

Arrested Development: Debt and austerity post Covid-19

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Eurodad

Crash Course – December 2020



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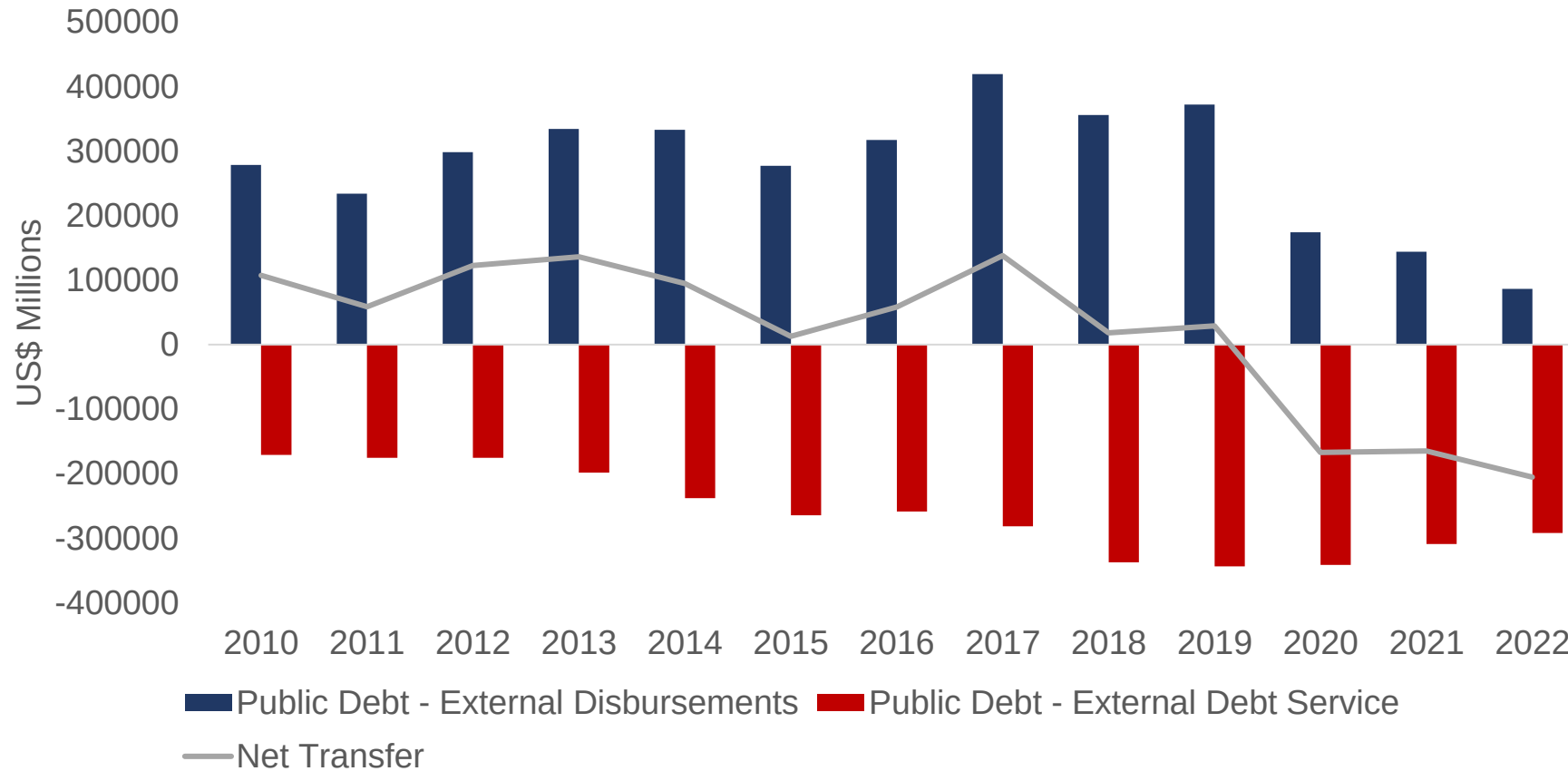
The presentation

1. Understanding the dynamics of the crisis
2. The role of the IMF in the crisis



Understanding the dynamics of the debt crisis

Net transfers on external public debt, 118 developing countries (exc. China)
2010-2022 (US\$ Millions)



