INTERNATIONAL MONETARY FUND

A Narrative Fiscal Consolidation Dataset for Sub-Saharan Africa

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WP/26/11

2026
JAN

WORKING PAPER

 WP/26/11

IMF Working Paper
African Department

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Authorized for distribution by Amadou Nicolas Racine Sy
January 2026

ABSTRACT: This paper introduces the first narrative-based dataset on fiscal consolidations for sub-Saharan Africa (SSA). Drawing on staff reports from the International Monetary Fund (IMF) during the period 1990-2024 and using an approach assisted by artificial intelligence (AI), the dataset systematically identifies fiscal consolidation actions motivated by long-term considerations (rather than cyclical conditions), such as reducing an inherited budget deficit, ensuring long-term public debt sustainability and improving economic efficiency. By focusing exclusively on measures exogenous to the business cycle, the dataset provides a more precise identification of fiscal consolidation actions for the empirical analysis of the macroeconomic effects of fiscal policy in SSA.

RECOMMENDED CITATION: Abdel-Latif, H. & Bechchani, K.& David, A., & Lemaire, T. (2026). “A Narrative Fiscal Consolidation Dataset for Sub-Saharan Africa.” IMF Working Paper No. WP/26/11.

JEL Classification Numbers:	E62, C55, O55
Keywords:	Fiscal consolidation, Fiscal policy, Narrative identification, Sub-Saharan Africa, Artificial intelligence methods

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WORKING PAPERS

A Narrative Fiscal Consolidation Dataset for Sub-Saharan Africa[1]

Hany Abdel-Latif, Khalil Bechchani, Antonio David, Thibault Lemaire

[1] The views expressed here are those of the authors and do not necessarily represent the views of the IMF, its Executive Board, or IMF management. We would like to thank Calixte Ahokpossi, Francisco Arias Vazquez, Carmen Avila-Yiptong, Daphne Babirye, Valerio Crispolti, Daniel Cunha, Kamil Dybczak, Souvik Gupta, Frank Hespeler, Asma Khalid, Faizaan Kisat, Rodolfo Maino, Montie Mlachila, Julien Reynaud, J. Daniel Rodriguez-Delgado, Axel Schimmelpfennig, Felix Simione, Jules Tapsoba, Melesse Tashu, Robert Tchaidze, Johanna Tiedemann, Volodymyr Tulin, Delia Velculescu and participants at the IMF's African Department seminar series as well as the different IMF country teams for excellent comments and suggestions. The usual caveats apply.

1. Introduction

This paper constructs a new database of fiscal consolidation measures taken by the governments of 14 sub-Saharan African (SSA) economies during 1990-2024 following the "narrative approach" (Romer and Romer, 2010). We use publicly available IMF staff reports (including Article IV consultations, program review documents, and recent economic development reports), which contain detailed discussions of macroeconomic conditions, fiscal policies, and medium-term plans. The paper builds on previous work by Devries et al. (2011) and Carriere-Swallow et al. (2021), which identified such fiscal consolidation measures for 17 OECD economies and 14 Latin American and Caribbean economies, respectively.

Existing research indicates that fiscal multiplier estimates in SSA are relatively low (Arizala et al., 2021; Badru et al., 2025; Woldu and Kano, 2023*a*). This could possibly be explained by economic factors, such as the prevalence of a large informal sector (Lemaire, 2020; Colombo et al., 2024) and lower tax levels relative to advanced economies and other regions (Gunter et al., 2021). Moreover, lower efficiency of public spending and large risk premia that generate confidence effects may also be at play (David et al., 2023).

However, these low estimates may also be linked to biases related to the identification strategies used to identify the effects of fiscal policies. In SSA and, more broadly, in emerging markets and developing economies (EMDEs), the literature has focused on a number of methodologies, including the use of changes in the cyclically adjusted primary balance (Alesina and Ardagna, 2010; Woldu and Kano, 2023*b*; Badru et al., 2025), the use of shocks recovered from structural VAR models (Ilzetzki et al., 2013; Woldu and Kano, 2023*a*), or the use of real-time forecast errors (Auerbach and Gorodnichenko, 2013; Arizala et al., 2021). As discussed in Carriere-Swallow et al. (2021) and David et al. (2022), these conventional approaches to identifying fiscal shocks tend to include changes in fiscal variables unrelated to policy decisions, such as variations in revenues and expenditures driven by swings in commodity prices, which also affect economic activity, thus biasing the estimates toward understating the causal effects of fiscal policy changes. Identification problems are particularly prominent for estimates of tax multipliers (Riera-Crichton et al., 2016). In fact, in studies of SSA economies, tax multipliers are estimated to be close to zero (Arizala et al., 2021), while expenditure multipliers tend to be more in line with the literature for other regions (David et al., 2023).

The narrative approach pioneered by Romer and Romer (2010), which identifies the timing and motivation of fiscal policy changes based on historical documents, can address some of the shortcomings associated with other conventionally used strategies to identify exogenous fiscal actions. A key feature of the narrative approach is a focus on policy measures driven by long-term considerations and not by the need to respond to current or prospective economic conditions. These long-term considerations include measures aimed at reducing an inherited budget deficit, ensuring long-term public financial sustainability, improving economic efficiency, or based on a philosophical belief in the benefits of small government.

One of the drawbacks of following the narrative approach is that the fiscal policy actions identified are sometimes anticipated by economic agents, and as such may not constitute true economic shocks, thus impairing clean causal inference. Moreover, there is a degree of arbitrariness/judgment in determining whether the motivation of the fiscal action is valid, as well as the appropriate magnitude. The shortcomings of the narrative approach are discussed in detail in Jordà and Taylor (2016) and Ramey (2017), for example.

Our sample includes 73 fiscal consolidation episodes in 14 SSA economies between 1990 and 2024. The data is presented at an annual frequency. The countries included in our sample comprise Angola, Côte d'Ivoire, Cameroon, Democratic Republic of Congo, Ethiopia, Ghana, Kenya, Mauritius, Mozambique, Nigeria, Senegal, South Africa, Tanzania, and Uganda. The average consolidation size is about 0.95 percent of GDP with a standard deviation of about 0.85 percentage point.

The paper is structured as follows. Section 2 provides a detailed description of the methodology. Section 3 offers an overview of the dataset. Section 4 presents a comparison between our narrative dataset and changes in the cyclically-adjusted primary balance. Finally, Section 5 concludes with closing remarks. Appendix A presents the AI agent developed to streamline and validate the labor-intensive task of narrative identification; Appendix B contains detailed descriptions of each identified fiscal action; and Appendix C compares the narrative fiscal actions with changes in the CAPB, focusing on the largest discrepancies between the two approaches.[1]

2. Methodology

2.1. Motivation of Measures

A key step in the analysis following the narrative approach is to examine the motivations of policy makers to ensure that the measures that we include in our database were driven primarily by the desire to reduce an inherited budget deficit, reduce the debt level (ensure sustainability), as well as other long-term considerations, including reducing inequality, improving incentives, increasing efficiency, or based on a philosophical belief in the benefits of small government (Romer and Romer, 2010). To be included, fiscal policy actions should not be driven by a response to current or prospective economic conditions. If a consolidation is motivated primarily by the desire to manage domestic demand or in response to an economic contraction, we note its

[1] For ease of access, we have created a dedicated dataset webpage to document the dataset, future revisions, and extensions. This site also includes an interactive quote explorer tool that allows users to search and review the underlying evidence interactively.

occurrence in the paper but do not include it in our database.

We used publicly available IMF staff reports for SSA countries (including Article IV consultations, program review documents, and recent economic development reports) between 1990-2024, which contain detailed discussions of macroeconomic conditions, fiscal policies, and medium-term plans.[2] When IMF reports for a given year were not available, we attempted to use complementary sources, such as Economist Intelligence Unit reports.[3]

An episode qualifies as a narrative consolidation if it involves deliberate fiscal tightening motivated by long-term objectives (as discussed above) rather than a transitory response to the business cycle or commodity price shocks. As an example of actions included following these criteria, starting in 2017, Cameroon embarked in a multi-year fiscal consolidation effort: "The government is determined to restore fiscal and external sustainability in the medium term and to keep public debt on a sustainable path", as described in IMF Country Report No. 17/185 (page 54).[4] In contrast, Angola's 2010 tightening in response to an oil price collapse was classified as cyclical and excluded. Expenditure measures considered could include wage-bill compression, subsidy removal, reductions in military or capital spending; revenue measures typically include broadening the tax base, introducing VAT or new excise taxes, and strengthening administration. Episodes must be documented in official reports with explicit measures and rationales for inclusion in the dataset.

When revenue increasing measures and/or expenditure cuts are counterbalanced by other fiscal measures that contribute to widen the deficit, we compute the sum of the measures and classify the case as a consolidation episode only if the overall policy change yields net budgetary savings. A key advantage of our compilation is that it captures fiscal decisions on both the revenue and expenditure sides, which allows us to account for offsetting movements between them. A concrete example is the case of Ghana in 2003, where revenue measures with an estimated effect of 2.8 percent of GDP, motivated by the need to reduce debt, were offset by an increase in expenditures (unrelated to cyclical conditions) amounting to 4 percent of GDP, resulting in no net consolidation. Moreover, in Tanzania over the fiscal year 1995/96, expenditure cuts amounting to 1.1 percent of GDP were partially offset by an increase in development expenditure and net lending of 0.4 percent of GDP, resulting in a net fiscal consolidation of 0.7 percent of GDP.

[2] One potential limitation is that institutional policies on IMF report length may have changed over time. While we do not have historical data on word-count limits, we believe such changes are unlikely to affect the inclusion of core fiscal measures and their motivations, which are essential elements of program documentation. Future work could explore whether report conciseness influences the richness of narrative evidence.

[3] On the rare occasions when no information on fiscal policy actions is available for a given year, we assign missing values to that specific country-year pair in our database.

[4] Some countries exhibit repeated consolidations over time, often as part of broader adjustment programs. While we record episodes by year for consistency, these can be aggregated for multi-year analysis.

2.2. *Budgetary Effects*

The IMF staff reports used as sources to construct narrative consolidation actions are historical documents that present retrospective and prospective descriptions of fiscal policy measures, and most of the time also include estimates of their likely budgetary impact. The magnitude of fiscal policy changes included in the database are based on estimates of the revenue or expenditure effects of the given policy action at the time of implementation (expressed in annual terms) and at the prevailing level of GDP, as described in the relevant IMF reports. We follow Devries et al. (2011), so that a permanent measure is recorded as having a positive budgetary impact when it comes into effect and zero thereafter.

If measures were announced but were not implemented, we do not include them in the database. Occasionally, announced measures are only partly implemented or are implemented with delays, and the coding of the budgetary effects in the dataset takes these features into account, as described in detail in the section presenting the country-by-country narratives.[5]

2.3. *Use of Artificial Intelligence*

We begin by using an AI agent to programatically retrieve IMF staff reports for each country. The reports are then converted to machine-readable text via an internal fetch function that performs PDF OCR, preserving page references for later citation. Subsequently, we read the documents and compiled consolidation actions following the narrative approach previously outlined, paying particular attention to the stated motivation for each policy action. We complemented this AI-assisted approach by "manually extracted narratives", which are compiled by the authors. As described in the next section, while we used an AI agent to extract and classify episodes, we cross-checked all results against manually extracted narratives compiled by the authors.

In simple terms, the AI-assisted process combines automation with human oversight to ensure transparency and reliability. The agent first retrieves IMF staff reports and converts them into searchable text. It then scans the documents for fiscal policy actions, applies predefined rules to classify each measure by its motivation—such as structural, cyclical, or commodity-related—and by instrument type. Finally, the agent produces structured summaries with supporting evidence from the reports, which we manually review to confirm accuracy and exclude unimplemented plans. This approach accelerates identification while maintaining rigor and clarity.

[5] While our dataset focuses on implemented measures, we also identified announced consolidations that were not carried out. There are 2 such cases in our sample: Uganda (2003/04) and Mozambique (2004), both involving planned fiscal tightening later abandoned due to revenue shortfalls and spending pressures. In addition, other announced episodes that were only partially implemented are documented based on the components that were actually carried out. Annex Appendix B notes these cases, and readers interested in policy intentions or anticipation effects can use this information to amend the dataset. An online dataset webpage and quote explorer tool provide easy access to these details.

2.3.1. *AI-assisted extraction and classification*

A bespoke "fiscal consolidation scanner" agent was built on top of a large language model (LLM) to automate the detection of narrative fiscal consolidation episodes. The agent received a structured set of instructions and examples derived from manually extracted narratives for a few countries. It was tasked with reading each staff report, extracting any fiscal-consolidation measures, and classifying them by motivation—long-term structural, cyclical stabilization, commodity-shock response, or unclear—and by instrument type. To ensure transparency, the agent returned a strict JavaScript Object Notation (JSON) object containing the episode window, measures, computed size in percentage points of GDP, motivation, and sentence-level evidence from the report.

The agent combined semantic retrieval (keyword search for “medium-term,” “fiscal rule,” “primary balance target,” etc.) with rule-based filters that demoted text mentioning output gaps or commodity shocks. This hybrid approach narrowed each report to the most relevant paragraphs. It then prompted the LLM to identify episodes and cite evidence. For example, for the case of Côte d’Ivoire in 2017, the agent flagged an expenditure-based consolidation with cuts aimed at preserving fiscal buffers and meeting WAEMU deficit norms. Similarly, for 2019 it flagged spending compression and revenue measures implemented to meet deficit reduction targets. Intermediate results were stored in a structured database, and a pipeline script converted the JSON into CSV and Word narrative files.

2.3.2. *Comparison with Manually Extracted Narratives*

To validate AI-derived episodes, we systematically cross-checked the agent’s JSON output against our manually extracted narratives, and then reconciled any gaps. Some examples from our workflow illustrate the process. For Tanzania, the agent flagged FY2011/12 as a consolidation episode; but manual review showed it was mainly a cyclical tightening, so we reclassified it. For Côte d’Ivoire, the agent correctly identified episodes for 1994, 1995, 2017, 2018, 2019 as well as 2021, 2023 and 2024 (in line with the manual approach). Crucially, the agent excluded the measures taken in 2007 and 2014 because they were offset by spending increases. These checks prevented the inclusion of planned but unimplemented actions, ensured size estimates came from precisely identified component changes (not the headline balance), and captured country-specific context.

2.3.3. *Cross-Checking with Existing Research*

We also compared our episodes with other studies that identify consolidation years through changes in the cyclically adjusted primary balance. For example, Woldu and Kano (2023*b*) flag 2002 and 2003 as consolidation years for Mozambique based on improvements in the cyclically adjusted primary balance. Our document AI-based review confirms fiscal tightening efforts in 2003. Nevertheless, in the case of the

2002 episode, our analysis indicates that indeed a reduction in the primary deficit was a key target of the 2002 program, but the program sought to address the inflation surge in late 2001 and therefore, the fiscal measures were motivated by cyclical considerations and are not included in the dataset.

In addition, Woldu and Kano (2023*b*) point to a consolidation in Nigeria in 2011 that according to our narrative approach was motivated by demand pressures and driven by an increase in oil prices (therefore excluded). Similarly, Badru et al. (2025) point to a consolidation in Senegal in 2002 that is confirmed by our dataset. However, these authors also consider a consolidation in Angola in 2000 that we exclude from the narrative dataset as it was motivated by a desire to stabilize inflation (as discussed in Appendix B). Such cross-analysis highlights the complementarity of narrative and statistical approaches: automatic balance-based methods may flag years with temporary windfalls, while narrative analysis can discern whether the adjustment was deliberately structural.

2.4. Implementation and Limitations

The workflow was implemented using an "API" tool for report retrieval and a command-line environment for processing. The AI agent ran in a secure environment without internet access. Output files summarized episodes by country, indicating the source file, whether a consolidation was detected, evidence snippet, year, type, size, and duration. To facilitate replication, all scripts and prompts were version-controlled, and the AI instructions were included in Appendix A.

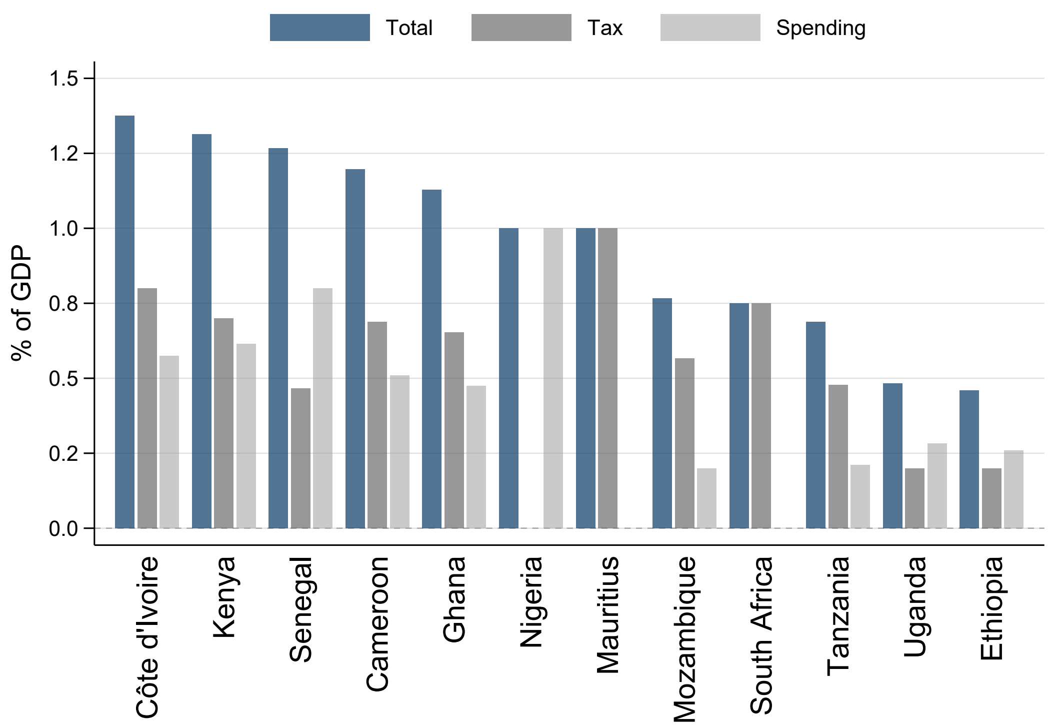
Although AI greatly accelerates the identification of fiscal consolidation episodes in thousands of reports, the process still requires human oversight. OCR errors in older PDFs can obscure relevant passages; ambiguous language may lead the model to misclassify cyclical tightening as structural, or vice versa. Moreover, some consolidation plans are announced but never implemented, a nuance the model must infer from subsequent reports or external data. Future work could integrate actual fiscal outturns and debt dynamics to corroborate narrative episodes and refine the AI's decision rules. Additionally, expanding the analysis to include political economy variables (e.g., elections, conflict) might help explain why some planned consolidations fail.

3. The Narrative Dataset

Table 1 presents the 73 narrative fiscal episodes and their estimated budgetary effects for each country-year pair included in the sample. The episodes comprise 42 expenditure measures and 57 revenue measures. The average fiscal consolidation size is 0.95 percent of GDP (considering only the non-zero observations), with a standard deviation of 0.86. Figure 1 presents the average fiscal consolidation by country as share of GDP. The median consolidation size is 0.77 percent of GDP, the 25th percentile is 0.35 percent of GDP and the 75th percentile is 1.1 percent of GDP (see Figure 2 for a smoothed distribution of the fiscal episodes). Figure 3 illustrates the timing and frequency of fiscal consolidation episodes identified through our narrative approach. Marker sizes indicate the magnitude of each adjustment as a share of GDP.

In total, we identify 28 episodes of relatively small consolidations (≤ 0.5 percent of GDP, about 39%), 21 episodes between 0.5 and 1 percent of GDP (29%), 17 episodes between 1 and 2 percent of GDP (approximately 24%), and 6 large episodes exceeding 2 percent of GDP (around 8%).

Figure 1: Average Fiscal Consolidation by Country



For each episode, we also classify the adjustment as tax-based or expenditure-based depending on which component accounts for the larger share of the budgetary effect. This classification yields 38 tax-based consolidations and 32 expenditure-based ones. In two instances, corresponding to Ghana in 2015 and Mozambique in 2023, the contributions of tax hikes and spending cuts were perfectly balanced, yielding identical budgetary savings as a share of GDP, so we do not classify these cases in either category. Both expenditure-based and tax-based episodes average around 0.9 percent of GDP in size. Figure 4 illustrates the relative contribution of tax and spending measures to fiscal consolidation episodes across the 14 SSA economies in our sample.

Figure 2: Kernel Density Estimate

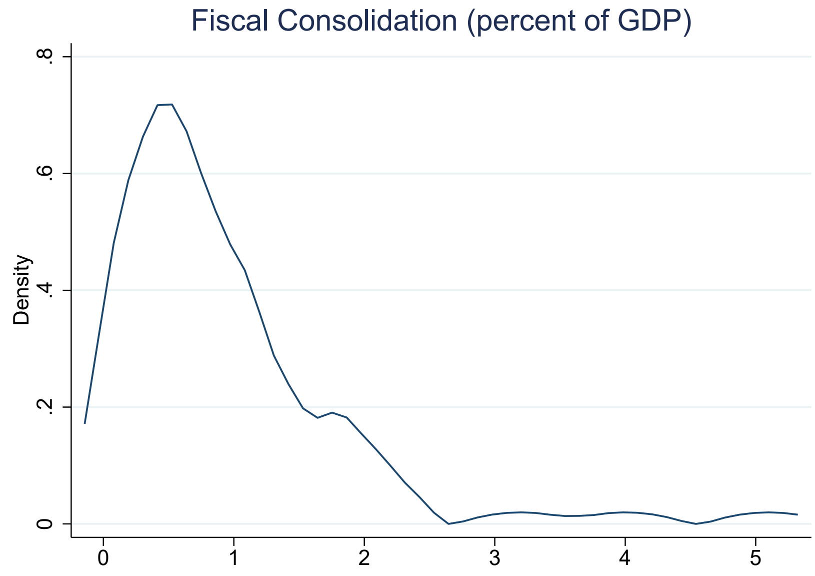


Figure 3: Timeline of Narrative Fiscal Consolidation Episodes

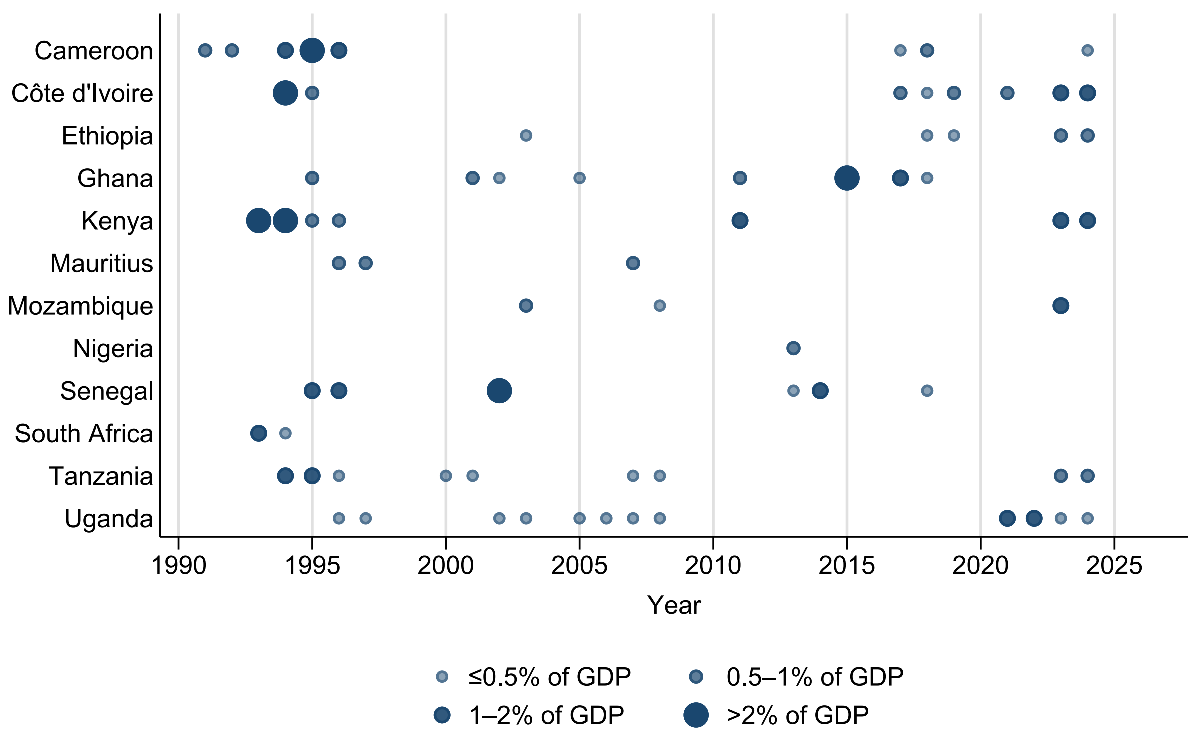


Figure 4: Share of Narrative Fiscal Consolidation Episodes

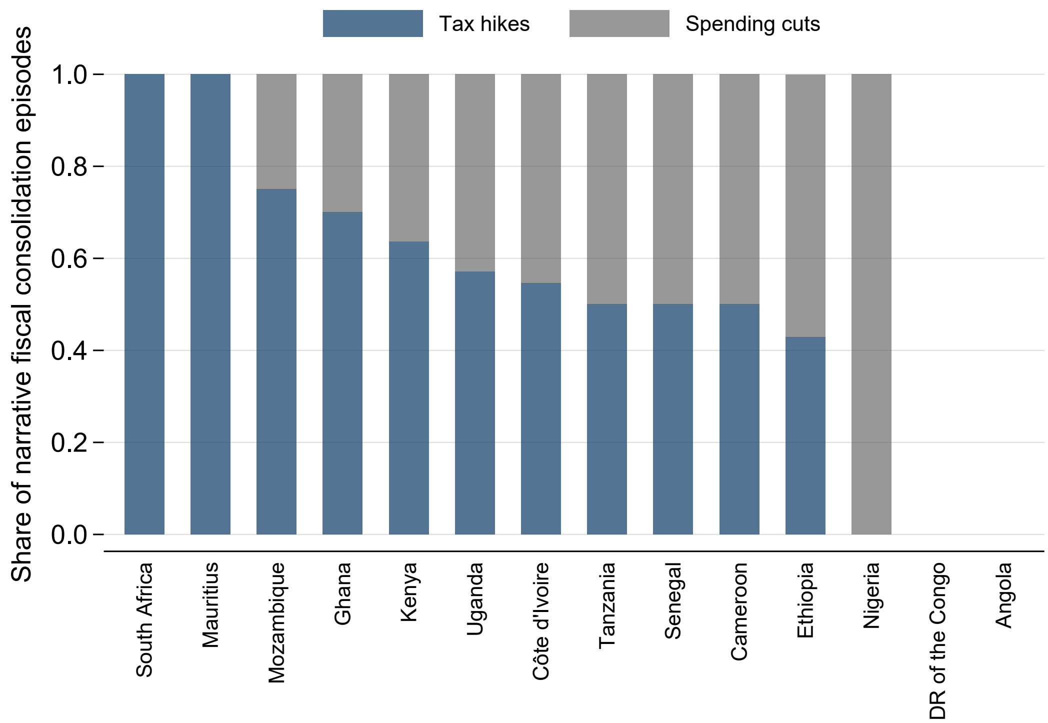


Table 1: Narrative Fiscal Consolidation Episodes in sub-Saharan Africa

Country	ISO3	Year	Tax	Spend	Total
Angola	AGO	*No narrative episodes have been identified*			
Cameroon	CMR	1991	0.65	0.13	0.78
Cameroon	CMR	1992	0.65	0.13	0.78
Cameroon	CMR	1994	0.40	1.30	1.70
Cameroon	CMR	1995	1.65	1.55	3.20
Cameroon	CMR	1996	1.25	0.25	1.50
Cameroon	CMR	2017	0.30	0.00	0.30
Cameroon	CMR	2018	0.60	0.33	0.93
Cameroon	CMR	2024	0.00	0.40	0.40
Côte d'Ivoire	CIV	1994	3.10	2.00	5.10
Côte d'Ivoire	CIV	1995	0.00	0.70	0.70
Côte d'Ivoire	CIV	2017	0.00	0.80	0.80
Côte d'Ivoire	CIV	2018	0.30	0.00	0.30

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Country	ISO3	Year	Tax	Spend	Total
Côte d'Ivoire	CIV	2019	0.30	0.40	0.70
Côte d'Ivoire	CIV	2021	0.80	0.00	0.80
Côte d'Ivoire	CIV	2023	1.10	0.00	1.10
Côte d'Ivoire	CIV	2024	0.80	0.70	1.50
Democratic Republic of the Congo	COD	*No narrative episodes have been identified*			
Ethiopia	ETH	2003	0.50	0.00	0.50
Ethiopia	ETH	2018	0.00	0.15	0.15
Ethiopia	ETH	2019	0.00	0.15	0.15
Ethiopia	ETH	2023	0.25	0.50	0.75
Ethiopia	ETH	2024	0.25	0.50	0.75
Ghana	GHA	1995	0.00	1.00	1.00
Ghana	GHA	2001	0.90	0.00	0.90
Ghana	GHA	2002	0.30	0.00	0.30
Ghana	GHA	2005	0.50	0.00	0.50
Ghana	GHA	2011	0.80	0.00	0.80
Ghana	GHA	2015	2.00	2.00	4.00
Ghana	GHA	2017	0.40	0.80	1.20
Ghana	GHA	2018	0.33	0.00	0.33
Kenya	KEN	1993	0.55	1.55	2.10
Kenya	KEN	1994	0.55	1.55	2.10
Kenya	KEN	1995	0.90	0.00	0.90
Kenya	KEN	1996	0.90	0.00	0.90
Kenya	KEN	2011	1.10	0.00	1.10
Kenya	KEN	2023	0.45	0.60	2.10
Kenya	KEN	2024	0.45	0.60	2.10
Mauritius	MUS	1996	1.00	0.00	1.00
Mauritius	MUS	1997	1.00	0.00	1.00
Mauritius	MUS	2007	1.00	0.00	1.00
Mozambique	MOZ	2003	0.70	0.00	0.70
Mozambique	MOZ	2008	0.40	0.00	0.40
Mozambique	MOZ	2023	0.60	0.60	1.20
Nigeria	NGA	2013	0.00	1.00	1.00
Senegal	SEN	1995	0.75	1.10	1.85

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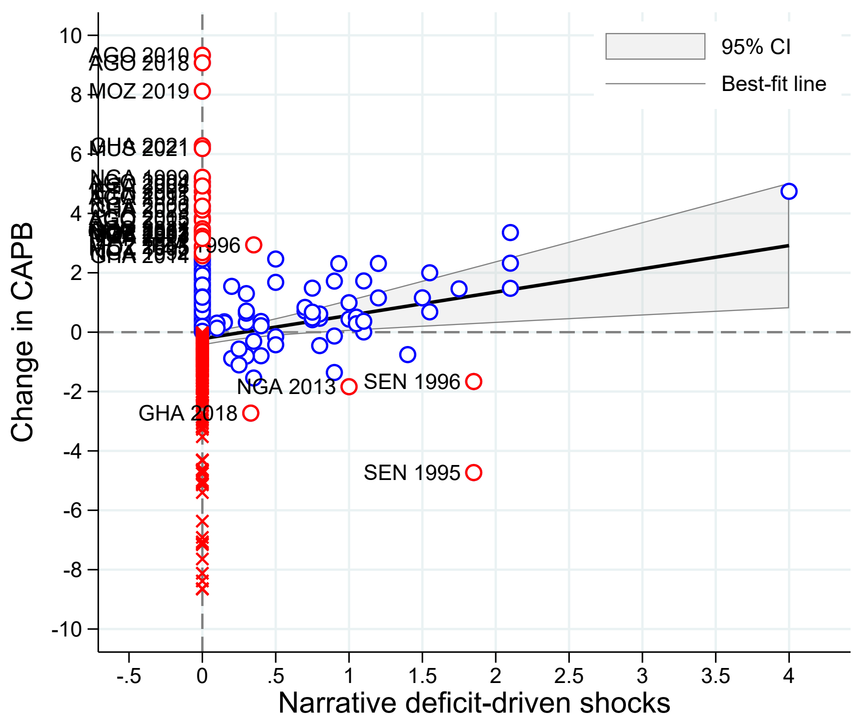
Country	ISO3	Year	Tax	Spend	Total
Senegal	SEN	1996	0.75	1.10	1.85
Senegal	SEN	2002	0.60	1.50	2.10
Senegal	SEN	2013	0.40	0.00	0.40
Senegal	SEN	2014	0.30	0.80	1.10
Senegal	SEN	2018	0.00	0.30	0.30
South Africa	ZAF	1993	1.12	0.00	1.12
South Africa	ZAF	1994	0.38	0.00	0.38
Tanzania	TZA	1994	1.40	0.00	1.40
Tanzania	TZA	1995	1.40	0.35	1.75
Tanzania	TZA	1996	0.00	0.35	0.35
Tanzania	TZA	2000	0.00	0.10	0.10
Tanzania	TZA	2001	0.00	0.10	0.10
Tanzania	TZA	2007	0.50	0.00	0.50
Tanzania	TZA	2008	0.50	0.00	0.50
Tanzania	TZA	2023	0.25	0.50	0.75
Tanzania	TZA	2024	0.25	0.50	0.75
Uganda	UGA	1996	0.25	0.00	0.25
Uganda	UGA	1997	0.25	0.00	0.25
Uganda	UGA	2002	0.00	0.20	0.20
Uganda	UGA	2003	0.00	0.20	0.20
Uganda	UGA	2005	0.25	0.00	0.25
Uganda	UGA	2006	0.25	0.00	0.25
Uganda	UGA	2007	0.35	0.00	0.35
Uganda	UGA	2008	0.35	0.00	0.35
Uganda	UGA	2021	0.35	1.20	1.55
Uganda	UGA	2022	0.35	1.20	1.55
Uganda	UGA	2023	0.00	0.30	0.30
Uganda	UGA	2024	0.00	0.30	0.30

Note: The table records the budgetary impact of narrative fiscal shocks where positive values denote fiscal consolidation episodes expressed as a percent of GDP. Tax = tax hikes, Spend = spending cuts, and Total = sum of tax and expenditure measures.

4. The Narrative Dataset versus Changes in the Cyclically Adjusted Primary Balance

Figure 5 presents a scatter plot comparing two measures of fiscal consolidation: the change in the cyclically adjusted primary balance (CAPB) and the narrative deficit-driven fiscal actions. Estimates of the CAPB are not systematically available for several of the 14 SSA economies included in our sample. To address this limitation, we construct CAPB estimates following the conventional approach (Escolano, 2010) and based on the April 2025 vintage of the World Economic Outlook database.[6] Specifically, we adjust government revenues using an elasticity of one with respect to the output gap. The GDP deflator is then applied to express the adjusted series in nominal terms. The adjusted primary balance is subsequently obtained by subtracting interest revenue and primary expenditure from the adjusted revenue series and dividing the result by nominal GDP.

Figure 5: Two Measures of Fiscal Consolidation: Change in CAPB versus Narrative Fiscal Actions (Percent of GDP)



Note: Labels indicate cases where either the CAPB or the narrative approach identifies fiscal consolidation and the discrepancy between the two measures exceeds 2.5 percent of GDP. Crosses indicate observations for which neither the CAPB nor the narrative approach identify fiscal consolidation. Labels display three-letter ISO country codes and the year of the consolidation episode. The diagonal line indicates points along which the series are equal (45° line).

