentage of the 2020 gross general government debt.

[7] Italy's pension projections do not reflect the new demographic assumptions. Taking into account the employment rate, productivity growth, and demographics, IMF staff calculations show that the change in pension spending over 2015–30 would be about 3 percent of GDP; see Italy 2017 Article IV Staff Report, Box 4.

[8] Singapore's general government debt is covered by financial assets and is issued to deepen the domestic market, meet the Central Provident Fund's investment needs, and provide individuals with a long-term savings option.

Table A24. Emerging Market and Middle-Income Economies: Structural Fiscal Indicators

(Percent of GDP, except when indicated otherwise)

	Pension Spending Change, 2020–30[1]	Net Present Value of Pension Spending Change, 2020–50[2]	Health Care Spending Change, 2020–30[3]	Net Present Value of Health Care Spending Change, 2020–50[2]	Gross Financing Need, 2021[4]	Average Term to Maturity, 2021 (years)[5]	Debt to Average Maturity, 2021	Projected Interest Rate–Growth Differential, 2021–26 (percent)	Pre-Pandemic Overall Balance, 2012–19	Projected Overall Balance, 2020–26	Nonresident Holding of General Government Debt, 2020 (percent of total)[6]
Average	1.8	74.3	0.5	20.1	13.1	7.0	9.9	–4.6	–3.3	–6.5	14.9
G20 Emerging	2.0	82.2	0.5	20.4	12.5	7.0	9.5	–4.7	–3.6	–7.1	10.9
Algeria	2.9	117.6	0.6	27.0	. . .	. . .	. . .	–6.0	–7.1	–11.8	11.5
Angola	0.1	2.2	0.1	3.6	. . .	10.3	12.4	–6.9	–1.6	1.1	. . .
Argentina	0.7	39.1	0.3	11.6	11.1	10.6	9.7	–19.0	–5.0	–4.0	42.1
Belarus	4.5	120.4	0.5	17.9	. . .	5.2	9.2	–2.8	–0.4	–2.0	60.8
Brazil[7]	3.8	153.0	. . .	. . .	24.2	6.3	15.7	0.7	–6.4	–8.1	. . .
Bulgaria	0.0	13.0	0.6	22.1	. . .	6.0	4.0	–3.5	–0.9	–1.7	53.9
Chile	–0.5	–6.6	0.8	32.9	4.3	10.2	3.2	–2.5	–1.6	–2.5	37.6
China	2.3	99.9	0.6	24.0	. . .	6.3	10.5	–6.1	–2.9	–8.2	3.3
Colombia	0.1	–6.7	1.0	41.8	9.8	8.2	7.6	–1.6	–2.3	–3.9	33.7
Croatia	–0.4	–32.3	0.8	30.4	10.2	4.7	18.7	–3.4	–2.4	–3.4	32.2
Dominican Republic	0.1	3.6	0.3	14.4	6.6	8.6	8.0	–3.6	–2.9	–3.2	47.3
Ecuador	0.7	29.6	0.6	26.1	7.1	5.9	11.0	–0.3	–4.5	0.0	62.0
Egypt	0.9	39.9	0.2	6.7	36.9	3.4	26.9	–2.8	–10.7	–5.7	21.3
Hungary	–0.6	4.9	0.9	32.5	17.7	3.6	22.4	–3.4	–2.3	–4.0	32.6
India	0.7	30.3	0.2	8.3	14.1	9.6	9.4	–4.5	–7.0	–9.0	4.1
Indonesia	0.2	10.2	0.2	7.3	8.2	8.6	4.3	–3.1	–2.2	–3.8	50.9
Iran	1.5	92.4	. . .	. . .	. . .	. . .	. . .	–11.0	–1.9	–8.8	. . .
Kazakhstan	1.9	53.4	0.2	9.0	. . .	7.4	3.7	–4.3	–0.1	–2.1	27.5
Kuwait	6.8	358.1	0.4	16.9	10.5	2.2	5.2	–3.6	14.3	–5.6	. . .
Lebanon	2.0	80.0	0.7	28.3	. . .	5.9	26.4	–12.9	–8.8	–9.0	. . .
Malaysia	1.7	70.1	0.3	13.0	10.2	7.7	8.8	–2.8	–2.7	–3.5	22.7
Mexico	0.5	16.0	0.4	17.5	11.7	8.0	7.5	0.8	–3.0	–3.0	28.2
Morocco	1.7	60.2	0.3	12.1	12.7	6.2	12.3	–1.5	–4.7	–5.3	23.2
Oman	0.5	25.1	0.4	18.9	. . .	8.6	9.4	1.6	–7.0	–3.5	. . .
Pakistan	0.2	11.0	0.1	2.7	35.9	2.5	35.6	–3.8	–6.6	–5.0	32.8
Peru	0.3	13.9	0.5	19.3	6.7	11.7	3.0	–2.7	–1.0	–3.4	51.9
Philippines	0.2	9.2	0.2	6.1	13.0	7.7	6.1	–4.1	–0.3	–4.5	28.1
Poland	–0.1	–1.8	0.6	24.2	9.5	4.8	12.0	–4.2	–2.4	–3.8	33.5
Qatar	1.0	50.2	0.5	20.8	. . .	9.4	7.7	–2.1	9.1	5.3	. . .
Romania	–0.6	3.8	0.6	21.9	11.4	6.5	7.7	–3.6	–2.6	–6.8	41.2
Russia	2.9	76.7	0.5	17.4	2.1	6.5	3.0	–1.0	–0.7	–0.9	22.9
Saudi Arabia	1.9	86.2	0.5	22.0	11.6	9.0	3.6	–1.5	–4.8	–3.1	34.6
South Africa	0.3	13.7	0.5	19.8	22.3	12.7	6.1	1.5	–4.4	–8.3	27.8
Sri Lanka	0.7	26.0	0.2	9.3	29.9	5.5	18.3	–1.9	–6.0	–9.2	39.0
Thailand	3.5	123.7	0.5	17.8	11.6	7.1	7.0	–2.1	–0.2	–2.3	12.3
Turkey[8]	0.4	36.2	0.6	26.2	11.3	5.1	6.8	–4.8	–2.5	–5.9	37.9
Ukraine	0.6	34.8	0.4	17.3	20.4	8.3	7.3	–2.9	–2.9	–3.5	48.8
United Arab Emirates	0.8	41.3	0.4	17.4	. . .	. . .	. . .	–2.4	1.7	–1.7	. . .
Uruguay[9]	–0.2	4.9	0.8	31.4	7.0	12.4	5.3	–2.7	–2.3	–3.1	52.5
Venezuela	. . .	. . .	. . .	. . .	. . .	. . .	. . .	. . .	–15.3	–4.7	. . .

