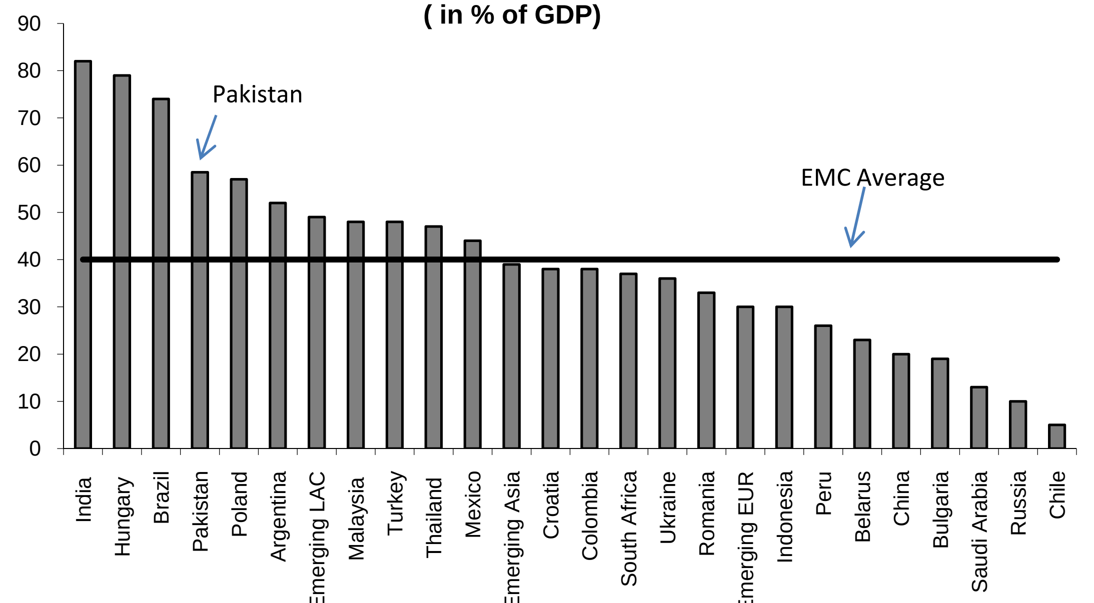
Public Debt

8

Recent developments with regard to the sovereign debt situation of countries ranging from Iceland to the United Arab Emirates, and more recently, of countries in the Euro-zone, most prominently Greece, have been a rude awakening for global financial markets. After a protracted period of benign neglect, policymakers as well as investors are beginning to scrutinize more carefully the health of sovereign public finances.

Lessons from previous debt crises are being re-learnt. Escalating public debt does not bode well for macro-economic stability and growth as it exerts upward pressure on interest rates and crowds-out domestic private investment. For developing countries, the higher interest cost associated with domestic debt places a substantial strain on budgetary resources, with a negative spill-over effect on social sector and development outlays and a slowdown in growth momentum. For external debt, creditors may charge a lower interest rate (as is the case with most multilateral and bilateral donors), but the exchange rate risk inherent in the accumulation of foreign currency debt leaves a country vulnerable to developments on the external account and in international markets. Therefore, policymakers are faced with choices not only of what *levels* of public debt to accumulate, but also the *composition* of the portfolio with regards to source, availability, costs and risks which are consistent with the government's medium-term fiscal, monetary, and exchange (external account) priorities.

Fig-8.1: Emerging Market Countries: Gross Government Debt, 2010
(in % of GDP)



Source: IMF WEO Database

In the aftermath of the global financial crisis and economic slowdown, most countries have acquired substantial amounts of debt as a result of large budgetary outlays and fiscal stimulus targeted at addressing the hardest hit economic sectors, instilling confidence in markets, and reviving overall economic activity. By augmenting already high levels of post-crisis public debt, most countries now face a daunting challenge in dealing with increased debt burdens. The problem is more pronounced in developed countries, specifically in the Euro zone. Fiscal deficits in advanced economies have increased to approximately 9 percent of GDP[1]. Debt-to-GDP ratios in these economies are expected to exceed 100 percent of GDP in 2014 based on current policies, some 35 percentage points of GDP[1] higher than before the crisis. By contrast, the public debt accumulation in emerging economies has been lower, with public debt ratios of approximately 30 to 40 percent of GDP in these economies *(See **Fig-8.1**)*. Given the higher economic growth in emerging economies led by strong domestic demand, there is ample fiscal space to place the debt burdens on a declining path with relative ease.

