

FIRST CRISIS, THEN CATASTROPHE

Unless G20 leaders, the IMF and the World Bank act immediately, crises of inflation, inequality and COVID-19 could push over a quarter of a billion more people into extreme poverty in 2022.

Summary

The crises of extreme inequality, unprecedented food and energy price inflation accelerated by the war in Ukraine and COVID-19 are converging to create a catastrophe for the world's poorest people.

New Oxfam estimates, building on World Bank projections and prior research conducted by the World Bank and Center for Global Development on food price spikes, show that over a quarter of a billion more people could be pushed into extreme poverty in 2022¹. The combined impact of COVID-19, inequality and food price hikes could result in 263 million *more* people living in extreme poverty this year, resulting in a total of 860 million people living below the \$1.90 a day extreme poverty line. This would be an extraordinarily damaging rise that reverses decades of progress in the fight against poverty.

These multiple crises are hitting an already deeply unequal world, which is being torn apart further by the COVID-19 pandemic². Already, 3.3 billion people are projected to be living below the poverty line of \$5.50 a day in 2022³, approaching half of humanity.

Now ordinary people, so many of whom have suffered major economic hardship during the pandemic, are facing rapid rises in the cost of food, which have reached an all-time high, surpassing the food spike crisis of 2011⁴. Meanwhile billionaire wealth has seen its biggest increase ever⁵. Large corporations appear to be exploiting an inflationary environment to boost profits at consumers' expense: soaring energy prices and margins⁶ have pushed oil company profits to record levels⁷, while investors expect agriculture companies to rapidly become more profitable as food prices spiral⁸. Moreover, low-income countries – their foreign reserves largely depleted by their COVID-19 responses and debt servicing – are dependent on a handful of grain exporting nations⁹. The fragility and inequality of global food and energy systems is being profoundly exposed.

It is alarming to see inflation becoming wildly unstable and rising faster than real wages. Today the purchasing power of wages has been depressed the world over, with major concerns that inflation in 2022 will far outstrip wage growth, resulting in a real-term pay cut. Millions of families now face impossible choices: between feeding their children, sending them to school, or treating

sickness for example. The spike in food prices is also harshly conspiring with climate-driven disasters and conflict, all severely exacerbating already existing and devastating hunger crises in parts of East Africa, the Middle East and West Africa.

This crisis is far from equal. All people are impacted in some way but it is the poorest who are being hit hardest. The IMF estimates that food costs account for 40% of consumer spending in Sub-Saharan Africa, more than double what it does in advanced economies¹⁰. But even within these advanced economies there is deep inequality: the poorest 20% in those societies are spending four times more than the top 20% on food, as in the case of the US¹¹. The long-term impacts of lack of nutrition risk permanently worsening the lives of the poorest¹². It is a crisis disproportionately felt by women and girls - the last to eat, the first to be excluded from a school that can't be afforded, and whose unpaid care work is as ever the shock absorber of crisis.

And, just as poorer people are facing the brunt of this multi-pronged crisis, poorer nations that were already facing fiscal pressures are, too, now being pushed hard into deeper and lasting poverty. Developing countries, already facing historically high debt levels¹³ have been crippled by the cost of responding to the pandemic and its recession. This has been notably driven in part by extreme vaccine inequality, as rich nations have hoarded the vaccine while denying developing countries the rights to produce it themselves¹⁴.

Debt servicing for all the world's poorest countries is estimated at \$43 billion in 2022¹⁵ – equivalent to nearly half their food import bills and public spending on health care combined¹⁶. In 2021, debt represented 171% of all spending on healthcare, education and social protection combined for low-income countries¹⁷. The international financial institutions have lent money; the G20 offered a partial bilateral debt payment suspension; and the IMF made a belated issuance of \$650 billion dollars in SDRs - all of this went a small way in helping to mitigate the harsh economic impact of the pandemic, but it has been far from enough.

The dramatic return of inflation, which has led the US Federal Reserve to raise the cost of borrowing¹⁸, just as the war in Ukraine drove up the cost of the dollar, is a recipe for financial turmoil in lower-income countries who need dollars for their energy, medicine and food imports, and whose debt currency is largely in dollars. Several developing countries are likely to default on their debts in coming months, and will try to stave off bankruptcy as they try to maintain vital imports. This could mean drastic cuts to spending worldwide, exacerbating an already dangerous path towards austerity that countries were beginning to take with the IMF's backing¹⁹. Some of the most effective tools at reducing inequality – public goods such as universal healthcare²⁰, education and social protection²¹ – risk being cut, which would disproportionately impact poorer people, women and racialized groups. UNCTAD has warned that policy tightening in rich countries driven by inflation and the war in Ukraine is likely to lead to sudden currency depreciation in many developing countries leading to recession and insolvency²².

While the COVID-19 pandemic pushed people and countries into economic crisis worldwide, the compounding effects of the Ukraine crisis mean we risk now heading towards catastrophe. But this can be averted through bold and coordinated international and national action.

An urgent economic rescue plan is required. A plan that must right the wrongs of rich nations' COVID-19 response so far, and prevent a catastrophe of unprecedented poverty and widespread suffering in its wake. The greatest responsibility rests upon the leaders of the richest nations who will come together at the G20, the IMF and World Bank, in Washington DC this month. Oxfam urges the leaders of the G20, IMF and World Bank, together with all leaders, to:

1. Protect the poorest people from the harms of inflation

Meeting the extraordinary demands of the time, governments should seek to **control food and energy prices directly** – including through permanent cuts in value-added taxes (VAT) and sales taxes on staple food products, with the IMF ensuring it is advising this and refraining from seeking governments to expand VAT; the provision of limited and/or temporary carefully-designed subsidies on staple food products such as through increases in school feeding programs; avoiding export bans and reining in markets including by increasing transparency and preventing excessive financial speculation. This must be accompanied by a range of measures that include **expanding cash transfers to provide income support**, and the vital **automatic indexation of cash transfers and wages on inflation at short intervals**. Moreover, the call for a **Global Fund for Social Protection** is more urgent than ever for low-income countries²³.

2. Cancel unpayable debts to poorer countries

The two main initiatives driven by the international community – the Debt Service Suspension Initiative (DSSI) and the Common Framework – have proven largely ineffective. The G20 must prioritize the debt agenda and **cancel all debt payments in 2022 and 2023** for all low and lower-middle-income countries that require it; **immediately suspend debt service for countries applying to the Common Framework** and establish a new debt relief process which addresses its failures, **particularly ensuring private sector participation**. Recognizing that multilateral institutions account for around one-third of outstanding debt of low- and lower-middle-income countries, **the World Bank and IMF must participate in such efforts**. They should both cancel debt payments owed, and the IMF should eliminate surcharges.

3. Taxing wealth

Governments must fund vital support to people to protect them from rising energy and food costs, as well as to fund the COVID-19 response and a fair recovery. They must tax progressively, investing in universal public goods, and reject austerity. Oxfam urges the implementation of **emergency solidarity taxes or one-off wealth taxes**, or temporary increases in capital gains taxes or personal income taxes on high incomes, building on the proposals of the OECD and IMF, and learning from the recent successful example of Argentina. Crucially, permanent taxation of wealth is required to more fundamentally, redistribute resources and reduce inequality. A **progressive net wealth tax** of just 2% on personal wealth above \$5 million, rising to 3% for wealth above \$50 million and 5% for wealth above \$1 billion could generate \$2.52 trillion worldwide, would raise enough to lift 2.3 billion people out of poverty, make enough COVID-19²⁴. The IMF must support countries to build fiscal space in a progressive way, **and refrain from advising or conditioning austerity measures** which would only worsen poverty and inequality.

Now is crucially the time to **uncover hidden wealth: including through a global asset registry**²⁵ to disclose the true owners of assets such as property, stocks, companies, trusts and other assets. And, recognizing that the OECD and EU have proposed that governments impose windfall taxes on the energy companies making record profits from sky-rocketing energy prices to support people that face rising energy bills²⁶, Oxfam urges the **implementation of ambitious excess profit taxes on the windfall profits of corporations across all industries**, as was done in the wake of World War II.

4. Reallocate and re-issue Special Drawing Rights

While the \$650 billion-worth of Special Drawing Rights (SDR) issued in August 2021 was a breakthrough, it was distributed according to quotas, not needs, in line with IMF rules. Despite G20 promises to reallocate \$100 billion of their SDRs to lower-income countries, seven months later only \$36 billion has been pledged. **Rich countries must reallocate at least 25% of their SDRs to developing countries in a way that is debt and conditionality-free**. The IMF must ensure that its new **Resilience and Sustainability Trust (RST) set up to channel SDRs avoids conditionality** and is as concessional as possible. And – recognizing that the \$650 billion SDR allocation fell short of the \$3 trillion that Oxfam and others called for in 2020 – **discussions must begin on a new general allocation of SDRs** to meet this crisis in 2022.

5. Increase life-saving emergency aid to poorer countries

Building on their existing aid commitments, rich country donors must provide immediate **emergency support to lower-income countries**. Only 3% of funds have been given to the UN's emergency appeal to relieve the hunger crisis in East Africa²⁷, while donors have also fallen short in meeting their estimated fair share of aid in response to COVID-19 of nearly \$300 billion²⁸. Meeting needs in Ukraine is vital, and this must be **additional to existing aid budgets**. Moreover, donors should not count their contributions to other donor countries, for example for refugee support, as aid, thereby displacing funds that are badly needed to respond to challenges elsewhere.

Multiple crises have converged in 2022 and they risk taking the world towards catastrophe that is unprecedented in living memory. This will be felt most by the billions of people worldwide living on the breadline, one pay-check away from penury. These are the taxi drivers, the security

guards, the nurses, the teachers. They are the cooks, the cleaners, the factory workers, the gig workers. They have no savings, and work for poverty wages. They live in rich and poorer countries.

But this is not inevitable. During this COVID-19 crisis we have seen governments able to mobilize the money, and at times, the imagination necessary to ward off the harshest impacts facing their populations. We also, at first, saw the solidarity required between nations, only to be undermined by myopic nationalism that created vaccine apartheid and divided the world apart.

The G20, IMF and World Bank all meet in the next two weeks. Sticking to the status quo is not without consequence - it will result in harm to people the world over. Amid exceptionally challenging political circumstances, it is urgent that leaders take responsibility to advance action that averts catastrophe for billions of people. And in doing so, they have the chance to show we can rewrite the rules of our economy so that everyone, including the richest countries, richest people and corporations, play their part and pay their fair share of taxes; so that governments have the needed fiscal space and are not servicing their debts at the expense of delivering strong universal public services required to protect their populations at all times but especially in times of crisis; so that decent work exists for all; and so we get on track to stop climate breakdown in the few years that we have left. That is the job of creating a more equal world and that job must begin now.

1. CRISES OF FOOD PRICE INFLATION, COVID-19 AND INEQUALITY SET TO DRIVE HUGE INCREASE IN EXTREME POVERTY IN 2022

A huge increase in extreme poverty expected

The COVID-19 crisis has been one of the defining points in history for economic inequality. The wealth of the richest exploded, rising to unprecedented highs, while at the same time poverty numbers started to rise dramatically for the first time in decades²⁹.

On the back of the COVID-19 crisis, prices for food and energy were already rising worldwide, creating a second round of negative economic impacts on poverty and inequality. The war in Ukraine, and its resultant impacts, has in turn accelerated this trend. Food prices are at an all-time high, exceeding the prior food spike crisis of 2011³⁰.

