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International Monetary Fund
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IMF Announces Staff Level Agreement with Pakistan on US\$7.6 Billion Loan

Mr. Dominique Strauss-Kahn, Managing Director of the International Monetary Fund (IMF), issued the following statement on Pakistan today:

"IMF staff and the Pakistani authorities have reached an agreement in principle on the key elements of an economic program to be supported by an SDR 5.17 billion (about US\$7.6 billion) 23-month Stand-By Arrangement, subject to the approval of the IMF Executive Board. The Executive Board is expected to meet to discuss the program shortly under the Fund's Emergency Financing Mechanism procedures.

"The Pakistani authorities have developed a policy package to help the country meet its serious balance of payments difficulties. The authorities' program has two main objectives: (i) to restore the confidence of domestic and external investors by addressing macroeconomic imbalances through a tightening of fiscal and monetary policies; and (ii) to protect the poor and preserve social stability through a well-targeted and adequately funded social safety net. Both objectives are an integral part of Fund support for Pakistan.

"The IMF is prepared to help Pakistan by providing a high level of financial support on the order of 500 percent of the country's quota in the Fund. This support is part of a broader package that includes financing from other multilateral institutions and regional development banks. I would like to call on the donor community to work together and act quickly to support Pakistan's program in order to mitigate the impact of the current economic difficulties on the poor and ensure an adequate level of spending on development programs," Mr. Strauss-Kahn added.

Pakistan, which joined the Fund on July 11, 1950, has a quota of SDR 1,033.7 million (about US\$1,526.3 million).