

Joint Submission

to the Office of the High Commissioner for Human Rights (OHCHR)

Call for Inputs on the Impact of International Financial Institutions (IFIs) Conditionalities on Human Rights (HRC Resolution 59/19)

by

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Negotiation, design and implementation

Based on your monitoring, research or advocacy work at national or international level, please share any observations on how IFI conditionalities have been negotiated, designed or implemented in practice since 2020, including whether human rights considerations have been raised during programme design, and whether implementation has followed announced timelines and procedures.

Arab civil society monitoring, research and advocacy work indicates that the design and negotiation of borrowing programmes are significantly shaped by the governance structures and decision-making arrangements of international financial institutions (IFIs).

Voting power within major IFIs like the IMF and the World Bank is distributed based on financial contributions, which concentrates decision-making influence among wealthier creditor nations, particularly the United States and European states. This structure creates a significant democratic imbalance, leaving the borrowing nations that are most affected by these policies with a limited voice in shaping the actual reform programs.

Furthermore, human rights considerations are not consistently integrated into the core design of IFI-supported programmes, particularly in relation to macroeconomic and fiscal measures. While IFIs operate under predominantly economic and financial mandates, stronger attention to human rights and distributional consequences is needed throughout programme design and implementation. Measures such as the removal of price subsidies and their replacement with direct cash transfers are often presented as a means of improving the targeting and efficiency of social protection. However, whether such reforms deliver better and more equitable protection remains a matter of policy debate, particularly where social protection systems are weak and cash transfers may not fully compensate for rising prices. When reforms are driven primarily by fiscal consolidation requirements associated with IFI-supported programmes, without adequate public consultation, social dialogue, or assessment of their distributional and inflationary impacts, they can constrain national policy space and weaken the social contract. This in turn reflects the power dynamics and asymmetries embedded in the broader architecture through which countries resort to external borrowing and, more specifically, in the agenda of international financial institutions.

In the case of Egypt, human rights considerations have not been consistently integrated into the core architecture of IMF-supported programmes. Since 2020, Egypt has been moving through overlapping crises: the pandemic, global interest-rate hikes, food and energy price shocks, capital outflows, currency pressures, and regional geopolitical risks.

The IMF programme has diagnosed many of these macroeconomic vulnerabilities correctly. Yet the policy package remained largely built around a familiar stabilization sequence: exchange-rate flexibility, tight monetary policy, fiscal consolidation, containment of public investment, and structural reforms aimed at reducing the state's footprint in the economy. The issue is not that macroeconomic stabilization is irrelevant. Egypt clearly needed to address severe external imbalances, foreign exchange shortages, inflation, and debt vulnerabilities. The problem is that the design tends to treat stabilization as a mostly technocratic exercise, while the social and distributional effects are pushed to the side.

Likewise, in Tunisia, the experience further illustrates the limitations of IFIs-supported programs in improving long-term prospects. Following the 2011 revolution, IMF engagement aimed to support economic transition and stabilization. However, the conditions attached to IMF loans largely reproduced earlier structural adjustment approaches, emphasizing liberalization, deregulation, and fiscal austerity. These measures were implemented in a fragile political and economic context and were associated with persistent unemployment, regional inequalities, and external imbalances. Concerns have also been raised that liberalization, in the absence of adequate industrial and productive policies, weakened domestic productive capacity, contributed to persistent trade deficits, and increased dependence on external financing.

Jordan provides a further long-term example. The country has engaged with the IMF for around three and a half decades, although not continuously: its first Stand-By Arrangement was approved in 1989, and programme-based cooperation resumed in 2012 after a period without an IMF lending arrangement following 2004. Over this period, IMF-supported programmes have helped maintain relative fiscal and monetary stability, including exchange-rate stability, adequate foreign reserves and access to external financing. Yet this stability has not been matched by comparable progress in social and economic outcomes, raising the question of whether programme success can be assessed mainly through macroeconomic indicators.

Policy content and its effects on human rights

2a) Please provide documented evidence of the effects on economic, social and cultural rights of policy conditionalities, particularly those applied since 2020. This may include measures affecting public services, subsidies, taxation, pensions or social protection; monetary conditions such as interest rate policies; or trade and investment-related conditions. Please include specific examples where possible.