These multiple crises hit a deeply unequal world³¹. Governments and institutions such as the IMF and World Bank have actively protected and expanded a neoliberal economic model that systematically fails to serve the interests of ordinary people around the globe. This model has driven the privatization of public services; puts shareholder interest above all; leads to environmental degradation and climate breakdown; speculation and exploitation of land; and a race to the bottom on wages and taxes. In turn, this economic model has left our societies extremely vulnerable to shocks and crises. Sadly, too many of our nations' leaders have allowed this failed system to run amok as they protect the wealth and profits of the rich and powerful³².

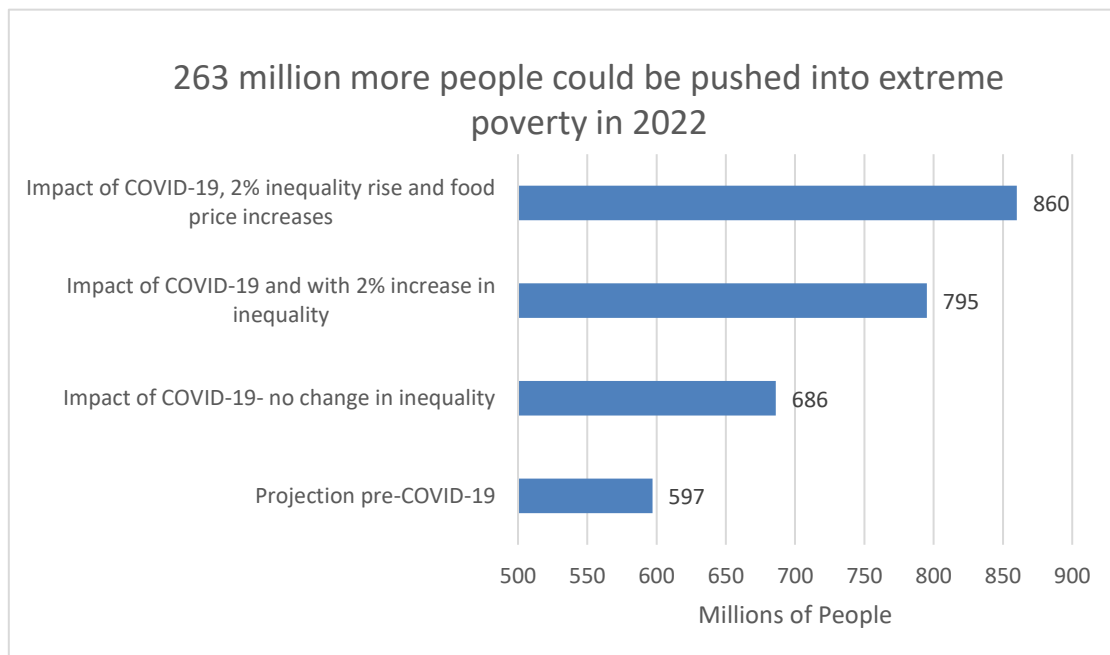
Prior to the war in Ukraine and its spillover effects, the World Bank projected that COVID-19 would increase the numbers living in extreme poverty by 198 million people in 2022. The projected figures considered the impact of COVID-19 as well as an increase of inequality by 2%. The IMF, World Bank and OECD all agree that COVID-19 is highly likely to drive up inequality, making this projection the most realistic³³. This projection would mean a huge and unprecedented increase, reversing decades of progress in poverty reduction.

On top of this COVID-19 poverty and inequality crisis, we now have an inflation crisis, with rapidly rising prices for food and fuel. Ordinary people all over the world are seeing the cost of staples rising frighteningly.

Based on prior research done by the World Bank and Center for Global Development on food price spikes, Oxfam now estimates that another 65 million people could be pushed below the \$1.90 extreme poverty line because of the harsh increases in food prices.³⁴

This means that 263 million more people, over a quarter of a billion more people, could be pushed down into extreme poverty this year because of the perfect storm of COVID-19, rising inequality and rising food prices.

This is the equivalent of the combined populations of the UK, France, Germany and Spain³⁵, and would result in a total of 860 million people living below the \$1.90 a day extreme poverty line.



Source: World Bank and Oxfam calculations based on Center for Global Development and World Bank³⁶.

These are figures for extreme poverty. Beyond this, the World Bank estimates that 3.3 billion people are projected to be living below the poverty line of \$5.50 a day in 2022, approaching half of humanity³⁷. In rich nations, hundreds of millions more live in relative poverty. Many in these nations are hungry too, during winter having to choose between eating and heating their homes. Billions of people worldwide are living on the breadline, one paycheck away from penury. They are the taxi drivers, the security guards, the nurses, the teachers. They are the cooks, the cleaners, the factory workers. They have no savings, no labor protections and work for poverty wages.

Impossible choices as prices rise across the world

Nellie Kumambala is a primary school teacher in Lumbadzi, Malawi. She lives with her husband, two children and her elderly mother.

*“Prices have risen so much, even just since last month. Cooking oil two litres, it was last month 2600 kwacha, now it is 7500! Imagine! Yesterday I went to the shop to buy cooking oil, but I failed, I did not have the money. **Every day I worry about how will I feed the household, thinking to myself ‘what should I do today so we can eat’?**”*

Many of my students are hungry. This time of the year is always a hungry time in Malawi, as we wait for the crops to harvest, but with these high prices things are much worse. Children often sleep in lessons as they are too hungry, coming to school with empty stomachs. They say they are sick, but we know really, they have simply not taken food.”

Becky (not her real name) has been a teacher for 26 years in West Virginia, in the United States. She earns \$12.70 an hour; she says that recently skyrocketing costs have hit hard.

*“Usually, you can find food cheaper at the Dollar General, but even that doesn’t work anymore,” she says. “A gallon of milk went from \$3.49 one week to \$4.11 the next. We need to find ways to cut down on our grocery bill now. **My electric bill was \$329 last**”*

month. I just got paid for two weeks, and it was only a little over \$600. The math doesn't work."

Babu Lama is a taxi driver in Kathmandu, Nepal. He lives in a single rented room with his wife and 3-year-old son.

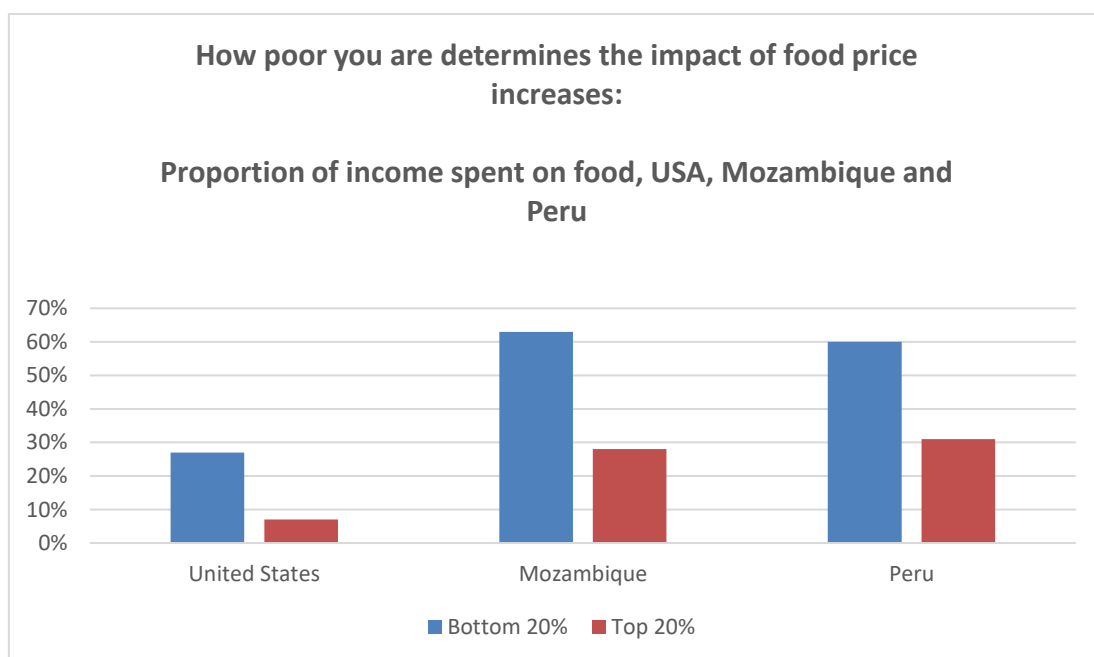
"Hardship has always been part of my life", he says. "But I am deeply worried with recent rises in prices for petrol and food. I earn about NPR 45000 (\$370). I give NPR 25000 to the bank for loan repayment, with the remaining NPR 20000, I always struggle to manage food and pay rent. I don't have money to send my child to school. The coronavirus devastated us, and these soaring commodity prices will starve us".

Across the world, people see rising prices and they face impossible choices. Skipping meals, eating just once a day³⁸. Eating only the cheapest food, cutting out more expensive, and more nutritious meals. Working even longer hours, despite feeling weak from hunger. Pulling kids out of school to save money. Leaving illnesses untreated for fear of the costs. Walking instead of taking the bus despite feeling desperately tired. Wearing all their clothes to bed and eating uncooked food to save on heating and cooking.

Women are once again forced to be shock absorbers of pain across the world. It is mothers that will skip meals first, feeding their children, telling the family they will eat later and not to worry. Mothers who are charged with the family finances, looking in horror at the new price of maize or oil in the market. Choosing whether to buy medicine or food. Children, and especially girls, will pay a high price too. Already hit by school closures during COVID-19, many children will find their dreams of education further dashed, as fees can no longer be afforded³⁹. Longer term the impact is pernicious, as lack of nutritious food stunts growth and development for millions more children, permanently impacting their lives for the worse⁴⁰.

Rising food and fuel prices hit the finances of poor people far harder than the finances of the rich, and this in turn will fuel even further increases in inequality. The IMF estimates that while consumers in advanced economies use 17% of their spending on food, it accounts for 40% in Sub-Saharan Africa⁴¹.

And within economies there is also a major difference between rich and poor. In the United States⁴² for example, in 2020 families in the poorest 20% of society spent 27% of their incomes on food whereas for the top 20% the figure was only 7%. The World Bank has analyzed how much is spent on food by income quintile for a range of African countries. In Mozambique for example, those in the poorest quintile spend over 60% of their incomes on food, whereas the richest 20% spend just under 30%, or less than half as much⁴³.



Various sources: US Government, World Bank⁴⁴

There is also evidence that inflation rates are not uniform across all goods and services; instead the phenomenon of 'inflation inequality'⁴⁵ recognizes that the prices of basic foods, value brands and other goods bought by people living in poverty are rising faster than the typical foods and other goods bought by the better off, further entrenching inequality. Major increase in hunger

The food price spike does not only hurt the poorest people in the world economically, pushing them down into extreme poverty. It also exacerbates the hunger crisis that so many are already affected by. Supply chain disruptions and climate-driven disasters, coupled with conflict such as the wars in Yemen and Syria, have driven food prices up when wages have been unable to keep pace.

Climate breakdown, war, conflict, and a failing economic system globally means that already over 161 million people across 42 countries were suffering from acute hunger⁴⁶. More than half a million people have experienced famine-like conditions in parts of East Africa and the Middle East, and 10.5 million people are facing high levels of hunger and malnutrition in the Sahel countries of Burkina Faso, Chad, Mali, Mauritania and Niger.

The current spike in food prices will increase this catastrophe. According to FAO projections, 827 million people could be undernourished in 2022, in their severe scenario⁴⁷. That means that the two crises of COVID-19 and the food price spike, compounding climate breakdown, drought and conflict will have produced 28 million more undernourished people in total globally.

All these numbers are based on the food price level of the early months of 2022, but if food prices keep increasing because of the continued Ukraine crisis, which has majorly disrupted global food, energy and fertilizer supplies, then these numbers likely will be even worse in the coming months.

Case Study: East Africa

- How many are hungry?

