

2024-25 ANNUAL REPORT

Foreign Economic Assistance



Ministry of Economic Affairs
Government of Pakistan

Preface

Ministry of Economic Affairs (MoEA) has prepared “*Report on Foreign Economic Assistance (July-June 2024-25)*”, which provides an overview of Pakistan’s external inflows, external outflows, external public debt and debt servicing. The data and analysis presented in this report are based on extensive consultations and a thorough analytical assessment. It serves as a valuable resource for academia, researchers, economists, policymakers, local and international development partners, providing insights into the status of external economic assistance to Pakistan.

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

The data in this report has been sourced from Debt Management and Financial Analysis System (DMFAS) database, managed by the Debt Recording and Reporting Center (DRRC) under the Ministry of Economic Affairs.

We hope this report will be useful for all readers/stakeholders. Feedback and suggestions for further improvements are welcome and may be sent via email to policy-1@ead.gov.

Muhammad Asif
Chief (Policy)

Islamabad, November 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 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 multilateral and bilateral development partners for the period July – June 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\$ 10,643 million in the period July-June 2024-25. These commitments consist of US\$ 5,061 million from multilateral development partners, US\$ 1,289 million from bilateral development partners and US\$ 4,294 million from foreign commercial banks. Out of these commitments, 40% was committed for budgetary support/BoP to strengthen foreign exchange reserves and stabilize the exchange rate, 15% as program financing, 25% as project financing, and 20% as commodity financing.

From July-June 2024-25, disbursements of US\$ 12,144 million were mainly under the project and program loans/grants from multilateral development partners, bilateral development partners and international financial institutions (IFIs). The ADB, World Bank and IsDB have been the largest contributors amongst the multilateral development partners, contributing US\$ 2,130 million, US\$ 1,769 million and US\$ 739 million, respectively. On the bilateral side, China emerged as the largest contributor to the total disbursement during the specified period, disbursing US\$ 584 million followed by Saudi Arabia with US\$ 221 million disbursement.

As of 30th June 2025, Pakistan's total external public debt amounted to US\$ 91,795 million. The Government paid US\$ 13,320 million during the period July-June 2024-25 on account of debt servicing of external public loans. Of this, principal repayments were US\$ 9,729 million and interest payments were US\$ 3,591 million. Furthermore, the net transfers to the government's external public debt resulted in a positive balance, amounting to US\$ 1,713 million indicating an increase in the external public debt stock.

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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

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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 Foreign Economic Assistance (FEA), both loans and grants received by the Government of Pakistan from multilateral and bilateral development partners from the period July-June 2024-25. The data presented in this report has been 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).

Government of Pakistan has been receiving foreign economic assistance across diverse sectors mainly to achieve following core objectives:

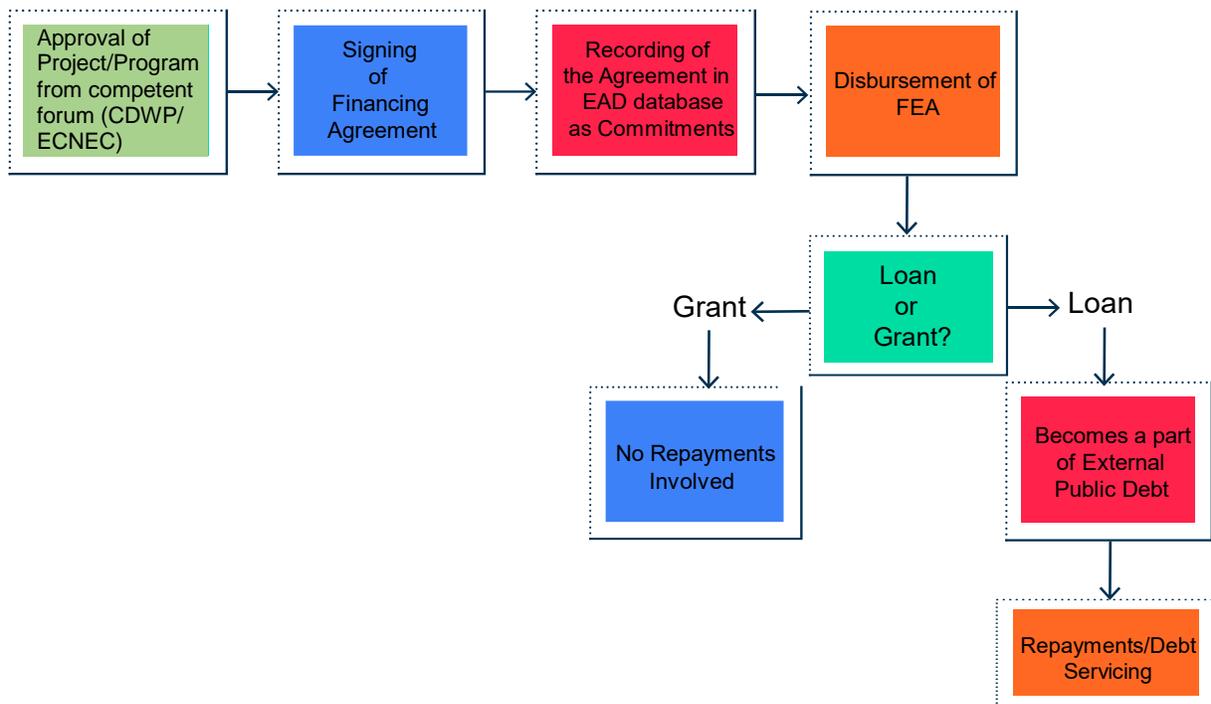
- (a) sustainable social and economic growth as envisioned in its development plans as well as to meet SDGs targets specifically to reduce poverty and inequality;*
 - (b) address the fiscal imbalances for enhanced macroeconomic stability;*
 - (c) to support oil import requirements through concessional oil-financing arrangements*
-

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: 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 July-June 2024-25, Government of Pakistan signed new agreements worth US\$ 10,643 million as commitments. Of this, US\$ 8,654 million was committed for federal projects/programs while US\$ 1,989 million was for provincial projects/programs.

- US\$ 5,061 million from multilateral development partners
- US\$ 1,289 million from bilateral development partners
- US\$ 4,294 million from Foreign Commercial Banks

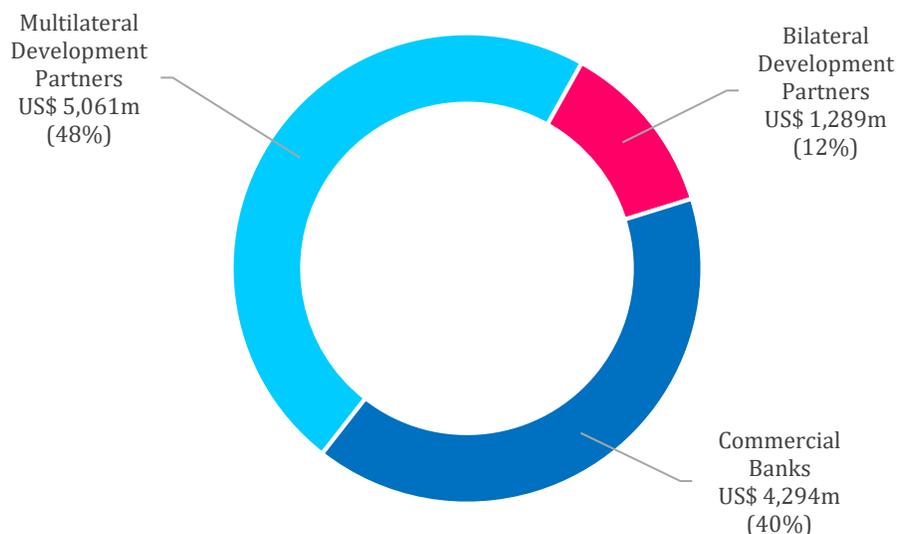


Among multilateral development partners, the following emerged as the largest partners in terms of new commitments of FEA, during the period under review:

- Asian Development Bank committed US\$ 2,206 million (44% of multilateral partners)
- World Bank committed US\$ 1,942 million (38% of multilateral partners)
- IsDB committed US\$ 892 million (18% of multilateral partners)

² The disbursement period is dependent upon the execution period of the project/program. Short term refers disbursement expected within 12 months; medium term refers 1-3 years extendable up to 5 years.

