Knowledge to Policy Center K2P

Evidence Summary

Impact of International Monetary Funds' Conditionality on Health Sector: A Threat or Opportunity for Lebanon?

AMERICAN UNIVERSITY OF BEIRUT

K2P Evidence summaries use global research evidence to provide insight on public health priority topics that are ambiguous and have important uncertainty. This document informs policymakers and other stakeholders by synthesizing the best available evidence and presenting its relevance to local contexts. Evidence summaries do not provide recommendations but rather articulate evidence in a clear, objective and factual manner

+ Included

Synthesis of evidence on a priority question or topic

Local context

× Not Included

Does not provide recommendations

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Merit Review
The K2P Evidence Summary undergoes a merit review process. Reviewers assess the evidence summary based on merit review guidelines.

Citation
This K2P Evidence Summary should be cited as:
Fadlallah, R., Chidiac, N., Kalach, N., El-Jardali, F.*, K2P Evidence Summary: Impact of International Monetary Funds' Conditionality on Health Sector: A Threat or Opportunity for Lebanon?, Knowledge to Policy (K2P) Center. Beirut, Lebanon; September 2023
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Key messages

Current Situation

- Since October 2019, Lebanon has been suffering from an unprecedented economic and financial crisis, exacerbated by political instability in the country, the COVID-19 pandemic, and the Beirut port explosion. The World Bank considered the economic and financial crisis in Lebanon to rank among the top 10 most severe crises globally since the mid-19th century.
- UNESCWA estimated that 74% of the Lebanese population live under the poverty line in 2021, with around 82% suffering from multidimensional poverty.
- Lebanon's economic downfall had a crippling effect on all healthcare sectors, and COVID-19 has further aggravated the crisis. Households deprived from health care and medications increased to 33% and 52% in 2021 respectively
- With a rising public debts and an economic meltdown, Lebanon is seeking the support of the International Monetary Fund (IMF) in order to finance prospective debt repayments.
- With the Lebanese government and IMF negotiating agreement on comprehensive economic reform policies with requested access of US$3 billion, what effects will the IMF reforms have on the health sector and what are the implications for Lebanon?
- By February 2023, the currency had experienced a staggering devaluation of over 98% from its value before the crisis, and there have been recent occurrences of even more

Background to Evidence Summary

A K2P Evidence Summary uses global research evidence to provide insight on public health priority topics that are ambiguous and have important uncertainty. This document informs policymakers and other stakeholders by synthesizing the best available evidence and presenting its relevance to local contexts.

Evidence summaries do not provide recommendations but rather articulate evidence in a clear, objective and factual manner.

The preparation of this K2P Evidence Summary involved the following steps:

01 Identifying and selecting a relevant topic according to K2P criteria.
02 Appraising and synthesizing relevant research evidence about the problem.
03 Drafting the Evidence Summary in such a way as to present global and local research evidence concisely and in an accessible language.
04 Undergoing merit review.
05 Finalizing the Evidence Summary based on the input of merit reviewers.
06 Submitting finalized Evidence Summary for translation into Arabic, validating the translation and Dissemination

rapid depreciation. In 2022, inflation reached an average of 171.2%, ranking among the highest rates worldwide. This inflation surge was primarily attributed to significant price increases in food and non-alcoholic beverages (Lebanon: Normalization of Crisis Is No Road to Stabilization, 2023).

International Monetary Fund (IMF): How they operate

- IMF is an international financial institution that provides structural adjustment loans to countries facing severe fiscal or macroeconomic problems
- IMF adopts the "conditionality" strategy, which mandates governments to implement 'reforms' in exchange for loans and resources.
- Neoliberal macroeconomic and fiscal reforms usually revolve around economic stabilization to reduce changes in the balance of payments, inflation, and exchange rates, financial and trade liberalization, deregulation, and privatization of public assets. Reforms often aim to increase competitiveness, foster economic growth and stabilize budget and debt.
- IMF argues that its programs promote health by increasing revenues available for health spending via economic growth, safeguarding government health spending from fiscal consolidation (which has been contested by research), and catalyzing health aid through signals to foreign aid organizations and investors of sound fiscal management.
- Critics argue that rigid fiscal targets stipulated under structural adjustment loans often take precedence over social spending, and that aid funds are drained off from health and social sectors to repay debt or increase reserves.
- A review of IMF conditionality databases for 26 programs (approved in 2016/17 compared to 2013-2014) revealed increasing number of conditions over time and increasing use of hidden forms of conditions, with the majority of programs conditional on fiscal consolidation, and the majority of countries being repeat borrowers

Impact of IFM conditionality on health system and health outcomes

- There is robust research evidence to suggest that IMF program is strongly associated with weakened health care systems, reduced access to health service among vulnerable

populations, exacerbation of health inequity and poverty, excess mortality, poor maternal and child health outcomes, and declining effectiveness of health-focused development aid

- A review of IMF programs from 1995 to 2014 to identify the pathways and impact of conditionality on government health spending in 16 West African countries revealed the following:
- IMF policy reforms reduce fiscal space for investment in health
- IMF policy reforms limit staff expansion of doctors and nurses
- IMF policy reforms create budget execution challenges in health systems
- Each extra binding IMF policy reform reduces health spending per capita by 0.248%
- Labor market reforms are key drivers behind these adverse consequences. IMF-mandated policies have been shown to decrease government health spending through different ways:
- Macroeconomic targets reduce fiscal space for investment in health;
- Overall budget cuts can have knock-on effects on health budgets through spending cuts or reduced public sector employment;
- Limits to wage bills and civil service employment ceilings inhibit hiring and retention of health staff;

IMF and social spending: A Cautionary Tale

- IMF favors 'targeting' as a strategy to address social challenges, rather than promoting universal coverage in line with the 2030 Sustainable Development Goals
- Social spending floors are at levels below what is needed to guarantee basic healthcare. Under direct IMF tutelage- some of the world's poorest countries underfunded their health systems.
- Social protection policies promoted by the IMF as part of its lending programs are non-binding. As such, they have been inadequately incorporated into program design, and are accorded secondary importance in contrast to fiscal targets.

IMF: A threat or an Opportunity for Lebanon

IMF loan can be seen as a threat or an opportunity for Lebanon, depending on the government's willingness/capability to negotiate safeguarding and strengthening health policies and social protection

systems while attenuating potential adverse effects of structural adjustment on the health sector.

IMF's "business as usual" strategy will have significant and long-term negative effects on Lebanon's health sector. As indicated from country experiences, governments implementing IMF-backed plans are compelled to cut health and social expenditure to adhere to strict fiscal deficit objectives. Thus, prioritizing debt service payments as part of IMF-mandated fiscal adjustment absorbs crucial resources that could have been invested in health systems.

