CENTER for ECONOMIC and SOCIAL RIGHTS

Submission to the Office of the United Nations High Commissioner for Human Rights

Call for inputs on the impact of international financial institution conditionalities on human rights

Submitted by the Center for Economic and Social Rights (CESR)

I. Introduction

The Center for Economic and Social Rights (CESR) welcomes the opportunity to contribute to the Office of the High Commissioner for Human Rights (OHCHR) report on the impact of international financial institution (IFI) conditionalities on human rights.

For decades, CESR's research and advocacy have documented how economic policies promoted or supported by IFIs—including fiscal consolidation, public-sector wage restraint, cuts to social spending, subsidy removal, privatisation and regressive taxation—can undermine the enjoyment of human rights and deepen existing inequalities. Our work has particularly examined the human rights impacts of austerity and IMF programmes in countries including Argentina, Brazil, Ecuador, Egypt, Serbia, Sierra Leone and Uganda.

IFIs play a key role in the international financial system, shaping developing countries' access to financing through their recommendations and reviews, which become mandatory when they accompany financing programs. Their influence is particularly significant in low- and middle-income countries, where a large portion of the most vulnerable population resides. Over time, IFIs have expanded the number of conditions attached to their loans, particularly the IMF, which has broadened the scope of its proposals beyond its primary objective of balance-of-payments stability. As a result, the proposals of IFIs have direct and indirect impacts on the living conditions of people in indebted countries, the most vulnerable of which are women and girls. The gender-biased international financial system discriminates based on gender and other intersectional realities such as age, education level, social and income class, migration status, among others. The result is that women and girls, in their diversity, are forced out of the formal economy into the informal sector. In addition, women and girls disproportionately carry the unpaid and underpaid care responsibilities and due to time poverty, they are subjected to the feminization of poverty manifesting in gender pay, savings, wealth gaps and a disproportionate dependence on public services. However, despite various reviews that have been conducted, the IFIs refuse to adopt a vision that incorporates human rights as a regulatory framework, assuming that this is a political matter of the states. This is particularly striking, considering that they are part of the United Nations system, whose Charter is based on the full realization of human rights.

Conditionalities affect human rights realization in at least two ways. On the one hand, when they limit the fiscal space available to states to finance the policies necessary to fulfill human rights. In this regard, we can consider measures related to fiscal austerity, which include various biases that run counter to the fulfillment of rights such as education, health, and social protection. These austerity policies usually affect economic growth and, consequently, the government's own future ability to collect revenue. On the other hand, as conditionalities expand their spheres of influence, they promote reforms that directly affect certain rights—such as when IFIs promote labor or pension reforms, for example. Therefore it is not possible to try to isolate the actions of the IFIs from the international human rights framework.

The central message of this submission is that **IFI conditionalities are not simply technical or macroeconomic instruments. They are policy choices with foreseeable consequences for the enjoyment of human rights and, thus, women's rights.** Where IFIs exercise significant leverage over borrowing countries' fiscal and economic policy, that influence carries corresponding responsibilities. Human rights must therefore operate as a binding framework governing IFI lending, policy advice, surveillance and conditionality—not merely as a consideration to be addressed through limited social safeguards.

This requires a fundamental shift from an approach in which human rights impacts are treated as unintended consequences of adjustment programmes towards one in which **human rights obligations shape the design, negotiation, implementation and evaluation of those programmes from the outset**.

II. IFIs and human rights: from technical influence to responsibility

States remain the primary duty-bearers under international human rights law. However, States cannot evade their human rights obligations by acting through international organisations. This is true on two levels. On the one hand, States cannot shirk their responsibility by citing the influence of the IFIs and accepting recommendations that are detrimental to human rights. The IFIs are emphatic that their success requires countries to take ownership of policy programmes, which leaves no room for doubt as to the shared responsibility of both parties for the policies implemented within the framework of agreements.On the other hand, States that participate in IFIs have an obligation to use their influence to ensure that those institutions do not contribute to human rights violations in other countries. States have extraterritorial obligations and should therefore abstain from any conduct that undermines another State's capacity to fulfill their own obligations; and must undertake assessments of the extraterritorial effects of their laws, policies and practices.