Although somewhat insulated from the financial crisis, Pakistan too has witnessed a rise in public debt in the recent past. Fiscal profligacy in the shape of large subsidies, policy inaction with regards to rising oil prices in 2007, weak revenue collection, pressure on budgetary resources placed by a heightened security situation, and efforts to eliminate the inter-corporate debt in the energy sector, have led to a relatively rapid increase in public debt. The cumulative effect of the depreciation of the Rupee against the US dollar, on the one hand, and the weakness of the US dollar against third currencies (including Special Drawing Rights, SDR) in which a significant portion of Pakistan's external public debt is denominated, have also played a substantial part in the overall increase.

Based on projections for the end of FY10, Pakistan has one of the highest public debt-to-GDP ratio amongst emerging economies *(as shown in **Fig-8.1**)*. However, policy responses in FY10, a withdrawal of pressure on the external account and a relatively stable exchange rate, in addition to a limit on borrowing from the central bank have all helped stem the rapid increase of public debt witnessed in FY09.

8.1-1 Outstanding Public Debt

The definition of public debt used in the Economic Survey of Pakistan is in conformity with international conventions. Total Public Debt (TPD) includes domestic debt payable in Pak Rupee as well as the short, medium and long term Public Debt portion of External Debt & Liabilities (expressed in Rupee term). In addition, funds obtained from International Monetary Fund (IMF) for the purpose of budgetary financing have also been included from the current fiscal year. The stock of public debt does not include the debt and liabilities of the central bank, which includes financing for balance of payment (BoP) support. Further, publically guaranteed debt and government guarantees issued for commodity operations are also not included.

Using this standard definition, Total Public Debt (TPD) posted a growth of 12.2 percent during the first nine months of the current fiscal year and reached Rs. 8,160 billion at the end of March 2010. This increase in the stock of public debt is significantly lower than the rapid increase of 22 percent in the previous fiscal year.

The domestic currency component increased by Rs. 631 billion or 16.3 percent to end at Rs. 4,491 billion in comparison to Rs. 3,860 billion of end-June 2009. This increase accounted for 71 percent of the aggregate increase in TPD. On the other hand, there was an addition of Rs. 253 billion in the stock of

[1] World Economic Outlook, April 2010, International Monetary Fund

foreign currency debt which makes up the remaining 29 percent. It is interesting to note that in contrast to FY09, the increase in the stock of TPD during the current year has mostly been through domestic sources. A relatively stable exchange rate, appreciation of the dollar against other major currencies, and limited access to multilateral and bilateral debt creating flows has necessitated this shift in financing mix. Public debt is increasingly composed of domestic currency debt, the share of which has risen from 53 percent as of end-June 2009 to 55 percent in March 2010.

Table 8.1: Public Debt

	FY05	FY06	FY07	FY08	FY09	FY10*
	(In billions of Rs.)					
Domestic Currency Debt	2178	2337	2610	3275	3860	4491
Foreign Currency Debt	1856	1973	2140	2705	3417	3669
Total Public Debt	4034	4310	4750	5980	7277	8160
	(In percent of GDP)					
Domestic Currency Debt	33.5	30.7	30.1	32.0	30.3	30.6
Foreign Currency Debt	28.5	25.9	24.7	26.4	26.8	25.0
Total Public Debt	62.1	56.5	54.8	58.4	57.1	55.6
	(In percent of Revenue)					
Domestic Currency Debt	242	217	201	218	209	208
Foreign Currency Debt	206	183	165	180	185	170
Total Public Debt	448	400	366	399	393	379
	(In percent of Total Debt)					
Domestic Currency Debt	54.0	54.2	54.9	54.8	53.0	55.0
Foreign Currency Debt	46.0	45.8	45.1	45.2	47.0	45.0
Memo:						
Foreign Currency Debt (in US$ Billion)	31.1	32.8	35.3	40.2	42.2	43.5
Exchange Rate (Rs./US$, E.O.P)	59.7	60.2	60.6	67.3	81.0	84.4
GDP (in Rs. Billion)	6500	7623	8673	10243	12739	14668
Total Revenue (in Rs. Billion)	900	1077	1298	1499	1851	2155