The figure displays the 72 fiscal actions identified through our narrative approach, along with the observations

[6] The approximation $\frac{\text{CAPB}}{\text{GDP}} = \frac{\text{PB}}{\text{GDP}} - \left(\frac{G}{\text{GDP}} \times \text{Output Gap}\right)$ yields very similar results.

[6] The output gap is computed based on real GDP data and the Hodrick-Prescott filter with a smoothing parameter of 6.25.

for which we found no evidence of deficit-driven fiscal policy changes. To gauge the consistency between the narrative fiscal consolidations and the CAPB-based changes, we estimate a simple bivariate regression of the CAPB measure on the narrative consolidations, both expressed as share of GDP. The results indicate a statistically significant positive relationship between the two measures. The corresponding F-statistic equals 10.15 with a p-value of 0.002, rejecting the null hypothesis of no association at the 1 percent level. This suggest that fiscal consolidations identified through the narrative approach are, on average, accompanied by increases in the CAPB-based measure, indicating a high degree of consistency between the two methodologies. In many cases, both measures broadly align on the size of fiscal consolidation.

However, the imperfect fit between the two measures highlights that several episodes classified as consolidations in the CAPB data may instead reflect cyclical or accounting factors rather than deliberate, discretionary policy actions. Indeed, there are numerous cases where the standard CAPB-based approach and our narrative identification reach different conclusions regarding the existence and magnitude of fiscal consolidation.

To assess which approach provides a more accurate identification of fiscal consolidation, we examine the largest discrepancies between the two measures, focusing on observations where at least one method indicates a consolidation. We consider 17 large cases of disagreement, defined as those where the difference between the two measures exceeds 2.5 percent of GDP. Figure 5 labels these discrepancies, of which details are provided in Appendix C.

Our examination of 17 large discrepancies between the narrative shocks and the CAPB-based changes provides strong evidence that the narrative approach offers a more reliable measure of action-driven fiscal consolidation. These discrepancies are generally explained by specific economic or budgetary developments that lead the conventional CAPB-based approach to capture changes in fiscal aggregates unrelated to discretionary policy actions, such as higher fiscal revenues resulting from economic expansions, or to misrepresent the true magnitude of fiscal tightening, as in cases where fiscal policy responds to adverse cyclical conditions or emerging crises. In a few instances, the CAPB deteriorates, suggesting an increase in the fiscal deficit, while our narrative evidence indicates that a fiscal consolidation was in fact implemented. Importantly, we find no cases in which the CAPB-based measure provides a more accurate identification than the narrative approach.[7]

To complement the correlation analysis, we summarize the extent of divergence between the two approaches.

[7] For comparisons of the CAPB-based measure and narrative identification in OECD countries and Latin American economies, see Guajardo et al. (2014) and Carriere-Swallow et al. (2021).

Of the 72 narrative episodes, approximately 30 are not captured by the CAPB-based method (false negatives), while about 164 of CAPB-based improvements lack narrative evidence (false positives). These discrepancies highlight the numeric approach's tendency to misclassify episodes driven by cyclical or accounting factors rather than deliberate policy actions. Combined with the statistically significant correlation (F-statistic = 10.15, p-value = 0.002), these findings reinforce the conclusion that the narrative approach provides a more accurate identification of discretionary fiscal consolidations.[8]

5. Conclusion

By combining document retrieval, natural-language understanding, rule-based classification, an AI assisted approach, and manual validation, this paper constructed the first narrative based fiscal consolidation dataset for sub-Saharan African countries. The AI –assisted process delivered a set of fiscal-consolidation episodes for 14 sub–Saharan African countries and exposed both overlaps and divergences with existing studies based on other methodologies.

The examination of 17 large discrepancies between our narrative identification and the CAPB-based measure confirms that the narrative approach provides a more accurate and context-consistent identification of action-driven fiscal consolidations. The CAPB often captures fluctuations in fiscal aggregates stemming from cyclical, accounting, or commodity-related factors, rather than deliberate policy actions. Conversely, the narrative evidence, grounded in contemporaneous policy documentation, identifies both the intent and composition of fiscal measures. The few cases where the CAPB fails to capture genuine consolidations further underscore its limited reliability in emerging markets and developing economies, where data volatility and one-off budgetary operations are common. These findings reinforce the superiority of the narrative methodology in identifying discretionary fiscal policy actions from cyclical and endogenous movements in fiscal indicators.

Looking ahead, this narrative dataset will continue to be updated and potentially expanded to include additional SSA economies. As a promising avenue for future research, extending the narrative identification approach to other emerging and developing regions, such as Southeast Asia, the Pacific, and the Middle East and North Africa, would contribute to filling critical gaps in the availability of well-identified exogenous fiscal actions with regards to current economic conditions, and enable a more comprehensive understanding of fiscal policy dynamics across different institutional and macroeconomic environments.

[8] While this analysis focuses on identification rather than causal inference, the narrative dataset itself mitigates causal inference challenges by eliminating endogeneity concerns inherent in purely statistical approaches. Future research could use this data and apply econometric methods to assess the impact of narratively identified consolidations on fiscal outcomes.

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Appendix A. Agent — Main Prompt & Instructions

Appendix A.1. Agent Instructions

ROLE: You are a fiscal-policy analyst.

SCOPE & GOAL: From supplied IMF/EIU reports and country documents in the linked knowledge sources, identify fiscal-consolidation episodes and classify the primary motivation. Return STRICT structured outputs (JSON always; Excel/CSV when requested). Do not use the public web.

DEFINITIONS: Fiscal consolidation episode: realized (implemented) policy actions that reduce the deficit via discretionary measures on taxes or spending, motivated by medium/long-term sustainability-NOT one-off cash operations or purely cyclical tightening.

Motivation labels:

- long-term-structural: debt/rule anchors, multi-year MTEF/MTFF, subsidy or pension reform, tax-base broadening, SOE restructuring, expenditure reviews.
- cyclical-stabilization: short-run demand management, overheating/temporary output-gap language, inflation bursts.
- commodity-shock-response: adjustment explicitly framed as response to oil/mineral/ToT shocks.
- other/unclear: cannot be determined from report evidence.

DECISION RULES:

1- Realization rule: Plans without evidence of implementation are not episodes.
2- Evidence rule: Extract at least two distinct quotes with page references that (i) state the measures and/or (ii) state the fiscal objective/motivation. Prefer staff analysis over authorities' views when available.
3- Window rule: The episode-window must match the fiscal year(s) with realized actions documented (e.g., FY2010/11 → start 2010-04, end 2011-03). Do not extend to planned out-years unless a later report confirms implementation.
4- Size rule (size-pp-gdp): Sum the discretionary component changes (pp of GDP) attributable to measures (tax base/rate changes, wage-bill, transfers, subsidies, capital cuts). Do NOT use the headline primary balance. If component deltas are not available, set null and write "needs-table" in the rationale.
Measures vs reform-context: Put budget-moving levers in measures; classify PFM system upgrades (MTEF, RBB, accrual) as reform-context.
5- Conservatism: If uncertain about motivation, choose other/unclear and explain briefly.

6- Source hygiene: Use only the provided files. If a required file cannot be read, state which file and why; return *"episodes"* : [] for that run.

7- Consistency checks before finalizing:

- Episode window aligns with quoted evidence.
- At least one evidence quote lists concrete measures.
- Motivation wording is present in evidence (or clearly inferred with caution).
- Size-pp-gdp equals sum(tax-pp + spend-pp) when those are itemized.

OUTPUTS:

- Always produce the JSON object using the schema below.
- If the user requests a spreadsheet, ALSO produce an .xlsx (or .csv) with the specified columns.

STRICT JSON SCHEMA

```
{
  "country": "<ISO3C or name>",
  "report_id": "<document title or filename>",
  "episodes": [
    {
      "episode_window": { "start": "YYYY-MM or YYYYQn", "end": "YYYY-MM or YYYYQn" },
      "measures": ["tax base broadening", "subsidy rationalization", "wage-bill freeze", "..."],
      "reform_context": ["MTEF", "results-based budgeting", "..."],
      "size_pp_gdp": <number or null>,
      "motivation": "long_term_structural | cyclical_stabilization | commodity_shock_response | other/unclear",
      "rationale": "<1-3 sentences; note 'needs_table' if size unknown>",
      "evidence_spans": [
        { "citation": "<doc>: p.<page> <section>", "quote": "<exact sentence>" },
        { "citation": "<doc>: p.<page> <section>", "quote": "<exact sentence>" }
      ]
    }
  ]
}
```

SPREADSHEET / CSV SPEC (when requested)

File name: <iso3c>_fiscal_consolidation.xlsx (or csv)

Sheet “episodes” (or the CSV header) with columns:

<iso3c>, <country>, <report_id>, <year>, <fy_window_start>, <fy_window_end>, <tax_pp>, <spend_pp>, <size_pp_gdp>,<motivation>, measures (semicolon-separated),<reform_context (semicolon-separated)>,

<rationale>,<evidence_page_1>,<evidence_quote_1>,<evidence_page_2>,<evidence_quote_2>,<file_name>

Notes:

- year is the calendar year mainly affected (or first FY year).
- tax_pp plus spend_pp should equal size_pp_gdp when itemized; leave nulls if not available.
- One row per realized episode per year.

STYLE & SAFETY:

- Return STRICT JSON when asked; no prose around it.
- Quote text exactly (no paraphrase inside quotes); keep quotes short.
- Do not identify individuals in reports beyond what is printed in the document.
- If nothing qualifies, return {"country": "...", "report_id": "...", "episodes": []}

Appendix A.2. Run-Prompt Template ("User Prompt" for each extraction)

Country: <ISO3C or Name>

Report: "<Exact document title / filename>"

Task: Extract fiscal-consolidation episodes and classify motivation, following the agent rules.

Return STRICT JSON only. Include geq 2 evidence quotes with citations "<doc>: p.<page>".

If a spreadsheet is requested for this run:

excel: true

excel_filename: "<ISO3C>_fiscal_consolidation.xlsx"

excel_columns: [country, iso3c, report_id, year, fy_window_start,fy_window_end,tax_pp, spend_pp, size_pp_gdp,motivation, measures, reform_context, rationale, evidence_page_1, evidence_quote_1, evidence_page_2, evidence_quote_2, file_name]

Appendix A.3. Minimal Worked Examples (used during development)

Accept (long_term_structural): Botswana FY2010/11

Measures: VAT 10→12, capital-spending cuts, hiring freeze.

Window: start 2010-04, end 2011-03.

Evidence: staff text on sustainability objective + list of measures with pages.

Reject (cyclical_stabilization): Tanzania FY2011/12

Reason: mainly cyclical tightening; moved to structural episodes in 1994/95, 1995/96, 2007/08, 2023/24.

Reject (unimplemented): Angola 1994/95 plan

Reason: measures planned but not executed that year; fails Realization rule.

These are illustrative only; the agent must always rely on the current document's evidence.

Appendix B. Country by Country Summary of Consolidation Actions

This appendix provides citations from IMF staff reports to support our conclusions on the rationale and budgetary impact of fiscal consolidation measures, both included and excluded from the dataset.

Appendix B.1. ANGOLA[9]

Angola 2000

A medium-term fiscal consolidation and reform program was introduced on the tax side. However, one of its main objectives was to reduce inflation, and the program also included several tax-side stimulus measures.

The IMF Staff Country Report No. 00/111 notes on page 3: "—since March 1999 the government has been implementing a medium-term adjustment and reform program. The goal is to restore domestic and external equilibrium and create the conditions for sustained growth, especially by boosting growth of the non-oil sectors, lowering inflation eventually to single-digit rates, improving the efficiency and transparency of public sector operations, and enhancing the role of the private sector." The same report states on page 15 "To reduce dependence on oil revenue over the medium term, the authorities introduced important tax measures in 1999, broadening the base of the income and sales taxes, lowering the maximum corporate income tax rate to 35 percent, and overhauling the trade tax structure (Appendix I). The maximum import duty was reduced from 110 percent to 35 percent and the number of tariff bands from 43 to 8, while export taxes were reduced to 1-2 percent. At the same time, the authorities have begun to strengthen tax administration, putting particular emphasis on reducing the large evasion of customs duties."

Angola 2010

A fiscal consolidation that appears to have been motivated by cyclical conditions (decline in oil prices). Moreover, the consolidation was offset by increased spending to clear arrears accumulated in previous years. Given that the 2010 fiscal consolidation was both a response to cyclical developments and offset by other fiscal measures, we do not classify it as a narrative fiscal action.

IMF Country Report No. 11/346 states on page 3: "The abrupt decline in oil prices at end-2008 led Angola into a severe crisis, to which the authorities responded with an ambitious adjustment program, supported by a Stand-by-Arrangement (SBA) (Country Report No. 09/320). Its key components were: a strong fiscal adjustment; the adoption of a tighter monetary policy stance; and the reform of the foreign exchange auction system. These policies were backed by intensified monitoring of commercial banks to safeguard

[9] Angola's fiscal year coincides with the calendar year, which runs from January 1 to December 31. There are no IMF staff reports containing information covering 1990–1992. Estimates of the cyclically adjusted primary balance based on WEO data for this period do not suggest any fiscal consolidation efforts (David et al., 2023). Similarly, other studies find no evidence of fiscal consolidation during these years (Badru et al., 2025; Woldu and Kano, 2023*b*). Angola's civil war began in 1975 and, with intermittent pauses, continued until 2002.

financial stability; measures to strengthen public financial management (PFM); and efforts to improve fiscal transparency and accountability of key public enterprises. The non-oil primary deficit (NOPD) was cut sharply in 2009 and again in 2010 (cumulatively by 29.5 percentage points of non-oil GDP); the exchange rate has stabilized, and reserves have been gradually rebuilt."

IMF Country Report No. 11/51 states on page 4: "The strengthening of the fiscal position provided space for the clearance of some of the arrears accumulated in 2008–09. Having initiated a process of verification of these arrears, the authorities had, by end-year, cleared some 50 percent of the initial stock of verified arrears (about US$3.6 billion out of US$6.8 billion, including all arrears to "small" suppliers).". The same report adds on page 7: "The government's arrears clearance program is well underway. As a first step, the government during the third quarter made cash payments to clear some US$2.7 billion (including all "small" claims) of the US$6.8 billion in 2008–09 payments arrears that had been verified; a further US$.9 billion was cleared through cash payments late in the fourth quarter. During November, broad understandings were reached with the holders of the remaining claims (with details to be finalized in January), committing the government to clear the remaining arrears in the first quarter of 2011, via a mix of cash and securitizations.". Footnote no. 6 on the same page notes: "... The authorities intend to clear all verified arrears from 2008–09 by end-March 2011 (structural benchmark)."

The Staff Appraisal section on page 13 of the same report suggests that the fiscal restraint implemented in 2010, following the significant arrears accumulated during 2008-09, will potentially lead to an increase in capital spending due to the resulting fiscal space: "...Significant expenditure restraint took place in 2010, especially in the first half of the year as the government sought to limit outlays to available financial resources—a pragmatic response to the large build-up of arrears during 2008–09. Capital spending bore the brunt of this restraint, and will now need to be gradually increased as resource availability allows."

These statements are confirmed in the 2012 Article IV Consultation and Post Program Monitoring (IMF Country Report No. 12/215), which notes on page 5: "Fiscal consolidation, critical in supporting macroeconomic stabilization during the crisis, was however partly reversed in late 2011.", and on page 22 "After a successful fiscal consolidation –key to Angola's stabilization after the 2009 crisis— the fiscal stance was loosened toward end- 2011."

Angola 2015

A fiscal consolidation on the spending side was implemented (reduction in capital and current expenditures). However, the tightened fiscal stance appears to have been motivated by cyclical conditions, particularly volatility in commodity prices.

The 2015 Article IV Consultation (IMF Country Report No. 15/301) notes on page 2 of the Statement by the Executive Director for Angola and Advisor to Executive Director for Angola (October 28, 2015): "The fiscal adjustment made in 2015 resulted in considerable cuts in capital expenditure, reaching 5.5 percent of

GDP, from 10.1 percent of GDP in the initial budget. By the same token, current expenditure was revised downward to 24.9 percent, from 28.5 percent of GDP in the initial budget.". However, the report states on the same page: "The fiscal stance has been tightened to shield the economy against short-term vulnerabilities arising from commodity price volatility. . . the fiscal stance was calibrated to lessen the impact of fiscal risks due to significant losses in oil-revenues."

Angola 2018

A fiscal consolidation was implemented with the objective of ensuring macroeconomic stability, including the mitigation of the effects of greater exchange rate flexibility on inflation.

The 2018 Article IV Consultation (IMF Country Report No. 18/156) notes on page 4: "The Government has been implementing a macroeconomic stabilization program (MSP) to address the economy's imbalances. The program envisages: upfront fiscal consolidation, limiting the overall fiscal deficit to 3½ percent of GDP in 2018 under a conservative oil price assumption; greater exchange rate flexibility; reducing the public debt-to-GDP ratio to 60 percent over the medium term; improving the profile of public debt through liability management operations; settling domestic payments arrears; and ensuring effective implementation of AML/CFT legislation.".

The same report notes on pages 7 and 8: "The policy adjustment that started in early 2018—upfront fiscal consolidation and greater exchange rate flexibility—is key for restoring macroeconomic stability and pave the way for sustainable and inclusive growth. . . The non-oil primary fiscal consolidation enshrined in the budget for 2018 is welcome, and any fiscal revenue windfalls should be used to clear domestic payments arrears and/or retire public debt. Under a conservative oil price assumption (US$50/barrel), the budget for 2018 targets a reduction in the overall fiscal deficit to 3½ percent of GDP, consistent with a reduction of 2 percent of GDP in the non-oil primary fiscal deficit. However, as international oil prices are currently projected to be higher than assumed in the budget, the overall fiscal deficit could be reduced to 2 percent of GDP in 2018. This fiscal stance seems appropriate given Angola's limited fiscal space due to elevated public debt and large gross financing needs (GFN) and it would create space to clear domestic payments arrears and/or retire public debt.". On the motivation of the fiscal measures, IMF Country Report No. 18/370 notes on page 1: "Fiscal policy. Frontloading fiscal consolidation in 2018 to contain the increase in the public-debt-to-GDP ratio and mitigate the effects of greater exchange rate flexibility on inflation."

Angola 2019

Fiscal consolidation was maintained, but it still responded to cyclical conditions, namely volatile oil prices.

IMF Country Report No. 19/170 notes on page 2: "Fiscal consolidation will continue in 2019, under the recently approved supplementary budget. This is supported by a conservative expenditure envelope, which preserves social spending, and by non-oil revenue mobilization, including the adoption of a value-added tax in mid-2019...”. On the motivation, the same report notes on page 14: “The supplementary budget is an adequate response to volatile oil prices and entrenches the fiscal consolidation achieved in 2018. The expected loss in oil revenue in 2019 has required mobilizing additional non-oil revenue and recalibrating the expenditure envelope. This would balance the budget and consolidate the significant improvement in the NOPFD achieved in 2018.”. The motivation is again clearly cited on page 62 of the same report: “Our supplementary budget for 2019 is a response to oil-price volatility.”

Angola 2020

Fiscal consolidation responded to lower oil prices and the resulting exchange rate depreciation.

On the motivation of the fiscal measures, IMF Country Report No. 19/371 notes on page 66: “Our fiscal policy aims at protecting fiscal and debt sustainability. To cope with oil-price volatility, the targeted fiscal retrenchment in 2019 is anchored on a conservative supplementary budget and additional expenditure measures of about 0.8 percent of GDP. We will continue with NOPFD retrenchment in 2020 and the outer years of the program to bring our public debt to the medium-term target. Possible oil revenue windfalls in 2020, stemming from higher-than-budgeted oil prices, will be primarily used to pay down public debt and clear arrears.”.

Similarly, IMF Country Report No. 21/17 notes on page 35: “The collapse in oil prices in early 2020 and the ensuing exchange rate depreciation have led to a further increase in Angola’s already very high public debt, creating serious challenges for debt sustainability. In response, the authorities have undertaken strong fiscal retrenchment and have secured significant reprofiling of debt service. Public debt is expected to peak at 134 percent of GDP at end-2020, in large part reflecting the one-off impact of exchange rate depreciation, as well as lower growth. While this peak is higher than the Third Review, it is still expected to rapidly decline under the program to 63 percent of GDP by 2027, close to the authorities’ long-term target, driven by the structural fiscal consolidation, and supported by the large share of oil revenues, which provides a natural medium-term hedge to the initial exchange rate shock. At the same time, the previously agreed reprofiling helps assure financing in 2020 and reduces gross financing needs (GFNs) to more manageable levels from 2021 onwards. As a result, Angola’s public debt remains sustainable although risks remain high. Notwithstanding, debt dynamics remain highly vulnerable to further shocks, and further debt relief may be needed if downside risks materialize.”

Angola 2022

Although fiscal consolidation is mentioned, including a spending-side measure of 1.1 percent of GDP, there is evidence that 2022 was characterized by a large fiscal slippage.

On the fiscal consolidation, the 2021 Article IV Consultation (IMF Country Report No. 22/11) notes on pages 7-8: “The authorities are saving virtually all of the fiscal windfalls in 2021. The overall fiscal balance is expected to be higher than budgeted by 5 percentage points of GDP, comparable to the combined windfalls in oil revenue and the interest bill. Non-interest spending is projected to be 1.8 percentage points of GDP lower than in 2020, despite unbudgeted expenditure on Covid-19 vaccines, as the wage bill and investment spending will be lower relative to output. This expenditure restraint will more than compensate for a small drop in non-oil revenue relative to output, delivering a substantial fiscal adjustment of 1.1 percentage points of GDP as measured by the NOPFD."

On the fiscal slippage in 2022, the First Post Financing Assessment Discussions-Press Release; and Staff Report (IMF Country Report No. 23/334) notes page 1: "After achieving macroeconomic stability amid a difficult environment in 2020, the recovery that began in 2021 continued through 2022, aided by high oil prices. President João Lourenço second term – achieved last year – is focused on boosting diversification and non-oil growth. However, Angola faces significant challenges in 2023, including a worsening outlook for oil prices, lower oil production, a highly uncertain external environment, and the need to unwind last year's large fiscal loosening...Reversal of fiscal slippage, is critical.". The same report notes on page 4: ". . . Angola remained resilient amid external shocks and the political cycle last year. Fiscal loosening in 2022 and a worsening oil price outlook have reduced buffers against shocks."

Angola 2023

Fiscal consolidation appears to have responded to prevailing economic conditions and the fiscal slippages observed in 2022. Additionally, the fiscal gains from the adjustment were significantly lower than anticipated.

On the motivation of the fiscal measures, The Conclusion of 2023 Article IV Consultation with Angola by IMF Executive Board in 2023 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Angola (IMF Country Report No. 24/80): "Angola's economic recovery in 2021/22 was nearly halted in 2023 by a double shock in the first half of the year, as the oil sector weakened, and the debt moratorium ended. Growth is estimated at 0.5 percent for 2023, with an estimated contraction in the oil sector of 6.1 percent and softened non-oil growth at 2.9 percent. Headline inflation increased significantly in 2023, to 20.0 percent y/y at end-December, driven by the depreciation of the kwanza and cuts in fuel subsidy in mid-2023. In response to the shock, the authorities tightened their fiscal stance in the second half of 2023, by cutting capital spending and related goods and services, and implementing the first phase of their fuel subsidy reform in June 2023. These policy measures resulted in overall and non-oil primary fiscal balances of -0.1 percent of GDP and -6.3 percent of GDP, respectively. Meanwhile, public debt-to-GDP is projected to have increased by 19 p.p. to about 84 percent of GDP in 2023, mainly driven by a significantly weaker exchange rate. The depreciation of the kwanza in June 2023 helped the economy adjust to lower oil exports and preserve international reserves, which remained at about 7 months of import coverage. The exchange rate has remained broadly stable since then.".

On the specific measures, Staff Report for the 2023 Article IV Consultation notes on page 7: "The authorities tightened their fiscal stance in 2023H2. Significant spending adjustment of about 3 percent of GDP took place in 2023 H2, mainly through cuts in capital spending and related goods and services (see Text Figures 3 and 4)12. This resulted in overall and nonoil primary fiscal balances of -0.1 percent of GDP and -6.3 percent of GDP, respectively."

The motivation appears again in the 2024 Post-Financing Assessment-Press Release; and Staff Report (IMF Country Report No. 24/224) notes on pages 5-6: "Following significant loosening in 2022, the authorities tightened their fiscal stance in 2023, though the gains from fiscal consolidation were less than anticipated. The overall and non-oil primary fiscal balances are estimated at -1.9 percent of GDP and -6.4 percent of GDP, respectively in 2023 (see Text Table 1). Lower oil revenues in 2023 mainly reflected lower oil prices and production in the first half of the year while non-oil revenues, especially income taxes, worsened on the back of weaker growth dynamics. Although the authorities reduced expenditures in 2023 (by an estimated 0.2 percent of GDP), the adjustment was smaller than projected (initially forecasted to be 2.4 percentage points of GDP) as several factors eroded the gains from restraints earlier in the year: (i) tighter financing conditions in Q4 led to higher interest payments especially on domestic debt which increased during this period; (ii) the net estimated savings from the fuel subsidy reform were fully offset by higher than projected fuel consumption levels (particularly for diesel); and to a lesser extent (iii) increased capital spending in the last quarter of the year (see Text Figures 3 and 4)."

Appendix B.2. CÔTE D'IVOIRE[10]

Côte d'Ivoire 1994

A fiscal consolidation amounting to 3.1 percent of GDP from the tax side and 2 percent from the spending side, motivated by long-term objectives including fiscal sustainability.

The 1994 Article IV Consultation and Request for Arrangements Under the Enhanced Structural Adjustment Facility (EBS/94/12) notes on page 8: "The fiscal measures envisaged for 1994, which will be incorporated in the 1994 Finance Law to be adopted by mid-March, include a major restructuring of the tax system, as well as a fundamental reorientation of the Government's expenditure policies."

The spending side measures are discussed in the 1995 Article IV Consultation and Midterm Review Under the Second Annual Arrangement Under the Enhanced Structural Adjustment Facility (EBS/95/190). The report notes on pages 4 and 5: "The improvement in total revenue from 19.6 percent of GDP in 1993 to 22.7 percent in 1994 reflected the reintroduction of levies on exports of cocoa and coffee, which more than offset

[10] In Côte d'Ivoire, the fiscal year aligns with the calendar year, running from January 1st to December 31st. There are no IMF staff reports available covering information over the period 1996-2000. The literature does not point to fiscal consolidations over the period (Badru et al., 2025; Woldu and Kano, 2023*b*). But calculations of the cyclically-adjusted primary balance based on WEO data over that period point to a fiscal consolidation effort in 2000 (David et al., 2023). However, IMF Country Report No. 01/168 highlights a markedly precarious fiscal situation in 2000, when tax revenue declined by 0.6 percent of GDP relative to 1999 (Table 2, p. 26; Table 3, p. 27). Although total expenditure also fell, resulting in an improvement in the overall fiscal balance, this outcome was driven by lower-than-budgeted capital spending (para. 8, p. 7; Table 10, p. 34) and therefore does not constitute a genuine fiscal consolidation action and is not included in the narrative database.

the contraction recorded in other taxes or nontax revenue. This contraction stemmed in particular from the elimination of the highest value-added tax (VAT) rate, the reduction of the normal VAT rate from 25 percent to 20 percent, and a global reform of the customs tariff that reduced the average import tax rate by about 5 percentage points. Total expenditure declined from 33.5 percent of GDP in 1993 to 31.1 percent of GDP in 1994, owing largely to a cut in primary expenditure from 23.7 percent of GDP to 21.7 percent. In particular, the wage bill was reduced by more than 3 percentage points of GDP to the equivalent of 8.7 percent of GDP in 1994, through limited wage increases and a 3 percent reduction in the size of the civil service. This cut was accompanied by a restructuring of primary expenditure in favor of social spending and public investment, with the latter increasing from 3.4 percent of GDP in 1993 to 5.2 percent in 1994."

The tax side measures are discussed in the Recent Economic Developments (SM/95/301), which notes on page 6: "Following the CFA franc devaluation in early 1994 and the subsequent implementation of an ambitious domestic adjustment program and effective debt relief measures, Côte d'Ivoire experienced a rapid improvement in its public finance situation. The budget deficit was reduced to 7.6 percent of GDP in 1994 and is expected to reach 4.5 percent in 1995. The primary balance turned positive in 1994, to 1.7 percent of GDP; a further improvement in 1995-to about 3 percent of GDP-is within reach. Government revenue increased from 19.6 percent of GDP in 1993 to 22.7 percent in 1994 and could reach a projected level of 23.2 percent in 1995, partly as a result of the reinstatement in 1994 of export taxes on cocoa and coffee, which more than offset the cuts in other taxes. Noninterest expenditure was reduced by 2 percentage points of GDP, to 21.7 percent in 1994, and is projected to decline by an additional 0.7 percentage point in 1995, thanks to wage restraint and better control of other current expenditures."

On the motivation of the fiscal measures, EBS/94/12 notes on page 7: "The medium-term adjustment strategy of the Government for the period 1994-96 is aimed at the rapid restoration of the necessary conditions for sustained and equitable economic growth; accelerated progress toward domestic and external financial viability; the consolidation of the improved competitive position of the economy; the strengthening of public finances and the reorientation of public expenditure; and the development of human resources, with appropriate social safety net measures to mitigate the immediate impact of the monetary adjustment on disadvantaged groups."

Following these measures, we record a narrative fiscal action of 3.1 percent of GDP on the revenue side, primarily driven by the reinstatement of export levies on cocoa and coffee. On the spending side, we record a narrative fiscal action of 2 percentage points of GDP.

Côte d'Ivoire 1995

A fiscal consolidation amounting to 0.7 percent of GDP from the spending side, motivated by the need to reduce the deficit.

The EBS/95/72 report notes on page 8: "The Government broadly shares the view of the staff that no relaxation of the fiscal adjustment effort can be permitted in the present context, and it is committed to using the favorable growth prospects for 1995 to bring the budget closer to sustainability and to reduce domestic arrears." The report notes on the same page: "The 1995 program will therefore target a reduction of the overall fiscal deficit by more than 2 percentage points, to 5.5 percent of GDP, based on a reoriented tax strategy for the medium term and on expenditure policies that seek to maintain firm wage restraint and reallocate spending toward priority sectors. Based on conservative estimates of the impact of the envisaged tax measures in 1995 described below, 2/ the program projects a slight decline in the revenue-to-GDP ratio from 22.5 percent to 22.2 percent in 1995. Primary expenditure is programmed to fall from 21.8 percent of GDP to 20.8 percent. The narrowly defined primary surplus 3/ should improve from 3.2 percent of GDP in 1994 to 4.1 percent; this constitutes a performance criterion of the program for end-June 1995." As stated in the 1995 Article IV Consultation and Midterm Review Under the Second Annual Arrangement Under the Enhanced Structural Adjustment Facility (EBS/95/190), all the arrears discussed above have been paid in 1995; the report notes on page 5: ". . . by end-June 1995, all outstanding arrears had been cleared." This indicates that the 1995 program was effectively implemented.

On the motivation of the tax measures discussed above, the EBS/95/72 report notes on page 9: "Starting in 1995, the authorities intend to implement a medium-term tax strategy aimed at reducing economic distortions and fostering the development of the private sector, while maintaining an appropriate overall tax burden. The strategy encompasses: (a) the rationalization of the tax system and a strengthening of its administrative efficiency, in order to broaden the tax base and enhance the yield of existing taxes; (b) the reduction of the reliance on coffee and cocoa export taxes; and (c) progress toward an adequate common external and intra-regional customs tariff among the member countries of the West African Economic and Monetary Union (WAEMU)." Since the decline in the revenue-to-GDP ratio observed in 1995 appears to result from the implementation of a new tax strategy motivated by medium-term objectives, we consider it an offsetting measure.

Therefore, the primary expenditure reduction of 1 percent of GDP is partially offset by a 0.3 percent of GDP revenue loss. We thus record a narrative fiscal action reflecting the net budgetary saving of 0.7 percent of GDP.

<u>**Côte d'Ivoire 2007**</u>

A fiscal consolidation from both the tax and spending sides, amounting to 0.5 percent and 0.3 percent of GDP, respectively. However, it was fully offset by spending overruns. As a result, no narrative fiscal action is recorded for this year. Motivation: medium-term fiscal and debt sustainability, improved economic efficiency.

The 2007 Article IV Consultation and Request for Emergency Post-Conflict Assistance – Staff Report (IMF Country Report No. 07/312) notes on page 22: "The 2007 budget aims at addressing immediate post-conflict needs while setting the stage for medium-term fiscal and debt sustainability (MEFP, 18-19). The 2007 budget, passed at end-May, aims to increase the primary basic surplus (a measure of mobilization of domestic resources to service debt) to 1 percent of GDP (from 0.3 percent in 2006). With donor financing for non-crisis-related spending still modest before the elections, this surplus, together with resources raised on the WAEMU market, would help reduce domestic arrears (by ½ percent of GDP) to be followed by further settlements in 2008-09 (MEFP, 32). The surplus would also finance, in part, the clearance of arrears to the World Bank (totaling 2.5 percent of GDP as of end June 2007) and the resumption of debt service payments to the AfDB. The planned fiscal adjustment, combined with repayment of domestic arrears, is expected to have little or no contractionary effect. . . Revenue is planned to rise by ½ percent of GDP through more efficient taxation of petroleum products, improvements in tax administration, and extension of tax collection to the whole country. . . 2007 budget seeks to cut nonessential spending, contains a modest peace dividend, and provides for greater social and crisis-related spending (MEFP, 21-24). Primary basic expenditure would decrease by 0.3 percent of GDP, while the share of social and reunification spending would increase."

However, the IMF Country Report No. 08/142 notes on page 7: "Fiscal developments in 2007 were broadly in line with the program, but the composition of spending deviated; all quantitative indicators were met except the year-end primary basic surplus (0.4 percent of GDP below target) (Tables 3a-c; MEFP 9-10 and Table 1). Revenue collection improved as targeted. Tax revenue was slightly above target, but only because of recourse to advance tax payments (½ percent of GDP), mostly on cocoa export duties (at a 7 percent rebate), against the program undertaking. Non-tax revenue from the petroleum sector fell short. Overruns of 0.8 percent of GDP on current spending were at the expense of crisis-exit programs and investment. The overruns reflected unbudgeted discretionary spending by the presidency and prime minister's office, military wages, frontline bonuses, and unforeseen housing allowances for primary school teachers. A large part of spending took place through treasury advances which made it harder to monitor budget execution. On the financing side, the deposit buildup of 1 percent of GDP for World Bank arrears clearance did not occur because the authorities, under pressure from the private sector (including private schools), accelerated repayment of domestic arrears (by 1.5 percent of GDP, compared to 0.5 percent of GDP under the program). This repayment was made possible by a large (though undersubscribed) issuance of two-year bills on the WAEMU market in September, raising the equivalent of 1.2 percent of GDP at 6½ percent interest. Overall, Côte d'Ivoire slightly improved its performance on the WAEMU convergence criteria."

Because the spending overruns were non-cyclical, they are considered full offsetting measures against the revenue gain. Had they been cyclical in nature (e.g., counter-cyclical unemployment benefits during a downturn), they could have been disregarded when assessing the fiscal effort. Since the fiscal consolidation was entirely offset by discretionary spending increases, we do not record any narrative fiscal action for the period.

Côte d'Ivoire 2014

A fiscal consolidation from both the tax and spending sides appears to have been offset by increases in

investment and poverty-related spending measures.

