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STRUCTURAL DEPTH IN REFORMS INDUCED BY IMF PROGRAMS: INSIGHTS FROM THE FUND'S MAJOR DEBTORS

Abstract

This paper investigates the evolution of IMF structural conditionality, with a specific focus on non-core policy areas, across the Fund's top debtors from 1984 to 2023. The author builds on the concept of structural depth as defined by the IMF's Independent Evaluation Office (IEO), categorizing it into high, medium, and low levels, guided by legal-economic perspectives. Analysing 1,233 conditions, she reveals nuanced patterns. The biggest borrowers often faced more policy prescriptions with significant share of non-core areas, while conditionality depth varies across countries and periods. Argentina's unique case exhibits fewer and shallower conditions, despite significant challenges. Greece and Ukraine stand out with deep programs, attributed to the European influence. Recent agreements blend Washington Consensus-inspired and non-conventional measures, including social buffers and transparency. These developments, while positive, raise questions about their ability to transform borrowers into more resilient welfare states.

KEYWORDS

structural conditionality, structural depth, IMF, major debtors

SŁOWA KLUCZOWE

warunkowość strukturalna, głębokość strukturalna, MFW, główni dłużnicy

I. INTRODUCTION

Structural conditionality, involving reforms requested by the International Monetary Fund (IMF or Fund) in return for its financial assistance, has a controversial history and has carried stigma for the institution. In response to mounting criticism, the Fund initiated an internal reform process in the early 2000s aimed at streamlining this practice. While scholars have extensively analysed the effects of IMF-prescribed reforms using methods such as counting the total number of conditions and categorizing them by policy area, these approaches do not fully capture the complexity and potential intrusiveness of these measures into borrowers' legal systems.

This paper introduces the concept of structural depth, building upon the initial definition by the IMF's Independent Evaluation Office (IEO)¹ and adopting a legal-economic perspective. I categorize condition depth into three levels: high (involving legislative and systemic changes), medium (encompassing regulatory, administrative, and operational shifts), and low (including initial steps and information sharing). The analysis covers 1,233 conditions assessing changes and continuities among the largest debtors since 1984 to the present day. This group has not yet been systematically studied in the literature. I argue that conditionality and its depth within this group are distinctive, given the significant financial and reputational risks associated with the IMF's dual role as a lender and supervisor of structural adjustments.

The paper is structured as follows: section II below briefly explains the definition and historical evolution of IMF structural conditionality. Section III outlines the rationale for the case studies. Section IV details the methods and how I classify and refine the definition of structural depth. Section V presents the results, and finally, in section VI, I draw the conclusions.

¹ IEO, *Structural Conditionality in IMF-Supported Programs* (Evaluation Report, Washington 2007) 1–21.

II. IMF CONDITIONAL PROGRAMS AND STRUCTURAL ADJUSTMENT

IMF conditionality has been a focal point of extensive discussions within scholarly literature and public deliberations. In contrast to ‘softer’ activities, such as technical assistance and supervision, the Fund’s conditions serve as one of the most contentious ‘hard’ mechanisms for intervening in domestic policies.² These conditions are integral to widely used IMF lending instruments, including Standby Arrangements (SBA) and Extended Fund Facilities (EFF). They require borrowers to implement certain policies in exchange for financial support, usually amid deep crises and when access to other funding sources is limited. The execution of the prescribed reforms is evaluated through periodic reviews, affecting the release of funds.

The legal controversy surrounding conditionality arises because it was not initially included in the original *Articles of Agreement* (AOA). However, from the outset, the IMF’s statute has emphasized the paramount importance of addressing balance of payments (BOP) problems while safeguarding its own resources. Serving these dual objectives, the legal foundation for the Fund’s conditionality was introduced by the Executive Board and incorporated into the first amendment of the AOA in 1969, specifically in Article I(v) and Article V section 3(a). These provisions mandate the adoption of policies to assist members in resolving their BOP problems and consider them ‘adequate safeguards for the temporary use of the Fund’s general resources’.³ In contrast, Article V section 4 outlines the waiver mechanism for unfulfilled conditions. However, the AOA lacks specificity regarding the design of conditions and the policy areas under scrutiny, thereby allowing room for interpretation and debate, and leaving the door open for potential expansion. The specific prescriptions have been defined over time through the approval of formal Guidelines and Guidance Notes to the Staff by the IMF’s Executive Board. The initial objective of simply serving as collateral has evolved, in the context of free markets, to also have a presumed catalytic effect on private financial flows, effectively acting as a ‘seal of approval’ of the Fund.⁴ Technically, two types of conditions are distinguished: quantitative and structural.⁵ Quantitative conditions, including mandatory Quantitative Performance Criteria (QPC)

² Bessma Momani, ‘Limits on Streamlining Fund Conditionality: The International Monetary Fund’s Organizational Culture’ (2005) 8 *Journal of International Relations and Development* 142, 159.

³ IMF, *Articles of Agreement of the International Monetary Fund* (IMF, Washington 2020), Art V s 3(a).

⁴ Marco Committeri and others, ‘Conditionality and Design of IMF-Supported Programmes’ (2019) 235 *ECB Occasional Paper Series*, 10.

⁵ Alexandros E Kentikelenis, Thomas H Stubbs and Lawrence P King, ‘IMF Conditionality and Development Policy Space, 1985–2014’ (2016) 23(4) *Review of International Political Economy* 543, 555.

and non-binding Indicative Benchmarks (IB), are short-term prescriptions aimed at addressing imbalances. These involve measurable targets – usually in the form of ceilings or floors – on fiscal and monetary indicators, debt, credit, international reserves, and occasionally inflation, wages, and privatization profits. Apart from social spending floors, these conditions generally centre on procyclical fiscal austerity and restrictive monetary policies, placing excessive focus (and perhaps hope) on the proper functioning of the market mechanism, and entrusting the short-term crisis resolution to supposedly rational investors and market confidence.