** As of end-March, 2010* *Source: EAD, Budget Wing, MoF and DPCO staff calculations*

The drying up of external funding sources has put a halt to the rapidly increasing expansion in foreign debt. As most of the foreign currency loans are project based, limited capacity to deliver on these projects has resulted in unutilized lending pipelines of existing commitments. This has made the disbursements under the IMF SBA program more visible during the first three quarters of 2009-10. It should be noted here that only a portion of the last two tranches (US$ 1,083 million) has been used for budgetary financing and hence, constitutes a part of the foreign currency component of TPD. While the remaining funds received from IMF are reflected on the balance sheet of the central bank (SBP) and hence, do not come under the ambit of public external debt. The SBA has primarily been secured to support the Balance of Payments position by supplementing the foreign exchange reserves of the country.

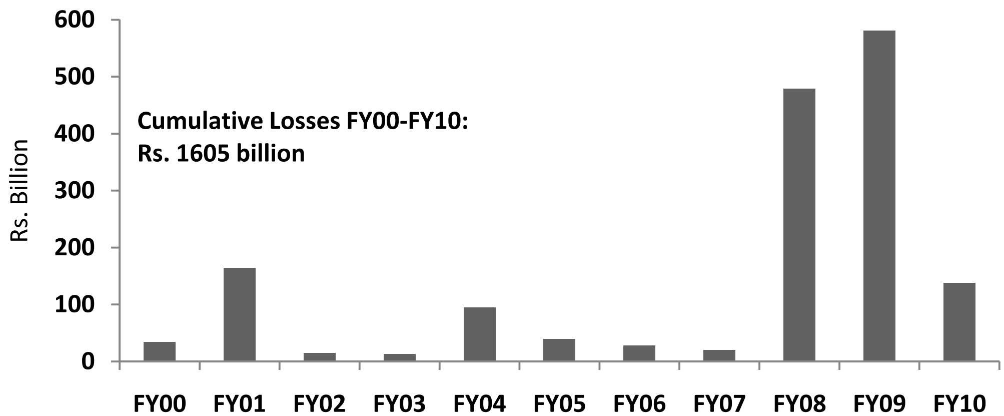
Out of the total increase in TPD, Rs. 148 billion or 17 percent is attributed to depreciation of national currency against the United States Dollar during July 2009-March 2010 as PKR lost 4.2 percent of its value during this period. This impact of depreciation on the public debt stock has been muted in the current fiscal

Table 8.2: Translational Impact on Public Debt, FY10

Currency	Rs. Billion
PKR vs. Dollar	148
Dollar vs. Third Currencies	-9.3
Net Impact	**138.7**

** As of end-March 2010 Source: DPCO staff calculations* year as opposed to 20 percent depreciation of the domestic currency in 2008-09. However, appreciation of the dollar against major international currencies caused a translational gain (reduction in stock due to exchange rate movement) of US$ 111 million or Rs 9.3 billion in the outstanding stock of foreign currency public debt. The net impact of currency movements on TPD for the first three quarters of FY10 stood at Rs 138.7 billion. **Fig 8.2** depicts the net impact of translational losses on account of Rupee depreciation against the dollar, and movements of the dollar against other international currencies from FY00-FY10. On a cumulative basis, exchange rate losses amount to Rs 1605 billion or 20 percent of the current outstanding stock of TPD[2]. Losses during FY08 and FY09 were significantly higher, owing to a combination of a loss in value of the Rupee, as well as a weakening dollar in international markets.