Over 21 million people in East Africa are experiencing extreme hunger.

- Why?

Kenya, Ethiopia and Somalia are facing one of the worst droughts in 40 years. South Sudan has suffered a fifth consecutive year of severe flooding, disrupting the lives and livelihoods of 835,000 people and halting farming. These events have worsened an already dramatic hunger situation caused by conflict, COVID-19 and the recent locust infestation which was the worst in 70 years in Kenya and the worst in 25 years in Ethiopia and Somalia.

Rising food prices are exacerbating the food security crisis faced by these communities. In January 2022, food prices for basic staple grains in Somalia were more than double what they were the previous year. Across the whole region, reduced harvests have squeezed supplies and increased prices.

- What are the impacts of the Ukraine crisis?

Both Ukraine and Russia are important suppliers of wheat and wheat products to countries in East Africa. Rapidly rising prices as a result of disruptions in the supply chain will likely push millions more people into hunger.

COVID-19 and the war in Ukraine have exposed how fragile the global food system is to external shocks. Several low-income countries depend on the world market for their basic food supplies, basing their food security on a handful of grain exporting countries⁴⁸. This dependency on food imports makes these countries – already low on foreign reserves – extra vulnerable to market disruptions and price increases. There is an urgent need to strengthen sustainable and resilient national and local food systems. This should include supporting small-scale production and family farming that would form the very foundation of many of the poorest people's food security.

Falling and stagnating wages

COVID-19 has had devastating impacts on ordinary working people all over the world. The trend of stagnating or falling wages is repeated around the globe. While data is limited, the International Labor Organization (ILO) found that COVID-19 has led workers to accept shorter hours and wage cuts and that “two thirds of countries for which short-term statistics are available showed decreasing wages or slower average wage growth, while in other countries average wages took a surprising jump in the statistics – mostly reflecting a ‘composition effect’ due to the loss of lower-paying jobs.”⁴⁹

While too early to measure, there are significant concerns that inflation in 2022 will far outstrip wage growth meaning real-term cuts for workers around the world against soaring cost-of-living. With union membership at historic lows, workers have little protection against rapidly rising prices.

Real wages in the US are falling and are lower than before the pandemic. For example, recent research from Oxfam found that nearly one-third of all workers in the US earn less than \$15 an hour and half of all women of color earn less than \$15⁵⁰.

The impact of the pandemic has deepened long-standing gender inequalities in the economy. During 2020, women were 1.4 times more likely to drop out of the labor force and took on three times more hours of unpaid care work than men. In 2021, there were 13 million fewer women in employment compared to 2019, while men’s employment recovered to 2019 levels. The pandemic has disproportionately pushed women out of employment, especially as lockdowns and social distancing have affected highly feminized workforces in the service sectors, such as tourism.⁵¹

2. GOVERNMENTS WORLDWIDE DRIVEN TO EDGE OF BANKRUPTCY

It is not just millions of people worldwide, but entire nations that are being forced into poverty as a result of a broken economic system that has left entire nations deeply vulnerable to crisis.

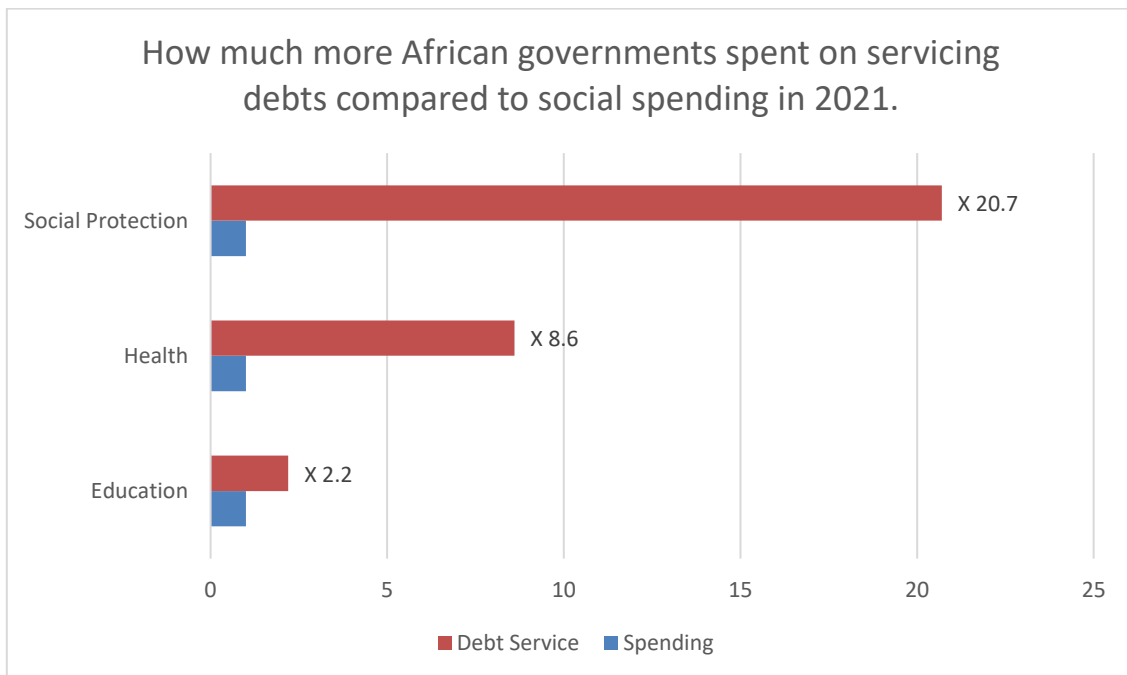
COVID-19 has stretched the finances of governments worldwide to the limit. The cost of the recession caused by the pandemic was immense, and the actions taken to tackle the impacts on people by many governments cost a lot of public money, and drove up levels of public debt.

For developing countries, the COVID-19 crisis came on top of historically high debt levels, with many countries already struggling to service the high cost of their debts and having to cut public spending.

COVID-19 increased this problem dramatically, with the initial economic impacts of the pandemic and the unprecedented global recession it caused, and then subsequently with low growth in many developing countries due to persistent inequality in access to vaccines.

Debt levels rose by 17% of GDP across the developing world between 2019 and 2021, and now average 63% for all emerging and developing countries.⁵² Debt servicing for all the world’s poorest countries is estimated at \$43 billion in 2022.⁵³ That is roughly equivalent to nearly half their food import bills and public spending on health care combined.⁵⁴

Debts are also dramatically diverting money away from crucial spending on the social sectors (education, healthcare and social protection) which will be needed to reach the UN’s Sustainable Development Goals, and to protect countries against future pandemics. In 2021, debt represented 171% of all such social spending combined for low-income countries, and 125% for least developed countries. In more detail, this means that for African countries, debt will be 2.2 times as high as their education spending, 8.6 times as high as their health spending, and 20.7 times as high as their social protection spending.⁵⁵



Source: All data in this graph are from the database compiled for a forthcoming report for Norwegian Church Aid, *A Nordic Solution to the New Debt Crisis*, based on IMF World Economic Outlook Database for debt/GDP, and country budget documents and IMF Article IV documents for debt servicing and other spending figures. No debt service data were available for Algeria, Egypt, Equatorial Guinea, Eritrea or Libya, and no debt stock data for Eritrea.

Financing from the international financial institutions, particularly that which was concessional and light on conditions, the suspension of bilateral debt payments by the G20, and the belated issuance of \$650 billion dollars in SDRs went a small way to helping mitigate the deeply damaging economic impacts on nations across the world. But it was not nearly enough in the face of the economic crisis. It was also undermined by rich nations hoarding vaccines. This led to a two-speed recovery from the pandemic and the first increase in global inequality between rich nations and the developing world in three decades. This all means, as we enter the third year of the pandemic, that dramatic increases in food and fuel prices worldwide have hit nations that were already in dire financial straits.

The dramatic return of inflation, driven first by rich nations bouncing back from the COVID-19 crisis, and now by the war in Ukraine, has led the US Federal Reserve to raise the cost of borrowing. The flight to the dollar driven by the war in Ukraine has also driven up the cost of the dollar. This is bad news for developing countries who need dollars for critical imports like energy, medicines and food, and also have much of their debts denominated in dollars. It is likely that because of this we will see a significant number of developing countries default on their debts in the coming months, and many more will be stretched to the edge of bankruptcy as they try to service debts and maintain vital imports.

This in turn will require drastic cuts to public spending worldwide, which with further fuel increases in poverty and inequality. According to UNCTAD⁵⁶, policy tightening in rich countries driven by inflation and the war in Ukraine is likely to lead to sudden currency depreciation in many developing countries leading to recession and insolvency. The UN agency estimated that developing countries will require \$310 billion in 2022 alone to service external public debt. Egypt has devalued its currency by 14% after the Ukraine crisis as the country is facing dollar shortages to fund vital imports like food⁵⁷. Egypt is already discussing a new loan program with the IMF. Sri Lanka also faces a very challenging situation - the pandemic has significantly contributed to depleting its foreign currency reserves, and the war in Ukraine has added fuel to the fire. Now Sri Lanka is facing its worst economic crisis since independence, having to ration electricity, hospitals are unable to operate, and people are taking to the streets as the country is on the verge of bankruptcy. The government is now seeking an IMF bailout program. Tunisia is another country seeing its finances stretched to the limits. In 2021, the IMF estimated that Tunisia's financial needs would be between 14% and 18.3% of GDP annually⁵⁸. The pandemic pushed the economy to the brink. Even in the wake of the war in Ukraine, Tunisia was struggling to pay the wages of its public servants⁵⁹. As prices of basic goods are soaring,

Tunisia's credit rating has been degraded as the country is increasingly vulnerable to default⁶⁰. The government is currently in discussions with the IMF for a bailout program that is likely to impose austerity measures and target public sector wages and subsidies which might lead to increased hardship and worsening inequality.

Oxfam's research showed that most of the IMF's emergency COVID-19 loans in the first year of the pandemic encouraged countries to pursue austerity in the aftermath of the health crisis, despite the many warnings, including from the IMF itself, that austerity risks crippling the recovery.⁶¹ The IMF is now conditioning spending cuts in terms of GDP in several of its loan programs. This austerity trend is not limited to countries receiving IMF financing: 159 countries have plans to cut government spending in terms of GDP this year⁶². Raising consumption taxes that fall disproportionately on the poorest, reducing public sector wages and cutting social services will only lead to increased hardship.

Public spending on services like education, healthcare and social protection reduces poverty and the gap between rich and poor because the benefits of public spending represent a greater proportion of the incomes of poor people than rich people. Free healthcare benefits everyone in society for example, but because poor people spend a much greater proportion of their meagre incomes on health, the introduction of free healthcare disproportionately benefits them. In this way public services have been consistently shown to reduce poverty and inequality levels in a country. The same is true for social protection⁶³. Across OECD countries public services already provide the poorest people with the equivalent of 76% of their post-tax income.

Conversely, cuts to public spending by governments drive up inequality and poverty and disproportionately impact on poor people, on women and those from minority groups.

3. THE BIG WINNERS: CORPORATE PROFITS AND BILLIONAIRES

Soaring corporate profits at a time of crisis

In September 2020, six months into the COVID-19 pandemic, Oxfam reported that 32 of the world's largest companies saw their profits jump by \$109 billion in 2020⁶⁴. The research highlighted how corporations around the world have put profits and pay-outs to shareholders before jobs and workers' safety, pushing the costs and risks associated with COVID-19 down their supply chains. The report found that the 25 most profitable companies were expected to pay shareholders over \$378 billion in 2020 – equivalent to 124% of their profits. An excess profits tax on the 32 most profitable companies was estimated at the time to be able to raise \$104 billion to address COVID-19.

