

The troubling reality of LOANS TO PAKISTAN

Standby Arrangement

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Exponentially rising lending amount

A substantial increase in the amount of money taken from the IMF over the last 2 decades has put Pakistan into a difficult debt trap it has little chance of escaping without proper structural reforms.

IMF Lending Commitments with Pakistan (1958-2023)



Dec 08, Mar 16, Oct 17, May 18, Aug 11, Nov 11, Mar 09, Nov 24, Dec 02, Dec 28, Dec 28, Sep 16, Feb 22, Feb 22, Dec 13, Oct 20, Oct 20, Nov 29, Dec 06, Nov 24, Sep 04, Jul 03, July 12, 1981 1988 2013 1977 1980 1988 1993 1997 2001

Arrangement

Credit Facility

Fund Facility

Arrangement

Source: IMF

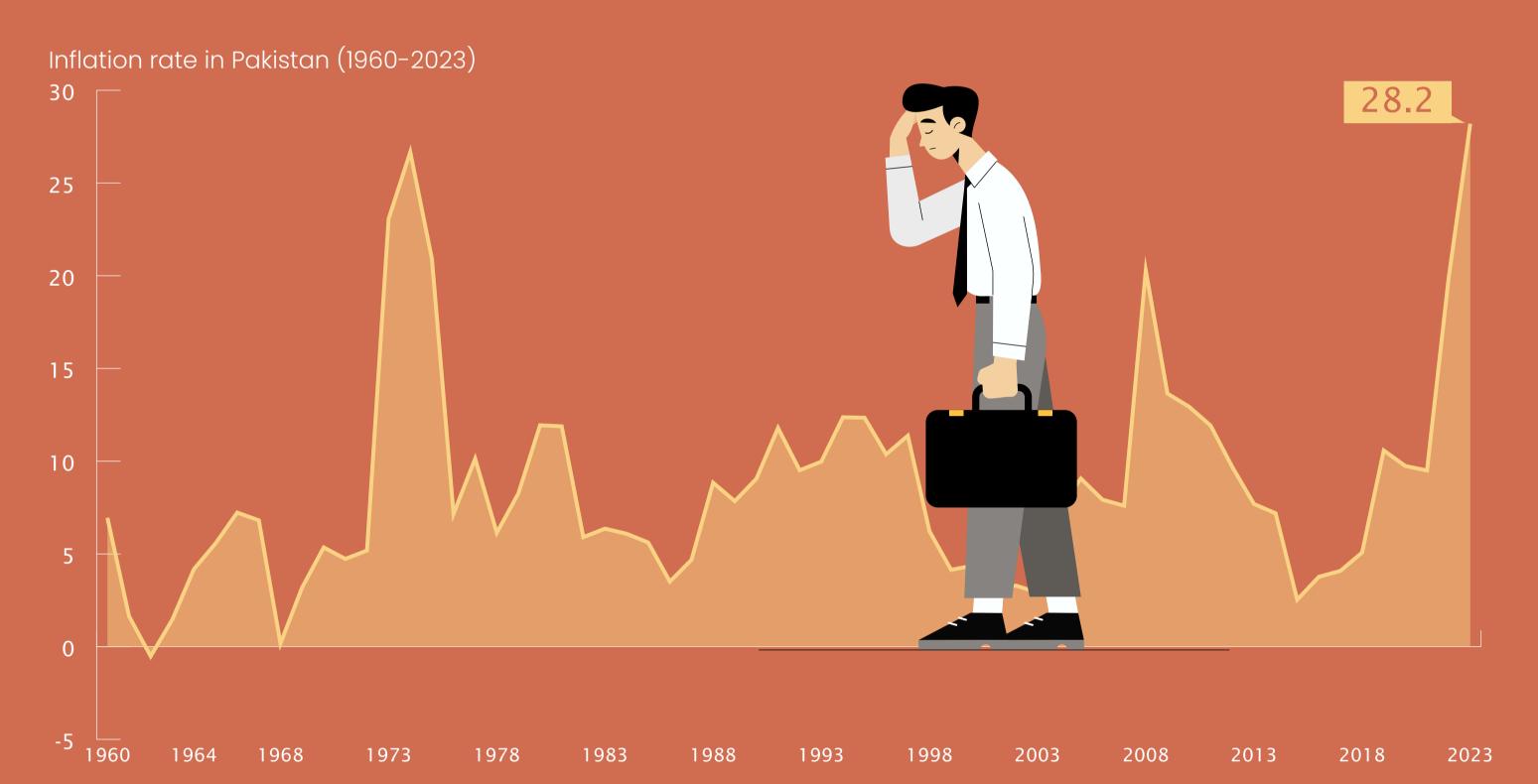
\$3,015,000,000



