

## Plenary

### Economic Resilience amidst Turbulent Times

Despite economic hurdles such as external shocks, structural debt, and inflationary pressures, Pakistan has demonstrated resilience and embarked on a path to recovery through rigorous reforms and focused fiscal policies. The nation has shown steady progress across critical macroeconomic indicators, a reflection of its commitment to sustainable growth. According to the [IMF's 2024 report on Pakistan's Extended Fund Facility \(EFF\)](#), economic growth rebounded to approximately 2.4% in FY24, supported largely by the agricultural sector's post-flood recovery. This positive trend is projected to continue, with growth anticipated to reach around 3.2% in FY25, marking a solid turnaround from previous declines.

Inflation, a significant economic concern in recent years, saw a notable decrease from 38% in May 2023 to 9.6% by August 2024. Tight fiscal and monetary policies enabled the State Bank of Pakistan (SBP) to lower the policy rate by 450 basis points throughout 2024, creating a more favourable environment for economic growth. The current account balance also improved significantly, with the deficit narrowing to \$665 million in FY24, down from \$3.3 billion in FY23, as a result of strengthened exports and remittances. This stability allowed Pakistan to double its foreign reserves, reaching \$9.4 billion by mid-2024, further enhancing economic resilience.

Several critical reform measures have underpinned these positive developments. In the area of tax reform, the FY25 budget introduced broadening measures across personal and corporate income tax, aimed at capturing previously undertaxed sectors, including large-scale agriculture and real estate. These steps are intended to build a fairer, more sustainable tax system while generating essential revenue for the state. Additionally, fiscal consolidation has helped to place public debt on a downward trajectory, projected to decrease from 77.3% of GDP in FY24 to 69.2% by FY25, demonstrating effective debt management.

Energy sector reforms have been essential in reducing circular debt and stabilizing the sector through tariff adjustments and cost-side restructuring. These measures have decreased reliance on government subsidies, helping to foster financial sustainability in the sector. The government has also made headway with restructuring state-owned enterprises (SOEs), advancing governance reforms and privatization efforts, which support a more competitive environment and reduce state intervention in the economy.

Social spending has seen a significant boost, with a 27% increase in the budget for the Benazir Income Support Program (BISP), focusing on health and education for vulnerable populations. Direct cash transfers have been introduced to replace cross-subsidies in energy, ensuring that social assistance reaches those in need. Finally, the EFF-supported program also prioritizes climate resilience, with investments geared towards sustainable infrastructure and resource efficiency to address vulnerabilities highlighted by recent floods.

This plenary will highlight Pakistan's economic resilience through three focal areas:

1. Drawing from regional case studies, the plenary will showcase Pakistan's successful economic resilience and negotiation efforts, which have reduced fiscal pressures and strengthened public sector efficiency. Pakistan recently achieved its first primary surplus in over a decade, aided by targeted fiscal policies and deposits from

international allies. These improvements have lowered the public debt-to-GDP ratio, enabling more focused government spending on development.

2. Recent reforms have enhanced Pakistan's financial foundation. Notable efforts, including negotiations with Independent Power Producers (IPPs), have alleviated longstanding inefficiencies in the energy sector. With increases in tax revenue and fiscal consolidation, Pakistan is solidifying its path toward long-term economic health by prioritizing structural reforms that support economic resilience.
3. Expanding the tax base and improving compliance have yielded significant gains in revenue. Additionally, exports have grown, especially in higher-value sectors, while social welfare initiatives such as the Benazir Income Support Programme (BISP) have provided critical support to vulnerable populations. These developments form a foundation for inclusive growth, ensuring that economic gains extend broadly across society.

Through an in-depth discussion on these advancements, this plenary will outline Pakistan's path forward, emphasizing positive economic momentum and resilient strategies shaping a stable, growth-oriented economy.

### **Plenary Organisers**

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