
[SUMMARY of the \[IMF's Unease\], \[Editorial\], \[Published on May 24th, 2024\]](#)

The initial discussions between Pakistan and the IMF regarding a new, larger, and longer financial programme have concluded without a formal staff-level agreement. This is primarily because the IMF requires parliamentary approval for the proposed reform measures and policy actions due to the country's unpredictable political climate. The IMF has previously noted the significant risks posed by Pakistan's political instability and social tensions, which could hinder economic stabilization efforts.

Despite these concerns, the IMF has shown confidence in the current political administration, believing that the continuity of the ruling coalition after elections would ensure the persistence of the agreed reform agenda. This optimism stems from the coalition's track record of implementing committed actions under previous IMF programmes, despite the political costs involved.

The IMF is expected to finalize a new loan arrangement by early July. However, for the general population, the main issue is the additional financial burden resulting from new levies, increased indirect taxes, higher taxes on salaries, and enhanced energy prices that will accompany the new loan. This indicates that the upcoming phase of economic stabilization will be particularly challenging for the majority of Pakistanis.

Easy/Short SUMMARY:

The IMF's discussions with Pakistan about a new financial programme ended without a formal agreement due to political uncertainty. The IMF wants

parliamentary approval for reform measures first. Despite concerns about political instability, the IMF trusts the current government to continue with reforms. A new loan arrangement is expected by early July, but it will bring additional financial burdens for the population, such as increased taxes and energy prices, making economic stabilization tough for most people.

SOLUTIONS of The Problem:

Secure Parliamentary Approval:

- Engage with political stakeholders to ensure support for the reform measures.
- Conduct transparent discussions to build consensus on the necessary economic policies.

Enhance Political Stability:

- Work towards reducing political tensions and fostering a stable political environment.
- Promote dialogue among political parties to achieve a unified approach to economic challenges.

Mitigate Public Burden:

- Implement targeted subsidies or relief measures to cushion the impact of increased taxes and energy prices on the most vulnerable segments of society.
- Explore alternative revenue sources to minimize the financial burden on the general population.

Improve Public Communication:

- Clearly communicate the benefits and necessity of the reform measures to the public.
- Address public concerns through regular updates and engagement on

economic policies.

IMPORTANT Facts and Figures Given in the article:

- The IMF discussions with Pakistan ended without a formal agreement due to the need for parliamentary approval of reforms.
- The IMF has highlighted the risks posed by political instability and social tensions in Pakistan.
- The IMF trusts the current administration to continue with the reform agenda, believing in the continuity of the ruling coalition.
- A new loan arrangement is expected by early July.
- The population will face additional financial burdens, such as increased taxes and energy prices, as part of the new loan conditions.

MCQs from the Article:

1. Why did the IMF discussions with Pakistan end without a formal agreement?
 - A. Lack of consensus on reform measures
 - B. Requirement for parliamentary approval
 - C. Disagreement on loan amount
 - D. Political instability in the IMF

- Correct Answer: B. Requirement for parliamentary approval

1. What has the IMF highlighted as a risk to Pakistan's economic stabilization?
 - A. Global economic downturn
 - B. Political instability and social tensions
 - C. Natural disasters
 - D. Trade deficits

- Correct Answer: B. Political instability and social tensions

1. What is the IMF's expectation regarding the current political administration in Pakistan?

- A. It will face significant challenges
- B. It will likely ensure continuity of reforms
- C. It will oppose the reform agenda
- D. It will step down before elections

- Correct Answer: B. It will likely ensure continuity of reforms

1. When is the new loan arrangement with the IMF expected to be finalized?
 - A. June 2024
 - B. Early July 2024
 - C. August 2024
 - D. End of May 2024

- Correct Answer: B. Early July 2024

1. What additional financial burdens will the population face due to the new IMF loan?
 - A. Decrease in indirect taxes
 - B. Reduced energy prices
 - C. Increased taxes and energy prices
 - D. Lower petroleum levy