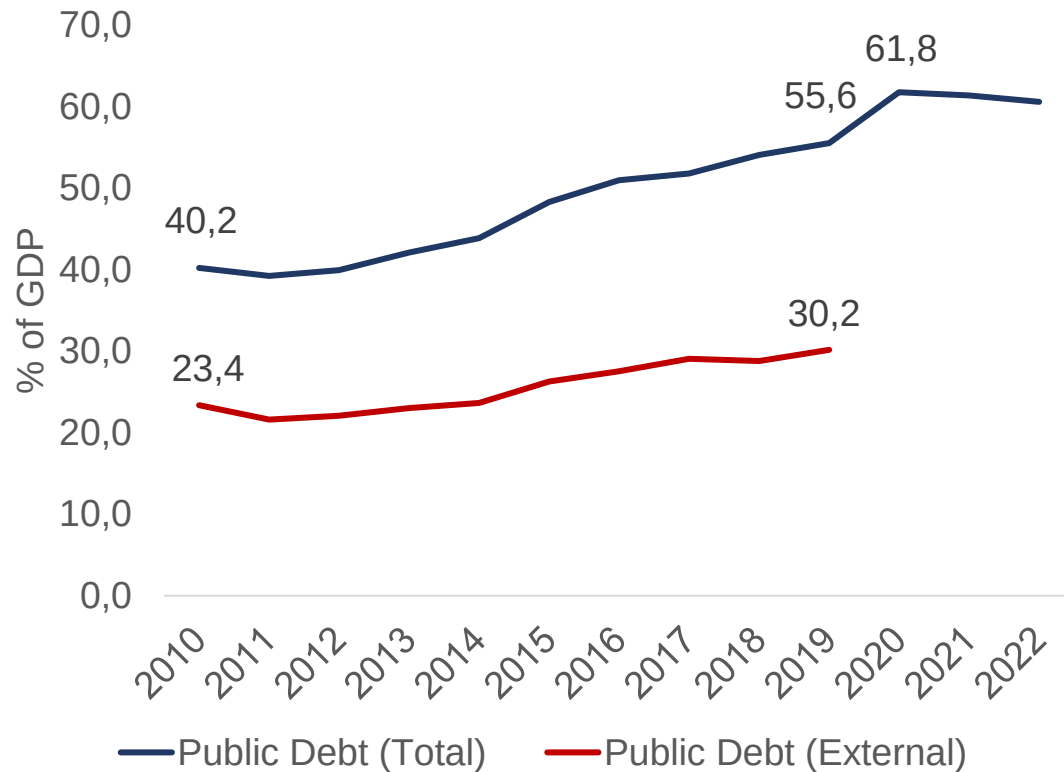
Source: Eurodad calculations based on World Bank IDS (2020)



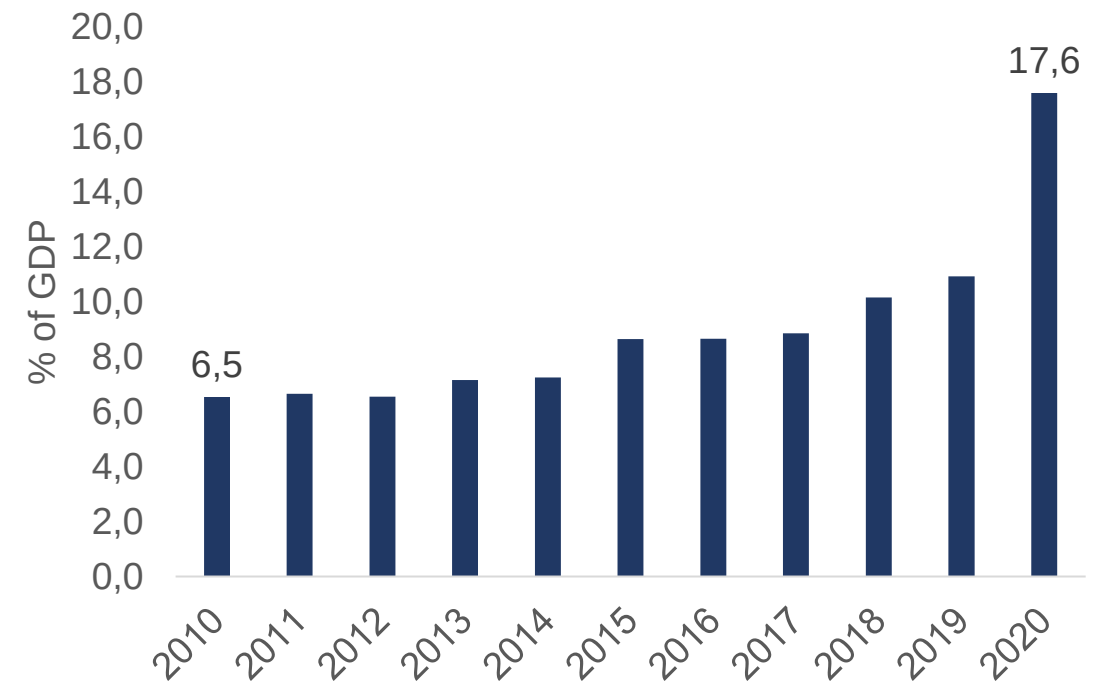
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Understanding the dynamics of the debt crisis

