

# Meeting the conditions for the IMF Loan

## From role model to a nervous student



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In April, Dhaka was abuzz with news about the visiting IMF mission and their discussions with the government. Questions that made rounds included whether the conditions agreed upon by the country for obtaining the loan of \$4.7 billion could be met and what might be the consequences of failure. While answers to such questions may not be simple, a look at the relevant issues may provide some clues.

### Loan from the IMF: A repeat of similar experiences

It may be recalled that from a stable macroeconomic environment, by the third quarter of 2022, the economy of Bangladesh was confronted with several challenges on the macroeconomic front – balance of payments deficit, depletion of foreign exchange reserve, depreciation of taka and rising inflation.

Rather than trying to meet the challenges on its own, the government went for a loan from the IMF, and a credit programme for \$4.7 billion to \$3.3 billion from the Extended Credit Facility (ECF) and \$1.4 from the Resilience and Sustainability Facility (RSF) – agreed upon in January 2023. The duration of the loan is 42 months, and it will be disbursed in seven instalments – subject to satisfactory review by the agency.

This is the 11th time Bangladesh has gone for loan from the IMF – the last being in 2012. And there is a degree of similarity in the background as well as the contents and conditions of such loans. The

loan of 2012, for example, was preceded by circumstances very similar to those in 2022 – worsening of balance of payments deficit, pressure on the exchange rate, uptick in inflation, and weaknesses in financial management and supervision. The stated objectives of bringing back macroeconomic stability and returning to the path of growth also appear to be similar. In the current programme, mention is made of social spending, but there is nothing on how to protect the poor and low-income people from the fallout of the stabilisation measures like increases in the prices of fuel oil, electricity and overall food inflation. Employment is mentioned in the government's memo simply with a cryptic reference to the 8th Plan.

### Conditions galore

As is well-known, credit from the IMF comes with strings attached, and the latest one is no exception. They have been categorised under: (i) Quantitative Performance Criteria (QPC); (ii) Indicative Targets (IT); and (iii) Structural Benchmarks (SB). In addition to the conditions of the ECF, the fund from RSF comes with 11 “reform measures”.

The QPC include floors on net international reserves – to be raised to the level of four months' import by 2026, and fiscal deficit to be limited to 3.3 percent of GDP. The ITs include floors on reserve money, tax revenue, capital investment of the government, and priority social spending. The “structural benchmarks” include: (i) measures for additional tax revenue of 0.5

percent of GDP in the budget of 2023-24; (ii) periodic adjustments in the prices of petroleum products and electricity; (iii) scrapping of the fixed interest rate regime and moving to an interest corridor system; (iv) move to market determined exchange rate; (v) calculation of net international reserves according to the IMF method; (vi) estimation of GDP on a

interest rate and fixed exchange rate regimes, etc. Likewise, the Bank Act, and the issue of non-performing loan have been in public discussion for a long time.

What is surprising is the target of limiting budget deficit to 3.6 percent of GDP. While unproductive public expenditure and wasted subsidies are not to be condoned, fiscal policy

too many conditions in the first 12 months of the loan programme is not only going to create tremendous pressures on the capacity of the government, it also raises question about the practicality of the whole programme.

As for the target of raising the net international reserve to four months' import cost, one would wonder why it should be difficult to attain this, especially for a country that only recently had attained the comfort of six months' import equivalent. Of course, that will require export proceeds to come back to the country in full and on time, and remittances through hundi to be brought down to previous normal levels. They, in turn will be contingent upon a stable and unified exchange rate reflecting the real value of the domestic currency. One can thus see that a number of the QPC, SB and IT are interlinked. It appears from media reports of statements by key policymakers and government officials that this is work in progress. So, one can hope that meeting some of the key conditions of the loan should not be a major issue. Of course, the ability to meet strict deadlines set in the agreement is another matter.

Several of the structural benchmarks like shifting to a corridor system for interest rate and market determined exchange rate, raising tax revenues, increasing prices of petrol and electricity, reducing public expenditures, moving ahead with the Bank Companies Act, etc. are political decisions. Once such decisions are made, it would be a matter of meeting deadlines. Of course, some, like raising administered prices are easier than others. And that's why we see them coming more frequently. It may be recalled that during the 2012 loan programme, prices of petrol and electricity were raised several times. Likewise, in 2022, price hike started even before the loan agreement was made, and more are expected to follow.

### Repeat of the past: From role model to a nervous student?

The conclusion that follows from experience is that the easier of the measures (e.g., raising administered prices) are likely to be adopted quickly and regularly, those that are critical for passing the periodic reviews and ensuring smooth disbursements will also be undertaken – even if deadlines are missed, and the more complex ones may remain as work in progress. What will happen to negotiations and disbursements in actual practice remains to be seen. But if the past is any guide, both sides are likely to strive to conclude the programme in a respectable manner so that its success can be claimed.

