

To the IMF Executive Board,

I am writing on behalf of the Alliance for Climate Justice and Clean Energy (ACJCE), a Pakistani civil society alliance working for a just energy transition away from dirty fossil fuels and towards clean and renewable sources. We are reaching out to voice our concerns with the recent parleys between the International Monetary Fund (IMF) and the Government of Pakistan (GOP) regarding energy policy and fiscal reforms under the Fund's \$6 billion Extended Finance Facility (EFF) program for the GOP. These talks are of critical importance for the people of Pakistan given the economic and climate crisis the nation is currently facing.

The IMF wants the GOP to further liberalize the energy market and withdraw fuel and power subsidies as "prior actions" in order to resume the EFF loan. In our view, the combined effects of wide scale liberalization and a blanket removal of subsidies will leave large parts of Pakistani society even more vulnerable to poverty. This approach is likely to benefit the corporate sector, private housing societies, and affluent consumers at the expense of ordinary consumers whose interests will be badly served by inefficient and cash strapped government utilities unable to compete on behalf of the needy. IMF backed fiscal measures will also send the prices of energy and everyday goods skyrocketing, which coupled with the recent taxes on renewable technologies, will prevent marginalized sections of society from having any equitable access to energy. While targeted rather than blanket subsidies could be a potential solution, this assessment and developing the appropriate mechanisms for such targeted solutions ultimately requires the wider input and participation of civil society – especially vulnerable communities. Absent such a consultative process, no number of talks or negotiations are likely to yield effective solutions.

Even more alarming, is the IMF's reckless disregard for Pakistan's environmental needs as evidenced by its recent sabotaging of the nation's efforts for a just energy transition. We remind you of concerns raised in our (thus far unacknowledged) letter to your Board dated 1<sup>st</sup> of February 2022, in which we detail the devastating environmental and social impacts of the recent IMF backed taxes on renewable energy technologies. This ill-advised regime of taxes imposed on solar panels, wind turbines, electric vehicles and related equipment is completely out of sync with Pakistan's environmental and energy policies and is presently crippling the nascent renewable energy market. IMF interventions are therefore directly threatening the country's ability to meet its national and international climate obligations. These concerns have also been explained in great detail at the civil society meeting with the IMF's European Executive Directors on the 30<sup>th</sup> of March 2022 – again to no avail.

The Fund's neglect of the climate flies in the face of its public rhetoric and claims to have "stepped up" to climate change. In Pakistan's case this neglect borders on the duplicitous. The nation is presently at a critical juncture in its battle against climate damages. This is attested to by the record heat levels since March, and the severe water scarcity and forest fires that have since engulfed parts of the country. The IMF is well aware of Pakistan's climate vulnerability. Its 2021 staff statement on the EFF program explicitly identifies Pakistan's particular risk as one of "top ten countries with the largest damages from climate-related disasters" as a critical priority area. The Fund's 2021 climate strategy for members similarly identifies the "melting of the Himalayan glacier" and "changes in monsoon patterns" – Pakistan specific climate dangers – as major "tipping

points” in the global climate crisis. The same document declares that “for the IMF to live up to its mandate, it needs to assist its members in managing these challenges” through “adaption, mitigation, and resilience building measures.” The Fund however, is yet to develop any concrete measures or provide specific assistance for countering climate impacts under the EFF loan or any other program. This neglect also runs counter to the Fund’s purported goal of “ensuring adequate protection for the most vulnerable,” given that the economic and social fallouts of climate damages disproportionately impact women, children, and the poorest sections of the populace. We therefore, call upon your office to address the systemic failings which have led to this sorry state of affairs.

Given the drastic economic, environmental, and social consequences of the policy reform measures currently under deliberation, we strongly believe that finalizing them behind closed doors is both unreasonable and counterproductive. Even if enacted in good faith, such reforms remain limited at best, failing to utilize the rich resource of expertise and indigenous knowledge amongst civil society. We therefore reject the present talks for their non-transparent, insular, and unrepresentative nature. We urge you to take your parleys with GOP out of the boardrooms and bring them into the open – discussing their suitability, significance and sustainability with civil society organizations, and the marginalized and climate vulnerable sections of the society who have historically borne the brunt of IMF imposed reforms and austerity measures. Similarly, independent expert reviews of any proposed reform measures must be carried out if the Fund is serious about its stated aims of countering “income inequality” and fostering “sustainable growth.” A robust participatory process – one that engages civil society and independent experts in a meaningful dialogue – is the only way forward if the mistakes of the past are to be corrected. It bears mentioning that civil society stakeholder consultations are recognized as a best practice amongst global financial institutions – the IMF lags badly behind in this regard.