Sources: Joint External Debt Hub, Quarterly External Debt Statistics; national authorities; and IMF staff estimates and projections.

Note: All country averages are weighted by nominal GDP converted to US dollars at average market exchange rates in the years indicated and based on data availability.

[1] Pension projections rely on authorities' estimates when these are available. For European Union (EU) countries, pension projections are based on *The 2018 Ageing Report* of the European Commission. When authorities' estimates are not available, IMF staff projections use the methodology described in Clements, Eich, and Gupta's *Equitable and Sustainable Pensions: Challenges and Experience* (IMF 2014). These pension spending projections can be different from the previous edition of the *Fiscal Monitor* because of new baseline pension numbers, as well as new labor force participation rate numbers from the International Labour Organization.

[2] For net present value calculations, a discount rate of 1 percent a year in excess of GDP growth is used for each economy.

[3] IMF staff projections for health care spending are driven by demographics and other factors. The difference between the growth of health care spending and real GDP growth that is not explained by demographics ("excess cost growth") is assumed to start at the economy-specific historical average and converge to the advanced economy historical average by 2050 (0.8 percent).

[4] "Gross financing need" is defined as the projected overall balance and maturing government debt in 2021. Data are from IMF staff projections.

[5] Average-term-to-maturity data refer to government securities; the source is Bloomberg Finance L.P.

[6] Nonresident holding of general government debt data are the third quarter of 2020 or latest available from the Joint External Debt Hub, Quarterly External Debt Statistics, which include marketable and nonmarketable debt. For some countries, tradable instruments in the Joint External Debt Hub are reported at market value. External debt in US dollars is converted to local currency, then taken as a percentage of 2020 gross general government debt.

[7] Note that the pension spending projections reported in the first and second column do not include savings from the pension reform approved in October 2019.

[8] The average-term-to-maturity data for Turkey is in accordance with the published data for central government debt securities as of July 2020.

