



HALF YEAR REPORT (JULY-DECEMBER)

2024-25

Foreign Economic Assistance

Ministry of Economic Affairs

Preface

Ministry of Economic Affairs (MoEA) has prepared “*Report on Foreign Economic Assistance (July-December 2024-25)*”, which provides an overview of Pakistan’s external inflows, external outflows, external public debt and debt servicing. The data and analysis presented here is a result of consultative analysis and careful assessment. This report provides valuable information for academia, researchers, economists, policy makers and local & international development partners on the status of external economic assistance for Pakistan.

The report is structured into four chapters. Chapter 1 sets the rationale and procedure for accessing external economic assistance; Chapter 2 outlines the total commitments of the Development Partners to Government of Pakistan for the period July-December 2024-25; Chapter 3 details the total disbursements made by the Development Partners during July-December 2024-25 and Chapter 4 provides an overview of external public debt and its servicing.

Data of the report has been provided by the Debt Management and Financial Analysis System (DMFAS) Database managed by the Debt Recording and Reporting Center (DRRC), MoEA.

We hope that this report will be useful for all the readers/stakeholders. Comments and suggestions for further improvements of this report are welcome via email at policy-1@ead.gov.pk

Muhammad Asif
Chief (Policy)

Islamabad, May 2025

Executive Summary

Foreign Economic Assistance (FEA) serves a vital role in supporting the economic development and welfare of developing countries. The FEA is channelized primarily through two sources a) multilateral and b) bilateral development partners under multilateral and bilateral arrangements to support developing economies in addressing fiscal imbalances, enhancing foreign exchange reserves, and financing development initiatives aimed at sustainable economic growth.

This report presents an overview of FEA committed and disbursed to the Government of Pakistan from bilateral and multilateral development partners for the period July – December 2024-25, encompassing both loans and grants. Data/information is obtained from the Debt Management & Financial Analysis System (DMFAS) maintained by the Ministry of Economic Affairs.

In terms of new commitments, the Government of Pakistan signed new agreements worth US\$ 2,500 million in the period Jul-Dec 2024-25. These commitments consist of US\$ 1,947 million from multilateral development partners, US\$ 53 million from bilateral development partners and US\$ 500 million from Foreign Commercial Banks. Out of these commitments, 20% was committed for BoP/budgetary support to strengthen foreign exchange reserves and stabilize the exchange rate, 33% as program financing, 36% as project financing, and 11% as commodity financing.

From Jul-Dec 2024-25, disbursements of US\$ 3,755 million were mainly under the project and program loans/grants from multilateral development partners, bilateral development partners and international financial institutions (IFIs). The World Bank, ADB and IsDB have been the largest contributors amongst the multilateral development partners, contributing US\$ 909 million, US\$ 518 million and US\$ 240 million, respectively. On the bilateral side, China emerged as the primary contributor to the total disbursement during the specified period, disbursing US\$ 246 million followed by France with US\$ 101 million.

As of 31st December 2024, Pakistan's total external public debt amounted to US\$ 86,622 million. The Government paid US\$ 6,105 million during the period Jul-Dec 2024-25 on account of debt servicing of external public loans. Of this, principal repayments were US\$ 4,230 million and interest payments were US\$ 1,875 million. Furthermore, the net transfers to the government's external public debt resulted in a negative balance, amounting to US\$ 1,730 million indicating a decrease in the external public debt stock.

Table of Contents

Preface	1
Executive Summary	2
List of Abbreviations	4
List of Figures & Tables	5

Chapters

1	1	Introduction	6
	1.1	Recording Procedures	7
2	2	New Commitments	8
	2.1	Mode of Financing of New Commitments	9
	2.2	Sectoral Distribution of New Commitments	10
3	3	Disbursements	11
	3.1	Composition of Disbursements	11
	3.2	Mode of Disbursements	12
	3.3	Sectoral Distribution of Disbursements	13
4	4	External Public Debt	14
	4.1	Composition of External Public Debt	15
	4.2	External Public Debt Servicing	16
	4.3	Net Transfers	17
	4.4	Conclusion	17