On the other hand, structural conditions – which are the primary focus of this paper and comprise mandatory Prior Actions (PA), Structural Performance Criteria (SPC), and non-binding Structural Benchmarks (SB) – clearly specify the means and, as such, limit the borrowers’ policy space.⁶ Since their implementation involves complex and longer policy processes, they are not meant for immediate crisis resolution but to foster macroeconomic stability over the medium and long term.

While quantitative conditions had accompanied IMF loans from their inception, the late 1980s and 1990s witnessed a significant increase in structural adjustments and an expansion of policy areas under consideration, a trend often termed ‘mission creep’.⁷ The number of structural conditions surged from an average of one per year in the mid-1980s to a peak of approximately 16 measures in the late 1990s.⁸ This increase can be partly attributed to the IMF’s redefinition following the end of the Bretton Woods era and the abandonment of the gold-parity system, which left the Fund’s mandate void, alongside with the dissolution of the USSR and the pivotal role of Washington-based financial institutions in guiding post-Soviet states towards market-oriented economies. The expanding conditionality scope was influenced by the principles of the Washington Consensus (WC). Originally designed to address debt crises in Latin America in the 1980s, the WC introduced several guiding rules, including a fiscal discipline, reallocating public expenditure towards a leaner state, broadening tax bases, encouraging privatization, implementing economic deregulation, and liberalizing trade, foreign investment, prices, interest and exchange rates.

However, despite the intended goals of assisting countries in achieving stability, the application of the WC-inspired structural adjustment consistently exacerbated crises, worsened economic and social indicators, and weakened the core functions of the states.⁹ These challenges led to heightened criticism of the IMF

⁶ *ibid* 555.

⁷ Sarah Babb and Ariel Buira, ‘Mission Creep, Mission Push and Discretion in Sociological Perspective: The Case of IMF Conditionality’ (XVIII G24 Technical Group Meeting, Geneva, 8–9 March 2004).

⁸ Alexandros E Kentikelenis and Thomas Stubbs, *A Thousand Cuts: Social Protection in the Age of Austerity* (Oxford University Press 2023) 31.

⁹ Numerous studies have extensively examined the adverse effects of the IMF structural conditionality. This body of literature is broadly discussed in Kentikelenis and Stubbs (n 8) 41–73.

in the early 2000s, further aggravated by its mishandling of crises in Asia, Russia, Brazil, and Argentina.¹⁰ In response, the Fund embarked on an internal reform process and a streamlining initiative.¹¹ The reassessment of conditionality was imperative for two main reasons. Firstly, the documented adverse effects of IMF programs appeared to contradict the essence of Article I(v) AOA, which aimed for the Fund's programs to rectify BOP maladjustments 'without resorting to destructive measures of national or international prosperity'.¹² Secondly, the initiative addressed the issue of conditions expanding into areas with little or no direct relevance to resolving BOP problems, thereby falling outside the Fund's mandate. This shift in approach was formalized in 2000 through the Managing Director Interim Guidance Note, which specified that conditionality should exclusively cover structural reforms relevant to macroeconomic objectives within the Fund's core responsibilities.¹³ These principles were further detailed in the 2002 'Guidelines on Conditionality', which still represent current pillars of the institution's policy prescriptions and are grounded in five principles: ownership, parsimony, tailoring, coordination with other multilateral institutions, and clarity.¹⁴ The streamlining initiative culminated in the removal of binding SPC in 2009. Since then, the structural adjustment process has relied on PA and non-binding SB, reviewed at the IMF Staff discretion. The average number of structural conditions has decreased but remained at around 11 per year.¹⁵ However, several non-core policy areas still remain on the conditionality agenda. The IMF's rebranding also led to changes in the coverage of structural conditionality, with a shift towards less conventional measures, often referred to as the Post-Washington Consensus. This gradual extension of the paradigm, which deepened further during the 2008 Global Financial Crisis (GFC) and the recent pandemic, involved expanding structural conditionality to include strengthening safety nets, increasing targeted social assistance, improving governance, promoting gender equality, and introducing conditions to enhance resilience to climate change risks, among other measures.¹⁶ However, many scholars remain sceptical of the recent changes in structural conditionality. They perceive the increased flexibility and the inclusion of socially oriented measures as a discursive layer intended to soften the IMF's

¹⁰ Ricardo J Caballero, 'The Future of the IMF' (2003) 93(2) *American Economic Review* 31–38.

¹¹ Graham Bird, 'Reforming IMF Conditionality' (2009) 10(3) *World Economics* 81–104.

¹² IMF, *Articles of Agreement* (n 3) Article 1(v).

¹³ IMF, 'Streamlining Structural Conditionality in Fund-Supported Programs' (Interim Guidance Note, Inter-Departmental Working Group, Washington 2000).

¹⁴ IMF, 'Guidelines on Conditionality' (IMF Decision No I, Legal and Policy Development and Review Departments, Washington 2002).

¹⁵ Kentikelenis and Stubbs (n 8) 32.

¹⁶ Ali B Güven, 'Whither the Post-Washington Consensus? International Financial Institutions and Development Policy before and after the Crisis' (2018) 25(3) *Review of International Political Economy* 392–417.

image rather than a substantial alteration in its operational practices and policy guidance.¹⁷

III. COUNTRY CASE SELECTION

When studying conditions attached to loans provided to the IMF's major debtors, a key observation emerges: these significant borrowers are rarely studied as a distinct group. Research has primarily focused on global conditionality trends¹⁸ or individual country analyses, with some comparisons made.¹⁹ The Fund's IEO has explored conditions in cases of a prolonged IMF resource use, but major debtors have not been studied as a distinct group.²⁰

This research gap is significant, considering the financial risks for both debtors and the IMF. The Fund has historically directed a substantial portion of its disbursements to a limited group of countries. This concentration, which has increased over time, has implications for the IMF's reputation, given its dual role as creditor and supervisor, and for its financial exposure and risk management strategies, potentially influencing how these countries are treated.