IFI-supported programmes can, in certain contexts, improve short-term macroeconomic stability and restore access to external financing.

From the submitting organizations' perspective, however, their broader economic and In 2022, the government announced a poverty rate of 24.1 percent, while more recent World Bank analysis estimates that around one-third of people in Jordan are vulnerable to falling into poverty when exposed to adverse economic or climate shocks. These indicators point to persistent economic insecurity despite relative macroeconomic stability, and reinforce the need to assess reforms through poverty, vulnerability, employment, wages, social protection coverage and access to quality public services. financial impacts should also be assessed against longer-term development, debt sustainability, social justice, and distributional outcomes.

For instance, in Tunisia the citizens were already facing public services that had been severely weakened by privatisation and austerity policies implemented, since the adoption of the Structural Adjustment Programme in Tunisia in 1986. Under the influence of international financial institutions, the situation has deteriorated further in essential public services. These services suffer from particularly severe shortages of human, material and logistical resources, undermining the effective enjoyment of fundamental rights such as the rights to health, education and adequate social housing. The shares of education and health expenditure in the State budget declined sharply between 2011 and 2019, from 26.6% to 17.7% for education and from 6.6% to 5% for health, well below Tunisia's commitment under the Abuja Declaration, which provides for the allocation of at least 15% of the State budget to the health sector.

Against this backdrop, the 2022 IMF programme envisaged extending this austerity trajectory, notably through a freeze on recruitment and wages in the public service.

In Egypt, IMF-supported programs especially since 2016 have contributed to macroeconomic stabilization. Measures such as currency devaluation, fiscal consolidation, and subsidy reforms helped reduce fiscal deficits and rebuild foreign reserves, while restoring investor confidence. However, these gains have come at significant social and structural costs. Policies such as energy subsidy removal and the introduction or expansion of consumption taxes have increased the cost of living and disproportionately affected low- and middle-income groups. As documented by The Case Study on Egypt in terms of VAT increases, despite basic food products being reportedly exempt from VAT, this type of regressive tax raises the costs of living and diminishes the purchasing power of the poor and middle classes, while affecting poorer households disproportionately. VAT also impacts women disproportionately. In terms of employment since recurrent expenditures such as salaries tend to receive the largest budgetary allocation, international financial institutions have traditionally supported wage caps and employment ceilings. However, in Egypt's case, despite its financial cost, state employment and income that is provided to medium or highly skilled Egyptians is crucial for safeguarding social and economic rights as well as ensuring political stability.

Jordan's labor-market and poverty indicators illustrate this gap. According to the Department of Statistics, unemployment among Jordanians stood at 21.0 percent in the second quarter of 2026, while unemployment among the total population was 16.1 percent.

2c) Where compensatory or safeguard measures, such as social spending floors or social assistance and cash transfer programmes, have been included alongside conditionalities, particularly since 2020, please share any evidence or analysis on whether they have been adequate and effective in mitigating adverse human rights impacts.

Cash transfer programmes and social protection measures can soften the impact of inflation, subsidy reforms, and currency depreciation. But they do not change the structure of the adjustment itself. In Egypt, compensatory measures have played an important role, but they have not been enough to offset the scale of the macroeconomic shock produced by the overall policy package. The adjustment has been transmitted through prices, exchange rates, interest rates, and fiscal compression. These channels affect almost everyone, including groups that may not be covered by targeted cash transfer schemes: lower-middle-income households, informal workers, small producers, indebted firms, and workers whose wages do not adjust quickly to inflation. In Tunisia the IMF programme provided for the gradual, but ultimately complete, elimination of price subsidies between 2023 and 2026, to be replaced by a system of direct cash transfers. This mechanism was intended to target the 70% of the Tunisian population with the lowest incomes, representing nearly eight million people. Such targeting would nevertheless have left a significant share of the middle classes outside the scheme, directly exposing them to rising prices without providing them with an adequate cushioning mechanism. The reform would therefore have contributed to weakening social protection by undermining one of its main pillars, namely universal price subsidies, while exposing beneficiary households to the risk of receiving cash transfers that would be insufficient compared with the protection previously provided through direct subsidies. Although the existing system was undoubtedly costly, it provided particularly broad coverage of the population. By contrast, the shift to a system based on monetary targeting carries significant risks of targeting errors and, above all, of excluding some households among the most vulnerable.