[9] Data are for the nonfinancial public sector, which includes central government, local government, social security funds, nonfinancial public corporations, and Banco de Seguros del Estado. The coverage of fiscal data was changed from the consolidated public sector to the nonfinancial public sector with the October 2019 submission. With this narrower coverage, the central bank balances are not included in the fiscal data. Historical data were also revised accordingly.

Table A25. Low-Income Developing Countries: Structural Fiscal Indicators

(Percent of GDP, except when indicated otherwise)

	Pension Spending Change, 2020–30[1]	Net Present Value of Pension Spending Change, 2020–50[2]	Health Care Spending Change, 2020–30[3]	Net Present Value of Health Care Spending Change, 2020–50[2]	Average Term to Maturity, 2021 (years)[4]	Debt to Average Maturity, 2021	Projected Interest Rate–Growth Differential, 2021–26 (percent)	Pre-Pandemic Overall Balance, 2012–19	Projected Overall Balance, 2020–26	Nonresident Holding of General Government Debt, 2020 (percent of total)[5]
Average	0.5	22.4	0.1	5.7	4.8	14.3	–6.8	–3.5	–4.2	29.8
Afghanistan	0.0	2.4	. . .	. . .	. . .	. . .	–6.9	–0.4	–1.4	142.7
Bangladesh	0.2	13.0	0.1	3.4	4.9	7.9	–5.3	–3.8	–5.3	35.8
Benin	0.0	1.1	0.2	7.3	3.2	14.4	–2.9	–2.6	–2.9	68.0
Burkina Faso	0.1	3.1	0.2	8.6	1.3	34.5	–3.4	–3.5	–4.1	58.2
Cambodia	0.2	9.1	0.1	5.3	. . .	. . .	–6.6	–0.9	–4.4	96.4
Cameroon	0.0	2.8	0.1	3.2	5.6	7.8	–4.3	–3.8	–1.9	68.1
Chad	0.0	0.0	0.1	3.2	. . .	. . .	–4.3	–1.3	0.9	. . .
Congo, Democratic Republic of the	. . .	. . .	0.0	2.1	. . .	. . .	–7.2	0.3	–0.9	. . .
Congo, Republic of	0.2	10.5	0.1	5.1	. . .	. . .	–2.2	–4.4	2.8	. . .
Côte d'Ivoire	0.0	2.0	0.1	3.5	. . .	. . .	–3.2	–2.4	–3.8	. . .
Ethiopia	0.0	1.0	0.1	3.6	. . .	. . .	–13.4	–2.3	–2.3	. . .
Ghana	0.3	9.9	0.2	6.7	1.0	76.3	–1.5	–6.9	–10.4	. . .
Guinea	0.0	0.0	0.2	9.4	. . .	. . .	–9.5	–2.5	–2.5	. . .
Haiti	. . .	. . .	0.1	3.8	. . .	. . .	–13.9	–1.8	–2.4	. . .
Honduras	0.2	4.4	. . .	. . .	2.7	18.3	–2.2	–1.7	–2.7	. . .
Kenya	0.4	22.6	0.2	7.2	6.9	9.9	–4.2	–7.2	–5.4	48.0
Kyrgyz Republic	4.6	132.1	0.2	9.6	. . .	. . .	–6.9	–3.2	–4.0	74.0
Lao P.D.R.	0.2	7.7	0.1	3.7	. . .	. . .	–5.3	–4.4	–5.0	. . .
Madagascar	0.2	10.3	0.2	8.0	. . .	. . .	–8.3	–2.0	–4.1	55.3
Malawi	0.0	3.4	0.2	9.9	1.3	51.3	–5.2	–5.6	–8.7	. . .
Mali	–0.1	0.3	0.1	3.3	2.1	20.8	–3.3	–2.7	–4.0	. . .
Moldova	5.2	147.4	0.5	20.1	5.1	6.9	–6.0	–1.4	–3.8	48.1
Mozambique	–0.1	0.4	0.3	12.8	1.2	98.3	–10.0	–4.8	–2.0	. . .
Myanmar	0.3	11.2	. . .	. . .	. . .	. . .	–3.2	–2.8	–5.5	. . .
Nepal	0.2	15.5	0.1	4.8	. . .	. . .	–7.5	–1.3	–5.2	. . .
Nicaragua	0.8	41.6	. . .	. . .	2.3	19.9	–2.6	–1.3	–2.4	86.5
Niger	0.0	–1.1	0.1	4.4	. . .	. . .	–6.5	–3.8	–3.4	. . .
Nigeria	0.0	1.2	0.1	3.2	5.0	7.1	–7.8	–3.5	–4.9	0.0
Papua New Guinea	0.1	2.5	0.1	5.6	. . .	. . .	–1.6	–4.1	–2.8	40.5
Rwanda	0.1	2.7	0.2	8.9	3.4	18.0	–8.0	–2.8	–2.9	78.0
Senegal	0.0	2.5	0.1	3.7	11.3	5.8	–5.2	–3.7	–3.9	. . .
Sudan	0.0	1.4	0.2	7.9	. . .	. . .	–26.2	–6.3	–3.1	. . .
Tajikistan	0.5	15.6	0.2	6.8	. . .	. . .	–7.2	–2.8	–3.1	76.9
Tanzania	0.2	11.3	0.1	4.1	6.0	6.3	–3.0	–2.6	–1.7	. . .
Uganda	0.0	3.7	0.1	3.9	. . .	. . .	–3.5	–3.1	–4.2	60.9
Uzbekistan	3.4	112.2	0.3	11.8	. . .	. . .	–10.7	1.7	–2.3	. . .
Vietnam	2.0	80.0	0.2	10.0	. . .	. . .	–7.2	–3.9	–4.1	. . .
Yemen	0.2	9.0	0.1	5.0	. . .	. . .	–12.0	–6.6	–7.3	. . .
Zambia	0.1	5.4	0.2	7.3	. . .	. . .	–10.2	–7.0	–4.2	. . .
Zimbabwe	0.0	6.9	0.3	12.7	. . .	. . .	–19.0	–3.1	–0.4	. . .

