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Pakistan Secures Over \$22 Billion in Foreign Funding Amid Shortfall Concerns

July 23, 2025

– Categories: *Economics*



Pakistan managed to secure over \$22 billion in external funding during the fiscal year 2024 to 2025, a figure that includes nearly \$2 billion from the International Monetary Fund (IMF). According to newly released data by the Economic Affairs Division (EAD), the inflows helped the country steer clear of an immediate foreign exchange crisis. However, the shortfall against its set financing goals has raised fresh concerns about the country's heavy reliance on short term debt instruments and bilateral rollovers.

Despite the sizable headline figure, the country fell short of its official external financing target by more than \$7.2 billion. Islamabad had aimed to raise \$19.35 billion in foreign loans and grants during the fiscal year, but actual net inflows stood at only \$12.13 billion. The gap underscores the difficulties Pakistan continues to face in attracting sustainable and long term external funding from multilateral and market-based sources. With a fragile macroeconomic framework and persistently low investor confidence, much of the recent financing appears to be short term and politically driven.

Notably, around \$8 billion of the total support came in the form of rollovers from allied countries including China, Saudi Arabia, and the United Arab Emirates. These friendly rollovers have been pivotal in maintaining Pakistan's foreign exchange reserves and staving off a balance of payments crisis. However, reliance on such arrangements rather than structural reforms and investment-friendly policies may only delay deeper fiscal imbalances. The IMF's contribution, though helpful, has come with demands for tighter fiscal discipline and greater transparency, which remain difficult for successive governments to consistently deliver.



In the broader context, the latest funding update paints a mixed picture. While the country has avoided a full-blown financial meltdown for now, its growing dependence on temporary fixes and diplomatic lifelines signals deeper challenges ahead. For Pakistan to regain long term economic credibility, policymakers must pursue fundamental structural reforms, foster private sector growth, and enhance governance in financial management. Without decisive action, each fiscal year risks becoming another cycle of borrowing to stay afloat, rather than building a foundation for real economic stability.