



INTERNATIONAL MONETARY FUND

Search



ABOUT

RESEARCH

COUNTRIES

CAPACITY DEVELOPMENT

NEWS

VIDEOS

DATA

PUBLICATIONS

COVID-19

PRESS RELEASE NO. 23/261

## IMF Executive Board Approves US\$3 billion Stand-By Arrangement for Pakistan

July 12, 2023

- Pakistan's economic reform program aims to support immediate efforts to stabilize the economy and guard against shocks while creating the space for social and development spending to help the people of Pakistan.
- Steadfast policy implementation will be critical for Pakistan and the success of the program. This will require greater fiscal discipline, a market-determined exchange rate to absorb external pressures, and further progress on reforms related to the energy sector, climate resilience, and the business climate.
- The Fund's immediate disbursement will be SDR894 million (or about US\$1.2 billion).

**Washington, DC:** Today, the Executive Board of the International Monetary Fund (IMF) approved a 9-month Stand-By Arrangement (<https://www.imf.org/en/About/Factsheets/Sheets/2023/Stand-By-Arrangement-SBA>) (SBA) for Pakistan for an amount of SDR2,250 million (about \$3 billion, or 111 percent of quota) to support the authorities' economic stabilization program.

The arrangement comes at a challenging economic juncture for Pakistan. A difficult external environment, devastating floods, and policy missteps have led to large fiscal and external deficits, rising inflation, and eroded reserve buffers in FY23.

Pakistan's new SBA-supported program will provide a policy anchor for addressing domestic and external imbalances and a framework for financial support from multilateral and bilateral partners. The program will focus on (1) implementation of the FY24 budget to facilitate Pakistan's needed fiscal adjustment and ensure debt sustainability, while protecting critical social spending; (2) a return to a market-determined exchange rate and proper FX market functioning to absorb external shocks and eliminate FX shortages; (3) an appropriately tight monetary policy aimed at disinflation; and (4) further progress on structural reforms, particularly with regard to energy sector viability, SOE governance, and climate resilience.

The Executive Board's approval allows for an immediate disbursement of SDR894 million (or about US\$1.2 billion). The remaining amount will be phased over the program's duration, subject to two quarterly reviews.

### Pakistan: Selected Economic Indicators, FY2022–FY2024 1/

Population: 231.6 million (2022/23)

Per capita GDP: US\$1,642 (FY2022)