The press release of the IMF (October 21, 2015) at the conclusion of the last two reviews and disbursement of the last instalment of the 2012 loan can be instructive in the above context.

It mentioned the success of the programme in bringing back macroeconomic stability and putting the economy back on its growth path, but reminded of the unfinished agenda of reforms including financial management and reduction of subsidies through further hikes in administered prices as well as “better labour rights and safer working conditions”.

The years after 2015 saw acceleration in GDP growth coupled with increase in income inequality, fall in employment growth, decline in real wages, and continued vulnerability of the poor and near-poor. And in less than one year in 2022, the economy lost wind to such an extent that the government had to turn to IMF for assistance – at least for obtaining some breathing time/space. A country that was being lauded as a role model has now become a nervous student under strict supervision and tutelage. But the result may be increased difficulty in breathing for the poor and the vulnerable.



VISUAL: STAR

quarterly basis; (vii) moving fast with the adoption of the Bank Companies (Amendment) Act, 2020, and the Finance Companies Act 2020; and (viii) reporting of banks' distressed assets. All these measures are due for implementation in 2023.

The MOU attached to the IMF report also includes inflation target of 5-6 percent, additional tax revenue of 1.7 percent of GDP by 2026, and limiting public debt to 45 percent of GDP.

While some of these goals and targets are quite reasonable and the government should have been working on them anyway, there are those which raise questions. For example, there was no need to submit to the IMF for aiming at restoring the foreign exchange reserve to a more comfortable level, raising tax revenue (low tax-GDP ratio of the country has long been a subject of discussion), abandoning the fixed

should be an integral part of the government's strategy to address the current macroeconomic challenges. When restrictive monetary policy is used to fight inflation and stabilise exchange rate, fiscal policy should be used to adopt countervailing measures for preventing a slowdown in output and employment growth. Also, public expenditure is crucial for maintaining, strengthening and expanding the social safety nets when prices of fuel are periodically adjusted and prices of consumer goods rise in tandem.

### Now the difficult part: Meeting the conditions

Qualifying for a loan from the IMF was easy for Bangladesh, but the real challenge would be to meet the conditions and satisfy the creditor in six reviews that will come in the next three years. Although it should not be difficult to meet several of the conditions, frontloading of

## INTERNATIONAL MOTHER'S DAY

# The untold story of an unfinished journey to motherhood



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Mother's Day comes with mixed baggage. On the one hand, mothers – who most likely have sacrificed years and years of their lives, career, and passion for raising their children in a sexist and thankless society where fathers were probably not emotionally or logistically available – get one special day when they can expect to hear words of appreciation from children and the community. On the other hand, a heavily corporatised Mother's Day romanticises the concept of motherhood in a society where motherhood is not always a choice for women. The worth of womanhood is often determined by whether a woman falls within a restrictive, narrow definition of motherhood and can give birth to a certain kind of biological offspring – most often an able-bodied, male baby. We do not appreciate mothers who are single, who are not in a heteronormative relationship and marriage, who are stepmothers, who are adoptive mothers, who have used egg/sperm/embryo donations, who have used surrogates to give birth to their babies, or who have rented their wombs in exchange of some much-needed financial resources.

It is, therefore, not surprising that society will forget about the journey to motherhood that does not experience a happy ending. I am talking about pregnancy loss, also known as miscarriage or spontaneous abortion, in English. We don't even have a Bangla word for this unique experience. “Gorbhopaat” is an umbrella term that is used for both

miscarriages and abortions. The word “gorbhopaat” has a negative connotation, as if something, which was not supposed to fall, has fallen down (“paat” or “poton”). Similarly, the prefix “mis” in “miscarriage” indicates something that has happened inefficiently or wrongly.

At least one in four pregnancies ends in a miscarriage. To put things into perspective, 34,15,316 babies were born in Bangladesh in 2022, which means more than eleven lakh women experienced pregnancy loss last year! That is a huge number.

How many birth announcements or happy pregnancy photoshoots did you see on social media last year? Do you remember seeing any social media posts grieving the loss of a pregnancy? Where are the stories of the eleven lakh women?

It's not like we never grieve our personal losses with our community members. When we lose our parents, family members, friends, or coworkers, we share the news and usually get support from family and friends. We host social and/or religious events commemorating our time with our loved ones. The time we spend on grieving and the support we receive from the community help us process the loss and heal.