Table 1. Evolution of top 15 IMF debtors (1984–2023)

	Top 15 debtors (1984–2023)	Share of disbursements (as % of the total)				
		1984–2023	1984–1999	2000–2009	2010–2019	2020–2023
1	Argentina	15.5	6.7	12.6	19.6	25.2
2	Brazil	7.9	7.7	23.6	0	0
3	Turkey	6.2	0.9	23.5	0	0
4	Ukraine	5.8	2.0	5.8	7.6	7.8
5	Greece	5.5	0	0	17.0	0
6	Portugal	4.6	0.1	0	14.1	0
7	Ireland	3.9	0	0	11.9	0
8	Pakistan	3.6	1.8	4.3	4.0	4.6
9	Mexico	3.4	13.0	0.7	0	0
10	Russian Federation	3.1	12.4	0	0	0

¹⁷ See André Broome, 'Back to Basics: The Great Recession and the Narrowing of IMF Policy Advice' (2015) 28(2) *Governance* 147–65; Kentikelenis and Stubbs (n 8).

¹⁸ Kentikelenis, Stubbs and King (n 5) 552–61.

¹⁹ The IEO conducts special ex-post assessments of programs that exceed normal access quotas, which applies to many major debtors. There are numerous studies focusing on the specific relationships between each major debtor and the IMF, and some comparisons; see Fernanda Nechio, 'The Greek Crisis: Argentina Revisited?' (2010) 33 *FRBSF Economic Letter*.

²⁰ IEO, *Evaluation of Prolonged Use of IMF Resources* (Evaluation Report, Washington 2002) 1–222.

11	Korea	3.0	12.0	0	0	0
12	Egypt	3.0	0.2	0	5.3	7.1
13	Romania	2.5	1.0	5.1	2.7	0
14	Indonesia	2.3	6.3	2.8	0	0
15	Hungary	1.8	1.2	6.0	0	0

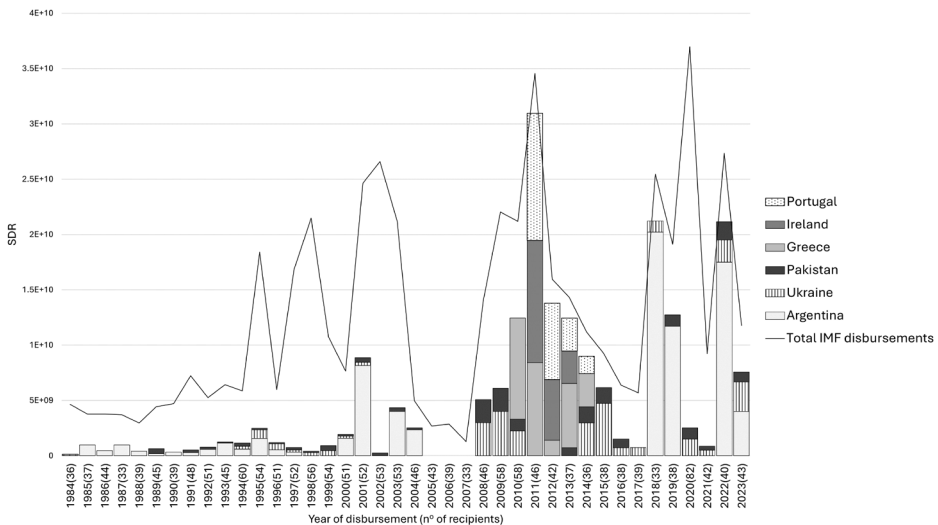
Note: The group of selected countries, chronic debtors, highlighted in grey, Eurozone debtors in light grey. Throughout the 1984–2023 period, each debtor received at least one IMF disbursement. Data presented up to July 2023.

Source: Elaborated by Agata Breczko based on IMF financial data

In the selection of borrowers (Table 1), I highlight the top 15 debtors over the extensive 1984–2023 period, based on their individual shares of total IMF disbursements during this timeframe. This analysis identifies four distinct sub-periods, each reflecting different phases in the Fund’s evolving approach to conditionality.

Among the top debtors, Argentina, Ukraine, and Pakistan have consistently maintained their prominence across all four subperiods and throughout the entire 1984–2023 period. Notably, Argentina, currently the Fund’s biggest debtor, has received 15.5%, Ukraine 5.8%, and Pakistan 3.6% of total IMF disbursements from 1984 up to the present. Despite being shaped by their unique contexts, these three cases serve as quintessential examples of traditional middle-income clients of the Fund, marked by their prolonged and often tumultuous historical interactions.

Figure 1. IMF disbursements in selected debtor countries



Source: Elaborated by Agata Breczko based on IMF financial data (up to July 2023)

The second group of interest stands out as a ‘unique anomaly’ in the Fund’s portfolio history (Figure 1). This group consists of high-income Eurozone economies, which introduced a new dimension to IMF involvement, implying close collaboration with other supranational entities (European Central Bank and European Commission) and foraying into nations with reserve currencies.

In this context, Greece, Portugal, and Ireland emerge as notable recipients of total IMF disbursements. They hold the fifth, sixth, and seventh positions, respectively, among the top debtors for the period from 1984 to 2032. What is intriguing, their influence was observed over a relatively short span of time, just five years from 2010 to 2014, limited to only four arrangements. This sharply contrasts with the prolonged engagement experienced by the first group of countries, spanning a total of 34 years and encompassing 41 conditional programs since 1984. It is noteworthy that both Argentina and Pakistan had undergone several arrangements also prior to 1984, with the Fund’s interventions often tied to controversial financing of their military dictatorships.²¹

The chosen countries provide a valuable opportunity to compare the IMF engagement and reform depth in advanced economies with middle-income major clients. This analysis explores whether the reforms in both scenarios align with the IMF trends or differ due to significant financial stakes and reputational implications.