Arrangement

Increased inflationary pressure

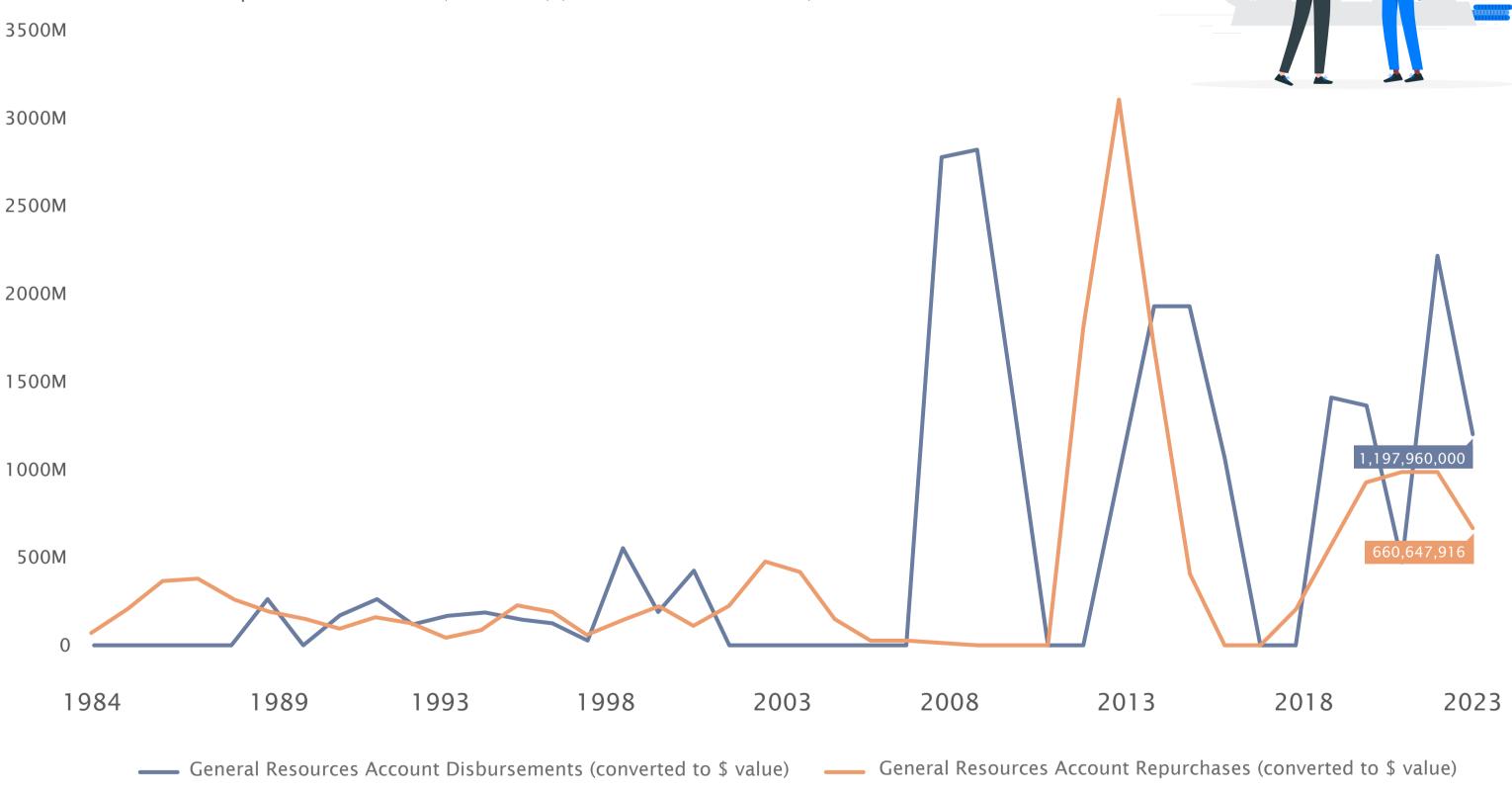
Time periods with IMF lending are marked with subsequent rising inflationary pressures



Source: World Bank

Crippling repayment loop With recent extreme hikes in disbursements, the pressure to timely

repay has grown beyond Pakistan's capabilities, making defaults only a matter of time at this rate. IMF Disbursements and Repurchases to Pakistan (1984-2023) (General Resources Account)



Source: IMF

While granting temporary financial relief, IMF policy guides often require a reduction in fiscal policy, leading governments to reducing many expenditures, particularly development expenditure.

Stifling government expenditure

Government consumption expenditure (% of GDP) 1960-2023 20