This includes preventing loan conditionalities and debt-servicing requirements from undermining borrowing States' capacity to comply with their human rights obligations. This was stressed during the pandemic by the Human Rights Council (A/HRC/56/40; A/HRC/45/28) and the Committee on Economic, Social and Cultural Rights (E/C.12/2020/1) as part of the duties carried out by the obligation to cooperate to create the conditions of stability and well-being, (arts. 57 and 63, United Nations Charter).

CESR's 2026 explainer *Holding International Financial Institutions to Account Using Human Rights* highlights two complementary dimensions of responsibility: the obligations of States acting as members of IFIs and the responsibilities of IFIs themselves (A/HRC/20/23). It argues that IFIs should refrain from formulating, funding or implementing programmes that contravene or result in retrogression in the enjoyment of human rights (E/C.12/2016/1). It further identifies human rights due diligence and human rights and gender impact assessments as essential components of responsible IFI decision-making. This was emphasized by the Human Rights Council's Guiding principles on human rights impact assessments of economic reforms (A/HRC/40/57).

This approach is consistent with the growing body of UN human rights guidance. The Committee on Economic, Social and Cultural Rights has repeatedly stressed that States must use their leverage within IFIs to ensure that loan conditionalities do not result in unjustified retrogressive measures, violations of Covenant obligations or disproportionate impacts on disadvantaged groups. It has also called for human rights impact assessments before loans are provided. Recently, the Human Rights Council adopted a resolution explicitly linking progressive taxation, international cooperation and the realization of ESCR (Center for Economic and Social Rights, 2025). Equally, the current draft of the UN Convention on International Tax Cooperation contains the alignment to international human rights law in its principles (FAQ on Human Rights and UNTC). On a regional level, the Inter-American Commission on Human Rights (IACHR) adopted Resolution 2/26 on Fiscal Policies and Human Rights in the Americas, pointing out specifically, the issue of debt.

Together, these developments establish an increasingly clear principle: **economic policy is subject to human rights law, and fiscal policy must be designed and assessed according to its implications for rights realization.** In terms of guiding principles, it is a shared responsibility of creditors and debtors to ensure the primacy of human rights, without distinction of any kind, aiming for the progressive realization of ESCR and avoiding retrogressive measures.

The forthcoming OHCHR report provides an important opportunity to consolidate these standards and clarify their implications for IFI practice.

III. Austerity and fiscal consolidation: the human rights costs of conditionality

Fiscal consolidation can be legitimate where genuinely necessary to restore sustainable public finances. However, **fiscal consolidation is not synonymous with austerity, and the pursuit of fiscal targets cannot override human rights obligations.**

The *Principles for Human Rights in Fiscal Policy* establish that fiscal policy is itself governed by human rights standards. Budgets and tax systems determine the resources available for the fulfilment of rights and distribute the costs of economic adjustment across society. Human rights principles—including equality and non-discrimination, participation, transparency, accountability and the obligation to mobilise maximum available resources—must therefore guide fiscal choices.

CESR's longstanding work on austerity demonstrates why this matters. Across countries, fiscal adjustment has frequently relied on expenditure cuts, reductions in public-sector employment and wages, regressive taxation and restructuring of social protection. These measures can reduce access to health, education, housing, food and social security while shifting the costs of adjustment onto households and communities. The burdens are particularly severe for people already experiencing structural discrimination.

The gendered effects are especially significant. Cuts to public services and social protection frequently result in an expansion of unpaid care work, which disproportionately falls on women. At the same time, women are overrepresented in many public-sector and care-sector occupations and can therefore experience disproportionate employment and income losses. CESR's recent work on IFIs documents these intersecting impacts, including increased unpaid care burdens, loss of employment in feminized sectors and reduced access to health and education.

IFI conditionalities can amplify these effects because borrowing governments may have little fiscal or political space to reject prescribed measures. The formal distinction between a policy being "chosen" by a government and being "required" by a lending programme therefore cannot obscure the power asymmetries underpinning conditionality.

IV. Conditionalities after pandemic. The global outlook for post-2020 adjustment

During 2020, the IMF, the World Bank and the G20 approved a series of initiatives to tackle the global crisis triggered by the pandemic. However, these measures proved to be limited and, in practice, were quickly overshadowed by the usual biases inherent in the conditionality imposed by international financial institutions (IFIs), with severe regressive impacts on human rights — particularly economic, social, cultural and environmental rights (ESCR).