IV. METHODS, DATA AND CODING OF STRUCTURAL DEPTH

Studies on conditionality employ various methodologies, with two prevalent approaches. One assesses conditions based on their total number, sometimes classifying them by the stringency level (binding or non-binding) or implementation status. The other approach focuses on the scope by examining the total policy areas subject to conditionality.²² When categorized into specific policy domains, measures are typically divided into core and non-core to the Fund’s expertise.²³ While these methods enable detailed analysis and modelling, they may not fully capture the complexity of each condition.

²¹ Paul Cooney, ‘Argentina’s Quarter Century Experiment with Neoliberalism: From Dictatorship to Depression’ (2007) 11 *Revista de economia contemporanea* 7–37.

²² Detailed review of these methods in the literature is presented in Kentikelenis and Stubbs (n 8) 41–73.

²³ In Kentikelenis and Stubbs (n 8) 32, core-related conditions include debt, financial and monetary policies, fiscal and revenue measures, and external sector issues. Non-core measures are associated with institutional reforms, labour and pensions, SOEs and subsidies, and poverty reduction.

For instance, in the case of conditions both related to the same category, like social security, such as ‘Parliamentary approval of pension legislation’ (2016-EFF, Ukraine) and ‘Submission to congress of draft law on pension reform’ (2000-SBA, Argentina), they would be treated indistinguishably. However, while the first requires the completion of a legislative process, the other represents only its initial stage. This distinction highlights a major limitation of previous approaches, as they often fail to adequately account for the extent to which a given condition is expected to permeate the borrower’s legal system and institutions.

To address this gap, I focus on the concept of structural depth, initially introduced and further developed by the Fund’s IEO in its special reports on conditionality.²⁴ The IEO defines depth as the degree and durability of structural change that a specific condition would bring about if implemented. However, this definition raises challenges related to manually coding conditions to accommodate the diverse characteristics of IMF borrowers. Alexandros E Kentikelenis and Thomas Stubbs argue that such general criteria applied to different institutional environments across countries can become arbitrary, potentially resulting in an unacceptable degree of subjectivity in the coding process.²⁵ To overcome these coding limitations, I provide a much more detailed and nuanced definition of the three different levels of structural depth, based on a legal-economic perspective.

While acknowledging the differences among all borrowers, it is important to note that within democratic contexts, a differentiation exists between legislation and regulation. I draw on the work of Nir Kostı, David Levi-Faur and Guy Mor to define this distinction in virtue of its source, asserting that legislation originates from legislatures (Parliament, Congress, National Assembly) as primary legislation, laws, bills, or acts, while regulation is enacted by the executive branch and/or bureaucracy as secondary or enabling legislation, decrees, among others.²⁶ In essence, the legislative process involves the formulation of overarching principles of public policy, while regulation is the instrumental implementation of these principles, often bringing legislation into effect. This straightforward differentiation forms the foundational framework for the depth classification.

The high-depth category (1) encompasses extensive systemic and legislative modifications, including the enactment and amendment of laws by parliamentary bodies. It also involves comprehensive overhauls of entire systems, such as labour or pension reforms, and enduring changes in ownership, like the privatization and sale of shares.

²⁴ IEO, *Structural Conditionality* (2007, n 1) 1–21. This methodology has also been used in the IEO’s report update and the ‘Review of Program Design and Conditionality’ updates and applied in ex-post evaluations (2015 program in Ukraine).

²⁵ Kentikelenis and Stubbs (n 8) 32.

²⁶ Nir Kostı, David Levi-Faur and Guy Mor, ‘Legislation and Regulation: Three Analytical Distinctions’ (2019) 7(3) *The Theory and Practice of Legislation* 169–78.

Conversely, the medium-depth category (2) is regulatory in nature and primarily relates to the implementation stage, involving procedural, administrative, and operational adjustments. It also includes one-off measures, such as specific targets on revenues, wages, employees, tariffs, prices, lifting restrictions, and one-year budget approval (by the Parliament).

Finally, the low-depth (3) classification covers preliminary stages of future high- and medium-depth changes. These stages involve preparation, announcement, and the submission of plans, reforms, draft laws to government bodies. It also includes transparency-enhancing measures, like sharing data and information.

To analyse the structural depth of IMF conditionality within the selected groups of countries, I have utilized the IMF Monitoring of Fund Arrangements (MONA) database and the MONA archives, which combined, contain condition data spanning from the 1990s to the present. Given that the MONA database frequently includes repeated conditions due to multiple reviews within the same programs, data cleaning has been necessary to refine the analysis. The final dataset comprises 1,233 structural conditions across a total of 36 programs. Within this dataset, 239 measures pertain to the Eurozone countries' group, while the remaining 994 are associated with the chronic debtors' group.