**Total and external public debt
118 developing countries (exc. China)
2010-2022 (% of GDP)**



**External public debt service as % of government
revenues
118 developing countries (exc. China)
2010-2022 (% of GDP)**



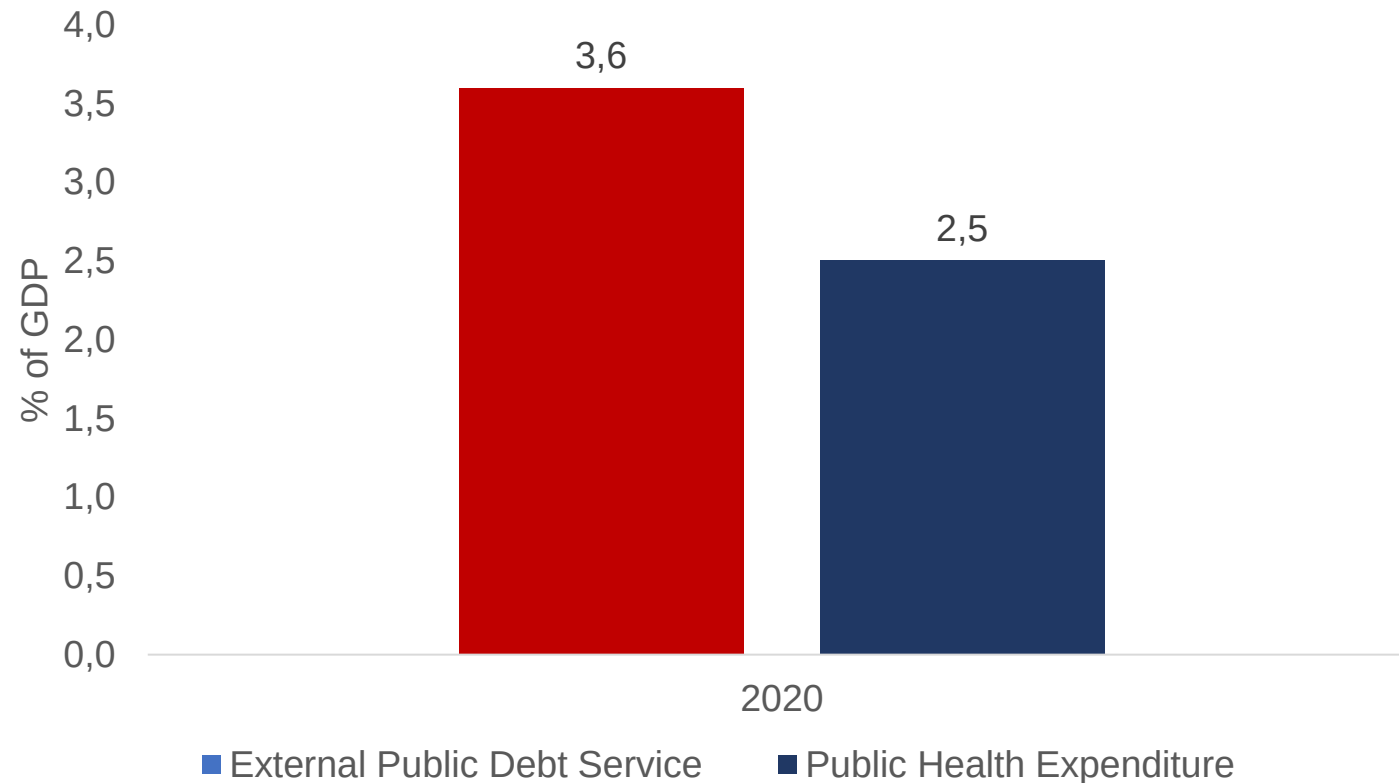
Source: Eurodad calculations based on World Bank IDS and IMF WEO (2020)