Emergency responses were inadequate and poorly distributed. The Debt Service Suspension Initiative (DSSI), aimed at low-income countries, suffered from serious coordination problems: it did not involve private creditors or credit rating agencies, and of the 73 eligible countries, only

48 participated, contributing a mere 12.9 billion dollars. The IMF itself acknowledged that, by 2022–2023, 41 of those 48 countries were already in difficulty or at high risk of over-indebtedness, highlighting the initiative's failure to reduce their exposure to risk. The Common Framework, designed to coordinate sovereign debt arrangements, had an even more limited scope: only four countries applied for it (Chad, Ethiopia, Ghana and Zambia) and just three completed the process, which was characterised by extremely slow negotiations between creditors. None of these mechanisms covered middle-income countries, despite the fact that several of them – such as Argentina and Pakistan – were also experiencing debt crises .

Emergency financing facilities were also activated, such as the Rapid Credit Facility (SCR) and the Rapid Financing Instrument (IFR). The most significant measure was probably the issuance of Special Drawing Rights (SDRs) in August 2021, amounting to a record $650 billion, intended to inject liquidity without any conditions attached. Even so, the distribution of these funds reflected the system's asymmetries: 63 per cent of the funds went to 40 developed countries, whilst 150 developing countries received just the remaining 37 per cent, and some of them had to use those resources to repay creditors rather than for social recovery.

Debt remained as a structural constraint. In 2020, at the height of the pandemic crisis, 108 out of 116 developing economies saw their public debt increase by some $1.9 trillion. That same year, repayments to external creditors absorbed $194 billion, exceeding the budgetary expenditure on health in 62 countries and on education in 36. Despite the rhetoric of social support, 84 per cent of the loans granted by the IMF in 2020 included conditionalities that required or promoted fiscal austerity. By 2022, 87 per cent of new agreements included the same kind of conditionalities, including the case of Kenya, where the IMF loan included a three-year public sector pay freeze and increased taxes on cooking gas and food while more than 3 million Kenyans are facing acute hunger because of a devastating drought.

This contractionary bias was not reversed during the recovery phase, but rather became entrenched: between 2021 and 2023, at least 80 countries committed to the IMF to implement severe austerity measures, with an average adjustment of 3.8 per cent of GDP. By 2021, around 85 per cent of the world's population — some 6.6 billion people — were living under conditions of fiscal austerity, a trend that was projected to continue until at least 2025. In Latin America and the Caribbean, all 24 agreements signed with the IMF between April 2020 and May 2022 included conditionalities based on adjustment programmes.

The 2023 Human Rights Watch report, which analysed 39 IMF loans approved between March 2020 and March 2023 in 38 countries (1.1 billion people), concluded that the vast majority of these loans were conditional on austerity policies — cuts to public spending or increases in regressive taxes — which were highly likely to undermine rights. The case of Jordan illustrates this pattern: a succession of IMF programmes imposed radical economic reforms over the last decade, without the envisaged mitigation measures succeeding in halting the deterioration of rights. Along the same lines, ECLAC has pointed out that debt has become a structural constraint on development in Latin America and the Caribbean, in what it characterised as a 'second lost decade'.

The outlook is not encouraging: according to Oxfam, more than half of the world's poorest countries – home to 2.4 billion people – will have to cut public spending by 229,000 million dollars over the next five years, whilst low- and lower-middle-income countries will allocate nearly 500 million dollars a day to debt servicing until 2029. Argentina, Sri Lanka, Pakistan and Zambia included similar conditionalities in recent agreements with IMF, with similar devastating results.

As if that were not enough, during the pandemic the IMF continued to charge a dozen countries so-called surcharges – an extra cost that has been criticised by civil society organisations and academics as pro-cyclical, ineffective and unfair. As countries face a critical threat to fulfill their commitments to human rights, IMF charges an extra cost because of their financial needs.

V. Impacts on ESCR

Right to health

The health emergency caused by the pandemic did not halt the IMF's demands for fiscal consolidation. Whilst during the initial containment phase (2020) the organisation tolerated certain temporary increases in healthcare spending, it quickly pressed for the removal of emergency subsidies and a premature return to the path of austerity.

This shift took place against an already weakened backdrop: pre-pandemic austerity policies had substantially reduced health budgets in many developing countries – in Ecuador, for example, the health budget fell by as much as 65 per cent – leaving public health systems underfunded and short of critical staff when faced with COVID-19. During the post-2020 recovery phase, the IMF made new emergency loans conditional on commitments to prematurely remove wage subsidies and return to fiscal consolidation, which prevented the recruitment of essential medical staff despite growing demand.

