

Pakistan Affairs

Section - II

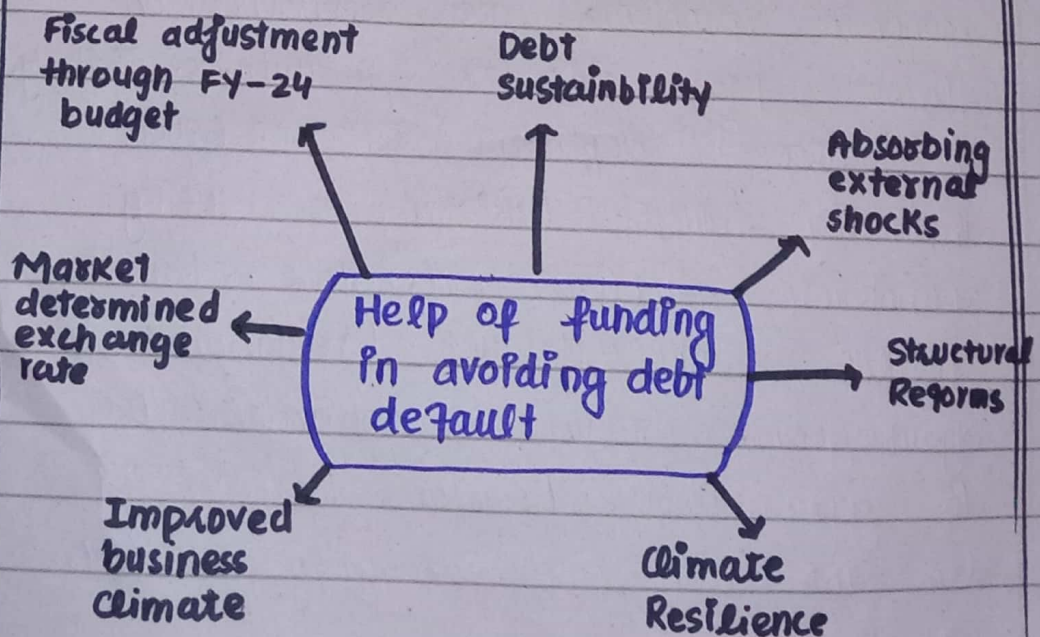
Q2: Pakistan to seek at-least \$6bn in new IMF loan Program. The government will need funding to avoid debt default. Discuss the effectiveness of various IMF programs and suggest ways to lessen the dependency on IMF Programs in Pakistan.

Introduction

In 21st century, the destiny of the country depends on economic stability of country. Countries facing economic problems are dependents on loans from different institutions. Similarly, is also dependent on one such institution, IMF. Pakistan is facing economic problems, therefore to avoid debt default Pakistan looks again and again towards IMF to gain loans. Pakistan has relied on IMF loan for roughly 55-60% of its history.

Pakistan to seek at-least \$6 billion in new IMF program

Pakistan is seeking a \$6 billion loan from IMF to support country's economic condition. This would be helpful in repayment of billions in debt due this year. Program duration is 39 months. IMF has an open discussion on new loan program after Islamabad last month completed a short term \$3 billion program. Government needs a long term arrangement to keep the country stable. Therefore, Pakistan is seeking \$6bn loan from IMF again. TR



Effectiveness of various IMF Programs for Pakistan

IMF loan programs have helped in the stabilisation of Pakistan's teetering economy. These programs come with conditions. Short-term financing has helped in balancing payment problems in 1981, 1993, and 2001 and 2023. Along with support due to these programs Pakistan faced several challenges also. The effectiveness of various IMF programs is given as;

① Financial Stabilization during COVID-19

In 2020, IMF program provided crucial support during covid-19 pandemic. It facilitated increased health spending, fiscal stimulus packages and improved liquidity in financial system, contributing to some degree of economic stabilization.

② - Successful implementation of Structural Reforms to enhance competitiveness and for Privatization

IMF programs supported Pakistan's structural reforms, improving the business environment, competitiveness and privatization, leading to increased foreign investments and private sector growth

According to World Bank Report 2022, IMF program reforms has lead

Increase in foreign investment = 15%.

Improvement in ease of doing business = 20%.

Increase in private sector credit growth = 10%.