Sources: Joint External Debt Hub, Quarterly External Debt Statistics; national authorities; and IMF staff estimates and projections.

Note: All country averages are weighted by nominal GDP converted to US dollars at average market exchange rates in the years indicated and based on data availability.

[1] Pension projections rely on authorities' estimates when these are available. For European Union (EU) countries, pension projections are based on *The 2018 Ageing Report* of the European Commission. When authorities' estimates are not available, IMF staff projections use the methodology described in Clements, Eich, and Gupta's *Equitable and Sustainable Pensions: Challenges and Experience* (IMF 2014). These pension spending projections can be different from the previous edition of the *Fiscal Monitor* because of new baseline pension numbers, as well as new labor force participation rate numbers from the International Labour Organization.

[2] For net present value calculations, a discount rate of 1 percent a year in excess of GDP growth is used for each economy.

[3] IMF staff projections for health care spending are driven by demographics and other factors. The difference between the growth of health care spending and real GDP growth that is not explained by demographics ("excess cost growth") is assumed to start at the economy-specific historical average and converge to the advanced economy historical average by 2050 (0.8 percent).

[4] The average-term-to-maturity data refer to government securities; the source is Bloomberg Finance L.P.

[5] Nonresident holding of general government debt data are for the third quarter of 2020 or latest available from the Joint External Debt Hub, Quarterly External Debt Statistics, which include marketable and nonmarketable debt. For some countries, tradable instruments in the Joint External Debt Hub are reported at market value. External debt in US dollars is converted to local currency, then taken as a percentage of 2020 gross general government debt.

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IMF EXECUTIVE BOARD DISCUSSION OF THE OUTLOOK, APRIL 2021

The following remarks were made by the Chair at the conclusion of the Executive Board's discussion of the Fiscal Monitor, Global Financial Stability Report, *and* World Economic Outlook *on March 25, 2021.*

Executive Directors broadly agreed with the assessment of the global economic outlook, risks, and policy priorities. They welcomed the better-than-anticipated performance in the second half of 2020, which helped to dampen the sharp drop in global growth. Directors acknowledged that the synchronized, extraordinary policy support deployed across economies has played a critical role in helping mitigate the crisis and foster the conditions for recovery. However, they agreed that the shock may have persistent effects. Medium-term output losses in emerging market and developing economies in general are likely to be larger than those in advanced economies compared to pre-pandemic projections, although emerging market economies as a whole will continue to grow faster than advanced economies. Directors noted that the crisis has also likely worsened inequalities within countries, with young people, women, and those with lower levels of education being hit harder.