Any proposal for economic reform in Lebanon should be centered on a just, equitable, and fair way to recover from the negative consequences of the current financial and economic crises. It should particularly concentrate on enhancing and investing in social protection, health systems, basic infrastructure, and livelihoods for all citizens, including vulnerable population groups (Abdo, Abed, Aouad & Ayoub, 2020). To accomplish this:

- Government must leverage the IMF reform as an opportunity to push for policies to improve healthcare access equity as well as care quality as part of the IMF reform deal. The "Egypt plan" to achieving social fairness in health is an excellent example of a set of recommendations for this. Some realistic methods to accomplish this goal include fair revenue collection, pooling for equal distribution, strategic purchasing, and the use of new, evidence-based metrics for scaling the socioeconomic status of the population. By pushing for the inclusion of these reforms as part of the IMF agreement, particularly pooling of public funds and universal health coverage, policymakers in Lebanon will be held accountable and obliged to achieve them.
- IMF reform plan must support the government in laying the groundwork for universal social protection and significantly increasing social spending on health and education through the establishment of legally-binding, open, and participatory criteria and outcomes for social spending floors (Abdo, Abed, Aouad & Ayoub, 2020). By making them legally-binding, social spending floors will no longer be accorded secondary importance in contrast to fiscal targets.
- Government must assess potential policies imposed by the IMF to ensure they do not impact negatively on health and social inequalities (e.g. embed health impact assessments). Designing policies with public health in mind would ensure that macroeconomic recovery does not compromise people's health. Lebanon should put strategies in place to attenuate potential adverse effects of structural adjustment on the health system and improve healthcare access as well as care quality
- Government and IMF must negotiate to avoid rushed implementation of complex reforms that are not underpinned by capacity, investment and realistic timeframes: Severe fiscal pressure combined with pressure to generate savings very quickly encourages countries to postpone planned coverage expansions and adopt policies that are relatively easy to implement but are likely to undermine efficiency and access goals – e.g., blanket cuts to budgets & staff, closure of public health institutions, raising of means-test thresholds and increases in user charges. As a result, reforms sometimes failed to address inefficiencies,

created gaps in responsibility for key areas like public health, led to unintended consequences & added to health system costs

- IMF policymakers should involve a wider range of stakeholders such as health ministries, civil society, and health worker associations, and let the discussions on macroeconomic policies take place in joint environment with other economic, health and social issues.
- IMF should reconsider its imposition of value-added tax (VAT) and explore more progressive and diverse forms of taxation, such as wealth taxes and corporate taxes
- IMF should shift from endorsing targeted social safety nets towards a universal social protection approach in line with the 2030 Agenda for Sustainable Development Goals. Rather than imposing budget cuts to the healthcare sector, progress in investing in health systems must be maintained with a focus on obtaining universal health coverage
- IMF should reevaluate how it approaches the fiscal deficit and inflation rate by permitting the government to borrow money and explore more options in terms of public spending and development strategies, such as defining and adopting a global standard, promoting tools for financial transparency, providing small-scale technical assistance to build national capacity, and encouraging dissemination of evidence-based financial interventions (Sobhani, 2019).
- IMF should promote transparency of consultation process and policy reforms including communicating the rationale for reform. IMF should refrain from using 'hidden' forms of conditionality whereby policy measures embedded in the narrative of IMF program documents are de facto conditionality even though they are not explicitly so.
- Donor states should stop using the IMF as the gatekeeper for their aid decisions and retest the experimental framework for IMF macroeconomic policy guidance

Importantly, the government should empower the individual responsible for negotiating with the IMF, granting them sufficient authority to effectively implement the abovementioned recommendations.

K2P Evidence Summary

Preamble

Since October 2019, Lebanon has been suffering from an unprecedented economic and financial crisis, exacerbated by political instability in the country, the COVID-19 pandemic, and the Beirut port explosion. The economic and financial crisis in Lebanon is ranked among the top 10 most severe crises globally since the mid-19th century (World Bank, 2021). The crisis led to a 20.3% contraction in GDP in 2020, an increase in poverty to over 50% of the population and a rise in unemployment rates (World Bank, 2021). The Lebanese currency has lost more than 90% of its value with an inflation rate averaging around 131.9% over the first six months of 2021 (Reuters, 2021). It is estimated that 74% of the Lebanese population live under the poverty line in 2021, with around 82% suffering from multidimensional poverty (UNESCWA. (2021).

Lebanon's economic downfall had a crippling effect on all healthcare sectors, and COVID-19 has further aggravated the crisis. The nation's healthcare system is currently is at a brink of collapse with significant loss of medical staff, a scarcity of medical supplies, and a disruption in the delivery of healthcare. If the status quo is maintained, the health system is unlikely to endure these consecutive shocks.' With a rising public debts and an economic meltdown, Lebanon is seeking the support of International Monetary Fund (IMF) in order to finance prospective debt repayments. The Lebanese government and IMF are currently negotiating agreement on comprehensive economic reform policies with request of US$3 billion in loans.

Lebanon's IMF reform plan is based on five key pillars (see Annex 1 for timeline):

- Restructuring the financial sector to restore banks' viability and their ability to efficiently allocate resources to support the recovery;
- Implementing fiscal reforms that coupled with the proposed restructuring of external public debt will ensure debt sustainability and create space to invest in social spending, reconstruction and infrastructure;
- Reforming state-owned enterprises, particularly in the energy sector, to provide quality services without draining public resources;
- Strengthening governance, anti-corruption, and anti-money laundering/combating the financing of terrorism (AML/CFT) frameworks to enhance transparency and accountability, including by modernizing the central bank legal framework and governance and accountability arrangements;
- Establishing a credible and transparent monetary and exchange rate system

To save ailing health sector, this evidence document aims to answer the following question: What effects will the IMF reforms have on the health sector and what are the implications for Lebanon? The document is structured as follows: 1) overview of the IMF; 2) impact of IMF conditionalities on health system and health systems and outcomes, and 3) implications and way forward for Lebanon.

Study Selection Process

We identified relevant studies by searching PubMed and Google Scholar databases using the following search strategy: (IMF[TIAB] OR international financial organization*[TIAB] OR international monetary fund*[TIAB]) AND (health*[TIAB] OR healthcare [TIAB] OR health system*[TIAB])- 391

We excluded IMF-sponsored studies to minimize potential biases. Of the 391 hits retrieved, 62 articles were selected for inclusion in the evidence synthesis.

Section I: Overview of International Monetary Fund (IMF)

How IMF operates

Since the global financial crisis, several nations are dealing with a rising public debts and an economic meltdown (Chian et al., 2020). Therefore, these nations consequently sought the support of international financial institutions (IFIs) in order to finance prospective debt repayments. IFIs are regarded as the most potent forces for economic transformation in the world (Stubbs & Kentikelenis, 2017).

The IMF maintain a strong negotiating position by adopting the best-known strategy to convince governments to implement reforms, known as “conditionality”, which is the practice of mandating policy reforms developed by the IMF in exchange for loans and resource access (Forster, T., et al., 2020; Stubbs & Kentikelenis, 2017; Thomson et al., 2017). Failure to implement the required policy reforms can cause delays in loan disbursements and, in the end, the complete cessation of lending. This will make it extremely challenging for countries to borrow money from other sources by lowering their international credit ratings (Stuckler and Basu, 2009).

Initially, IMF policy reforms were mostly limited to a set of common measurable goals, such caps on government spending and net domestic assets (Kentikelenis et al., 2015; Stubbs & Kentikelenis, 2017). However, the IMF started introducing new, onerous requirements referred to as "structural adjustment" measures, reorganizing an economy's structure to become more market-oriented (Munala et al., 2021; Kentikelenis et al.,2015; Thomson et al., 2017; Stubbs & Kentikelenis, 2017). Loans for structural adjustment are given to countries with severe macroeconomic or fiscal problems. In exchange for financial assistance, recipient countries are obliged to implement a variety of neoliberal macroeconomic and fiscal reforms that usually revolve on economic stabilization to reduce changes in the balance of payments, inflation, and exchange rates, financial and trade liberalization, deregulation, and privatization of public assets (Forster, T., et al., 2020; Stubbs, 2017; Thomson et al., 2017). These reforms often aim to increase competitiveness, foster economic growth, and stabilize the budget and debt (Stubbs, 2017). The execution of austerity measures limits national policy space and jeopardizes national development objectives. They also affect how well people are able to exercise their human rights, particularly the right to the best possible health (Munala et al., 2021; Stubbs, 2017).