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Understanding the dynamics of the debt crisis

**External public debt service & public health expenditure
118 developing countries average (exc. China)
2020 (% of GDP)**



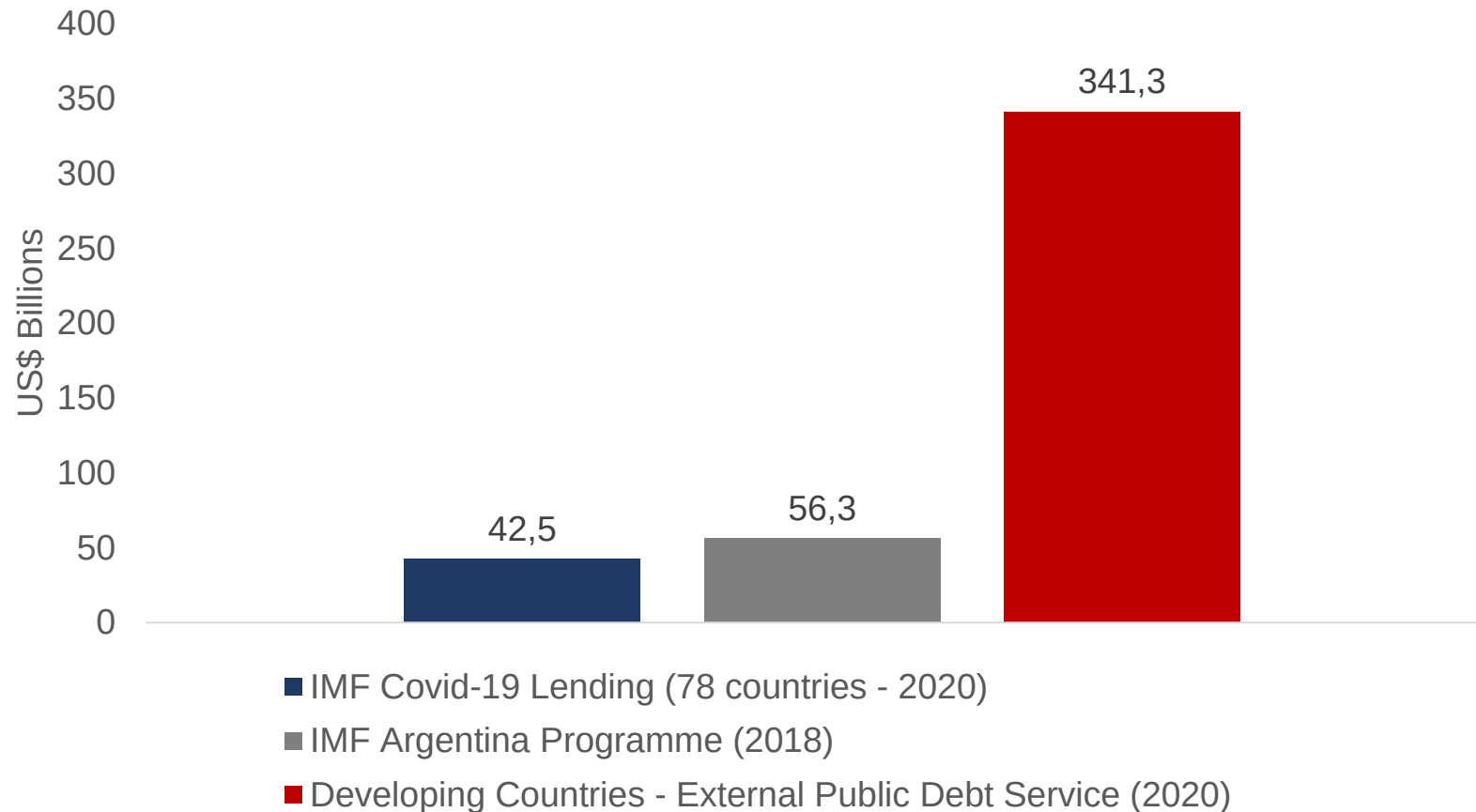
Source: Eurodad calculations based on World Bank IDS & WDI (2020)



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The role of the IMF in the crisis: Lender of last resort

IMF Emergency Lending in context
(US\$ Billions)