The IMF Country Report No. 15/341 notes on page 35: "The budget deficit was down from 4.1 percent of GDP in 2011 to 2. 2 percent of GDP in 2014. This result reflects both the improvement in the collection of tax revenues and streamlining of spending, which created room in the budget for an increase in investment spending and spending to assist the poor. Spending to assist the poor rose from 7 percent of GDP in 2011 to 9.6 percent of GDP in 2014. The public investment rate was 5.9 percent of GDP in 2014 versus 2.4 percent in 2011."

Côte d'Ivoire 2017

A fiscal consolidation amounting to 1.5 percent of GDP was implemented. Of this, 0.8 percent of GDP (comprising current expenditure cuts amounting to 0.2 percent of GDP and capital expenditure cuts amounting to 0.6 percent of GDP) qualifies as discretionary fiscal consolidation, motivated by medium-term fiscal and debt sustainability concerns and is recorded as a narrative fiscal action. The remaining 0.7 percent of GDP, including fuel tax maintenance and price mechanism adjustments, is considered cyclical, aimed at revenue preservation in response to external shocks, and is therefore excluded from the narrative dataset.

IMF Country Report No. 17/165 notes on page 11: "Following the price formula stipulating that the guaranteed cocoa price for farmers should amount to about 60 percent of the world price, the authorities cut the guaranteed price by 36.4 percent (prior action) from April 2017. . . To safeguard the projected fiscal revenues from fuel taxes, the authorities have reactivated the fuel price adjustment mechanism (new SB), and increased gasoline price by 4 percent in May. In addition, the authorities will curtail current expenditure by 0.2 percent of GDP and cut domestic capital outlays by 0.6 percent of GDP (Tables 3a, 3b). These measures will limit the fiscal deficit to 4.5 percent of GDP in 2017."

The Executive Summary of the report states: "The reduction of the regulated cocoa producer price by 36½ percent and fiscal adjustment measures of about 1½ percent of GDP will limit the fiscal deficit to 4.5 percent of GDP in 2017 despite external shocks and domestic social demands. The authorities reaffirmed their commitment to the fiscal deficit converging to the WAEMU norm of 3 percent of GDP by 2019. Fiscal consolidation will be anchored on the reprioritization of current spending, curtailing of investment outlays, and the implementation of new revenue measures starting in 2018 to offset the fiscal losses from the terms of trade shocks."

Côte d'Ivoire 2018

A fiscal consolidation amounting to 0.3 percent of GDP from the tax side, motivated by the need to reduce the deficit to reach the WAEMU norm by 2019 (see the 2017 entry).

The 2018 Article IV Consultation and Third Reviews Under the Arrangement Under the Extended Credit Facility and Extended Arrangement Under the Extended Fund Facility, and Request for Modification of a

Performance Criterion (IMF Country Report No. 18/182) notes on page 23: "The authorities are committed to the program's budget deficit targets of 3.75 percent of GDP in 2018 and 3 percent of GDP in 2019 and implementing a set of measures to achieve these objectives." The same page notes: "The authorities have enacted new revenue measures expected to yield about 0.3 percent of GDP in 2018."

Text Table 3 on the same page shows that the new fiscal revenue measures implemented in 2018 include a new export tax on cashew nuts, the optimization of tax and customs administration, and a VAT and excise hikes and new taxes, expected to yield 0.15 percent, 0.12 percent, and 0.04 percent of GDP each, respectively. The fiscal gain which amounts to 0.31 percent of GDP is partially offset by social measures amounting to 0.01 percent of GDP. The net budgetary saving is thus 0.3 percent of GDP.

Côte d'Ivoire 2019

A fiscal consolidation from the spending side amounting to 0.4 percent of GDP and from the tax side amounting to 0.3 percent of GDP, motivated by the need to reduce the deficit to reach the WAEMU norm.

The IMF Country Report No. 20/132 notes on page 4: "The authorities had delivered significant fiscal consolidation under the ECF and EFF-supported program. The fiscal deficit declined from 3.3 percent of GDP in 2017 to 2.3 percent of GDP in 2019, with consolidation underpinned by spending compression, as tax policy reforms proved more difficult to implement. The authorities strengthened revenue administration, improved public finance and debt management and restructured the energy sector."

Page 42 of Attachment I. Supplement to the Memorandum of Economic and Financial Policies, 2020 in the IMF Country Report No. 20/321, states: "Significant consolidation efforts have been made, with the budget deficit retreating from 2.9 percent of GDP in 2016 to 2.3 percent in 2019, which is below the 3 percent WAEMU threshold. This consolidation was made possible by maintaining strict control of expenditures and, to a lesser extent, by increasing tax revenue."

Table 3b page 25 of the IMF Country Report No. 20/321 shows a projected decrease in total expenditure from 17.7 percent of GDP in 2018 to 17.3 percent in 2019 and a projected increase in tax revenue from 12 percent of GDP in 2018 to 12.3 percent in 2019. These projections are supported by the narrative, which clearly notes the implementation of fiscal consolidation measures under the ECF and EFF-supported program and a reduction in the fiscal deficit between 2016 and 2019. **Accordingly, we record a narrative fiscal action amounting to 0.4 percent of GDP from the spending side and 0.3 percent of GDP from the tax side.**

Côte d'Ivoire 2021

A fiscal consolidation amounting to 0.8 percent of GDP from the tax side, motivated by the need to reduce the deficit.

IMF Country Report No. 20/321 notes on page 71: "The government will maintain a prudent fiscal policy aimed at consolidating the fiscal position, despite a widening of the deficit in 2020 to cope with COVID-19. To this end, it will continue its efforts to: - Reduce the overall budget deficit from 5.9 percent of GDP in 2020

to 4.6 percent of GDP in 2021, with a view to attaining the WAEMU threshold in 2023;
- Improve tax revenue collection;
- Control operating expenses, while prioritizing spending to combat the COVID-19 pandemic and poverty, and reduce social disparities; and
- Improve the efficiency of capital expenditure and strengthen control of budgetary risks.

To this end, the government will implement tax and public finance management reforms, with a view to increasing the tax burden on an annual average basis by 0.5 percentage points over the period 2021-23 and to vigorously pursuing domestic revenue mobilization efforts in the medium term. Fiscal policy, both in 2021 and in the medium term, aims to mobilize additional domestic resources by broadening the tax base, adjusting the rates of certain taxes, improving the effectiveness of tax auditing, and consolidating the performance of the tax administration. In this connection, the main reforms envisaged are described below (Box 5)". Box 5 on the same page presents the key fiscal policy measures for 2021: " - A rise in the rate of the cocoa registration fee from 1.5 percent to 3 percent on the CIF price incorporating the living income differential. This measure will be ratified by an interministerial decree no later than November 15, 2020 and should generate an additional CFAF 45 billion;
- Simplification of the taxation of SMEs to make it more attractive (application of ad valorem taxation, new SME segmentation, and a rise in the sales turnover threshold for VAT liability);
- Introduction of an excise duty of 10 percent on cosmetic products, which should raise CFAF 10 billion; - Introduction of VAT at the lower 9 percent rate on luxury rice, which should generate CFAF 20 billion;
- Introduction of VAT at the lower 9 percent rate on meat, which is expected to bring in an additional CFAF 7.4 billion; and
Continued implementation of the plan to rationalize tax exemptions, in particular those applying to: (i) VAT on vocational training; (ii) the BIC tax for mining companies; and (iii) the license fee on furnished rentals."

The 2022 Article IV Consultation-Press Release (IMF Country Report 22/205) notes on pages 6 and 7: "Tax administration reforms contributed to reduce the fiscal deficit in 2021. The 2021 fiscal deficit fell to 5.1 percent of GDP, a ½ percent improvement on what was targeted by the authorities (5.6 percent of GDP, also envisaged in the 2021 Article IV), as well as relative to the 2020 outturn (also 5.6 percent of GDP). Tax revenues reached 13.1 percent of GDP in 2021, up from an average of 11.7 percent in the preceding 9 years, and from 12.3 in both 2019 and 2020, reflecting mainly improvements in customs collection and tax administration. Such higher revenues more than offset higher-than-anticipated security spending and interest payments on debt, thus resulting in a lower deficit in 2021 than anticipated."

Côte d'Ivoire 2023

A fiscal consolidation amounting to 1.1 percent of GDP from the tax side, motivated by the need to reduce the deficit.

The fiscal consolidation from the revenue side is announced page 73 of IMF Country Report No. 23/204: "In order to reduce the overall fiscal deficit in 2023 by 1.6 percentage point of GDP relative to 2022 to 5.2 percent of GDP, the government is committed to increasing total tax revenues by 1.1 percent of GDP."

The tax measures were effectively implemented, as noted in the IMF Country Report No. 24/92, which states on page 7: "Revenue-based fiscal consolidation will support a narrower deficit. At end-December 2023, tax revenues stood at about 13.9 percent of GDP, in line with program targets, and a 1 percentage point increase over 2022. This is in part due to further gains from ongoing tax policy and administration reforms, as well as early yield from strong upfront policy measures under the program."

Additionally, Table 3b of IMF Country Report No. 23/406 and Table 4b the IMF Country Report No. 24/92 show an increase in tax revenue amounting to 1 percent of GDP, from 12.9 percent in 2022 to 13.9 percent in 2023. Similarly, Table 3b of the IMF Country Report No. 24/223 shows a 1.1 percent of GDP increase in tax revenue, from 12.8 percent of GDP in 2022 to 13.9 percent in 2023.

Côte d'Ivoire 2024

A fiscal consolidation measure from both the tax and spending sides amounting to 0.8 percent of GDP and 0.7 percent of GDP, respectively, motivated by the need ensure fiscal and debt sustainability.

IMF Country Report No. 23/406 notes on page 12: "Strong fiscal consolidation will continue in the 2024 budget, with tax revenue increasing to 14.5 percent of GDP. Under the program, the 2024 budget, which has been submitted to parliament as a prior action, aims to consolidate the fiscal deficit to 4 percent of GDP, 0.1 percentage point lower than initial program projections, and a 1.2 percentage point reduction in the deficit relative to the 2023 target. Tax revenues are projected to increase by 0.6 percent of GDP, of which 0.5 percent are associated with new high quality and permanent tax policy and tax administration measures. These measures are focused on: (i) eliminating tax exemptions, particularly relating to VAT on non-staple food items and the investment code (end-September 2024 SB); (ii) undertaking important tax administration reforms relating to property taxes; (iii) increasing the registration rate for cacao; (iv) several tax administration enhancements to better manage tax collection, including relating to transfer pricing, tobacco traceability, and automated management of VAT deduction collected at customs (end-June 2024 SB). In addition to these measures, 0.1 percent of GDP increase in tax revenue is expected due to higher export tax revenue from improved terms of trade."

The Text table on the same page shows a planned fiscal consolidation from the tax side amounting to 0.31 percent of GDP (tax policy) and 0.18 percent (tax administration). The report states on the same page "Boosting spending efficiency and rationalizing nonpriority spending will support the fiscal consolidation. Expenditure in the 2024 budget is 1.1 percent of GDP lower than 2023, mainly as a result of curbs on nominal spending growth, with a 1.4 percent of GDP fall in current expenditure offset by a 0.3 percent increase in capital expenditure. Spending curbs largely reflect the continued unwinding of COVID-19 era spending, and of food and fuel subsidies associated with the policy response to the war in Ukraine. In addition, while wages are increasing in nominal terms, the wage bill is being curtailed by 0.2 percent of GDP after increases in public workers' benefits during the last two years, and in line with the government's objective of containing the wage bill by hiring one new public servant for every two retirees (except for health and education). The increase in capital spending accounts for critical investment needs in infrastructure, education, health, and security, including in northern border areas receiving refugees."

There is evidence that fiscal consolidation measures were effectively implemented. As noted in IMF Country Report No. 25/91, (pages 1 and 12): "Decisive revenue-based fiscal consolidation is on track and debt sustainability has improved." Table 10 (page 52) confirms that several revenue mobilization measures were achieved in 2024, including Cabinet approval of a Medium-Term Revenue Mobilization strategy (MTRS) with revenue targets and timelines, alongside publication of a comprehensive summary. The stated objective of the measures is to boost domestic revenue to preserve fiscal and debt sustainability and create space for public investment and poverty reduction. Regarding the budgetary savings realized in 2024, Table 6 (page 150) shows a 0.8 percent of GDP increase in tax revenue (from 13.6 percent in 2023 to 14.4 percent in 2024) and a 0.7 percent of GDP decrease in total expenditure (from 21.5 percent to 20.8 percent).

Appendix B.3. CAMEROON[11]

Cameroon 1991/92

A fiscal consolidation from both the tax and spending sides was implemented, consisting of an increase in non-oil revenue by 1.3 percent of GDP and a reduction in primary expenditure by 0.25 percent of GDP, motivated by the need to ensure fiscal sustainability. Given the timing of adoption (in February 1991 and within the 1991/92 budget), the implementation was spread across calendar years 1991 and 1992. Accordingly, we allocate ½ of the fiscal gain, amounting to 0.65 percent of GDP (0.5*1.3) from the tax side and 0.125 percent of GDP (0.5*0.25) from the spending side, to both calendar years 1991 and 1992.

Staff report SM/93/162 notes on page 1 the motivation behind the fiscal consolidation measures: "...starting in fiscal year 1988/89, a series of adjustment programs sought to reduce widening fiscal and external imbalances and bring about a resumption of economic growth." The fiscal measures are discussed on pages 14 and 15: "The 1991/92 program was largely based on fiscal measures expected to yield additional revenue amounting to CFAF 88 billion (3.0 percent of GDP) and reduce noninterest spending by CFAF 37 billion (1/4 percent of GDP), which the authorities adopted in two steps, in February 1991 and in the context of the budget for 1991/92 (Table 2). The budget deficit was nevertheless expected to increase slightly because of the prospective decline in oil prices, and hence revenue, following the cessation of hostilities in the Middle East. In the expectation of a further decline in economic activity, the increase in non-oil revenue was estimated at only 2

[11] In Cameroon, the fiscal year ran from July 1 to June 30 until 2002. Starting in January 2003, it was aligned with the calendar year. There are no IMF staff reports available covering information over the period 1996-2000. Calculations of the cyclically-adjusted primary balance based on WEO data over that period do not point to any fiscal consolidation effort (David et al., 2023). Similarly other papers do not suggest any fiscal consolidation over the period (Badru et al., 2025; Woldu and Kano, 2023*b*).

½ percentage points of non-oil GDP."

On the type of the revenue measures implemented, the same report notes on page 15: "The revenue-enhancing measures were broadly based and covered both direct and indirect taxes. These consisted of a doubling of the proportional income tax rate to 6 percent; the obligation for informal sector operators to pay up to three times the value of their operating license fees in lieu of income tax and up to twice the value of their licenses in lieu of turnover tax; the imposition of a 15 percent ad valorem consumption tax on imported and locally manufactured beer and soft drink, on household appliances, and on vehicles; the setting of s minimum ad valorem tax at 5 percent on all imports other than those covered by the UDEAC regime; the removal of import restrictions on second -hand clothing, concentrated milk, salt, flour, and animal foods, and their replacement by import taxes; the impositions of a 15 percent tax on imported inputs by enterprises operating under the domestic production tax (TIP) regime; the requirement that, for bonded goods, importers pay one third of import taxes forthwith and the rest within a period of two years; an upward revision of the reference prices for timber export taxes; a data processing charge; an axle tax on all vehicles weighing over three tons; and a strengthening of tax departments along the line of the recommendations of a bilateral technical assistance mission. In order to fight gasoline smuggling from Nigeria, the Government reduced the gasoline price by CFAF 90 per liter, through the compression of margins of liter. All in all, non-oil revenue was expected to increase from CFAF 318 billion in 1990/91 to CFAF 374 billion in 1991/92, which would more than offset a projected decline in oil revenue from CFAF 188 billion in 1990/91 to CFAF 134 billion in 1991/92."

Table 19 (page 84) of the SM/93/162 (July 23, 1993) report shows an increase in non-oil revenue from 11.1 percent of GDP in 1990/91 to 12.4 percent in 1991/92. Accordingly, we record a narrative fiscal action from the tax side amounting to 1.3 percent of GDP in 1991/92.

Cameroon 1994/95

A fiscal consolidation amounting to 0.8 percent of GDP from the tax side and 2.6 percent of GDP from the spending side was implemented, motivated by a desire to reduce the deficit. In line with Cameroon's fiscal year, we allocate ½ of the fiscal gains, amounting to 0.4 percent of GDP (0.5*0.8) from the tax side and 1.3 percent of GDP (0.5*2.6) from the spending side to each calendar year, 1994 and 1995.

Given the significant slippages during the first half of 1994, the authorities undertook corrective measures through a revised program for 1994/95, with the objective of restoring credibility in policy implementation, as noted in the 1994 Article IV Consultation (SM/94/269) on page 5. The 1994 Article IV Consultation (SM/94/269) notes on page 6: "Fiscal policy will aim at reducing the Government's overall deficit on a commitment basis to CFAF 263 billion (6.1 percent of GDP) in 1994/95, from CFAF 316 billion (9.5 percent of GDP) in 1993/94 (Tables 1 and 3). The reduction in the overall fiscal deficit would be achieved by increasing the ratio of revenue to GDP by 0.8 percentage point and curbing total expenditure by 2.6 percentage points of GDP. The primary budget balance, excluding foreign-financed investment, is programmed to turn from a deficit of CFAF 51 billion in 1993/94 to a surplus of CFAF 128 billion. . . The following tax measures announced in the 1994/95 government budget, with an estimated yield of CFAF 132 billion (3 percent of GDP), have been designed with a view to reversing the declining trend of revenue and raising non-oil revenue by 1.8 percentage points of non-oil GDP (Table 4): (a) the elimination of the single tax and domestic production tax regimes; (b) the increase in the standard rate of the turnover tax to 15 percent, from 12.5 percent; (c) the repeal of all special fiscal conventions for public enterprises and the extension of the general tax regime to these entities; (d) the elimination of reduced tax and customs duty rates on rice, sugar, wheat/flour, and edible oil; (e) the taxation of timber exports on the basis of their f.o.b., value at a rate of 25 percent; (f) the imposition of a temporary levy on exports of coffee, cocoa, cotton, and medicinal plants at a rate of 15 percent, which is deductible from exporters' taxable income; (g) the introduction of a temporary tax on foreign exchange gains of financial intermediaries, at a rate of 35 percent; and (h) the application of a 0.95 percent inspection fee on the value of cocoa, coffee, cotton, and timber exports. . . "

EBS/95/148 confirms in pages 2 and 3 that the planned measures were implemented: "Fiscal performance in 1994/95 was strengthened considerably. The Government's overall fiscal deficit was more than halved, to below 5 percent of GDP, while the primary fiscal balance moved to a surplus of almost 3 percent of GDP, from a deficit of more than 2 percent a year earlier (Table 6)."

Cameroon 1995/96

A fiscal consolidation amounting to 2.5 percent of GDP from the revenue side and 0.5 percent of GDP from the spending side, motivated by the desire to reduce the fiscal deficit and improve fiscal sustainability. We allocate ½ of the budgetary savings, amounting to 1.25 percent (0.5*2.5) from the revenue side and 0.25 percent (0.5*0.5) from the spending side to each of the calendar year (1995 and 1996). Considering the measures implemented during 1994/95, the total fiscal gain in calendar year 1995 amounts to 1.65 percent of GDP from the tax side and 1.55 percent of GDP from the spending side.

The Executive Summary of the EBS/95/148 report presents the program for 1995/96 and notes: ". . . It calls for significant fiscal adjustment, based on strong revenue mobilization efforts and tight expenditure control. Thus, the revenue/GDP ratio would be raised by 2 ½ points and the expenditure/GDP ratio would be reduced by a half point. The tax package comprises adjustments in petroleum taxes, turnover tax rates, the harmonization of export taxes, and the elimination of preferential tax regimes."

On the motivation of the fiscal measures, the report notes on pages 4 and 5: "A restrictive fiscal stance will be essential to correct Cameroon's severe financial imbalances, and ensure progress toward fiscal sustainability. Thus, the Government's budget for 1995/96 aims at reducing the overall fiscal deficit (excluding grants) to below 2 percent of GDP, from more than 4% percent in 1994/95, and at nearly doubling the primary fiscal surplus, to some 5 percent.".

Cameroon 2005/06

A fiscal consolidation was implemented, but there is evidence that the fiscal gains were offset by substantial

increases in social and infrastructure spending over the medium-term.

The IMF Country Report No. 06/190 notes on pages 11 and 12: "Significant improvements were achieved in the fiscal position in 2005, in contrast with uneven budgetary performance during 2001-04 (Table 1 and Box 2)... The principal achievement of the authorities' program in 2005 was the large fiscal adjustment, which allowed the government to start clearing domestic arrears and strengthen its position vis-à-vis the domestic banking system. The government exercised restraint on its non-interest and non-HIPC-related current spending, while also significantly improving non-oil revenue collection."

However, the report notes on page 13 that the quantitative performance criterion on the primary fiscal surplus was not met: "The fifth review could not be concluded because: the quantitative performance criteria on the primary fiscal surplus and net bank credit to government were missed; eight out of ten quantitative benchmarks, largely in the fiscal area, were missed; and two structural performance criteria were not observed and the arrangement expired in December 2004. The program went off-track in 2004 owing primarily to fiscal slippages, including a significant decline in non-oil revenues and expenditure overruns, accompanied by unpaid bills by the government to utilities and suppliers. In addition, the financial situation of several public-owned enterprises, including the national airline (CAMAIR), deteriorated and adversely affected public finances."

Additionally, the same report states on page 39 that these measures are expected to be offset over the medium-term: "Fiscal policy would be supportive of economic growth and poverty reduction, although over the medium-term the non-oil primary balance is expected to deteriorate, reflecting considerable social and infrastructure needs.". Similarly, the IMF Country Report No. 06/231 notes on page 5: "The medium-term projections have been updated in anticipation of relief under the Multilateral Debt Relief Initiative (MDRI). The fiscal program for 2006 consolidates gains made in 2005 and allows for augmentation of poverty-related spending, including from resources freed up by MDRI relief.". Page 12 of the same report also notes: "The fiscal strategy is unchanged from the baseline scenario (IMF Country Report No. 05/413). It aims to expand spending to accelerate growth and poverty reduction while preserving macroeconomic sustainability...". Page 36 gives more details on the expenditure increase: "...Expenditure policy will remain prudent. Nevertheless, in order to strengthen poverty reduction efforts in line with the objectives outlined in the PRSP, the government budget envisages to increase total spending from 14.3 percent of GDP in 2005 to 16.9 percent in 2006, with more pronounced growth in capital expenditure. The government is of the view that making budget appropriations available very early in January 2006 will help to improve the execution rate of investment projects. It also intends to enhance the quality of projects beginning with 2006 by systematically developing pre-execution projects. Current spending would increase from 11.8 percent to around 12.2 percent of GDP, partially reflecting additional poverty reduction expenditures financed by budgetary assistance from France under the Contrats de désendettement et de développement (C2D) debt initiative, and by financial assistance expected from multilateral creditors under the Multilateral Debt Relief Initiative (MDRI). Poverty reducing expenditures will increase from 5.3 percent of GDP in 2005 to 6.9 percent in 2006."

Cameroon 2017

A fiscal consolidation from the tax side amounting to 0.3 percent of GDP was implemented, motivated by the need to ensure fiscal and debt sustainability.

A planned fiscal consolidation is discussed in the IMF Country Report No. 17/185 on page 54: "The government is determined to restore fiscal and external sustainability in the medium term and to keep public debt on a sustainable path. This requires a fiscal consolidation of just under 5 percent of GDP over three years, of which about 3 percent of GDP will be in 2017. This consolidation is driven by measures designed to increase revenue and rationalize and improve the quality of public expenditure, particularly for expenditure linked to priority investments, while preserving certain social expenditure and emergency humanitarian aid in Northern and Eastern Cameroon. Special emphasis has been placed on strengthening the credibility and transparency of the budget as part of our fiscal reform plan. Debt policy will aim at slowing the pace of new external debt commitments by favoring concessional loans and financing in the form of public-private partnerships."

The 2018 Article IV Consultation (IMF Country Staff Report No. 18/235) confirms that the planned adjustment measures were implemented, but the resulting fiscal gains were lower than anticipated. While non-oil revenues overperformed by 0.7 percent of GDP, driven by strong VAT collections and foreign trade earnings, expenditure rose sharply toward the end of the year. The report notes on page 7: "Fiscal consolidation continued, but at a slower pace than envisaged (Tables 2a and 2b, Figure 2). The overall deficit (including grants) declined from 6.2 percent of GDP in 2016 to 5.0 percent of GDP in 2017, falling short of the 3.1 percent of GDP program target:

- Non-oil revenue overperformed by 0.7 percent of GDP, buoyed by strong VAT and trade taxes, and one-off gains from enhanced efforts to collect tax arrears from SOEs (0.4 percent of GDP).

- Spending accelerated at the end of the year, with a large part executed during the complementary period ending in February 2018. Higher security outlays and exceptional payments to settle arrears of the electricity company—the latter a prior action for a budget support operation, explain most of the higher spending (MEFP ¶7). Foreign-financed investment exceeded the program target by 0.7 percent of GDP.

- The larger deficit was financed by a lower-than-programmed accumulation of government deposits and an increase in expenditure arrears and float, which reached 3.6 percent of GDP in 2017, although the authorities cleared arrears for 2016 and earlier in an amount of 1.7 percent of GDP (MEFP ¶3,7). As a result, the adjustment in the cash-based deficit was muted at ½ percent of GDP.

The same report notes on page 58: ". . . owing to the acceleration of expenditures at the end of the year, it has fallen short of the program targets despite the solid performance of non-oil revenues. The main overruns involved urgent security expenditures and more rapid execution of priority infrastructure projects than anticipated. It was also difficult to control the overall budget deficit owing to still insufficient discipline regarding the resort to exceptional spending procedures and the lack of regular reconciliations between the units responsible for executing the budget. As a result, the overall deficit stood at 5 percent of GDP, as compared to a program target of 3.1 percent of GDP, and three quantitative performance criteria at end-December 2017 were not met."

The report states on page 60: "Fiscal consolidation continues, albeit at a slower rate than initially projected. The fiscal deficit including grants has been revised upward for 2017 and should reach 5 percent of GDP, for an overrun of the program target of 1.9 percent of GDP. Non-oil revenues exceeded projections by 0.7 percent of GDP owing to solid VAT revenues and foreign trade earnings."

Table 1 (page 28) and Table 2b (page 30) of the IMF Country Report No. 17/185 show a projected increase in non-oil revenue of 0.3 percent of GDP between 2016 and 2017. Therefore, we record a narrative fiscal action from the tax side of 0.3 percent of GDP in calendar year 2017.

Cameroon 2018

A fiscal consolidation amounting to 0.6 percent of GDP from the revenue side and 0.33 percent of GDP from the spending side, motivated by the objective of reducing the fiscal deficit.

IMF Country Report No. 18/9 notes on page 45: "The 2018 budget law is consistent with the program's objectives, in particular, fiscal consolidation, with a reduction in the deficit from 3.1 percent of GDP in 2017 to 2.3 percent of GDP in 2018. This will be achieved by strengthening efforts to mobilize additional non-oil revenue (up to 0.6 percent of GDP) and by continued streamlining and better control of public expenditure, of 0.33 percent of GDP...".

IMF Country Report No. 19/247 confirms an improvement in the overall budget balance (p. 51): "... Preliminary end-2018 data indicate that the overall fiscal balance declined to 2.5 percent of GDP (4.9 percent of GDP in 2017), as increased mobilization of non-oil revenues (0.7 percent of GDP) covered the higher than projected capital expenditures (approximately 1 percent of GDP)... The non-oil primary deficit improved by 2 percent of GDP compared to 2017, reaching 3.9 percent of GDP... The overall budget balance thus shows a 0.7 percent of GDP surplus, compared with a projected 0.3 percent of GDP deficit."

Cameroon 2024

A fiscal consolidation amounting to 0.4 percent of GDP from the spending side, motivated by the objective of reducing the fiscal deficit.

IMF Country Report No. 23/251 notes on page 9: "The authorities intend to further reduce the fiscal deficit in 2024. Under current projections, the overall deficit would decline to 0.6 percent of GDP and the NOPB to a deficit of 1.7 percent of GDP. Additional efforts will come from further expenditure rationalization, including on the subsidies and transfers (around 1.1 percent of GDP) and stronger non-oil revenue mobilization (around 0.3 percent of GDP) due to envisaged measures discussed in ¶24 (Text Table 2).". The same report notes on page 43: "Fiscal policy in 2024 will remain focused on fiscal consolidation, and its effective implementation will depend on the formulation of a realistic budget. Budget revenues are expected to decline relative to GDP due to lower oil-related budget revenues, reflecting lower international oil prices, while efforts to mobilize non-oil domestic revenues (0.3 percent of GDP) will help offset this decline. However, lower projected international oil prices will also reduce fuel subsidy expenditures, opening up fiscal space for other expenditures, especially public investment. The overall deficit is expected to decline to around 0.6 percent of GDP while the non-oil primary deficit will fall more substantially to 1.7 percent of GDP in line with the trajectory of fiscal consolidation."

IMF Country Report No. 24/237 (Table 1, p. 3) shows a projected increase in non-oil revenue of 0.1 percent of GDP, a projected decrease in total expenditure of 0.7 percent of GDP, and a projected improvement in the overall fiscal balance (payment order basis) and the non-oil primary balance in 2024. However, IMF Country Report No. 25/222 (Table 1, p. 3) reports no improvement in non-oil revenue and an estimated decline in total expenditure of 0.4 percent of GDP in 2024, compared with the 2023 estimates presented in IMF Country Report No. 25/71.

Appendix B.4. CONGO, DEMOCRATIC REPUBLIC[12]

Congo, Democratic Republic 2001

Consolidation linked to cyclical considerations, notably need to fight hyperinflation.

There was an improvement in the primary balance in 2001, but the 2001 Article IV staff report (IMF Country Report No. 01/114) on page 15 clearly states that economic measures are linked to the need to fight hyperinflation and therefore to demand management/cyclical considerations: "To address he alarming economic financial, and social situation, the authorities have decided to put in place a critical mass of bold and front-loaded adjustment measures, aiming principally at breaking hyperinflation, stabilizing the economic situation, and laying the foundation for a restoration of growth and reconstruction. Initiation of far reaching and well-sequenced structural reforms, with the World Bank taking the lead, should pave thew ay for a significant reduction in price distortions strengthening of the banking sector, restoration of economic security, and the opening up and liberalization of the economy."

Congo, Democratic Republic 2002

The fiscal policy measures were driven by the need to stabilize the economy (inflation, growth).

IMF Country Report No. 02/145 on page 5 describes the main objectives of the authorities' program: "The government's main objective over the medium term is to reconstruct and revive economic growth, so as to

[12] There are no IMF staff reports available covering information over the period 1990-2000. Calculations of the cyclically-adjusted primary balance based on WEO data over that period do not point to any fiscal consolidation effort (David et al., 2023). Similarly other papers do not suggest any fiscal consolidation over the period (Badru et al., 2025; Woldu and Kano, 2023*b*).

begin reducing the widespread poverty in the country. The program's main quantitative objectives are (i) an average real GDP growth rate of about 5 percent; (ii) a reduction in the annual inflation rate to 5 percent; and (iii) a gradual increase in gross international reserves to more than two months of non aid imports of goods and nonfactor services by 2005."

Congo, Democratic Republic 2004

The improvement in the primary balance is partly the result of measures under the program adopted in 2002 with the objective of stabilizing the economy (see above) and therefore are not narrative fiscal actions. In addition, security tensions led to program slippages (IMF Country Report No. 05/229, page 3).

Congo, Democratic Republic 2005

Fiscal measures aimed at restoring macroeconomic stability, therefore are not narrative fiscal actions.

IMF Country Report No. 05/229 (page 3) states: "The completion of the fifth review has been delayed primarily as a result of security tensions since the third quarter of 2004, which have led to additional government spending, a depreciation of the currency, and an increase in inflation."

In addition, regarding motivation: "In response to these slippages, the government has put in place a set of measures aimed at restoring macroeconomic stability during 2005. In particular, the government is committed to improve the domestic fiscal balance by more than 1.5 percentage points of GDP in 2005, so as not to have recourse to domestic bank financing. To that end, it will strictly observe spending appropriations, contain the wage bill to the ceilings agreed with the Fund staff by implementing the results of the civil service census in Kinshasa in May 2005, and take any additional measures that may be judged necessary to achieve the fiscal targets."

Congo, Democratic Republic 2006

The improvement in fiscal balances was not linked to policy actions.

IMF Country Report No. 07/327 (page 5) states that: "In 2005, program implementation began to weaken, as focus turned to the drafting of a new constitution and the preparation for general elections. This precluded completion of the last PRGF review; the arrangement expired in March 2006. Large monetized public spending overruns, primarily for security and the elections, continued under a 2006 SMP and into the beginning of 2007 when a new government was installed (Figures 2 and 3)."

Congo, Democratic Republic 2010

An improvement is the fiscal balance mostly due to cuts in spending, but seems to be motivated by cyclical considerations, notably the need to reduce inflation.

On motivation, executive summary on page 3 of IMF Country Report No. 11/54 "The authorities restated their commitment to implement the medium-term program outlined in their Memorandum of Economic and Financial Policies (MEFP) of June 2010. The broad thrust of policies detailed in that MEFP remain relevant for achieving DRC's medium-term objectives of real GDP growth of about 7 percent per year, single-digit inflation, and a buildup of gross international reserves to the equivalent of 9 weeks of non-aid imports. The authorities intend to reduce further fiscal dominance in the period ahead to achieve these broad macroeconomic objectives". IMF Country Report No. 10/329 Page 11 contains descriptions of revenue side measures: "Revenue is now projected at 18.1 percent of GDP in 2010, 1.4 percentage points of GDP higher than originally programmed. The revised projection takes into account: (i) higher than-programmed revenue performance during the first quarter of the year (0.7 percent of GDP); (ii) a gradual alignment of the price used for the calculation of taxes on petroleum products (prix fiscale) with world prices (0.3 percent of GDP); (iii) enforcement of the payment of income taxes by political institutions (0.2 percent of GDP); and (iv) elimination of ad hoc exemptions on income taxes and import tariffs (0.2 percent of GDP).9 The program also includes structural reforms that should help boost revenue over the medium term (see ¶16 below)".

IMF Country Report No. 11/190 (Page 5) seems to indicate that spending cuts played a large role in the adjustment: "The domestic fiscal balance on a cash basis shifted from a deficit of 2½ percent of GDP in 2009 to a surplus of about 0.9 percent of GDP last year (Table 3a and 3b and Figure 5). Although domestic revenue underperformed—perhaps signaling some weakness in tax and customs administration—this was more than offset by cuts in public investment and exceptional spending, lower domestic arrears payments, and delays in paying wages at the end of the year.2 In this context, the government built up deposits vis-a-vis the banking system".

Congo, Democratic Republic 2015

WEO data points to an improvement in the primary balance, but IMF Country Report No. 15/280 does not provide sufficient information on fiscal consolidation measures and their motivation. In addition, Economist Intelligence Unit reports do not make reference to any explicit fiscal consolidation actions.

Congo, Democratic Republic 2016

There are no IMF staff reports for 2016. Economist Intelligence Unit reports do not make reference to any explicit fiscal consolidation actions.

Congo, Democratic Republic 2017

There are no staff reports covering 2017. Economist Intelligence Unit reports do not make reference to any explicit fiscal consolidation actions.

Congo, Democratic Republic 2018

The improvement in the fiscal balance recorded in 2018 seems to be linked to cyclical considerations, specifically a large increase in mining revenue.

IMF Country Report No. 19/285 (page 7) states that: "Despite a loosening of fiscal policy towards end-2018 to finance the elections, a budget surplus of 0.4 percent of GDP was recorded for the whole year, thanks to a large increase in mining revenue".