- The International Monetary Fund is an International financial institution established in 1944 to support the development of poor nations and to give short-term loans to governments whose currencies are depreciating against other currencies.
- The IMF adopts the “conditionality” strategy, mandating governments to implement ‘reforms’ in exchange for loans and resources.
- Neoliberal macroeconomic and fiscal reforms usually revolve around economic stabilization to reduce changes in the balance of payments, inflation, and exchange rates, financial and trade liberalization, deregulation, and privatization of public assets.
- Reforms often aim to increase competitiveness, foster economic growth and stabilize budget and debt.
- IMF argues that its programs promote health by increasing revenues available for health spending via economic growth, safeguarding government health spending from fiscal consolidation (which has been contested by research), and catalyzing health aid through signals to foreign aid organizations and investors of sound fiscal management.
- Critics argue that rigid fiscal targets stipulated under structural adjustment loans often take precedence over social spending, and that aid funds are drained off from health and social sectors to repay debt or increase reserves.

IMF Claims: True or False?

IMF False Claims	Evidence Against IMF Claims
☒ IMF are not enforcing austerity measures and health spending constraints are lifted	☑ Governments implementing IMF-backed plans are compelled to cut social expenditure to adhere to strict fiscal deficit objectives, which in turn reveal a focus on inflation initiatives (Gupta, 2010).
☒ Public health wage ceilings are no longer a part of IMF explicit conditions for lending money to developing nations	☑ Almost half of recent IMF programs with low-income countries had wage bill-related conditions and ministers are left with few practical options other than reducing health budgets to meet specific IMF-mandated goals, which effectively maintains the previous approach
☒ IFIs assert that their programs advance health through economic growth, protection of government health expenditure from fiscal consolidation, and stimulation of health assistance through signals of good fiscal management to foreign aid organizations and investors	☑ IMF has come under fire for its poor economic performance, serious social implications, and rigid policy design (Reeves et al., 2014; Kentikelenis, A. E., et al. 2015; Munala et al., 2021; Batniji, 2009; Rowden, 2010;). ☑ IMF program has negative or no impact on economic growth of the participant country (Bird and Rowlands 2017; Stubbs et al., 2017; Carlos 2021) ☑ Only one study found a contemporaneous positive impact of the IMF fund program on the economic growth of upper middle-income countries, while, for low-income countries, its contemporaneous impact is insignificant, but becomes visible over time (Siddique et al 2021)
☒ IMF asserts that their programs improve healthcare systems	☑ IMF programs have been heavily criticized for obstructing the growth of public health systems (Reeves et al., 2014; Schakel et al., 2018; Kentikelenis, A. E., et al., 2015; Nunes, 2019; Stubbs et al., 2017). ☑ Conditions imposed by the IMF and austerity measures have made it impossible for nations in Africa to improve their public health systems and have hindered the spread of health insurance coverage (Stubbs et al., 2017; Stuckler et al., 2010; Pfeiffer & Chapman, 2019). ☑ A qualitative examination of IMF programs in Guinea, Liberia, and Sierra Leone revealed that IMF aided in the underdevelopment of health systems as a consequence of the IMF's policy reforms that resulted in less public health funding, challenges in recruiting and maintaining medical professionals & ineffective health sector (Stubbs et al., 2017)
☒ IMF claims that it has increased aid to poor countries	☑ Evidence revealed that just a small percentage of the Fund's new loans in response to the financial crisis have reached poor nations (Stubbs et al 2017) ☑ Practice of diverting money to reserves appear to be at odds with this claim (Stuckler et al., 2010).

Trends in Number and Types of IMF Conditionality

Conventional macroeconomic policy model that the IMF promotes

- Fiscal consolidation measures (austerity measures), including cutting the public wage bill, cutting social spending and privatizing state assets and essential services;
- Introduction of higher taxes on consumption, such as raising VAT and other regressive taxes;
- Reduction of corporate taxation and trade tariffs; and
- Introduction of flexible labor market arrangements and the dilution of collective bargaining

A review of IMF's conditionality databases for loans approved in 2016/17 for 26 different programs (compared to IMF programs approved in 2011 to 2013) revealed the following trends (European Network on Debt and Development):

Number of IMF conditions

- ✓ IMF conditions are increasing (in contrast to IMF's own stated intentions of streamlining conditionality, and focusing on macro-critical conditionality). Average number of structural policy conditions per loan is 26.8 conditions for 26 countries, including those in reviews. The programs approved in 2011 to 2013 had only 19.5 conditions per loan.
- ✓ Conditionality can significantly increase after a program has been approved, due to conditionalities added during reviews.
- ✓ IMF is increasingly using 'hidden' forms of conditionality. Policy measures embedded in the narrative of IMF program documents are de facto conditionality even though they are not explicitly so.

Types of conditions

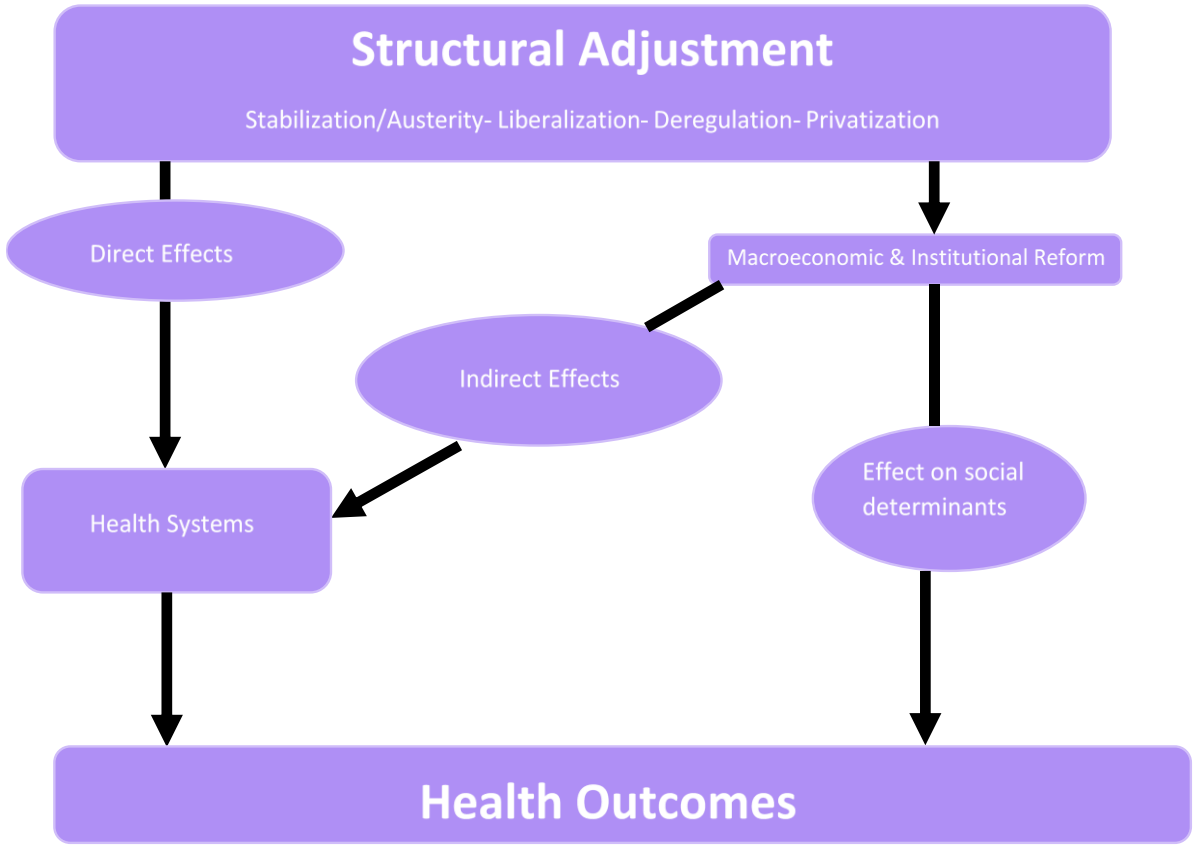
- ✓ IMF programs continue to be pro-cyclical and oblige borrowers to implement austerity: 23 out of 26 programs are conditional on fiscal consolidation.
- ✓ Majority of borrower countries are forced to restrict their spending and/or increase their taxes as a result of the loans, contradicting IMF claims that its programs do not emphasize fiscal contraction.
- ✓ Shrinking fiscal space constrains the ability of governments to deliver on their development commitments and human rights obligations.
- ✓ Majority of countries in 2016/2017 sample were repeat borrowers from the IMF, suggesting that program conditionality has in most cases been ineffective, perhaps even counterproductive, when it comes to restoring long-term debt sustainability.