In Jordan, recent IMF-supported programmes have placed greater emphasis on social spending floors and targeted assistance. This is an important improvement, but social protection should not function mainly as a compensatory tool after macroeconomic adjustment decisions are made. Social objectives should instead be integrated into the design and pace of the macroeconomic framework itself, including in reforms affecting taxation, social security and public spending.

2d) Please describe any evidence on how debt servicing obligations have affected government resource availability for public services, social protection or other areas relevant to the enjoyment of economic, social and cultural rights, particularly since 2020.

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Debt service is one of the clearest channels through which IFIs supported adjustment affects economic and social rights. The central fiscal problem is not only the stock of debt, but the cost and maturity structure of that debt.

These are not merely accounting considerations: they shape the fiscal space available to the state and can fundamentally alter the role of the public budget. When debt service dominates public finance, the state becomes less able to expand spending on health, education, food security, social protection, and productive public investment. The government may still formally increase some allocations in nominal terms, but inflation and debt-service pressures weaken the real value of these commitments.

In the case of Egypt, Egypt's public finances are increasingly shaped by the need to refinance debt, pay high interest, and maintain investor confidence. Egypt's gross financing needs were expected to remain around 40 percent of GDP over the following three years, reflecting the government's continuous need to cover the deficit and repay debt principal and interest. Tunisia is also caught in the trap of external indebtedness and austerity. Having recorded a budget deficit unprecedented in its recent history in the wake of the COVID-19 pandemic, Tunisia has faced extremely serious fiscal challenges since 2020. Mobilizing resources in this context, particularly in foreign currency (and therefore through borrowing), has become vital. These foreign-currency resources are needed to finance imports of essential goods, particularly food and energy products, whose costs have risen sharply. As a result, the government budget allocated to price subsidies tripled in just two years, rising from an annual average of TND 4 billion between 2011 and 2020 to TND 12 billion in 2022. Similarly, debt repayments, which are also denominated in foreign currency, have reached unprecedented levels for Tunisia. External debt service thus increased from an annual average of TND 3.5 billion between 2011 and 2020 to TND 7.7 billion in 2021, TND 6 billion in 2022, and as much as TND 8.7 billion in 2023, owed in particular to international financial institutions. The constraints associated with external borrowing and its conditionalities have translated, in the Tunisian context, into extremely costly domestic borrowing, which also contributed to disruptions in the distribution chains of certain products on Tunisian markets. This episode also placed additional pressure on public finances and consequently further reduced fiscal space, firstly by limiting the capacity to finance a recovery of the national economy based on public investment following the successive exogenous shocks experienced by the country (the COVID-19 pandemic and Russia's invasion of Ukraine).

Jordan also shows how debt-related costs can constrain fiscal space. According to the Ministry of Finance, interest payments on public debt were estimated at around JOD 2.26 billion in the 2026 budget, compared with around JOD 2.18 billion in the revised estimates for 2025. In recent years, interest payments alone have represented around 5 percent of GDP and have approached the 5-6 percent range. Total debt service is considerably higher because it also includes principal repayments. This burden reduces the resources available for education, healthcare, social protection, infrastructure, productive public investment and employment-generating policies.

Civic space and participation

Please share any observations or documented evidence on whether IFI conditionality processes since 2020 have affected civic space or the broader environment in which civil society operates, including the ability of organisations and affected communities to organise, advocate and participate in public decision-making. Please indicate whether any conditions have supported or constrained government accountability to affected populations, and provide examples where available.