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

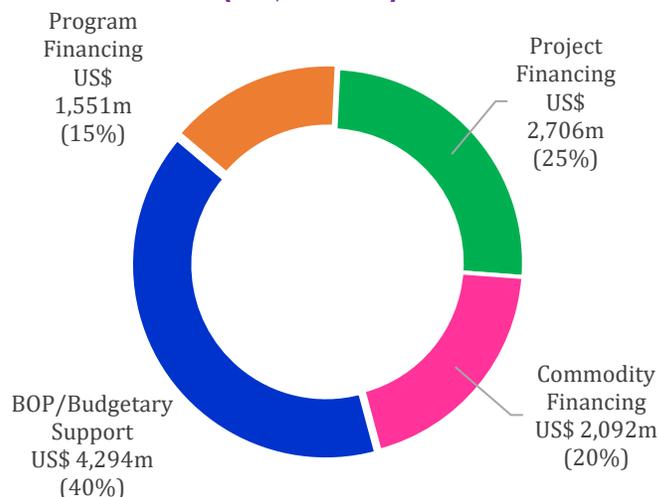
of crude oil mainly from IsDB and SFD oil facility.

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 of US\$ 10,643 million agreed during the period July-June 2024-25, US\$ 4,294 million (40% of the total commitments) were committed for Budgetary support/BOP to strengthen the foreign exchange reserves

and stabilize exchange rate. US\$ 1,551 million, constituting 15% of the total commitments, were committed for program financing through contributions from the Asian Development Bank (ADB) and the World Bank. An amount of US\$ 2,706 million (25% of the total commitments) was earmarked for project financing followed by commodity financing of US\$ 2,092 million (20% of the total commitments) (Figure 3).

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

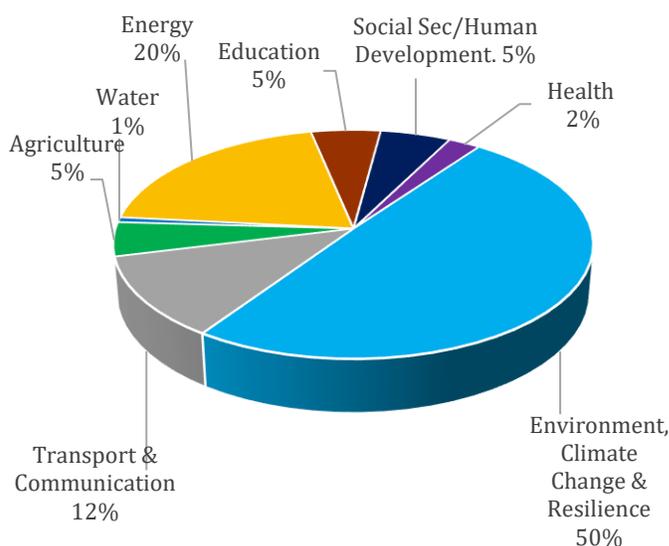


Source: Ministry of Economic Affairs

2.2. Sectoral Distribution of Commitments

The sectoral composition of new commitments reflects the priority development objectives of the Government. During the period July - June 2024–25, the Government successfully secured project financing amounting to US\$ 2,706 million. These funds were primarily allocated to environment, climate change & resilience, as well as to enhance key sectors, including energy, transport & communication, education, agriculture, health, social sector/human development and water (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.

