Pakistan’s journey in the past year coincided with the induction of a new coalition government coming to power and entering a 37-month programme with the International Monetary Fund (IMF). Compliance with the IMF has helped the country in servicing its external debt on time, reducing current account and fiscal imbalances, maintaining a market-driven exchange rate, lowering the rate of inflation and interest rates, and boosting the stock market uptick. In other words, macroeconomic stability indicators are on the right track.

However, progress in achieving the objective of this being the last IMF programme has been patchy. Although the finance minister has been making the right pronouncements, the difficult agenda of:

a) raising private investment rate targeted towards industry, agriculture and exports; b) restructuring and privatisation of loss-making state-owned enterprises; c) simplifying tax code digitalising and broad-basing tax structure; d) ease of doing business by deregulation; e) improved federal-provincial fiscal coordination; f) devolving administrative power and decentralising financial resources to directly elected local governments; g) reorganising the structure, processes and incentives of provincial and federal governments; h) tackling the energy circular debt problem; i) investing in human capital, research and development; and j) moving from non-targeted to targeted subsidies for the poor, have not been seriously acted upon yet.

Now, the task for 2025 is to consolidate stabilisation measures but, at the same time, accelerate the pace of implementation of the structural reform agenda by reaching a broad-based consensus in the parliament.

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