

ANNEX 2. SOCIAL PROTECTION ADVICE IN ARTICLE IV CONSULTATIONS

Social protection advice in IMF surveillance could be grouped into the following themes:

1. Reforming the pension/ social security system

Examples: "Directors emphasized that the sustainability of public finances will require substantive pension reform;" "Directors emphasized the importance of pension reforms to address looming demographic pressures;" "Directors also cautioned that the envisaged changes should not make public sector pensions fiscally untenable;" "Directors cautioned that a declining balance of the social security fund pose long-term challenges."

2. Reforming unemployment benefits/minimum wage schemes

Examples: "Directors emphasized the need to curtail the long duration of unemployment benefits;" "Directors called for tightening eligibility for unemployment benefits for those unwilling to work;" "Directors noted that in view of looming labor supply shortages, reforms of early retirement schemes and of sickness and disability leave benefits are also a priority;" "On wage protection, some Directors noted that alternative measures such as expanding in-work benefits for low income workers could be preferable to introducing a minimum wage."

3. Improving the targeting of social benefits/transfers

Examples: "To improve public sector efficiency and spending discipline, Directors encouraged better targeting of social spending;" "Directors called for further efforts to rationalize social assistance to target the poor;" "Directors saw scope to reduce generous social benefits."

4. Protecting vulnerable groups or limiting the social cost of reforms/policies/shocks

Examples: "Directors advised the authorities to accelerate fuel subsidy reforms, while protecting the most vulnerable segments of the population;" "Directors supported the budget's mildly expansionary stance, particularly in the light of the need to address the social impact of higher food prices;" "Directors saw scope for further cuts in public spending, complemented with measures to protect the poor;" "Directors supported steps to further reduce wage and subsidy spending, while protecting the most vulnerable segments of the society"

5. Protecting or creating fiscal space, i.e., increasing budgetary allocations, for social spending

Examples: "Directors stressed that continued fiscal consolidation is needed to create room to raise social spending;" "Directors noted the importance of using fiscal space for priority social spending;" "Directors encouraged the authorities to prioritize expenditures and keep them in line with available resources, while protecting social spending."

6. Strengthening the social safety net/social transfers/provision of social services

Examples: "Against the backdrop of continued high poverty, Directors encouraged the authorities to strengthen the social safety nets;" "Directors also encouraged the authorities to cooperate closely with the World Bank and other donors to develop an adequate and well-targeted safety net;" "Directors supported the authorities' medium term priorities including enhancing social services for the poor;" "Directors encouraged the authorities to consider new approaches to alleviate poverty, including well-targeted cash grants."

7. Pursuing active labor market policies

Examples: "Directors supported the authorities' strategy to reduce unemployment among low-skilled workers through training programs and job placement assistance;" "Directors also recommended additional active labor market policies, including more effective training programs, as well as reforms to reduce skills mismatches and boost incentives to work."