Fig-8.2: Net Translational Impact on Total Public Debt FY00-FY10*



** : As of end-March 2010*

Source: DPCO Staff Calculation

The quantum of increase on the domestic front in the first nine months of 2009-10 is nevertheless alarming. The resurgence of SBP borrowing in the last two months of the third quarter has been the principal source. However, with the government's commitment to adhere to net zero quarterly borrowing limits, this rising trend in the stock of central bank debt is expected to stabilize by the end of this fiscal year. The shortfall in undisbursed amounts of foreign currency debt was met by a heavy reliance on domestic bank and non-bank sources. The government was able to access the debt capital markets due to favourable current environment and interest rates. As a result, healthy investment in government securities and sizeable accruals in major NSS instruments accounted for much of the increase in Rupee debt.

8.1-2 Servicing of Public Debt

Servicing on public debt has aggregated to Rs. 640.2 billion at end-March 2010. As percent of the projected GDP for 2009-10, the public debt servicing is now 4.4 percent. Interest payments of Rs. 428.5 billion have been incurred on domestic debt, whereas Rs. 45 billion of the payment was on account of foreign debt. Huge repayments of about Rs. 166.7 billion were made to retire the maturing foreign currency debt. Almost 46 percent of the government revenues have been used to service interest and principal payments on public debt during July 2009 to March 2010.

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[2] Note: Due to unavailability of detailed data the currency composition is assumed to be constant for years before 2007.

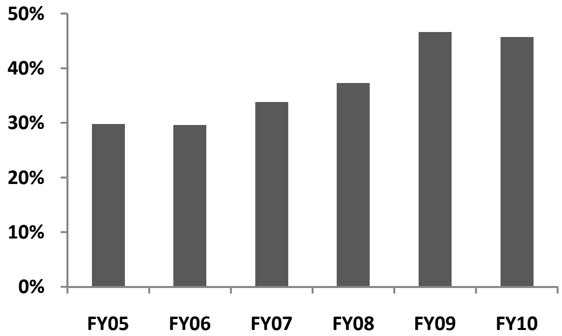


Table 8.3: Public Debt Servicing, July'09-March'10	
	(in billions of Rs.)
Interest Payments	473.5
Interest on Domestic Debt	428.5
Interest on Foreign Debt	45.0
Repayment of Foreign Debt	166.7
Public Debt Servicing	640.2
	(in percent of GDP)
Interest Payments	3.2
Interest on Domestic Debt	2.9
Interest on Foreign Debt	0.3
Repayment of Foreign Debt	1.1
Public Debt Servicing	4.4
	(in percent of Revenue)
Interest Payments	33.8
Interest on Domestic Debt	30.6
Interest on Foreign Debt	3.2
Repayment of Foreign Debt	11.9
Public Debt Servicing	45.7

Source: Budget Wing, MoF

As GDP growth does not necessarily translate into a proportionate increase in revenues, the burden placed by public debt service obligations on government resources is more aptly measured by public debt service as a percentage of government revenues. Weak growth in revenue collection and a faster rate of accumulation of debt during 2007-08 led to a sharp increase in public debt servicing as a percentage of total revenues in the following year. Servicing of public debt amounted to 47 percent of total revenues during FY09. However, a subsequent reduction in the pace of debt creation and a marginal easing in monetary policy stance have seen this indicator fall to approximately 46 percent in the first three quarters of FY10.

8.1-3 Dynamics of Public Debt

Owing to a revision in the GDP growth for the last two years, the TPD-to-GDP ratio has been adjusted to 58.4 percent and 57.1 percent in 2007-08 and 2008-09 respectively. For 2009-10, this ratio in percentage terms rested at 55.6 percent as of March 31. The ratio has declined by 1.5 percentage points from the previous fiscal year, which has mainly been achieved on account of slow-moving external inflows. In terms of total revenues, public debt as of end-March has improved slightly to 3.8 times, from 3.9 times in 2008-09. In real terms, the growth of public debt has been fairly restrained, following a spike in FY08. 9.7 percent growth in real terms witnessed in FY08, coupled with negative real growth of revenues, led to a drastic increase in the country's debt burden.