During 2021 these trends have continued. The value of the 1,200 largest companies in the world have seen a 56% increase since the beginning of 2019⁶⁵ and US corporates have been making record profits increasing by 37%, far outstripping inflation. At the same time, corporations are paying a smaller share of federal tax revenue than they were in the 1950s, dropping from one-third then to only one-tenth of the total today.⁶⁶

While workers' wages fell, shareholder pay-outs broke all records in 2021 and global dividends surged to a record \$1.47 trillion, up 16.8%⁶⁷. Mining and financial companies are the biggest contributors to this growth⁶⁸.

This trend of stagnating or falling wages against soaring corporate profits and rising inflation is repeated around the globe.

Corporates fight to defend profits

Not even a global pandemic has halted the nexus between corporations' skyrocketing profits and political influence. Corporate tax is the paradigmatic example. After years of negotiation, the OECD announced an agreement designed to end the race to the bottom

on corporate tax — but the final agreement is riddled with loopholes, and would do almost nothing to raise desperately needed revenue in low-income countries.⁶⁹

At the same time, President Biden's attempts to stop US corporations from abusing tax havens crashed and burned at the end of last year, despite broad popular appeal, as corporations spent a king's ransom on lobbying.⁷⁰ Big corporations' army of lobbyists took particular aim on swing voter Senator Joe Manchin, employing his former aides — an illustration of the corporate revolving door at work.⁷¹

Corporations were also successful in beating back calls to raise the US minimum wage above a paltry \$7.25 an hour, putting their profits above the well-being of their own workers.⁷²

In arguably the most globally damaging example of corporations prioritizing profits over people, take the proposals to waive intellectual property protections and share the vaccine technology as a global public good (TRIPs waiver). While vaccine technology sharing could potentially save millions of lives, it would hit the bottom line of pharmaceutical companies who are vehemently opposed. After all, COVID-19 vaccines are the most profitable pharmaceutical products in history. Removing their monopoly, and ability to dictate market prices, would inevitably see vaccine prices plummet and the billions in guaranteed revenue eroded. More than 100 drug lobbyists were dispatched to Washington DC and €36 million spent in Brussels to fight against the proposed waiver.⁷³

Small businesses – left behind with focus on big corporates

Small and medium-sized enterprises (SME), defined as 250 employees or fewer, are critical to global employment, and account on average for 70% of total employment and 50% of GDP.⁷⁴ Yet they have not fared in their recovery as well as corporations. Globally, 18% of small businesses reported they were closed as of September 2021. Of those that were operating, 36% indicated that they were doing so with reduced employment.⁷⁵ Women and minority-led businesses were more likely to be closed than the global average⁷⁶.

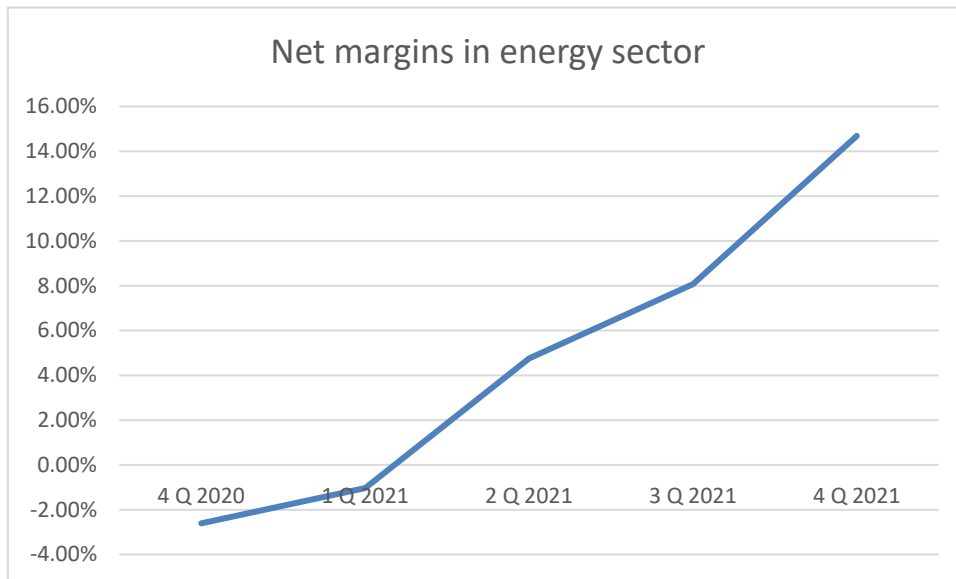
Bailout programs during the pandemic have also been skewed towards large corporations and away from SMEs. In the United States, of the \$520 billion in Paycheck Protection loans, about one-third went to just 1.6% of the nearly 5.2 million borrowers in large amounts ranging from \$1 million and \$10 million.⁷⁷

Food and energy sector – squeezing ever more profits

Now two years into the pandemic, the world is facing multiple crises and inflation and there is a worrying trend of companies taking advantage of the situation to bolster profits. Soaring energy prices have already pushed oil company profits to record levels. 25 top oil and gas companies made \$205 billion in profits in 2021⁷⁸.

As prices of energy increased throughout 2021, hitting their highest in over a decade, both the profits and the profit margins of energy companies soared (see Table 2). This suggests that energy companies are taking advantage of the crisis to maximize corporate profit. Oil and gas companies increased share buybacks by 2,181% in the fourth quarter of 2021⁷⁹, enriching shareholders who overwhelmingly represent the richest in society⁸⁰ at the cost of consumers.

Table 2: Net profit margins in energy sector and price of energy



Source: CSI Market⁸¹

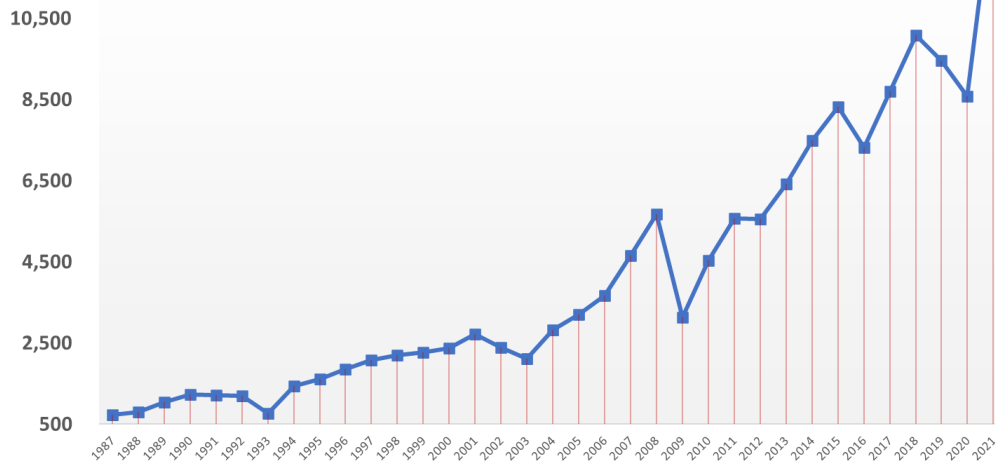
With food prices rapidly increasing, we can expect similar trends to play out in the food and beverage sector. Half of the 28 food and consumer goods manufacturers listed on the Fortune 500 have seen profit margins rise⁸² while in the US, for example - and even before the war in Ukraine began - grocery bills were forecast to rise by 22%⁸³ in 2022 compared to pre-pandemic levels.

Financial results for companies covering the start of the war in Ukraine are yet to be released, but looking at the performance of index funds that track agriculture companies, it is clear that investors recognize that agriculture companies will rapidly become increasingly profitable on the back of spiralling food prices⁸⁴.

Billionaire wealth sees biggest increase in history

During COVID-19, billionaire wealth has seen its biggest increase ever, and has now spiraled to its highest ever level.⁸⁵ This is the biggest surge in billionaire wealth since records began. A new billionaire has been created every 26 hours since the pandemic began⁸⁶. The world's richest ten men have seen their fortunes double⁸⁷. This trend is alarming. The world's small elite of 2,755 billionaires have seen their fortunes grow more during COVID-19 than they have in the whole of the previous 14 years – 14 years that themselves were a bonanza for billionaire wealth⁸⁸.

Increase in billionaire wealth 1987-2021 US\$bn (real terms)



Source: Forbes/Oxfam calculations⁸⁹

As COVID-19 spread, central banks injected trillions into economies, aiming to keep the world economy afloat. Much of that stimulus has gone into financial markets, and from there into the net-worth of billionaires. Governments have pumped \$16 trillion dollars into the global economy since the start of the pandemic⁹⁰, and in large consequence, billionaires have seen their wealth increase by \$5 trillion, rising from \$8.6 trillion to \$13.8 trillion since March 2021⁹¹, as this government intervention has driven up stock prices⁹².

Both the current wealth of extremely rich people and the rate at which they are accumulating wealth are unprecedented in human history. In the US, wealth concentration at the very top now surpasses the peak of the Gilded Age of the late 19th century, with little sign of abating.⁹³ In the past year we have seen billionaires travel to space, at a time of unprecedented rising poverty and suffering on planet Earth.

Elon Musk, the world's richest man⁹⁴, has received billions of dollars in government subsidies,⁹⁵ while violating labor laws and undermining the efforts of factory workers to organize,⁹⁶ and in 2018 paying no federal income taxes.⁹⁷ Mr. Musk, who paid a "true tax rate" of 3.27% between 2014 and 2018⁹⁸, criticized a proposed billionaire tax in 2021, arguing that his "plan is to use the money to get humanity to Mars and preserve the light of consciousness."⁹⁹

In India, the wealth of billionaire Gautam Adani has multiplied eight-fold during the pandemic¹⁰⁰ and he has significantly benefited from fossil fuels, a sector in which he is growing his footprint.¹⁰¹ As reported in the *Financial Times*, Adani has made use of state connections and become the country's largest operator of ports and its largest thermal coal power producer, and wields market control over power transmission, gas distribution, and now privatized airports,¹⁰² all once considered public goods.

Way forward

The corporate sector is driving inequality and governments should act to ensure that it is wages not prices and profits that increase.

This is the time for governments to radically rein in corporate power and create an economy for everyone. We need an economic model that puts people at the center, protects the most vulnerable, shares profits equitably, and is grounded in democracy. Both governments and the private sector have a role to play in this reform¹⁰³.

4. AN URGENT ECONOMIC RESCUE PLAN

Protect the poor from inflation now

Before the pandemic, half of humanity did not get any social security benefits.¹⁰⁴ Lockdowns spurred an unprecedented expansion in social protection programs around the world.¹⁰⁵ Yet that growth has not kept pace with needs: the ILO estimates that the global funding gap to achieve a “social protection floor for all” (i.e. a set of universal minimum old-age, child, disability, and maternity benefits) has increased by a third due to the pandemic and amounted to \$707 billion in 2020.¹⁰⁶ That figure excludes unemployment benefits or workforce development programs for those who lost their jobs – there are still an estimated 23 million fewer jobs in the world today than there would have been without the pandemic.¹⁰⁷ And that was before the economic impacts of the war in Ukraine worldwide.

Protect people through cash transfers

Where no adequate social protection schemes exist for unemployed workers, the elderly, people with disabilities, children and mothers, governments must provide income support by way of new cash transfers, seeking to include those not yet covered and expanding such schemes to all residents, including migrants and refugees. New measures must uphold women’s independent rights to social protection and ensure that benefits are adequate and reliable, coverage universal, protection comprehensive, financing progressive and governance accountable. This is the time to take bold steps towards universal social protection that is responsive to shocks.

Create a Global Fund for Social Protection

Without help, providing even a minimum social protection floor is out of reach for low-income countries. There is an urgent need to set up an international financing mechanism for social protection that will enable them to provide essential income security for their populations, and to maintain these services in times of severe crisis.¹⁰⁸ This is an international obligation that is long overdue.