The logic of prioritising debt over health was evident on a global scale: in 2020, 62 developing countries allocated more public resources to servicing their external debt than to their health budgets, and by 2022 at least 48 low- and middle-income governments remained in the same situation. Funding from foreign governments and organisations such as the World Bank accounted for more than 20 per cent of health expenditure in 49 countries that year, and was the main source of funding in 16 of them — a dependency that left these health systems particularly vulnerable when, in 2025, foreign aid was abruptly cut, including the US suspension of funding for global health. Added to this was a less visible but equally regressive effect: the rapid procurement strategies for healthcare supplies implemented by the World Bank in 2020 ended up prioritising funding for private healthcare providers, diverting medical staff who were indispensable to the already weakened public system. The impact, women and girls increased care burden; feminization of poverty as women in the public sector lose their jobs.

The IMF itself now acknowledges that public spending on health in low- and middle-income countries has stagnated at below 2 per cent of GDP — barely half of what those countries spend on education — and that, following the surge seen during the pandemic, many governments have cut it back to pre-pandemic levels.

Two country cases starkly illustrate these patterns:

- *Ecuador*: the IMF maintained its fiscal consolidation reforms throughout the health crisis, demanding an adjustment equivalent to 6 per cent of GDP by 2023. This drastically limited the health budget and contributed to the collapse of the public health system due to mass layoffs in a gender-biased sector. In 2021, the CEDAW Committee determined that these consolidation measures had regressive and disproportionate impacts on women in the country.
- *Argentina*: under the current programme and the policy of over-fulfilling austerity targets introduced in late 2023, the budget of the Directorate for Response to HIV, STIs, Viral Hepatitis and Tuberculosis was cut by 76 per cent in 2024, restricting access to essential medicines for people with serious illnesses. The healthcare cuts included cuts in reproductive health services.

The right to education

Public education suffered significant setbacks due to fiscal constraints imposed by the burden of sovereign debt and the conditionality imposed by IFIs during the post-pandemic recovery phase.

As early as 2020, 36 countries allocated more resources to servicing their debt than to their entire education budget. The pro-cyclical nature of spending in Latin America and the Caribbean exacerbated the problem: the fall in regional GDP that year led to an average 9 per cent decline in public investment in education.

The caps on wage expenditure imposed as a condition had a direct impact on the teaching workforce. A 2024 study by ActionAid, Public Services International and Education International found that the IMF's recommendations to cut public spending in the Global South eliminated nearly 10,000 million dollars from public sector wage budgets in fifteen countries (Bangladesh, Brazil, Ghana, Kenya, Liberia, Malawi, Nepal, Nigeria, Senegal, Sierra Leone, Tanzania, Uganda, Vietnam, Zambia and Zimbabwe), equivalent to the loss of more than three million essential jobs — teachers, nurses and doctors.

The burden of debt on education is particularly acute in Latin America: according to the Latin American Campaign for the Right to Education, repayments on the region's external debt account for 70 per cent of education spending, and 41 per cent of the countries in the region do not even meet the 4 per cent of GDP threshold for education recommended by UNESCO. The Education Financing Observatory — a joint initiative of the World Bank, UNESCO and the UNESCO Institute for Statistics — documented that the COVID-19 crisis led to cuts in public spending on education in two-thirds of low- and lower-middle-income countries during the year following the start of the pandemic, a pattern that continues to underpin current austerity programmes.

Two recent country case studies illustrate the scale of the setback:

- *Costa Rica*: following the agreement signed with the IMF in 2021 to mitigate the effects of the pandemic, the strict application of the fiscal rule led to a systematic collapse in spending on education, which fell from 7.4 per cent of GDP in 2018 to 5.3 per cent in 2024 — well below the minimum of 8 per cent guaranteed by the Costa Rican Constitution — triggering mass protests by trade unions and students.
- *Argentina*: the 2024 fiscal consolidation plan, aimed at achieving the primary surplus demanded by creditors and IFIs, cut more than a quarter (25 per cent) of the national budget for education, science and technology, hitting funding for public universities and teachers' salaries particularly hard.

