

PAKISTAN



IMF Program: Schedule of Reviews

Date	Disbursement Amount		Conditions
	~US\$ Bn	%	
25-Sep-24	1.0	12%	Approval of EFF arrangement
15-Mar-25	1.0	12%	1st EFF review
15-Sep-25	1.2	14%	2nd EFF & RSF review
15-Mar-26	1.2	14%	3rd EFF & RSF review
15-Sep-26	1.2	14%	4th EFF & RSF review
15-Mar-27	1.3	16%	5th EFF & RSF review
15-Sep-27	1.4	17%	6th EFF & RSF review
	8.3		

Source: IMF, Foundation Research, Sep 2026

Analyst

Zeeshan Azhar zeeshan@fs.com.pk
+92 213 5612290 Ext 331

Foundation Securities (Pvt) Ltd
Thursday, October 8, 2026

Pakistan Economy

IMF: Staff Level agreement reached

4th Review underscores need for Structural Reforms

The IMF announced that it had reached a staff-level agreement (SLA) on the 4th review of the Extended Fund Facility (EFF) and the 3rd review of the Resilience and Sustainability Facility (RSF). Subject to approval by the IMF Executive Board, Pakistan will gain access to about USD 1.0Bn under the EFF and USD 210Mn under the RSF, bringing total disbursements under the two programs to around USD 5.7Bn.

The IMF noted that Pakistan’s program implementation remains broadly on track despite a difficult external environment, including regional geopolitical tensions and energy-price shocks. Supported by IMF-backed policies, Pakistan has maintained macroeconomic stability. Real GDP growth reached 4% during 9MFY26, with full-year growth estimated at 3.6%. Inflation, which peaked in May’26, moderated to approximately 10.3% by Sep’26, while core inflation remained contained. The current account remained broadly balanced, helped by strong remittances, and foreign exchange reserves increased to around USD 21.5Bn by end-Sep’26. Sovereign credit-rating upgrades and renewed access to international capital markets were cited as evidence of improved policy credibility.

IMF Policy Priorities

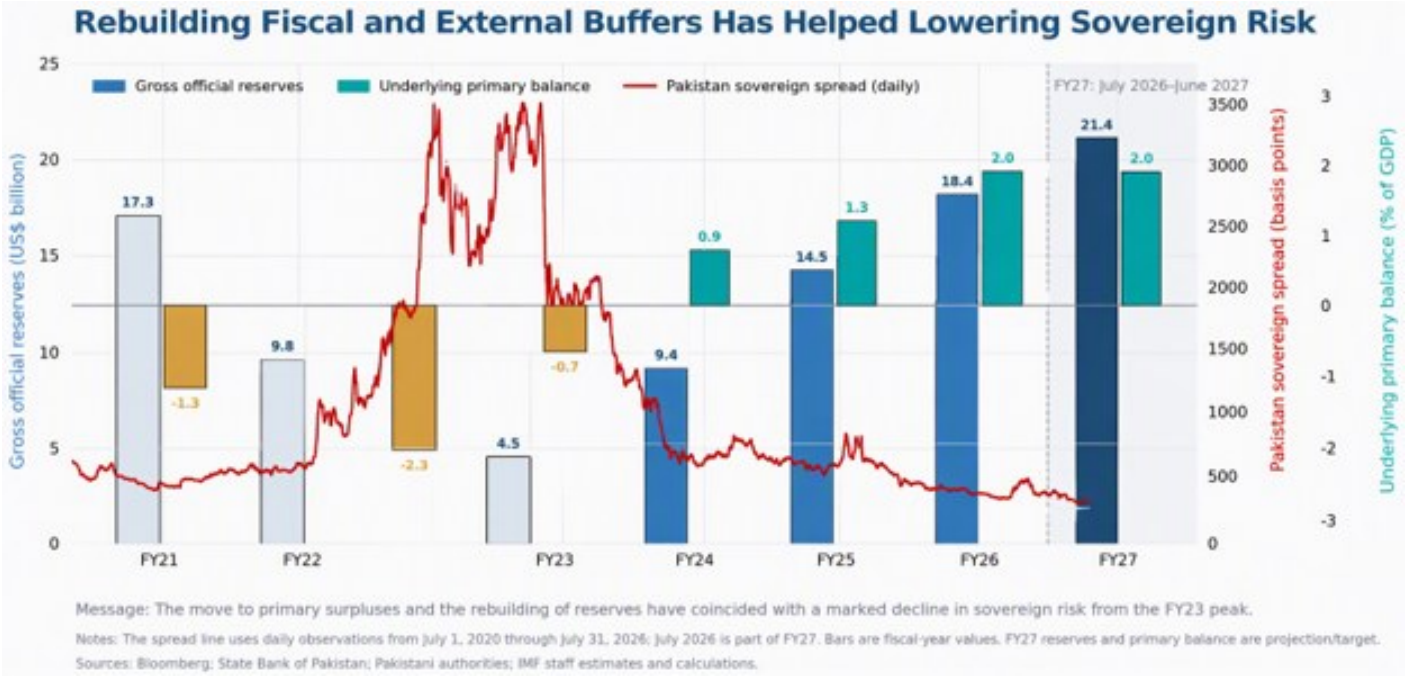
The IMF emphasized that risks remain elevated, particularly from geopolitical developments, volatile energy prices, tighter global financial conditions, and disruptions to trade. Consequently, Pakistan’s authorities reaffirmed their commitment to **disciplined macroeconomic management**. Key priorities include (1) maintaining a strong fiscal stance centered on a 2% of GDP primary surplus in FY27, (2) strengthening tax administration through digitalization and risk-based audits, and (3) implementing broader tax reforms to make the system more efficient, equitable, and growth-friendly. The Fund also welcomed ongoing efforts to improve public financial management, enhance transparency, strengthen procurement and investment planning, and reduce debt-related risks. In **social sectors**, the authorities have reversed a long-term decline in spending on health and education, increasing allocations from 2.2% of GDP in FY24 to 2.5% in FY26, with a target of 2.8% in FY27.

