



# 24<sup>TH</sup> IMF PROGRAM

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The Twilight Saga was a film series of five movies between 2008 and 2012. The movies featured the development of a relationship between a teenage girl and a vampire, which many a critics termed as more of an unhealthy obsession than romantic love. Subsequently, the movie series led to the formation of a long lasting meme where any relationship between two people was compared to the twilight series with the statement 'still a better love story than twilight'.

Pakistan is faced with yet another crisis. Economic activity is severely halted, inflation has remained high throughout the year, other macroeconomic indicators have gone from bad to worse while the threat of default continues to loom over the country's head with low foreign exchange reserve base. The upcoming fiscal year's budget previously always was considered a major news event particularly by the general public, but that has changed in recent times. Now, the talk of the town is not as much budget as much as it is a new IMF Program. The government efforts and budget

preparations too are now focused towards presenting an acceptable outlook of the economy to the IMF which may help move the negotiations forward. It was the same in the lead up to the Budget for the fiscal year 2024-25, which has been widely seen as an effort to look acceptable to the IMF, and a couple of weeks into the new fiscal year Pakistan and IMF have reached a staff level agreement for a 37 month USD 7 Billion yet another extended fund facility, or in simpler words IMF's 24th bailout package for Pakistan. The relationship between Pakistan and IMF seems to have developed what the memes a decade ago would have termed as a love story better than twilight (though some might argue it is turning into a reflection of the twilight story, as Pakistan's unhealthy obsession with the IMF continues to grow).

Pakistan's 23 IMF programs to date have failed to bring about any genuine and lasting macroeconomic stability in the economy. Besides, Pakistan has failed to complete majority of its IMF programs as well, yet the urgency to

return to IMF remains through the roof. The question arises that whether there has been any review by the authorities in Pakistan to assess the reasons for failure of all these programs?

The foremost question that needs to be asked is if the primary reason behind failure of programs, in terms of achieving its results and completion both, is the design of the program or the lack of capacity to implement the agreed upon program?

Without evaluating the previous 23 programs and gauging the reasons behind their failure, knocking on the IMF doors again showcases a lack of vision among the decision makers of the country who continue to look for an easy fix. An IMF package brings in immediate foreign reserves while the IMF also dictates major policy decisions regarding revenues, expenditures and establishment or closure of government departments, authorities and agencies. Pakistan has repeatedly outsourced policy decisions to foreign donor agencies for minimal loans. Resultantly, in the fiscal year 2023-24, over three-fourth of the country's revenue was utilized only for interest payments of accumulated loans. With further increase in the government's financing gap, interest payments are expected to make up an even higher portion of the country's targeted revenues in the upcoming fiscal year. Greater financing need will automatically result in harsher conditions from funding agencies to ensure.

The same issue came under discussion in a session at the recently held this edition of the EconFest at Islamabad, where the panelists Shahid Kardar, former governor SBP and senior journalist Mehtab Haider while talking to Vice Chancellor Pakistan Institute of Development Economics (PIDE) Dr. Nadeem Ul Haque highlighted the need for developing a homegrown development plan. The session emphasized on the need for immediate reforms in the country without which achieving any sort of economic stability and growth is not possible. The role of thinkers, researchers and academia is of utmost importance in generating reform ideas in the country as well as creating a demand for reforms from the policymakers. Unfortunately, the academia and research fraternity in the country has to date failed to play any role in this.

PIDE, earlier this year, published an extensive Reform Manifesto focusing in 10 major themes focusing on transformation of economy and society. The purpose of the Reform Manifesto is to kick start discussion on reforms in the country and to push for homegrown development plans. A homegrown plan, as PIDE envisions, needs to be put forward by the researchers and academia of the country, and not to be dictated by foreign consultants. While the government must be questioned for ignoring the local thought industry and jumping to foreign consultants for advice, the academia in the country needs a moment of reflection as well to assess if they have made efforts for presenting any reform ideas and pushed substance to call for a place on

the decision making table.

The Reform Manifesto put forward by PIDE is the first of its kind effort by any think tank or institution in the country to propose a long term extensive vision for the future. One may not agree to all the points in the reform manifesto, or not even to any point, but all must become part of the necessary discussions on crucial reforms for the revival of Pakistan's economy.

It is time that we realize the IMF is not a savior, neither has it ever claimed to be one, but it is not the enemy either. IMF is nothing more than an emergency ward for struggling economies, providing temporary relief for countries helping them gain enough space and time to implement lasting reforms. The reforms, though, are the country's own responsibility. If the country is not willing to undergo requisite changes for its economic revival, the blame lies only on the country itself. The same is the case with Pakistan right now, as we continue to visit the emergency room again and again but have always avoided the necessary treatment following discharge from the emergency room.

Pakistan awaits the board approval after successfully negotiating a staff level agreement for the 24th IMF program with the hopes for a miracle that somehow the last 23 times was absent, I am reminded of the famous Albert Einstein saying that 'the definition of insanity is doing the same thing over and over again, but expecting different results'. It is fair to say, Pakistan's policymaking has infiltrated into the domain of insanity.

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