V. RESULTS

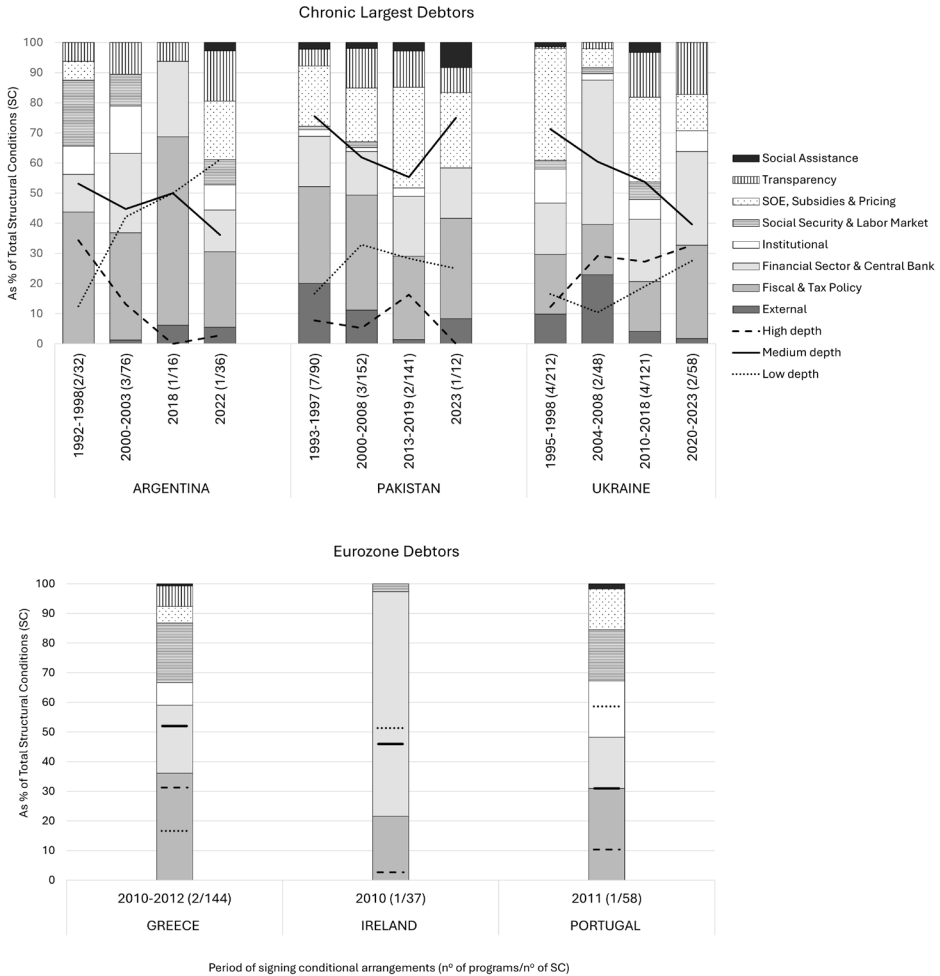
The largest debtors analysed in this study consistently exceeded the global averages of structural conditions assessed by the IEO for different periods. For instance, during the 2003-2007 period, countries averaged 17 structural conditions per year. From 2010 to 2017, this average dropped to 6 per completed review.²⁷ Specifically, Argentina, Pakistan, and Ukraine maintained respective averages of 23, 30, and 37 measures per program throughout the examined time-frame. In contrast, Greece, Ireland, and Portugal had even higher averages of 72, 37, and 58 conditions per arrangement, respectively.

Figure 2 reveals that conditions related to the core competencies of the Fund generally only hold a slight advantage. In turn, despite the streamlining initiative's aim to limit them, non-core conditions still make up a significant portion of many programs across different periods, including both chronic debtors and Greece and Portugal in the Eurozone. These non-core measures can range from approximately 30% to well over 50% of the total conditionality. Throughout the study period, only a few programs primarily focused on fiscal and financial con-

²⁷ IEO, *Structural Conditionality* (2007, n 1) 1; IEO, *Structural Conditionality in IMF-Supported Programs* (Evaluation Update, Washington 2018) 1.

cerns, such as the 2018-SBA in Argentina, Ukraine’s programs in 2004 and 2008, and the fully core-related 2010 Irish EFF.²⁸

Figure 2. Composition and depth of IMF structural conditionality over time



Source: Elaborated by Agata Breczko based on MONA

The content of non-core measures varies across countries and timeframes. Pakistan and Ukraine consistently incorporated conditions related to State-

²⁸ This contrasts with the global findings presented by Kentikelenis and Stubbs (n 8) 34, where they indicate that non-core conditions reached their peak at 20% of total conditions in 1999 and remained below this threshold in subsequent periods.

Owned Enterprises (SOEs), subsidies, and prices in all their programs, while such measures gained importance in Argentina up until 2022. Greece and Portugal also included SOE-related conditions. Broader institutional reforms, including those targeting the judiciary system, sectorial reforms, and competitiveness, were a common feature in most programs. Social security and labour market measures were prominent in Argentina's experience and later repeated in Greece and Portugal. Furthermore, there has also been a growing trend toward including Post-Washington Consensus measures, encompassing good governance and social assistance.

External policies, classified as core-related by Kentikelenis and Stubbs²⁹ but considered non-core by the Fund's IEO,³⁰ primarily involved medium-depth regulatory and operational changes, such as lifting specific restrictions. These measures played a crucial role in shaping the economic landscapes of Pakistan and Ukraine in the 1990s and early 2000s (and even sooner in Argentina³¹) as they transitioned to open-market economies. Although not explicitly mandating legislative changes, these medium-depth conditions had a significant structural and economic impact, affecting both economic integration and vulnerability to global markets.

The overall depth of conditionality varies significantly among chronic debtors: in Argentina, high-depth measures have dwindled from 34% of conditions to just 3% in the most recent arrangement. In the current program, low-depth prescriptions constitute the largest share at 61%, followed by medium-depth measures at 36%. Pakistan has historically had a smaller share of high-depth conditions, with a predominance of medium-depth measures. In contrast, Ukraine has seen historical growth in high-depth conditionality, reaching 33% (from 12% in the 1990s) of the total in the current arrangement, along with 40% of medium-depth measures. This trend may be attributed to Ukraine's aspiration to join the EU and the consequent need to align with its standards, proposing ambitious reforms despite the challenging backdrop of the war with Russia. In the Eurozone, the Greek program is characterized by its notably profound nature, accounting for 31% of high- and 52% of limited-depth measures. In contrast, structural adjustments in Portugal and Ireland rely mostly on low- and medium-depth conditionality.