Labour rights

In the period following 2020, labour market flexibility reforms recommended by the IMF were implemented in countries such as Brazil, Ecuador, Peru, Costa Rica and the Dominican Republic, making it easier to make staff redundant, capping the minimum wage and promoting forms of temporary or atypical employment. Empirical evidence shows that cumulative participation in IMF programmes has detrimental effects on both formally recognised labour rights and their effective enforcement, weakening collective bargaining and reducing unionisation. These negative impacts tend to be mitigated only in countries with proportional representation systems or strongly progressive governments.

The conditionalities also had a direct impact on public sector employment. Costa Rica's 2021 agreement with the IMF imposed strict caps on the recruitment of public sector staff and froze their wages. In Argentina, the current conditionality and the 2024 adjustment plan resulted in a wage freeze and mass redundancies in the public sector.

The impact on employment also had a strong gender bias: lockdown measures during the pandemic meant that women in Latin America suffered the greatest losses of formal employment in the region, setting their labour force participation rate back by 18 years. Upon re-entering the labour market without the support of public care networks — which had been weakened by austerity measures — many were forced to accept highly precarious jobs in the informal sector.

Right to housing

The right to decent housing and access to essential services such as energy were severely affected in the period following 2020, as a combined result of the contraction in social investment and the growing commodification of public goods.

For example, in Costa Rica, the implementation of the fiscal rule under the 2021 agreement with the IMF led to a critical housing deficit, with a 28 per cent fall in the provision of family housing grants between 2021 and 2023. The result was the exclusion of lower-income families, whilst the high-end private property sector continued to operate without restrictions.

Also, IMF has consistently advocated for the elimination or reduction of energy subsidies, considering them fiscally costly and distortive — a recommendation implemented in Argentina and other countries in the region. When these subsidies are reduced without sufficient compensation, the cost of domestic energy (heating, electricity, gas) is passed directly on to the cost of maintaining a home, hitting low-income households particularly hard and fuelling a growing phenomenon of energy poverty.

The right to social protection

The transition from the exceptional measures taken during the pandemic to the IFIs' 'recovery' phase was characterised by an insistence on strictly targeted programmes aimed at cutting overall expenditure, in direct conflict with the paradigm of universal social protection floors.

At least 80 countries committed to the IMF to implement severe budget cuts between 2021 and 2023, averaging 3.8 per cent of GDP. By 2023, approximately 85 per cent of the world's population was living under some form of fiscal austerity measure, a trend projected to continue at least until 2025.

The case of Argentina is, perhaps, the best documented of recent times: during the first months of 2024, under the current programme with the IMF, social benefits fell by 22.7 per cent in real terms). During the first year of the government that took office in 2023, a third of the total reduction in public spending was achieved through real cuts to the pensions of older people. As a result, pensioners' real income fell by 29.2 per cent (year-on-year, in real terms). Social protection programmes fell by 40.3 per cent (year-on-year, in real terms), including family allowances, which fell by 4.2 per cent (year-on-year, in real terms). At the same time, early childhood support programmes were suspended and the Emergency Family Income scheme was abolished. In the 2025 agreement, the IMF's own staff called for deeper cuts to pensions, subsidies and transfers to the provinces to sustain the 'zero deficit' target, whilst warning – in a tension that recurs across several programmes – that the adjustment should not 'fall disproportionately' on poor and working families.

The case of Suriname illustrates the extreme consequences of this logic: following the restructuring of its external debt in 2023 and the signing of an Extended Fund Facility agreement with the IMF, interest payments on the debt came to exceed the state's combined social spending — including child support, the old-age fund, support for people with disabilities and programmes for vulnerable households —, and in 2024 those same interest payments exceeded the combined investment in health, education and social programmes.

Added to this is an underlying trend common to all these cases: the IMF consistently insisted on replacing universal food and energy subsidies with minimal and temporary conditional cash transfer schemes. Between 2020 and 2022, the conditionalities attached to its loans in 80 countries included specific directives to eliminate or reduce subsidies for food, electricity, gas and fuel, shifting onto women and poor families the cost and the additional time required to sustain household livelihoods. The IMF assesses social protection spending through the prism of 'macro-prudentiality', prioritising fiscal sustainability over universal coverage and applying strict targeting as soon as the most acute phase of the pandemic had passed. The regional outcome spoke volumes: poverty in Latin America rose to 33 per cent in 2020, and moderate or severe food insecurity affected 34.6 per cent of the population in 2021.