③ - Increased access to International Markets

IMF programs facilitated Pakistan's access to international capital markets which resulted in reduced borrowing costs and boosting investor's confidence. According to a news by Reuters in 2023, EEF (Extended Fund Facility) program enabled Pakistan to issue a successful Eurobond, raising \$1.5 billion at competitive rate. This demonstrates the country's improved creditworthiness and access to larger funding pools.

④ - IMF programs as a safety net to protect Pakistan from Default

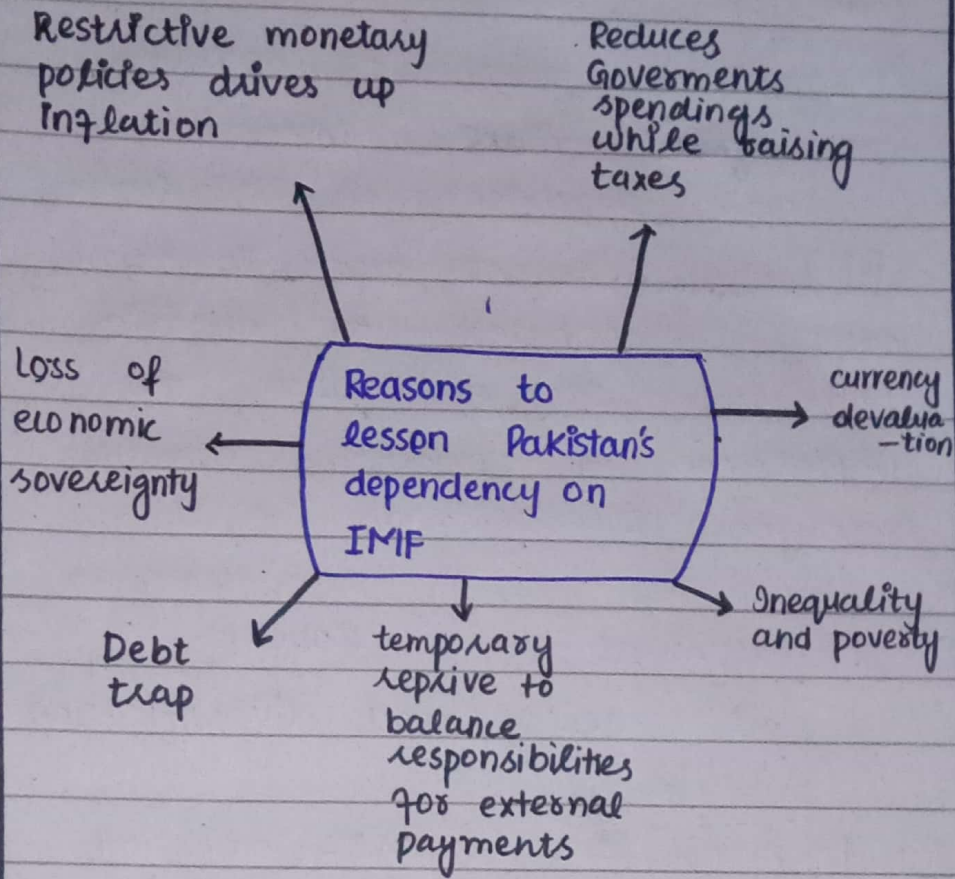
In 2023, when Pakistan was facing a severe balance of payments crisis, a high fiscal debt, critically low

foreign exchange reserve and high inflation, it took support from IMF again. In short, this short-term financing termed as **Stand-By-Arrangement program** saved Pakistan from Default. ~~IMF~~ Pakistan secured a bailout package of \$3.2 billion. According to a report by IMF, "Pakistan: Second review under SBA, Pakistan's economic growth rebounded to 4.5% in FY 2023, driven by a recovery in agriculture and services.

**Pakistan in a dire
Need to lessen dependency
on IMF**

The IMF loan programs have strict requirement that impact negatively the Pakistan's economy and briefly stabilize it. But better deals, a clever plan or another institutions for less SAPs

for loans can cut Pakistan's ties with the IMF.



Ways to lessen dependency of Pakistan on IMF

Pakistan can lessen its dependency on IMF by various ways.

① - Broadening Tax base and Rationalizing Expenditures

A significant portion of Pakistan's economy remains

informal, leading to low tax-to-GDP ratio. Formalization and effective tax collection coupled with streamlining government spending can help in lessening Pakistan's dependency on IMF loans. Sisi Linka's recent economic crisis, partly distributed to excessive borrowing. It emphasizes the importance of prioritizing domestic resource Diversification.