Figure 3 offers a detailed picture of structural depth in selected non-core policy areas – related to SOEs and labour market – that have historically been sources of controversy and yet remain part of the conditionality menu. The figure also facilitates a comparison between the depth of these conventional measures

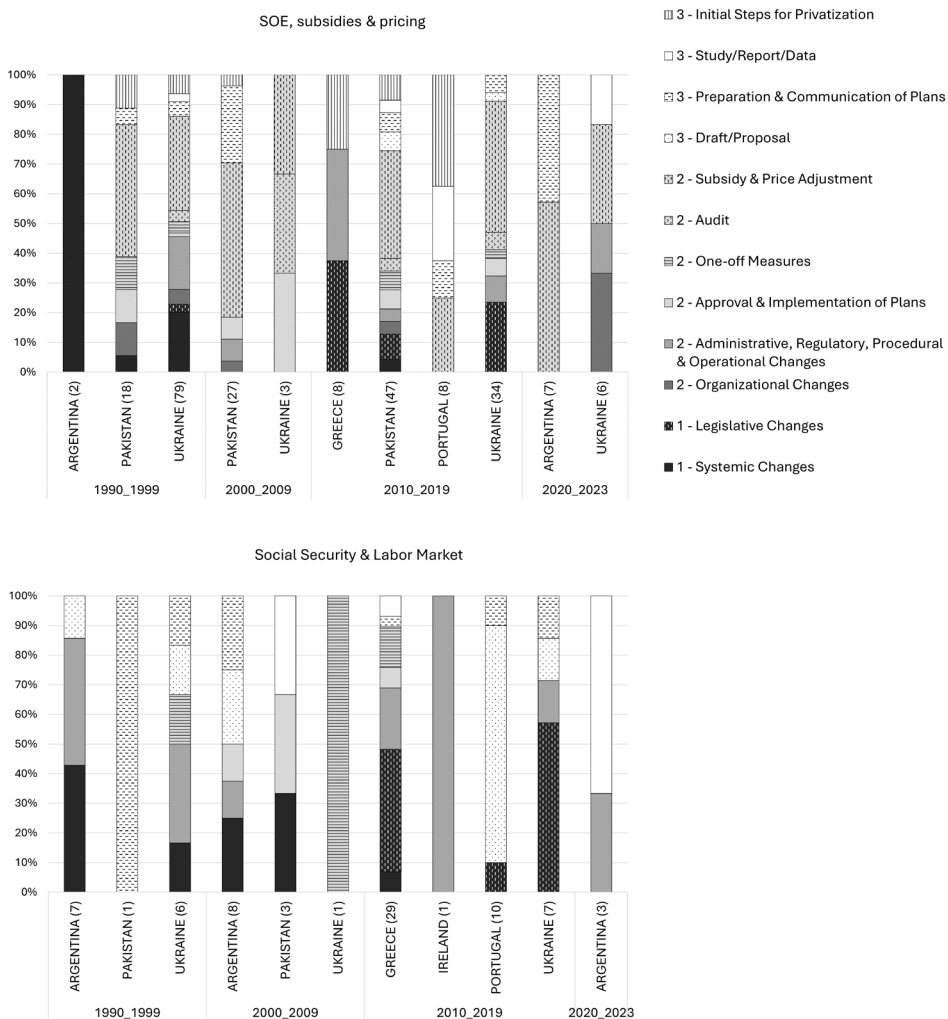
²⁹ Kentikelenis and Stubbs (n 8) 34.

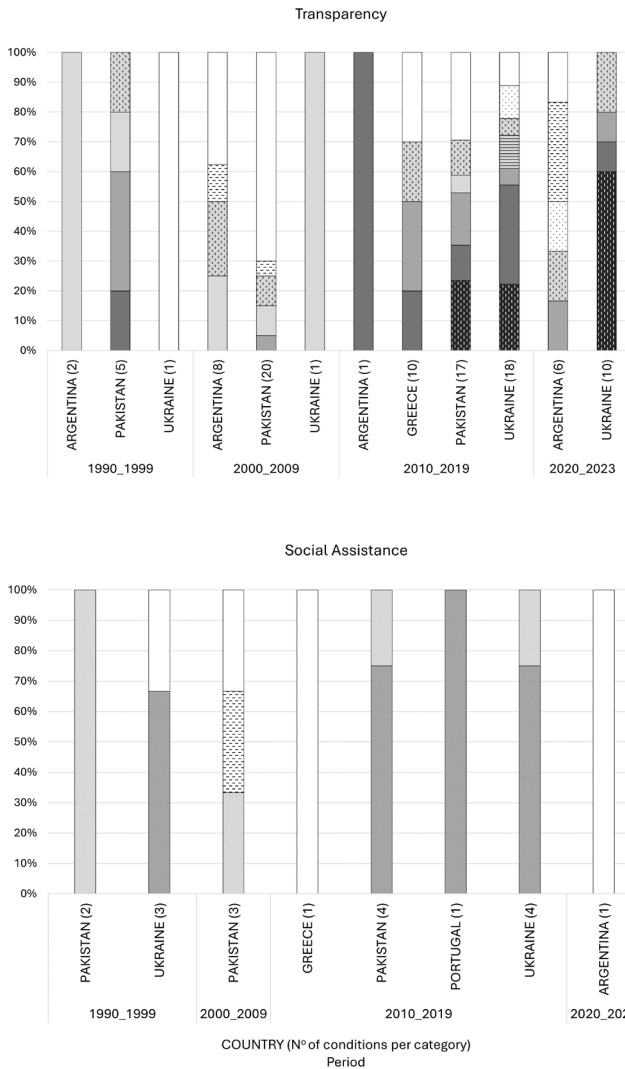
³⁰ IEO, *Structural Conditionality* (2018, n 27) 11. IEO considers trade policy to be non-core, and exchange system to be core.