On **monetary and external policies**, the IMF advised the State Bank of Pakistan to maintain an appropriately tight monetary stance until inflation returns sustainably to its target range. Continued exchange-rate flexibility, reserve accumulation, foreign-exchange market liberalization, and deeper financial markets were highlighted as important tools for resilience and private-sector development.

Beyond stabilization, the Article IV consultations focused on **structural reforms** aimed at boosting productivity, investment, exports, and job creation. The IMF urged progress in competition policy, privatization, state-owned enterprise governance, trade liberalization, and anti-corruption measures. Under the **RSF**, Pakistan is also advancing climate-related reforms, including improved disaster-risk financing, climate-sensitive public investment planning, irrigation-water pricing reforms, better-targeted electricity subsidies, energy-efficiency measures, and transport decarbonization.

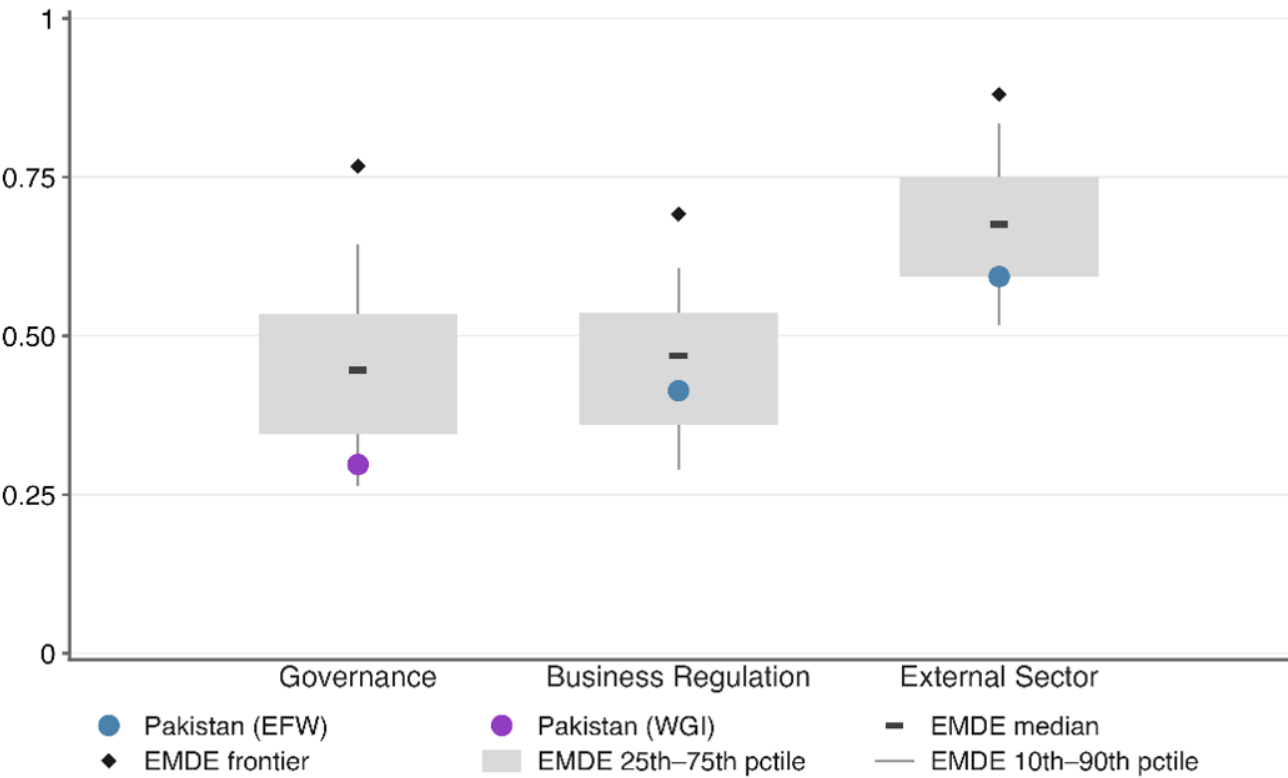
Market vantage point

Progress under the IMF program is expected to support investor confidence and external stability, although sustained structural reforms remain critical to improving Pakistan’s medium-term growth outlook.



Structural indicators show large catch-up potential

(Each indicator rescaled to 0–1; higher = better)



Note: Data are for 2024; distributions are across EMDEs.
Sources: Fraser Institute, Economic Freedom of the World (2026); World Bank, Worldwide Governance Indicators (2025); Budina et al. (2023); staff calculations.

Important disclosures:

Disclaimer: This report has been prepared by FSL. The information and opinions contained herein have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. Such information has not been independently verified and no guaranty, representation or warranty, express or implied is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as, an offer, or solicitation of an offer, to buy or sell any securities or other financial instruments. FSL may, to the extent permissible by applicable law or regulation, use the above material, conclusions, research or analysis before such material is disseminated to its customers. Not