Section II: Impact of IFM conditionality on health system and health outcomes

The IMF's loan and technical assistance have a significant impact on the factors that determine health and health equity (Cave et al. 2010). Links between the IMF and health have been hypothesized for a number of health-related issues, such as the emigration of medical professionals, the reduction of disease surveillance and testing, the scaling back of social safety nets, the declining viability of subsistence economies, shifting urbanization and migration patterns, and increased poverty and inequality (Stuckler and Basu, 2009).

Pathways of Influence

Research evidence highlights three general pathways through which structural adjustment affects health. Direct effects of the implementation of austerity measures led to workforce shortages in the healthcare system as hiring freezes and wage cuts encouraged emigration of healthcare workers; reductions in government expenditure also affected the volume and quality of services provided. Indirect effects of fiscal consolidation, trade policies and financial liberalization have impeded access to imported medicines and equipment and undermined the government's ability to finance the healthcare system.



Source: Kentikelenisab 2017

Pathways of Influence

Fiscal adjustment and health systems	• Long periods of austerity risk causing protracted underinvestment in social services. For instance, in Guinea and Sierra Leona – which are both emerging from crippling health crises brought on by the Ebola epidemic – the programs call for wage bill freezes or reductions. • Prioritizing debt service payments as part of IMF-mandated fiscal adjustment absorbs crucial resources that could have been invested in health systems in several countries. • Loan conditionality can reduce fiscal space in a way that compromises a government's ability to scale up public investment for providing the essential health services needed to ensure the enjoyment of the right to health.
Fiscal adjustment and health	• Prioritization of debt service payments risks absorbing essential funding for health services. • Rapidly growing debt service costs threaten to crowd out health spending.
Public expenditure	• Majority of countries are likely to restrict their spending or raise taxes. • Overall budget cuts can have knock-on effects on health budgets through spending cuts or reduced public sector employment, which – in the absence of sufficient development aid – risks increasing reliance on out-of-pocket payments for health services. • IMF claims that the effects of fiscal adjustment for vulnerable groups will be cushioned by social spending floors. However, these appear too low to fund accessible health services for all and guarantee the right to health.

What the Evidence Says

This section synthesizes the evidence from a comprehensive review of the literature on the impact of IMF conditionalities on the health sector.

The following variables were examined:

- Health Expenditures and Outcomes;
- Privatization;
- Healthcare Access,
- User fees and Equity;
- Workforce Shortages;
- Maternal and Child Health;
- Tuberculosis Outcomes; and
- Social Protection

Health Expenditures and Outcomes

IMF conditionalities have been shown to reduce government expenditures on health and health systems. They continue to exacerbate weak healthcare systems and poor health outcomes in low- and middle-income countries.

IMF-mandated policies have been linked to reductions in government health spending. Three mechanisms were identified that link IMF-mandated policies to reductions in government health spending: macroeconomic targets that constrict the fiscal space for health investment; wage bill caps and civil service employment ceilings that prevent hiring and retaining health personnel; and decentralization policies that exacerbate difficulties with budget execution in the health sector (Stubbs et al, 2017; Kentikelenis, 2017). These restrictions prevent the delivery of the most essential services, which keeps the standard of living and health at low levels. Furthermore, structural adjustment policies have been associated with declining incomes, rising unemployment, and increases in poverty, with a consequent rise in inequality, further contributing to a series of health issues that develop throughout life.

- A review of IMF programs from 1995 to 2014 to identify the pathways and impact of conditionality on government health spending in 16 West African countries revealed the following (Stubbs et al 2017):
    - IMF policy reforms reduce fiscal space for investment in health.
    - IMF policy reforms limit staff expansion of doctors and nurses.
    - IMF policy reforms create budget execution challenges in health systems.
    - Each extra binding IMF policy reform reduces health spending per capita by 0.248%.
- Decades of prioritizing debt payments over investment contributed significantly to the devastating extent of the Ebola outbreak's impact in Guinea, Liberia and Sierra Leone. Health services had been starved of investment, including vital public health

infrastructure, undermining crisis preparedness in what were already fragile health systems (Robinson and Pfeiffer 2015).

- An analysis of cross-national time-series data to examine the causal impact of the IMF's structural adjustment programs on age-standardized all-cause mortality rates and disability-adjusted life years (DALYs) in 187 countries between 1990 and 2017 found the following: IMF programs cause 392 excess all-cause deaths (95% CI: 176–608; p = 0.0004) and 4,205 excess DALYs (95% CI: 2,429–5,981; p = 0.000004) per 100,000 population. This aggregate effect appears to be driven by IMF-mandated privatization reforms, which lead to 562 excess all-cause deaths (95% CI: 267–857; p = 0.0002) and 5,285 excess DALYs (95% CI: 2,749–7,822; p = 0.00004) per 100,000 population (Nosrati et al 2021).

- A recent analysis of the latest IMF programs and policy advice in Uganda, Tanzania and Malawi showed that *fiscal consolidation* was still a prominent part of all three (Meurs 2019):
    - Adjustment measures considered by Uganda in the years 2010–2013 were related to wage bill cuts/caps, consumption (VAT) tax increases, and pension reform, with the wage bill cuts/caps leading to salary erosion among public healthcare providers
    - Tanzania has followed advice regarding the reduction of subsidies for agricultural products, wage bill cuts/caps, and pension reforms. In addition to these, the government also decided to increase consumption taxes and electricity prices
    - In the case of Malawi, the IMF program strongly emphasized the need for tight fiscal policies, recommending spending reductions on agricultural and fuel subsidies, and limits on public sector wage increases.

- A review of Fund programs on government expenditures on health in low-income countries using data for the period 1985–2009 found that structural adjustment is associated with decreases in spending in low-income countries outside Sub-Saharan Africa and in democracies, and with increases in spending only in Sub-Saharan African low-income countries. The authors linked the higher health expenditures in Sub-

Saharan African low-income countries, to the fact that this region has historically spent less on health than any other region (Kentikelenis et al 2015).