Gendered impacts

The IMF's so-called 'gender shift' — evident in its publications on equity since 2013 — has been criticised as a form of discursive co-optation (pinkwashing). The organisation promotes the integration of women into the labour market primarily as a means of boosting GDP and productivity, without guaranteeing their labour rights or providing the state with the necessary fiscal space to fund public care infrastructure. The contradiction is structural: the very fiscal agreements that the IMF negotiates end up preventing the funding of the gender goals that the organisation claims to promote. During the pandemic, men received twice as much recovery funding as women.

This disconnect between rhetoric and practice is also reflected in the design of the programmes: only four borrowing countries — Costa Rica, The Gambia, Jordan and Moldova — incorporated substantive gender considerations into their IMF loans, according to an analysis by Oxfam.

The disproportionate impact of austerity on women operates in at least two ways. On the one hand, women make up the majority of public-sector workers in health and education, meaning that wage freezes directly affect their incomes. On the other hand, cuts to public provision of healthcare, education and childcare shift this burden onto domestic and unpaid care work, which falls on women, exacerbating their 'time poverty' and limiting their employment opportunities. In Ecuador, the CEDAW Committee noted in 2021 that fiscal austerity had disproportionate effects on women in all spheres of life.

Environmental and climate impacts

The need to generate foreign exchange to service external debt drives countries on the periphery to overexploit their natural resources. By promoting specialisation in static comparative advantages, the IMF and the World Bank encourage the expansion of intensive export-oriented agriculture, large-scale mining and extractivism, thereby deepening environmental degradation and accelerating climate change.

This dynamic also coexists with persistent support for fossil fuels: despite its climate rhetoric, the IMF's advice supported or encouraged the expansion of fossil fuel infrastructure in more than half of its 105 member countries analysed between December 2015 and March 2021.

Finally, the burden of debt acts as a direct barrier to climate action: onerous financial obligations deprive vulnerable states of the fiscal space needed to invest in adaptation, mitigation and remediation in the face of the climate emergency. A 2024 study estimated that 47 out of 66 developing countries would default if they attempted to make the climate investments necessary to meet the 2030 Agenda targets, given the rigidity of their current debt servicing obligations.

Civil and political rights

Loan agreements with the IMF are typically negotiated secretly, quickly, and behind closed doors, excluding public debate and circumventing the rules governing the formation of state policy. This might be a violation of citizen participation and transparency. The reforms outlined in IMF programs must be subject to public scrutiny through available channels of participation. This can go as far as a direct violation of specific national regulations, as occurred with the 2018 stand-by agreement with Argentina, which was entered into without an enabling law, a formal administrative act, a case file, or legal or technical opinions—a direct violation of the rights to citizen participation and access to public information enshrined even in the American Convention on Human Rights. In that case, moreover, the IMF ignored warnings issued by civil society organizations regarding this matter, as well as legal proceedings within the country itself, and rolled over the debt burden into new agreements (such as the one signed in 2022).

Furthermore, several countries under IMF program oversight have shown an alarming trend toward the erosion of democracy. In Argentina, the IMF-backed national government periodically cracks down on retirees and journalists, restricting press freedom. In Ecuador, protests over rising fuel prices have been harshly suppressed, resulting in hundreds of injuries and at least one death. Egypt systematically employs highly repressive policies against protests over problems with access to food and energy. These are just three prominent cases of governments aligned with the IMF's policy recommendations; despite having information about the protests, the IMF maintains its support.

IV. The IMF: social spending floors do not substitute for rights-based conditionality

The World Bank celebrates the access to social protection gained by 4.7 billion people across low- and middle-income countries over the past decades. Still, two billion people in those same countries remain uncovered or inadequately covered by social protection, a gap that reaches up to 75% of the population in low income countries. To close this gap would take decades. But instead of broadening its view, the World Bank insists on a strategy of focusing on the poorer among the poorer, leaving behind those who exceed a minimum threshold of deprivation.

This approach focuses on minimizing social spending only for the most vulnerable groups, leaving the rest of the population to fend for themselves. And while there have been measurable achievements in reducing extreme poverty, studies show a situation of growing inequality that affects society as a whole. In other words, the limited improvements in extreme poverty occur at the same time that the wealthiest sectors are increasing their wealth. Under a narrative that emphasizes the efficiency of social spending, aspects of the tax system that favor the wealthiest are overlooked, thereby underfunding the government, which is thus unable to assist groups that, while having specific needs, are not in the most extreme situations. Countries receive credit from the World Bank to support poverty reduction at the same time that promote deregulation and openness policies. Every person above the low threshold of extreme poverty is left to its own in the market. The IMF sustains an similar view on the matter, supporting the idea of social spending floors as the tantamount of social protection.