Index wages and benefits on inflation

Governments should step in to protect the purchasing power of vulnerable people. One quick solution is the automatic indexation of cash transfers and wages on inflation at short intervals (e.g., three-month lag). The IMF should also suspend program conditionality requiring nominal wage freezing for public sector workers.

Control prices

Automatic indexation will not protect most extremely poor people who are self-employed and do not receive benefits. Cash transfers do not always reach everyone who needs them and will not prevent people from going hungry or cold when food or energy prices spike. Governments should seek to control food and energy prices directly. Oxfam calls for:

- **Permanent cuts in VAT and sales taxes on staple food products:** Temporary cuts may not be passed on to consumers. Such taxes increase poverty and inequality even in the absence of crises. The IMF should refrain from advising or requiring governments to expand VAT coverage to staple food products and should instead advise them to remove any such taxes.
- **Limited and/or temporary subsidies on staple food products:** Governments can and should act to keep the price of food affordable for ordinary people. Increases in school feeding programs to cover more meals, more children and holiday periods can relieve family finances and keep them learning. The price of basic foods can be subsidized, with all families entitled to a guaranteed amount of food at affordable prices.¹⁰⁹ Subsidies can be expensive for governments and need to be designed carefully, but they remain an important way in which governments can protect populations from the hunger driven by rapidly rising prices.

- **Regulated markets:** Governments should avoid export bans and identify measures to rein in and re-govern markets. Market transparency must be increased, and new rules implemented to prevent excessive financial speculation from fuelling food price volatility.
- **Transformed food systems:** We need a food system that works for everybody. This means a food system that can stand against shocks such as the climate crisis and rapid food inflation on international food markets and does not contribute to environmental destruction. Governments must provide the public funding necessary to create fair, gender-just, and sustainable food systems, namely by investing in women smallholder farmers and focusing on agroecological production which is inherently less dependent on imports of feed and agricultural inputs, and more resilient to climate change impacts.
- **Safeguarding food security in trade policies:** International trade rules should support the development of local and regional food systems and avoid unfair competition with big agriculture conglomerates. Regulating domestic food industries of high exporting countries is needed to ensure exports do not threaten the development and stability of local and regional markets.

Cancel unpayable debts

World leaders recognize the risk that cascading defaults pose to global economic recovery.¹¹⁰ Yet to date all of the measures taken have been half measures. Most COVID-19 related financing mobilized for developing countries has come in the form of loans adding to already excessive debt burdens.¹¹¹ The global community continues to drive the car towards the cliff out of fear that it will not start again if they use the breaks. The two main initiatives meant to relieve debt – the Debt Service Suspension Initiative (DSSI) and the Common Framework – have proven largely ineffective. The DSSI only suspended, not cancelled, \$12.9 billion in debt payments in 2020 and 2021.¹¹² This was merely kicking the can down the road. The Common Framework has so far managed to neither cancel nor suspend any debt at all. Only three countries have applied and are tied up in process.¹¹³

Cancel all debt payments in 2022 and 2023 for all the low and lower middle-income countries that need it.

In January this year, the World Bank estimated that 33 countries were already “in” or at “high” risk of debt distress¹¹⁴ – yet they were expected to make debt payments exceeding \$33 billion in 2022 alone.¹¹⁵ This is very much a conservative estimate. 60 countries have serious liquidity problems, defined as having a debt service obligation of over 15% of GDP¹¹⁶. This is precious money out the door – money needed to afford soaring food import bills and ongoing COVID-19 responses, let alone investments in an equitable and sustainable future.

Immediately suspend debt service for countries applying to the Common Framework and address shortcomings of process, particularly private creditor participation

A freeze on debt service payments until a debt restructuring agreement is reached would provide interim relief to stressed debtors and an incentive to all creditors to bring the process expeditiously to conclusion.¹¹⁷ No credit rating revision should be allowed during that time.

A plan should also be put into place to develop a new global architecture for dealing with debt emergencies in 2022. The Common Framework is not up to the task. It has failed to provide a “common solution” to all debtors that show clear signs of distress, and continues to apply a case-by-case approach to countries that come hat in hand at the verge of bankruptcy. The lack of participation of private creditors, who account for about one-third of the outstanding debt of low- and lower-middle income countries, in the debt relief effort has been a major stumbling block. Creditor countries should change their laws to prevent vulture funds from holding up collective debt restructuring efforts.

The World Bank and IMF must play their part

Multilateral institutions, which account for about one-third of the outstanding debt of low- and lower-middle-income countries, have proven to be extremely reluctant to provide debt relief – despite rhetoric to tackle debt challenges facing lower-income countries from the heads of World Bank and IMF. While the IMF has set up a facility for donors to cover payments owed by

low-income countries to the IMF, its surcharges have been adding salt to debt wounds with borrowing countries expected to pay an extra \$4 billion through the end of 2022.¹¹⁸ The World Bank has avoided its responsibility by claiming it cannot provide debt relief without jeopardizing its own AAA credit rating. Given this was not the case during previous rounds of debt cancellation under the HIPC initiative, it is a weak excuse.¹¹⁹

The IFIs can also do more to support countries on the path to debt sustainability. The IMF approved last year a new Sovereign Risk and Debt Sustainability Framework (SRDSF). Country reports should include analyses of the long-run consequences of climate change on public finance (including adaptation finance). Debt sustainability reports should be published with data on all creditors, maturity profile of debt, and other relevant information.

Fix the broken system for sovereign credit ratings

Credit rating agencies keep the cost of borrowing disproportionately high for developing countries and prevent them from borrowing for the long term. Fears of downgrades by credit rating agencies deterred most countries from even asking for the fiscal relief that was desperately needed. Developing countries were nevertheless punished with over 95% of credit rating downgrades, sometimes despite milder pandemic-induced economic downturns.¹²⁰ This has created a vicious cycle of spiraling debt and fat profits for private creditors who reap the benefits of high yields while remaining immune to any downsides.

Support a sovereign debt restructuring mechanism

Most of the world has its eyes on the war in Ukraine, but Ministers of Finance in low-income countries are anxiously watching something else: the actions of a handful of powerful central bankers. If these bankers increase interest rates, lower-income countries know what happens next: capital outflows (for US treasuries and other rich government assets), currency depreciation, and the cost to repay lenders surge (lending that was likely precipitated by the same central bankers' decision to reduce interest rates). Unlike in previous taper-tantrums, the pandemic has already depleted the economic defenses of most lower-income countries. Central bankers are effectively declaring economic war on the most vulnerable, and entrenching divergent recoveries.

Major central banks, in particular those of the US and EU, must publicly acknowledge the impacts of their monetary policies (e.g., future increases in interest rates) on developing economies and take actions to mitigate related harms (such as using SDRs to purchase foreign currencies most impacted by capital flight). But these are only mitigating measures that central banks can play part in – so what is needed is political support for a sovereign debt restructuring mechanism that can reconcile for the damaged caused.

Support an automatic mechanism for a debt payment moratorium in the wake of a catastrophic external shock (such as extreme climate events, natural disasters, pandemic, military aggression or other)

The world is seeing a multiplicity of dramatic shocks that impact on countries' ability to protect people's well-being at the same time as honouring debt obligations. The COVID-19 pandemic constitutes one striking example, but we could also think of climatic extreme events such as hurricanes or droughts, natural disasters such as the volcanic eruption in Tonga or the war in Ukraine. In these situations, governments find themselves having to repay external debt obligations at the same time as facing the impacts of catastrophic events and finding financial resources to pay for the emergency, reconstruction and recovery.

For such cases, civil society organizations are proposing that governments and international institutions set up an automatic mechanism for a debt payment moratorium in the wake of a catastrophic external shock. Such a mechanism should cover public and private lenders, and should be in addition to immediate access to non-debt creating resources for dealing with the emergency and financing the reconstruction and recovery.

Reallocate and re-issue Special Drawing Rights

The \$650 billion-worth of Special Drawing Rights (SDR) issued in August 2021 were distributed according to quotas rather than needs, in line with IMF rules. This means that \$400 billion went

to high-income countries, \$230 billion to middle-income countries, and \$21 billion to low-income countries, despite the latter's tremendous needs. Going a little way to make up for that inequity, G20 countries committed to reallocating \$100 billion of their share back to lower-income countries. Seven months later, we have still only seen firm pledges of \$36 billion.¹²¹ The US, which received the lion's share of the issuance at \$113 billion worth of SDRs, has yet to commit a dime.

Reallocate more SDRs to developing countries

Rich countries must reallocate at least 25% of their SDRs to developing countries in a way that does not add to their debt burden and without conditions. Given that the IMF cannot and should not absorb \$100 billion in SDRs, multilateral development banks like the World Bank or the African Development Bank should move urgently to set up alternative channels to put reallocated SDRs to use. There are other creative means to supporting lower-income countries with SDRs. In the UK, for example, groups are calling for the government to leverage its SDRs by selling other foreign currency and donating pounds to the World Health Organization (WHO). On the recipients' side, SDRs have already proven to be a breath of fresh air. Within five months a large number of countries had already used some portion of their new allocation and 39 countries had recorded SDRs in their government budgets or had used them for fiscal purposes.¹²²

Make the Resilience and Sustainability Trust fit for purpose

The IMF must ensure that its new Resilience and Sustainability Trust (RST) set up to channel SDRs avoids conditionality and is as concessional as possible. There should be flexibility in the RST's use to respond to current and future crises. Access to the RST should not be contingent upon countries having an IMF program in place which creates a new form of conditionality, reducing the relevance, accessibility and speed of this channel.

Issue a new general allocation of SDRs

All options need to be on the table at this point to address the crisis we are facing. In 2020, many were calling for an issuance of \$3 trillion-worth of SDRs. It is no secret that the agreed \$650 billion figure was not based on needs but rather on political viability. As the debt can was kicked down the road, the needs are greater now.

The IMF should consider selling gold

If the IMF were to sell just 12% of its gold holdings today similar to what was done in 2009, it would raise over \$21 billion that could be available to provide debt cancellation or be used for concessional financing as a second-best option.¹²³

Highlights and lowlights of the IMF and World Bank's COVID-19 financing response

The good:

- The IMF deployed emergency financing surpassing \$100 billion¹²⁴ in less than six months, most of which was given as emergency financing, free of conditionality, while urging countries to spend what they needed to fight the pandemic.
- The IMF rallied support from donors for its Catastrophe Containment Relief Trust (CCRT) in order to provide some relief on debt owed by low-income countries to the IMF.
- The IMF secured its shareholders' support for a historical \$650 billion issuance of SDRs.
- The World Bank committed to redirecting \$160 billion for the COVID-19 response, and frontloaded concessional resources from the International Development Association (IDA19) for low-income countries.
- The World Bank set aside up to \$20 billion for vaccine support.
- The World Bank raised \$93 billion for its IDA20 package.

The bad:

- The IMF's SDR issuance remained insufficient, took too long to materialize mainly because of the US vetoing it, and the lion's share of it went to rich countries who are now failing to share what they don't even need.
- The IMF did not seriously entertain gold sales as a source of financing.¹²⁵
- The IMF continued to impose surcharges on countries that have had to undertake large borrowings and are unable to pay their debts back quickly.
- The IMF, while encouraging countries to “spend, spend, spend, but keep the receipts,” has encouraged austerity once the pandemic recedes.¹²⁶
- The World Bank has refused to provide even a minimal amount of debt relief.
- The World Bank did not increase the concessionality of COVID-19 lending (for instance by offering only grants for vaccines) despite the debt crisis and immense financing needs.
- The World Bank did not do enough to support countries to remove financial barriers in healthcare, including user fees, which exclude millions from life-saving care.¹²⁷

Increase aid now

Donors should provide immediate emergency support to respond to the multiple crises and save lives. But most importantly, donors should not shift focus away from their existing aid commitments, including for both the COVID-19 response and for the medium-term achievement of the UN's Sustainable Development Goals (SDGs). Aid needs are expected to increase as a result of the global economic repercussions of the war in Ukraine. Unfortunately, some donors are already diverting needed development and humanitarian funding.