- IMF programs have also been associated with deep health spending cuts in countries at **higher levels of economic development**:
    - A cross-national analysis of 27 European nations found that government spending was reduced by 8% more in Eastern European nations that took out IMF loans. Between 1996 and 2006, across 135 nations, non-IMF borrowing countries increased government expenditure on health by, on average, $0.45 for every $1 in donor help, whereas IMF borrowing countries only increased health spending by, on average, $0.01 (Reeves et al, 2014).
    - An analysis of seven European countries (Cyprus, Greece, Hungary, Ireland, Latvia, Portugal, and Romania), showed that the majority of bailout nations had a decline in public health spending as a share of overall government spending, with Ireland seeing the biggest drop at 22% in government health spending as a share of total government spending (Loughnane et al. 2020).

Privatization

Privatization of healthcare services has been shown to make them less affordable, leading to unmet long-term medical needs or unaffordable household medical expenses, particularly among the poor and vulnerable population groups

The role of the private sector in the delivery of healthcare has increased in IMF-dependent countries as a result of institutional reforms that call for deregulation of the industry:

- In a cross-national analysis of 16 West African nations, privatization of healthcare services rendered them less affordable, leading to unmet long-term medical needs or unaffordable household medical expenses. Although those who can afford it can access a wider range of services, this can be accompanied by austerity-driven cuts to government health provisions that result in a smaller selection of services or outsourcing to non-governmental organizations that are frequently less prepared to offer comprehensive and high-quality health services (Stubbs, 2017).
- In Sub-Saharan Africa, the rise of private medicine has created severe issues with contaminated and fake pharmaceuticals as well as subpar hospitals and clinics (Ichoku et al., 2016). Following the implementation of cost recovery procedures, maternal fatalities rose from two to 62 in one teaching hospital over a five-year period. Overall, 3,376 fewer women were admitted for obstetric care as opposed to 7,450 (about 220% decline). With the introduction of fees for maternal health services, the number of deliveries similarly decreased by 218% while the number of deliveries involving difficult labor increased by 315%. The impoverished were discouraged from visiting professional medical facilities for treatment (Ichoku et al., 2016).

- An empirical analysis of an original dataset of IMF-mandated policy reforms for a panel of up to 137 developing countries between 1980 and 2014, found that privatization of health care has been associated with a decline in its effectiveness and quality. Even outside the health sector, it has been shown that privatization can have a negative impact on health systems as the cumulative loss of profits from these operations lowers government revenues, rendering fewer funds available to pay for healthcare subsidies and services for mothers and children (Forster, et al. 2020).
- A systematic review found that privatization may also lead to job losses in the public sector that are not always replaced by the creation of new positions in the private sector (Thomson, 2017). One evidence is the rising use of contaminated water that goes hand in hand with increasing privatization and deregulation. Privately owned water and sanitation facilities may impose high costs for water access, forcing the underprivileged to rely on water from polluted sources which can cause diarrhea infections that disproportionately harm children (Thomson, 2017).

Healthcare Access, User fees and Equity

While cost-sharing or user fees are frequently implemented as part of structural adjustment programs to improve the financial sustainability of healthcare services, these have been shown to reduce access to healthcare among the poor and exacerbate already existent inequalities in health and poverty, with negative implications on health outcomes

- An empirical analysis of IMF-mandated policy reforms for a panel of up to 137 developing countries between 1980 and 2014 found that structural adjustment reforms lower health system access, increase neonatal mortality and impacts on health equity. Additional analyses show that labor market reforms drive these deleterious effects (Forster et al 2020). Furthermore, Income inequality in countries that received an IMF loan increased by an average of 6.5% a year for three years after the implementation of the intervention Forster et al 2019).
- Among the European nations that were most severely damaged by the 2009 financial crises, particularly Greece, Spain, and Portugal, a body of work examined negative correlation between budget cuts, austerity measures, and access to health care and medications (Donato et al, 2021).
- Numerous studies have linked austerity and structural reforms to increased inequities, which are key contributors to health outcomes (Pickett & Wilkinson, 2015).
- A systematic review of the effect of structural adjustment programs on child and maternal health found that, while fee introduction can increase the range of services available to middle classes and wealthy elites, they can greatly reduce access to even the most rudimentary health services for the poor; user fees have been linked to increased rates of stunted growth in kids, sharp declines in women visiting STI clinics,

and hurdles to receiving antibiotics and antimalarial drugs. For instance, a World Bank directive to introduce a US$0.33 charge for outpatient health centers visits saw a 52% reduction in visits, followed by a 41% recovery when user fees were suspended (Thomson et al, 2017).

- A simulation model of 20 African nations found that the elimination of fees could avert an estimated 233,000 under-5 fatalities yearly, or 6.3% of such deaths in these contexts (James et al. 2005).
- While international funding institution's (IFI's) policy concerning low-income countries has moved away from reliance on user fees in low-income, recent IFI-designed programs in Europe advocated the introduction or increase of user fees or co-payments (Maresso et al., 2015). In addition, healthcare coverage can be impacted by altering benefits packages or eligibility criteria for services (Thomson et al., 2015).Despite IMF's recent efforts to operationalize its inequality agenda, Oxfam's 2017 evaluation of the IMF's main initiative to introduce inequality analysis into its policy recommendations revealed that at that time, there remained significant gaps between rhetoric and actual policies promoting lower inequality (Oxfam, 2017).
- A more recent analysis of IMF loans primarily in Africa and the Latin American and Caribbean regions, found that the most commonly proposed austerity measures include wage bill cuts and freezes (31 countries), increases to or the introduction of value-added tax (VAT) (14 countries), and general public expenditure cuts (55 countries). Regarding taxation, while the IMF advises nations to modify their tax structures in order to produce more money, there is little emphasis on progressive taxes for wealthy individuals and companies. Instead, the IMF urges 14 countries to introduce or increase regressive VAT, or to eliminate exemptions. Unfortunately, this type of taxation disproportionately affects vulnerable populations, notably women and low-income households, rather than high-income households and firms, further widening inequality (Tamale, 2021).

Workforce shortages

Hiring freezes and wage reductions have been shown to lead to shortages of health workforce with negative implications on the quality of healthcare

The workforce in the public healthcare sector is impacted by layoffs, hiring bans, or IMF-imposed wage reductions. Through reliance on "wage bill ceilings," which set maximum limits for government spending on wages, this process has become more explicit. These ceilings, which are linked to a medical "brain drain" as healthcare workers leave the industry in search of better employment opportunities, have been identified as major barriers to hiring or retaining workers in the health sector (Kentikelenis, 2017).