In light of the factors cited above, we request you to urgently convene a meeting with the representatives of ACJCE and the organizations endorsing this letter, with the specific agenda of discussing the energy sector reforms currently being negotiated with the GOP as well as the Fund’s plan for climate action. We also expect the Board to uphold the Paris Agreement’s vision of “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development” by developing socially just and green financing solutions for Pakistan. Programs of debt forgiveness and solutions such as Debt-for-Nature swaps must therefore be a top priority for climate vulnerable countries like Pakistan saddled with debt and endemic poverty over years of failed IMF programs.

Awaiting your response.














Respectfully,












Zain Moulvi

Member Alliance for Climate Justice and Clean Energy (ACJCE)

Website: [www.acjce.com](http://www.acjce.com)

The following institutes, alliances, CSOs and citizens of Pakistan have endorsed this letter:

S#	Alliances Names	CSO's Logo
1	Alliance for Climate Justice and Clean Energy (ACJCE)	 Alliance for Climate Justice & Clean Energy
2	Renewable Energy (RE) Coalition	
3	Grow Green Network, Pakistan	
4	Indus Consortium for Humanitarian, Environmental And Development Initiatives	
S#	CSO's Names	CSO's Logo
5	Alternative Law Collectives	
6	The Knowledge Forum	
7	Visionary Forum	
8	Policy Research Institute for Equitable Development (PRIED)	
9	Youth initiatives	
10	Renewable First	
11	Doaba Foundation	
12	Health Education and Life Protection (HELP) Foundation	
13	Initiative for Participatory Development through Peace (IPDP)	
14	Social Youth Council of Patriots (Sycop)	
15	Participatory Welfare Services (PWS)	

16	Tanzeem Tahafuz-e-Maholiat, Enviornmental Proteciton Organisation (EPO)	
17	Al- Rehmat Welfare Society (ARWS)	
18	Social Welfare and Community Development Society (SWCDS)	
19	Cholistan Development Council (CDC)	
20	Good Thinker Organization (GTO)	
21	Saiban Kissan Society (SKS)	
22	Village Shadabad Organization (VSO)	
23	National Disability & Development Forum (NDF)	
24	Laar Humanitarian Development Program (LHDP)	
25	Advocacy, Research, Training and Services (ARTS) Foundation	
26	Sustainable Development Foundation (SDF)	
27	National Advocacy for Rights of Innocent (NARI) Foundation	
28	Village Development Organization (VDO)	
29	Marvi Rural Development Organization (MRDO)	
30	Sindh Community Foundation (SCF)	
31	Sukaar Foundation	

32	Civil Society Support Programme (CSSP)	
33	Pakistan Institute of Labour Education and Research, Karachi	
34	Sindh Agricultural and Forestry Workers Coordinating Organization (Safwco)	
35	Foundation for Rural Development (FRD)	
36	Bright Star Development Society Balochistan (BSDSB)	
37	Darya Lab	
<b>S#</b>	<b>Citizen's Names</b>	<b>Designation</b>
38	Dr. Ikramul Haq	Advocate Supreme Court International Tax Counsel
39	Dr. Farzana Bari	Ex- Director Gender Studies Center, Quaid-e-Azam University, Islamabad
40	Mushtaq Gadi	Quaid-eAzam University, Islamabad
41	Asim Jafferri	Fair Finance Pakistan
42	Dr. Raza Ali Khan	Chairman Dept. of Economics & Management Sciences NED University of Engineering and Technology
43	Mustafa Mirani	Pakistan Fisherfolk Forum
44	Ashfaque A. Soomro	Executive Director   Research and Development Foundation (RDF)
45	Dr. Muhammad Ismail Kumbhar Professor,	Sindh Agriculture University Tandojam
46	Saeed Baloch	General Secretary, Pakistan Fisherfolk Forum
47	Saima Zia	Crofter Foundation
48	Khalid Saifullah Khan	PhD. Scholar
49	Sabahat Javed	Youth activists
50	Asad Farooq	Lahore University Management Sciences