Meet existing urgent needs

Only 3% of funds have so far been given to the UN's \$6 billion appeal to relieve widespread hunger happening now in Ethiopia, Somalia and South Sudan¹²⁸. Donors have also fallen far short of the estimated rich countries' fair share of aid in response to the COVID-19 crisis; that would be nearly \$300 billion.¹²⁹ While data are still not final, donors only marginally increased overall aid numbers during the pandemic, from 0.3 % of total Gross National Income (GNI) in 2019 to 0.32% of total GNI in 2020.¹³⁰ This is vastly below the global 0.7% of GNI target needed to achieve sustainable development, and well under the amount of aid needed to respond to the current moment.

Secure new funding for the Ukraine crisis

Oxfam urges donors to meet Ukraine's needs with new funding that is additional to existing aid budgets. Oxfam applauds the announcements made by several donor countries to assist refugees, but urges them to confirm that this funding will be additional to pre-crisis budgets.¹³¹ We are already seeing the impact in some lower-income countries of aid shifting away from their COVID-19 responses and funding for SDGs.¹³²

Do not spend aid in donor countries

An additional concern is that as bilateral donors provide more support to host refugees from Ukraine, they will be tempted to count these contributions within their Official Development Assistance (ODA) commitments, possibly displacing needed funds to respond to humanitarian and development challenges elsewhere. In 2015 – when half as many refugees made their way to Europe from Syria and beyond – donor countries responded by counting on average 11% of their aid commitments to pay to support them¹³³.

Use aid to empower recipients

While dealing with a humanitarian crisis, donors should not refocus their efforts away from aid mechanisms that have proven to provide sustainable results. Delivering aid through direct budget support to poorer countries, where sufficient capacity exists to hold governments accountable, is the best way to build sustainable local capacity and respond to local priorities. Both humanitarian and development aid should also prioritize support for local actors. USAID administrator Samantha Power's recent commitment to localize 25% of the agency's aid should be seen as an inspiration to how all northern donors provide assistance¹³⁴.

The IMF and World Bank should increase concessional financing

With the recent replenishment of IDA20, the World Bank should disburse as much grant financing as possible to low-income countries and approve such financing for well-governed countries in the form of budget support as quickly as possible. It should also activate its crisis windows and its food security and famine-related funds and protocols. The IMF, meanwhile, has received a resource injection into its Poverty Reduction and Growth Trust (PRGT) and expects more through SDR reallocations from some countries. It should immediately scale back on financing through traditional conditionality-based programs and ramp up its conditionality-free emergency financing as it did at the onset of the pandemic through the PRGT's Rapid Credit Facility.

Taxing wealth

All countries, rich and poor, should raise more public revenue in a progressive way to fund the social protection and services necessary to cope with the multiple crises and fend off austerity measures that would only compound them.

Tax the rich and big corporations

To avoid spending cuts and raise more tax revenue in a progressive way, governments should implement short-term tax actions that both help address the inflation effects and tax money where it is: with the wealthiest people, in windfall tax profits and in hidden offshore wealth. Excessive wealth is corrupting politics and destabilizing countries, so taxing that wealth is good for democracy, and not just government finances.

Oxfam is calling for the implementation of solidarity taxes to fund support for people facing rising energy and food costs, as well as to fund a fair recovery. These solidarity taxes can be in the form of one-off wealth taxes, temporary increases in capital gains taxes or personal income taxes on high incomes. Such taxes are not just fair but are increasingly recognized as a good economics by voices such as the OECD and the IMF.¹³⁵ Argentina adopted a one-off wealth tax on the wealthiest last year as part of its COVID-19 recovery plan and is now considering introducing a one-off tax on billions of undeclared offshore assets.¹³⁶

- Permanent taxation of wealth to rebalance the taxation of capital and labor. A progressive net wealth tax of just 2% on personal wealth above \$5 million, rising to 3% for wealth above \$50 million and 5% for wealth above \$1 billion could generate \$2.52 trillion worldwide, enough to lift 2.3 billion people out of poverty, make enough COVID-19 vaccines for the world, and deliver universal healthcare and social protection for everyone living in low- and lower middle-income countries (3.6 billion people).¹³⁷
- More ambitious and fairer international rules than the deal brokered last year by the OECD¹³⁸ to tax multinational corporations' profits in order to put an end to tax havens abuse and to the race to the bottom on corporate taxation.

Uncover hidden wealth

In order to tax the wealthiest, we need to know where their wealth is. But as recurrent leaks about tax havens have taught us, the rich have at their disposal a system of offshore secrecy that allows them to shield their wealth.¹³⁹ Around 8% of the world's financial wealth is estimated to be stashed in tax havens, and for Africa it is as much 30%.¹⁴⁰ While research shows that virtually nobody uses tax havens except the richest 1%, the wealthiest 0.01% are estimated to be evading around 25% of their taxes by stashing their wealth offshore.¹⁴¹ The corrosive effects of hidden wealth and offshore secrecy go well beyond lost taxes however, and include corruption, money laundering and political capture by a wealthy elite.¹⁴² Oxfam is calling for:

- A global asset registry¹⁴³ to disclose the true owners of assets such as property, stocks, companies, trusts and other assets.
- The closing of loopholes in the automatic information exchange of financial information between tax authorities; this information should be accessible to all developing countries.

- End the use of shell companies and strengthen the adoption of effective blacklisting process.

End crisis profiteering

While it destroyed many small and some large businesses, the pandemic has generated record profits for some large corporations, especially in the pharmaceutical and information technology industries.¹⁴⁴ With rising food and energy prices and record-breaking arms sales, more companies are set to profiteer from the war in Ukraine. Governments have sought to limit war profiteering on some occasions in the past and now should be no different. The OECD and the EU have proposed that governments impose windfall taxes on the energy companies making record profits from skyrocketing energy prices to support people facing rising energy bills.¹⁴⁵ Italy is the first country to impose such as a windfall tax.¹⁴⁶ Oxfam is calling for:

- Ambitious excess profit taxes to capture the windfall profits of corporations across all industries. In September 2020, Oxfam estimated that such a tax on just 32 super-profitable corporations could have generated \$104 billion in revenue.¹⁴⁷

Abandon austerity

There are many opportunities for governments to increase their revenues progressively. Yet, the IMF has been encouraging or conditioning the adoption of austerity measures across most countries it is lending to “once the crisis abates” since the beginning of the pandemic.¹⁴⁸ This was despite the many warnings, including from the IMF itself, that austerity risks crippling the recovery and despite the fact that it was years of IMF-driven austerity which in large part left governments ill-prepared to face this pandemic. Still not yet out of the pandemic, and now with the Ukraine crisis compounding poverty and inequality, austerity could prove devastating for those most vulnerable. Governments should be urgently and then sustainably increasing their fiscal space through progressive taxation. As a highly influential institution, the IMF should deliver this clear message and stop promoting austerity.

5. BUILDING A FAIRER, MORE EQUAL AND SUSTAINABLE WORLD

These multiple and converging crises – this perfect storm – has laid bare the vulnerability of even the richest nations on Earth. It is showing the complete inadequacy of narrow nationalism. It shows how the majority of humanity is living on the edge of destitution, while unimaginable wealth is accumulated by the richest people and corporations. It is showing the harm that decades of erosion of state capacity have wrought. It is showing how deep and growing inequalities undermine our ability to face existential threats.

The actions of global economic solidarity at the beginning of the COVID-19 crisis by the G20, despite being limited, showed that collective action in the face of a shared threat was possible.

Not only was this action not enough, it was completely undermined by the myopic nationalism of rich nations protecting the astronomical profits of their pharmaceutical corporations, even at huge economic and human cost to their own populations.

It does not have to be this way. We can rebuild a better world. A fairer world. A more sustainable world. One that radically reduces the gap between rich and poor. One where we do not jeopardize the lives of our children and future generations. One where the richest pay their fair share to contribute to collective solutions to humanity’s challenges. One where governments are held accountable by their populations. This must of course mean universal healthcare and education for all and universal social protection. But beyond this, it must also enable us to take action to stop climate breakdown before it is too late. Together we can learn the lessons from this unprecedented crisis, to build a more human economy and a fairer world.

The G20, the IMF, the World Bank all meet in the next two weeks. Amid exceptionally challenging political circumstances, it is urgent that leaders take responsibility to advance action that averts catastrophe for billions of people. They have an opportunity to finish the job they began at the beginning of this period of crisis. Rich nations have the opportunity to make up for

their complete failure to rise to the challenges of our times. To redouble their efforts to take the dramatic steps necessary to meet the financial and human catastrophe unfolding in every nation. They must take it for all our sakes.

NOTES

- ¹ See detailed footnotes 33 – 37 below
- ² Inequality Kills, Methodology Note. Oxfam.
<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621341/tb-inequality-kills-methodology-note-170122-en.pdf>
- ³ Figure of 3338 million World Bank estimates, projecting impact of COVID-19 and rise of 2% in inequality. Rising food prices are not factored into this projection.
- ⁴ FAO Food Price Index | World Food Situation | Food and Agriculture Organization of the United Nations <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>
- ⁵ Inequality Kills, Methodology Note. Oxfam.
<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621341/tb-inequality-kills-methodology-note-170122-en.pdf>
- ⁶ https://csimarket.com/Industry/industry_Profitability_Ratios.php?s=600
- ⁷ <https://www.accountable.us/news/report-oil-giants-post-eye-popping-205-billion-record-profits/>
- ⁸ <https://www.ishares.com/us/products/239652/ishares-msci-global-agriculture-producers-etf#chartDialog>
- ⁹ <https://www.fao.org/3/cb9013en/cb9013en.pdf>
- ¹⁰ War-Fueled Surge in Food Prices to Hit Poorer Nations Hardest – IMF Blog
https://blogs.imf.org/2022/03/16/war-fueled-surge-in-food-prices-to-hit-poorer-nations-hardest/?utm_medium=email&utm_source=govdelivery
- ¹¹ In 2020, US households in the lowest income quintile spent an average of \$4,099 on food (representing 27 percent of income), while households in the highest income quintile spent an average of \$12,245 on food (representing 7 percent of income).
<https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=58372>
- ¹² <https://www.bmj.com/content/361/bmj.k2238>
- ¹³ *A Nordic Solution to the New Debt Crisis*, Matthew Martin for Norwegian Church Aid, forthcoming.
- ¹⁴ <https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2022-03/Pandemic%20of%20greed-Oxfam%20media%20briefing-March2022.pdf>
- ¹⁵ <https://unctad.org/topic/least-developed-countries/chart-march-2022>
- ¹⁶ FAO estimated food import bills for all LDCs in 2021 to be \$46 billion:
https://www.fao.org/3/cb4479en/cb4479en_food_import.pdf
- Public spending on health care in Low-Income Countries and Lower-Middle-Income Countries was \$44 billion in 2019: <https://data.worldbank.org/indicator/SH.XPD.GHED.PC.CD>
- ¹⁷ *A Nordic Solution to the New Debt Crisis*, Matthew Martin for Norwegian Church Aid, forthcoming.
- ¹⁸ <https://www.cnbc.com/2022/03/16/federal-reserve-meeting.html>
- ¹⁹ <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621210/bp-covid-loans-imf-austerity-110821-en.pdf?sequence=1>