Table 8.4: Dynamics of Public Debt Burden, FY05-FY10*

Year	GDP Deflator	Fiscal Balance	Primary Balance	Real Growth of Debt [A]	Real Growth of Revenue [B]	Real Growth of Debt Burden [A-B]
FY05	7.7%	-3.3%	-1.3%	-1.7%	5.7%	-7.3%
FY06	7.0%	-4.3%	-2.3%	-0.1%	12.6%	-12.8%
FY07	10.5%	-4.3%	-1.5%	-0.3%	10.1%	-10.4%
FY08	16.2%	-7.6%	-2.8%	9.7%	-0.7%	10.4%
FY09	20.3%	-5.2%	-0.3%	1.4%	3.1%	-1.8%
FY10	10.1%	-5.1%	-0.5%	2.1%	6.3%	-4.3%

** : As of end-March 2010* *Source: DPCO Staff Calculations*

As shown in **Table-8.4**, efforts to decrease the fiscal deficit have paid dividend in the form of lower real growth of debt. Further, positive real growth in revenues above and beyond the growth in debt during the FY09 and FY10 has translated to a real reduction in the debt burden. It must be noted however, that the deceleration in the real growth of debt was also influenced by very high levels of inflation witnessed in FY09. As inflationary pressures in the economy were fairly lower in FY10, the real growth in debt has begun to increase marginally. During the first nine months of the current year, total public debt increased by 2.1 percent in real terms, whereas end of year revenue collection is projected to grow by 6.3 percent; leading to a decline in the debt burden of approximately 4.3 percent.

Table 8.5: Real Cost of Borrowing

Year	External Debt	Domestic Debt	Public Debt
	(in percent)		
FY05	-4.1	-0.8	-2.3
FY06	-4.8	1.1	-1.6
FY07	-4.4	5.8	1.1
FY08	3.3	4.5	4.0
FY09	3.4	-3.7	-0.5
FY10*	-5.7	0.2	-2.6

** : As of end-March 2010 Source:DPCO staff calculations*

Calculation of real (inflation-adjusted) cost of borrowing reflects not only the interest paid on outstanding debt, but also the price levels and exchange rate movements and their impact on the portfolio. Historically, external debt has been a cheaper source of borrowing for Pakistan. However, rupee depreciation against the dollar has had a massive impact on the cost of external debt in various years. The real cost of borrowing from external sources, which is usually negative, increased to as high as 3.4 percent in FY09 owing mostly to the Rupee losing 20 percent of its value against the dollar. With a relatively stable exchange rate, and the concessional nature of Pakistan's external loans, the cost of borrowing for FY10 stood at -5.7 percent in real terms. The cost of borrowing from domestic sources has increased to 0.2 percent in the first three quarters of FY10; however, this increase is partly influenced by lower inflationary pressures as compared to FY09 where the cost from domestic sources was -3.7 percent in real terms.

8.2 Domestic Debt

In order to bridge the gap between revenue and expenditure on a government's balance sheet, sovereigns all over the globe rely on debt creating flows, both external and internal. The foreign currency component of financing generally depends on factors beyond the reach and control of governments whereas the domestic sources can be approached at all times, even though at a higher cost. The prime example in this case is borrowing from the central bank (referred to as seignorage, or deficit monetisation).

As for Pakistan, stagnant external flows have implied a higher reliance on domestic funding sources. The absence of efficient and liquid debt capital markets has meant that the government has been compelled towards deficit monetization, which runs counter to its stated aim of improving further the debt dynamics of the country. The vulnerability of debt service charges to interest rate variations increases with the piling up of shorter maturities in domestic debt. Additionally, extensive government borrowing may induce inflation through the expansion of money supply.

Despite the dangers of excessive reliance on domestic debt, it is important to note that government borrowing through domestic sources is vital in stimulating investment and private savings, as well as strengthening domestic financial markets, since it provides depth and liquidity to the markets.