List of Abbreviations

WB	World Bank
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
DMFAS	Debt Management and Financial Analysis System
MoEA	Ministry of Economic Affairs
EU	European Union
FEA	Foreign Economic Assistance
IMF	International Monetary Fund
IsDB	Islamic Development Bank
IFAD	International Fund for Agriculture Development
OECD	Organization for Economic Co-operation & Economic Development
IBRD	International Bank for Reconstruction & Development
SAFE	State Administration of Foreign Exchange of the People's Republic of China
SBP	State Bank of Pakistan
SFD	Saudi Fund for Development
UK	United Kingdom
UN	United Nations
USA	United States of America
NPC	Naya Pakistan Certificate

List of Figures & Tables

Figure 1: Procedure of External Public Debt Recording	7
Figure 2: Composition of New Commitments (US\$ Million)	9
Figure 3: Mode of Commitments (US\$ Million)	10
Figure 4: Sector-wise Composition of New Commitments (Project Financing).....	10
Figure 5: Composition of Disbursements (US\$ Million)	11
Figure 6: FEA Disbursements by Major Development Partners (US\$ Million).....	12
Figure 7: Mode of Disbursements (US\$ Million).....	12
Table 1: Sector-wise Composition of Disbursement (Project Financing) (US\$ Million)	13
Table 2: Total External Public Debt (US\$ Million)	15
Figure 8: Composition of External Public Debt (as of 31 st December, 2024).....	15
Table 3: External Public Debt Servicing (US\$ Million)	16
Table 4: Net Transfers (US\$ Million)	17

1. Introduction

Foreign Economic Assistance (FEA) can be defined as “government aid designed to promote the economic development and welfare of developing countries”¹. It includes concessional loans, grants and technical assistance which is provided bilaterally or through multilateral agencies such as the World Bank, Asian Development Bank (ADB), Islamic Development Bank (IsDB), Asian Infrastructure Investment Bank (AIIB), United Nations (UN), European Union etc. The purpose of obtaining FEA is to undertake social and economic development projects with a larger and sustainable impact on public welfare. Foreign assisted programs also help developing countries in achieving higher and sustainable economic growth through adoption of economic reforms and greater economic integration. It provides immediate relief to the developing countries facing fiscal imbalances and facilitates them in achieving their intended development objectives.

This report intends to provide first-hand information about the FEA (both loan/grant) received by the Government of Pakistan from multilateral and bilateral development partners from Jul-Dec 2024 - 25. Data is obtained from the Debt Management and Financial Analysis System (DMFAS) database maintained by the Debt Recording and Reporting Centre (DRRC) of the Ministry of Economic Affairs (MoEA).

The Government of Pakistan has been receiving foreign assistance mainly to achieve two major objectives:

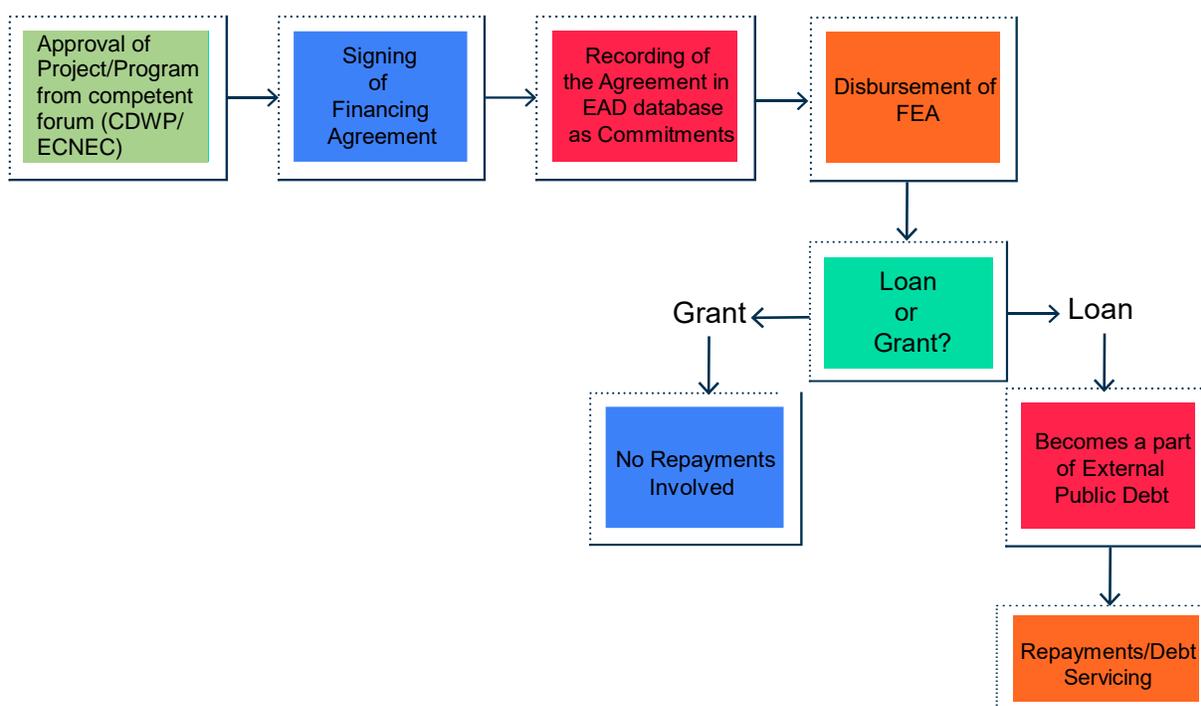
- (a) sustainable social and economic growth as envisioned in its development plans as well as to meet SDGs targets specifically to reduce poverty and inequality; and*
- (b) address the fiscal imbalances for enhanced macroeconomic stability.*

¹ OECD (2020), Net ODA (indicator). doi: 10.1787/33346549-en

1.1 Recording Procedure

The Rules of Business, 1973, empowers MoEA to compile and analyze FEA obtained from all multilateral and bilateral sources. Accordingly, MoEA maintains a database, namely DMFAS, to record the details of FEA committed or disbursed by the development partners from time to time. The complete cycle of data recording of FEA can be seen in the following flow chart:

Figure 1: Procedure of External Public Debt Recording



Source: PA&D Wing, Ministry of Economic Affairs

Based on the amortization schedule, repayment of the loan is managed by MoEA which coordinates with the relevant sponsoring/executing agencies, development partners, Finance Division and State Bank of Pakistan (SBP). MoEA also regularly conduct portfolio reviews of foreign funded projects/programs to ensure quick disbursements, optimal utilization and facilitate the sponsoring/executing agency for timely completion of projects/programs.

2. New Commitments

New commitments refer to the amounts of FEA committed by the development partners during the observed time, which are expected to be disbursed in the short to medium term². The new commitments are recorded by MoEA after the signing of “financing instrument” with each of the development partner. MoEA signs each instrument after due diligence and extensive consultations with all key stakeholders including Finance Division, Law and Justice Division and relevant sponsoring/executing agency of Federal/Provincial Governments. In addition to this, the foreign loans signed by the Finance Division are also recorded in the MoEA’s database as “Commitments”. The Finance Division mobilizes funds from the international financial institutions and capital markets in the mode of foreign commercial loans and through issuance of Eurobonds/Sukuk so as to stabilize foreign exchange reserves and provide budgetary/balance of payments support.



New Commitments

- For the period Jul-Dec 2024-25, Government of Pakistan signed new agreements worth US\$ 2,500 million as commitments
- US\$ 1,947 million with multilateral development partners
- US\$ 53 million with bilateral development partners
- US\$ 500 million with Commercial Banks

