

Mehtab Haider

\$6 billion bailout: Pakistan to seek IMF waiver after FATF decision

ISLAMABAD: Pakistan will have to seek the IMF waiver on structural benchmark condition with regard to \$6 billion bailout after the Financial Action Task Force (FATF) retained its greylist status for an extended period up to February 2020 in its October 13 to 18 plenary meeting at Paris. Under the structural benchmark of IMF-sponsored bailout package of \$6 billion, Pakistan was bound to exit the FATF list by end October 2019.

“The Pakistani authorities will have to explain before the IMF’s upcoming review mission the progress made by Islamabad on the FATF front. The country may have to seek a waiver on structural benchmark condition,” said top official sources while to The News on Friday. The sources said the exact course of action would be determined on the eve of upcoming review talks that were expected to be held by end of the ongoing month.

Although, the venue of the upcoming review meeting is yet to be finalised, the Ministry of Finance insists that the IMF and other donors’ mission would be held in accordance with their set schedules.

Talking to The News, former economic advisor and renowned economist Dr Ashfaq Hassan Khan said Pakistan had made good progress on the FATF conditions and could comply on the remaining requirements till Feb 2020.

However, the sources said there was a general consensus in Pakistan that the FATF issue involves politics, as Afghanistan was not on the greylist but Pakistan had placed on it.

On FATF, the IMF stated in its reports that the effectiveness of Pakistan’s AML/CFT regime must be urgently strengthened to support its exit from the Financial Action Task Force (FATF) list of jurisdictions with serious deficiencies.

Pakistan was placed on the FATF list in June 2018 owing to shortcomings in effectively addressing terrorist financing risks. The authorities are stepping up efforts to implement all measures committed to in an action plan with the FATF (end-October 2019 structural benchmark) to support the country’s exit from the FATF list.

The National Executive Committee (NEC) is monitoring and coordinating efforts to implement the FATF action plan.

The IMF report states that finally, a potential blacklisting by FATF could result in a freeze of capital inflows to Pakistan, jeopardizing the financing assurances under the programme.

Pakistan has assured the IMF that they will urgently strengthen the AML/CFT framework in line with international standards to support the country’s exit from the FATF list of jurisdictions with serious deficiencies.