- IMF wage bill caps on the public sector and restricted government spending on health have been linked to the devastating effects of the HIV/AIDS pandemic and the recent Ebola outbreak in Africa (Munala et al, 2021).
- In Kenya, as a result of hiring freezes and wage reductions, the healthcare system had a scarcity of workers. The volume and quality of services offered were also impacted by the emigration of healthcare professionals and reductions in government spending (Munala et al., 2021).
- In Mozambique, the IMF acknowledged that its wage bill measures had an impact on the number of healthcare professionals that could be hired the next year after conducting its own research through the independent evaluation office. Analysis also showed that pay limitations were routinely set without considering how their consequences might affect spending in areas of poverty (Beste et al. 2016). The wage bill conditions were eliminated in 2006.
- Although the IMF changed its wage bill ceiling policy in 2007 after realizing its negative effects and contending it is no longer relevant, wage bill ceilings continue to be consistent, in a subtle, aspect of recent programs (Thomson, 2017; Kentikelenis, 2017; Stubbs, 2017)

Maternal and Child Health

IMF conditionality is negatively correlated with maternal and child health outcomes, including increased mortalities

Government health spending is affected by structural change, with implications on the amount and quality of services provided to mothers and children (Thomson et al, 2017). Currency devaluation is another method by which health systems are indirectly impacted, whereby devalued currencies boost export competitiveness but raise the real cost of imports, including pharmaceuticals and medical supplies, which could potentially have detrimental effects on outcomes for mother and child health.

- A systematic review on the aggregate effect of structural adjustment programs administered by the IMF, World Bank, and AfDB on child and maternal health in low- and middle-income countries found a detrimental association between structural adjustment policies and child and maternal health outcomes in 11 of 13 empirical studies reviewed. In particular, these programs undermine access to quality and affordable healthcare and adversely impact upon social determinants of health, such as income and food availability (Thomson et al. 2017).
- An ecological study found that government spending, which IMF programs aim to reduce, is a major determinant of reducing infant mortality rates (Stuckler and Basu, 2009).
- A time-series cross-section analyses for up to 128 developing countries over the 1980–2014 period found that IMF policy conditions on public-sector employment are negatively related to child health. A change from the minimum to the maximum number of such policy conditions decreases vaccination by 10.97% (Daoud et al 2018).
- In exchange for committing to a number of policy conditions requiring fiscal austerity and structural reforms, the Greek government and the "troika" negotiated a bailout package worth over EUR 110 billion in 2010. Between 2008 and 2010, there was a 43 % increase in child mortality (Bonovas and Nikolopoulos 2012; WHO 2013).

Tuberculosis Outcomes

IMF economic reform programs are associated with significantly worsened tuberculosis incidence, prevalence, and mortality rates in post-communist Eastern European and former Soviet countries, independent of other political, socioeconomic, demographic, and health changes in these countries.

A multivariate regression of two decades of tuberculosis incidence, prevalence, and mortality data against variables potentially influencing tuberculosis program outcomes in 21 post-communist countries revealed the following (Stuckler et al 2008):

- Participating in an IMF program was associated with increased tuberculosis incidence (by 13.9%), prevalence (by 13.2%), and mortality rates (by 16.6%).
- Each additional year of participation in an IMF program was associated with increased tuberculosis mortality rates by 4.1%, and each 1% increase in IMF lending was associated with increased tuberculosis mortality rates by 0.9%.
- Existing the IMF programs was associated a decrease in tuberculosis mortality rates of 30.7%
- Non-IMF lending programs were connected with decreased tuberculosis mortality rates (−7.6%)

Social Protection: A Cautionary Tale

IMF favor ‘targeting’ as a strategy to address social challenges, rather than promote universal coverage. Although IMF has recently promoted social protection policies as part of its lending programs, these have been inadequately incorporated into program design while social spending floors that are supposed to shield vulnerable groups, are at levels below what is needed to guarantee basic healthcare.

When neoliberal reforms led by the IMF and World Bank were at their height in the 1980s, UNICEF noticed that IMF programs deprived the poor of their rights, frequently by cutting back on the social safety nets that those living in poverty depended on to access education, healthcare, and other essential public goods (Ichoku et al. 2016; Stuckler, 2009).

Instead of advocating for universal coverage, the IMF and the World Bank prefer "targeting" as a strategy to address socioeconomic concerns (Noy, 2018; Stubbs and Kentikelenis, 2018b; Forster et al 2020). Targeted programs and social assistance undermine solidarity and increase stigma, which ultimately might work against the interests of the very groups targeted in these interventions (Noy, 2018).

- A cross-national analysis of 16 West African nations concluded that such practices have left a legacy that hinders those nations' progress towards universal health coverage, which is a key health-related sustainable development goal (Stubbs, 2017). Under direct IMF tutelage, some of the world's poorest countries underfunded their

health systems. Aspects of structural adjustment initiatives to raise money and lower costs have had an impact on several aspects of health coverage (Kentikelenis, 2017).

- While IMF programs are increasingly incorporating social spending floors, stipulating minimum expenditures on primarily health and education, these safeguards have not been adequately incorporated into the design of adjustment programs, and are accorded secondary importance in contrast to fiscal targets. Moreover, priority spending targets are most often non-binding reforms that serve as markers for broader progress assessment, but do not automatically suspend a program if unmet; whereas fiscal deficit targets are binding and automatically suspend the loan (Thomas et al 2017).
- Evidence show that targets for social spending floors (that are part of IMF programs) are not set at a meaningful level to bring countries closer to achieving SDG-3 (Mariska Meurs, 2019):
    - In Malawi the social spending target is too low to have any substantive health impact
    - In Uganda, the IMF advised the government to increase much needed social spending but only when economic growth recovered
    - In Tanzania the IMF advised the government to increase investments in the infrastructure sector while at the same time freezing total spending
- Furthermore, research shows that priority spending targets were observed only about half of the time, even though fiscal deficit reforms were almost always met. Thus, as part of an austerity drive, governments may be under pressure to cut social spending in order to meet fiscal deficit targets (which are binding), which can, in turn, limit the accessibility and affordability of healthcare (Stubbs 2017).

IMF in the Mediterranean:
Snapshot from Egypt, Greece and Jordan

The Egyptian experience has been referred to as "cautionary story" by the IMF and World Bank (Ismail, 2013). Similarly, IMF acknowledged that it made “notable failures” in the Greek bailout, underestimating how much the austerity measures such as spending cuts and tax would negatively impact the economy.

Egypt

In Egypt, the combined effect of hasty and ad hoc cuts in public spending, subsidy removal, currency devaluation, and regressive VAT increases (in response to IMF conditionalities and fiscal targets), contributed to spiraling inflation, higher import costs, rising living costs, wage stagnation, increased unemployment, poverty, and inequality with predictably disastrous repercussions for economic and social rights. Poorer households are disproportionately affected by this.

Egypt is experiencing extraordinary shortages of basic goods when combined with import restrictions. There has already been a serious problem in the cost and accessibility of medications, as well as a decline in healthcare services brought on by medical supply shortages (El Badrawi and Corkery, 2017).

Since April 2015, targeted social protection measures have been implemented through a World Bank technical assistance loan program, including the launch of two conditional cash transfer programs and ration cards for food and gasoline (El Badrawi and Corkery, 2017). These agreements, which were supposedly created to help the nation achieve universal health coverage for the first time, actually called for the state to gradually withdraw from the provision of health services and be replaced by a system that combined social and private insurance and allowed the state to purchase services from private providers (Ismail, 2013). After the cost of manufacture increased by 100% in January 2017, the price of medicine was increased by additional 15% to 20%. In May 2016, it had already been raised 20%, and the government's most recent suggestion calls for an automatic rise every six months. This has an impact on the accessibility and cost of pharmaceuticals generally.

Jordan

In 1952, Jordan joined the IMF, and in 1989, the IMF provided the Jordanian government with its first loan. Since then, Jordan has taken out eight IMF loans ("Arab watch coalition", 2020).

