
SUMMARY of the Article “IMF’s projections,” Editorial, Dawn, April 18th, 2024

The article discusses Pakistan’s economic outlook as projected by the IMF in its World Economic Outlook 2024. The IMF predicts Pakistan’s economy to grow by 2% this year and 3.5% in the next, contingent upon continued fiscal consolidation and a potential new IMF bailout. Finance Minister Muhammad Aurangzeb seeks a larger three-year IMF program of \$6bn-8bn to support planned economic reforms, emphasizing the need for structural reforms to stabilize the economy. However, Pakistan’s history of incomplete IMF programs due to political reasons raises doubts about the success of this engagement. Aurangzeb acknowledges the need for structural reforms but faces the challenge of balancing stabilizing measures with efforts to promote growth. The forthcoming budget will shed light on the government’s commitment to reforms and its strategy for economic stabilization and growth.

Easy/Short SUMMARY:

The article discusses the IMF’s predictions for Pakistan’s economy, expecting growth of 2% this year and 3.5% next year, contingent on fiscal consolidation and a new IMF bailout. Finance Minister Muhammad Aurangzeb advocates for a larger IMF program to support reforms aimed at stabilizing the economy. However, past incomplete IMF programs due to political reasons raise doubts about success. Aurangzeb emphasizes the need for structural reforms but faces the challenge of balancing stabilization with growth efforts, which the upcoming budget may reveal.

SOLUTIONS of The Problem:

Negotiate Comprehensive IMF Program

Engage in discussions with the IMF for a larger, three-year program to support planned economic reforms, focusing on both stabilization and growth aspects.

Implement Structural Reforms

Prioritize the implementation of long-delayed structural reforms to address persisting fiscal and external imbalances and reduce the state's presence in the economy.

Balance Stabilization with Growth

Develop a strategy that balances tough stabilizing measures with efforts to promote relatively faster economic growth, ensuring sustainable development.

Enhance Market Sentiment

Work towards reducing market volatility and improving investor confidence through sound economic policies and effective communication.

Strengthen Policy Implementation

Ensure strong follow-through and implementation of policy measures to achieve the desired economic objectives, overcoming historical challenges of incomplete programs.

Increase Fiscal Consolidation Efforts

Continue efforts towards fiscal consolidation to address budget deficits and debt sustainability, aligning with IMF recommendations.

Foster Public-Private Partnerships

Encourage collaboration between the public and private sectors to stimulate investment, create employment opportunities, and foster economic growth.

Promote Export-Led Growth

Focus on boosting exports through trade facilitation measures, enhancing competitiveness, and diversifying export markets to drive economic expansion.

Improve Governance and Transparency

Enhance governance mechanisms and transparency in economic decision-making processes to build trust among stakeholders and attract investment.

Invest in Human Capital

Allocate resources to education, healthcare, and skill development to enhance human capital, improve productivity, and foster sustainable economic growth.

MCQs from the Article:

1. What is the projected growth rate for Pakistan's economy as per the IMF's World Economic Outlook 2024?
 - A. 1%
 - B. 2%
 - C. 3.5%
 - D. 5%

2. What is Finance Minister Muhammad Aurangzeb lobbying for in Washington?
 - A. A new IMF bailout
 - B. A decrease in IMF funding
 - C. Privatization of state-owned enterprises
 - D. Reduction in public spending

3. Why does the article mention doubts about the success of Pakistan's engagement with the IMF?
 - A. Due to insufficient government funding
 - B. Because of past incomplete IMF programs due to political reasons
 - C. Lack of cooperation from the IMF

D. Economic instability in the region

4. What challenge does Finance Minister Muhammad Aurangzeb face in balancing economic measures?
 - A. Increasing government debt
 - B. Balancing trade deficits
 - C. Addressing inflationary pressures
 - D. Balancing stabilization with growth efforts
5. What will shed light on the government's commitment to reforms and its economic strategy?
 - A. The IMF's World Economic Outlook
 - B. Finance Minister's statements
 - C. The upcoming budget
 - D. Economic indicators

VOCABULARY:

1. **Subdued** (adjective) (□□□ □□□): Restrained; quiet; depressed.
2. **Plummeting** (verb) (□□□□): To drop down sharply or abruptly.
3. **Consolidation** (noun) (□□□□□□□): The action or process of making something stronger or more solid.
4. **Contingent** (adjective) (□□□□□□): Subject to chance; dependent on certain conditions.
5. **Engagement** (noun) (□□□□□): An arrangement to do something or go somewhere at a fixed time.
6. **Projections** (noun) (□□□□□□□□): Estimates or forecasts about future events or trends.
7. **Stabilization** (noun) (□□□□ □□□□): The action of making something more stable or holding it steady.
8. **Forthcoming** (adjective) (□□□□□): Planned or expected to happen in the near future.
9. **Follow-through** (noun) (□□□□□ □□□□): The act of continuing or completing a task or action.
10. **Strategies** (noun) (□□□□ □□□□): Plans of action designed to achieve specific

goals or objectives.

□ *Attention Please!*

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IMF's projections

Editorial

3-4 minutes

THE next few years are likely to see Pakistan trapped in low-growth mode. International lenders maintain that economic growth in the country will remain subdued, hovering in the range of 1.8pc-3.5pc in the medium term because of plummeting investment, persisting fiscal and external imbalances, and a large state presence in the economy.

In its flagship World Economic Outlook 2024, released on the eve of the spring meetings of the World Bank Group, the IMF has predicted Pakistan's economy will [grow by 2pc](#) this year and 3.5pc in the next. The estimates are based on the Fund's recently concluded review of Pakistan's macroeconomic position under

the \$3bn Stand-by Arrangement. Even these projections hinge on continued fiscal consolidation and a new IMF bailout. No wonder Finance Minister Muhammad Aurangzeb [is in Washington](#) to lobby for a larger, three-year Fund programme of \$6bn-8bn to support planned economic reforms.

As stated by him, the country will [request a three-year programme](#) “to help execute the structural reform agenda”. Referring to reduced market volatility and economic stabilisation achieved under the SBA, he said that market sentiment was more positive in the current fiscal year. “It’s really for that purpose that we have initiated the discussion with the Fund to get into a larger and an extended programme,” he explained.

If approved, it will be Pakistan’s 24th engagement with the IMF since 1958. Will this new programme break what the minister was reported to have referred to as the “chain of financial struggles and bailouts”?

The fact is that Pakistan has never been able to complete a longer programme with the Fund because of a breach in policy goals thanks to political reasons. What will be different this time around? So far, the minister has shown an understanding of the issues that have dragged the economy down and his commitment to implementing long-delayed structural reforms without any proviso.

“If we do not go through the structural reforms, unfortunately, we will still be looking at another programme,” he told an Atlantic Council meeting. He knows what needs to be done and said that Pakistan does not require “too many policy prescriptions”. The problems are well-known and the country is aware of what is needed to stabilise the economy. The challenge is follow-through and implementation.

Unlike his predecessors, Mr Aurangzeb intends to discuss the programme’s “growth aspects” with the IMF as well. But he has not elaborated on how he plans to grow the economy without breaching the programme policy steps that must focus on tough stabilisation reforms.

With the economy going through its worst crisis, the budget for next year is set to reveal how steadfast the government will be in its commitment to undertaking reforms, and how Mr Aurangzeb balances stabilisation with relatively faster



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growth.

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