In this sense, IFIs fail to recognize social protection as a human right. They do not embrace the critical role of universal social protection as a prerequisite for achieving the SDG, as other UN agencies -such as ILO- argue. Moreover, social spending floors cannot work in the context of broader austerity measures, that cut wages and the provision of public services. Those floors lack of a clear operative definition, and even so, they are often not followed. A recent report - supported by CESR- analyzing official 29 IMF documents on 11 countries, finds that IMF may have changed its language, but not its recipe: behind the rhetoric of social protection, austerity is still the default.

CESR's engagement with the IMF over many years has documented the gap between the Fund's increasingly explicit concern with inequality and the continued reliance of its programmes on rapid fiscal consolidation. CESR's work on Ecuador, for example, highlighted how IMF-backed fuel subsidy reforms and public-sector wage measures contributed to widespread social hardship and triggered protests, while the Fund had not adequately assessed the human rights implications of its programme.

CESR's analysis has similarly examined the effects of IMF-supported austerity in Brazil, Egypt, Argentina and other countries. These experiences demonstrate that the problem is not simply the absence of compensatory measures but the underlying design of adjustment programmes.

The introduction of social spending floors does not adequately resolve this problem. CESR's 2026 analysis notes that the IMF's social spending strategy treats social expenditure as secondary to fiscal consolidation and that social spending floors can be non-binding and subject to waiver. The IMF not only separates social protection from the broader issue of public spending cuts—as if the two were unrelated—but also overlooks its link to tax revenue. In this way, the IMF avoids taking a stance on the need for policies based on tax justice, focusing in an ever shrinking fiscal space.

A rights-based approach requires something more fundamental. Social spending should not merely be protected to the extent compatible with predetermined fiscal targets. Rather, fiscal targets and adjustment paths must themselves be designed so that States retain the fiscal space necessary to meet minimum essential levels of rights and progressively realise economic, social and cultural rights.

The experience of Sierra Leone is illustrative. CESR's recent research documents how IMF wage ceilings constrained the country's capacity to remunerate frontline health and education workers. Subsequent fiscal and monetary tightening associated with IMF-supported adjustment contributed to declining public investment and adverse impacts on rights, particularly for women and gender-diverse people.

These experiences demonstrate why a narrow focus on mitigating the effects of adjustment is insufficient. **The human rights question must be integrated into the macroeconomic framework itself.**

V. Human rights impact assessments must be mandatory, independent and participatory

A core recommendation is that IFIs should be required to conduct **ex ante, independent and participatory human rights impact assessments (HRIAs)** of proposed loans, conditionalities, debt-management strategies and major policy advice.

The UN Guiding Principles on Human Rights Impact Assessments of Economic Reforms already provide an important foundation for such an approach. CESR's work has further developed practical methodologies for assessing austerity's impacts, demonstrating how HRIAs can identify foreseeable effects on different rights-holders and assess whether alternative policy options would produce less harmful outcomes.

Such assessments should:

1. assess impacts on all relevant human rights, including economic, social, cultural and environmental rights;
2. analyse distributional impacts, including by gender, income, race, ethnicity, disability, age and other grounds of discrimination;
3. assess impacts on minimum essential levels of rights and on existing inequalities;
4. consider both immediate and cumulative impacts;
5. examine alternative fiscal and economic policy scenarios;
6. assess whether less harmful alternatives have been adequately considered;
7. be undertaken before loan approval and conditionalities are finalised;
8. involve meaningful participation by affected communities and civil society; and
9. include monitoring after implementation, with mechanisms to revise policies where adverse impacts materialise.

Impact assessments must not become procedural exercises undertaken after key decisions have already been made. They must have the capacity to alter programme design and conditionalities.

VI. Fiscal adjustment must respect human rights and consider alternatives

Where fiscal consolidation is considered necessary, States and IFIs should demonstrate that measures are **necessary, proportionate, temporary where appropriate, non-discriminatory and compatible with minimum essential levels of rights protection**.