- Correct Answer: C. Increased taxes and energy prices

VOCABULARY:

1. **Engagement** (noun) (Engəʒmən): The act of being involved or participating in something.
2. **Bumps** (noun) (bʌmp): Difficulties or challenges encountered in a process.
3. **Arbitrary** (adjective) (əˈbɪtrəri): Based on random choice or personal whim, rather than any reason or system.
4. **Unpredictable** (adjective) (ʌnˈpɪdɪkəbəl): Not able to be predicted; changeable.
5. **Stabilisation** (noun) (stəˈbɪləɪzən): The process of making something more stable or secure.
6. **Resurgence** (noun) (rɪˈsɜːrʒəns): An increase or revival after a period of

little activity, popularity, or occurrence.

7. **Opprobrium** (noun) (□□□□□): Harsh criticism or censure.
8. **Levies** (noun) (□□□□): Imposed taxes or fees.
9. **Anticipated** (adjective) (□□□□□): Expected or predicted.
10. **Continuity** (noun) (□□□□□): The unbroken and consistent existence or operation of something over a period of time.

□ *Attention Please!*

We appreciate your commitment to acquiring knowledge through our summaries. Please be reminded not to remove the attribution label affixed to this article. It is crucial to acknowledge the source and the effort invested in creating this summary. We discourage any unauthorized distribution without proper credit. Thank you for your understanding and cooperation. □

□ *Explore More Summaries, Solutions, and Vocabulary Meanings!*

□ Join our WhatsApp Channel for timely and comprehensive summaries of the latest articles, along with well-crafted solutions and helpful vocabulary meanings. Click the link below to join now:

□ [Dawn Article Summaries](#)

WhatsApp Channel Link

<https://whatsapp.com/channel/0029Va7tT3o35fLnJeFbpS2y>

dawn.com
IMF's unease
Editorial

THE first round of 'engagement' between Pakistan and the IMF over the former's request for a larger and longer programme appears to have concluded — with some bumps still visible. Both sides are believed to have reached an understanding on the reform measures that Islamabad must include in the budget for the next financial year and get approved by parliament before an agreement

on a new bailout facility is signed.

A report in this paper has quoted a government official as saying that the IMF mission is leaving the country without announcing a formal staff-level agreement, because the “Fund wants a stamp of approval from parliament for the reforms and policy actions [to be implemented as ‘prior actions’ for the new programme] given the unpredictable political environment”.

This is not a new condition in Pakistan’s context, nor is it surprising, considering the endless political instability roiling the country. The IMF had recently noted that high political uncertainty and the resurgence of social tensions could undermine economic stabilisation.

“Downside risks remain exceptionally high. While the new government has indicated its intention to continue the [Stand-by Arrangement’s] policies, political uncertainty remains significant,” the IMF had said in its staff report on the conclusion of the second and final review of the \$3bn SBA. It added that “the resurgence in social tensions reflecting the complex political scene and high cost of living could weigh on policy and reform implementation”.

Despite its concerns that the political situation might create obstacles in the way of parliamentary approval of the new budget, the IMF has also expressed its confidence in the present political administration.

“The return of the outgoing government to power after the elections means continued commitment to the reform agenda agreed at the time of the SBA. This not only means a higher likelihood for the continuity of reforms but also political stability for the next five years. The current coalition government consists of almost the same political parties, which despite heavy political cost implemented all the actions committed under the [Extended Fund Facility] programme and approved all the prior actions under the SBA,” it said.

It is thus anticipated that the Fund will conclude a new loan latest by early July. However, a new arrangement is the least of the common man’s problems. The real issue for most is the additional financial burden in the shape of new levies — such as a hike in the petroleum levy, an increase in indirect taxes, more taxes on salaries — and enhanced energy prices that they will have to bear as the cost of the new loan. Going by the just-concluded engagement with the IMF mission, it is



SUMMARY of the IMF's Unease, Editorial

clear that the next phase of economic stabilisation will be very tough for most of the population.

Published in Dawn, May 24th, 2024