all customers will receive the material at the same time. FSL, their respective directors, officers, representatives, employees, related persons may have a long or short position in any of the securities or other financial instruments mentioned or issuers described herein at any time and may make a purchase and/or sale, or offer to make a purchase and/or sale of any such securities or other financial instruments from time to time in the open market or otherwise, either as principal or agent. FSL may make markets in securities or other financial instruments described in this publication, in securities of issuers described herein or in securities underlying or related to such securities. FSL may have recently underwritten the securities of an issuer mentioned herein. This document may not be reproduced, distributed or published for any purposes.

Research Dissemination Policy: Foundation Securities (Pvt.) Ltd. endeavors to make all reasonable efforts to disseminate research to all eligible clients in a timely manner through either physical or electronic distribution such as mail, fax and/or email. Nevertheless, not all clients may receive the material at the same time.

Target price risk disclosures: Any inability to compete successfully in their markets may harm the business. This could be a result of many factors which may include geographic mix and introduction of improved products or service offerings by competitors. The results of operations may be materially affected by global economic conditions generally, including conditions in financial markets. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices. From time to time, the company will enter into transactions, including transactions in derivative instruments, to manage certain of these exposures.

Analyst certification: The views expressed in this research accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst principally responsible for the preparation of this research receives compensation based on overall revenues of Foundation Securities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Recommendations definitions

If	
Expected return >+15%	Outperform.
Expected return from 0% to +15%	Neutral.
Expected return <0%	Underperform.