³¹ Judith A Teichman, *The Politics of Freeing Markets in Latin America: Chile, Argentina, and Mexico* (The University of North Carolina Press 2001) 24.

and non-conventional (Post-Washington Consensus) conditions aimed at expanding social assistance and advancing good governance.

Figure 3. Structural depth of selected IMF non-core policy categories





Note: '1' refers to high-depth, '2' to medium-depth, and '3' to low-depth measures. Values are expressed as a percentage of the total conditions in each category.

Source: Elaborated by Agata Brezcko based on MONA

In the realm of SOEs, subsidies, and pricing, high-depth measures primarily revolve around completing privatizations, constituting about 71% of high-depth SOE-related measures. Historically, the imposition of conditions requiring privatization was a common practice among chronic debtors in the 1990s, resulting in significant ownership changes in telecommunication, banking, and nuclear plants in Argentina, in the agricultural sector in Ukraine, and sale of industrial plants

in Pakistan. The high-depth privatization approach resurfaced in Greece, requiring legislative approval for the execution of comprehensive privatization plans. However, recent agreements (with Ukraine and Pakistan) have seen high-depth SOE-related measures shift away from privatization, instead emphasizing legislative changes related to SOEs' institutional framework and the functioning of gas and energy markets.

Moreover, Figure 3 illustrates that, in addition to privatization, SOE-related measures predominantly employ medium-depth strategies. These strategies often focus on executing specific plans and organizational changes to enhance the efficiency and sustainability of specific enterprises, primarily within the energy and water sectors. However, most of SOE-related measures involve specific requirements linked to price and subsidy adjustments which can range from one-off changes to more permanent alterations, like the installation of automatic price mechanisms. Additionally, these measures frequently lead to increases in domestic prices for consumers, particularly in gas, energy, electricity, and housing. Except for Argentina, adjustments in prices and subsidies have been a common feature in past and current IMF interventions with all chronic debtors, including Greece and Portugal. The content of these conditions has seen little substantial change over time.

Argentina, however, stands out as an exception. Firstly, the country only introduced subsidy adjustments in its most recent 2022-IMF program. This deviation is attributed to Argentina's unique circumstances, as the issue of subsidizing energy became a significant problem after a decade under the Kirchner administration.³² Interestingly, in the 2018-agreement, the problem was mentioned but not included as conditionality, probably due to its high electoral cost. Secondly, there are noteworthy differences in the content of the price-related conditions for Argentina. In this case, the IMF has allowed a more gradual and progressive approach to phasing out subsidies. This involves completely removing subsidies for consumers with the highest payment capacity, significantly reducing them for the middle class once they reach a specific level of consumption and retaining subsidies for the most vulnerable sectors while linking them to average wage growth.³³ This approach marks a slight departure from the conventional practice, where subsidy cuts are typically applied uniformly across all sectors.

During the 1990s and early 2000s, chronic debtor countries were also required to undertake comprehensive structural reforms of their entire social security systems (Argentina, Ukraine, and Pakistan) and labour markets (Argentina). These high-depth systemic changes were often accompanied by medium-depth measures, including the issuance of implementing regulations and specific one-off actions aimed at gradual reduction in salaries, wage/non-wage benefits, raising

³² ASAP, *Los subsidios energéticos en Argentina* (ASAP, Buenos Aires 2015).

³³ IMF, *Argentina: Third Review under the Extended Arrangement under the Extended Fund Facility* (Country Report No 2022/388, Washington 2022) 76.

the retirement age, and tightening eligibility criteria for early retirement. Despite the significant adverse impact of these measures on workers and pensioners in chronic debtor countries, contributing to austerity fatigue and leading to IMF-riots,³⁴ similar labour market and social security reforms have resurfaced within the context of Eurozone adjustments.

The Greek case is particularly noteworthy, where nearly half of the measures related to labour and pensions were enforced and legitimized through legislative process. The Parliament was not only expected to adopt pension reform but also to pass specific legislation to reduce minimum wages, expedite disciplinary procedures, remove restrictions on personnel placement in the mobility scheme, and reform the collective bargaining legal framework. The reintroduction of such measures led to renewed criticism of the IMF and sparked mass protests.

It is important to highlight that while Pakistan and Ukraine, currently under IMF programs, lack conditions related to the social security and labour market, the latest agreement with Argentina ‘timidly’ introduces three new prescriptions in this area. These conditions, comprising two low-depth and one medium-depth measures, aim to address the long-term fiscal sustainability of Argentina’s pension system. The limited-depth measure proposes specific regulatory actions refining access to pensions. Significantly, there has been an adjustment to the low-depth condition during subsequent reviews. Originally, it called for ‘conducting and publication of a study outlining strategies to enhance ... long-term sustainability of the pension system ... and mechanisms to encourage individuals to extend their working lives’.³⁵ However, this condition has been modified to emphasize only conducting such study, with the publication aspect omitted due to its politically sensitive nature. The IMF staff even openly acknowledged its significant electoral costs and postponed proposing further pension-related measures until after the election.³⁶

These traditional labour and SOE reforms – particularly medium-depth price adjustments and employment cuts – are well-documented to have a substantial inflationary and stagnation impact. This raises the question of whether the increase in Post-Washington Consensus measures, such as governance and expanded social assistance, can effectively compensate for the adverse effects of these historically harmful policies that persist in the conditionality menu, even in the most recent agreements.