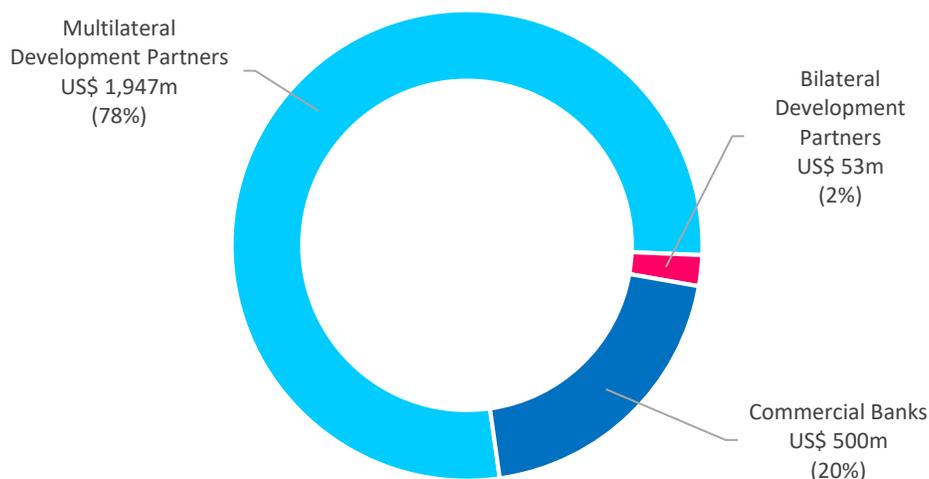


Among multilateral development partners, the following emerged as the largest partners in terms of new commitments of FEA, during the period under review:

- Asian Development Bank committed US\$ 1,543 million (79% of multilateral partners)
- IsDB committed US\$ 269 million (14% of multilateral partners)
- World Bank committed US\$ 135 million (7% of multilateral partners)

² The disbursement period is dependent upon the execution period of the project/program.

Figure 2: Composition of New Commitments (US\$ Million)



Source: Ministry of Economic Affairs

2.1. Mode of Commitments

FEA in Pakistan is broadly categorized as project financing, program financing, commodity financing and BoP/ budgetary support. Project financing is obtained for funding socio-economic and infrastructure development projects. Program financing is secured to support the wide-ranging economic reforms and balance of payments, generally obtained from multilateral development partners such as ADB, World Bank, AIIB, etc. (on concessional terms and conditions with longer maturity). Commodity financing is arranged for the procurement

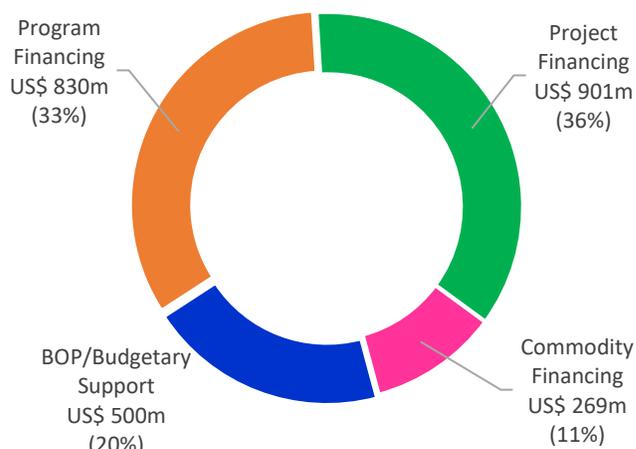
of crude oil mainly from IsDB and SFD oil facility.

Through BOP/Budgetary support, the government raises funds from international financial institutions and capital markets to meet its immediate foreign exchange and liquidity requirements.

Out of the total commitments (US\$ 2,500 million) agreed during the period Jul-Dec 2024-25, US\$ 500 million (20% of the total commitments) were committed for BOP/budgetary support to strengthen the foreign exchange reserves

and stabilize the exchange rate. US\$ 830 million, constituting 33% of the total commitments, were committed for program financing through contributions from the Asian Development Bank (ADB). An amount of US\$ 901 million (36% of the total commitments) was earmarked for project financing followed by commodity financing of US\$ 269 million (11% of the total commitments) (Figure 3).