Despite the IMF and World Bank's efforts to include more social factors in its criteria, the result is still greater disparities, which fuel social unrest (Momani, 2020). Jordan continues to face fundamental economic issues as public debt continues to soar and the country's budget deficit and balance of payments deficit both continue to grow over time (Awad, 2017). Although the IMF-supported programs contained suggested social spending floor targets, especially for Jordan and Tunisia, social service spending was reduced (Abdo, 2019). For instance, out-of-pocket medical expenses have risen as state health spending has declined from 5.6% of GDP in 2011 to 3.4% in 2016 (Abdo, 2019). People continued to experience considerable suffering as a result of rising prices for staples like bread and other essential necessities, which specifically hurt underprivileged populations (Momani, 2020).

Furthermore, Under IMF austerity, the state decreased benefits like subsidized housing, preferential prices at state-run marketplaces, and substantial health packages. As a result, public sector jobs that Jordanians once thought of as reasonably stable positions started to disappear (Momani, 2020). Even while relative macroeconomic growth has improved, the trend hides underlying issues such as rising inequality, ongoing corruption, capitalists' friendly rent-seeking behavior, and significant differences between rural and urban areas in the provision of the majority of services. In conclusion, the implementation of the two IFIs' austerity-heavy, neoliberal policies harmed the country's underprivileged the most (Momani, 2020).

Greece: A Failed IMF Reform

In recent years, the most challenging economic crisis facing the IMF has been Greece. For the IMF as an institution, the stakes were high: the programs were among the largest in IMF history, Greece was the first advanced economy to borrow from the IMF in several decades, and failing to contain the crisis could have undermined recovery from the global 2009 financial crisis.

Greece led an early austerity intervention in 2010 to address its sovereign debt, which the previous government had concealed for years (Salomon, 2015). The IMF's loan conditionality for Greece were no different to other countries; austerity measures were implemented, public services were reduced, professional and market sectors were liberalized, and a comprehensive plan for the sale of public assets was presented (Kondilis et al., 2013). Austerity measures included reducing government health spending, eliminating bonus payments, reducing the pay of health professionals employed by the public sector, freezing staff hiring at all public health care facilities, laying off temporary employees and those who were nearing retirement, and filling critical positions with medical staff transfers from other organizations.

Total Ministry of Health spending decreased by €1.8 billion over the first two years of austerity (23.7 % between 2009 and 2011), while total public hospital spending decreased by €0.74 billion (12.5 % reduction from 2009 to 2011) (Kondilis et al., 2013; Kentikelenis et al 2014). For daytime outpatient services provided in public hospitals that were previously free at the point of use, patients paid more than €25.7 million out of their own pockets; Contrary to the government's claim that budget cuts for public hospitals were a "positive result of improvements in financial management efficiency (e.g., procurement, logistics)," recent official data showed that the decrease in expenditures for public hospitals was caused by a reduction in payroll of 75% rather than increased efficiency (between 2009 and 2011 payroll expenses of public hospitals decreased by €0.56 billion, a reduction of 16.5%) (Kondilis et al., 2013).

Healthcare became inaccessible to the poor due to a decrease in public health spending and a rise in user fees. Along with a 200% increase in the prevalence of HIV/AIDS, there was a large increase in attempts at suicide connected to depression (Mohashin, 2017). Moreover, there was a reemergence of malaria and mother-to-child HIV transmission (regular pregnancy screenings are no longer done) (Salomon, 2015; Kentikelenis, A., Karanikolos, M., Reeves, A., McKee, M., & Stuckler, D. (2014).

Health spending has been compressed to one of the lowest levels in the Eurozone. During 2010–17, health spending declined by 1.8 % of GDP, which disproportionally affected the poor, as evidenced by the rising share of out-of-pocket payments and unmet needs among the poor. During this period, intermediate consumption in health declined by half relative to the average level in Europe.

The fundamental problem that the IMF made in Greece was lending to an insolvent country, an unprecedented amount which exceeded 200 billion US in loans. The lack of public awareness of the problem by successive Greek governments and foreign organizations is astonishing in light of this comprehensive body of evidence for the detrimental impacts of austerity on health. In fact, the prevailing attitude has been to deny the existence of any significant issues (Kentikelenis et al 2014).

Section III: Implications for Lebanon

IMF: A Threat or Opportunity for Lebanon

Since 2019, the Lebanese healthcare system has been enduring many challenges including low healthcare spending, weak accessibility of health services, massive migration of health workforce, and shortage of drugs and medical equipment.

The economy of Lebanon remains deeply depressed, having contracted by about 40 percent since the crisis began. Notably, inflation has soared into triple digits due to the significant depreciation of the Lebanese lira, reflecting a lack of confidence in the country's financial system, an increase in money supply, and complexities related to multiple exchange rates and speculative arbitrage resulting from BDL circulars. The collapse in budget revenue has forced drastic and disorderly cuts in public spending, leading the government to rely on central bank financing and donor assistance to sustain a budget deficit exceeding 5 percent of GDP. Additionally, the banking sector faces considerable strain with eroding capital positions and looming unrealized losses. Despite an improvement in 2020-21, the current account deficit has widened substantially to over 25 percent of GDP in 2022, mainly due to high oil and food prices and accelerated imports ahead of an anticipated exchange rate adjustment for tax purposes. This challenging economic environment, coupled with ad hoc monetary policy decisions, has caused foreign reserves to decline significantly, reaching approximately US$10 billion as of December 2022 (excluding gold), down from the pre-crisis level of US$36 billion (Lebanon: Staff Concluding Statement of the 2023 Article IV Mission (2023)).

On May 2020, the Lebanese government approached the IMF with the aim to obtain their support. IMF loan can be seen as a threat or an opportunity for Lebanon, depending on the government’s willingness/capability to negotiate safeguarding and strengthening health policies and social protection systems while attenuating potential adverse effects of structural adjustment on the health sector.

Threat: Business-as-usual approach which sidelines health and social systems in IMF reforms

IMF's "business as usual" strategy will have significant and long-term negative effects on Lebanon's health sector. As indicated from country experiences, governments implementing IMF-backed plans are compelled to cut health and social expenditure to adhere to strict fiscal deficit objectives, which in turn reveal a focus on inflation initiatives. Prioritizing debt service payments as part of IMF-mandated fiscal adjustment absorbs crucial resources that could have been invested in health systems. Loan conditionality can reduce fiscal space in a way that compromises a government's ability to scale up public investment for providing the essential health services needed to ensure enjoyment of right to health.

In a country where 82% of the population currently lives in multidimensional poverty, the business-as-usual measures imposed by the IMF will unquestionably disproportionately impact the working class and widen an already widening wealth gap, leading to crippling economic and social inequality.