8.2-1 Outstanding Domestic Debt

Domestic debt is broadly classified as *permanent*, *floating* and *unfunded* debt. As of end March 2010, the outstanding stock of domestic debt stood at Rs. 4,490.7 billion (See **Table-8.6**). During the first nine months of the current fiscal year 2009-10, Rs. 630.8 billion was added to the stock that yielded an overall growth of 16.3 percent in the domestic debt portfolio of the country. The domestic debt to GDP ratio rose to 30.6 percent by end-March 2010, an increase of 0.3 percentage points over end-June 2009, in response to relatively stable nominal GDP growth.

Table 8.6: Outstanding Domestic Debt, FY05-FY10*

	FY05	FY06	FY07	FY08	FY09	FY10*
	(in billions of Rs.)					
Permanent Debt	526.3	514.9	562.7	616.9	685.9	779.3
Floating Debt	778.2	940.2	1,107.6	1,637.4	1,903.5	2,299.7
Unfunded Debt	873.2	881.7	940.0	1,020.3	1,270.5	1,411.7
Total	**2,177.7**	**2,336.8**	**2,610.3**	**3,274.6**	**3,859.9**	**4,490.7**
	(in percent of GDP)					
Permanent Debt	8.1	6.8	6.5	6.0	5.4	5.3
Floating Debt	12.0	12.3	12.8	16.0	14.9	15.7
Unfunded Debt	13.4	11.6	10.8	10.0	10.0	9.6
Total	33.5	30.7	30.1	32.0	30.3	30.6
	(in percent of Total Debt)					
Permanent Debt	24.2	22.0	21.6	18.8	17.8	17.4
Floating Debt	35.7	40.2	42.4	50.0	49.3	51.2
Unfunded Debt	40.1	37.7	36.0	31.2	32.9	31.4
Memo:						
GDP (in billion of Rs.)	**6,499.8**	**7,623.2**	**8,673.0**	**10,243.0**	**12,739.0**	**14,668.0**

** : As of end-March 2010* *Source: Budget Wing, MoF*

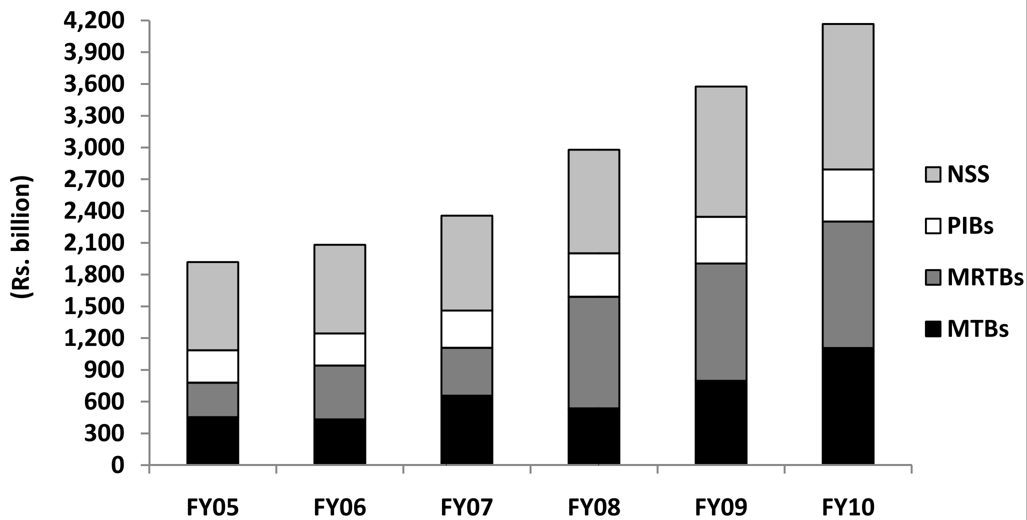
The short-term nature of domestic debt is evident by an ever increasing share of floating debt in the total stock. As of end-March 2010, more than half of the domestic debt is composed of government debt instruments having tenors of a year or lesser. The contribution of permanent and unfunded debt has decreased to 17.4 percent and 31.4 percent, in comparison to previous year's share of 17.8 percent and 32.9 percent respectively. High dependence on short-term debt leaves the domestic debt portfolio exposed to refinancing risk.