Congo, Democratic Republic 2022

Fiscal policy measures initially aimed at mobilizing revenues to sustain the economic recovery and generate fiscal space for priority spending, therefore linked to cyclical conditions. But authorities subsequently relaxed fiscal policy to respond to spillovers from War in Ukraine.

IMF Country Report No. 22/3 (page 41): "The 2022 budget envisages sustained revenue gains and higher financing, generating space for higher capital and social spending to support the economic recovery. Fiscal policy will remain anchored on no central bank financing to the government and maintaining a moderate risk of debt distress."

IMF Country Report No. 22/210 page 13: "In the near term, fiscal policy under the program is calibrated flexibly to accommodate urgent spending needs, the unanticipated impact of the war in Ukraine, and enhanced transparency and proper budgeting of subsidies and transfers."

Congo, Democratic Republic 2023

Fiscal policy tightening prompted by the need to curb inflation (cyclical considerations).

As described in the letter of intent on page 44 of IMF Country Report 23/244: "Despite spending pressures related to the situation in the East, we are tightening fiscal and monetary policies to maintain macroeconomic stability and meet our program commitments. To preserve the gains of macroeconomic stabilization of the past few years, we are planning a level of additional one-time spending consistent with building fiscal space. We have put in place measures to ensure the regularization and governance of these expenditures. In addition to the essential security effort, this additional spending also covers urgent social and humanitarian needs." The MEFP on page 48 of IMF Country Report 23/244 also confirms the motivation: "To maintain macroeconomic stability in 2023, we are determined to tighten fiscal policy to contain inflationary pressures."

Congo, Democratic Republic 2024

Improvement in revenues not driven by policy actions.

IMF Country Report No. 24/226 (page 11) indicates that the improvement in revenues is being driven by windfall gains in mining revenue rather than policy actions: "The domestic fiscal deficit is expected to narrow to 0.5 percent of GDP in 2024, as spending pressures from security and domestically financed investment are being largely offset by mining revenue windfalls, without affecting other priority spending (Text Table 3)". Additionally: ". . . Tax revenue for 2024 has been revised upwards by 1.2 percentage points of GDP compared to the fifth review. This increase is primarily attributed to a cyclical surge driven by Corporate Income Tax (CIT) returns in the mining sector as the first installment of the year (due date end-April) exceeded expectations despite tax advances collected in 20239. In addition, cyclical factors linked to higher copper prices in 2024 are bolstering non-tax revenue."

IMF Country Report No. 25/23 (page 5) also notes: "Fiscal revenues are expected to exceed projections for 2024, but this is partly offset by a higher-than-anticipated wage bill. Strong copper and cobalt exports and a broad-based collection effort have sustained robust revenue collection throughout the year. However, exceptional security-related expenditures—projected to reach 2 percent of GDP in 2024—continue to strain public finances. In the first nine months of 2024, the authorities successfully contained non-security spending, which helped ease inflationary pressures and stabilize the currency. More recently, however, they approved public sector wage increases, largely for teachers, and regularized recruitments made in earlier years, adding an estimated 0.5 percentage points of GDP to the wage bill in 2024. While these measures aim to partially cushion the recent loss of purchasing power, they may add to the inflationary pressures."

Appendix B.5. Ethiopia[13]

Ethiopia 1994/95

A revenue increase of 1.2 percent of GDP linked to cyclical factors occurred in that year. The increase in revenue reflected favorable economic developments in the non-agricultural sector, higher custom duties due to increased imports, and a higher coffee export surtax driven by rising coffee prices. Since most of the revenue increase did not result from genuine fiscal adjustments by policymakers but rather from economic developments, we do not classify this episode as a narrative fiscal action.

The 1994 Article IV Consultation (SM/94/222) notes on page 11: "Fiscal policy in 1994/95 was projected to tighten considerably. The consolidated general government deficit (excluding grants) would fall to 6.8 percent of GDP, compared with an estimated 9.6 percent in 1993/94. A modest net repayment to the banking system was targeted. An increasing revenue share would account for all of the improvement. Even with some reduction expected in income tax rates, the overall tax share would increase by 1.2 percent of GDP, mainly reflecting improved collection efforts, the favorable economic development of the nonagricultural sector, and the positive effect of higher imports on customs duties and of higher coffee prices on the coffee export surtax. Nontax revenue performance would be strengthened by higher profits from the NBE and by the proceeds of initial sales of public enterprises, land leases, and government-owned housing. Grants were projected at 6.1 percent of GDP, compared with 6.6 percent in 1993/94."

Ethiopia 2003

A fiscal consolidation from the tax side amounting to 0.5 percent of GDP, resulting from the introduction of a VAT in January 2003. Motivated by the need to ensure debt sustainability.

[13] Ethiopia's fiscal year runs from July 8 to July 7 of the following year. There are no IMF staff reports available covering information over the period 2021-2023. Calculations of the cyclically-adjusted primary balance based on WEO data over that period point to a fiscal consolidation effort in 2021 (David et al., 2023). However, IMF Country Report No. 24/253 documents a decline in total expenditure and net lending of 1.1 percent of GDP between 2020/21 and 2021/22, mainly driven by lower capital expenditure, that was more than offset by a 2.1 percent of GDP decrease in revenue, largely reflecting a 1.9 percent fall in tax receipts. Consequently, the overall balance deteriorated by 1.4 percent of GDP when grants are included and by 1 percent of GDP when grants are excluded.

IMF Country Report No. 03/272 notes on page 14: "Over the medium term, based on presently identified external assistance, the overall fiscal deficit is projected to be reduced from 8.5 percent of GDP in 2002/03 to 3.9 percent by 2005/06. Tax revenues are projected to increase from 16 percent of GDP in 2002/03 to 17.6 percent by 2005/06, largely as a result of the tax reform measures being implemented. Reflecting a prudent spending policy and the focus on poverty-reducing spending, total outlays would be reduced to 30.5 percent of GDP, with defense spending falling to 3.9 percent, poverty-related outlays continuing to increase to 18.2 percent, and the wage bill contained at about 7.8 percent through 2005/06."

On the motivation of the fiscal consolidation, the same report notes on page 15: "The fiscal strategy is focused on achieving and maintaining public debt sustainability, and maximizing the efficient use of highly concessional resources for poverty reduction-related activities. Discussions with the authorities centered on three key issues: the need to enhance revenue performance, the importance of pursuing a prudent public expenditure management while continuing to reorient spending to poverty reduction, and the need to limit bank financing of the fiscal deficit."

IMF Country Report No. 03/272 also notes on page 47: "The government is determined to pursue its tax reform efforts aimed at further improvement in revenue performance. To achieve the tax revenue target of 16.5 percent of GDP in 2003/04, revenue performance will benefit from the full-year impact of the VAT introduced in January 2003, and improved tax administration. The government will continue to implement the tax reform program, in particular the functioning of the large taxpayer unit, enhancing the activity of the tax reform task force, the computerization of the tax identification number (TIN) and of the VAT, while measures are also being put in place to collect tax arrears including strengthened enforcement powers and special units to deal with arrears. The Ministry of Revenue is also benefiting from IMF technical assistance in the area of customs administration.". There is evidence that the VAT was fully implemented, as indicated on page 31 of the IMF Country Report No. 04/65: "... On the revenue side, the government continued its efforts to improve tax administration and collection, as well as fully implement the value-added tax (VAT) introduced in January 2003.", and page 15 of the IMF Country Report No. 06/27: "Overall, tax to GDP levels are on target, improving and impressive. The computerized Tax Identification Number system is in place, and an Integrated Tax management system has begun its roll out at federal level in EFY 1997(FY 2004/05). The VAT has been successfully implemented at federal level, and authorization is now being sought to pass on administration of this to regions and city administrations."

Ethiopia 2008/09

Fiscal policy tightening, comprising expenditure containment and revenue mobilization through administrative measures, was implemented alongside monetary policy tightening, an adjustment of domestic fuel prices, and measures to mitigate the adverse impact of high food prices, in response to inflationary pressures. As the fiscal action was motivated by cyclical reasons, this episode is not classified as a narrative fiscal action.

The Joint IMF/World Bank Debt Sustainability Analysis 2008 (IMF Country Report No. 08/264) states on page 3: "The inflation rate is projected to decline to single digits within three years in response to tighter monetary and fiscal policies combined with the assumption that convergence of Ethiopia's commodity price index to the world price index is almost complete. The fiscal deficit (including grants) is projected to decline to 2.5 percent of GDP in 2008/09 from 4.4 percent in 2007/08 in order to address the current macroeconomic imbalances and gradually increase toward 3.5 percent by 2014/15."

Similarly, IMF Country Report No. 09/34 notes on pages 7 and 8: "To mitigate the impact of the exogenous shocks on the balance of payments and address domestic economic imbalances while protecting the most vulnerable, the authorities have adjusted domestic fuel prices, introduced measures to alleviate the adverse impact of high food prices, and are tightening monetary and fiscal policies significantly. . . tightening fiscal policy and eliminating domestic borrowing. The authorities' revised budget targets general government domestic borrowing of zero in 2008/09—it was 2.7 percent of GDP in 2007/08—by containing expenditure and enhancing revenue mobilization through administrative measures (e.g., the integration of the three revenue agencies). The general government deficit is projected to be reduced from 2.9 percent of GDP in 2007/08 to 1.5 percent in 2008/09. Should expected revenue growth disappoint, the authorities stand ready to cut lower priority expenditure particularly those not affecting the poor to ensure the borrowing target is met. The authorities indicated that they would likely postpone investment spending. Keeping wage rates for public workers unchanged would also help to bear down on real current spending. Reducing public enterprises domestic borrowing. Public enterprise borrowing will be kept to 4–8 billion birr (1.1–2.2 percent of GDP) in 2008/09, compared to 4.4 percent of GDP in 2007/08, through limiting their investment activities and through repaying the debt of the Oil Stabilization Fund."

Ethiopia 2010/11

A fiscal consolidation from the tax side amounting to 0.5 percent of GDP was implemented. However, it was offset by higher public infrastructure investment.

The 2010 Article IV Consultation and First Review of the Arrangement under the Exogenous Shocks Facility staff report (IMF Country Report No. 10/175) notes on page 10: "The general government budget for 2010/11 envisages some easing from the tight fiscal balance this year (MEFP, paragraph 10). Tax revenues should rise by about 0.5 percent of GDP, with further implementation of the tax reform strategy, although nontax revenues are expected to decline by 1.2 percent of GDP. On the expenditure side, capital outlays would rise while recurrent outlays are maintained in relation to GDP. The budget deficit is set to rise from 2.1 percent to 3.4 percent of GDP, financed by a mix of external and domestic borrowing. Staff would have preferred a somewhat tighter fiscal stance for 2010/11 than proposed by the authorities to support the monetization effort. The increase in the overall deficit reflects lower nontax revenue, from exceptional levels over the past few years and higher public infrastructure investment. The authorities argued strongly that they should reinforce their emphasis on pro-poor and pro-growth public investment outlays. The fiscal stance is also compatible with maintaining the low risk outlook of the DSA. If aid inflows or revenues exceed budgetary projections, the authorities intend to reduce domestic borrowing levels commensurately to support the inflation reduction objective."

The fiscal consolidation measure from the tax side was, however, offset by an increase in capital outlays. Table 1 (page 21) of the same report shows that both tax revenue and expenditure and net lending increased by 0.5 percent of GDP from 2009/10 to 2010/11.

Ethiopia 2018/19

A fiscal consolidation from the spending side amounting to 0.3 percent of GDP was implemented, resulting from a contraction of recurrent expenditure in the form of optimizing administrative and travel costs, as well as spending on goods and services by federal Ministries. The measures were motivated by the desire to reduce debt levels. In line with Ethiopia's fiscal year, we record a narrative fiscal action of 0.15 percent of GDP (0.5*0.3) in both calendar years 2018 and 2019.

The 2019 Article IV Consultation and Requests for Three-Year Arrangement under the Extended Credit Facility and an Arrangement under the Extended Fund Facility-Press Release and Staff Report (IMF Country Report No. 20/29) notes on page 57: "The general government fiscal deficit stood at 2.5 percent of GDP, lower than the budget target of 3.2 percent. Revenue performance (including grants) was stable in 2018/19: the government was able to meet 93 percent of its tax collection target and overall general government revenues increased slightly to 3.2 percent of GDP. While import duties and indirect taxes underperformed, direct taxes were slightly above budget. On the expenditure front, the tighter fiscal stance was driven by a contraction of other recurrent expenditures by 0.3 percent of GDP, largely realized through targeted cost saving interventions introduced by the MoF in the form of optimizing administrative and travel costs as well as spending on goods and services by federal Ministries."

On the motivation for the fiscal consolidation, the same report notes on page 12: "Fiscal policies under the program aim to address debt vulnerabilities while bolstering poverty-targeted spending and financing the lifting of financial repression."

Table 1 (page 29) and Table 2b (page 31) of the same report show a decrease in tax revenue by 0.7 percent of GDP, from 10.7 percent in 2017/18 to 10 percent in 2018/19, while non-tax revenue remained stable at 1.6 percent of GDP over the same period. Therefore, as indicated above, only the spending-side fiscal consolidation of 0.3 percent of GDP appears to have generated budgetary savings in FY2018/19.

Ethiopia 2023/24

A fiscal consolidation amounting to 0.5 percent of GDP from the tax side and 1 percent of GDP from the spending side, motivated by the need to maintain sustainable public finances. In line with Ethiopia's fiscal year, we record a narrative fiscal action of 0.25 percent of GDP (0.5*0.5) from the tax side and 0.5 percent of GDP (0.5*1) from the spending side in both calendar years 2023 and 2024.

IMF Country Report No. 24/318 notes on page 10: "Preliminary fiscal outturns in 2023/24 were in line with expectations. The fiscal deficit fell to 2.0 percent of GDP in 2023/24, down from 2.6 percent of GDP in 2022/23. The 2023/24 overall deficit, capital spending, and NBE net advances were each 0.2 percent of GDP higher than expected at the time of program approval. General government spending is estimated to have been cut from 10.8 to 9.8 percent of GDP to reduce deficit financing needs, resulting in substantial fiscal tightening. General government tax revenue are expected to decline further, from 6.8 to 6.3 percent of GDP."

On the motivation of the fiscal measures, the report notes (p. 49): "Fiscal consolidation will be maintained over the medium term to underpin sustainable public finances for long-term development."

Appendix B.6. GHANA[14]

Ghana 1994

A broad package of measures aimed at raising total revenue by 4 percentage points of GDP in 1994 (see SM/94/133, page 6), but likely motivated by cyclical considerations.

The 1994 Article IV consultation staff report (SM/94/133) on page 5 states that: "The program seeks to bring the rate of inflation down to 5 percent and reduce the external current account deficit to 4 percent of GDP by 1996". Therefore, it seems that fiscal consolidation measures envisioned were motivated by the need to reduce imbalances linked to an overheating economy and therefore are linked to cyclical considerations and should not be included as a narrative episode.

Ghana 1995

Expenditure cuts amounting to about 1 percent of GDP with the objective of reducing the fiscal deficit.

The 1995 Article IV and program request staff report (EBS/95/76), page 5 states that: "The authorities' medium-term fiscal strategy is geared to generating the additional government savings needed to help meet the program's investment and external current account objectives". On the expenditure side, page 6 of the report states that: "Total government spending is targeted to be reduced by 1.2 percent of GDP in 1995".

Table 20 on page 25 of IMF Staff Country Report No. 98/2 indicates that total expenditures were indeed reduced by about 1 percent of GDP in 1995. **Therefore, we quantified this expenditure cut shock as**

[14] There are no IMF staff reports available covering information over the period 1990-1992 and 1996-1999. IMF country report EBS/93/95 does not indicate that any fiscal consolidation action was undertaken in 1992. Calculations of the cyclically-adjusted primary balance based on WEO data over these periods do not point to any fiscal consolidation effort (David et al., 2023). The VAT was introduced in 1998 replacing the sales and service taxes, however, the motivation for its introduction is not entirely clear and could be a policy response to cyclical considerations. Indeed, the Budget Statement and Economic Policy of the Government of Ghana for 1999 notes on page 9: "The year 1998 witnessed the adoption by Government of far-reaching economic policy initiatives aimed at restoring macro-economic stability." In addition, on page 77: "To build on the policies and initiatives that helped stabilise the macroeconomic environment in 1998, the fiscal efforts in 1999 will focus on ensuring that the newly adopted VAT is firmly established, weaknesses in the revenue mobilisation environment are rectified, and the administrative framework for expenditure control is further strengthened." There is no information on the potential revenue yield of the switch to the VAT. Since Badru et al. (2025) identify a fiscal consolidation action in 1998 based on changes in the cyclically adjusted primary balance, we assign, out of caution, a missing value to the fiscal consolidation dataset for Ghana in 1998.

amounting to one percent of GDP.

Although a number of measures were also announced on the revenue side (amounting to about 2.8 percentage points of GDP), as described on page 6 of The 1995 Article IV and program request staff report (EBS/95/76), some of them (including a 2.5 percentage points VAT rate increase) were reverted due to social backlash (see EBS/95/76, supplement 1). In fact, Table 21 on page 26 of IMF Staff Country Report No. 98/2 indicates that tax revenues decreased in 1995 as a share of GDP relative to 1994 (the increase in revenues was linked to an increase in non-tax revenues).

Ghana 2000

There was an improvement in the cyclically-adjusted primary balance in 2000 in the database constructed by David et al. (2023), but the fiscal tightening was likely to be motivated by cyclical considerations.

As described in IMF Country Report No. 01/141 page 7, fiscal policy was tightened in the first half of 2000, but this was a response to a severe terms of trade shock and therefore this episode does not constitute a narrative consolidation and should be excluded.

Ghana 2001

Revenues measures amounting to 0.9 percent of GDP, motivated by the need to reduce government debt.

IMF Country Report No. 01/141 states on page 13 that: "The thrust of the new government's medium-term macroeconomic strategy is to reduce the burden of government debt and create a virtuous circle of declining debt service payments, lower inflation, and lower interest rates."

Tax measures and expenditure cuts are outlined in the MEFP (Ghana Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding, June 11, 2001). The estimated effect amounts to 1.9 percent of GDP and is discussed in paragraph 15. The revenue measures include: i) a 15 percent excise duty and specific duties averaging 199 per liter on petroleum products, with effect from September 1, 2001, to recover petroleum taxation removed in the February 2001 price increase; ii) a 2-year National Reconstruction Levy, at rates of 10 percent or 7.5 percent on financial institutions and 2.5 percent on all other companies; iii) a $30 per person increase in the airport tax; iv) a 5 percent import duty on certain items on the mining list and on materials for processing timber; v) a 1 percent customs processing fee on tariff-exempt imports; and a 10 percent levy on exports of lumber; vi) limitation of tariff exemptions on imports by NGOs; vii) an increase in the withholding tax on suppliers of goods and services from 5 to 7.5 percent; viii) collection of arrears on company taxes, import duties, and cocoa taxes; ix) increases in a number of user fees, licenses, and other charges that have not kept pace with inflation in recent years. Non-interest expenditure cuts amounting to 1.9 percent of GDP are discussed in paragraph 17 and include freezing expenditure on goods and services at 2000 levels and cutbacks in domestically-financed capital expenditures.

Nevertheless, IMF Country Report No. 02/38 indicates that measures were implemented, but noted on page

7 that: "On the revenue side, a number of measures adopted in the 2001 budget had lower-than-expected yields, in some cases because of delays or modifications in their implementation. On petroleum, in particular, the specific duties scheduled to take effect on September 1 were not put in place until October 31. The VAT and trade taxes performed well, however, so that total revenues for 2001 are now conservatively projected to come in only about 3.5 percent below their programmed level".

IMF Country Report 03/133 Table 4b indicates that tax revenues only increased by 0.9 percent of GDP when comparing 2001 to 2000. Therefore, we decided to reduce the initially estimated yield of revenue measures to 0.9 percent of GDP. In addition, IMF Country Report 03/133 Table 4b also shows that non-interest expenditures actually increased in 2001 compared to 2000, which seems to indicate that measures on the expenditure side were not implemented.

Ghana 2002

Revenue measures with an estimated effect of 0.3 percent of GDP in 2002, motivated by the need to reduce debt.

Measures included: the elimination of a range of tax and tariff exemptions, the application of a 5 percent import duty rate to a set of major product lines that are currently zero-rated, the application of a 1 percent processing fee on all remaining zero-rated items and on items attracting a 10 percent concessionary rate, the introduction of a 10 percent withholding tax on rental income. Regarding motivation, IMF Country Report No. 02/38 page 10 states that: "The fiscal program for 2002 aims at reallocating expenditure toward social objectives, while substantially reducing domestic arrears and keeping the stock of domestic debt on a clear downward path". Moreover, Paragraph 16 of the MEFP in the same document states that: "These measures will be designed to place government finances on a sounder long-term footing by emphasizing efficient, broad-based taxation".

An estimate of the net revenue yield of 1 percent of GDP for 2002 for these measures is provided on Page 11 of IMF Country Report No. 02/38. Nevertheless, IMF Country Report No. 03/133 notes on page 7 that one key revenue measure was not implemented, but the shortfall was partly compensated by tax administration improvements, leading to an underlying improvement in tax revenues of some 0.3 percent of GDP.

Ghana 2003

Revenue measures with an estimated effect of 2.8 percent of GDP in 2003 (0.5 percent of GDP + 1.6 percent of GDP + 0.7 percent of GDP), motivated by the need to reduce debt, were offset by an increase in expenditures (unrelated to cyclical conditions) amounting to 4 percent of GDP, resulting in no net consolidation.

Regarding motivation for the measures, IMF Country Report No. 03/133 Page 16 states that: "To support the monetary objectives and begin reducing the burden of domestic debt on the budget, fiscal policy will aim for a zero flow of net domestic financing in 2003".

The measures are described in detail on pages 17 and 18 of IMF Country Report No. 03/13. They include:

• A new National Health Premium (NHP) of 2.5 percent on value added, which is expected to generate 0.5 percent of GDP in 2003 (1 percent in a full year; Table 4b); the NHP will be administered on the same base and with the same technical features as the value-added tax (VAT), but half of the first-year proceeds will be devoted to funding the start-up costs of a new (eventually self-financing) national health insurance scheme. Therefore, we decide to allocate 0.5 percent of GDP to the measure in 2003 and 0.5 percent of GDP in 2004.

• A Debt Recovery Levy (DRL) equal to 640 cedis per liter on petroleum products, which is estimated to generate 1.6 percent of GDP in 2003 (1.9 percent in a full year). Therefore, we decide to allocate 1.6 percent of GDP to the measure in 2003 and 0.3 percent of GDP in 2004.

• Other revenue measures (with a combined net yield of 0.7 percent of GDP) include (i) extension of the National Reconstruction Levy for one additional year, (ii) an increase in the road levy on petroleum to fund higher allocations for road maintenance, and (iii) a rise in stumpage fees and the opening up of timber concessions to public auction.

IMF Country Report No. 03/395 points to some delays in the implementation of tax measures that were offset by improvements in revenue administration. But as noted on page 19 of the report, these revenue measures will be offset by increases in investment spending amounting to 3.5 percent of GDP in 2003 and an increase in the wage bill of 0.5 percent of GDP. "The 2003 budget provides for a substantial increase in capital expenditures to fund the priority programs identified and costed in the GPRS (Table 4). Total capital expenditures (including donor-financed projects) are budgeted to rise to almost 9.5 percent of GDP in 2003, from just over 6 percent of GDP in 2002". IMF Country Report No. 06/228 Table 5 seems to confirm the increase in expenditures in 2003.

Ghana 2004

Continuation of effects of revenue measures adopted in 2003 amounting to 0.8 percent of GDP (0.5 percent + 0.3 percent), was more than offset by increases in expenditure, thus resulting in a widening in the overall deficit excluding grants (see IMF Country Report No. 06/228 tables 1 and 3).

Ghana 2005

Revenue measures amounting to 0.5 percent of GDP, motivated by the need to reduce debt.

IMF Country Report No. 04/210 indicates on page 15 that the motivation for the measures was to reduce debt levels: "The authorities agreed with the staff that fiscal policy should remain anchored on achieving the GPRS domestic debt reduction target." This is confirmed in IMF Country Report No. 05/292 page 20.

In addition, IMF Country Report No. 05/292 page 20 describes the measures envisaged for 2005 and their expected yields: "Total revenue is expected to rise ½ percentage point of GDP to 30½ percent, mainly on account of higher indirect taxes on imports of goods and petroleum (driven mainly by administrative improvements), and the full-year impact of the health levy introduced in 2004. This increase helps offset both a decline of grants (by about ½ percent of GDP), and a reduction of corporate income taxes (to spur investment) and an increase in the personal income tax threshold (to help reduce the tax burden facing low-income earners). Total expenditure will decline by 1½ percentage points of GDP to below 32 percent, mainly on account of lower domestic debt service and outlays for goods and services, and the elimination of TOR subsidies. These expenditure cuts amount to about 2¾ percentage points of GDP, and more than offset a slight increase in capital and poverty-related spending, and measures to cushion the impact of the higher petroleum prices on vulnerable households. The latter includes increased grants for education and health services, expanded rural electrification, and extended public transportation to less developed areas."

Table 7 on page 34 of IMF Country Report No. 05/292 indicates planned cuts in non-interest recurrent expenditure amounting to 1.1 percent of GDP for 2005. IMF Country Report No. 06/228 on page 7 confirms the implementation of the measures, but revenues fell short of expectations: "The fiscal outturn for 2005 was broadly in line with the program's end-year targets (Table 3). Despite a significant shortfall in revenue and grants, the overall deficit (after grants) was 3 percent of GDP compared to the target of 2.6 percent. The revenue shortfall was mainly from VAT and trade taxes."

Ghana 2009

Consolidation effort consisting of spending cuts motivated by cyclical considerations.

IMF Country Report No. 09/256 states on page 6 that: "The 2009 budget targets a deficit of 9.4 percent of GDP, largely based on spending cuts and higher grant receipts. Following the completion of power sector and other investments, capital spending has been cut by 3 percent of GDP (Text Table 1). Energy sector subsidies are also projected to decline by more than 1 percent of GDP, in line with global oil prices. These savings are partly offset, however, by higher interest costs and a larger provision for clearing domestic arrears." On motivation page 11 state seems to indicate that the consolidation was motivated by efforts to reduce inflation: "the authorities' policy framework seeks to reduce inflation while rebuilding the external reserve position". It further argues that: "The planned deficit reduction to 4½ percent of GDP in 2011, and subsequently lower, will address inflationary pressures and stem a renewed upturn in public debt." Moreover, despite announced measures for 2010 IMF Country Report No. 11/128 page 10 indicates that arrears were accumulated, so the actual fiscal deficit in 2010 increased.

Ghana 2011

Revenue measures amounting to 0.8 percent of GDP motivated by the need to reduce deficits.

On motivation the MEFP on page 47 of IMF Country Report No. 11/128 states that: "Fiscal deficits will be reduced to levels that can be prudently financed. The government's goal is to reduce the fiscal deficit to levels that can be comfortably financed without crowding out private sector credit, and with the goal of progressively reducing debt- GDP ratios over the medium term."

IMF Country Report No. 11/128 Page 19 describes tax measures (see also the MEFP in the same document pages 50-51): "The national stabilization levy (a temporary profit tax) was extended through 2011 and the coverage of the communication service tax was extended (combined yield of 0.2 percent of GDP). As supplementary measures, the government will seek parliamentary approval to extend the VAT to fee-based financial services effective from July 2011, based on legislation submitted to parliament in May 2011 (submission is a prior action for the completion of the third and fourth ECF reviews). It is also tightening tax enforcement and raising the presumptive taxation of the self-employed. The VAT extension and enhanced taxation of the self-employed have a combined full-year yield of 0.2 percent of GDP)."

"Oil windfall earnings in 2011 will largely be saved. The 2011 budget oil price assumption of $70/bbl for 2011 has been increased to $100/bbl, in line with global trends; this generates a revenue windfall of 1.3 percent of GDP. Consistent with the new Petroleum Revenue Management Bill adopted by Parliament in March 2011, this windfall will largely be saved."

"Tax administration is also being reinforced (MEFP, ¶21–23). Tax exemptions were streamlined in the 2011 budget, customs procedures have been tightened in the wake of reported governance abuses at the port, and a task force has been established to tackle weak tax filing by the self-employed. The 2011 fiscal framework projects that improved tax administration and streamlined exemptions will raise collections by 0.8 percent of GDP in 2011; the authorities are confident that they can exceed this goal".

We exclude the one-off measures (including oil windfall revenues) and add revenue boosting actions amounting to 0.8 percent of GDP to the narrative dataset.

IMF Country Report No. 12/201 page 9 confirms the improvement in the deficit in 2011 despite some slippages: "Taking all developments together, the fiscal adjustment between 2010 and 2011 on a commitment basis was still sizeable at 5.3 percentage points of non-oil GDP, but was about 1.1 percentage points lower than envisaged at the time of the fifth review".

Ghana 2013

Revenue measures amounting to 0.5 percent of GDP, but likely motivated by cyclical considerations.

IMF Country Report No. 13/187 page 10: "In response to revenue shortfalls in the first four months of the year, the authorities announced in late May their plans to submit new tax measures to parliament. These include the reintroduction of a stabilization levy—a temporary additional profit tax on certain sectors, such as financial services and mining which was in place also in 2009-11—levies on certain imports, increases in excise duties, a review of fees and charges, and administrative measures to raise GRA collections. The estimated combined impact is close to ½ percent of GDP for the six months starting in July, which would be broadly sufficient to offset the revenue shortfall through April".

Regarding motivation, page 8 of the same report states that: The government's immediate priority is to restore macroeconomic stability. Fiscal consolidation is needed to reduce existing vulnerabilities and allow for a gradual realignment in the policy mix in support of private investment and growth. Moreover, the report also states that: "There was agreement that fiscal consolidation and a shift in the composition of spending from wages and subsidies to investment are needed to support growth, reduce external pressures, and keep debt sustainable."

<u>**Ghana 2014**</u>

Tax policy measures amounting to 2.5 percent of GDP, but fiscal consolidation was motivated by cyclical considerations.

IMF Country Report No. 14/129 on page 11 states that "The government's policy is guided by a gradual reduction in macroeconomic imbalances to preserve economic growth." The estimated yield of the revenue measures is also discussed in this page. Page 16 of the same report describes the revenue measures, which were expected to contribute to a 2.5 percent of GDP increase in revenues. "VAT rate was raised by 2.5 percentage points and coverage was broadened to previously exempted activities; an ad valorem tax on fuel was introduced; and taxes were raised on rent for non-residential accommodation, management and technical services fees, and free zone companies selling on the local market".

<u>**Ghana 2015**</u>

Fiscal consolidation totaling 4 percent of GDP, with revenue measures amounting to 2 percent of GDP and expenditure measures of 2 percent of GDP, aiming at reducing debt levels.

The fiscal measures are described on pages 12 and 13 of IMF Country Report 15/103. "On the revenue side, measures included: the imposition of Special Petroleum Tax of 17.5 percent (implemented in November 2014) to bring Ghana's petroleum taxes more in line with international practice; the implementation of the VAT on fee-based financial services and of a 5 percent flat rate on real estate (implemented in January 2015) to broaden the tax base; and the extension to 2017 of the special import levy of 1–2 percent on some imported goods and the National Fiscal Stabilization Levy on selected sectors. The impact of the new revenue measures is estimated at about 2 percent of GDP. "On the expenditure side, to further address one of the main source of fiscal imbalance, the authorities will limit the nominal increase in the total wage bill to 10 percent, supported by: (i) an agreement with trade unions on a 13 percent wage increase over the 2013 nominal basic wage; (ii) discontinuation of the 10 percent Cost of Living Allowance granted in 2014; and (iii) strict limits on net hiring in the public sector (which will be frozen except in education and health). Moreover, subsidies for utilities and petroleum products will be fully eliminated through strict implementation of tariff and price adjustment mechanisms (quarterly and bi-weekly adjustments for utility tariffs and petroleum products prices, respectively). All these measures would lead to savings of about 2 percentage points of GDP."

Additional measures were announced but they were motivated by a reduction in oil prices (hence by cyclical considerations) and are not included in the narrative dataset: In addition, "The government adopted additional measures to mitigate the budget revenue shortfall due to the substantial decline in oil prices since the budget was adopted. To mitigate this shortfall estimated at 2 percent of GDP and ensure that the total debt accumulation remains in line with the level approved in the budget, the government will: (i) reduce goods and services and domestically-financed capital spending by the equivalent of 0.3 and 0.7 percent of GDP, respectively—which the government has already started implementing by reducing the spending allotments to ministries in line with lower oil revenues; (ii) reduce transfers to other government units by 0.2 percent of GDP in line with lower revenues; and (iii) finance the remainder of the shortfall by drawing from the oil stabilization fund (in line with the Petroleum Revenue Management Act (PRMA)."

Regarding motivation IMF Country Report 15/103 states on page 11 that "The program aims at a sizeable and frontloaded fiscal adjustment to restore debt sustainability, rebuild external buffers, and eliminate fiscal dominance of monetary policy." Furthermore, page 12 of the same report argues that; "The fiscal position will be substantially strengthened to achieve debt sustainability."

IMF Country Report 16/16 page 5 confirms that policy changes had an impact on revenues: "Tax revenues continue to overperform, benefitting from tax policy and administration measures that are contributing to better-than-expected VAT, petroleum taxes, and corporate income taxes." IMF Country Report 16/321 page 6 also confirms that the 2015 fiscal measures were effectively implemented.

On fiscal policy for 2016 Page 8 of IMF Country Report 16/16 states that: "Accordingly, the 2016 budget presented to Parliament aims at reducing the overall cash deficit by 2 percent of GDP". But fiscal measures for 2016 outlined in the report are mostly one-off measures.

Ghana 2017

Fiscal adjustment consisting of revenue measures amounting to 0.4 percent of GDP and spending cuts of 0.8 percent of GDP, motivated by the need to reduce inherited deficits and debt levels.

Box 4 on Page 21 of IMF Country Report No. 17/262 has a table with the estimated yield of several tax measures. Permanent measures include steps to curtail tax exemptions (with an estimated yield of 0.5 percent of GDP) and tightening compliance (estimated yield of 0.3 percent of GDP). At the same time, taxes perceived to hinder private sector activity, were eliminated or reduced with an expected reduction in revenues by 0.4 percent of GDP. Therefore, the net effect of revenue measures is estimated at 0.4 percent of GDP.

Measures on the spending side are described in the MEFP on page 53 of IMF Country Report No. 17/262 and include cuts to capital expenditures: "As reflected in the mid-year budget review presented to Parliament on July 31, we have adjusted expenditures downwards in goods and services and capital expenditure by 0.8 percent of GDP relative to the budget. Most of these savings will arise from multi-year projects which were budgeted for in 2017 but will take longer to execute."

On motivation, the letter of intent on page 47 of IMF Country Report No. 17/262 states that: "We will implement fiscal measures to contain financing needs, stabilize public debt, and avoid arrears accumulation through the enforcement of the Public Financial Management Act, and the expanded rollout of the Ghana

Integrated Financial Management Information System (GIFMIS)."

IMF Country Report No. 18/113 page 4 confirms that the measures were broadly implemented: "Despite large revenue underperformance, the authorities managed to reduce the overall deficit to 6 percent of GDP, from 9.3 percent of GDP in 2016—below the 6.3 percent of GDP target."

Ghana 2018

Fiscal adjustment consisting of revenue measures amounting to 0.33 percent of GDP, motivated by the need to reduce debt.