Figure 3: Mode of Commitments (US\$ Million)

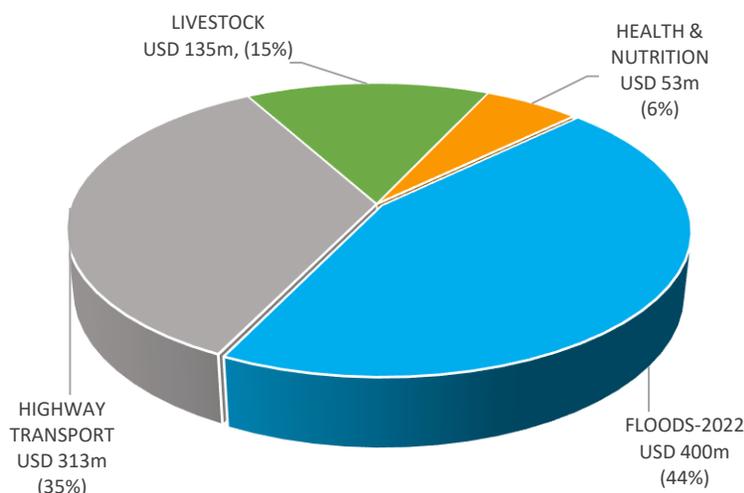


Source: Ministry of Economic Affairs

2.2. Sectoral Distribution of Commitments

The sectoral composition of new commitments reflects the priority development objectives of the Government. During the period Jul- Dec 2024–25, the Government successfully secured project financing amounting to US\$ 901 million. These funds were primarily allocated to support rehabilitation efforts in the aftermath of the 2022 floods, as well as to enhance key sectors, including highway transport, livestock, and health and nutrition (Figure 4).

Figure 4: Sector-wise Composition of New Commitments (Project Financing)



Source: Ministry of Economic Affairs

² Since program and commercial financing are mainly for the budgetary support, this section only analyzed the sectoral distribution of project financing.

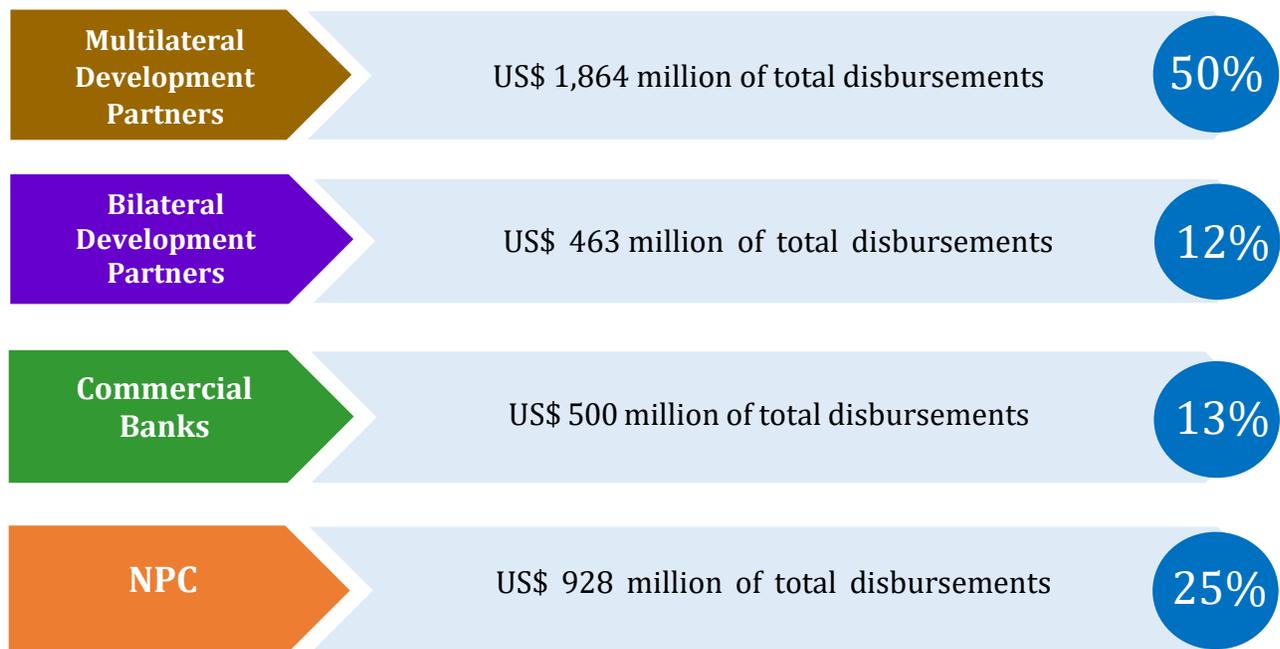
3. Disbursements

Disbursements of FEA represent the total amount of funds received by the Government from its development partners. Direct comparison of past and current disbursements with new commitments is not advisable as the new commitments are planned to be disbursed in the future over the time span of five to six years, whereas disbursements during a period are the cumulative sum of current disbursements against new and old commitments.