- The Lebanese government tried to meet the requirements of an IMF loan by aiming to treble the amount of value-added tax (VAT) income received in the projected budget for 2022. However, because they are more impacted by the higher taxes, this action unfairly burdens and harms the working poor. The financial sector may suffer losses as a result of the weak and constrained delivery of liquidity, making the recovery process even more difficult. The government may have to impose capital restrictions, as was the case in other nations like Cyprus, Iceland, and Greece, in order to manage interest rates and the value of the currency. As a result, the financial changes necessary for an agreement with the IMF may cause assets to be concentrated in the hands of the rich, which could seriously disadvantage people who urgently need help (Ghreichi, 2022).
- In January 2023, the IMF produced a technical assistance report on putting tax policy back on track. These taxes include VAT, Excises, Income Taxes, and Property taxes. As stated in the report, the IMF team has proposed that excises could be an effective means to tackle pollution, yielding notable environmental advantages while generating substantial revenue with only a slight impact on prices. Specifically, an excise on diesel, gradually increasing from USD 0.10 per liter in 2023 to USD 0.25 per liter in 2025, is projected to raise revenues equivalent to 1.5 to 3 percent of GDP (Hebous et al., 2023). However, it should be noted that the report does not address the current lack of infrastructure for public transportation in Lebanon, which could create challenges for individuals who cannot afford the increased excise prices. This aspect raises concerns about the potential impact on vulnerable segments of the

population, as they may not have accessible and affordable alternatives to cope with the rising transportation costs associated with the proposed excise policy. The rise in diesel prices would likely have a cascading effect on various sectors, including healthcare. With diesel being a significant energy source for hospitals and medical facilities, the increase in fuel costs could lead to higher hospital bills. Hospitals may face increased operational expenses, which may be passed on to patients through higher fees for medical services and treatments.

- Furthermore, the IMF team highlighted the necessity to take certain measures in the report, which includes the removal of the recently introduced VAT exemption on diesel. Additionally, they recommended reevaluating and tightening the existing exemptions provided to the health and education sectors (Hebous et al., 2023). These proposed actions are likely aimed at increasing revenue generation and fiscal stability. However, it is crucial to carefully assess the potential impact on the accessibility and affordability of essential services, such as healthcare and education, as these changes may affect the public, especially those who rely on these sectors the most.

- Based on the latest discussions between the Lebanese state and the IMF, as well as experiences from the Middle East and North Africa (MENA) and other developing regions, it has become evident that IMF conditionalities and associated austerity measures carry significant social costs that would exacerbate the already challenging living conditions in Lebanon. The IMF's approach to social protection centers on implementing social assistance programs targeted at those in poverty, while also cutting back on social expenditures that were previously part of a more inclusive universal social protection system, such as subsidies (Jbeili et al., 2022). It is essential to note that with the rising poverty rates, relying solely on targeted social safety net programs would have limited effectiveness and might even risk disrupt the fragile social fabric in the country. The existing civil "peace" in Lebanon, which is already tenuous, could face further strain if vulnerable segments of the population are adversely affected by austerity measures, leading to potential social unrest and discontent (Jbeili et al., 2022). In light of all the available data, it appears that the IMF is urging greater austerity, where the risk of external debt distress is higher, which is consistent with international concerns that debt service is being prioritized over social spending and, more broadly, the health and wellbeing of populations (UNICEF, 2021).

Opportunity: Challenging the status quo by prioritizing health and social systems in IMF reforms

Any proposal for economic reform in Lebanon should be centered on a just, equitable, and fair way to recover from the negative consequences of the current financial and economic crises. It should particularly concentrate on enhancing and investing in social protection, health systems, basic infrastructure, and livelihoods for all citizens, including vulnerable population groups. (Abdo, Abed, Aouad & Ayoub, 2020). Importantly, the government should empower the individual responsible for negotiating with the IMF, granting them sufficient authority to effectively implement the below recommendations.

To convert the IMF reforms into opportunities for Lebanon's advancement, the following are proposed:

- Government must prioritize the improvement of the rule of law, independence of the judiciary, and autonomy of the central bank as essential steps for effective economic recovery It should also prohibit the selling of state assets and privatization of public services and rights through legislation (Jbeili et al., 2022).
- Government must leverage the IMF reform as an opportunity to push for policies to strengthen health systems and improve healthcare access, equity as well as care quality as part of the IMF reform deal. The "Egypt plan" to achieving social fairness in health is an excellent example of a set of recommendations for this. Some realistic methods to accomplish this goal include fair revenue collection, pooling for equal distribution, strategic purchasing, and the use of new, evidence-based metrics for scaling the socioeconomic status of the population (Sobhani, 2019). By pushing for the inclusion of these reforms as part of the IMF agreement, particularly pooling of public funds and universal health coverage, policymakers in Lebanon would be held accountable and obliged to achieve them.
- Government must negotiate with IMF to shift from endorsing targeted social safety nets towards a universal social protection approach in line with the 2030 Agenda for Sustainable Development Goals The reform plan must support the government in laying the groundwork for universal social protection and significantly increasing social spending on health and education through the establishment of legally-binding, open, and participatory criteria and outcomes for social spending floors (Abdo, Abed, Aouad & Ayoub, 2020; "IMF Should Prioritize Human Rights in Lebanon Loan Negotiations", 2022). By making them legally-binding, social spending floors will no longer be accorded secondary importance in contrast to fiscal targets.

- Government must assess potential policies imposed by the IMF to ensure they do not impact negatively on health and social inequalities (e.g. embed health impact assessments). Designing policies with public health in mind would ensure that macroeconomic recovery does not compromise people's health. Lebanon should put strategies in place to attenuate potential adverse effects of structural adjustment on the health system and improve healthcare access as well as care quality
- Government and IMF should avoid rushed implementation of complex reforms that are not underpinned by capacity, investment and realistic timeframes. Severe fiscal pressure combined with pressure to generate savings very quickly encourages countries to postpone planned coverage expansions and adopt policies that are relatively easy to implement but are likely to undermine efficiency and access goals – e.g., blanket cuts to budgets & staff, closure of public health institutions, raising of means-test thresholds and increases in user charges. As a result, reforms sometimes failed to address inefficiencies, created gaps in responsibility for key areas like public health, led to unintended consequences & added to health system costs
- IMF should reconsider its imposition of value-added tax (VAT) and explore more progressive and diverse forms of taxation, such as wealth taxes and corporate taxes. (Tamale, 2021)
- IMF policymakers should involve a wider range of stakeholders such as health ministries, civil society, and health worker associations, and let the discussions on macroeconomic policies take place in joint environment with other economic, health and social issues.
- IMF should shift from endorsing targeted social safety nets towards a universal social protection approach in line with the 2030 Agenda for Sustainable Development Goals
- IMF should reevaluate how it approaches the fiscal deficit and inflation rate by permitting the government to borrow money and explore more options in terms of public spending and development strategies, such as defining and adopting a global standard, promoting tools for financial transparency, providing small-scale technical assistance to build national capacity, and encouraging dissemination of evidence-based financial interventions (Sobhani, 2019).
- IMF should promote transparency of consultation process and policy reforms including communicating the rationale for reform. IMF should refrain from using 'hidden' forms of conditionality whereby policy measures embedded in the narrative of IMF program documents are de facto conditionality even though they are not explicitly so. Country experiences showed that conditionality can significantly

increase after a program has been approved, due to conditionalities added during reviews.

- Donor states should stop using the IMF as the gatekeeper for their aid decisions and retest the experimental framework for IMF macroeconomic policy guidance (Sobhani, 2019).

The Lebanese government must consider the healthcare and social sectors' implications while engaging in negotiations with the IMF. However, the likelihood of successfully implementing these changes remains low due to the ruling class's prioritization of preserving their own interests over necessary reforms. Despite their claims of commitment to change, they have managed to convince the international community while achieving little progress. Though the appointment of the Deputy PM to lead the IMF negotiations brings hope, he has intentionally been denied the authority and capacity to enact meaningful policy reforms. Consequently, the negotiation team faces significant challenges, lacking the resources and ability to make substantial strides, particularly in addressing crucial issues like healthcare. As a result, the negotiation process is expected to end in failure (The Policy Initiative, 2023).

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Annexes

Annex 1: Timeline of Key Events between IMF and Lebanese Government

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