Social assistance measures are among the least profound conditions in all the analysed policy areas, with no proposed legislative changes or systemic reforms to the social protection system. Across all the studied programs, there are only a total of 19 such conditions, with 14 falling into the medium-depth category and

³⁴ Lesley J Wood, ‘Anti-World Bank and IMF Riots’, *The Wiley-Blackwell Encyclopedia of Social and Political Movements* (1st edn, 2013) 1–3.

³⁵ IMF, *Argentina* (2022, n 33) 78.

³⁶ *ibid* 14.

the remaining 5 categorized as low depth. Generally, low-depth conditions focus on studying how to improve social safety nets, while medium-depth measures revolve around targeted increases in beneficiaries or cash transfers, and updates to beneficiary databases. Only one condition, proposed for Ukraine (1997-SBA), mentioned extending maternity/childbirth benefits to unemployed women. In Pakistan, the 2019-EFF agreement included measures aimed at launching a financial inclusion strategy for women and updating the benefit structure to narrow the educational gender gap.

In the most recent agreement with Argentina – a country already grappling with a deepening economic crisis worsened by extreme drought, with 43% of its population living below the poverty line and experiencing a daily reduction in their purchasing power due to combined currency devaluation and inflation³⁷ – the proposed poverty reduction condition appears insufficient. This low-depth measure aims solely to conduct and publish a comprehensive evaluation of social support programs and potential improvements. Surprisingly, this seemingly straightforward condition was not met. Although the study was completed, it remained unpublished due to concerns over confidentiality, reflecting the potential high electoral cost associated with its findings.³⁸ In this sense, the depth and scope of the changes proposed for social safety nets are likely to have a limited structural impact in creating a more resilient social support structure.

With regard to transparency, in the 1990s and early 2000s, these measures were primarily linked to fiscal monitoring, accountability, and statistical improvement through audits, plan implementation, and organizational changes (such as establishing tax investigation units). Since the mid-2010s, there has been an increasing focus on good governance and the fight against corruption, further bolstered by the COVID-19-related rhetoric to ‘spend whatever is needed and keep receipts’. This resulted in a growing number of conditions in this area. In the framework of the recent agreements, countries like Ukraine and Pakistan have enacted deep legislative changes to create laws against corruption and money laundering. In 2023, Ukraine committed to additional legislative steps, including amending the Specialized Anti-Corruption Prosecutor’s Office Law and its Budget Code. Transparency is fundamental for the proper functioning of democracies and markets. In this regard, related measures complement rather than compensate for the traditional WC policies. However, more transparent, and well-governed institutions can lead to significant gains, reduced corruption, and improved living standards.

³⁷ Juan I Bonfiglio, Julieta Vera and Agustín Salvia (eds), *Privaciones sociales y desigualdades estructurales: condiciones materiales de los hogares en un escenario de estancamiento económico (2010–2022)* (Educa 2023).

³⁸ IMF, *Argentina: Fifth and Sixth Reviews under the Extended Arrangement under the Extended Fund Facility* (Country Report No 2023/312, Washington 2023) 93.

VI. CONCLUSIONS

The foregoing analysis reveals a nuanced landscape of IMF structural conditionality across major chronic debtors and ‘unusual’ Eurozone clients. In general, the largest borrowers have experienced a greater number of structural conditions, with a notably high proportion of measures in non-core areas, compared to the general trends previously examined in the literature. Nevertheless, the depth of conditionality exhibits significant variation across countries and time periods.

Argentina’s recent reengagement with the IMF stands as an intriguing case. It presents a unique set of challenges, including unprecedented financial commitments, escalating political tensions with the Fund in the run-up to elections amidst economic and social crisis, and the government’s strategic efforts to garner international support on the global stage through initiatives like extended Bilateral Swap Agreements with China, pursuing BRICS membership, and seeking regional leaders’ backing. Against this backdrop, one might anticipate heightened IMF demands to safeguard its interests, resulting in heavier conditionality. Surprisingly, Argentina exhibits a lower count of conditions compared to other major debtors. Moreover, these conditions tend to lack depth, raising questions about the perceived leniency of the IMF in the face of notably high risks. Greece and Ukraine, on the other hand, emerge as distinctive cases due to the unusually high depth of their programs. This can be attributed to various factors, including the influence of European institutions and Western partners pressing for alignment with European standards, including through the IMF conditionality channel.

In terms of the content and depth of conditionality in the most recent agreements with chronic debtors, one can observe a blend of traditional Washington Consensus-inspired measures and the incorporation of social buffers and transparency provisions. While the latter reveal some degree of heterodox change at the IMF policy guidance and have the potential to improve program ownership and results,³⁹ they may not go far enough to fundamentally transform borrowing countries into more resilient welfare states, which is a pressing need underscored by the COVID-19 pandemic.

Finally, this analysis has also introduced a more detailed definition of structural depth, differentiating between legislation (high depth indicating systemic change) and regulation (medium depth of operative and implementing nature). Future research could delve further into how structural depth affects compliance and compare the experiences of major debtors with other groups of countries. These avenues could contribute to a deeper understanding of the complexities,

³⁹ James Boughton, ‘Who’s in Charge? Ownership and Conditionality in IMF-Supported Programs’ (2003) IMF Working Paper 2003/191, 1–24; Graham Bird and Thomas D Willett, ‘IMF Conditionality, Implementation and the New Political Economy of Ownership’ (2004) 46 *Comparative Economic Studies* 423–50.

implications, and intrusiveness of the IMF conditionality from a legal and institutional perspective.

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Acknowledgements

I would like to acknowledge the support of the DGAPA-UNAM postdoctoral programme and the Faculty of Political and Social Sciences-UNAM for providing me with the opportunity of a postdoctoral stay. Special thanks to Sandra Kanety Zavaleta Hernández and anonymous Reviewers for their insightful comments, which greatly contributed to the improvement of this paper.

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