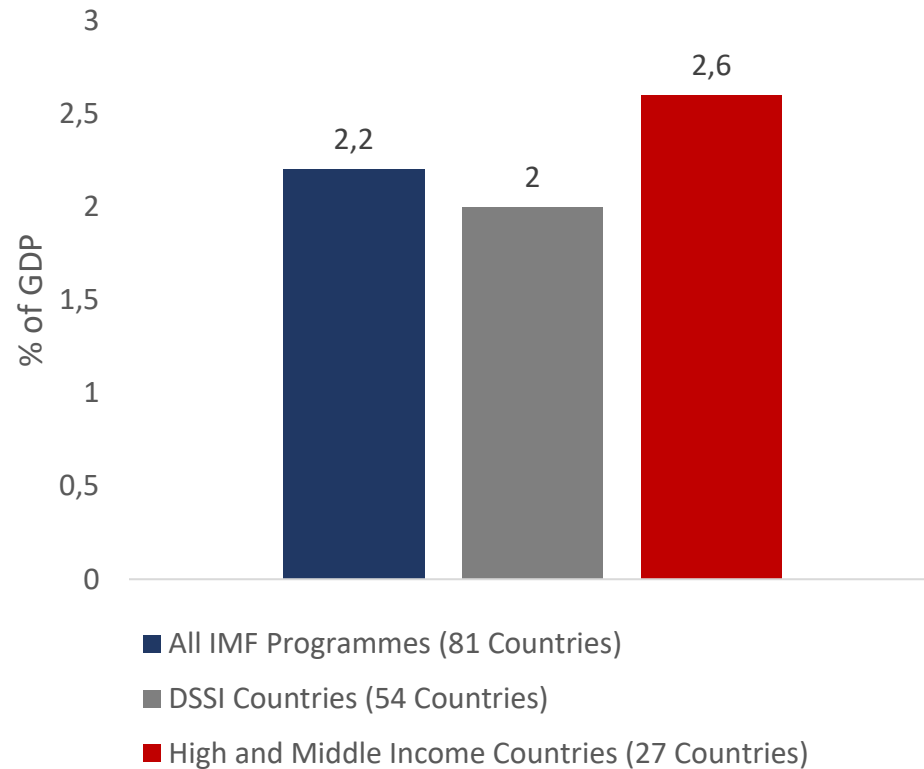
Source: Eurodad calculations based on Laskaridis (2020), Merling (2020) and World Bank IDS (2020)



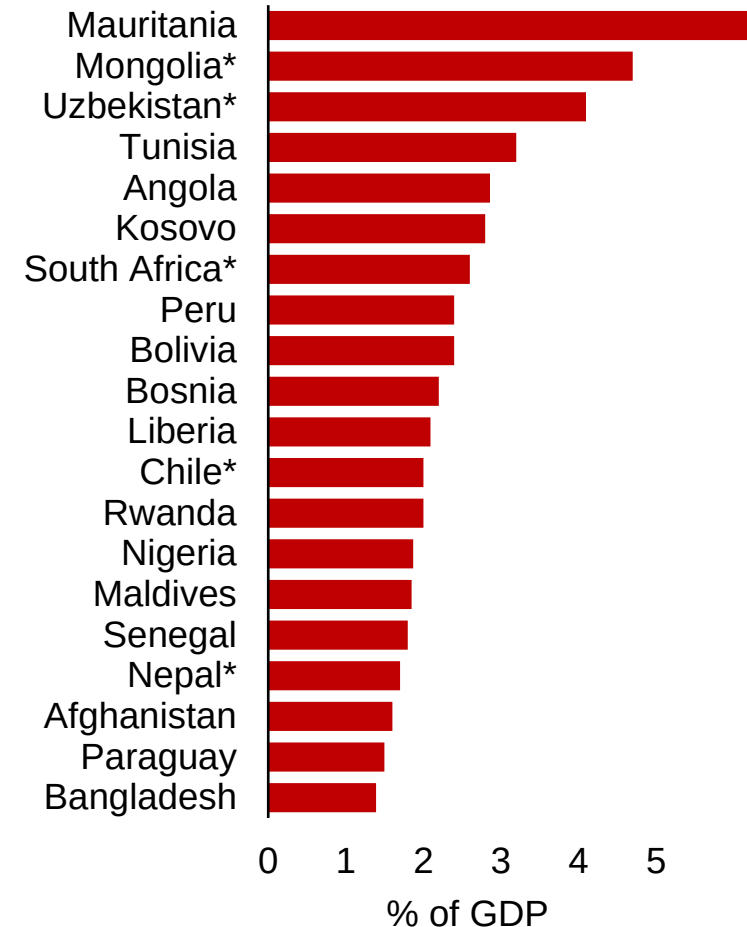
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The role of the IMF in the crisis: Who really benefits from the loans?

