بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Headlines:

- **Pakistan's Rulers Beg for More Funds**
- **Egypt Vows to Cut Military's Outsized Role in Economy under IMF Bailout**
- **Ukraine War Costs Increase for Moscow**

Details:

Pakistan's Rulers Beg for More Funds

The international community has promised more than $9 billion to help Pakistan rebuild after last summer's catastrophic floods, described by UN Secretary General António Guterres as a "monsoon on steroids." The pledges were made at the International Conference on Climate Resilient Pakistan in Geneva, Switzerland, hosted by Pakistan's prime minister Muhammad Shehbaz Sharif and Guterres. Sharif has said Pakistan needs a minimum of $16.3 billion over the next three years to begin recovery and reconstruction, half of which will be met by domestic resources. The largest commitment – $4.2 billion – came from the Islamic Development Bank Group. World Bank Vice-President for South Asia, Martin Raiser, announced a $2 billion contribution. Pakistan is expected to make repayments of up to $23 billion in 2023 including to multilateral organisations such as the IMF and the World Bank. One would think having this debt written off would be the place to start for Pakistan's rulers rather than begging for further funds.

Egypt Vows to Cut Military's Outsized Role in Economy under IMF Bailout

Egypt has committed to reducing the military's role in the economy as part of its $3bn IMF bailout package, as the Arab state grapples with a foreign currency crisis, a weakening pound and rising inflation. The IMF said in a statement that "critical" structural reforms to which Cairo had agreed included "levelling the playing field between the public and private sector" as part of a state-ownership policy endorsed by President Abdel Fattah al-Sisi. The fund said the policy would cover all state-owned enterprises, including "military-owned companies", in a rare acknowledgment by the IMF of how the army has expanded its footprint across Egypt's economy since the former army chief seized power in a 2013 coup. Economists and Egyptian businessmen have long complained that the military's role in the economy crowded out the private sector and scared away foreign investors. The army, the country's most powerful institution, is exempted from some taxes and its businesses are notoriously opaque. Cairo was forced to go to the IMF last year after foreign investors withdrew about $20 billion from Egypt's debt markets around the time of Russia's invasion of Ukraine. The capital outflow triggered a foreign currency crisis and forced Cairo to turn to Gulf States for a multibillion-dollar bailout. Businessmen hope the scale of the current crisis will now force the authorities to act. But Sisi's regime has previously pledged to reduce the military's role in the economy and privatise army-owned companies, but little progress was made.

Ukraine War Costs Increase for Moscow

In a rare acknowledgment, Russia's minister of finance has admitted to Russia's worsening public finances. The war in Ukraine is costing Russia more than it generated from record oil and gas revenues, with the country's budget gap widening significantly in 2022. The public deficit for last year was $48bn, according to Finance Minister Anton Siluanov. Before Russia invaded Ukraine in February last year, Moscow had predicted a budget surplus. But this official admission of worsening public finances comes despite record oil and gas revenues as a result of persistently high energy prices and Moscow's ability to redirect its oil exports to Asia. Moscow covered the deficit by redirecting money from Russia's sovereign wealth fund, state borrowing and a one-time windfall tax on Gazprom, the state gas monopoly. It would seem Western sanctions are hitting Russia as the war in Ukraine drags on, whilst Russia has increased its revenues from energy and raw materials, the volume of exports has plunged, which means Russia is physically exporting less and this will have a major impact on the Russian economy as the war continues. We are now seeing this with Russia's finance minister admitting the increase in the nation's budget deficit.