8.2-1(i) Permanent Debt

The permanent debt on account of healthy inflows in Pakistan Investment Bonds (PIBs) to the tune of Rs. 52.4 billion grew by 13.6 percent. An almost equal addition was jointly contributed by Prize Bonds (Rs. 27.4 billion) and Ijara Sukuk (Rs. 14.4 billion) during the period under review. Meanwhile, the government successfully retired the maturing Federal Investment Bonds (FIBs).

The State Bank of Pakistan (SBP) conducted four PIB auctions in the ongoing fiscal year with the target of Rs. 10 billion per auction. The market participated with vigor surpassing the target in almost every auction. Although Ijara Sukuk (issued in 2008-09) made a one-time appearance during the period under review, this fairly new instrument mobilized enormous funds from the Islamic market. Such a strong input suggests the untapped potential of the budding Islamic market and calls for a continuation of this initiative in the years to come.

Fig-8.4: Major Domestic Debt Instruments FY05-FY10



Source: Budget Wing, DPCO Staff Calculation

Moreover, compliance with the policy steps taken in the previous year to draw a line between debt creation and monetary policy execution has imparted certainty to the government securities market. These steps include publication of yearly auction calendars and their periodical revision, adherence to volume based auctions and the decision of cut-off yields for primary auctions by the Ministry of Finance. Going forward, such measures can be the building blocks of a well-integrated and articulated macroeconomic policy covering fiscal, monetary and debt sectors of the economy.

8.2-1(ii) Floating Debt

The stock of floating debt experienced the highest growth of 20.8 percent in 2009-10 (July 2009-March 2010) among the major categories of domestic debt and ended at Rs. 2,299.7 billion as of March 31, 2010. Bulk of this increase is attributed to hefty net proceeds from Market Treasury Bills (MTBs) of about Rs. 311 billion falling under the ambit of floating debt. The market preference of government debt instruments, owing to risk aversion and absence of private sector credit demand, greatly assisted in augmenting the participation in MTBs auction over and above the targeted amounts.

On the other hand, central bank borrowing through Market Related Treasury Bills (MRTBs) was limited to Rs. 85.7 billion during July 2009 to March 2010, which is a result of the government's target under the SBA of pursuing a position of net zero quarterly borrowing from SBP. The growth of 7.5 percent in the stock of MRTBs during the first three quarters of 2009-10 *albeit* higher than 5.2 percent witnessed in the previous year has undoubtedly receded from the rate of increase of 133 percent recorded in 2007-08.

Subdued credit demand from the private sector has been an underlying theme of the year and a primary cause of huge increments in case of market debt instruments (PIBs and MTBs). Banks preferred to lock in at higher rates owing to a general perception of an interest rate peak in the market. Furthermore, the losses borne by the banking sector on account of non-performing loans kept them away from resorting to the private sector requirements, even though negligible. With the gradual resurgence of private sector credit demand lately and market expectation of an interest rate hike at the back of renewed inflationary pressures, banks have started concentrating on the 3-months paper. This may disrupt the ongoing trend of heavy investments in MTBs in future.

8.2-1(iii) Unfunded debt

The unfunded category of internal debt, composed of NSS instruments, has recorded a modest expansion of 11.1 percent during the ongoing fiscal year (till March 2010). Special Savings Certificates attracted Rs. 81.7 billion followed by Bahbood Savings Certificates and Regular Income Scheme. Massive retirements in Defence Savings Certificates turned the net accrual to a negative Rs. 35 billion during the period under review.

The Central Directorate of National Savings (CDNS) launched tradable bonds with the name of National Savings Bonds having maturity of 3, 5 and 10 years in January 2010. The stock of these bonds stood at Rs. 3.7 billion as of March 31, 2010 with an almost 95 percent concentration in the 3-year tenor.

