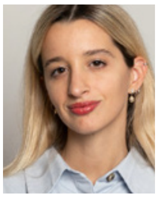
CONDITIONALITY analysis



Beyond loans: The human rights impacts of IMF conditionalities in Argentina

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IMF programmes, anchored on conditionalities, have kept Argentina locked in a cycle of crises, debt and adjustment since 2018

Shrinking the pension system, public wages, public investment and social protection policies reveal a creditors first, people and ecosystems last policy

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Argentina's relationship with the International Monetary Fund (IMF) is one of the most controversial in the institution's history (see *Observer* Summer 2025, Autumn 2019). IMF programmes, anchored on conditionalities, have kept the country locked in a cycle of crises, debt, and adjustment since 2018.

The debate about the implications of conditionalities has gained urgency in 2025, as the IMF undertakes the first review of Programme Design and Conditionality (RoC) since 2018 (see *Observer* Summer 2019). US officials have demanded that the Fund go 'back to basics', focusing on fiscal, monetary, and financial surveillance, rather than on 'emerging issues' such as climate, gender and inequality. In 2023, Javier Milei - a far-right climate-denier - won the presidential election, and was mandated by the IMF to undertake the largest fiscal adjustment in the country's history, including a large upfront adjustment of around 5 per cent of GDP, a highly ambitious goal. It relied on shrinking the public pension system, public wages, public investment, and social protection policies.

Who pays?

Austerity shifts the burden of adjustment onto those least able to bear it. Women, Indigenous Peoples, migrants, and front-line communities have carried the heaviest costs. Between 2023 and 2025, social spending fell by 17 per cent, marking the lowest level since 2010, while environmental programmes were gutted—forest conservation funds were cut by 80 per cent, more than two-thirds of renewable energy promotion was cut, and fire management capacity was reduced by over 35 per cent.

The closure of the Ministry of Women, Gender, and Diversity and the dismantling of programmes like Acompañar and Line 144 left survivors of gender-based violence without institutional support. The Comprehensive Sexual Education programme was eliminated, while the "ENIA Plan" for teenage pregnancy prevention lost over 80 per cent of its funding compared to 2021. In 2025, 13 programmes that depended on funding from the former Ministry of Women were closed. Cuts to healthcare and education intensified the demand for unpaid care work – an invisible subsidy extracted from women to compensate for state retrenchment.

Meanwhile, the protection of payments to creditors contrasts sharply with the erosion of social protection and climate action. Public debt decreased by 21.2 per cent, a lower percentage than the general budget and the State Intelligence Secretariat saw its real budget increase by 19.2 per cent. This reveals a hierarchy of priorities: creditors first, people and ecosystems last.

The IMF-backed programme undermined Argentina's climate commitments under the Paris Agreement and accelerated ecological degradation. These projects are promoted as engines to generate foreign exchange for debt repayment, yet they entrench Argentina's fossil fuel dependence and put vulnerable communities at heightened risk of climate-related disasters. Promoted as a source of foreign exchange, these extractive projects—such as fracking in Vaca Muerta—accelerate ecological degradation and threaten fundamental rights, including access to safe water and a healthy environment.

Looking ahead: The IMF's review of conditionality

The RoC is a key test of how the institution defines debt 'sustainability'. The Argentina case shows why the Fund must systematically incorporate distributional impact assessments of its conditionalities, to measure their real effects on income inequality, gender, and environmental justice. This will require ensuring meaningful participation and transparency and working alongside the support of specialised UN human rights divisions, affected communities, and civil society organisations.

Beyond procedural reforms that are within the scope of the RoC, civil society calls for the elimination of IMF surcharges (see *Observer* Autumn 2024) that drain scarce fiscal space from indebted countries, and a shift toward non-GDP-centered metrics, where programme success is measured not only by growth rates but also by indicators of well-being, equality, and ecological balance. New approaches to debt sustainability are also essential, emphasising human rights, gender justice, and climate considerations, as well as a comprehensive debt relief framework, including full debt cancellation for all low- and middle-income countries that require it, and a permanent UN-based mechanism for preventing and resolving debt crises. Debt service should be suspended in the event of political, climatic, environmental, economic, or security shocks, safeguarding countries from catastrophic financial burdens in times of crisis. In 2023, for example, Argentina faced a drought, which claimed three per cent of its GDP. The IMF did not modify the debt payments.

Without such shifts, the IMF will again reproduce and deepen the very crises it claims to solve. Conditionalities that privilege creditors and fossil capital over people and ecosystems are not a path to stability, but to deeper inequality and climate vulnerability. The RoC must acknowledge that macroeconomic stability cannot be built on the erosion of rights, care systems, and the environment.