3.1. Composition of Disbursements

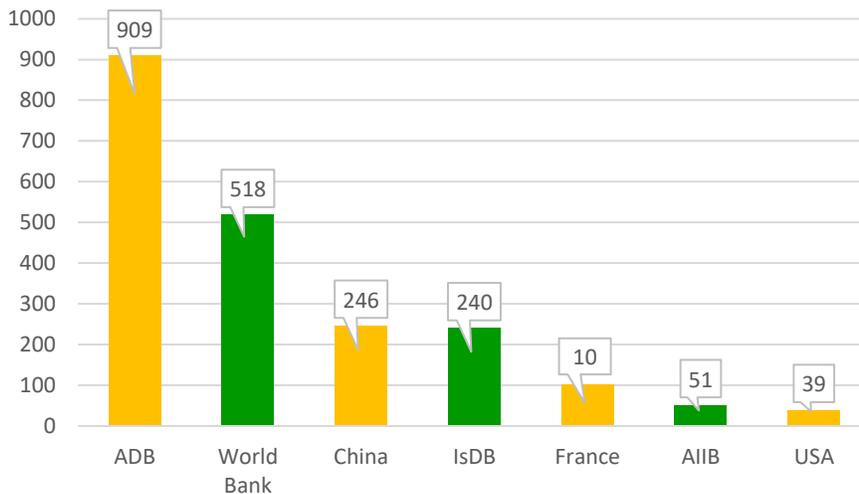
Disbursements of US\$ 3,755 million during Jul-Dec 2024-25 were mainly under the projects and program loans/grants from multilateral development partners, bilateral development partners and international financial institutions (IFIs).

Figure 5: Composition of Disbursements of Foreign Economic Assistance (US\$ Million)



Amongst multilateral development partners, the ADB, World Bank and IsDB were the largest development partners with disbursements of US\$ 909 million (49% of total multilateral disbursement), US\$ 518 million (28% of total multilateral disbursement), and US\$ 240 million (13% of total multilateral disbursement) respectively. On the bilateral side, China disbursed the largest amount, totaling US\$ 246 million during Jul-Dec 2024-25. France emerged as the second largest disbursement partner disbursing US\$ 101 million. (Figure 6).

Figure 6: FEA Disbursements by Major Development Partners (US\$ Million)



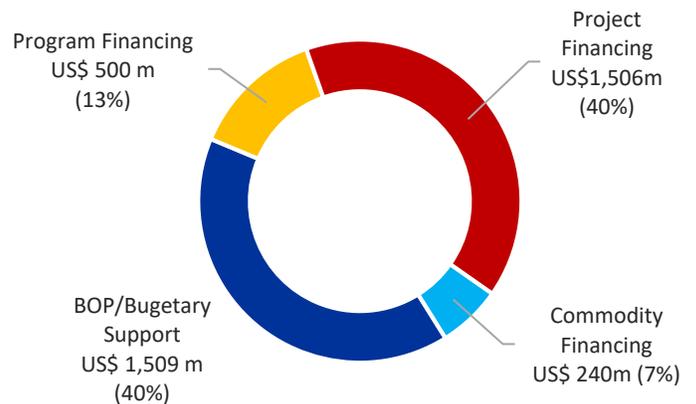
Source: Ministry of Economic Affairs

3.2. Mode of Disbursements

FEA is mainly received in the shape of project financing, program financing, BOP/budgetary support, and commodity financing.

