



NEWS

Pakistan: IMF to provide \$1.1 billion amid catastrophic floods

The money was part of a government bailout loan from 2019, but recent payments had been withheld. The crisis has prompted the Pakistani government to consider resuming trade with India.



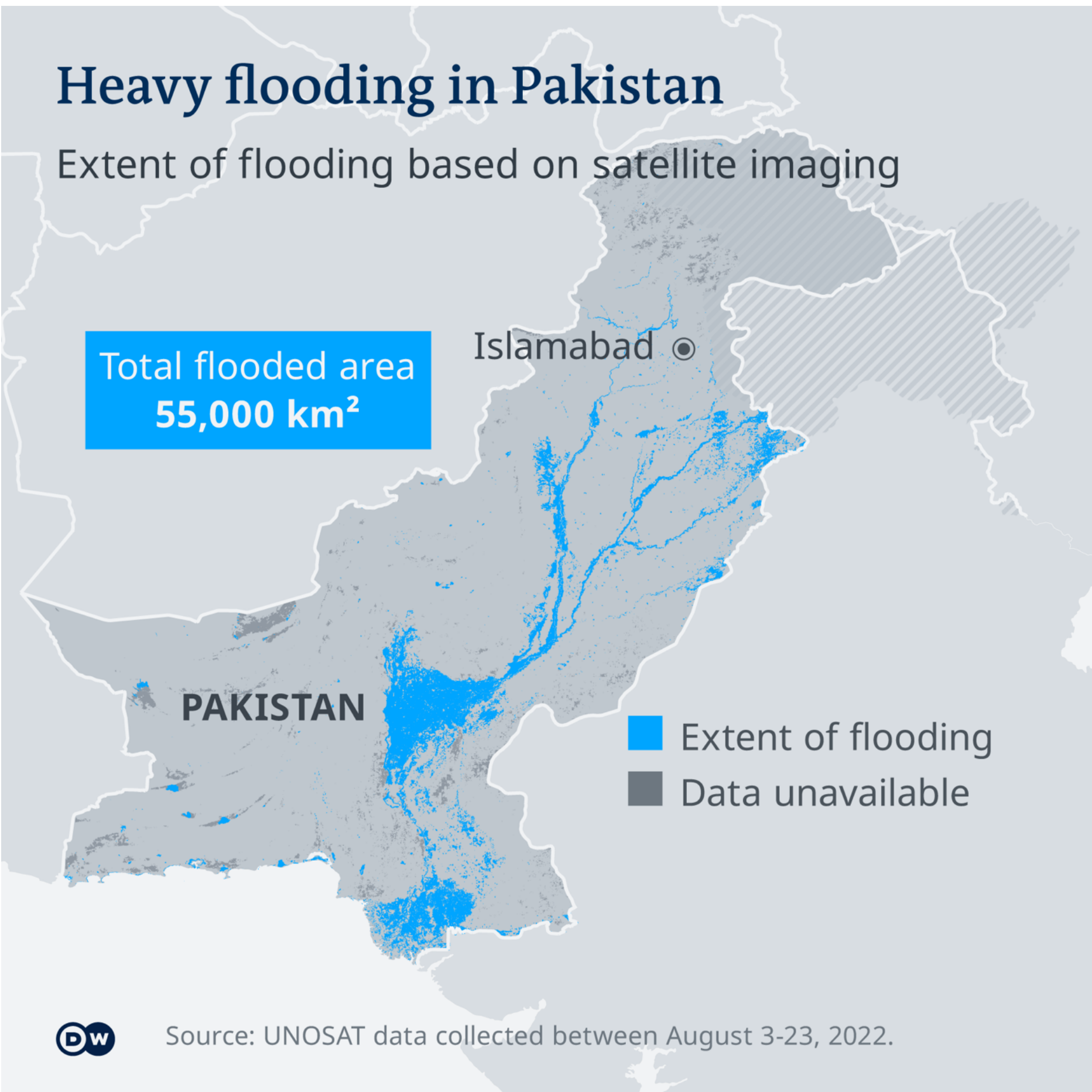
Flooding has been reported in all four of Pakistan's provinces. Pictured is a flooded residential area in the southwestern Balochistan province.

The International Monetary Fund (IMF) has agreed to release \$1.17 billion (€1.17 billion) in funds to the government of Pakistan as the country deals with a [spiraling death toll and widespread destruction](#) from floods that the government has deemed a ["climate catastrophe."](#)

The money was originally part of a government bailout loan from 2019, but the final payments had been held up after the previous administration of Imran Khan did not meet [the IMF's demands to cut energy subsidies](#).

"Alhamdulillah the IMF Board has approved the revival of our EFF program," Pakistan's finance minister Miftah Ismail said on Twitter.

The IMF has also agreed to extend the program by an additional \$1 billion, he later added.



Flooding has been especially severe in the southeastern province of Sindh, which contains most of the Indus River Delta and the Sukkur Barrage

It comes as the United Nations launches an appeal on Tuesday for \$160 million to fund emergency aid.

The country's planning minister Ahsan Iqbal believes reconstruction could cost upwards of \$10 billion.

IMF welcomes spending cuts

The current government of Prime Minister Shehbaz Sharif attracted widespread criticism in recent months after it imposed three fuel price hikes — cumulatively totaling 50% — and raised the cost of electricity to effectively end the subsidies of his predecessor.

However, the policies brought government spending in line with the IMF's existing requirements for the massive loan. In a statement, the IMF did not mention the floods specifically but instead welcomed the new spending cuts.

"Pakistan's economy has been buffeted by adverse external conditions, due to spillovers from the war in Ukraine, and domestic challenges," the IMF's deputy managing director Antoinette Sayeh said.

"Steadfast implementation of corrective policies and reforms remain essential to regain macroeconomic stability, address imbalances and lay the foundation for inclusive and sustainable growth."