In March 2026 ANND joined around 125 civil society organizations regarding IMF's civil society engagement guidelines and called to improve the engagement and consultation processes. Whereas directed to IMF directly the joint letter is clear in shedding light on the limited and/or absent Information on timelines, terms of reference, background documentation, and how civil society input will inform outcomes within IFIs policy processes. Dedicated guidelines and policies need to move beyond reiterating principles and instead adopting concrete measures that close feedback loops and enable meaningful, accountable engagement in practice. Accordingly, specific recommendations were formulated

On policy process calling for

- Mandatory systematic inclusion of CSO perspectives in Article IV reports and in reviews of policy and strategy papers to ensure the feedback loop is closed and engagement is consistent with a clear paper trail;
- Publication of clear consultation timelines, terms of reference, and staff points of contact for all policy consultations.
- Allowing parallel CSO submissions that are not restricted to the official survey where consultation questions remain narrow or technocratic, so organisations can provide input beyond predefined questions and ensure important issues are not excluded.

On in-country engagement calling for

- Mandatory structured outreach to diverse CSOs 6-8 weeks before missions, supported by published stakeholder mappings and mission team contact details, agendas and supported documentation;
- Development of a simple CSO feedback tracker for each mission to record commitments made and follow up on how inputs were addressed;
- Planning of annual regional CSO dialogues clearly linked to IMF work cycles.

Actionable solutions

6a) Please identify any reforms that, in your view, would strengthen human rights safeguards, accountability mechanisms or human rights impact assessments in IFI-supported programmes, or improve the design and implementation of conditionalities. Please indicate whether such reforms would be addressed to international financial institutions, States, the UN system, or other actors

6b) In your view, could the Human Rights Council, the treaty bodies, or other UN human rights mechanisms play a stronger or more effective role in monitoring and addressing the human rights impacts of IFI conditionalities? Please indicate any specific proposals, and whether you consider these would be best advanced through existing mechanisms or through new ones.

6c) Please share examples of good practices that demonstrate how human rights considerations have been effectively integrated into conditionality processes, whether in programme design, government negotiation, civil society engagement, or accountability mechanisms, and that could inform actionable recommendations in the report.

While the IMF and the World Bank are formally linked to the United Nations as specialized agencies, they retain substantial institutional autonomy. The United Nations functions as a rights-based normative framework, while IFIs operate as technocratic bodies focused on economic governance. This separation allows states to support human rights in principle while pursuing economic policies through institutions less constrained by those same obligations. Ultimately, the relationship between IFI-supported reforms and human rights highlights the need to reconcile macroeconomic and financial objectives with economic and social rights. Integrating social and human-rights considerations into fiscal reforms can strengthen the legitimacy, sustainability, and effectiveness of adjustment policies, particularly where reforms have significant distributional consequences. Measures aimed at reducing fiscal deficits—such as subsidy removal or public sector downsizing—can disproportionately affect vulnerable populations, potentially leading to social unrest and political instability. Ironically, such instability may undermine the very macroeconomic stability these reforms seek to achieve, thereby exposing the limitations of purely technocratic approaches. At the same time, the issue of conditionality raises deeper questions concerning state sovereignty and the right to self-determination. Programme conditions can constrain the policy space available to borrowing countries, particularly when reform priorities are insufficiently adapted to national circumstances and development strategies.

In this respect:

- A holistic and comprehensive human rights monitoring is critical to ensure that different mechanisms launched for the promotion and protection of human rights complement each other and ensure an accountability system.
- Furthermore, the IMF and other IFIs should conduct ex ante distributional and human rights impact assessments for major macroeconomic conditionalities, not only for social sector reforms. This should include exchange-rate liberalization, monetary tightening, subsidy reform, VAT changes, public investment cuts, and primary surplus targets.
- IFIs should avoid treating social protection as a small “social appendix” to an otherwise fixed macroeconomic programme. In high-inflation, high-debt contexts, social protection has to be part of the macroeconomic framework itself. It should shape the pace of adjustment, the size of primary surplus targets, the design of tax measures, the timing of energy price increases, and the assessment of monetary tightening.
- IMF programme documents should include a fiscal-space assessment that goes beyond the primary balance. Any serious assessment of social sustainability should examine the budget after interest payments, not before them.
- social protection floors should be indexed to inflation and linked to poverty data. They should not be treated as discretionary compensation after reforms are implemented. In countries where recent poverty data is not publicly available, publication of household income and expenditure data should be a programme priority.

Key references

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