**Covid-19 Response Packages (2020)
(% of GDP)**



**Primary expenditure cuts to offset Covid-19
response packages as % of GDP (2020)**



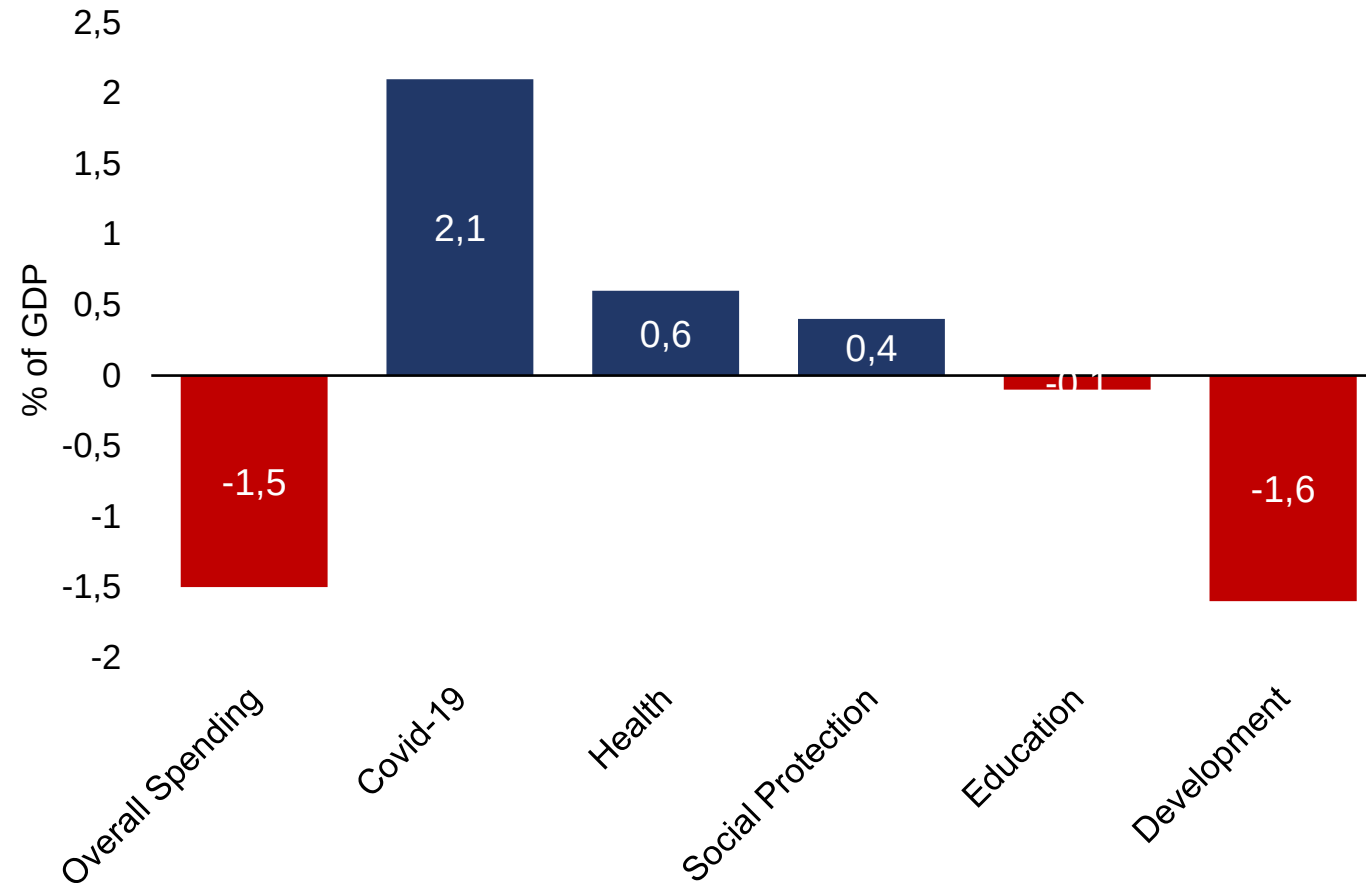
Source: Eurodad calculations – Arrested development report