② - Development of a Robust Export sector and diversification

By focusing on export-oriented manufacturing, infrastructure development, skill training and trade facilitation can generate foreign currency reserves and reduce dependence on imports. Moreover, shifting focus from traditional commodities to high value exports like technology can bring greater return to Pakistan's position in global market.

③ Improvement in policy implementation and build political consensus

Weak institutional capacity, bureaucratic hurdles and lack of political consensus on economic reforms hinders effective implementation of policies and their continuity. By strengthening these things a long-term economic stability can be achieved.

Indonesia's successful economic transformation involved strong political leadership and commitment, which Pakistan can learn from.

④ Diversification in Funding sources

Pakistan should explore alternative funding sources with better deals.

By exploring alternative sources like AIIB, Infrastructure Investment Bank, Asian Development Bank and bilateral agreements, it can reduce its dependency on IMF.

⑤- Fiscal Discipline and Private Sector Development

By ensuring responsible public spending, reducing wastage and prioritizing development projects, it can achieve long term stability. Moreover, by fostering a conducive environment for private sector growth, encouraging entrepreneurship and innovation, Pakistan can lessen its dependency on IMF programs.

Conclusion

Despite the fact that IMF programs are effective for Pakistan, the country ought to explore other ways to lessen its dependency on IMF. By addressing the negative impacts on economies and putting forwards suggested actions such as increasing access to international markets, export-led growth, diversification in loans and enhancing policy implementation can lessen its reliance on IMF and achieve sustainable economic growth and development.

Q#7 - Human Population growth is a major contributor to global warming, given that humans use fossil fuels to power their increasingly mechanized lifestyle. critically evaluate.

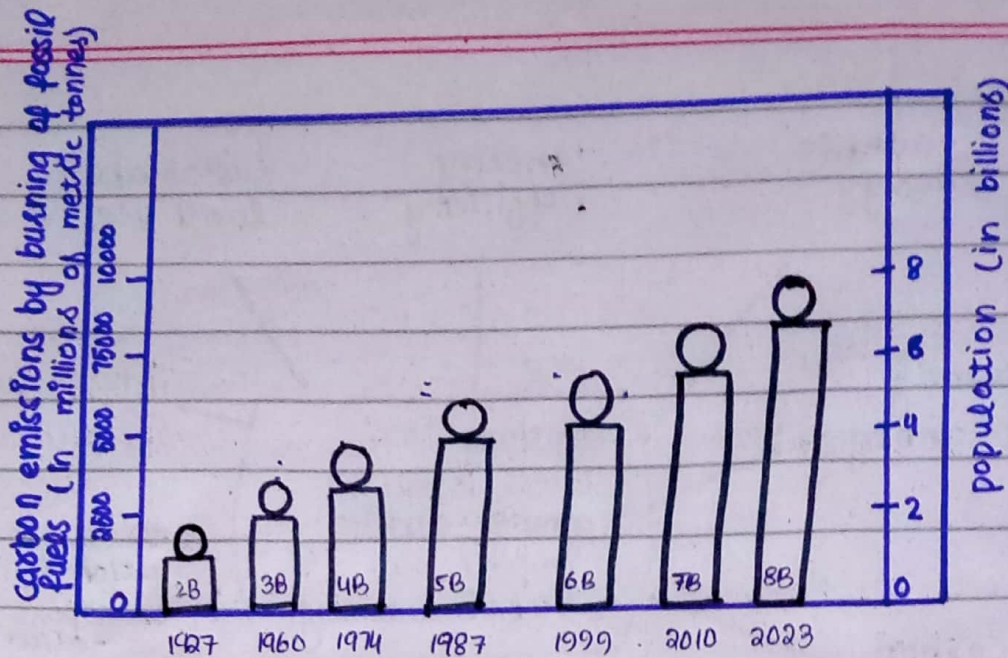
Introduction

"Globally, population growth and GDP remained the strongest drivers of CO₂ emissions from fossil fuel combustion in the last decade." (IPCC - 2022)

Human population is a major contributor to the global warming. Because a large population requires more food, more energy and water. This translates to the increased reliance on fossil fuels for agriculture, transportation and industrial activities, leading to higher greenhouse gases emissions.