Regarding the motivation for the adjustment, page 53 of IMF Country Report No. 17/262 states that: "The government plans to further reduce the deficit in 2018 and the medium term with the aim of putting debt on a clearly declining path. We plan to bring the deficit down from 6.3 percent in 2017 to 3.8 percent in 2018. Over the medium term we will generate primary surpluses, sufficient to eliminate a potential risk of debt distress and strengthen Ghana's debt sustainability".

Box 3 on page 10 of IMF Country Report No. 18/113 includes details of the measures on the revenue side and expected yields as calculated by the IMF team. We retain the measures that have a more permanent nature hence excluding yields from special audits (0.07 percent of GDP), one-off sale of communication spectrum and telecom license (0.29 percent of GDP), which brings the total estimated yield of 0.33 percent of GDP. On the expenditure side, the budget reduces transfers, including to the national oil company, GNPC, but this is more than offset by increases in other expenditures (see table 2c on page 26 of IMF Country Report No. 18/113).

IMF Country Report No. 19/97 confirms that measures were implemented in page 7: "A primary surplus was again achieved in 2018. While fiscal targets were missed in H1 largely driven by VAT shortfalls and front-loading of priority government programs, the revenue measures in the Mid-Year Budget Review in July and intensified tax collection efforts helped achieve a primary surplus, excluding financial costs, of 1.7 percent of GDP by end-year, in line with the program target".

Ghana 2021

Announced fiscal consolation measures amounting to 1.3 percent of GDP (0.9 percent of GDP in revenue measures and 0.4 percent of GDP in expenditure cuts) to guarantee macroeconomic stability (cyclical considerations) and not included as a narrative fiscal action.

IMF Country Report 21/165 page 17 states that: "The budget law introduces new revenue measures yielding 1.4 percent of GDP, including VAT and NHIS rate hikes, higher fuel excises, a new bank profit levy, and more effective tax administration thanks to large taxpayer audits, especially in mining sector, and the establishment of special courts to speed up case settlements and payment collections. The budget also reduces COVID-related spending by 1.3 percent of GDP compared to 2020, but these savings are offset by domestic arrears clearance of 0.9 percent of GDP and higher interest payments."

But it seems that estimates of the yields of tax measures are too high by 0.5 percent of GDP: “Compared to the budget law, staff projects a 0.5 percentage point of GDP lower yield from tax administration measures, in light of the experience of past compliance efforts and the complexity and delays inherent to large taxpayer audits.”

Regarding motivation: “The authorities noted that the large fiscal deficits reflected a decision to protect lives and livelihoods, and underscored their commitment to follow through its fiscal consolidation agenda to guarantee macroeconomic stability”.

IMF Country Report 23/168 Table 1 confirms an improvement in the primary balance in 2021 of 4 percent of GDP relative to the 2020 numbers reported in IMF Country Report 21/165, including an increase in revenues of 2.4 percent of GDP and reductions in expenditure of 0.8 percent of GDP).

Ghana 2022

Fiscal consolidation largely linked to improvement in oil revenues (cylical considerations) and not included as a narrative fiscal action.

IMF Country Report 23/168 page 6 states that: “While some fiscal adjustment was afoot in 2022, the authorities’ initial consolidation objectives were not achieved. Revenue improved slightly, thanks to higher oil prices, but non-oil revenues were significantly below their overly optimistic targets—with large underperformance of the new controversial e-levy. The government was also unable to enforce announced across the-board spending cuts due to large extra-budgetary commitments by ministries, departments, and agencies (MDAs) (i.e., expenditures committed above appropriated budgetary allocations). Although the primary balance (commitment basis) improved by over 1 percentage points of GDP, the overall fiscal deficit still amounted to 11 percent of GDP (compared to a mid-year budget objective of 6.3 percent of GDP).”

Ghana 2023

Revenue measures amounting to 1 percent of GDP for 2023, but they seem to be motivated by cyclical considerations, notably as a response to the loss in investor confidence following tighter global financing conditions. Therefore they are not included as narrative fiscal actions.

Regarding motivation, the letter of intent on page 53 of IMF Country Report 23/16 indicates that the measures were driven by cyclical considerations in particular a tightening of global financial conditions and loss of market access. “In particular, the twin impacts of the COVID-19 pandemic and the war in Ukraine have weakened public finances significantly and contributed to a rapid and steep increase in inflation. These shocks have also been compounded by a tightening of financing conditions both globally and locally, which in turn, have compromised efforts at attaining fiscal and debt sustainability. These developments have eventually resulted in a loss of international market access and increasing difficulties in rolling over maturing domestic public debt instruments, thus accelerating the negative feedback loop of decreasing international reserves, Cedi depreciation, rising inflation, and plummeting investor confidence, and making our public debt unsustainable." "Faced with this difficult situation, we have laid out a strong program to restore macroeconomic stability and lay the foundation for strong and more inclusive growth. Key areas of focus of our Post-Covid-19 Program for Economic Growth (PC-PEG) include ensuring public finance sustainability while protecting the vulnerable, bolstering the credibility of monetary and exchange rate policies to reduce inflation and rebuild external buffers, preserving financial sector stability, and taking extraordinary steps to promote entrepreneurship and private investments (domestic and FDI) to establish a dynamic export-driven economy and accelerate growth as a strong platform for the AfCFTA, while also ensuring further improvements in governance and transparency of the public sector."

Ghana 2024

Continuation of large fiscal consolidation efforts started in 2023 motivated by cyclical considerations.

IMF Country Report 24/030 on page 9 states that : "Faced with a deep crisis last year, the authorities launched a large and front-loaded fiscal adjustment program which, coupled with the debt restructuring, is critical to restore confidence and put public finances back on a sustainable path. The government is seeking to achieve a primary balance on a commitment basis—the key fiscal anchor under the program—of 1.5 percent of GDP by 2025.2 This entails an adjustment of about 6 percentage points of GDP over three years—an objective that strikes the right balance between ambition and social and economic feasibility—with about two thirds of the fiscal effort implemented in 2023".

Appendix B.7. KENYA[15]

Kenya 1993/94

[15] Kenya's fiscal year runs from July 1st to June 30th. Calculations for the cyclically-adjusted primary balance based on WEO data point to fiscal consolidation efforts in 1998, 1999, 2000, and 2004 (David et al., 2023), yet no evidence of narrative fiscal actions is found for those years. IMF Country Report No. 03/200 (Table 25, p. 47) records declines in tax revenue of 1 percent of GDP between 1997/98 and 1998/99, 1.3 percent in 1999/00, 0.5 percent in 2000/01, and 2.2 percent in 2001/02, while non-tax revenue rose by 0.6 percent of GDP in 1998/99 and 1.2 percent in 2001/02. Although expenditure and net lending fell as a share of GDP during this period (Table 24, p. 46), the evidence indicates that the drop in spending, and the resulting improvement in the CAPB, was driven by factors unrelated to deliberate fiscal consolidation. As IMF Country Report No. 02/85 explains (p. 3): "The government's fiscal program went off track over the course of 2000/01. A sizable loss of foreign program financing and the failure to privatize Kenya Telkom severely limited cash expenditure, while the overall deficit exceeded the (adjusted) program deficit by 1 percent of GDP. Recourse to arrears accumulation and a lack of finance to unwind stalled projects has also brought about an escalation of new claims of pending bills on the budget. This is a serious problem that needs to be addressed urgently." The same report adds (p. 9): "The fiscal program went off track over the course of 2000/01, While the after-grants overall cash deficit was limited to 1.8 percent of GDP, government expenditure commitments could not be kept within the constraints imposed by the sizable loss of foreign program finance and the failure to privatize Kenya Telecom. The lower-than-programmed interest cost could only partially mitigate the pressure on the budget as primary expenditure (excluding drought-related expenditure) remained at the originally programmed level, resulting in a before-grants overall commitment deficit of 5 percent of GDP in 2000/01." Moreover, there is no evidence that a genuine fiscal consolidation was successfully implemented in 1998/1999, or that the fiscal measures adopted were independent of prevailing economic conditions. IMF Country Report No. 08/338 (p. 19) notes: "Fiscal slippages took place ahead of the 1997 elections, including sharp wage hikes and weak enforcement of spending controls. A short SMP was agreed in 1998 and helped restore prudent policies, but efforts to bring the governance agenda back on-track failed. The ESAF arrangement expired in April 1999.". The same report further states (p. 29): "Fiscal targets under the first three arrangements aimed to limit demand pressures. Overall deficit targets (with limits on CBK financing) became increasingly tight during the 1990s, and although they were often missed, outcomes increasingly reflected tighter execution. The tightening may have continued for too long, however, given slowing growth. During 2000/01–2002/03, deficit targets were relaxed in anticipation of large donor inflows and may have become too loose, as domestic debt increased when aid did not materialize (see chart)."

A fiscal consolidation measure amounting to 1.1 percent of GDP from the revenue side and 3.1 percent of GDP from the spending side, motivated by the objective of reducing the fiscal deficit. We allocate ½ of the fiscal gains (0.55 percent of GDP from the revenue side and 1.55 percent of GDP from the spending side) to calendar year 1993 and the remaining ½ to calendar year 1994.

The 1993 Article IV (EBS/93/191) notes on page 9 that "The 1993/94 budget aims at reducing the overall deficit by 4.3% of GDP to 6.1% of GDP. The planned deficit is still too large, in view particularly of the large domestic debt the Government has accumulated and the need for fiscal policy to play its part in the adjustment process. Nevertheless, the budget is constrained by the high interest payments (10.5% of GDP), and the reduction of 4.3% of GDP in one year, if realized, would represent a credible objective." The report states on the same page that the fiscal measures include an increase in revenue of 1.1% of GDP to 23.2% of GDP, achieved through widening of the tax base and improvements in tax administration, and expenditure cuts amounting to 3.1% of GDP (Cf. page 9 and Table 2 on page 28).

Kenya 1994/95

Two fiscal consolidation measures were announced but do not meet the criteria for classification as narrative fiscal action.

The 1994/95 budget, as noted in The Midterm Review Under the One-Year Arrangement Under the Enhanced Structural Adjustment Facility (EBS/94/208), aims at an overall deficit (excluding grants, commitment basis) of 2.1 percent of GDP, significantly below the program target of 2.9 percent of GDP highlighted in the 1993 Article IV (EBS/93/191), and no net domestic borrowing. As noted in pages 24-25 of the report (EBS/94/208), the fiscal measures include:

- A Temporary tax increase to deal with short-term emergency; a one-year drought levy of 2.5 percent of GDP on corporate income and income of individuals at the upper end of the highest tax bracket was introduced.

- A fall in total expenditure by 5.6 percent of GDP, to 28.8 percent, with the savings arising mainly from lower interest payments, but also from elimination of subsidies.

Since the tax measure is cyclically driven and the expenditure measure includes a significant component that does not reflect a genuine policy action, neither qualifies as a narrative fiscal shock and, consequently, they are excluded from our dataset.

Kenya 1995/96

A tax-based fiscal consolidation amounting to 1.8 percent of GDP. The measures were motivated by a desire to reduce the fiscal deficit. In line with Kenya's fiscal year, we record ½ of the budgetary savings, amounting to 0.9 percent of GDP, in both calendar years 1995 and 1996.

The 1995 Article IV Consultation (SM/95/279), page 8, states that "The authorities stated that the overriding objectives of fiscal policy in 1995/96 are to further reduce the deficit; improve the tax structure; reorient expenditure toward basic functions and social areas; and increase the quality of public investment. Thus, the 1995/96 budget features the following: • A reduction of the budget deficit (on a commitment basis and excluding grants) to 1.7 percent of GDP, compared with 2.5 percent in 1994/95. Total revenue would increase by 1.6 percent of GDP to 33.1 percent, while total expenditure would rise by 0.9 percent of GDP to 34.9 percent (Chart 3, Table 3). • Net domestic repayments equivalent to 0.6 percent of GDP. In addition, a reduction in the outstanding stock of pending bills of 0.4 percent of GDP is planned. • Commencement of the operations of the Kenya Revenue Authority, effective July 1, 1995. • Cuts in tax rates, which include reductions in the standard value added tax (VAT) rate from 18 percent to 15 percent; u and a cut of 5 percentage points in the three top customs duty rates, as well as in the duty rates on capital goods and basic raw materials. • A broadening of the tax base, through the reintroduction of the presumptive income tax on agricultural income: expansion of the VAT coverage to all products, except food items and certain unprocessed products; and elimination of some customs exemptions. • No general salary increases, and limiting upward adjustments in allowances to only 3 percent of the wage bill. • A reduction in spending on behalf of public enterprises to 0.2 percent of GDP. • A substantial increase in productive outlays for operations and maintenance, as well as for development expenditure.".

As the report notes in footnote 1, page 8: "The policy described here incorporates additional revenue/expenditure measures that the authorities adopted in August in order to preserve the target of net domestic repayments of 0.6 percent of GDP, which was stipulated in the 1995/96 budget presented to Parliament in June. These measures are expected to yield 1.8 percent of GDP." Page 25 of the same report notes: ". . . the 1995/96 government budget, presented to Parliament in June, constitutes an important signal that economic reform will stay on course even in the politically delicate period ahead. The budget is tight and consistent with the aim of facilitating private sector-led economic growth and fostering economic stability. The staff welcomes the authorities' commitment to fiscal discipline, as demonstrated by their decision to adopt additional measures to safeguard the target of net domestic repayments."

Although footnote 1 on page 8 mentions both revenue and expenditure measures, the main text lists several tax-side actions, including a reduction in VAT rates (standard rate cut from 18 percent to 15 percent), broadening of the VAT base, reintroduction of presumptive income tax on agriculture, elimination of some customs exemptions, and cuts in customs duty rates. On the expenditure side, the report notes the absence of general salary increases, limits on upward adjustments in allowances (restricted to 3 percent of the wage bill), reductions in spending on public enterprises, and increased allocation to core development and productive outlays.

Overall, the tax-side measures are more numerous and detailed, indicating a stronger emphasis on revenue-enhancing reforms. Accordingly, we classify the fiscal adjustment of 1.8 percent of GDP adopted in August 1995 as a narrative tax-side fiscal consolidation.

Kenya 2010

Fiscal consolidation measures were implemented starting in 2010/11; however, they were accompanied by offsetting fiscal stimulus measures aimed at reducing poverty and inequality, and enhancing overall productivity.

The 2009 Article IV Consultation (IMF Country Report No. 10/26), pages 12-13, acknowledges fiscal stimulus measures in 2009/10 (2.1 percent of GDP) to support economic activity. However, the authorities plan to withdraw the fiscal stimulus gradually starting in 2010/11 to reduce the deficit from 6 percent to 4.5 percent of GDP by 2011/12. Over the medium term, the objective is to converge towards the medium-term net debt-to-GDP target of 40 percent, as the economy recovers. This is further highlighted in page 22 of the same report: "Given the temporary departure from the fiscal anchor to accommodate cyclical developments, convergence to the anchor in the medium term should be a prime objective of fiscal policy."

Table A1 in the Annex of the IMF Country Report No. 10/224, page 144, highlights several fiscal consolidation measures aimed at maintaining macroeconomic stability during 2008-12, including an increase in revenue of 0.7 percent of GDP to maintain a sustainable public debt position and allow for expansion of credit to private sector, a reduction in the government wage bill to 6 percent of GDP as part of reforms in the civil service that would facilitate remuneration for a smaller and more efficient civil service, and an improvement of sovereign credit rating to achieve favorable rates in the international capital market in order to increase private investment into the economy. However, as the table shows, these genuine policy-actions are accompanied by offsetting stimuli measures, aimed at accelerating growth to an average of 8.1 percent during 2008-12. These measures include an increase in government spending on poverty-related outlays to improve the well-being of Kenyans via a reduction in poverty levels by half by 2012 and minimize inequality, and an increase development expenditure to 9.8 percent of GDP by 2012 to enhance total productivity.

Kenya 2011

A fiscal consolidation from the tax side amounting to 1.1 percent of GDP, driven by increases in income tax and VAT, and motivated by the objective of reducing the fiscal deficit and public debt and enhancing fiscal sustainability.

As noted in the 2011 IMF Country Report No. 11/48, the 2011-13 economic program strikes a balance between fiscal discipline and much-needed infrastructure spending. Fiscal adjustment took place in a gradual manner over a three-year horizon, as noted in page 12 of the same report: "The program is based on gradual fiscal consolidation. The program targets a reduction in the central government primary deficit to 1.2% of GDP in 2013/2014 (3.8% in 2010/11) through tax reform and strict control of current spending, aiming at lowering the debt burden to 45% of GDP in net terms by the end of the program period (Figure 2). This reduction will lower vulnerabilities by making the fiscal policy stance sustainable (DSA). The program will focus initially on the central government but will expand to encompass the general government before fiscal decentralization takes place.".

Table 2 of IMF Country Report No. 11/165 shows an increase in tax revenues of 1.1% of GDP in FY 2010/11 resulting from an increase in income tax and the VAT of 0.5% of GDP each, while the import duty (net) and the excise duty have remained broadly unchanged. The Table further shows that nontax revenues increased by 1.5% of GDP. The increase in nontax revenues does not represent policy makers' intent, therefore it is not considered as a narrative fiscal shock.

Kenya 2012

Planned medium-term fiscal consolidation measures were front-loaded to temper domestic demand and therefore excluded from the dataset given that they were motivated by cyclical considerations.

The IMF Country Report No. 12/10 highlights that the authorities are committed to gradually reducing the fiscal deficit to below 5 percent of GDP over the medium term, which will help to bring down the debt-to-GDP ratio to a sustainable level and contribute to reducing the external imbalances. The IMF Country Report No. 12/14 states, page 14, that the planned fiscal adjustments over the medium-term were front loaded to temper domestic demand. The report also notes that: "The authorities have adopted a somewhat more ambitious medium-term target to deal with the worsened balance of payments outlook. The objective is now to bring the debt-to-GDP ratio to about 41 percent by FY 2014/15, compared with over 44 percent under the original program."

Since the planned consolidation measures were frontloaded in response to cyclical conditions, they do not qualify as narrative fiscal shocks under our classification criteria.

Kenya 2023/24

Fiscal consolidation measures included a tax increase of 0.9 percent of GDP and spending cuts amounting to 1.2 percent of GDP, motivated by the objective of ensuring debt sustainability. In line with Kenya's fiscal year, we allocate half of the budgetary savings, amounting to 0.45 percent of GDP from the tax side and 0.6 percent of GDP from the spending side, to both calendar years 2023 and 2024.

IMF Country Report No. 22/382 states on page 57: "For FY2023/24 we are targeting a fiscal deficit of 4.4 percent of GDP, a 1.4 percentage point reduction from this year's expected outturn. Total revenue and grants are projected to reach 17.8% of GDP supported by the introduction of a comprehensive tax package of 0.9% of GDP, which will broaden the tax base, especially of indirect taxes, in line with the overarching revenue objectives state by President Ruto in his inaugural speech and our work in the context of our MTRS. Total expenditure is expected to decline by 1.2% of GDP reflecting continued efforts to tighten expenditure controls and offset budgetary outlays for SOEs. We will by end-April 2023 submit to Parliament a budget for FY 2023/24 that is consistent with our 0.3% of GDP primary balance surplus target.". Table 1 (p. 38) of the same report confirms that these fiscal measures were in fact implemented. Additionally, IMF Country Report No. 23/266 notes in footnote 9 (p. 13) that parliament approved the Budget FY2023/24 and the 2023 Finance Bill on June 22.

Regarding the motivation for the adjustment, Press Release PR22/445 emphasizes (p. 2): "... continued strong commitment to fiscal consolidation over the medium term remains key to reduce debt vulnerabilities." The report further underscores this point (p. 6): "The new administration has demonstrated its commitment to fiscal consolidation and debt sustainability."

Kenya 2023

A fiscal consolidation amounting to 0.2 percent of GDP from the spending side, but it does not reflect a genuine policy action aimed at reducing an inherited deficit or ensuring debt sustainability. The cuts resulted from the non-implementation of development project funds due to capacity constraints.

In IMF Country Report 23/266, the statement by the Executive Director, a Senior Advisor of the Executive Director, and the Advisor of the Executive Director, highlights in page 3 that, as enunciated in the Supplementary Budget II for FY 2022/23, the authorities introduced expenditure cuts of 0.2 percentage points of GDP mainly for undisbursed development project funds where absorptive capacity was deemed to be low. The statement further highlights authorities' efforts in maintaining a sustainable debt level: "While Kenya's public debt is sustainable in a forward-looking sense, the authorities are proactively taking steps to reduce debt vulnerabilities. In this connection, they are maintaining steadfast fiscal consolidation under the IMF supported program to ensure debt sustainability. More generally the authorities are implementing the 2023 Medium-Term Debt Management Strategy (MTDS) to strengthen public debt management and reduce refinancing risks."

Appendix B.8. MAURITIUS[16]

Mauritius 1996/97

A fiscal consolidation from the tax side amounting to 2 percent of GDP, resulting from the implementation of sales tax reform. The measure was motivated by a desire to reduce the fiscal deficit. Given that Mauritius's fiscal year runs from July 1st to June 30th, we allocate ½ of the budgetary impact to both calendar years 1996 and 1997, with each year accounting for 1 percent of GDP (0.5*2).

[16] The fiscal year in Mauritius runs from July 1st to June 30th. Calculations of the cyclically-adjusted primary balance based on WEO data point to fiscal consolidation efforts in 2006 and 2016 (David et al., 2023). Yet, no evidence of narrative fiscal actions is found for those years. Further investigation indicates that the fiscal position was expected to deteriorate in 2005/06, with no genuine consolidation taking place. As highlighted in Public Information Notice (PIN) No. 06/01 (January 3, 2006): "The slowdown of economic activity and the suspension of periodic adjustments of retail petroleum prices have negatively affected Mauritius' fiscal position. While the central government deficit was kept at about 5 percent of GDP during 2004/05, the State Trading Company (STC) incurred a rising deficit owing to the lack of adjustment of retail petroleum prices since early 2005. Unless corrective action is taken, the overall fiscal position during 2005/06 is expected to deteriorate further, owing to lower than originally projected revenue collections associated with lackluster activity and a further increase of the STC's deficit as the gap between retail prices and import costs of petroleum products widens...Directors urged the authorities to take steps to stem a further deterioration of the fiscal position in 2005/06." Similarly, the apparent improvement in the CAPB in 2016 most likely reflects stronger economic growth and higher non-tax revenue, rather than a deliberate fiscal consolidation. The Economist Intelligence Unit report of November 6, 2015 (p. 5) notes: "The fiscal year 2015/16 (July-June) budget projects that revenue will grow by 14% in nominal terms compared with the 2014 outcome...However, the budget includes no new tax measures. Indeed, the finance minister, Seetanah Lutchmeenaraidoo, referred to it as a "no-tax budget". The revenue projection is based on the economy growing by 5.3%, thus increasing the tax collection volume...Expenditure will grow in light of announced measures to boost social spending, particularly on health and education."

The 1995 Article IV Consultation (SM/95/284) states on page 15: "Mauritius's near and medium-term balance of payments outlook would be greatly improved by tighter financial, especially fiscal, policies (Table 6). In this connection, the introduction of the recommended sales tax reform in 1996/97 would contribute about 2 percent of GDP to a projected narrowing of the fiscal deficit to 1.5 percent of GDP; continued expenditure restraint should enable a further reduction in the deficit to less than 1 percent by 1999/2000. The increase in domestic savings resulting from the improved position of the public sector would, in turn, allow for a narrowing of the external current account deficit, while maintaining gross domestic investment at a level required to sustain economic growth at 5-6 percent per annum."

Mauritius 2007

A fiscal consolidation from the revenue side amounting to 1 percent of GDP, resulting from a tax reform, motivated by a desire to reduce the fiscal deficit and improve economic efficiency.

IMF Country Report No. 08/238 highlights on page 5: "The overall fiscal position has improved as revenues have risen strongly (by about 1 percent of GDP) in response to tax reforms and expenditure has been contained (Table 3). The overall deficit is projected to decline to about 3.0 percent of GDP in 2007/08, with a primary surplus of about 1.7 percent, and public sector debt falling to about 59 percent of GDP. Tax reform has made the tax regime more progressive, easier to administer, and broadened the base (Box 1). On the expenditure side, debt service has declined in line with falling interest rates, but capital expenditure is under-target owing to implementation difficulties. The authorities have introduced fiscal management laws – on program based budgeting (PBB), public sector debt management, and on public audit – which will contribute to better fiscal performance. The debt sustainability outlook has improved.". Table 3 page 20 further highlights a projected increase in tax revenue of around 1 percent of GDP from 2006/07 to 2007/08.

The major tax reform implemented by the government aimed at broadening the tax base and shifting the tax incidence to higher income earners, as noted on page 7 of the same report: ". . . A key measure of the reform was the introduction of a single flat tax rate on personal and corporate income. The introduction of a National Resident Property Tax (NPRT) on high-income earners has also improved progressivity (Text Table 1).". Although the tax reform process began in 2006, as noted on page 2 of the same report: ". . . the important tax and business environment reforms adopted since 2006...", and page 16: "Investors are responding to the important tax and business environment reforms instituted since 2006.", the increase in revenue associated with the reform is recorded in fiscal year 2007/2008 (Cf. Table 3, page 20, and Text Figure 4, page 7). **Therefore, we record the narrative fiscal action in calendar year 2007.**

Appendix B.9. MOZAMBIQUE[17]

[17] There are no IMF staff reports available covering information for the period 1990-1991 and for 2021. Based on changes in the primary balance from WEO data, David et al. (2023) identify fiscal consolidations in 1990 and 1991, but since no additional information is available, we classify these years as missing values in our narrative dataset (rather than years with no consolidations). Moreover,

Mozambique 1995

A fiscal consolidation was undertaken with measures amounting to 3.4 percent of GDP on the revenue side and 4.8 percent of GDP on the spending side. However, there is clear evidence that these measures were also motivated by concerns over inflation. Therefore, we do not classify them as narrative fiscal actions.

The Staff Report for the 1995 Article IV Consultation and Request for Extension of Commitment Period of the Additional Arrangement Under the Enhanced Structural Adjustment Facility (EBS/95/66) explains on page 13: "The Government's overall budget deficit before grants is programmed to decline by about 8.3 percentage points of GDP (to 21.3 percent of GDP) in 1995 as a result of both revenue increases and expenditure cuts (Box 2). Total expenditure will be reduced by 4.8 percentage points of GDP, with most of the cuts falling on current expenditure (3.2 percent of GDP). The reduction in current expenditure will be mainly achieved by phasing out the special programs, and by cutting military outlays. Total revenue is expected to increase by 3.4 percentage points of GDP to 21 percent of GDP. A major effort will be undertaken to improve customs administration based on the recommendations of recent FAD and World Bank missions. For 1995, this effort is aimed at returning the effective tariff to its pre-1994 level; however, the measures described in paragraph llb of the MEFP are designed to make an even larger contribution to revenues in the medium term. The most important of these measures is the elimination of the ad hoc tariff exemptions, which were used extensively in 1994. . . ".

"Other tax measures, not directly related to international trade, will also be undertaken, and are expected to yield 1.7 percentage points of GDP. They are described in paragraphs lla and llc of the MEFP: The most important of these measures are an increase in consumption taxes on beer—as domestic production is expected to return to normal levels and taxes on imported beer will be raised to the same levels of domestic beer taxes—and the reintroduction of some taxes on petroleum products".

While these passages detail substantial fiscal tightening, the same report explicitly links the policy to inflation concerns. On page 20 it observes: ". . . fiscal policy, as embodied in the 1995 government budget, is aiming at a sharp reduction in the budget deficit before grants, which is an appropriate step toward reducing inflationary pressures and aid dependence."

Similarly, pages 27-34 underline that inflation control was a key objective of the 1995 program: "Program objectives. The key objectives of the 1995 program are to attain a significant reduction in the inflation rate, as well as a continuing recovery in productive activity, while strengthening external viability in the medium

Badru et al. (2025) identify a consolidation episode in 2021. Although the primary balance improved by 0.6 percent of GDP in 2021 (IMF Country Report No. 23/255, Table 2b, p. 25), we do not find evidence of intentional fiscal consolidation actions motivated by long-term objectives when examining Economist Intelligence Unit reports and IMF staff reports elaborated in 2022 and 2023. The accuracy of fiscal data for Mozambique came into question after hidden debt amounting to 2 billion US dollars was uncovered in 2016. The hidden debt may have affected the assessment of the fiscal stance in the immediate years preceding the scandal. https://www.imf.org/en/News/Articles/2017/06/23/pr17243-statement-publication-of-the-summary-of-the-audit-report-on-mozambique-undisclosed-loans.

term. The 1995 targets for inflation and growth are 24 percent and 4 percent, respectively."

IMF Staff Report No. 98/59 reinforces the context of high inflation, noting on page 14: "... However, inflation peaked again in 1994 at 70 percent, reflecting difficulties in monetary control, the significant depreciation of the exchange rate during the preceding year, and expansionary fiscal policies during 1994... ".

Mozambique 2002

A reduction in the domestic primary deficit was a key target of the 2002 program. However, there is clear evidence that the program also sought to address the inflation surge in late 2001. Because these fiscal measures were motivated by cyclical considerations, we do not classify them as narrative fiscal actions.

The 2002 Article IV Consultation staff report (IMF Country Report No. 02/140) notes on pages 10 and 11: "The program targets a reduction in the domestic primary deficit (excluding bank-restructuring operations) from 5,6 percent of GDP in 2001 to 3,4 percent in 2002. Despite higher-than-expected inflation, the authorities intend to hold the nominal wage bill at its budgeted level (MEFP para. 17)... ". Page 3 of the same report makes the inflation objective explicit: "The program aims to reduce inflation to 8 percent by the end of 2002 through fiscal consolidation and improved monetary control. Structural reforms focus on bank supervision, tax reforms and public expenditure management."

Mozambique 2003

A fiscal consolidation from the tax side amounting to 0.7 percent of GDP , motivated primarily by the goal of ensuring fiscal sustainability and reducing aid dependency. While total government spending also declined, evidence indicates that this was largely driven by a significant reduction in externally financed capital outlays.

IMF Country Report No. 03/288 (pp. 35-37) documents the size, type, and composition of the fiscal measure: "Fiscal policy in 2003 will continue to support macroeconomic stability and the objective of reducing aid dependence over the medium term. The government's fiscal program envisages a further increase in tax revenue relative to GDP, a slight increase in the domestic primary deficit, and a decline in the net indebtedness of the government with the banking system. At the same time, with no further outlays for bank recapitalization- other than debt service on bonds already issued for this purpose—and lower external assistance, total government spending and the overall fiscal deficit after grants would both decline to 28.7 percent of GDP and 3.9 percent of GDP, respectively, in 2003."

"Total revenue is projected at 14.3 percent of GDP in 2003. Tax receipts are expected to rise by 0.7 percentage point of GDP, with most of this increase accounted for by the new income tax introduced this year, while nontax revenue would fall owing to lower receipts from privatization and an expected decline in the recovery of nonperforming loans from Banco Austral relative to the high levels achieved in 2002. Within tax revenue, the taxation of civil servants' incomes through withholding is expected to yield 0.3 percent of GDP. In addition, the government is confident that the smaller deductions envisaged in the new tax law will more than compensate for any loss arising from the decision to reduce the rate of the corporate tax from 35 to 32 percent. In any event, corporate tax collections have been projected conservatively, recognizing that a drop in administrative efficiency may occur while the tax service becomes fully familiar with the new simplified system. Further administrative gains are also expected in VAT collections because of recent efforts to combat smuggling. These gains, however, will be partly offset by the impact on customs revenue of a reduction in the top import tariff rate from 30 percent to 25 percent. The government has taken all necessary steps to ensure that the new income tax law is fully applicable to incomes generated from January 1, 2003. All the required legal and regulatory procedures have been established. With donor support, a publicity campaign is underway, tax officials have been trained, and the required computer systems will be put in place by August 2003".

"Regarding excise taxes, in May the government increased by a weighted average of 621/2 percent the specific taxes on petroleum products, in order to offset in part the erosion experienced by this tax because of inflation in recent years. This step will be followed in early 2004 by a further increase in these taxes and the adoption of an automatic mechanism of adjustment".

"The fiscal program for 2003 envisages an increase in the nominal wage bill of 25.8 percent relative to 2002 owing to (i) an adjustment of 21 percent in the minimum wage effective April 1, 2003, which translates into an average wage increase of 17 percent for government employees; (ii) automatic promotions under the new career system; (iii) the hiring of 6,900 people in the PARPA priority areas of health, education, and security, which in line with current practices will be certified by the administrative tribunal; and (iv) full compensation of tax payments for those employees who became subject to the income tax this year. Because of the above, the wage bill is expected to rise to 7.6 percent of GDP in 2003, from 7.3 percent in 2002. The government intends to use the results of the annual proof of identity for all civil servants (prova de vida) to update the payroll and the personnel information system (SIP) database. The fiscal program also provides for an increase in spending on goods and services to 3.9 percent of GDP to meet the cost of opening new schools and health posts and the local elections scheduled for October 2003. Capital spending would fall by 14 percentage points of GDP, to 12.7 percent of GDP, largely because of a decline in external project financing, while net lending would decline by 4 percentage points of GDP owing mainly to the completion of the bank restructuring program and lower assistance to public entities. The domestic primary deficit would be contained at 3.7 percent of GDP in 2003".

Further emphasis on the objective of fiscal sustainability and reduced foreign-aid dependency appears in the Statement by the Executive Director for Republic of Mozambique (June 20, 2003, p.2) , which is included in the same report: “My authorities are fully aware that sustained fiscal restraint is pivotal to successful economic reforms. They intend, therefore, to remain in the path of fiscal consolidation aimed at enhancing the prospects for achieving fiscal sustainability in the medium-term and consequently improving public sector savings, which in turn will be crucial for reducing the budget heavy dependence on foreign assistance. In line with these objectives, and while continuing to devote significant resources to poverty-related expenditures, the authorities intend to contain the domestic primary deficit at 3.7 percent of GDP, down from 5.9 percent in 2002. Also, the overall fiscal deficit is projected to decline significantly from 7.9 percent of GDP in 2002 to 3.9 percent in 2003, mainly on account of the completion of the bank restructuring program, but also due to a significant decline in externally financed capital outlays.

To achieve the fiscal objective, further efforts have been directed to strengthening revenue effort and contain overall spending, while redirecting expenditures with priority towards growth stimulating areas such as health, education, and other essential public investment. Despite the reduction in the top tariff rate from 30 percent to 25 percent, revenue is expected to increase to 14.3 percent of GDP, mainly on account of measures taken to broaden the tax base, the introduction of the new income tax, the increase in specific tax on petroleum products, and farther strengthening of tax administration to enable more vigorous combating of smuggling and tax evasion. Measures are also contemplated to contain expenditure, which is projected to decline from 33.8 percent of GDP in 2002 to 28.7 percent in 2003. The wage bill has experienced a slight increase as a result of the adjustment made in the minimum wage of civil servants, promotions, and hiring of a significant number of teachers, health workers and for the security forces consistent with the strengthening of the PARPA priority areas."

Mozambique 2004

A fiscal consolidation was planned for 2004, with measures amounting to 0.3 percent of GDP on the revenue side and 0.9 percent of GDP on the spending side. However, the programmed consolidation was not achieved.

The 2003 Article IV Consultation (IMF Country Report No. 04/50) describes on pages 9-11 the intended measures: "The draft budget for 2004 (which has already been submitted to the national assembly) seeks to continue the process of fiscal consolidation by further raising revenue and reversing in part the recent increase in the wage bill, in order to allow for additional spending in priority areas. With these objectives in mind, the fiscal program calls for a further reduction in the domestic primary deficit to 3.4 percent of GDP in 2004. The overall deficit, after grants, however, would increase to 4.1 percent of GDP in 2004 from 3.2 percent in 2003, owing to a shift in external assistance from grants to concessional loans. The fiscal program would be consistent with a reduction in the net indebtedness of the government to the banking system (see Table 2).