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The role of the IMF in the crisis: Pandemic austerity in 2020

Variations in the composition of expenditure G20 DSSI countries (2020) (% of GDP)



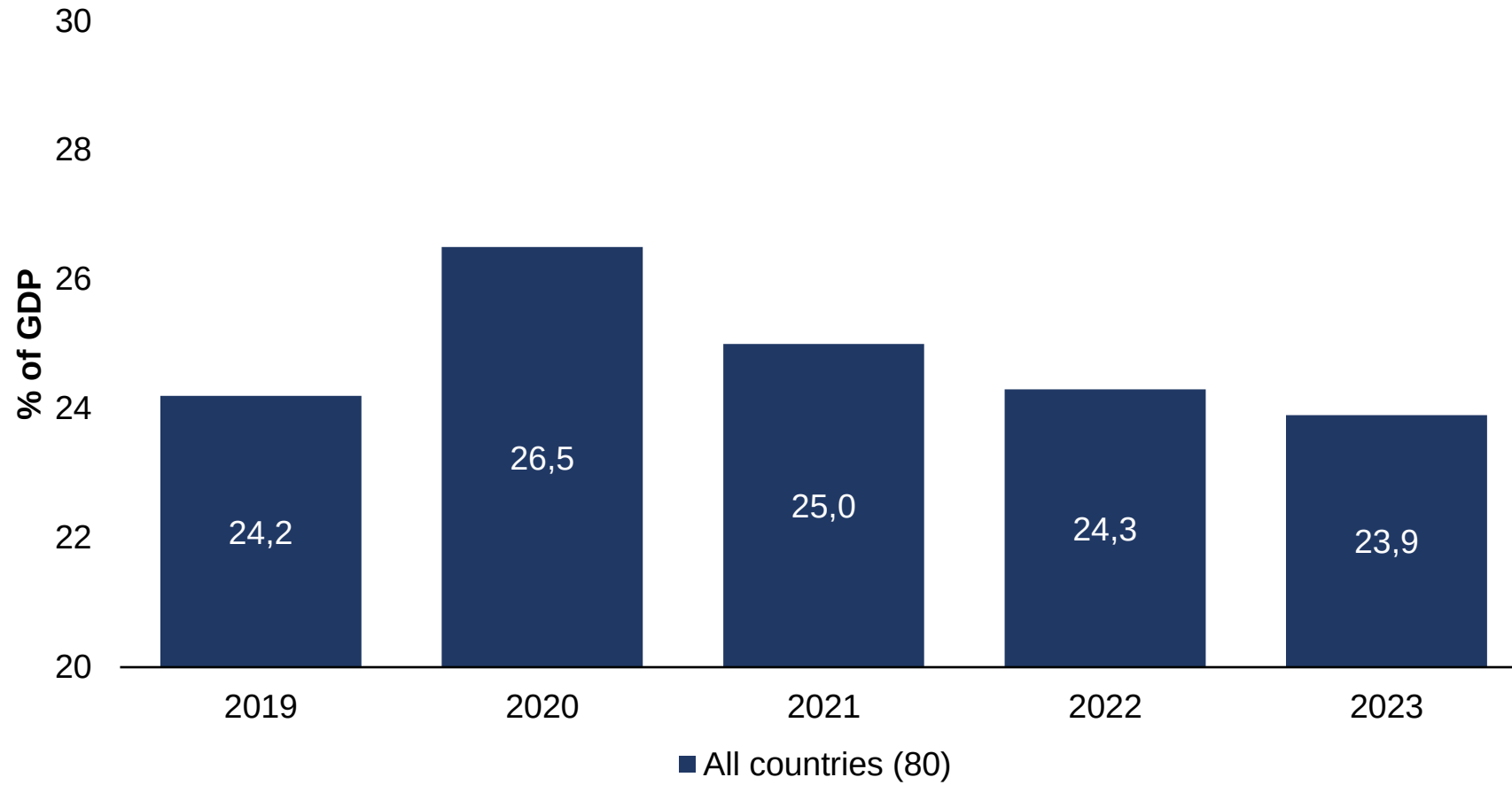
Source: IMF (2020)



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The role of the IMF in the crisis: Pandemic austerity going forward

Primary expenditure as % of GDP
(2019-2023)



