

### **Govt may approach IMF beyond its quota limits**

ISLAMABAD: Pakistan will have to implement more tough conditions if Islamabad decides to go beyond its maximum quota limit up to 435 percent, equivalent to around \$12 billion, under 36 months Extended Fund Facility (EFF) from the IMF, The News has learnt.

The PTI led government is considering for approaching the IMF beyond its maximum quota limit; however, its exact size will only be determined after gauging the exact financing gap on external account. Other multilateral creditors and Pakistan's ability to borrow from international capital market will help finding out exact financing gap over the next 36 months period.

"Pakistan can access its quota up to 435 percent of Special Drawing Rights (SDRs) quota of 2031, which will be translated into exchange rate of US dollar against SDRs in the range of around \$12 billion and beyond that limit Islamabad can have exceptional access, but it can lead to stiffer conditions for the IMF programme," top official of the Finance Ministry confirmed to The News here on Wednesday.

At the moment different options for structure of the IMF loan is under consideration, but it will be too hard for the PTI led regime for avoiding falling into trap of one or two tranche country because tough conditions under the IMF programme will become hard nut to crack for any elected regime to fully implement the conditionality.

"The exceptional access will be determined primarily on the basis of exact financing gap going to be projected and agreed upon among the IMF mission and Pakistani team" said the official and added that the Fund team would be staying in Pakistan from November 7 to 20 for evolving consensus on macroeconomic framework for short to medium term.

The exceptional access is defined as access by a member to the Fund's general resources, under any type of Fund financing, in excess of an annual limit of 100 percent of the member's quota, or a cumulative limit (net of scheduled repurchases) of 300 percent of the member's quota.

The credit tranches and the Extended Fund Facility (EFF) are subject to a combined limit, consisting of an annual limit currently set at 100 percent of quota, and a cumulative limit currently at 300 percent of quota. The annual limit applies to gross purchases in the credit tranches and the EFF in any 12-month period. The cumulative limit applies to credit outstanding-less scheduled repurchases, plus scheduled purchases, over the period of commitment of resources. These limits may be exceeded in "exceptional circumstances." Average annual access has been fairly stable well below the limits, at around 40-50 percent of quota for more than a decade.

This criterion helps to ensure that the amount of Fund resources made available is related to the overall balance of payments need and takes into account other sources of financing. The judgement about whether there is a need arising from a member's balance of payments position after appropriate adjustment is determined by reference to the sum of "autonomous transactions" in the balance of payments, ie those transactions that are undertaken for their own sake, plus any required increase in reserves.

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