Total revenue would rise by 0.3 percentage point of GDP in 2004 to 14.7 percent of GDP because of the full-year effect of the adjustment in specific fuel taxes implemented in May 2003, as well as further increases in the collection of income and indirect taxes in response to continued improvements in tax administration. In addition, the authorities indicated that early in 2004 they would introduce an automatic mechanism to adjust fuel taxes on a quarterly basis, so as to prevent their erosion by inflation."

"Total expenditure is projected to decline slightly to 27.8 percent of GDP in 2004. The authorities agreed to limit the wage increase for government employees to projected inflation (9 percent), and they indicated that they would exercise a stricter control over expenditure commitments at the subnational level, including by rationalizing temporary employment in some provinces. These measures are expected to allow for a reduction in the government's wage bill from 7.8 percent of GDP in 2003 to 7.5 percent in 2004, after taking into account a further increase in permanent employment in some priority areas. Moreover, the government will initiate a process of verifying and rationalizing pension beneficiaries, which would permit a slight decline in transfers to the private sector. The 2004 budget incorporates the cost of the national elections, which is estimated at US$20 million, of which US$15 million would be financed with external grants."

Further detail on the spending-side measures is provided in IMF Country Report No. 04/342 (pp/ 45-46): "As noted above, the fiscal program for 2004 calls for a reduction in the domestic primary deficit to 3.3 percent of GDP. At the same time, the overall deficit after grants is projected to decline to 3.8 percent of GDP, from 4.9 percent in 2003. This deficit is expected to be more than covered by net external financing.

Total current expenditure is programmed to decline to 15.6 percent of GDP in 2004, with the government's wage bill falling from 7.5 percent of GDP in 2003 to 7.3 percent in 2004. To this end, the average wage increase for government employees that became effective on April 1st, 2004 was limited to projected inflation (11 percent), and the government will exercise stricter control over the payroll, including by reversing a large part of an expansion in contractual employment that took place last year. The wage bill projected for 2004 already includes the impact of an increase of close to 7,200 in the number of permanent government employees in priority sectors. Moreover, the expenditure projections incorporate the equivalent of US$20 million to cover the cost of the general elections scheduled for November 2004. Based on preliminary information, spending on PARPA priorities is projected to increase to 65 percent of total primary expenditure in 2004, from 64.1 percent in 2003."

Despite these plans, IMF Country Report No. 05/168 highlights a significant revenue shortfall that undermined the program's targets (p. 5 and pp. 9-11): "6. The fiscal performance through September 2004 was adversely affected, however, by a significant revenue shortfall relative to the program's projections...

The government's domestic primary deficit for 2004 is now projected at 3.6 percent of GDP (3.3 percent in the program) (see Table 2 and Figure 4). Total revenue is expected to have declined to 14.0 percent of GDP in 2004, compared with 14.6 percent of GDP in the program. . . ".

This shortfall ultimately contributed to the failure of the programmed consolidation, as emphasized in IMF Country Report No. 05/313 (pp. 2-3): "The staffs note that although the economy continued to perform well in 2004, the envisaged fiscal consolidation was not achieved and there were some delays in the implementation of structural reforms (...). In contrast, fiscal performance was below expectations because of a shortfall in revenues."

The report for the 2005 Article IV Consultation, Second Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, Request for Waiver of Performance Criteria, and Modification of Performance Criteria (IMF Country Report No. 05/318) reinforces this conclusion (p. 6): "The envisaged fiscal consolidation was not achieved. The revenue-to-GDP ratio decreased from 12.9 percent of GDP in 2003 to 12.3 percent in 2004 and fell short by 1.1 percent of GDP of the program indicative floor for end-December 2004 (Table 2). Collection of most taxes turned out lower than envisaged. The authorities attributed the revenue shortfall mainly to higher-than projected value-added tax (VAT) reimbursements related to megaprojects, delays incurred by corporations in complying with the payments calendar under the new corporate income tax code, and the impact of the appreciation of the metical. Another important factor was the weakening of tax collection during the transition period leading to the nomination of a new government. The revenue shortfall was partially offset by cuts in current expenditures affecting negatively the composition of total expenditure. As a result, the share of priority expenditures to total expenditure (about 63 percent) was slightly lower than programmed. The domestic primary deficit fell short of the program target by 0.7 of GDP, and the overall fiscal deficit, after grants, was slightly higher than envisaged (using the new GDP series)."

Mozambique 2007

The authorities programmed an annual average revenue increase of 0.5 percent of GDP, to be achieved by broadening the tax base and improving revenue administration. This effort was intended to gradually reduce dependence on foreign aid and support the PARPA II goal of sustaining broad-based growth and reducing poverty. However, the additional revenue was offset by higher expenditures directed toward PARPA II priorities, so we do not classify this measure as a narrative fiscal action.

IMF Country Report No. 07/36 highlights on page 3 the scale and purpose of the revenue increase: "The outlook for 2007 is a continuation of strong growth, a further deceleration of inflation, and the maintenance of a sustainable external and fiscal situation. The 2007 budget envisages a scaling-up of aid financed expenditures supported by a continued 0.5 percent of GDP rise in domestic revenue. The Bank of Mozambique (BM) will continue to target base money and facilitate absorption of the additional foreign aid while a strengthening of Public Financial Management (PFM) systems ensure a better monitoring of expenditures.". Similarly, the 2007 Article IV Consultation, Sixth Review Under the Three- Year Arrangement Under the Poverty Reduction and Growth Facility, Request for Waiver of Performance Criterion, Financing Assurance Review, and Request for a Three-Year Policy Support Instrument (IMF Country Report No. 07/262) underscores the medium-term revenue objective on page 15: "Increased revenues. Given the low tax-to-GDP ratio and the need to guard against aid volatility and gradually reduce dependence on donors, target (through the medium-term fiscal framework CFMP), an annual average revenue increase of 0.5 percent of GDP, to be achieved by broadening the tax base and improving revenue administration."

Evidence that the higher revenue was matched by increased spending to meet PARPA II targets appears in IMF Country Report No. 07/36 (p. 10), which also details the composition of the revenue measures: "14. The 2007 budget envisages a scaling-up of foreign aid and an associated increase in spending focused towards achieving the PARPA II targets (Table 2). Despite a nearly 0.2 percent of GDP revenue loss related to tariff reform, total domestic revenue is envisaged to rise by about 0.5 percent of GDP through: (i) a rationalization of unwarranted tax exemptions (e.g., VAT, and interest income on treasury bills); (ii) collection of new tax arrears amounting to about 0.2 percent of GDP; (iii) the resumption of quarterly updating of the specific fuel tax rate including recovering the real reduction due to non-indexation in 20058; (iv) higher non-tax revenues related to buoyant commodity prices; (v) and a continued improvement in tax administration in line with recent Technical Assistance (TA) from the Fund (MEFP, paragraph 15). Priority public investments will increase significantly. Most of these expenditures will be financed by foreign grants, and will be accompanied by sufficient counterpart funds and current spending for maintenance and operations (Table 6). The wage bill will increase to 7.5 per cent of GDP as envisaged in the CFMP, including a hiring of about 10,000 teachers and 3,000 health workers in line with their sectoral strategies. Transfer payments in 2007 are higher due to pension payments and the on-going gradual decentralization of spending. If a revenue shortfall materializes, the authorities have agreed to cut non-priority expenditures to meet the NCG target. Overall, the scaling-up of program aid will permit a higher domestic primary deficit with no recourse to domestic financing, allowing for a healthy increase in credit to the economy."

IMF Country Report No. 07/38 (p. 3) provides additional broader context for PARPA II's objectives on the objectives of the PARPA II program: "The primary objective of PARPA II is to sustain broad-based growth and thus make further inroads into poverty reduction. PARPA II emphasizes the importance of consolidating macroeconomic stability through prudent monetary and fiscal policies in the context of a flexible exchange rate regime. Central to this strategy will be a gradual strengthening of the fiscal position underpinned by an average increase in revenue of 0.5 percent of GDP per annum. Economic growth is expected to remain pro-poor and at about 7 percent per annum, while inflation is controlled to single digits through monetary control. The staffs welcome the well-presented macroeconomic framework in PARPA II. Now that the post-conflict agricultural rebound has largely run its course and first generation reforms are completed, there is a need for a second wave of reforms to sustain rapid growth. PARPA II could have, thus, benefited from a more developed analysis of the sources of growth and means to sustain productivity growth."

Table 2 (p. 25) of IMF Country Report No. 07/36 presents the original projections: tax revenue rising by 0.5 percent of GDP (from 12.7 to 13.2 percent), and total expenditure and net lending increasing by 0.5 percent of GDP (from 27.8 to 28.3 percent) between 2006 and 2007. The same table also records the projections: a positive change of 0.3 percent of GDP for tax revenue and 4.3 percent of GDP for total expenditure and net lending and a degradation of the overall balance over the same period. Additionally, Table 1 (p. 13) and Table 2 (p. 15) of IMF Country Report No. 08/15 confirm a deterioration of both the overall balance and the domestic primary balance in 2007.

Mozambique 2008

A revenue increase of 0.4 percent of GDP, achieved by broadening the tax base and improving revenue

administration. This effort aimed to gradually reduce dependence on foreign aid.

IMF Country Report No. 08/15 states the objectives of the 2008 program on page 3: "The 2008 program includes

• a domestic revenue effort of 0.5 percent of GDP and a budget that allocates most of the increase in foreign aid toward achieving the Millennium Development Goals (MDGs);

• measures to buttress the central revenue authority (AT) and public financial management, including a prudent wage policy and a strategy to decentralize public finance;

• a fine-tuning of monetary and exchange rate policy by the Bank of Mozambique (BM) to firmly anchor inflationary expectations in the single digits; and

• acceleration of the second wave of reforms articulated in the Plano de Acção Para a Redução da Pobreza Absoluta II (PARPA II)."

Further details are provided in IMF Country Report No. 08/220 (pp. 33 and 34): "The budget envisages no recourse to domestic bank financing. The Government continues its efforts to increase revenues by 0.5 percent of GDP while the losses related to trade liberalization (0.4 percent of GDP) will be mitigated by bringing a number of off-budget line items on budget. The increase in domestic revenue is expected to come from improvements in revenue administration, and tax policy measures including revisions to the personal income and corporate income tax codes approved by the Parliament (0.2 percent of GDP), reduction in VAT exemptions (0.1 percent of GDP), collection of tax arrears (0.1 percent of GDP), continued adjustment of fuel taxes (0.1 percent of GDP) and an increase in the number of tax payers by 100,000. Non tax revenues are expected to increase on account of higher concession fees from Hidroeléctrica de Cahora Bassa (HCB)." **We exclude the revenue yields from the collection of tax arrears from the narrative database since these are one-off measures.**

IMF Country Report No. 09/227 (Table 1, p. 20) shows an improvement in both the overall balance (by 1.5 percent of GDP before grants and 1.6 percent after grants) and in the domestic primary balance (by 0.3 percent of GDP) between 2007 and 2008.

Mozambique 2010

Fiscal consolidation motivated by the need to reduce inflationary pressures and therefore not included in the narrative dataset.

IMF Country Report No. 10/375 (pp. 12 and 35) documents how fiscal tightening supported monetary policy: "Fiscal policy is set to contribute its share to the tightening, but with limited scope in 2010 (Figure 5). The primary domestic fiscal deficit is projected to narrow to 4.1 percent of GDP, marginally lower than under the program. Notwithstanding buoyant revenues and a careful budget execution during the first half of 2010, room for a more decisive fiscal tightening during the remainder of this year has been reduced by emerging additional expenditure needs, such as the measures to restore social peace and the larger-than-expected costs for the fuel subsidy. In addition, the wage bill will reach the budgeted amount, as the revenue contingency under the organic budget law was removed in light of buoyant tax collections. The authorities' cuts in nonpriority domestic spending should nonetheless contain NCG such that it supports the BM's monetary tightening and avoids a crowding out of the private sector.

The Government will follow a fiscal policy stance consistent with the monetary tightening to avoid a crowding out of the private sector. For 2010, it will limit the domestic primary fiscal deficit to 4.1 percent of GDP, which should contain the banking system's net credit to the Government (NCG) at 0.3 percent of GDP. Achieving these targets requires a substantial dedication to enhance tax collections and reduce non-priority spending. This is in light of the larger-than-expected outlays for the fuel subsidy and the emergency measures to restore social peace. Consequently, while the wage bill will be at budgeted levels, the Government is prepared to forego executing domestically financed capital spending and current spending during the remainder of 2010 should this become necessary to achieve the NCG target."

Mozambique 2011

A fiscal consolidation was implemented; however, the policy stance remained similar to that of 2010, with fiscal policy explicitly supporting monetary tightening to reduce inflation. Because this consolidation is responding to inflationary pressures, we do not classify it as a narrative fiscal action.

IMF Country Report No. 10/375 highlights how fiscal policy is aiming to reinforce monetary policy in containing inflation. Page 35 states: "The Government will follow a fiscal policy stance consistent with the monetary tightening to avoid a crowding out of the private sector. Fiscal policy will step up its contribution to containing inflation in 2011. We will reduce the domestic primary fiscal deficit by 0.9 percentage points, to 3.3 percent of GDP, resulting in a virtually zero recourse to domestic financing. The program's indicative revenue floor is prudently set ½ percent of GDP below the ambitious objectives of the 2011 budget law, but the Revenue Authority will be instructed to collect the full revenue target under the budget law (19½ percent of GDP)."

The Staff Report for the 2011 Article IV Consultation (IMF Country Report No. 11/149) further confirms the endogenous fiscal response (p. 38): "Fiscal policy will aim to enable the Government's development strategy, but in the short run be geared toward supporting the BM's monetary tightening to fight inflation. To that effect, we will aim to limit the primary domestic fiscal deficit to 3 percent of GDP in 2011, close to ¼ percent of GDP lower than initially projected. This entails that NCG will be contained to ½ percent of GDP. The lower deficit target reflects prudence in expenditure execution and continued buoyancy in revenue collections, which we expect to reach MT 76.8 billion this year (20.2 percent of GDP), some MT 5 billion higher than the projections underlying the November 2010 MEFP. The program's indicative revenue floor is prudently set ½ percent of GDP below the ambitious objectives of the revised 2011 budget law, but the Revenue Authority will be instructed to collect the full revenue target under the revised budget law (20.7 percent of GDP)."

Mozambique 2023

A fiscal consolidation amounting to 1.2 percent of GDP (0.6 percent of GDP from both the tax and spending sides), motivated by the objective of ensuring fiscal sustainability.

IMF Country Report No. 23/255 (p. 54) underscores the context of corrective fiscal measures taken after fiscal slippages in 2022: "The government adhered to a prudent fiscal stance in line with the 2023 approved budget by taking corrective measures to address wage bill slippages which became apparent in 2022. The primary balance after grants, on a modified cash basis is expected to reach MT5.4 billion (0.4 percent of GDP) compared to a projection of primary deficit after grants of MT 9.1 billion (0.7 percent of GDP) in 2023. The overall deficit after grants is projected to be lower than projections at MT 45.1 billion (3.9 percent of GDP) in 2023. This reflects projected budget support grants in 2023, including US$200 million from the World Bank and use of MT 5.7 billion of the 2021 Special drawing Rights (SDR) allocation and less reliance on domestic debt."

Similarly, IMF Country Report No. 24/8 (p. 5) highlights: "After fiscal slippages from the adoption of the single salary scale in 2022Q4, the authorities have implemented a strong correction to put fiscal policy back on track. Fiscal restraint started in 2023Q1 and continued through 2023Q3, reducing domestic primary expenditure by 43 percent, on average, compared to 2022Q4. This reflects measures to rationalize wage bill spending, and lower spending on goods, services, transfers, subsidies, and capital. Amid a significant increase in domestic public debt during 2022, and reflecting the high cost of public borrowing, interest payments have increased and are projected at 2.5 percent of GDP in 2023 (compared to 2.1 percent in 2022). Revenue increased by 27 percent in 2023Q3 compared to 2022Q4 reflecting higher income tax receipts and non-tax measures (Text Table 1)."

Further detail on the type, composition, and motivation of these measures appears in the Statement by the Executive Director for Mozambique, Alternate Executive Director, and Senior Advisor to Executive Director (July 6, 2023) (p. 3), included in IMF Country Report No. 23/255: "The authorities have undertaken bold measures to restore budget credibility and ensure fiscal discipline. To rectify the wage bill overrun following the implementation of the Tabela Salarial Única – TSU (single wage bill table) that started in October 2022, the government has undertaken several measures including the revision of the wage bill law to deliver on fiscal objectives as articulated in the 2023 National Budget. Specific measures undertaken by the government include: i) the reduction in the nominal wage levels relative to the original TSU framework; ii) freezing new hires in the special sectors; iii) canceling the 13th paycheck; iv) introducing the payroll of the special sectors into the system; and v) audit of all civil servants including from the special sectors to eliminate irregularities, including potential ghost workers. Going forward, monitoring instruments, including monthly wage bill reporting, regular audits and proof of life will be adopted to avoid wage bill slippages. Reflecting these remedial measures, the authorities seek to reduce the wage bill from 16.4 percent to 14.6 percent of GDP by the end-2023. Meanwhile, the authorities are implementing additional measures to bring the wage bill to around 10 percent of GDP over the medium-term, consistent with the program objectives.

The authorities are making concerted efforts to strengthen tax collection, including by reforming the VAT, and enhancing the tax administration capacity. They are gradually phasing out some of the VAT exemptions and domestic zero-ratings while broadening the VAT base. Further, the authorities are implementing measures to modernize tax administration, including i) enhancing links and interoperability with other public registries to boost revenue collection; ii) cleaning and updating the taxpayer's registry, including removing duplicated taxpayers; and iii) implementing an integrated electronic tax filing system (e-tributação) to collect receipts from the most important taxes, including VAT and income taxes. Moreover, the authorities are committed to adopting best international practices in determining the tax base for the mining industry."

According to IMF Country Report No. 24/219 (Table 2b, p. 32), tax revenue rose by 0.6 percent of GDP (from 20.3 to 20.9 percent) and primary expenditure fell by 0.6 percent of GDP between 2022 and 2023, while total expenditure increased by 0.4 percent of GDP owing to a 1 percent of GDP rise in interest payments. The same table shows an improvement in the primary balance of 2 percent of GDP (from -2.4 to -0.4 percent) over the same period.

Appendix B.10. NIGERIA[18]

Nigeria 1994

While a VAT reform was implemented, it appears that any potential revenue gains were offset by other fiscal developments.

The Background Paper and Statistical Appendix (SM/95/282) notes, page 7, that the government introduced a VAT in 1994, that replaced the state sales tax because its base was too narrow. The new VAT aimed at broadening the tax base and reducing the reliance on oil revenues. The Federal Government retained 20 percent of the total VAT revenue, while the state governments retained 80 percent.

However, it seems that the budgetary impact of the fiscal measure was more than offset by other fiscal developments. The text table in page 7 shows a reduction in both the federally collected revenue– from 27.6 percent of GDP in 1993 to 18.3 percent in 1994–and in state and local government revenue–from 10.8 percent in 1993 to 8.5 percent in 1994. The same page also notes: "The estimated fiscal outcome for 1994 deviated substantially from the budget plan. The overall fiscal deficit reached some N 79 billion (8.8 percent of GDP), which was largely financed by central bank credit. The primary fiscal balance improved much less than envisaged, and recorded an estimated deficit of one percent of GDP."

Nigeria 1995

A reduction in the fiscal deficit due to higher oil prices. This improvement in the fiscal balance does not

[18] There are no IMF staff reports available covering information over the period 1996-2000, except statistical annexes. Changes in the primary balance do not point to consolidation episodes over this period (David et al., 2023; Badru et al., 2025).

reflect any discretionary fiscal consolidation efforts.

The 1995 Article IV Consultation (SM/95/268) evokes on page 5 an ambitious fiscal adjustment planned for 1995, aiming to reduce the budget deficit to 2.5 percent of GDP, from 9 percent in 1994. However, given the dependence of public finances on oil revenue, a significant part of the revenue gains was due to factors unrelated to fiscal consolidation, such as oil/petroleum price increases, as the report notes on the same page: "The Federal Government's budget for 1995 aimed at reducing the overall fiscal deficit by more than 6 percentage points, to 2.5 percent of GDP. This ambitious fiscal adjustment was predicated on a more than doubling of federal government revenue and strict control over expenditure. The increase in the domestic transfer price of crude oil, from US8*perbarreltoUS*17 per barrel (at the official exchange rate), and the profits deriving from the October 1994 increase in the domestic retail price of petroleum products were to account for the bulk of the projected revenue gains.". Page 15 of the same report further confirms that the improved fiscal health was due to higher commodity prices: "There are worrying signs, though, that these recent improvements in fiscal performance may not be sustained in the period ahead. First, the resources of the Petroleum Trust Fund are slated to be spent, which will result in an immediate deterioration in the Federal Government's overall fiscal position. Second, pressures are building up to accelerate the capital expenditure program and accommodate current expenditure overruns. Third, the distribution of the intervention profits of the Central Bank, with a view inter alia to alleviating the state governments' finances, would add to the already potentially sizable fiscal impulse. In the staff's view, it is essential for the authorities to adhere strictly to the original fiscal stance, as announced in the 1995 budget, and to remain prepared to take additional corrective steps if the rate of inflation is not brought under control. As a minimum, prospective spending by the Petroleum Trust Fund will need to be scaled down considerably, the revenue shortfall during the first half of 1995 must be made up, and expenditure cuts will be necessary to offset earlier overruns in personnel and overhead costs."

Nigeria 2011

A fiscal consolidation was planned by the authorities to reduce the budget deficit. However, the fiscal measure appears to have been motivated by cyclical conditions (demand pressures). Moreover, although the overall fiscal deficit declined in 2011, this improvement was primarily driven by higher oil prices.

The 2010 Article IV Consultation (IMF Country Report No. 11/57) notes in page 1: "Fiscal consolidation—on the order of 6 to 7 percent of non-oil GDP—should commence with the 2011 budget, both to rebuild policy buffers and to support monetary policy in reducing inflation." Similarly, page 7 states "The staff supports the proposed fiscal consolidation. This adjustment would mitigate demand pressures and support the CBN in achieving the authorities' inflation objective.". Page 13 also notes: "The fiscal consolidation contained in the proposed 2011 budget and medium term expenditure framework is welcome. Fiscal policy in 2010 has been overly expansionary and the fiscal adjustment envisaged in the 2011 budget would help to rebuild safety buffers and provide much needed support to monetary policy. . . If a looser budget is passed by the National Assembly, monetary policy would need to be correspondingly tighter to stem inflationary and exchange rate pressures.". Page 14 states "Continued inflationary pressures and the steady decline in international reserves call for a tightening of monetary policy. The recent increases in policy rates by the CBN are welcome, but additional increases will likely be needed if fiscal consolidation is not sufficient or timely." Page 2 of the Executive Board Assessment also states that "Directors supported the authorities' planned fiscal consolidation to rebuild fiscal space and contain price pressures. They welcomed efforts underway to strengthen nonoil revenues, as well as the draft budget for 2011, which aims to reverse the expansion in real public spending in 2010."

A reduction in the fiscal deficit in 2011 was not the result of intentional policy actions but caused by higher oil prices. The 2011 Article IV Consultation (IMF Country Report No. 12/194) states, in page 1 of the Conclusion of the IMF Executive Board of the 2011 Article IV Consultation with Nigeria: ". . . Higher oil prices helped shrink the overall fiscal deficit from 7.7 percent of GDP in 2010 to about 0.2 percent of GDP in 2011."

Nigeria 2013

A fiscal consolidation from the spending side amounting to 1 percent of GDP, motivated by the need to rebuild buffers, keeping debt sustainable, and strengthening the medium-term fiscal position.

The staff report for the Article IV Consultation (IMF Country Reports 14/103) notes on page 12: "Fiscal consolidation is progressing well, but fiscal buffers have been drawn down sharply. General government expenditure declined by about 1 percentage point of GDP in 2012-2013, largely from policies to control personnel expenses in the federal government, including by limiting compensation increases, consolidating pay bonuses, and enhancing payroll administration processes."

The same report (Table 4e, p. 30) shows a reduction in expenditure of around 2 percent of GDP in 2012 (as recorded above) and a projected reduction of 1 percent of GDP in 2013.

On the motivation of the fiscal measure IMF Country Report No. 13/116 notes (p. 16): "The planned fiscal consolidation, which is timely given the current strong economic growth, would keep debt at low sustainable levels and allow for the rebuilding of an adequate fiscal buffer." Similarly, IMF Country Reports 14/103 (Box 1, p. 43) notes that the fiscal consolidation measures are motivated by the need to rebuild fiscal buffers, promote medium-tern fiscal stability, and strengthen the overall fiscal position.

Nigeria 2014

A fiscal consolidation was implemented; however, it was a response to the cyclical decline in oil prices and thus should not be considered a discretionary fiscal adjustment.

The 2014 Article IV Consultation (IMF Country Report No. 15/84) notes in page 1: "Managing adjustment. The authorities adopted bold policy actions in November 2014—an adjustment in the official foreign exchange rate and band, tightening of monetary policy rates, and spending cuts totaling 1.7 ppts of GDP in the proposed 2015 budget. As the oil price fall appears more permanent than temporary, additional policies will be needed, including greater flexibility in the exchange rate and further fiscal adjustment, particularly in state and local governments.". Page 16 adds: "Given limited buffers, the draft budget appropriately tightens the fiscal stance. Relative to 2014, staff projects that oil revenue will drop by 2.4 percentage points of GDP. The MTEF envisages a gradual increase in non-oil revenues (0.1 percent of GDP in 2015), with a reduction in expenditure of 1.7 percent of GDP (1 percent from lower fuel subsidies, 0.2 from lower capital spending, and 0.5 from adjustment by SLGs). The projected overall impact is an increase of 0.3 percentage points of GDP in the consolidated government deficit. However, fiscal buffers remain weak and, absent additional fiscal adjustments, staff projects that the ECA could be depleted by end-2015 (SIP: Oil Sector Developments). In addition, with FG capital spending envisaged at 0.4 percent of GDP, the ability to delay capital spending as an informal buffer, as has happened in previous years, is limited. Staff welcomes the announced steps to increase revenue through enhanced revenue administration and excise taxes and fees on luxury goods and services. Nevertheless, staff sees the need to identify additional contingency measures to contain recurrent expenditures and boost non-oil revenues in 2015—such as accelerating potential reforms to VAT and CIT (20)—to prevent the ECA from being fully depleted."

Appendix B.11. SENEGAL[19]

Senegal 1995/96

A fiscal consolidation amounting to 1.5 percent of GDP from the revenue side and 2.2 percent of GDP from the spending side, motivated by the need to reduce the fiscal deficit. Given that the budgetary savings cover the two-year period 1995-96, we allocate ½ of the fiscal gain (0.75 percent of GDP from the revenue side and 1.1 percent from the spending side) to each calendar year.

The report EBS/95/80 notes (pp. 6-8): "The main focus of the authorities' policies in 1995 is on consolidating the fiscal position through a significant improvement in government revenue performance and continued restraint in spending, particularly on wages. The 1995 government budget, which was approved by Parliament last December, aims at reducing the overall fiscal deficit, on a commitment basis and excluding grants, from 5.7 percent of GDP in 1994 to 2.6 percent, in line with the objectives of the medium-term program. To this end, a number of measures were implemented as prior actions, and others are being carried out."

The same report provides further detail on the tax and spending measures (pp. 29-30): "The Government recognizes that considerable efforts will be required to mobilize government receipts and to improve tax collection on a durable basis. After the unfavorable results of the previous year, total revenue in 1995 should increase by 23 percent, to reach CFAF 371.2 billion. To that end, the Government has already

[19] There are no IMF staff reports available covering information over the period 1990-1991, and covering the years from 1996 to 1999. Changes in the primary balance over these years do not point to fiscal consolidations (David et al., 2023; Badru et al., 2025). The accuracy of fiscal data for Senegal came into question after a Court of Auditors' report uncovered significant misreporting of information to the IMF over the period 2019-2023. https://www.imf.org/en/News/Articles/2025/08/26/pr25282-senegal-imf-staff-concludes-visit. For this reason, we do not include data after 2018 into the narrative dataset.

adopted several measures within the context of the 1995 budget and has decided to take additional measures, designed to expand the tax base and significantly reduce fiscal fraud. These measures aim in particular at reducing tax exemptions, broadening the value-added tax (VAT) base, and strengthening the customs and tax administrations. . .

On the expenditure side, a very prudent policy will be pursued, particularly as regards the wage bill and nonpriority spending, while providing adequately for basic health and education services. In 1995, total expenditure will only increase by about 2 percent, to reach CFAF 434.9 billion. To keep the wage bill within the originally programmed ceiling of CFAF 160 billion, the adopted budget foresees no general wage increase in 1995. No such increase will be granted and recruitment will be strictly limited, giving priority to the health and education sectors. Moreover, the costs of regularizing the verified rappels (corresponding to the financial impact of promotions for which payment orders have not yet been issued) will be included within the above-mentioned wage bill. The increase in the wage bill in 1995 should, therefore, be held to about 6 percent, reflecting the full-year impact of the 10 percent pay raise of last April, normal promotions, and the limited recruitment. The civil service audit will be initiated in April 1995 and the recommended measures will be put in place beginning in July 1995. Expenditure planned in the context of the social safety net (CFAF 10 billion) will be maintained, but will be integrated within the Government's social programs, and social spending will be targeted more effectively, in line with the recommendations of a recent IMF technical assistance mission. Any additional expenditure made necessary by the recent change in the Government will be compensated by reductions in other areas. The deficit of the special accounts will be substantially reduced by taking the measures required to balance the operations of the National Retirement Fund (FNR) from June 1995. The program for 1995 foresees that capital expenditure will amount to CFAF 116 billion, with priority given to infrastructure and high-return projects in the productive sectors. The necessary instructions have been given to ensure that no extrabudgetary expenditures are made, and this will be respected by all ministries. Before end-September 1995, a study on the expenditure system, as well as on the procedure for commitment and payment, will be completed, and the necessary measures will be implemented in the context of the 1996 budget."

EBS/95/183 gives additional information on the size of the fiscal measures (p. 8): "In view of the importance of further lowering the debt-to-GDP ratio, promoting domestic savings, and reducing the need for recourse to exceptional external financing, the durable reinforcement of the Government's budgetary position remains a key element of Senegal's adjustment strategy. Therefore, the authorities' objective is to reduce the overall fiscal deficit (on a commitment basis and excluding grants) from 5.7 percent of GDP in 1994 to 3.3 percent in 1995 and to 2 percent in 1996, through specific measures designed to improve revenue performance and to strictly limit spending. Government revenue is programmed to increase by the equivalent of 1.5 percent of GDP and total expenditure to be cut by 2.2 percent of GDP over the two-year period 1995-96.

Later IMF staff reports confirm the quantitative outcome. IMF Staff Country Report No. 99/5 (Table 24, p.29) shows an increase in tax revenue of 1.5 percent of GDP and a decrease in total expenditure and net lending of 1.2 percent of GDP between 1994 and 1995. Similarly, IMF Staff Country Report No. 00/91 (Table 33, p.81) records an increase in tax revenue of 1.6 percent of GDP and a decrease in total expenditure and net lending of 1.1 percent of GDP over the same period.

Senegal 2002

A fiscal consolidation of 0.6 percent of GDP from the tax side and 1.5 percent of GDP from the spending side, motivated by the objective of reducing the fiscal deficit.

IMF Country Report No. 02/81 notes (p. 10): "The authorities' economic program seeks to reduce the government deficit before grants from an estimated 3.9 percent of GDP in 2001 to 2.6 percent in 2002; the basic fiscal balance would shift from a deficit of 0.8 percent of GDP into a surplus of 1.3 percent during the same period. The fiscal tightening is premised on the full-year effect of tax measures introduced last year, further improvements in tax administration and cutbacks in spending, especially on transfers to loss-making parastatals. Other contributing factors include the envisaged reduction of deficits of the National Retirement Fund (FNR) and the postal service, and the full-year effect of the elimination of fuel subsidies in mid-2001, except for those granted to low-income consumers of cooking gas...".

The 2002 Article IV Consultation and Requests for a Three-Year Arrangement Under the Poverty Reduction and Growth Facility and for Additional Interim Assistance Under the Enhanced Initiative for Heavily Indebted Poor Countries (IMF Country Report No. 03/167) further explains (pp. 10-11): "While in 2002 the government stayed the course of prudent financial management (facilitated by the improved performance of key public enterprises) preparation for further structural reforms gained momentum only in the second half of the year. Higher tax revenue and tight aggregate expenditure control strengthened public finances, with the basic fiscal balance reaching a surplus of 2.2 percent of GDP in 2002, compared with projections of 1.3 percent and a deficit of 0.8 percent in 2001 (Table 6). The 10 percent increase in tax revenue (to 17.7 percent of GDP) reflected the unification of VAT rates in September 2001 and strong collection efforts in the second half of 2002, which, however, did not suffice to achieve the indicative revenue target of 18.1 percent of GDP. In light of the uncertain tax revenue performance, total expenditure and net lending were contained below the target level at 20.2 percent of GDP, down from 21.7 percent in 2001. The targeted sharp cutback in subsidies was only partially offset by strong growth in capital expenditure. Uncertainty about the timing of total HIPC debt relief, initially projected for 2002, also led the authorities to postpone related spending to 2003, yielding savings of 0.6 percent of GDP in 2002 relative to projections. The resulting unused HIPC resources were accumulated in a special account at the central bank. As a result, overall government operations, including grants, moved to a surplus of 0.4 percent GDP in 2002, from a deficit of 2 percent in 2001, and the government reduced its domestic debt."

The same report (Table 3, p. 39) records an increase in tax revenue of 0.6 percent of GDP and a reduction in total expenditure and net lending of 1.5 percent of GDP between 2001 and 2002.

Senegal 2013

A fiscal consolidation of 0.4 percent of GDP from the tax side, motivated by the objective of ensuring debt sustainability.

IMF Country Report No. 13/170 notes (p. 7): "A slightly slower pace of fiscal adjustment is proposed for 2013. The new fiscal deficit target for 2013 (5.3 percent of GDP, against an initial target of 4.9 percent) would accommodate the impact of exogenous shocks. However, it would still entail a significant reduction of the deficit and require substantial efforts in light of other pressures on the budget, particularly those stemming from the energy sector. The authorities expect the revenue base to be shored up by a number of new measures. These include a new tax on cosmetic products, an increase in the tax on tobacco, the inclusion in the VAT base of certain telecommunication activities, the end of the exemption from VAT of certain activities financed by external resources, and an advanced payment on the income tax made at the importation stage (which should allow bringing more small and medium businesses into the tax net). The authorities estimate that all these measures will generate at least 0.4 percent of GDP in revenue. In addition, the partial elimination of VAT withholding should improve the collection of this tax. On the expenditure side, investment financed on external concessional resources has been revised downward significantly in light of delays in mobilizing the financing; however, such investment is still expected to increase in nominal terms from 2012. Interest payments are also expected to be lower than programmed, thanks in part to lower interest rates. The cabinet approved in May 2013 a supplementary budget for 2013 reflecting these changes."

However, IMF Country Report No. 14/4 describes revenue shortfalls (p. 5): "Meeting the 2013 deficit target of 5.4 percent of GDP will require expenditure restraint. A revenue shortfall amounting to about 0.5 percent of GDP was incurred in the first half of the year, mostly in the first quarter. It was driven by a number of factors, such as a more-generous-than-expected reduction of the personal income tax, transitory VAT collection shortfalls reflecting the phasing out of VAT withholding by government agencies, and disappointing nontax revenue. In addition, the power sector's tight financial situation continued to weigh on revenue collection. Revenue collection is expected to improve in the second half of 2013, but not enough to prevent a significant shortfall at year end. The authorities intend to meet the deficit target, however, thanks to savings on the wage bill, interest payments, and the deferral of a few budgeted investment projects."