Link between Population Growth and Global warming

Human population is a major contributor to global warming, and Pakistan is of no exception. With a population of over 220 million people, Pakistan is one of the most populous countries in the world. Similarly, world population has reached 8.1 billion. Such large population uses fossil fuels at a large scale to mechanize their life styles. This fossil fuels burning contribute to the green house gases and ultimately global warming. Due to these human activities, Global temperature has increased and reached at 1.5°C .



population Carbon Emissions

Factors Showing Connection between population growth and Global warming

①- Resource Demands

Population growth can lead to increased demand for food, water and energy. This can lead to activities like deforestation and expansion of agricultural land impacting the environment by producing green house gases resulting in global warming

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combustion, contributing to global warming.

China's rapid population growth contributes to 28% of global greenhouse gases emissions.

(World Resource Institute)

②- Water scarcity and Pollution

Population growth puts great pressure on water resources, leading to scarcity and pollution. This can result in increased consumption for water treatment and transportation, contributing to greenhouse gases emissions.

③- Urbanization and transportation

Population growth drives urbanization leading to increased energy consumption from transportation, buildings and industry.

The rapid urbanizations of cities like Lagos, Nigeria has

lead to excessive emission

of GHGs by usage of fossil fuels.

④- consumption patterns and waste generation

Growing population with increased incomes lead to consumption of goods and services, resulting in more waste generation and GHGs from production and disposal processes. The fast fashion industry, driven by consumer demand in growing populations has lead to these factors contributing in global warming.

⑤- Displacement and Migration

Due to conflicts, resource scarcity or environmental conditions population growth can lead to displacements and migration.

In Sahel region such migration from refugee settlements has resulted in increased usage of energy and GHGs emissions.

⑥ - Unequal Carbon Footprints

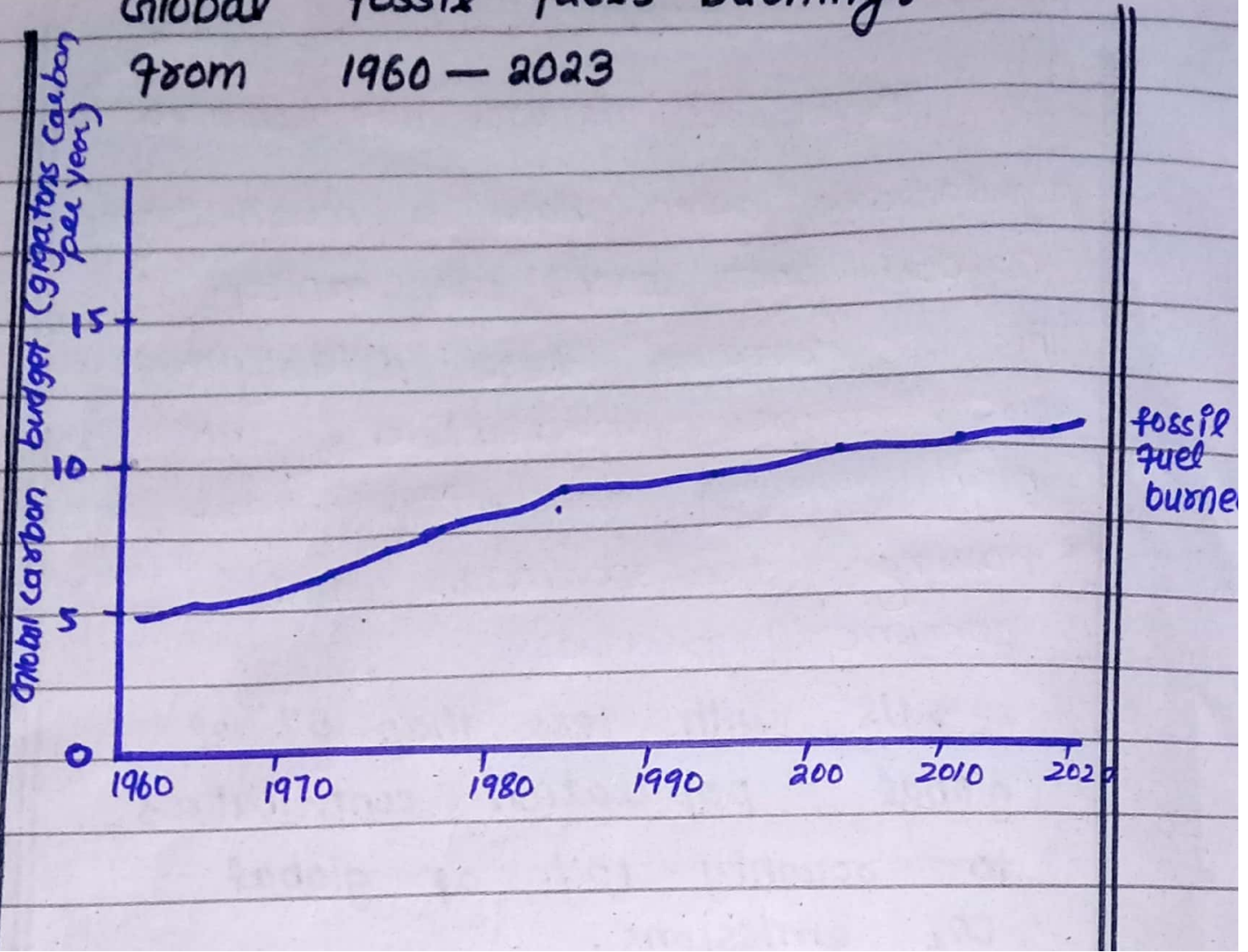
Developed nations with smaller populations often have a much larger carbon foot print per capita.

