



PRESS RELEASE

Civil society group decries blanket removal of energy subsidies, asks IMF to rethink its policies

Islamabad, Lahore, Karachi, June 1, 2022: As Pakistan seeks yet another International Monetary Fund (IMF) bailout package, a civil society group has asked the global lender to support socially just and green financing solutions in Pakistan as well as debt-for-nature swaps to break the cycle of IMF debts that the country is trapped in over years.

In a letter written to the IMF, Alliance for Climate Justice & Clean Energy, a coalition of civil society organizations working on energy transition in Pakistan, raised their concerns about the ongoing IMF-government talks regarding the energy sector reforms and energy pricing mechanisms. ACJCE shared the details of the letter in a virtual media briefing on Wednesday.

Speaking to the audience, senior journalist Badar Alam said that the IMF's insistence on a blanket removal of energy subsidies will leave the poorer and marginalized sections of the society worse off. "IMF's method of removing these subsidies without first consulting the civil society, people's representatives and Pakistan-based researchers through a multi-stakeholder dialogue will only create more problems by increasing inflation and unemployment."

Badar added that the government will also face a serious credibility crisis if it agrees to the IMF's conditionalities without taking the people into confidence. "If [government] is in the interest of strengthening democracy in Pakistan, then all dealings with the IMF should be made public, discussed thoroughly and then implemented after proper safety nets have been provided to those who are at the losing end of the policies that emerge out of these dealings," he added.

Speaking about the environmental and social repercussions of the IMF interventions, Zain Moulvi, Associate at Alternative Law Collective, termed the ongoing talks between the IMF and government futile. He said, "The most alarming is the complete lack of attention to Pakistan's climate emergency - despite the IMF's decision last year to mainstream climate change matters across all areas of its mandate. We are yet to see the Fund develop a concrete program to support Pakistan's climate change action and energy transitions."

Zain further said that considering the radical changes in a global context, the Extended Finance Facility program from pre-Covid and pre-Ukraine war times needs a thorough re-evaluation of its terms and loan conditionalities. "The simplistic focus on removing fuel and electricity subsidies will only add to wide-scale inequity and energy poverty. Moreover, with no participation of vulnerable communities in these talks, the entire process lacks the legitimacy or efficacy needed to address the current economic and energy crisis," he added.