During the period Jul-Dec FY 2024-25, US\$ 1,509 million (40% of the total disbursements i.e., US\$ 3,755 million) were obtained for balance of

Figure 7: Mode of Disbursements (US\$ Million)



Source: Ministry of Economic Affairs

payment/budgetary support to strengthen the foreign exchange reserves and stabilize the exchange rate. The total disbursements realized under project financing were recorded as US\$ 1,506 million followed by program financing of US\$ 500 million and commodity financing of US\$ 240 million **(Figure 7)**.

3.3. Sectoral Distribution of Disbursements

Sectoral distribution of the disbursements under project financing (i.e., US\$ 1,506 million) represents the sectoral priorities of the Government. Basically, it reflects the sectoral composition of the active portfolio of the total project assistance in the country.

During the period Jul-Dec 2024-25, the share of disbursements under Energy & Power were US\$ 547 million, Floods-2022 US\$ 311 million, Health & Nutrition US\$ 134 million, Science & Technology \$97 million, Physical Planning & Housing US\$ 80 million, Transport & Communication US\$ 62 million, Water US\$ 61 million, Agriculture US\$ 52 million, Construction US\$ 50 million in the total project assistance **(Table: 1)**.

**Table 1: Sector-wise Composition of Disbursements
Project Financing (US\$ Million)**

Economic Sector	Disbursements Jul-Dec (2024-25)
Energy & Power	547
Floods-2022	311
Health & Nutrition	134
Science & Technology	97
Physical Planning & Housing	80
Transport & Communication	62
Water	61
Agriculture	52
Construction	50
Others	112
Total	1,506

Source: Ministry of Economic Affairs

4. External Public Debt

The achievement of Government's development objectives is associated with availability of both domestic and foreign economic assistance. It not only improves efficiency of resource allocation and fosters economic growth but also helps the Government supplement its limited financial resources for providing essential public goods and services, including healthcare, education, and social safety nets. On one hand, it finances large-scale development projects such as dams, power transmission networks, roads, railways, and other critical infrastructure while on the other hand, it supports the economy by addressing balance-of-payments challenges and reducing the savings-investment gap. Most of the economies world-wide rely on debt inflows to meet shortfall in existing resources and to cover budget deficits.

Borrowing can be productive for economic growth of developing countries as long as the economic returns

are higher than the cost of borrowed funds. While external debt is useful for the growth of the economy, dependence on external debt must be closely monitored and managed. A prudent external debt management strategy coupled with strong institutional arrangements is necessary for managing external debt and improving repayment capacity of the country. Debt can be productive if it is used for creating assets that generate positive returns and externalities.

It is important to understand the distinction between external debt and external public debt. External Public Debt represents the external debt owed by the Government including the obligations towards IMF. Whereas, External Debt is the sum of external public debt, external debt owed by the public sector enterprises and the private sector including multinational corporations, banks, and other private institutions.

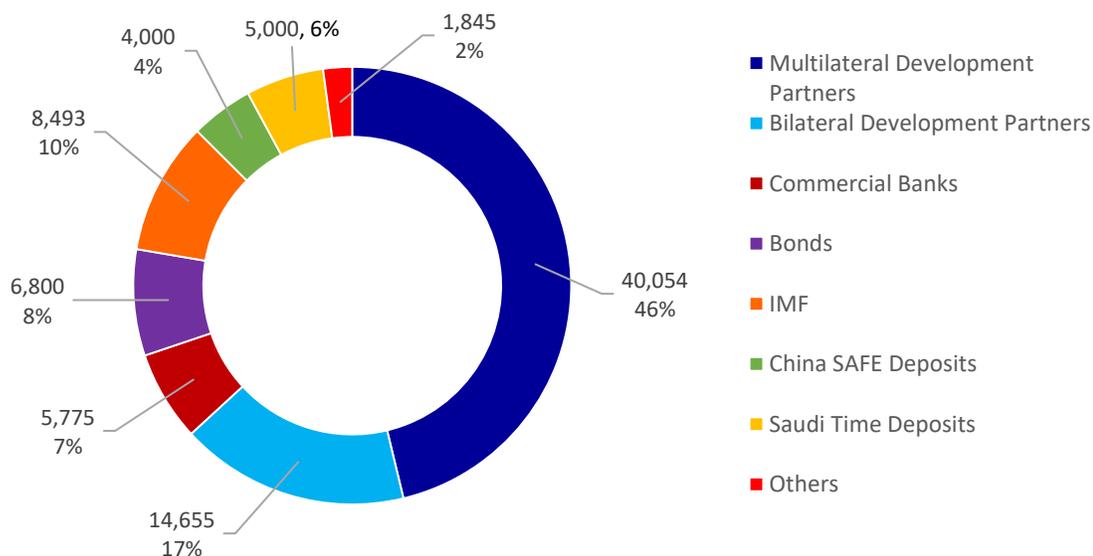
4.1. Composition of External Public Debt