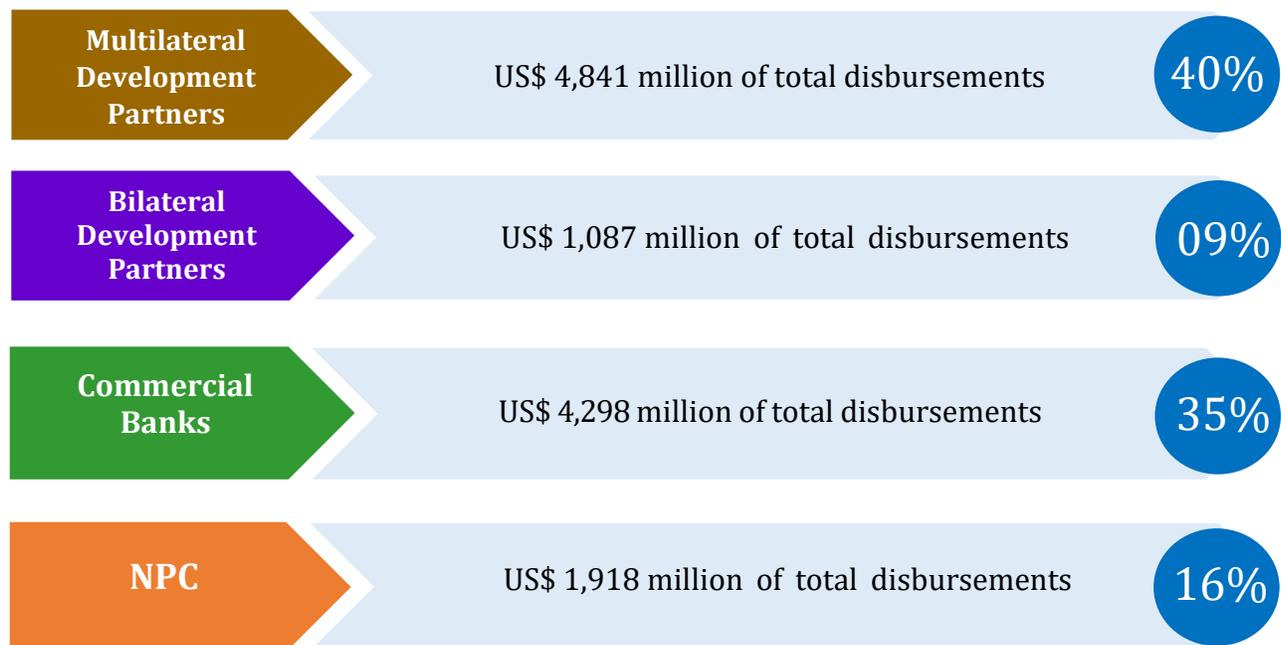
3. Disbursements

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

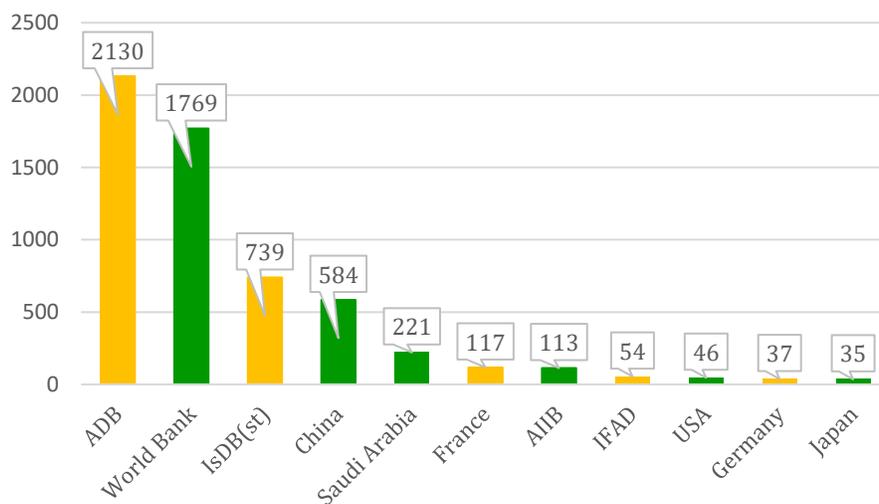
Disbursements of US\$ 12,144 million during July - June 2024-25 were mainly under the projects and program loans/grants from multilateral development partners, bilateral development partners and international financial institutions (IFIs).

