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Pakistan's Crypto and AI Energy Plan Hits IMF Roadblock Amid Economic Strain

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Pakistan's bid to tap into its surplus electricity by powering energy-intensive sectors like cryptocurrency mining and artificial intelligence (AI) is now in limbo after the International Monetary Fund (IMF) refused to back the proposal. Despite the government's efforts to turn dormant energy assets into economic opportunity, the IMF raised concerns over potential risks to the country's fragile power sector and broader economy.

In recent remarks to the Senate Standing Committee on Energy, Secretary of Power Fakhar Alam Irfan confirmed that Pakistan must now seek international clearance for any major energy initiative. According to Irfan, the IMF rejected a proposed subsidized electricity rate of PKR 22–23 per kilowatt-hour (approximately \$0.80), which the Power Division had hoped

to extend to high-consumption industries, including crypto mining, aluminum smelting, and large-scale data centers.

The plan had been developed to increase energy demand in areas with a power surplus, particularly in the south. The Power Division argued that these targeted subsidies could create new economic activity without requiring new infrastructure. However, the IMF viewed the policy as a risky market distortion.

The Pakistan Crypto Council (PCC), a newly formed body aimed at advancing digital assets in the country, had backed the proposal. Its CEO, Bilal Bin Saqib, who also advises the finance minister, was one of the main architects of the plan. Earlier this year, the PCC presented a strategy to convert unused energy capacity into profitable ventures through crypto mining operations and AI computing centers, particularly in districts where electricity is underutilized.

Saqib and his team had also announced initiatives to cement Pakistan's role in digital finance. These included the creation of a Strategic Bitcoin Reserve, using existing Bitcoin (BTC) assets reportedly held by the federal government, and the development of a national Bitcoin wallet. These moves were touted as steps toward building Pakistan's credibility in blockchain infrastructure. According to Saqib, the election of pro-crypto U.S. President Donald Trump inspired their policy shift, giving the administration confidence to lean into emerging technologies that many Western nations are already exploring.

But the IMF's latest intervention has poured cold water on Pakistan's ambitions. Citing fears of economic imbalance, market inefficiencies, and further strain on the already troubled power sector, the IMF warned against selective subsidies that echo failed policies of the past. Pakistan has a long history of poorly managed state interventions that have destabilized entire industries.

Additionally, members of the Senate Committee criticized the absence of the Federal Power Minister during last week's hearing and raised fresh concerns about ongoing "forced" load shedding in several districts, particularly Tharparkar, Matiari, and Umerkot, where blackouts of up to 14 hours persist despite regular payments by residents.

Nonetheless, Irfan clarified that the proposal has not been officially shelved. The Power Division is now in dialogue with other international institutions, including the World Bank, to

revise the policy and make it more sustainable. He emphasized that the goal remains: to find a productive use for excess power without compromising economic stability.

With Pakistan seeking to modernize and position itself as a digital innovation hub, the path forward will require careful balancing between ambition and fiscal responsibility. While the crypto and AI sectors offer long-term potential, external oversight from bodies like the IMF continues to shape the limits of what is currently feasible.