As of 31st December 2024, the total external public debt of the government was US\$ 86,622 million (see **Table 2**). Around 63% of the total external public debt was obtained from multilateral and bilateral partners having concessional terms and longer maturity (**Figure 8**).

Table 2: Total External Public Debt (US\$ Million)

Source	Amount
Multilateral Development Partners	40,054
Bilateral Development Partners	14,655
Commercial Banks	5,775
Bonds	6,800
IMF	8,493
China SAFE Deposits	4,000
Saudi Time Deposits	5,000
Others	1,845
Total	86,622

**Figure 8: Composition of External Public Debt (US\$ Million)
(As of 31st December 2024)**



Source: Ministry of Economic Affairs

4.2. External Public Debt Servicing

The Government paid an amount of US\$ 6,105 million from Jul - Dec 2024-25 on account of debt servicing of external public loans. This consists of principal repayment of US\$ 4,230 million and interest payments of US\$ 1,875 million (see **Table 3**).

Table 3: External Public Debt Servicing (US\$ Million)

Lender/Creditor	Debt Servicing		
	Principal	Interest	Total
IMF	819	346	1,165
Saudi Arabia	733	59	792
ADB	454	320	774
Foreign Commercial Banks	200	160	360
Bonds	-	250	250
World Bank	448	213	661
China	92	120	212
Japan	199	24	223
France	155	19	174
China Safe Deposits	-	144	144
KSA Deposits	-	71	71
NPC	655	41	696
Others	475	108	583
Total	4,230	1,875	6,105

Source: Ministry of Economic Affairs

4.3. Net Transfers

Net transfer is also a critical variable in the analyses of the overall external public debt stock. Net transfers indicate any increase or decrease in the external public debt stock and is calculated as the difference between the external public loans received and their repayments made to the foreign creditors during a specific period. A positive balance reflects an increase in external public debt stock while a negative balance depicts a decrease in external public debt stock.

During the period Jul-Dec 2024-25, net transfers to the Government’s external public debt resulted in a negative balance, totaling US\$ 1,730 million, indicating a decrease in the external public debt stock³ (see **Table 4**).

Table 4: Net Transfers (US\$ Million)

Financial Source	External Loan Inflow	External Loan Outflow	Net Transfers
Multilateral	1,947	1,095	852
Bilateral	53	1,461	-1,408
Foreign Commercial Banks	500	200	300
IMF	0	819	-819
Bonds	-	-	-
SFD Time Deposit	-	-	-
NPC	-	655	-655
Grand Total	2,500	4,230	-1,730

Source: Ministry of Economic Affairs

4.4. Conclusion

During the period Jul-Dec 2024-25, the disbursed amount in the shape of program financing, project financing, commodity financing and budgetary support helped the Government to support wide-ranging economic reforms, execute development activities and provide support to its balance of payments position. Ongoing collaborations with development partners were also focused on the realization of the pledges made in the aftermath of the floods of 2022.

A significant share, i.e., 63% of the total external public debt, is secured on concessional terms with extended maturities. Hence, a prudent external debt management strategy is being followed to optimize the benefits of foreign economic assistance and bolstering the overall economic resilience of the country.

³ Since net transfers are estimated on actual exchange rate whereas external public debt stock is estimated at a point of time, therefore, due to the difference in exchange rate these two numbers may differ.