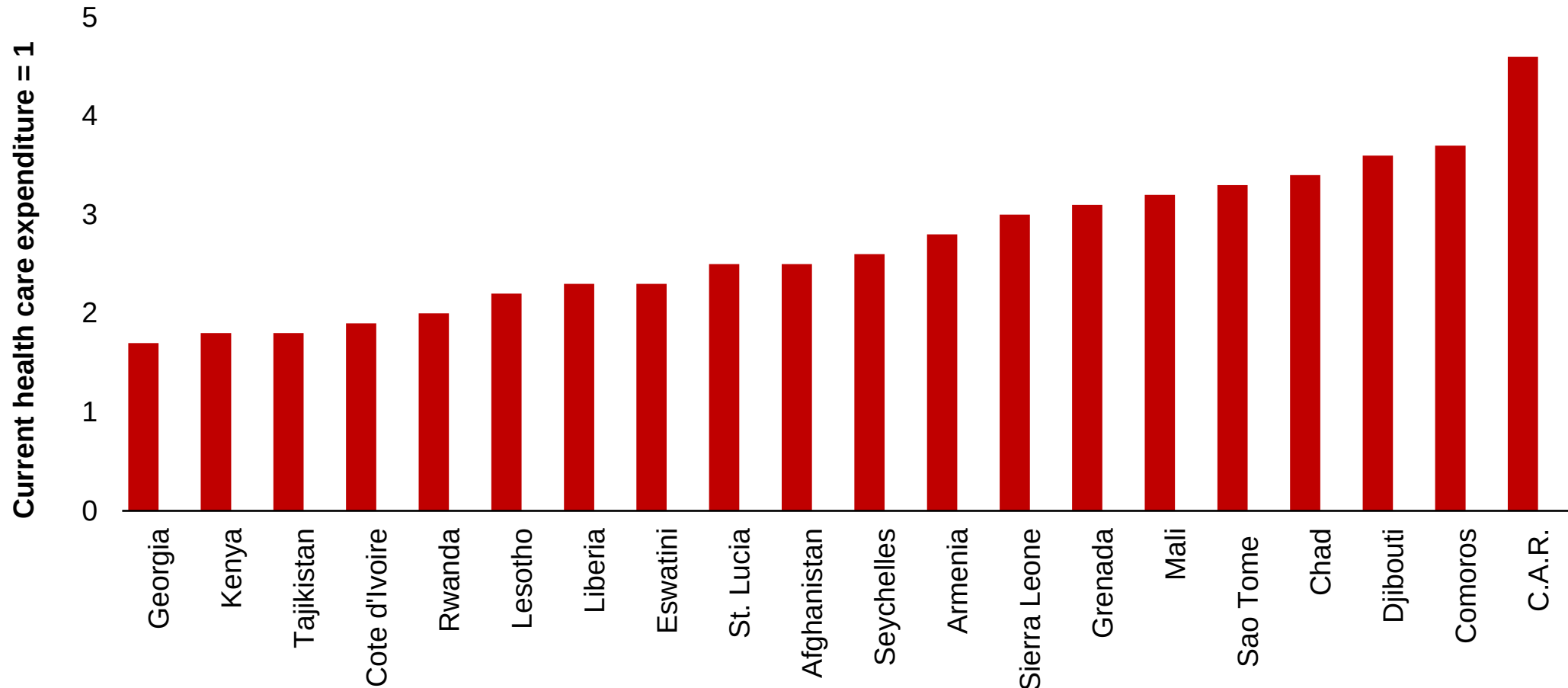
Source: Eurodad calculations – Arrested development report



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The role of the IMF in the crisis: Pandemic austerity going forward

Largest expenditure cuts relative to current public health expenditure (2020-2023)



Source: Eurodad calculations – Arrested development report



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The role of the IMF in the crisis: Pandemic austerity going forward

Arrested development

Table 7 - Government debt, debt service and primary expenditures as % of GDP (2019-2030)

Country group	# of countries	Government debt			Debt service			Primary Expenditure		
		2019	2020	2030	2019	2020	2030	2019	2020	2030
G20 DSSI	46	52.8	58.5	55.9	6.5	7.8	8.4	23.6	25.7	23.0
SIDS	10	60.7	69.1	67.0	6.2	8.9	8.5	27.4	30.5	28.2

Source: Eurodad calculations based on IMF country staff reports.

Source: Eurodad calculations – Arrested development report



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What needs to be done?

- Stop austerity and prioritise Covid-19 response and recovery efforts.
- Develop a post-Covid-19 debt relief and sustainability initiative.
- A systemic reform to address the crisis.

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