- ²⁰ Inequality Kills, Methodology Note. Oxfam.
<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621341/tb-inequality-kills-methodology-note-170122-en.pdf>
- ²¹ <https://www.oxfam.org/en/research/working-many>
- ²² https://unctad.org/system/files/official-document/tdr2021-update1_en.pdf
- ²³ <https://www.ohchr.org/en/press-releases/2021/06/world-needs-prepare-next-crisis-setting-global-fund-social-protection-now-un?LangID=E&NewsID=27239>
- ²⁴ <https://www.oxfam.org/en/press-releases/over-100-millionaires-call-wealth-taxes-richest-raise-revenue-could-lift-billions>
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- ²⁶ <https://news.bloombergtax.com/daily-tax-report/windfall-tax-to-ease-impact-of-power-price-surge-oecd> & <https://www.oxfam.org/en/press-releases/eu-proposal-tax-excess-profits-much-needed-and-should-not-be-limited-only-energy>
- ²⁷ <https://fts.unocha.org/>
- ²⁸ <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620982/bp-coronavirus-aid-060520-en.pdf>
- ²⁹ Inequality Kills, Methodology Note. Oxfam.
<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621341/tb-inequality-kills-methodology-note-170122-en.pdf>
- ³⁰ FAO Food Price Index | World Food Situation | Food and Agriculture Organization of the United Nations <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>
- ³¹ <https://www.oxfam.org/en/research/inequality-virus>
- ³² <https://www.oxfam.org/en/research/inequality-virus> and <https://www.oxfam.org/en/research/inequality-kills>
- ³³ The difference between the “pre-Covid” and “post-Covid” poverty headcounts for 2022 reflects the reduced cumulative economic growth in 2020, 2021 and 2022 compared to pre-pandemic projections. The headcount for “post-Covid with rise in inequality” is based on the latter and in addition assumes that the Gini coefficient of income inequality increases by two percent in all countries. It is widely believed that the pandemic has increased inequality in most countries, but data is not available yet for most countries.
- ³⁴ We use Ivanic et al. (2011) who used household microdata to calculate the impact of 37% increase in the price of 38 agricultural commodities between June 2010 (last trough of the market) and December 2010 (last data point available at time of the study, but the market peaked only in March 2011) on household consumption and production of these commodities in 28 low and middle-income countries. They derived national-level changes in poverty headcounts and extrapolated the results to all low and middle-income countries. That study found that 44 million people fell into extreme poverty because of the food price hike. Ivanic et al. (2011) find that the main driver of the difference between that result and their earlier study of the 2008 food price spike was the intensity of the spike. Like CGD (<https://www.cgdev.org/blog/price-spike-caused-ukraine-war-will-push-over-40-million-poverty-how-should-we-respond>), Oxfam has therefore simply scaled the 2011 result to take into account the different intensity of the 2022 price hike. We used a 54% price increase between May 2020 (last market trough) and February 2022 (latest data available) in the FAO food price index (<https://www.fao.org/worldfoodsituation/foodpricesindex/en/>). 44 million multiplied by 54/37 is 65 million. This is a very rough estimate considering that many other things have changed since 2011:

- 1) People who were just above the \$1.25 poverty line in 2010 (and hence susceptible to fall just below it because of the food price increase) are not the same people (in terms of number, country and other characteristics) as the people who were just above the \$1.9 poverty line at the beginning of the 2022 price increase (even though the two poverty lines are close to each other after accounting for inflation). Hence they have different consumption and production patterns, and the impact of a given food price increase affects them differently.
- 2) We use the FAO global food price index including all food groups vs. the local prices of 38 commodities in Ivanic et al. (2011). Hence we observe a 35% price spike in 2010 vs. the 37% spike indicated in Ivanic et al. (2011). Even if we had used the same 38 commodities, the mix of price increases across those commodities may be different in 2022 than in 2010 (e.g., bigger impact on crops exported by Russia and Ukraine like wheat and barley, smaller impact on other crops). Hence the impact on poverty may be different, too.

³⁵ Germany 83 million, France 67 million, UK 67 million, Spain 47 million, total 267 million.
<https://data.worldbank.org/indicator/SP.POP.TOTL>

³⁶ See two footnotes above. Covid-19 and 2% inequality projections from World Bank. Food price impacts calculated by Oxfam as in footnote above.

³⁷ Figure of 3338 million World Bank estimates, projecting impact of Covid-19 and rise of 2% in inequality. Rising food prices are not factored into this projection.

³⁸ <https://reliefweb.int/report/world/tough-urgent-choices-african-leaders-they-launch-year-nutrition-help-millions-people>

³⁹ <https://reliefweb.int/report/sudan/hunger-and-poverty-drive-children-out-schools>

⁴⁰ <https://www.bmj.com/content/361/bmj.k2238>

⁴¹ War-Fueled Surge in Food Prices to Hit Poorer Nations Hardest – IMF Blog

⁴² In 2020, US households in the lowest income quintile spent an average of \$4,099 on food (representing 27 percent of income), while households in the highest income quintile spent an average of \$12,245 on food (representing 7 percent of income).
<https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=58372>

⁴³ <https://documents1.worldbank.org/curated/en/998081468003944551/pdf/WPS7112.pdf>

⁴⁴ SA <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=58372>, Mozambique <https://documents1.worldbank.org/curated/en/998081468003944551/pdf/WPS7112.pdf>

, Peru <https://iris.paho.org/handle/10665.2/34500>

⁴⁵ <https://theconversation.com/inflation-inequality-poorest-americans-are-hit-hardest-by-soaring-prices-on-necessities-174853>

⁴⁶ The FAO said in 2021: It is projected that between 720 and 811 million people in the world faced hunger in 2020. Considering the middle of the projected range (768 million), around 118 million more people were facing hunger in 2020 than in 2019 – or as many as 161 million more, considering the upper bound of the range. (see: https://reliefweb.int/sites/reliefweb.int/files/resources/SOFI2021_Report_EN_FINAL_1_compressed.pdf)

⁴⁷ Information Note - The importance of Ukraine and the Russian Federation for global agricultural markets and the risks associated with the current conflict (fao.org)
<https://www.fao.org/3/cb9013en/cb9013en.pdf>

⁴⁸ <https://www.fao.org/3/cb9013en/cb9013en.pdf>

⁴⁹ <https://www.ilo.org/global/research/global-reports/global-wage-report/2020/lang--en/index.htm>

- ⁵⁰ <https://www.oxfamamerica.org/press/amid-record-inflation-new-oxfam-research-finds-more-than-50-million-us-workers-earn-less-than-15-per-hour/>
- ⁵¹ <https://www.oxfam.org/en/research/pandemic-greed#:~:text=Inequality%20has%20actively%20prolonged%20the,greed%2C%20and%20self%2Dinterest.>
- ⁵² *A Nordic Solution to the New Debt Crisis*, Matthew Martin for Norwegian Church Aid, forthcoming.
- ⁵³ <https://unctad.org/topic/least-developed-countries/chart-march-2022>
- ⁵⁴ FAO estimated food import bills for all LDCs in 2021 to be \$46 billion: https://www.fao.org/3/cb4479en/cb4479en_food_import.pdf
- Public spending on health care in Low-Income Countries and Lower-Middle-Income Countries was \$44 billion in 2019: <https://data.worldbank.org/indicator/SH.XPD.GHED.PC.CD>
- ⁵⁵ *A Nordic Solution to the New Debt Crisis*, Matthew Martin for Norwegian Church Aid, forthcoming.
- ⁵⁶ https://unctad.org/system/files/official-document/tdr2021-update1_en.pdf
- ⁵⁷ <https://www.reuters.com/world/africa/egyptian-pound-drops-10-after-ukraine-war-prompts-dollar-flight-2022-03-21/>
- ⁵⁸ <https://www.imf.org/en/Publications/CR/Issues/2021/02/26/Tunisia-2020-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-50128>
- ⁵⁹ <https://www.reuters.com/world/africa/economic-pain-threatens-social-political-chaos-tunisia-2022-02-02/>
- ⁶⁰ <https://www.fitchratings.com/research/sovereigns/fitch-downgrades-tunisia-to-ccc-18-03-2022>
- ⁶¹ <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621210/bp-Covid-loans-imf-austerity-110821-en.pdf?sequence=1>
- ⁶² <https://policydialogue.org/publications/working-papers/global-austerity-alert-looming-budget-cuts-in-2021-25-and-alternative-pathways/>
- ⁶³ <https://www.oxfam.org/en/research/working-many>
- ⁶⁴ <https://www.oxfam.org/en/research/power-profits-and-pandemic>
- ⁶⁵ <https://www.spglobal.com/spdji/en/indices/equity/sp-global-1200/#overview>
- ⁶⁶ <https://americansfortaxfairness.org/tax-fairness-briefing-booklet/fact-sheet-corporate-tax-rates/>
- ⁶⁷ <https://www.janushenderson.com/en-gb/investor/jh-global-dividend-index/>
- ⁶⁸ *Ibid.*
- ⁶⁹ <https://www.oxfam.org/en/press-releases/oecd-tax-deal-mockery-fairness-oxfam>
- ⁷⁰ <https://peoplesaction.org/wp-content/uploads/2021/09/Behind-the-Curtain-final.pdf>;
- ⁷¹ <https://www.cnbc.com/2022/02/03/build-back-better-ex-joe-manchin-aides-lobbied-his-office-congress-on-bill.html>
- ⁷² <https://thehill.com/business-a-lobbying/535957-business-groups-prepare-for-lobbying-effort-against-raising-the-minimum>
- ⁷³ <https://www.oxfam.org/en/research/pandemic-greed>

- ⁷⁴ <https://unctad.org/news/integrating-smes-value-chains-can-boost-development>
- ⁷⁵ <https://about.fb.com/news/2021/09/state-of-small-business-recovery/>
- ⁷⁶ <https://about.fb.com/news/2021/04/latest-state-of-small-business-report/>
- ⁷⁷ <https://www.politico.com/news/2020/12/04/bailout-big-firms-small-business-relief-442837>
- ⁷⁸ <https://www.accountable.us/news/report-oil-giants-post-eye-popping-205-billion-record-profits/>
- ⁷⁹ <https://www.bloomberg.com/news/articles/2022-03-15/oil-and-gas-share-buybacks-boomed-before-energy-prices-hit-highs>
- ⁸⁰ <https://www.cnbc.com/2021/10/18/the-wealthiest-10percent-of-americans-own-a-record-89percent-of-all-us-stocks.html>
- ⁸¹ https://csimarket.com/Industry/industry_Profitability_Ratios.php?s=600
- ⁸² <https://fortune.com/2022/02/19/inflation-profits-prices-companies-pandemic/>
- ⁸³ <https://www.winsightgrocerybusiness.com/retailers/groceries-will-cost-14-more-year-kpmg-survey-reveals>
- ⁸⁴ <https://www.ishares.com/us/products/239652/ishares-msci-global-agriculture-producers-etf#chartDialog>
- ⁸⁵ UBS Global Family Office. (2020). *Riding the Storm: Market turbulence accelerates diverging fortunes*. Billionaires Report 2020. <https://www.ubs.com/global/en/global-family-office/reports/billionaires-insights-2020.html>
- ⁸⁶ <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621341/tb-inequality-kills-methodology-note-170122-en.pdf>
- ⁸⁷ Inequality Kills, Methodology Note. Oxfam. <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621341/tb-inequality-kills-methodology-note-170122-en.pdf>
- ⁸⁸ Inequality Kills, Methodology Note. Oxfam. <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621341/tb-inequality-kills-methodology-note-170122-en.pdf>
- ⁸⁹ Inequality Kills, Methodology Note. Oxfam. <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621341/tb-inequality-kills-methodology-note-170122-en.pdf>
- ⁹⁰ International Monetary Fund (IMF). (2021). *Fiscal Monitor April 2021: A Fair Shot*. <https://www.imf.org/en/Publications/FM/Issues/2021/03/29/fiscal-monitor-april-2021#Full%20Report>
- ⁹¹ [Inequality Kills, Methodology Note. Oxfam. See separate download on the page for this publication]
- ⁹² <https://www.ft.com/content/747a76dd-f018-4d0d-a9f3-4069bf2f5a93>
- ⁹³ E. Wolff-Mann. (2021). *Super rich's wealth concentration surpasses Gilded Age levels*. Yahoo Finance. <https://finance.yahoo.com/news/super-richs-wealth-concentration-surpasses-gilded-age-levels-210802327.html>
- ⁹⁴ <https://www.forbes.com/real-time-billionaires/> Accessed 1 December 2021.
- ⁹⁵ J. Hirsch. (2015). *Elon Musk's growing empire is fueled by \$4.9 billion in government subsidies*. *Los Angeles Times*. <https://www.latimes.com/business/la-fi-hy-musk-subsidies-20150531-story.html>