Senegal 2014

A fiscal consolidation of 0.3 percent of GDP from the tax side and 0.8 percent of GDP from the spending side, motivated by the objective of reducing the fiscal deficit and preserving debt sustainability.

IMF Country Report No. 14/4 explains (pp. 5-6): "Strengthened revenue collection will contribute to the further reduction of the fiscal deficit in 2014. Securing the revenue base is an important objective for the authorities; recurrent revenue shortfalls have indeed complicated fiscal management and required inefficient expenditure cuts in the course of the past few years. The immediate priority is to complete the major tax reform launched in 2013, with in particular the introduction of cash refunds for VAT credits and the completion of all implementing regulations. After this major reform, the tax system needs to be stabilized, which warrants a focus on complementary tax administration reforms. They include changes to the remuneration of tax inspectors to ensure adequate incentives to broaden the tax base rather than a focus on a few large taxpayers, and increased staffing, which is required for a resolution of existing tax arrears, a comprehensive audit of VAT credits, and more intensive use of various sources of information. These measures, together with a few specific tax policy measures, should increase the tax revenue ratio by 0.3 percent of GDP in 2014. An indicative revenue target has also been introduced in the program, and the authorities are committed to taking early corrective measures should a shortfall be expected again at the time of the 7th review.

Substantial current expenditure streamlining is also expected in 2014. This streamlining—a decrease in the current expenditure ratio of 0.8 percentage point of GDP—will contribute to the reduction of the deficit while allowing for an increase in the investment ratio and for the development of key components of the social safety net, such as the Family Security Allowance (a conditional cash transfer) and progress towards universal health coverage. A focus on eliminating unproductive expenditures and raising investment should ensure more efficient and growth-friendly government spending. The streamlining will affect many expenditure areas, including the government's utility bills, the wage bill (with a focus on wage moderation to offset the impact of new hiring), and a number of transfers (e.g., agriculture). In higher education, politically difficult decisions have been taken to improve the targeting of scholarships and increase tuitions. While the restructuring of public agencies will likely produce savings in the medium term, it may generate costs in the short term related to the termination of certain contracts and the reallocation of a number of employees. Overall, the deficit target is somewhat higher than projected at the time of the previous review (by 0.2 percent of GDP, at 4.9 percent), to accommodate additional public investment and possible costs from agency restructuring."

On the motivation of the fiscal measures, the same report adds (p. 28): "The reduction in the fiscal deficit will continue in 2014 and in the medium term with a substantial effort to improve the efficiency of public expenditure. In accordance with the commitments the government has undertaken to preserve debt sustainability and restore fiscal space for the future, the budget deficit will be reduced to 4.9 percent of GDP in 2014 and to less than 4 percent in 2015. The modest downward revision in the deficit target for 2014 reflects a significant effort to increase public investment. The reduction in the deficit will come from a significant effort to increase revenue and to rationalize expenditure, with special emphasis on current expenditure. The state will increase the efficiency of its expenditure, which will limit the short-term impact on growth and will help increase growth potential in the medium term."

IMF Country Report No. 15/2 underscores the improved fiscal position in its Executive summary: "The fiscal outlook has improved owing to stronger revenue performance and expenditure control, and the overall deficit is expected to fall to about 5 percent of GDP in 2014...".

Senegal 2016

A fiscal consolidation of 1.4 percent of GDP on the tax side and 1 percent of GDP on the spending side was implemented to create fiscal space for investment in human capital and critical public infrastructure projects. However, the resulting savings were more than offset by higher government investment, leaving no net fiscal gain.

IMF Country Report No. 17/230 notes (p. 7): "Fiscal consolidation remains on track to meet the WAEMU target. The fiscal deficit has been declining steadily from a recent high of 5.5 percent of GDP in 2013, reaching 4.2 percent of GDP in 2016. This has been achieved by increasing revenues by 1.4 percent of GDP in 2016 and lowering public consumption by 1 percent of GDP, which, in turn, created the needed fiscal space for further investment in both human capital (education, health and social safety nets) and critical public infrastructure projects (e.g. railways, roads, and energy). A combination of good performance of tax administration and efforts to improve customs tax collection, particularly during the second half of 2016, allowed end-year fiscal targets to be met. To ensure that recent consolidation gains are durable and that the 3 percent of GDP WAEMU target is met in 2018, the authorities will continue their efforts to increase revenue collection and rationalize public consumption, including by controlling the wage bill."

Table 5 (p. 24) of the same report and Table 5 (p. 23) of IMF Country Report No. 18/8 show that tax revenue rose by 0.7 percent of GDP, while expenditure increased by 1.1 percent of GDP between 2015 and 2016.

Senegal 2018

A fiscal consolidation of about 0.3 percent of GDP on the spending side, motivated by the objective of reducing the fiscal deficit to meet the WAEMU convergence criterion of a 3 percent of GDP ceiling.

IMF Country Report No. 18/211 describes the planned fiscal measures (spending measures on page 9 and tax measures in Attachement I on p. 39): "Expenditure measures to meet 2018 fiscal targets focus largely on reducing inefficient and low-priority domestically-financed capital expenditures. Against the backdrop of mounting pressures for increased spending in 2018 (paragraph 10), staff urged the authorities to contain increases in public consumption and identify inefficient domestically-financed investment that could be reduced with a minimal adverse impact on growth and the poor. The authorities plan to reduce goods and services across ministries by 0.1 percent of GDP and reduce investment by 1.0 percent of GDP. This will be achieved by holding off new domestically-financed investment projects that have not started (0.5 percent of GDP), and delaying low-priority investment projects and cancelling inefficient projects (0.5 percent of GDP). Staff emphasized the importance of ensuring that all domestically-financed investment be vetted through the newly created project bank and that counterparty funding be provided to avoid delays in the implementation of priority development projects.

The modernization of tax and customs administration, strengthening of tax policy, and streamlining tax expenditure will continue. With respect to tax expenditure, the report on the pilot program to audit supporting documentation submitted for approvals will be finalized, and implementation of the recommendations could bring CFAF 15 billion in 2018. Action will be taken to limit discretionary measures in favor of a comprehensive approach based on rules published on the internet that are applicable to all (structural benchmark for the seventh review). The General Tax Code was recently amended to increase fiscal revenue as follows. Key measures include: (i) merging the CODETTE and the telecommunications tax (Prélèvement sur les Télécommunications—PST) to simplify the telecommunications sector's taxation system; (ii) increasing the tax rate on tobacco from 50 percent to 65 percent; (iii) raising the tax on alcoholic beverages from 40 percent to 50 percent; and (iv) placing a higher tax on cosmetics at 15 percent, up from 10 percent. To make better use of the vitality of the insurance sector, a tax was introduced on insurance premiums similar to the PST. The importance of improved revenue mobilization is highlighted through the proposal of a new assessment criterion on the floor on tax revenue starting from end-June 2018 (which replaces the related IT) (Table 1)."

Evidence of the revenue shortfall is provided in the Staff Report for the 2018 Article IV Consultation and Seventh Review Under the Policy Support Instrument and Request for Modification of Assessment Criteria (IMF Country Report No. 19/27), which notes (pp. 6-7): "Sizable spending cuts are needed to stay within the 2018 fiscal envelope. On tax revenues, corporate taxes have been trending below projections and the new measures introduced in the 2018 Budget and in the June 2018 Supplementary Budget have not yielded the expected results—although it may be to some extent too early to judge since implementation started in March 2018 and July 2018. In addition, important measures to rationalize exemptions and to improve tax collection have not been forcefully implemented. Overall, and before new policy measures, revenues are projected to be below the end-year target by about 0.9 percent of GDP. On the expenditure side, beyond the growing wages and transfers incorporated during the last PSI review, expenditures are expected to increase by another 0.2 percent of GDP, representing mainly higher transfers to the education sector. To contain the impact on the fiscal balance, and, given that there is only a small window for action before end-2018, the authorities have decided to take decisive action to cut substantially low priority domestically-financed capital expenditure and non-wage current spending as needed to stay within the agreed fiscal envelope, while to the best extent possible protecting social outlays. The authorities have also agreed to compensate above the line for "below-the-line" financing operations exceeding the program target, i.e., adding some 0.15 percent of GDP in spending cuts."

Table 5 of IMF Country Report No. 19/27 (p. 35) shows a projected decline in tax revenue of 0.2 percent of GDP and a projected decline in expenditure of 0.2 percent of GDP between 2017 and 2018. Table 5 of IMF Country Report No. 20/11 (p. 30) records a decrease in tax revenue of 0.1 percent of GDP and a decrease in expenditure of 0.3 percent of GDP over the same period. Thus, no fiscal gain was realized on the tax side, and the spending-side gain was limited to about 0.3 percent of GDP.

The motivation for the fiscal measures is summarized in IMF Country Report No. 19/27 (p. 54): "The fiscal policy aims to meet the convergence criterion for the WAEMU fiscal deficit ceiling. With respect to fiscal revenues, at the end of the first half of 2018, collections amounted to 1065.3 billion and increased by 61.8 billion, or 6.2 percent in relative value, compared with the same period of the previous year. On the expenditure side, the various categories were handled with prudence. The fiscal deficit should continue to trend downward, declining from 3.5 percent of GDP in 2018 to 3.0 percent in 2019, and stabilize at 3 percent for the medium term based on increased revenue mobilization and greater efficiency in public spending."

Appendix B.12. SOUTH AFRICA[20]

South Africa 1993/94

A fiscal consolidation measure from the tax side amounting to 1.5 percent of GDP was implemented through an increase in the VAT rate. In line with South Africa's fiscal year, we allocate ¾ of the budgetary saving, amounting to 1.12 percent of GDP (0.75*1.5), to calendar year 1993, and the remaining ¼, amounting to 0.38 percent of GDP, to calendar year 1994. The measure was motivated by a desire to reduce the deficit.

IMF Country Report No. 96/64 notes on page 12: "As regards indirect taxes, the replacement of the general sales tax with the VAT at a rate of 10 percent in September 1991 caused a decline in revenue from 5.9 percent of GDP in 1991/92 to 5 percent in 1992/93; however, this decline was more than reversed when the VAT rate was raised to 14 percent in 1993/94, and collections reached 6.5 percent of GDP."

The increase in the VAT rate was motivated by the decline in revenue observed in 1992/93 and the rising fiscal deficit, as highlighted on page 4 of the Staff Report for the 1993 Article IV Consultation and Request for a Purchase Under the Compensatory and Contingency Financing Facility (EBS/93/192): "Fiscal discipline was eased considerably after 1990. The central government deficit (excluding extraordinary revenue) rose from 3 percent of GDP in 1990/91 to 8½ percent in 1992/93... the widening of the deficit reflected the introduction of the VAT at a lower rate than the general sales tax it replaced and a steep upward trend in expenditure on health, welfare, and education...".

South Africa 1994/95

A temporary fiscal consolidation measure from the tax side amounting to 0.6 percent of GDP in 1994/95 and 0.2 percent of GDP in 1995/96 was introduced. However, these efforts were offset by transition costs related to the elections and therefore did not result in any net budgetary savings.

IMF Staff Country Report No. 95/21 notes on page 14: "... to finance transition costs, the budget introduced a temporary surcharge of 5 percent on annual personal and corporate incomes exceeding R 50,000, projected

[20] In South Africa, the fiscal year runs from April 1st to March 31st. There are no IMF staff reports available covering information over the period 1990-1992. Calculations of the cyclically-adjusted primary balance based on WEO data over that period do not point to any fiscal consolidation effort (David et al., 2023). Similarly other papers do not suggest any fiscal consolidation over the period (Badru et al., 2025; Woldu and Kano, 2023*b*).

to yield 0.6 percent of GDP in 1994/95 and 0.2 percent of GDP in 1995/96."

South Africa 2016/17

An improvement in the fiscal deficit driven mostly by the unwinding of the effects of a one-off recapitalization of Eskom. Hence this episode is not included in the database.

The 2017 Article IV Consultation (IMF Country Report No. 17/189) notes on page 6: "The fiscal policy stance was moderately tightened in FY2016/17 (Table 2). The headline deficit was reduced to 3.9 percent of GDP from 4.5 percent the previous fiscal year. Expenditures declined as a share of GDP (and remained broadly stable excluding a one-off recapitalization of Eskom that took place during the previous fiscal year). Gross tax revenues as a share of GDP remained stable in FY2016/17 for the first time since FY2012/13, despite considerable tax measures, as both economic growth and revenue buoyancy fell short of expectations."

Table 2 page 36 shows that total expenditure decreased from 33.1% of GDP in 2015/16 to 32.8% in 2016/17. As stated above expenditures remained broadly constant when excluding the effects of the one-off operation.

South Africa 2018/19

A Fiscal consolidation from the tax side amounting to 0.7 percent of GDP, was offset by an increase in government expenditures.

The 2018 Article IV Consultation-Press Release (IMF Country Report 18/246) notes in page 2 of the Statement by Mr. Maxwell Mkwezalamba, Mr. Dumisani Mahlinza, and Mr. Edgar Sishi on South Africa: "The primary objective of the 2018 Budget is to reduce the budget deficit and stabilize debt as a share of GDP over the medium term. The authorities' fiscal consolidation plans envisage a primary deficit approaching zero in 2021, with the consolidated budget deficit declining from 4.3 percent in 2018 to 3.5 percent in 2021. After taking into account the reprioritization of spending, the overall expenditure ceiling has been revised downward by R5.8 billion or 0.1 percent of GDP. In addition, 0.7 percent of GDP in new revenue measures in 2018/19 have been implemented. The measures include an increase in the VAT rate, limiting personal income tax bracket adjustments for inflation, and an increase in the fuel levy and excise duties. Under the baseline growth scenario, these actions should ensure that non-interest government spending remains within the ceiling, currently translating to 26.6 percent of GDP. This will help stabilize the debt ratio at around 56.2 percent of GDP in 2022/23."

However, IMF Country Report No. 20/33 (Press Release No. 20/23, p. 1) notes: "Fiscal deficits have been persistently large due to continued high expenditure despite weakening revenue performance and state-owned enterprise (SOE) bailouts. The government deficit is projected to reach 6½ percent of GDP in FY19/20, resulting in significant debt accumulation— projected to exceed 60 percent of GDP in FY19/20—and leaving South Africa with no fiscal space.". The report shows (Table in page 4) no projected increase in revenue, a projected increase in expenditure and net lending, and a projected deterioration of the overall and primary balance. Similarly, IMF Country Report No. 22/39 (Table 2, p. 44) shows an increase in revenue including grants of 0.5 percent of GDP but an increase in expenditure and net lending of 1.5 percent of GDP, and a deterioration in the overall and primary balances.

Appendix B.13. TANZANIA[21]

Tanzania 1994/95

A fiscal consolidation amounting to 2.8 percent of GDP from the revenue side, motivated by the objective of ensuring fiscal sustainability. In line with Tanzania's fiscal year, we allocate ½ of the fiscal gain, amounting to 1.4 percent of GDP, to each calendar year (1994 and 1995).

EBS/94/210 notes on pages 11-12: "To achieve fiscal equilibrium , the authorities introduced a fiscal package for 1994/95 incorporating both revenue-enhancing and expenditure controlling measures. The budget for 1994/95, which is broadly consistent with the budget frame for the fiscal year envisaged in the memorandum attached to the staff report for the 1994 Article IV consultation, include the following key objectives: (i) achieving a modest overall budget surplus (checks issued, after grants) of 0.2 percent of GDP, implying an overall deficit (excluding grants) of 8.6 percent of GDP, compared with 11 percent (excluding grants) in 1993/94; (ii) generating a government recurrent savings of 1.5 percent of GDP; and (iii) making a net repayment of 1.5 percent of GDP by the Government to the banking system. The authorities' fiscal package aims at avoiding the substantial underrealization of revenue potential in the past, and thus total government revenue for 1994/95 is projected to increase to T Sh 329 billion, or by 3.5 percentage points of GDP, to 24.5 percent of GDP. The revenue measures, which took effect on July 1, 1994, include extending the sales taxes to a wide range of services, levying an import duty of 10 percent on imported crude oil, introducing a withholding tax on interest income from treasury bills, raising road tolls and a majority of fees and charges, and increasing the maximum tariff rate from 40 percent to 50 percent. Combined, these new measures are expected to yield additional revenue of T Sh 37 billion in 1994/95, or 2.8 percent of GDP. As indicated in paragraph 16 of the attached memorandum, the Government also took firm action in the budget to strengthen customs administration, with the enforcement of strict control especially over bonded warehouses and transit trade to prevent import duty evasion and revenue leakage. The introduction of a taxpayer identification number system in 1994/95 will provide the tax authorities with critical information for identifying unregistered potential taxpayers, taxpayers who fail to file tax returns, tax evaders, and delinquent taxpayers, which should therefore strengthen revenue collections through improved tax compliance. The Government will take preparatory steps in 1994/95, with the help of the new fiscal advisor provided under Fund technical assistance, toward the introduction of the value-added tax (VAT) by January 1996. A key element of the revenue strategy, as announced in the budget, involves the elimination of most of the tax exemptions that had led to sizable revenue losses in recent years. . . ".

[21] Tanzania's fiscal year runs from July 1st to June 30th each year.

On the motivation of the fiscal measure, the report notes that achieving fiscal equilibrium was the objective of the fiscal package introduced for 1994/95. It also indicates (p. 11) that the program aimed to achieve a government recurrent savings rate of 1.5 percent of GDP, among other objectives. Furthermore, the report states (p. 47): "Fiscal policy for 1994/95 will be focused on ensuring that domestic resources are mobilized to finance needed government expenditures, particularly in view of the major under-realization of revenue potential in the past."

Tanzania 1995/96

A fiscal consolidation from the spending side amounting to 0.7 percent of GDP, resulting from cuts in recurrent expenditure (1.1 percent of GDP), partially offset by an increase in development expenditure and net lending (0.4 percent of GDP). The fiscal adjustment is motivated by the objective of ensuring fiscal sustainability. In line with Tanzania's fiscal year, we allocate ½ of the fiscal gain, amounting to 0.35 percent of GDP, to each calendar years 1995 and 1996.

The Staff Report for the 1995 Article IV Consultation (SM/95/291) notes (p. 9) the context and motivation of the fiscal measures: "The immediate challenge for macroeconomic policy in Tanzania is to rectify the major imbalances in the economy, which have been generated in large part by a weak fiscal performance. Accordingly, the 1995 Article IV consultation discussions were focused to an important extent on the steps needed to achieve a major strengthening of the fiscal position in 1995/96. The discussions were also focused on key elements of structural adjustment, including the financial sector reforms and their ramifications for fiscal and monetary management."

EBD/96/140 (p. 2) further presents the context of the fiscal measures introduced in 1995: "The 1995/96 budget repeated the policy of endeavoring to improve tax compliance by reducing tax rates, without any improvements in tax administration. These reductions again led to a major loss of revenues, with the fiscal position weakened further in the opening months of the fiscal year by the high cost of the first multiparty elections in Tanzania. In this situation, the new government that took office in November 1995 introduced several revenue-enhancing measures, and also undertook a substantial cut in recurrent expenditure, focused on low priority areas. Furthermore, stringent cash management of the budget was applied, utilizing the recently strengthened expenditure control procedures. These measures formed the basis of a Fund staff-monitored program under which the fiscal performance improved markedly in the second half of the fiscal year. With a deceleration in the rate of broad money growth, stemming importantly from an improved fiscal performance in the second half of 1995/96, inflation had declined on a year-end basis to 18.0 percent by August 1996, from a peak of 38 percent for the year ended February 1995, and an annual average of almost 30 percent in 1992/93-1994/95."

IMF Staff Country Report No. 99/24 (Table 18, p. 61) shows a decrease in total expenditure and net lending of 0.7 percent of GDP, mainly driven by a decline in recurrent expenditure of 1.1 percent of GDP, partially offset by an increase in development expenditure and net lending of 0.4 percent of GDP between 1994/95 and

1995/96. While total revenue increased by 0.7 percent of GDP over the same period, this was entirely due to a rise in nontax revenue, as tax revenue remained unchanged at 11.3 percent of GDP.

Tanzania 2000/01

A fiscal consolidation from the spending side amounting to 0.2 percent of GDP, motivated by the objective of ensuring debt sustainability. In line with Tanzania's fiscal year, we allocate ½ of the fiscal gain, amounting to 0.1 percent of GDP to both calendar years 2000 and 2001.

The Staff Report for the 2001 Article IV Consultation and Third Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility (EBS/01/153) notes on pages 5-6: "Fiscal performance in 2000/01 exceeded program expectations. Government revenue attained the equivalent of 12.2 percent of GDP, compared with 11.8 percent targeted under the program and 11.3 percent in 1999/2000. Income tax revenue was more buoyant than expected and more than compensated for lower-than-expected collections from value-added tax (VAT) and excises on domestically produced goods (Table 5). The largest revenue increases relative to the previous year were in taxes on imports and in nontax items. The total contribution to revenue of the petroleum sector increased significantly (from about T Sh 103 billion in 1999/2000 to over T Sh 190 billion in 2000/01), owing in part to higher world prices and the elimination of the exemption from the VAT of government purchases of petroleum products . The growth in nontax revenues reflected higher dividend payments from privatized parastatal enterprises.

Government expenditure was lower than originally programmed, mainly on account of lower-than-expected foreign-financed development expenditure. The government's cautious wage policy was reflected in a decline of the wage bill in relation to GDP from 4.2 percent in 1999/2000 to 4 percent in 2000/01. Expenditure on goods, services, and transfers increased sharply, as had been expected; this was due to greater realism in the initial budget allocation (in particular for utilities and feeding programs that had been susceptible to the accumulation of arrears), as well as better budget execution (especially in the second half of the fiscal year, when priority sectors started receiving quarterly allocations instead of the monthly releases under the cash budget system). The emergence of new expenditure arrears has been avoided since end-2000, and existing arrears were paid down in part. Recurrent expenditure on priority sectors increased from the equivalent of 4.1 percent of GDP in 1999/2000 to 4.6 percent in 2000/01 (Table 7)."

The same report (Table 5, p. 33) shows a decrease in total expenditure, mainly due to a decline in foreign-financed development expenditure (1.7 percent of GDP), while wages and salaries decreased by 0.2 percent of GDP.

Tanzania 2007/08

A fiscal consolidation from the revenue side amounting to 1 percent of GDP, motivated by the objective of ensuring medium- and long-term fiscal sustainability. In line with Tanzania's fiscal year, we allocate ½ of the fiscal gain, amounting to 0.5 percent of GDP, to each calendar year (2007 and 2008).

IMF Country Report No. 08/9 notes on page 36: "For 2007/08 the programme projects revenue would reach 16.0 percent of GDP. The substantial increase relative to 2006/07 reflects specific measures, expected to yield about 1 percent of GDP, and continued strengthening of tax administration. Policy measures include indexation of the specific excise duty rates, and adjustment of forestry and hunting fees, as well as the fuel levy and road user charges. Revenue administration measures include the following: the large taxpayers department is further strengthening audits in key areas, including developing specialized expertise in the mining sector, and is making progress on the introduction of electronic filing; the domestic revenue department is tightening procedures for medium taxpayers by establishing specialized units in district offices; and customs processes continue to be improved, in particular to enhance control of fuel products. Collections in the first quarter of the year are in line with this projection. The Government will continue to publish the list of tax exemption beneficiaries each quarter."

On the motivation and targeted fiscal gain of the revenue measures, the Statement by the Executive Director for Tanzania and a Senior Advisor to Executive Director (December 21, 2007) notes (pp. 2-3): "The authorities' objective in fiscal policy is to sustain fiscal stability in the medium and long terms. In this connection, the 2007/08 budget aims at increasing revenue performance by 1.5 percent of GDP to 16 percent, and the revenue collections in the first quarter of the fiscal year are on track. Appropriate revenue reforms and measures are scheduled with a view to further strengthening tax administration and broadening the tax base. These include reforming the mining sector's fiscal and regulatory regimes; indexing specific excise duty rates; and adjusting forestry and hunting fees, as well as the fuel levy and road user charges. The authorities are determined to further strengthen monitoring and transparency on tax exemptions by publishing the list of beneficiaries and the tax expenditure involved."

IMF Country Report No. 09/13 (Table 3, p. 27) shows an improvement in the overall balance, both before grants (2.1 percent of GDP) and after grants (4.1 percent of GDP). Similarly, the 2009 Article IV Consultation, Fifth Review Under the Policy Support Instrument, Request for a Twelve-Month Arrangement Under the Exogenous Shocks Facility, and Request for an Extension of the Policy Support Instrument (IMF Country Report No. 09/179, Table 4, p. 35) shows an improvement in the overall balance, both before grants (2 percent of GDP) and after grants (4 percent of GDP).

Tanzania 2011/12

Fiscal policy in FY2011/12 was contractionary, but there is evidence that it responded to inflationary pressures. Being endogenous to cyclical conditions, this episode is therefore not considered a narrative fiscal action.

IMF Country Report No. 12/23 notes on page 4: "Fiscal policy is being tightened for 2011/12 because of the deteriorating financing climate since mid-2011 and because of rising inflation . The authorities are eliminating non-priority recurrent spending and delaying some development spending to next year. This will reduce the projected overall fiscal deficit for the current fiscal year from a budgeted 7½ percent of GDP to

6½ percent of GDP. Further tightening of fiscal policies will be needed in the 2012/13 budget to further reduce the overall deficit and to keep net domestic financing at low levels. The focus should be on strengthening the revenue base and streamlining recurrent spending."

<u>**Tanzania 2023/24**</u>

A fiscal consolidation amounting to 0.5 percent of GDP from the tax side and 1 percent of GDP from the spending side, motivated by the objectives of ensuring fiscal and debt sustainability. In line with Tanzania's fiscal year, we allocate ½ of the fiscal gain, amounting to 0.25 percent of GDP from the tax side and 0.25 percent of GDP from the spending side, to each calendar years 2023 and 2024.

The 2023 Article IV Consultation and First Review Under the Extended Credit Facility Arrangement (IMF Country Report No. 23/153) notes (pp. 11-12) a planned fiscal adjustment of 1 percent of GDP: "The fiscal policy stance of the FY2023/24 draft budget is tighter than ECF program expectations (MEFP ¶10). The draft FY2023/24 budget is based on conservative revenue and expenditure projections and targets a primary deficit of 0.7 percent of GDP (tighter by 0.5 ppts of GDP than ECF program projections), corresponding to a 1 ppt of GDP consolidation compared to the current fiscal year budget, expected to be achieved through improvements in revenue collections (about 0.5 ppts of GDP) and cuts in non-priority expenditure (about 0.5 ppts of GDP). Revenue is projected to increase by about 0.5 ppts of GDP to 14.9 percent, supported by new tax measures that are planned to be instituted and implemented in FY2023/24 (see below). Priority social spending will be maintained at about 6.7 percent of GDP, in line with the ECF program target (MEFP ¶22)."

The same report provides further information on the tax measures discussed above (p. 13): "A comprehensive reform agenda is needed to realize Tanzania's revenue potential. At about 12 percent of GDP, Tanzania's tax revenue is significantly below its potential (see Annex V in Country Report 22/269) and revenues have consistently fell short of budget expectations. The authorities plan to implement tax policy and administration measures, including on indirect taxes (with estimated revenue yield of 0.3 percent of GDP), interfacing the IT system of the Revenue Authority with those of prioritized government institutions, and other administrative measures, with a combined estimated revenue yield of about 0.5 ppts of GDP a year effective in FY2023/24 (MEFP ¶21). While welcoming these measures, staff called for additional reforms to broaden the tax base, modernize tax administration, reduce compliance costs, and rationalize tax exemptions. Expediating verification and payment of VAT refunds through leveraging technology would also help clear the backlog of VAT refund arrears and reduce cost of compliance for taxpayers."

The report further explains the objectives of the fiscal measures on page 22: "Staff concurs with the authorities' plan for fiscal consolidation starting in FY2023/24 and underscores the importance of creating additional fiscal space in the medium term. Fiscal reforms will help create the fiscal space needed to finance priority investment and social spending while safeguarding debt sustainability."

Similarly, IMF Country Report No. 23/425 highlights the motivation behind the planned fiscal consolidation

(p. 13): "If executed as planned, the fiscal consolidation envisaged in the current year's budget will help buttress fiscal sustainability."

IMF Country Report No. 24/349 confirms the implementation of the planned fiscal consolidation (pp. 5 and 67): "Fiscal consolidation was achieved in FY2023/24 through both improvements in revenues and adjustments in spending. The domestic primary balance improved by 1.4 ppts of GDP, slightly better than the budget estimate and the program target. While falling short of budget expectations, domestic revenues improved by 0.4 ppts of GDP compared to FY2022/23.

(...) We are implementing a growth friendly fiscal consolidation to safeguard fiscal sustainability. Despite shortfalls in revenue mobilizations compared to budget expectations, the domestic primary balance improved by 1.4 ppts of GDP, slightly better than the budget estimate and the program target, in FY2023/24. This was achieved thanks to a significant adjustment to the primary current spending (by 1 ppts of GDP) and a modest improvement in the domestic revenue mobilizations (by 0.4 ppts of GDP) compared to FY2022/23. Priority social spending was increased by 0.7 percentage points of GDP in line with the program targets."

Appendix B.14. UGANDA[22]

Uganda 1993/94

A fiscal consolidation from the tax side was offset by increased spending on high-priority areas and civil service salaries.

The 1993 Article IV Consultation (EBS/93/172) report notes on page 8: "The 1993/94 budget incorporates a number of tax measures aimed at raising revenue and strengthening further tax administration. The principal measures are: (1) an enlarged income tax coverage incorporating allowances and benefits as part of taxable income, a reduced number of tax brackets, an increased threshold for income tax, and a reduced top marginal rate of income tax from 40 percent to 30 percent for incomes above U Sh 4,200,000; (2) more effective taxation of rental income from real estate at a rate of 20 percent on 80 percent of gross rent in excess of U Sh 840,000 per annum; (3) increased import duties and indirect taxes on fuel and other imports including the reimposition of a minimum 10 percent customs tariff on raw materials; (4) higher domestic indirect taxes on beer, cigarettes, and soft drinks; (5) a rationalized structure of customs tariffs from a six-rate (with duty rates ranging from zero to 30 percent) and a reduction in exemptions; and (6) streamlined investment incentives combined with a reduction of the rate of corporate income tax from 35 percent to 30 percent. Also, in collaboration with the World Bank, the Government has decided to remove the controls on the pump prices of petroleum products and is currently considering the timetable for implementation, after examining

[22] Uganda's fiscal year runs from July 1st to June 30th. There are no IMF staff reports available covering information over the period 1996-2001, except statistical annexes. Calculations of the cyclically-adjusted primary balance based on WEO data over that period do not point to any fiscal consolidation effort (David et al., 2023). Similarly other papers do not suggest any fiscal consolidation over the period (Badru et al., 2025; Woldu and Kano, 2023*b*).

the various options of taxing petroleum products under a system of market-determined petroleum prices."

However, the report states on the same page: "The 1993/94 budget is designed to further strengthen resource mobilization, which would provide some scope for raising outlays on high priority areas and increasing civil service salaries toward the minimum living wage. Accordingly, revenues are targeted to increase by 34 percent to 9.5 percent of GDP. At the same time, expenditure and net lending is budgeted to increase by 18 percent to 21.1 percent of GDP, resulting in a lowering of the overall deficit to 11.6 percent of GDP, compared with 12.1 percent in 1992/93."

Uganda 1994/95

A fiscal consolidation from the tax side amounting to 1 percent of GDP. However, it was implemented in response to a temporary coffee price boom. The government pursued expenditure restraint and introduced a windfall tax to sterilize capital inflows to prevent exchange rate appreciation, and contain inflation. Since the motivation was to manage the macroeconomic impact of a cyclical windfall, this episode does not qualify as a narrative fiscal action.

EBS/94/157 notes on pages 7 and 8: "The program aims at reducing the overall deficit by almost 3 percentage points, to 7.7 percent of GDP (Table 7). Under the 1994/95 program, total revenues, including discretionary measures, are expected to increase by 1 percentage point, to 9.5 percent of GDP. The discretionary measures include: (a) an increase in the rate of the withholding tax on commercial transactions from 2 percent to 4 percent; (b) a 2 percentage point increase in the rate of the sales tax, with the exception of essential foods; (c) an extension of the commercial transactions levy (CTL) 1/ to road transport; (d) the introduction of a withholding tax, deductible at source, on interest earned on deposits from financial institutions; (e) the shift of the collection of "other nontax" revenues from the Ministry of Finance to the Uganda Revenue Authority (URA) and to a special unit in the Uganda Development Ban k (UDB); (f) the implementation of specific actions to remove discretionary exemptions from duties and sales tax on imported goods and to improve collection of customs duties; (g) the elimination of exemptions granted to parastatals from paying taxes; (h) an increase in fees and charges on motor vehicles by 50 percent; (i) the reduction of the excise duty on beer and soft drinks by 10 percentage points; and (j) the imposition of a stabilization (graduated windfall) tax on coffee earnings levied at two rates–at 20 percent when the price is between U Sh 1,100 and 2,200 per kilogram, and at 40 percent when the price exceeds U Sh 2,200 per kilogram. 2/ These measures also broaden the tax base and make the income tax more global and less distortionary."

However, the EBS/95/173 report provides evidence that the fiscal consolidation measure was motivated by cyclical conditions. As noted on page 4, the adjustment was undertaken in response to a coffee price boom, which generated a temporary windfall for the economy: "Following a modest rebound in the price of coffee in 1993/94, Uganda was faced with a major coffee boom in 1994/95, consequent upon the host damage in Brazil, and the resultant surge in export prices. The average price for Ugandan coffee increased by over 120 percent from US$1.14 per kg in 1993/94 to US$2.52 in 1994/95, yielding a windfall to the economy equivalent to about 3.7 percent of GDP. . . The Government's response was prudent and appropriate. Early in 1994/95, the Government began to pursue a policy of sterilizing part of the inflows in order to contain an appreciation in the real effective exchange rate. This involved monetary absorption through the increased sales of treasury bills and the introduction of a windfall tax on coffee exports. In addition, a strong fiscal adjustment was pursued, focused on expenditure restraint, and negative bank financing. The result was that monetary growth impulses arising from the buildup in international reserves were significantly less than would otherwise have been the case. This, together with a significant real output response, significantly higher imports, and a rise in private sector savings, enabled Uganda to manage the boom with a broadly stable nominal exchange rate and low inflation. External competitiveness was maintained, and there was continued strong progress in diversification of the export base."

The fiscal consolidation from the tax side does not qualify as a narrative fiscal shock, as it was clearly driven by cyclical (temporary) economic conditions, specifically the coffee price boom.

Uganda 1995/96

A fiscal consolidation from the tax side amounting to 1.1 percentage points was initially programmed, motivated by the desire to reduce the deficit and improve efficiency. However, the implementation of the VAT, a key element of the 1995/96 tax reform, faced significant compliance issues in its first year, resulting in lower-than-expected revenue gains. The actual increase in tax revenue amounted to 0.5 percent of GDP in both FY1995/96 and FY1996/97. Given the timing of implementation (July 1, 1996) and the compliance issues during the first year of operation, we attribute the fiscal gain to FY1996/97. Accordingly, we allocate ½ of the budgetary saving (0.25 percent of GDP) to each of the calendar years 1996 and 1997.