This is because these lifestyles are more mechanized, with high energy consumption for housing, transportation and consumer products.

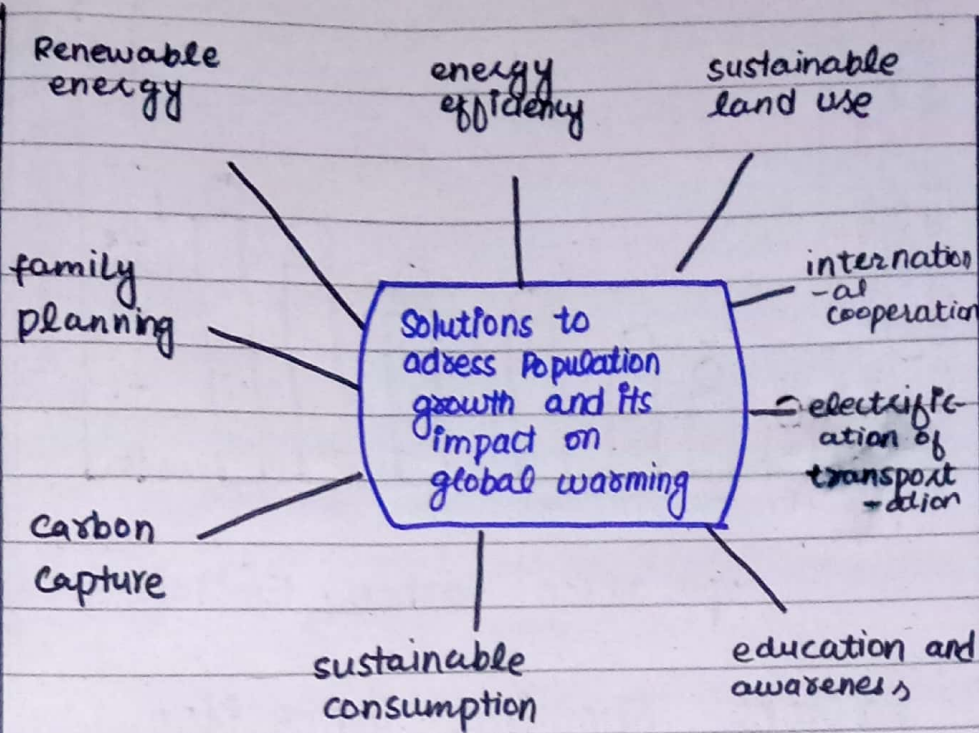
→ US with less than 5% of global population, contributes to roughly 15% of global CO₂ emissions.

⑦ The Rich 10% of world's population contributes to 50% of global warming emissions.

Global fossil fuels burnings from 1960 - 2023



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Conclusion

While population growth can be a factor, consumption patterns and reliance on fossil fuels by population are major drivers of global warming. A combination of solutions that address both population and consumption trends are needed for sustainable future.