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\$ 2,130 million (44% of total multilateral disbursement), US\$ 1,769 million (37% of total multilateral disbursement), and US\$ 739 million (15% of total multilateral disbursement), respectively. On the bilateral side, China disbursed the largest amount, totaling US\$ 584 million during July-June 2024-25. Saudi Arabia emerged as the second largest disbursement partner disbursing US\$ 221 million followed by France US\$ 117 million (Figure 6).

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



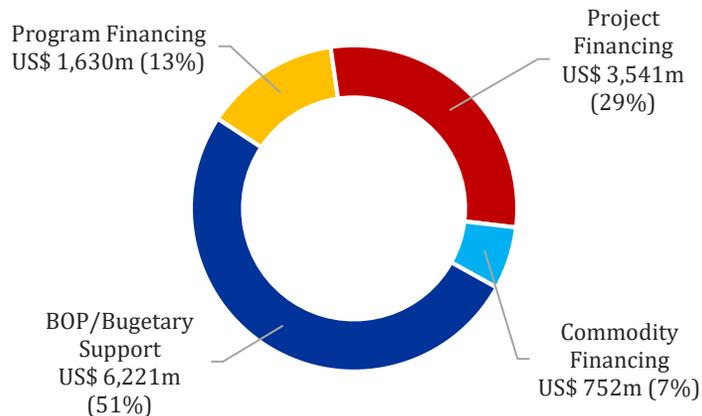
Source: Ministry of Economic Affairs

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 July-June FY 2024-25, US\$ 6,221 million were obtained for budgetary support/balance of payment to strengthen the foreign exchange reserves

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



Source: Ministry of Economic Affairs

and stabilize the exchange rate. The total disbursements realized under project financing were recorded at US\$ 3,541 million followed by program financing of US\$ 1,630 million and commodity financing of US\$ 752 million **(Figure 7)**.

3.3. Sectoral Distribution of Disbursements

Sectoral distribution of the disbursements under project financing i.e., **US\$ 3,541 million** represents the sectoral priorities of the Government and mirrors the sectoral composition of the active portfolio of total project assistance in the country. During the period July-June 2024-25, Energy & Power sector received the largest share of disbursements at US\$ 1,370 million, followed by Environment, Climate & Resilience at US\$ 689 million; disbursements for Transport & Communication stood at US\$ 201 million, Urban & Rural Development at US\$ 247 million, Health at US\$ 185 million, Water at US\$ 170 million, Finance, Revenue & Governance at US\$ 139 million, Agriculture at US\$ 119 million, Education at US\$ 113 million, and Science & Technology at US\$ 101 million. **(Table: 1)**.

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

Economic Sector	Disbursements July-June (2024-25)
Energy & Power	1,370
Environment, Climate & Resilience	689
Transport & Communication	201
Urban & Rural Development	247
Health	185
Water	170
Finance, Revenue & Governance	139
Agriculture	119
Education	113
Science & Technology	101
Others	207
Total	3,541

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.