Directors noted that uncertainties around the baseline projections remain large. The economic recovery depends heavily on the path of the health crisis, including the effective deployment of vaccines and treatments and the potential evolution of the virus. Other factors include the effectiveness of policy actions in forestalling economic scarring, developments in financial conditions and commodity prices, and the ability of economies to adjust to the shock. The impact of additional fiscal support and whether pent up savings built up during the pandemic translate into sharp increases in demand pose an upside risk.

Directors emphasized that accelerating vaccinations and distributing vaccines at affordable cost to all countries remains the key priority. The macroeconomic policy responses will need to be tailored by country, depending on the stage of the epidemic locally, the strength of their recovery, available policy space, and the structural characteristics of their economies. Prioritizing health spending, providing well-targeted fiscal support, and maintaining accommodative monetary policy as warranted, while monitoring financial stability risks, remain key while the pandemic continues. As the recovery progresses, policymakers would need to emphasize measures that limit scarring from the crisis, shrink inequality, and boost productive capacity (such as public investment). The transition from support measures would need to be managed carefully to avoid sudden cliffs that could derail the recovery. Particular attention to reallocation in labor markets will be important. The IMF's tailored policy advice will be crucial.

Directors stressed that until the pandemic is brought under control globally, fiscal policy must remain flexible and supportive of health systems, the worst-affected households and viable firms, and the economic recovery. The need and scope for fiscal support varies across economies, depending on the effect of the pandemic and the ability of countries to access low-cost borrowing. The targeting of measures must be enhanced and tailored to countries' administrative capacity, and fiscal transparency and governance practices should be improved.

Directors stressed the need to balance the risks from large and growing public and private debt with those from premature withdrawal of fiscal support, which could slow the recovery. Credible medium-term fiscal frameworks can help set a path for rebuilding fiscal buffers at a pace contingent on the strength of the recovery. Enhancing debt transparency and management will also be important, and some countries may require debt relief or other treatment. Directors agreed that fiscal policies should enable a green, digital, and inclusive transformation of the economy, while long-standing weaknesses in public finances should be tackled once the recovery is firmly in place. Policies should reduce gaps in access to quality public services, such as social protection, more and better health care, and education. Strengthening tax capacity, gradually expanding the base for corporate and personal income taxes and ensuring a more progressive tax system, along

with improvements in spending efficiency, can help mobilize additional resources for basic services and for the Sustainable Development Goals.

Directors agreed that decisive policy action eased financial conditions and helped contain financial stability risks. They noted, however, that the support measures may also have unintended consequences. An extended period of extremely easy financial conditions could result in stretched valuations that may worsen financial vulnerabilities and put growth at risk. A multispeed recovery between advanced and emerging market economies poses a risk that financial conditions in emerging market and developing economies may tighten markedly, especially if advanced economies move toward policy normalization and rates rise rapidly. In this context, clear guidance from advanced economy central banks, together with sound policies in emerging markets, will be important in preventing financial disruption in those economies. Some Directors also noted that emerging market economies may need to resort to policy tools considered in the Integrated Policy Framework. Directors noted that in many economies the corporate sector is overindebted and weakened, especially smaller firms.

Directors agreed that ongoing support remains necessary to complete the recovery. Most Directors noted the need to prevent financial vulnerabilities from turning into legacy issues by tightening selected macroprudential policy tools to tackle pockets of elevated vulnerabilities, while avoiding a broad tightening of financial conditions. Some Directors also emphasized the need to further develop tools targeting nonbank financial institutions.

Directors highlighted that emerging market and developing economies with market access should take advantage of easy financing conditions while they can. They agreed that corporate balance sheet repair is a priority, and they noted staff's analysis that firms facing temporary liquidity risks may need policy support while nonviable firms would need resolution. Directors observed that the ability of banks to lend will be crucial for the success of the recovery.

Directors emphasized the importance of continued international cooperation to overcome the pandemic and strengthen the recovery. In addition to ramping up production and ensuring access to vaccines worldwide, ensuring that financially constrained countries have adequate access to international liquidity will be important. Collective solutions are also essential in the areas of climate change, international tax policy, and international trade. The IMF will continue to play a critical role.

MORE FROM THE IMF ON INEQUALITY SINCE THE COVID-19 PANDEMIC

The IMF analyzes inequality trends and supports countries in designing policies to tackle inequality. The following include selected cross-country publications on inequality since the start of the COVID-19 pandemic.

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