The EBS/94/157 report highlights a planned broad-based VAT to be introduced in the 1995/96 budget on page 44: "The URA is continuing to pursue rigorously the Government's program to improve the efficiency of the tax system, collections, and administration, which was prepared with technical assistance from the Fund. The major element of this will be the planned introduction of a broad based value added tax (VAT), which was announced in the 1994/95 budget and will be implemented during 1995/96. An implementing committee has been instituted, and the assistance of a resident expert has been requested from the Fund. The Government will draft the appropriate regulations and legislation by end-December 1994, and this will constitute a structural performance criteria of the program. The rate of the tax will be set consistent with the program's medium term revenue objectives."

The EBS/95/173 report provides more information about the 1995/96 budget, including its motivation and components. It notes on pages 8 and 9: "The objectives of the 1995/96 budget are to further strengthen government finances and raise public savings. The program aims at reducing the overall fiscal deficit (excluding grants and the windfall coffee tax) by about 2 percentage points, to 6.4 percent of GDP (Table 7). Revenues are expected to increase by 1.1 percentage points, to 11.6 percent of GDP. Besides the continued improvement in tax administration, measures introduced in the 1995/96 budget include: (i) withdrawing the remission of duties on raw materials; (ii) harmonizing the lower sales tax rates with the Commercial Transactions Levy rate of 15 percent (which will also facilitate the introduction of the VAT); (iii) increasing some charges for licenses and fees; (iv) closing duty-free shops; and (v) improving customs collections and efficiency for the clearing of cargo, by ending the monopoly of the parastatal handling cargo and introducing competition for these services, as well as for pre- and post-import inspection services. In downward trend in coffee prices, the rate of the coffee stabilization tax was reduced to 25 percent (from 32 percent) and the. threshold raised to U Sh 1,500 per kg (from U Sh 1,100 per kg). The budget also announced a major shift in the policy on granting discretionary tax and duty exemptions, designed to boost revenue buoyancy as well as increase transparency and accountability. These measures are discussed in paragraph 9 of the memorandum on economic and financial policies (Appendix I) and in Annex I."

The report adds on the same page: "The program also attaches considerable importance to improving the efficiency of the tax system, enhancing its administration, and broadening its base. The Government is on target in its preparation for the introduction of the VAT by July 1, 1996. The appropriate legislation will be enacted by end-December 1995, and the relevant management information systems for the VAT will be prepared and tested by March 31, 1996. The authorities are also pursuing other key elements of the tax reform program as detailed."

The same report points to potential offsetting measures on pages 42 and 43: "The objective of the 1995/96 budget is to further strengthen government finances, which is critical for raising public sector savings. At the same time allowance has been made for real increases in allocations for key economic and social sectors, the domestic component of the development budget, and public sector wages."

Moreover, the newly implemented VAT in the 1995/96 budget faced several problems that affected compliance and, consequently, the associated fiscal revenues. The IMF Staff Country Report No. 98/61 details this issue on page 4: "A value-added tax (VAT) with a single positive rate of 17 percent was introduced on July 1, 1996 in Uganda after two years of preparation with assistance from the Fund. It replaced a sales tax on goods and selected services at rates between 12 percent and 30 percent. Several problems began to affect the operations of the VAT soon after its introduction. First, the number of potential VAT taxpayers was much larger than planned; second, resistance to the new tax from traders escalated into a strike in late September to early October 1996. Third, the computer system installed for the tax was not adaptable enough to provide information required for its management. Finally, the response of the authorities to the strike and the priorities of VAT administrators after the strike exacerbated compliance under the tax during the first year of its operation. As a result, compliance was poor during the first few months following the introduction of the tax and remained below expectations during the first year of its operation."

Table 23 (page 67) of the same report shows that tax revenue increased by 0.5 percent of GDP in 1995/96, reaching 10.4 percent of GDP, followed by a similar increase in 1996/97, reaching 10.9 percent of GDP. Given the timing of the VAT implementation (July 1, 1996) and the low compliance during its first year of operation, we record a narrative fiscal shock from the tax side amounting to 0.5 percent of GDP in FY1996/97. In line with Uganda's fiscal year (July 1st to June 30th), we allocate ½ of the budgetary saving, amounting to 0.25 percent of GDP (0.5*0.5), to calendar year 1996, and the remaining ½ to calendar year 1997.

Uganda 2002/03

A fiscal consolidation from the spending side amounting to 0.4 percent of GDP is implemented in FY2002/03. A narrative fiscal action of 0.2 percent of GDP is recorded in each calendar years 2002 and 2003, in line with Uganda's fiscal year. The measures were motivated by a desire to reduce the deficit.

IMF Country Report 02/213 notes on page 24: "Fiscal policy aims at reconciling the provision of adequate resources for essential poverty reduction programs with financial sustainability. Accordingly, the overall deficit before grants is targeted to fall gradually over the three-year period 2002/03-2004/05. The budget for 2002/03 envisages a reduction in the deficit (before grants) of 2.2 percent of GDP to 10.4 percent of GDP and foresees a marginal buildup of government deposits with the banking system, as net donor inflows are projected to amount to 10,4 percent of GDP. The domestic budget deficit would also fall by about 1.7 percent of GDP to 4.9 percent of GDP in 2002/03 (Table 4). This will reduce the liquidity injected into the economy by fiscal operations, and thereby ease pressures on the exchange rate and interest rates." IMF Country Report No. 04/34 provides additional details on the implementation, stating on page 6: "A substantial fiscal adjustment was achieved in 2002/03 (Table 2 and Figure 2). The overall fiscal deficit, before grants, narrowed by 1,4 percentage points to 11.4 percent of GDP, with government revenues steady at 12.3 percent of GDP, the reduction in the deficit can be attributed to expenditure restraint, of which 0.4 percent of GDP came from current spending and 0.6 percent of GDP from reduced payments on outstanding domestic arrears. Donor assistance more than covered the fiscal deficit, despite reduced net donor inflows (of 0.6 percent of GDP), allowing for a decline in the government's net domestic financing."

Only the 0.4 percent of GDP reduction from current spending qualifies as a genuine policy-driven fiscal consolidation. Given Uganda's fiscal year (July 1st to June 30th), we record a narrative fiscal shock from the spending side amounting to 0.2 percent of GDP (0.5*0.4) in both calendar years 2002 and 2003.

Uganda 2005/06

A fiscal consolidation from the tax side amounting to 0.5 percent of GDP, motivated by the need to reduce donor dependency and improve economic efficiency. In line with Uganda's fiscal year, we allocate ½ of the budgetary impact, which amounts to 0.25 percent of GDP (0.5*0.5) to calendar year 2005, and the remaining ½ to calendar year 2006.

IMF Country Report No. 06/43 notes on page 5: "Fiscal consolidation through end-June 2005 was greater than programmed, mainly because the pace of foreign-financed development spending was slower than envisaged (Table 2). Domestic financing was well below the program ceiling." The same report notes on page 7: "Continued gradual fiscal consolidation lies at the heart of Uganda's macroeconomic strategy over the medium term. Fiscal consolidation will help promote macroeconomic stability and sustainable private sector-led growth, and reduce donor dependency. The pace of fiscal consolidation would carefully balance these objectives with the need to channel resources to PEAP objectives and Millennium Development Goals (MDGs). The medium-term outlook, therefore, envisages continued expenditure restraint and an increase in domestic revenue by about 0.5 percent of GDP a year through either tax measures or increases in collection efficiency. Given current assumptions for donor-financed development expenditures, this revenue effort is projected to reduce the overall deficit, excluding grants, to 6.6 percent of GDP by 2007/08, from 8.8 percent in 2005/06."

Page 33 of the same report notes that while additional spending pressures arose, these were to be financed within the existing budget and any additional revenue. Therefore, they did not reverse the consolidation effort: "The fiscal consolidation framed by the 2005/06 budget will be maintained. The fiscal deficit, excluding grants, is projected to be maintained at around 9 percent of GDP, to be achieved by lower growth of current spending. Development expenditures are projected to recover after a temporary shortfall in 2004/05. The Government intends to submit a supplementary budget to parliament that would be financed within the current budget and any additional revenue. Among other areas, it will cover additional spending for the following: Primary teachers' salaries; Transfers to local governments to compensate for the elimination of the graduated tax; and Additional payments of domestic arrears accumulated in 2004/05 under the CCS."

The 2006 Article IV Consultation (IMF Country Report No. 07/29) confirms that the fiscal consolidation measures were implemented. As the report notes on page 10: "Fiscal developments in 2005/06 were broadly in line with the program and its consolidation objective (Table 2). The overall deficit ratio, excluding grants, declined by 1 percentage point to 7.5 percent of GDP, reflecting both higher tax revenues and lower donor-financed development expenditures. Improved tax administration and new tax measures helped to boost domestic revenue. In particular, international trade and value-added taxes performed well. Budget grants fell by more than 1 percent of GDP, reflecting temporary delays in IDA grants and scaled-back budget assistance from other donors after the arrest of the main opposition candidate in the run-up to the elections."

Although total expenditure declined by 0.7 percent of GDP, this reflected lower-than-planned execution of donor-financed development spending and was not the result of discretionary fiscal policy. As such, this does not constitute a narrative fiscal action.

We record a narrative fiscal action from the tax side, amounting to 0.5 percent of GDP, motivated by a desire to enhance economic efficiency, promote sustainable private sector-led growth, and reduce donor dependency.

Uganda 2006/07

A fiscal consolidation from the tax side amounting to around 0.5 percent of GDP. However, the fiscal adjustment effort was more than offset by increased expenditures, including emergency energy-related

spending and infrastructure investment.

IMF Country Report No. 06/43 notes on page 33 that tax revenues are expected to increase: "The fiscal framework for 2006/07 will be consistent with the MTEF. The strategy of gradual fiscal consolidation will continue through increased revenue collection and expenditure control. As envisaged in the MTEF, tax revenues will be targeted to increase by about 0.5 percent of GDP through URA efficiency gains and broadening of tax bases. The Government is also looking at options for new local taxes to supplement the central government transfers to the local governments.". Similarly, the 2006 Article IV Consultation (IMF Country Report No. 07/29) notes on page 40 an expected increase in domestic revenues: "Domestic revenue collections are expected to rise by 0.4 percent of GDP on the basis of efficiency gains at the URA and increases in some taxes and fees."

However, while the 2006 Article IV Consultation (IMF Country Report No. 07/29) emphasizes the sustained fiscal consolidation effort in accordance with Uganda's MTEF, it highlights an increase in the overall deficit, primarily due to energy crisis spending. The report states on page 18: "The 2006/07 budget aims for continued fiscal consolidation in line with Uganda's Medium-Term Expenditure Framework (MTEF), albeit at an appropriately slower pace than initially envisaged because of the electricity crisis. While the overall deficit, excluding grants, is expected to widen by over 1 percent of GDP, excluding energy crisis spending the deficit is projected to remain almost unchanged compared with 2005/06. Elements of the fiscal program include:

• An expected increase in tax collections by 0.4 percentage points of GDP on the basis of efficiency gains and new measures introduced with the 2006/07 budget (increases in excise taxes and fees, MEFP paragraph 13), despite downward pressure on corporate taxes related to the electricity crisis. The efficiency gains will be achieved through the ongoing modernization at the URA (MEFP, paragraph 19). Efficiency gains have improved revenue mobilization since URA modernization began, and an IMF technical assistance report estimates that the modernization could yield 1½ to 3 percent of GDP in revenue gains over the next five years. The Government's decision to address the problem of tax payment on government procurement should also help boost tax compliance (MEFP, paragraph 16).

• Domestic financed energy crisis spending of 1 percent of GDP, of which about one half is earmarked for a ring-fenced energy fund. Spending from this fund for the Karuma project is expected to begin in 2007/08. MDRI debt relief, has been earmarked for temporary subsidies to the energy sector. In addition, foreign financed energy crisis spending amounts to about 0.3 percent of GDP.

• An increase in primary school teacher salaries and provisions to start universal post primary education.

• Onetime spending for the October 2007 Commonwealth Heads of Government Meeting.

• Doubling of provisions for domestic arrears clearance to 0.8 percent of GDP, in line with the strategy to eliminate all domestic arrears over the next 3-4 years.

• Negative net domestic financing of about 1 percent of GDP.

The same report further highlights the offsetting fiscal measures on page 40: "The 2006/07 budget provides for emergency energy spending, new infrastructure investment, and arrears repayment. The deficit, excluding grants and emergency energy spending, is projected at 7.1 percent of GDP. The main expenditure initiatives include:

• New electricity-related spending of 1.1 percent of GDP. About 0.5 percent of GDP of the spending is earmarked for a new Energy Fund, which will be ringfenced for future dam construction. The remainder will be used to subsidize new thermal generators.

• Additional investment in roads.

• A one-third increase in primary school teacher salaries and funding for the first phase of universal post-primary education.

• A near doubling in the budgeted allocation for domestic arrears payments to U Sh 149 billion.

• Provisions for the Commonwealth Heads of Government Meeting in 2007.

Uganda 2007/08

The fiscal consolidation from the tax side amounting to 0.5 percent of GDP, discussed above, motivated by the need to reduce donor dependency and improve economic efficiency, is maintained. Revenue collection exceeded initial projections, with a total yield of 0.7 percent of GDP. In line with Uganda's fiscal year, we allocate ½ of the budgetary saving (0.35 percent of GDP) to each calendar year.

IMF Country Report No. 08/4 notes on page 6: "Reflecting the progress with the Uganda Revenue Authority (URA) administration reforms and new tax measures, revenue collection exceeded the initial projections by 0.3 percent of GDP. Accordingly, the end-June assessment criterion on net credit to government was met."

The same report notes on page 8: "The 2007/08 budget is based on the government's strategy of measured increases in domestic revenue collection and continued expenditure control. The government is targeting an improvement in domestic revenue by 0.7 percentage point of GDP, to 14.1 percent of GDP, and a reduction in the deficit excluding grants. These targets are feasible, given the better-than-expected tax revenue performance during the last quarter of 2006/07 and the first quarter of 2007/08, tight control over nonpriority spending, and continued efforts to improve tax administration." and page 25: "The policy of annually increasing tax collections by 0.5 percent of GDP over the medium term remains in place. We were on track with this objective in 2006/07, raising the ratio by 0.3 percentage points despite the electricity crisis and plan to remain on track this year through the ongoing modernization at the Uganda Revenue Authority and a few changes in taxes that have been approved by Parliament. We also plan to produce a tax procedure code that will help individuals and businesses better understand their tax obligations."

Statistical tables in subsequent reports (IMF Country Reports No. 08/236 and 09/202) confirm an increase in tax revenue of about 0.7 percent of GDP during 2007/08.

IMF Country Report No. 07/212 states on page 24: "The policy of annually increasing tax collections by 0.5 percent of GDP remains in place but, as in 2006/07, implementation in the near term could be adversely affected by the high cost of electric power and by the temporary excise tax refunds on fuel used for large commercial generators."

Uganda 2011/12

Fiscal policy during 2011/12 was motivated by cyclical conditions, notably the desire to support monetary policy in reducing inflation.

IMF Country Report No. 12/125 states on page 13 that fiscal policy has been contractionary, supporting the efforts of monetary policy to reduce inflation: "Fiscal policy for the remainder of FY2011/12 is designed to support disinflation efforts. Despite a somewhat higher nominal revenue forecast than when the budget was drawn up, the authorities wish to hold nominal spending as close as possible to the original budget envelope, bringing the overall deficit (including grants) down to 3.8 percent of GDP this fiscal year, compared to 7.2 percent in FY2010/11. (The comparable figures, excluding exceptional security spending, are 3.2 and 4.7 percent of GDP, respectively.) This reflects a reduction in current spending by 4.2 percentage points of GDP (excluding exceptional security spending, the reduction is by 2.3 percentage points of GDP). The reduction in current spending is offset slightly by an increase in development spending by 0.8 percentage points of GDP. In all, this adjustment implies a contractionary fiscal impulse (Box 1, MEFP 23)".

The IMF Country Report No. 12/135 further highlights the response of fiscal policy during the fiscal year 2011/12 to cyclical conditions. Page 32 of the report presents the Memorandum of Economic and Financial Policies and notes that the fiscal stance for 2011/12 was tightened to support monetary policy in bringing down inflation: "We have taken firm measures through a combination of both monetary and fiscal policies to address our immediate priority of reducing inflation, which accelerated to unacceptable levels over the latter half of this year. Given the weak external environment, coupled with tight fiscal and monetary policies associated with the deflationary effort, our FY 2011/12 growth forecast has been cut from 5 to 4¼ percent. The Government will nonetheless persevere in its intention to reduce inflation to single digits by end of calendar year 2012, and to bring it down to the target level of 5 percent for core inflation by the middle of calendar 2013. The tight monetary and fiscal stance will continue into FY2012/13, but priority investment programs will be maintained and measures taken to further our structural reform agenda.". With regards to the roots of inflationary pressures, page 32 notes: "Inflation picked up sharply during the first half of fiscal year 2011/12, initially from higher food prices and the pass-through of exchange rate depreciation."

Uganda 2012/13

A reduction of 2 percent of GDP in current spending was fully offset by an increase in capital spending related to the construction of the Karuma hydropower project.

IMF Country Report No. 12/135 notes on page 11: "The fiscal program for FY2012/13 will provide some consolidation relative to the expected FY 2011/12 outturn to maintain support for disinflation, as well as tax policy and structural measures designed to place public finances on a more secure footing going forward. The overall fiscal deficit is projected to decline by 1¼ percentage points to 3½ percent of GDP next year, while accommodating a 1 percent of GDP increase in capital spending. This adjustment is to be funded mainly by 2 percentage points of GDP of savings from compression of current expenditure—about 1½ percentage points of which will result from the cessation of one-off outlays on exceptional security procurement, power sector subsidies, and clearance of power sector arrears. Capital spending in FY2012/13 will be dominated by the start of construction of the Karuma hydropower project, which will absorb almost 2 percent of GDP (35 percent of total domestically funded investment), all of which will be funded by accumulated savings in the Petroleum Fund."

While IMF Country Report No. 13/25 indicates that the investment-related increase in spending was lower than anticipated, evidence suggests that overall expenditure increased rather than declined in fiscal year 2012/13. The IMF Country Report No. 13/25 notes on page 4: "The fiscal stance was tighter than programmed mainly owing to delays in execution of a large hydropower project. Revenues and current expenditure performed broadly as anticipated, reflecting the non-recurrence of the previous year's exceptional oil revenue and security spending, and a drop in the wage bill in real terms. However, underperformance on the large Karuma project —due to slow preparation and an investigation into procurement irregularities—led to a lower than-expected deficit. As projected, financing of the deficit came mainly from external sources. The stock of arrears and payment delays remained broadly stable compared to end-June 2011.". However, Table 2b (page 17) of IMF Country Report No. 13/25 shows a projected increase in expenditures and net lending of 1.3 percent of GDP, to 19.9 percent in 2012/13, and Tale 2b (page 36) of the 2015 Article IV Consultation (IMF Country Report No. 15/175) reports an actual increase of 0.9 percent of GDP to 16.5 percent in 2012/13.

Therefore, evidence suggests that the fiscal adjustment of 2 percent of GDP, arising from savings through the compression of current expenditure, was offset by increased capital spending linked to the construction of the Karuma hydropower project. The rise in capital expenditure was projected to reach 2 percent of GDP. Although the text mentions delay in execution that contributed to a lower-than-expected deficit, the statistical information in the fiscal operations tables does not reflect any budgetary savings resulting from the fiscal consolidation.

Uganda 2014/15

A fiscal consolidation from the tax side amounting to 0.5 percent of GDP. However, it was implemented in response to cyclical conditions.

The 2015 Article IV Consultation (IMF Country Report No. 15/175) notes on page 9: "On fiscal policy, in FY2014/15 the authorities embarked on an ambitious revenue enhancing program that yielded tax revenue beyond expectations, and kept expenditures below the budget level due to delays in external disbursements for HPPs. A supplementary budget, needed to reallocate resources, did not add expenses to the budget, but together with the delays in HPPs, tilted it towards current spending."

The related budgetary savings are mentioned in the 2013 Article IV Consultation (IMF Country Report No. 13/215). The report notes on page 15: "The fiscal stance will be relaxed in FY2013/14 to support a gradual recovery of growth to potential. . . Meanwhile revenue measures and improvement in tax administration are expected to add about ½ percent of GDP in tax revenue in the next fiscal year."

However, the 2015 Article IV Consultation (IMF Country Report No. 15/175) highlights on page 9 that the fiscal policy response accompanied a monetary policy response aimed at addressing "volatile foreign exchange flows, declining commodity prices, and the complex geopolitical environment".

Uganda 2015/16

A fiscal consolidation from the tax side amounting to 0.6 percentage points of GDP, more than fully offset by an increase in public investment.

The 2015 Article IV Consultation (IMF Country Report No. 15/175) notes on page 17: "The FY2015/16 budget will increase the overall fiscal deficit to 7 percent of GDP, largely financed by NCB on favorable terms. The budget was approved on May 30 in line with the provisions of the PFM Act that call for approval before the fiscal year starts. The deficit expansion is explained by the boost in public investment, mainly for infrastructure financed by NCB with a grant element of about 11½ percent, and an increase in interest payments, partially offset by additional tax revenue gains. The revenue-to-GDP ratio is set to rise by 0.6 percentage points through policy measures and efficiency gains, including an increase in excise taxes (0.2 percent); an expansion in the scope of withholding taxes (0.1 percent); the imposition of the VAT on discounted taxable supply of services at fair market value (0.1 percent); an increase in fees and stamp duties (0.1 percent), and improved use of compliance data and better collaboration among ministries and the private sector (0.1 percent)."

Uganda 2021/22

A fiscal consolidation from both spending and tax sides amounting to 3.1 percent of GDP. The spending-side fiscal adjustment totals 2.4 percent of GDP, comprising a 0.7 percent of GDP reduction in non-priority current spending and a 1.7 percent of GDP cut in capital expenditures. The tax-side adjustment, amounting to 0.7 percent of GDP, stems from the implementation of the Domestic Revenue Mobilization Strategy (DRMS). In line with Uganda's fiscal year, we record a narrative fiscal shock of 1.55 percent of GDP (1.2 percent from the spending side and 0.35 percent from the tax side) in each calendar years 2021 and 2022. The measures were motivated by a desire to ensure debt sustainability and promote economic efficiency.

IMF Country Report No. 21/141 notes on page 68: "Reducing non-priority spending. The fiscal adjustment in FY21/22 includes a reduction in nonpriority current spending (0.7 percent of GDP) and capital expenditures (1.7 percent of GDP). Moreover, the non-recurrence of one-off items such as the recapitalization of the Bank of Uganda (0.3 percent of GDP) and the on-lending to the Uganda Development Bank (0.3 percent of GDP) in

FY20/21 will contribute to the improvement in FY21/22. Finally, the decline in security spending (by around 1 percent of GDP in FY21/22) will create room for higher social spending, including the vaccination of another 20 percent of the population."

Regarding the motivation for the 2021/22 fiscal adjustment, the 2021 Article IV Consultation and First Review Under the Extended Credit Facility Arrangement and Request for Modification of Performance Criteria (IMF Country Report No. 22/77) states on page 86: "We remain committed to fiscal consolidation, which is necessary to keep debt sustainable and avoid a deterioration in the risk of debt distress."

The same report (IMF Country Report No. 22/77) also highlights additional revenue mobilization measures on the same page: "Our fiscal consolidation strategy will rely on revenue mobilization and spending prioritization that preserves resources for human capital development. The main elements of our strategy include:

• Implementation of the DRM Strategy. Implementation of our tax administration and tax policy agenda is expected to yield 0.7 percent of GDP in FY21/22 and 0.5 percent of GDP on average per year over the medium term. Our medium-term revenue strategy, which is being updated continuously and costed to reflect changes in the policy environment, will enhance the income tax system, improve the excise duty regime, and strengthen VAT productivity, including by reducing exemptions and reviewing the VAT registration threshold. Increasing taxpayer registration, enhancing voluntary compliance and improving arrears management remain our main areas of focus on tax administration. Streamlining tax expenditures remains a key priority. Building on last year's practice, we increased transparency in this area by publishing on January 11, 2022 the FY20/21 tax expenditure statement on the MoFPED website (link). In line with our reform plan, a tax expenditure prioritization framework has just been validated by a stakeholder workshop and adopted by the MoFPED in January 2022 (SB). We plan to use the new framework and methodology developed to design a tax exemption rationalization plan that identifies at least 0.1 percent of GDP in tax exemptions that can be rationalized in FY 2022/23 and at least 0.2 percent of GDP in subsequent years to contribute to our revenue collection objective (end-June SB).

• Reduction of non-priority spending. We will continue to identify cost-saving measures by asking Ministries to ensure that the spending priorities are aligned with NDPIII priorities at the planning stage. Priority spending—including investments chosen according to our newly published project selection criteria— will be saved. Projects that have not been appraised or selected using the new criteria or do not have identified funding will be cut. We have sought IMF technical assistance to conduct a public investment management assessment, expected in the first half of 2022. It will help assess and address the remaining gaps, including on establishing medium-term fiscal envelope forecasts to better prioritize capital spending, publishing multi-year public investment plans in line with the medium-term budget framework, and exercising rigorous public investment portfolio oversight."

Uganda 2023/24

A fiscal consolidation amounting to 0.6 percent of GDP from the spending side, motivated by the objective of preserving debt sustainability. In line with Uganda's fiscal year, we allocate ½ of the budgetary savings, amounting to 0.3 percent of GDP (0.5*0.6), to each calendar year (2023 and 2024).

IMF Country Report No. 23/229 notes (p. 13): "Revenue-based fiscal consolidation remains essential to keep debt sustainable while increasing priority spending (MEFP ¶16-18). . . The Domestic Revenue Mobilization Strategy (DRMS) targets an increase in the revenue to GDP ratio of 0.5 percentage point per year. However, to partially offset the tax revenue underperformance in FY22/23, authorities have identified additional administrative and tax policy measures to be implemented in FY23/24. Together with the previously identified tax administration measures and tax exemption rationalizations (Text Table 3), these new measures are expected to help increase the FY23/24 tax revenue ratio by 0.6 percentage point relative to FY22/23. In addition, new grant commitments and higher-than-expected non-tax revenues (mainly due to stronger enrollment in higher education) are expected to further remedy tax revenue underperformance in FY22/23, with total government revenues in FY23/24 projected to be 0.3 percent of GDP higher than at the combined 2nd-3rd reviews (Text Table 4). . . The debt-to-GDP level will stay below the levels expected at the time of the combined 2nd-3rd reviews, helped by higher nominal GDP in FY22/23 and stronger fiscal consolidation in FY23/24."

The 2024 Article IV (IMF Country Report No. 24/290) notes, however, that the composition of the fiscal consolidation differed from what was initially planned. The report states (p. 28): "The composition of fiscal adjustment, however, has been quite different from what was originally envisaged. The ECF envisaged a consolidation of 5.4 percent of GDP driven by higher domestic revenues, reduction in current and domestically-financed development spending, accompanied by an increase in externally-financed development spending. The actual improvement at 4.8 percent of GDP was mainly driven by a decrease in both domestically- and externally financed development spending (close to 5 percent of GDP) and rather small gains in domestic tax revenues, partly offset by an increase in the current spending (1.1 percent of GDP)."

Table 2b (p. 43) of the same report shows a decline in tax revenue by 0.4 percent of GDP and a decrease in expenditure and net lending by 0.9 percent of GDP, of which a decrease in externally-financed development expenditures of 0.3 percent of GDP. Accordingly, we record a fiscal consolidation from the spending side amounting to 0.6 percent of GDP.

Appendix C. Comparison of Narrative Deficit-driven Shocks and CAPB

This appendix focuses on the largest discrepancies between fiscal policy changes identified through our narrative approach and those derived from changes in the CAPB. We examine 17 cases where the discrepancy between the two measures exceeds 2.5 percent of GDP. Each case is described and assessed to determine which methodology provides a more accurate measure of action-driven fiscal consolidation. In all but four instances–Ghana (2018), Nigeria (2013), and Senegal (1995/96)–the increase in the CAPB is larger than the fiscal consolidation identified in the historical policy record.

As noted above, the source of our CAPB data is the April 2025 vintage of the WEO database. Because CAPB estimates are unavailable for several years across our 1990-2024 sample of 14 SSA economies, we construct our own measure based on the conventional procedures (Escolano, 2010).

Angola, 2000

Using the narrative approach, we find no evidence of discretionary fiscal consolidation undertaken by policymakers with long-term objectives that were exogenous to contemporaneous economic conditions. By contrast, the CAPB suggests a substantial improvement of 9.1 percent of GDP. Our investigation reveals that, although the Angolan authorities launched a medium-term fiscal reform program on the tax side in 2000, one of its main objectives was to reduce inflation, rather than to achieve deficit or debt reduction. Moreover, this program included several tax-side stimulus measures, indicating that the observed CAPB improvement largely reflects cyclical or policy-mixing factors rather than a genuine consolidation effort.

Angola, 2010

Using the narrative approach, we find no evidence of a discretionary, deficit-driven fiscal consolidation motivated by long-term fiscal sustainability objectives and independent of cyclical developments, whereas the CAPB indicates an improvement of 9.52 percent of GDP. Our review of IMF reports shows that the fiscal tightening in 2010 was primarily a response to cyclical conditions, specifically the sharp decline in oil prices at the end of 2008. Furthermore, while temporary fiscal restraint created short-term space, this was offset by increased spending to clear arrears accumulated in previous years. The newly available fiscal space was also used to raise capital expenditures that had been compressed during the earlier adjustment period. Hence, the 2010 episode reflects a procyclical adjustment and expenditure reallocation, rather than a deficit-driven fiscal consolidation. For these reasons, we do not classify it as a narrative fiscal shock.

Angola, 2015

Using the narrative approach, we do not identify any discretionary fiscal consolidation undertaken by policymakers for a long-term objective, and exogenous to contemporaneous economic conditions, while variations in the CAPB capture an improvement of 3.45 percent of GDP. Our investigation of this case shows a fiscal consolidation on the spending side that was implemented, driven by a reduction in capital and current expenditure. However, the tightened fiscal stance appears to have been motivated by cyclical conditions, particularly the volatility of commodity prices.

Angola, 2018

Using the narrative approach, we do not identify any discretionary fiscal consolidation implemented by policymakers, motivated by a long-term objective, and exogenous to contemporaneous economic conditions, while variations in the CAPB capture an improvement of 9.07 percent of GDP. Our investigation of this case reveals that a fiscal consolidation was implemented to preserve macroeconomic stability, notably to mitigate the inflationary effects of greater exchange rate flexibility.

Cameroon, 2005/06

Using the narrative approach, we find no discretionary fiscal consolidation consistent with a long-term or exogenous policy objective, while the CAPB records an improvement of 3.41 percent of GDP in 2005 and an implausibly large improvement of 24.75 percent of GDP in 2006. Although a fiscal adjustment was indeed implemented during this period, the fiscal gains were largely offset by substantial increases in social and infrastructure spending in subsequent years. The CAPB improvement therefore overstates the true extent of discretionary tightening.

Ghana, 2014

According to the narrative approach, we find no discretionary fiscal consolidation motivated by long-term objectives and exogenous to contemporaneous conditions, while the CAPB shows an improvement of 2.52 percent of GDP. Our analysis reveals that the fiscal tightening implemented in 2014 was motivated primarily by cyclical considerations, rather than by a medium-term fiscal sustainability objective.

Ghana, 2018

Using the narrative approach, we identify a discretionary fiscal consolidation implemented by policymakers, while the CAPB shows a deterioration of 2.7 percent of GDP, implying a worsening of the fiscal deficit. Our investigation indicates that the authorities implemented revenue-based measures amounting to 0.33 percent of GDP, motivated by the need to reduce debt. The CAPB therefore understates the fiscal tightening effort.

Ghana, 2021

Using the narrative approach, we find no evidence of a discretionary fiscal consolidation motivated by long-term fiscal objectives, while the CAPB indicates an improvement of 6.25 percent of GDP. Although policymakers announced measures totaling 1.3 percent of GDP (comprising 0.9 percent in revenue increases and 0.4 percent in expenditure cuts), these actions were aimed at maintaining macroeconomic stability in the face of short-term pressures and were therefore cyclically motivated.

Ghana, 2023

Using the narrative approach, we find no evidence of a discretionary, deficit-driven fiscal consolidation motivated by long-term objectives, while the CAPB records an improvement of 4.12 percent of GDP. Although a fiscal consolidation was implemented, consisting of revenue measures amounting to 1 percent of GDP, the adjustment was motivated by cyclical factors, notably as a response to the deterioration in investor confidence following tighter global financing conditions.

Mozambique, 1995

Using the narrative approach, we find no evidence of a discretionary fiscal consolidation motivated by long-term fiscal objectives, whereas the CAPB suggests an improvement of 2.75 percent of GDP. Our investigation confirms that a fiscal adjustment was undertaken—amounting to 3.4 percent of GDP on the revenue side and 4.8 percent on the spending side—but the measures were explicitly motivated by inflation concerns, rather than by deficit reduction or debt sustainability.

Mauritius, 2021

We do not find evidence of an implemented fiscal consolidation following the narrative approach, while the CAPB records an improvement of 5.88 percent of GDP. The improvement in the deficit reflects mostly receipts from the sale of government assets to a central bank corporation. As noted in the 2022 Staff Report page 6 (IMF Country Report 22/223): "(...). Deficit reduction has been helped by receipts from quasi-fiscal operations although it remains burdened by the pandemic and renewed pressures on current spending. (. . .) The improvement is mostly due to the sale of shares of Airport Holdings Ltd to the BOM-owned Mauritius Investment Corporation (MIC)."

Nigeria, 1995

Using the narrative approach, we find no evidence of a discretionary fiscal consolidation exogenous to contemporaneous economic conditions, while the CAPB indicates an improvement of 4.45 percent of GDP. Our investigation attributes this improvement to higher oil prices, which boosted revenues and reduced the fiscal deficit. Hence, the CAPB change does not reflect any deliberate fiscal consolidation effort.

Nigeria, 2011

Using the narrative approach, we find no evidence of a discretionary fiscal consolidation motivated by long-term objectives, while the CAPB shows an improvement of 3.55 percent of GDP. Although the authorities planned to reduce the fiscal deficit from 6.1 percent of GDP in 2010 to 2.7 percent in 2013, the adjustment was largely driven by cyclical considerations. Moreover, while the overall deficit did decline in 2011, this improvement was primarily the result of higher oil prices, not discretionary fiscal measures.

In a few specific cases, the narrative approach identifies genuine discretionary consolidations that the CAPB fails to capture, either showing near-zero variation or even deterioration, suggesting an increase in the fiscal deficit. These cases are documented below.

Nigeria, 2013

Using the narrative approach, we identify a discretionary fiscal consolidation undertaken by policymakers, while the CAPB shows a deterioration of 1.86 percent of GDP, implying a rise in the deficit. Our analysis reveals that the authorities implemented a spending-based consolidation of 1 percent of GDP, motivated by debt sustainability and by the goal of strengthening the medium-term fiscal position. The CAPB therefore fails to reflect the true policy stance.

Senegal, 1995/96

Using the narrative approach, we identify a discretionary fiscal consolidation implemented by the authorities, whereas the CAPB records a deterioration of 4.71 percent of GDP in 1995 and 1.65 percent in 1996, both suggesting larger deficits. The historical record shows that the government implemented a fiscal consolidation totaling 3.7 percent of GDP—1.5 percent from the revenue side and 2.2 percent from the spending side—motivated by the need to reduce the fiscal deficit. The CAPB thus fails to capture a substantial consolidation effort documented in official sources.

PUBLICATIONS

A Narrative Fiscal Consolidation Dataset for Sub-Saharan Africa

Working Paper No. WP/2026/011