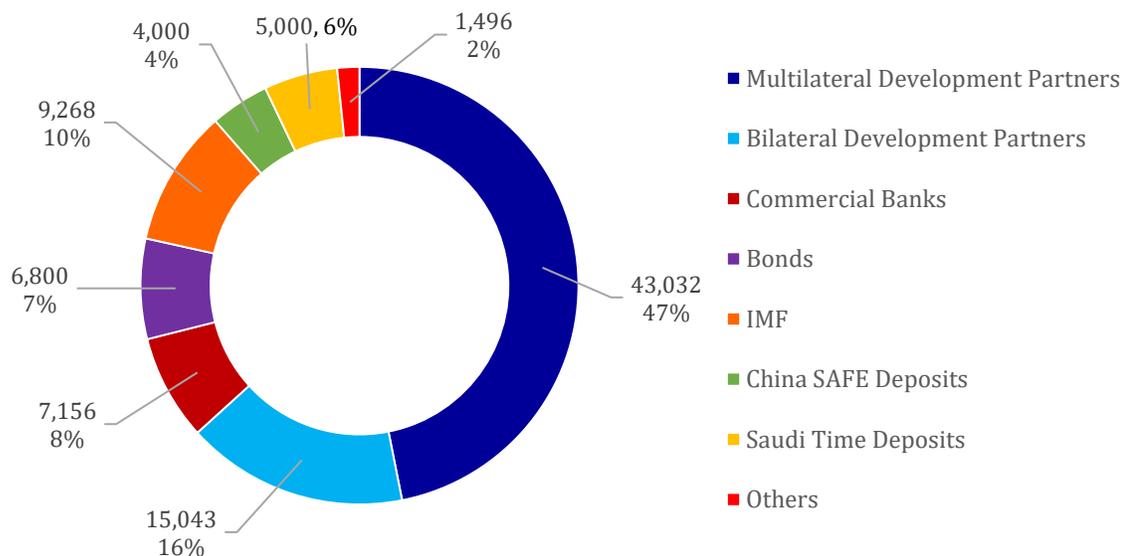
4.1. Composition of External Public Debt

As of 30th June 2025, the total external public debt of the government stood at US\$ 91,795 million (**Table 2**). Of this amount, US\$ 58,075 million was obtained from multilateral and bilateral partners, 67% of which was on concessional terms with longer maturities (**Figure 8**).

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

Source	Amount
Multilateral Development Partners	43,032
Bilateral Development Partners	15,043
Commercial Banks	7,156
Bonds	6,800
IMF	9,268
China SAFE Deposits	4,000
Saudi Time Deposits	5,000
Others	1,496
Total	91,795

**Figure 8: Composition of External Public Debt (US\$ Million)
(As of 30th June 2025)**



Source: Ministry of Economic Affairs

4.2. External Public Debt Servicing

The Government paid an amount of US\$ 13,320 million from July - June 2024-25 on account of debt servicing of external public loans. This consists of principal repayment of US\$ 9,729 million and interest payments of US\$ 3,591 million (see **Table 3**).

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

Lender/Creditor	Debt Servicing		
	Principal	Interest	Total
Foreign Commercial Banks	2,664	327	2,991
IMF	1,523	580	2,103
ADB	930	615	1,545
World Bank	837	419	1,256
Saudi Arabia	777	33	810
Bonds	-	500	500
China	165	239	404
Japan	334	47	381
China Safe Deposits	-	277	277
IsDB (short term)	250	27	277
France	207	34	241
KSA Deposits	-	203	203
Germany	99	8	107
NPC	1,470	94	1,564
Others	473	188	661
Total	9,729	3,591	13,320

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 July-June 2024-25, net transfers to the Government's external public debt resulted in a positive balance, totaling US\$ 1,713 million, indicating an increase 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	4,753	2,220	2,533
ADB	2,124	930	1,194
World Bank	1,688	837	851
IsDB	739	352	387
AIIB	113	63	50
IFAD	52	11	41
ECO T/Bank	20	6	14
Others	17	21	-4
Bilateral	479.24	1,851	-1,371.76
Saudi Arabia	217	777	-560
France	117	207	-90
China	97	165	-68
Kuwait	24	12	12
Korea	13	54	-41
Germany	11	99	-88
Japan	0.24	334	-333.76
Others	0	203	-203
Foreign Commercial Banks	4,291	2,664	1,627
IMF	0	1,523	-1,523
NPC	1,918	1,470	448
Grand Total	11,441.24	9,728	1,713.24

Source: Ministry of Economic Affairs

4.4. Conclusion

During the period July-June 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 collaboration with development partners also remained focused on climate change and resilience, including mitigation, adaptation, and support for rehabilitation and reconstruction, as well as disaster risk reduction.

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.