They should also demonstrate that alternatives have been considered. This is particularly important because austerity is often presented as though it were the only credible response to fiscal deficits or debt distress.

CESR's work on fiscal policy demonstrates the breadth of alternatives available, including progressive taxation, improved tax compliance, wealth taxation, tackling illicit financial flows, debt restructuring and other measures to expand fiscal space. Fiscal policy should be understood not merely as a mechanism for reducing expenditure but as a means of mobilising and allocating resources for the fulfilment of human rights.

The obligation to mobilise maximum available resources means that governments and IFIs should examine revenue-side measures before imposing cuts that undermine essential public services. Debt sustainability assessments should likewise incorporate the resources required for States to meet their human rights obligations rather than treating debt servicing as an overriding priority.

This is particularly urgent in the context of current debt crises, where debt-servicing burdens can severely constrain governments' ability to fund health, education, social protection and other essential services. Recent CESR work has emphasised the need for a paradigm shift in the relationship between public debt and human rights, placing rights fulfilment and fiscal space at the centre of debt sustainability assessments.

VII. Accountability, transparency and participation

Finally, meaningful accountability requires reforms to the governance and decision-making structures of IFIs.

Affected communities and civil society organisations should have meaningful opportunities to participate in the design and negotiation of programmes, rather than being consulted only after conditionalities have been agreed. Programme documents, debt sustainability analyses, distributional assessments and impact assessments should be publicly available in accessible formats and sufficiently in advance of decisions.

Effective grievance and remedy mechanisms are also essential. Existing IFI accountability mechanisms remain limited in scope and effectiveness. CESR's analysis notes, for example, that the World Bank Inspection Panel can provide an avenue for affected communities but that its findings are advisory and remedies remain within the Bank's discretion.

Accountability should extend beyond project-level safeguards to macroeconomic policy and conditionality themselves.

VIII. Recommendations

CESR recommends that the OHCHR report call on States and IFIs to:

1. **Recognise explicitly that IFI lending, policy advice, surveillance and conditionalities have human rights impacts and must comply with international human rights standards.**
2. **Require mandatory, independent and participatory human rights and gender impact assessments** before loans and conditionalities are approved, as well as ongoing assessments during programme implementation.
3. **Ensure that fiscal consolidation does not result in unjustified retrogression in human rights**, particularly with respect to health, education, social protection, food, housing and decent work.
4. **Require IFIs and borrowing States to demonstrate that less harmful alternatives have been considered**, including progressive revenue mobilisation, wealth taxation, combating tax abuse and illicit financial flows, debt restructuring and other measures to expand fiscal space.
5. **Move beyond social spending floors to universal protection.** Human rights obligations should shape the overall fiscal framework and adjustment path, rather than being addressed through limited compensatory measures.
6. **Ensure that conditionalities do not impose wage-bill ceilings, public-sector employment cuts, subsidy removals, privatisation or regressive tax measures that undermine States' capacity to fulfil human rights.**
7. **Integrate equality and non-discrimination into all IFI programme design**, including systematic analysis of gendered, racialised and other distributional impacts.
8. **Guarantee meaningful participation and transparency** in the negotiation, approval and monitoring of IFI-supported programmes.
9. **Strengthen independent accountability and remedy mechanisms** so that individuals and communities adversely affected by IFI policies can seek effective redress.
10. **Clarify the responsibilities of States as members of IFIs**, including their obligation to use their voting power, financial leverage and participation in IFI governance to prevent conditionalities from undermining human rights in borrowing countries.

IX. Conclusion

IFI conditionalities can have profound and lasting consequences for human rights and the rights of women and girls. The evidence accumulated through CESR's work on austerity, fiscal policy and IMF programmes demonstrates that these consequences are neither accidental nor unforeseeable.

The challenge is therefore not simply to make austerity less harmful. It is to ensure that economic governance is placed within the framework of human rights from the outset.

International financial institutions exercise considerable influence over the fiscal choices of borrowing States. That influence must be matched by accountability. Human rights and gender impact assessments, participation, transparency, equality and effective remedy should become integral requirements of IFI lending and policy-making.

The OHCHR report can make an important contribution by consolidating existing human rights standards and translating them into concrete expectations for IFIs and their member States. In doing so, it can help move the international financial system away from an approach that treats human rights as a constraint on economic policy and towards one that recognises **fiscal policy and international financial cooperation as instruments for fulfilling human rights and reducing inequality**.