However, when women willingly decide to carry on a pregnancy and then lose it, they can rarely share the news and receive similar support. Pregnancy loss often comes with a sense of guilt that might be imposed by self or others. A sexist society would not stop for a second to blame women who

have just suffered a tremendous loss. Remarks like, “you should not have eaten this,” “you should not have traveled or gone to work,” or “you should have started trying for a baby earlier”, are some of the commonly heard remarks that are thrown at women who have just experienced a traumatic loss.

insensitive remarks or getting triggered. As a result, they may suffer in isolation and experience a lack of meaningful human interactions needed to survive critical times.

Family and community members do not always play the most supportive roles. It is very



VISUAL: REHNUMA PROSHOON

Therefore, many women opt out of sharing their experiences outside their trusted circles. As a result, they don't receive the support they perhaps would have received if they had lost a family member.

The judgmental remarks women get after pregnancy loss may leave long-term dents. Women may experience a feeling of shame and lack of self-esteem, as if their bodies failed to do something that they were supposed to do. However, scientifically speaking, most early pregnancy losses happen due to chromosomal anomalies entirely out of the control of human beings. By default, the first mitotic division of human embryos is highly prone to errors.

Pregnancy loss may create a sense of fear and confusion as women cannot figure out what exactly is wrong with their bodies or whether their bodies will ever be able to carry a healthy baby to the full term. Many women confine themselves within their homes or close circles to avoid facing

common for married women to hear from elders and other family members, “when are you going to have a baby?” – as if having a baby should be the inevitable next step to getting married and as if the couples are obliged to provide some public explanation about their reproductive choices. Sometimes women remain under direct or indirect pressure from family members to have a baby. A pregnancy loss, therefore, just worsens their situation.

About 20 percent of women experiencing a pregnancy loss suffer from symptomatic depression and/or anxiety. The symptoms may linger for up to three years, impacting their everyday lives, conjugal and communal relationships, future pregnancies, and how they would raise kids in the future. This means more than two lakh women in Bangladesh suffered from chronic depression and/or anxiety due to pregnancy loss in 2022. Very few of them have access to much-

needed therapy, medications, and appropriate mental health support.

The forgotten character in the scenario of a pregnancy loss is the male partner. Due to our problematic gender socialisation, men often don't learn how to express and process emotions. They don't cry, they don't grieve, and many of them may feel like they must stay stronger for their partners. This takes a heavy toll on their health and well-being. Studies have shown that men also suffer from anxiety, depression, despair, and difficulty in coping following a pregnancy loss.

What can we do to better support people who experience pregnancy loss?

We can try to be more sensitive about how we respond. There is no need to blame someone or remind them about what they might have done wrong, especially when they might already be blaming themselves for the pregnancy loss. Saying things like, “everything happens for a reason” or, “it must have happened for the best” does not really help with guilt. There is no need to remind that miscarriages are very common because that does not help with heartbreak. There is no need to say that their babies are in a better place because no mother would want their babies to die and go to a “better place.”

There is no need to tell women that it was a good thing that the loss happened early in the pregnancy. It might have been just an embryo or a fetus – a very early stage of human development – and not a full-grown human baby who is able to survive on their own. Nevertheless, when someone decides to continue a pregnancy, that means they have already invested their time, emotion, and body in a long, demanding project. They have committed to suffering and experiencing extreme pain – willingly and with love. They have

started to dream of a happy future. So, there is no need to disrespect this dream and tell them it was just a fetus with some chromosomal abnormality or disability.

Instead, we can try to provide a non-judgmental space to people who suffer pregnancy loss. We can check in with them, listen to their feelings, and ask what we can do for them. We can offer words of affirmation and affinity. We can specifically check in with the forgotten male partners and give them space to process their feelings.

We can also start to tell our stories. We need to normalise talking about pregnancy losses. In popular media, we would often see someone have sex just once, and then they get pregnant, and the next thing you know is that they had a perfectly healthy, happy baby. Real life can be very different from the media representation. We need diverse representation of difficult pregnancies, pregnancy losses, and fertility struggles for both women and men.

Bangladesh has a fantastic paid maternity leave provision, which is much more progressive than many powerful countries such as the United States. However, currently, we have no legislation addressing people who experience pregnancy loss. Countries such as Indonesia, Taiwan, Philippines, Mauritius, and India offer varying degrees of paid leave to women and/or their partners if they experience a pregnancy loss. Bangladesh needs to do better.

Most importantly, we need to stop romanticising motherhood. Motherhood is a choice. It is a beautiful and rewarding experience but can also cause pain, stress, and suffering. Motherhood is not the ultimate destiny of women. Therefore, a pregnancy loss or not being able to be a mother – albeit an extremely painful experience – should not define the worth of a woman.