⁹⁶ A.F. Campbell. (2019). *Elon Musk broke US labor laws on Twitter*. Vox. <https://www.vox.com/identities/2019/9/30/20891314/elon-musk-tesla-labor-violation-nlrp>

⁹⁷ J. Eisinger, J. Ernsthausen, and P. Kiel. (2021). *The Secret IRS Files: Trove of Never-Before-Seen Records Reveal How the Wealthiest Avoid Income Tax*. ProPublica. <https://www.propublica.org/article/the-secret-irs-files-trove-of-never-before-seen-records-reveal-how-the-wealthiest-avoid-income-tax>

⁹⁸ *Ibid.*

⁹⁹ S. Mellor. (2021). *Elon Musk to Congress: Drop the billionaire tax. It will only mess with ‘my plan to get humanity to Mars’*. Forbes <https://fortune.com/2021/10/28/elon-musk-biden-rich-list-billionaire-tax-tesla-mars/>

¹⁰⁰ Forbes. (2021). *#24: Gautam Adani & family*. <https://www.forbes.com/profile/gautam-adani-1/?listuri=rtb&sh=4fe17add5b0e>

¹⁰¹ A. Marsh. (2021). *Adani Boosting Coal Assets Despite Vow to Be Carbon Neutral*. Bloomberg Green. <https://www.bloomberg.com/news/articles/2021-07-12/adani-boosting-coal-assets-despite-pledge-to-turn-carbon-neutral>

¹⁰² S. Findlay and H. Lockett. (2020). *‘Modi’s Rockefeller’: Gautam Adani and the concentration of power in India*. Financial Times. <https://www.ft.com/content/474706d6-1243-4f1e-b365-891d4c5d528b>

¹⁰³ Necessary reforms include:

Ensuring decent work, Protecting human rights, Providing social protection, Limiting shareholder payouts, Stopping tax haven abuse and ensuring corporations pay their fair share of tax, Limiting CEO compensation, Driving sustainability in supply chains, Prioritizing the climate crisis and advancing a green recovery, Democratizing corporate ownership, Incorporating gender and racial justice in corporate governance, Requiring greater transparency on human rights risks, tax and financial reporting, and carbon footprints, Supporting collective bargaining, Limiting corporate political influence, Ending corporate monopolies and promoting free and open competition. For a full set of recommendations, see *Power, Profits and the Pandemic*. <https://www.oxfam.org/en/research/power-profits-and-pandemic>

¹⁰⁴ <https://www.ilo.org/global/research/global-reports/world-social-security-report/2020-22/lang--en/index.htm>

¹⁰⁵ <https://openknowledge.worldbank.org/handle/10986/33635>

¹⁰⁶ https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_758705.pdf

https://www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS_729111/lang--en/index.htm

¹⁰⁷ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_794834/lang--en/index.htm

¹⁰⁸ <https://www.socialprotectionfloorscoalition.org/>

<https://www.oxfam.org/en/research/shelter-storm-global-need-universal-social-protection-times-Covid-19>

https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_821167/lang--en/index.htm

¹⁰⁹ Programs that make fixed rations available at predetermined prices, such as food ration schemes in Egypt, India, Sri Lanka (up to the late 1970s), and Bangladesh, have been particularly effective in ensuring access by households-especially urban ones-to staples. Food consumption among low-income consumers has increased as a result of food

subsidies. For example increases of 15-18 percent in energy consumption were estimated for Kerala, India, and urban areas of Bangladesh¹¹.

¹¹⁰ <https://www.worldbank.org/en/news/speech/2022/01/11/opening-remarks-by-world-bank-group-president-david-malpass-during-the-launch-of-the-january-2022-global-economic-prospe>

¹¹¹ IMF lending in response to Covid crisis: \$170bn. <https://www.imf.org/en/Topics/imf-and-Covid-19/COVID-Lending-Tracker>

WB lending in response to Covid crisis: \$157bn (including \$50bn of concessional loans). <https://www.worldbank.org/en/about/what-we-do/brief/world-bank-group-operational-response-Covid-19-coronavirus-projects-list>

Increase in grant-equivalent aid from all donors from 2019 to 2020: \$6bn. <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2020-detailed-summary.pdf>

¹¹² <https://www.worldbank.org/en/topic/debt/brief/Covid-19-debt-service-suspension-initiative>

¹¹³ <https://www.cgdev.org/blog/fix-common-framework-debt-it-too-late>

¹¹⁴ <https://www.worldbank.org/en/news/press-release/2022/02/15/greater-transparency-on-hidden-and-distressed-debt-can-reduce-global-financial-risks-and-support-recovery>

¹¹⁵ World Bank International Debt Statistics databank, <https://www.worldbank.org/en/programs/debt-statistics/ids>

¹¹⁶ *A Nordic Solution to the New Debt Crisis*, Matthew Martin for Norwegian Church Aid, forthcoming.

¹¹⁷ <https://www.cgdev.org/blog/fix-common-framework-debt-it-too-late>

¹¹⁸ <https://voxeu.org/article/imf-surcharges-lose-lose-policy-global-recovery>

¹¹⁹ <https://www.brettonwoodsproject.org/2020/08/world-banks-rating-obsession-will-negate-debt-justice/>

¹²⁰ https://www.un.org/sites/un2.un.org/files/pb_131_final.pdf

¹²¹ : <https://www.one.org/africa/issues/Covid-19-tracker/explore-sdrs/>

¹²² <https://cepr.net/eighty-countries-have-already-used-their-special-drawing-rights-but-more-are-needed/>

¹²³ Oxfam calculations based on price of gold as of March 31 2022 of \$1,947/ounce and IMF holding 90.5 ounces of gold.

¹²⁴ <https://www.oxfam.org/en/blogs/virus-austerity-Covid-19-spending-accountability-and-recovery-measures-agreed-between-imf-and>

¹²⁵ <https://www.oxfam.org/en/press-releases/imfs-gold-holdings-soar-nearly-20-billion-start-coronavirus-pandemic>

¹²⁶ <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621210/bp-Covid-loans-imf-austerity-110821-en.pdf?sequence=1>

¹²⁷ <https://www.oxfam.org/en/research/catastrophe-catalyst>

¹²⁸ <https://fts.unocha.org/>

¹²⁹ <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620982/bp-coronavirus-aid-060520-en.pdf>

¹³⁰ <https://www.oecd.org/newsroom/Covid-19-spending-helped-to-lift-foreign-aid-to-an-all-time-high-in-2020-but-more-effort-needed.htm>

¹³¹ Amid the generous public outpouring of support in Europe and beyond, Oxfam applauds the United States, Spain, the Netherlands and France for new funding to support refugees from Ukraine and is calling on them to publicly confirm these funds will be additional to their other humanitarian and refugee hosting budget lines. Italy has said it will refund the 110m Euros allocated from its existing aid budget for refugees from Ukraine, but no official commitment has yet been made. The UK government has matched a public appeal with £25m –its largest ever donation –and opened a scheme to reimburse families who volunteer to house Ukrainian refugees. Nordic donors have pledged 300m Euros for Ukraine –most of it by Norway –but if Norway’s contribution is not made additional this will claim almost 40% of Norway’s combined humanitarian aid budget and force deep cuts elsewhere. Sweden has allocated new funds but there are fears that its aid budget could be “adjusted” ahead rather than additional resources being found. Denmark has confirmed its support will come out of its existing aid budget with its Minister for Development warning of “some tough choices and reprioritization” –likely delaying or cancelling programs in other crisis responses.

¹³² Oxfam is aware that the EU has more than halved its humanitarian funding to Timor-Leste, for example, and that some donors have indicated that they will cut their ODA to Burkina Faso by 70%, with other West African countries hearing similar news. German donors have indicated they cannot decide on pending funding proposals until decisions on Ukraine have been taken, which risks humanitarian assistance in other parts of the world.

¹³³ <https://www.oecd.org/development/development-aid-stable-in-2017-with-more-sent-to-poorest-countries.htm>

¹³⁴ <https://www.devex.com/news/usaid-chief-samantha-power-details-localization-push-102256#:~:text=U.S.%20Agency%20for%20International%20Development%20Administrator%20Samantha%20Power%20made%20the,and%20organizations%20in%20the%20effort.>

¹³⁵ <https://www.oecd.org/tax/oecd-tax-talks-presentation-may-2020.pdf>

<https://www.ft.com/content/5dad2390-8a32-4908-8c96-6d23cd037c38>

¹³⁶ <https://www.bbc.com/news/world-latin-america-55199058> and <https://batimes.com.ar/news/economy/frente-de-todos-senators-eye-bill-to-tax-undeclared-assets-held-overseas.phtml>

¹³⁷ <https://www.oxfam.org/en/press-releases/over-100-millionaires-call-wealth-taxes-richest-raise-revenue-could-lift-billions>

¹³⁸ <https://www.oxfam.org/fr/node/18043>

¹³⁹ <https://inequality.org/great-divide/oligarchy/>

¹⁴⁰ G. Zucman (2013). *The hidden wealth of nations – The scourge of tax havens*. The University of Chicago Press. p.53

¹⁴¹ <https://gabriel-zucman.eu/files/AJZ2019.pdf>

¹⁴² https://uploads-ssl.webflow.com/5e0bd9edab846816e263d633/602e91032a209d0601ed4a2c_FACTI_Panel_Report.pdf

¹⁴³ <https://www.icrict.com/press-release/2019/3/25/icrictnew-paper-a-roadmap-for-a-global-asset-registry-measuring-and-tackling-inequality-curbing-tax-avoidance-tax-evasion-corruption-and-illicit-financial-flows>

¹⁴⁴ <https://www.oxfam.org/fr/node/13556>

¹⁴⁵ <https://news.bloombergtax.com/daily-tax-report/windfall-tax-to-ease-impact-of-power-price-surge-oecd> & <https://www.oxfam.org/en/press-releases/eu-proposal-tax-excess-profits-much-needed-and-should-not-be-limited-only-energy>

¹⁴⁶ <https://www.bloomberg.com/news/articles/2022-03-19/italy-to-hit-energy-companies-with-10-levy-to-fund-support-plan>

¹⁴⁷ <https://www.oxfamamerica.org/explore/research-publications/power-profits-and-pandemic-corporate-extraction-few-economy-works-all/>

¹⁴⁸ <https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621210/bp-Covid-loans-imf-austerity-110821-en.pdf?sequence=1>

OXFAM

Oxfam is an international confederation of 20 organizations networked together in more than 90 countries, as part of a global movement for change, to build a future free from the injustice of poverty. Please write to any of the agencies for further information, or visit www.oxfam.org.

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