The NSS contains a number of instruments with similar features, however targeting different market segments. Out of eight instruments, three schemes have a 3-year maturity, four are a 10-year instrument and two are a 5-year instrument. From the incremental borrowing of Rs. 172 billion, Rs. 59 billion or 34.6 percent are generated through Pensioners' Benefit Account and Bahbood Savings Certificates carrying very high interest rates (See **Table-8.7**).

Table 8.7: National Savings Schemes

Schemes	Maturity (years)	Quoted Rate (in percent)	Outstanding 31-Mar-10	Variance Mar - Jun	Percentage Share in Total (in percent)
			(in millions of Rs.)		
Savings Account		8.50%	15,568	(538)	-0.31%
Special Savings Account	3	11.67%	118,400	30,750	17.96%
Pensioners' Benefit Account	10	14.16%	124,043	14,163	8.27%
Defence Savings Certificates	10	12.15%	222,156	(35,458)	-20.71%
Special Savings Certificates	3	11.67%	341,100	52,150	30.46%
Regular Income Certificates	5	12.00%	125,047	34,045	19.89%
Bahbood Savings Certificates	10	14.16%	352,639	45,105	26.35%
National Savings Bonds	3,5,10	12.50%	3,650	3,650	2.13%
Prize Bonds		8.50%	224,765	27,325	15.96%
Total			**1,527,367**	**171,191**	**100%**

Source: CDNS, Budget Wing, MoF and DPCO staff calculations

The embedded put option in most of the schemes under the NSS umbrella can be a potential source of severe liquidity crisis as a probable rate hike will immediately be capitalized upon in the presence of a put option facility. Moreover, automatic rollovers, cash accounting and zero coupon in NSS result in inconsistent fiscal numbers. For instance, the zero coupon DSCs of almost Rs. 80 billion issued in late 1990s did not appear in the budget until they were matured recently in the last three years, hitting the budget by more than Rs. 400 billion. This cost might have been spread during the 10 year tenor, had there been an accrual accounting practice prevalent in the CDNS in particular and government in general.

CDNS was established by the government with the intention of mobilizing savings of retail markets, however, non bank institutional investment has traditionally dominated this category of unfunded debt. These institutional investors also invest in wholesale markets and benefit from the interest rate arbitrage between the two markets.

8.2-2 Domestic Debt Burden

Interest payments on domestic debt largely reflect the servicing cost on previous stock. The interest payments for the period of July 2009-March 2010 aggregated to Rs. 428.5 billion.

Table 8.8: Domestic Debt Burden

Fiscal Year	(in billions of Rs.)		Interest Payments as % of				
	Domestic Debt	Interest Payments	*Tax Revenue*	*Total Revenue*	*Total Expenditure*	*Current Expenditure*	*GDP (mp)*
FY05	2,177.7	176.3	26.7	19.6	15.8	18.7	2.7
FY06	2,336.8	202.5	25.2	18.8	14.4	18.1	2.7
FY07	2,610.3	326.9	36.7	25.2	19.5	23.8	3.7
FY08	3,274.6	442.6	42.1	29.5	19.4	23.8	4.3
FY09	3,860.5	580.5	48.2	31.4	22.9	28.4	4.6
FY10*	4,490.7	428.5	41.6	30.6	21.1	24.9	2.9

** : As of end-March 2010* *Source: Budget Wing, MoF*

As a percentage of major macroeconomic indicators, interest payments have started deteriorating since 2007-08. This weakening has meant that payments owing to interest expense have consumed a major chunk of limited budgetary resources in the past few years. Additionally, this trend indicates that interest payments have emerged as the largest component of current expenditure in the fiscal account. In continuation of this trend, interest payments on domestic debt in proportion to tax revenue amounted to 41.6 percent in the first nine months of 2009-10. 30.6 percent of the total revenues have been used to pay off the interest due on internal debt. Similarly, the share of interest expenditure on domestic currency debt in total and current expenditures has become 21.1 percent and 24.9 percent respectively. The ratio of interest payments to projected GDP has depicted a slight improvement during July 2009-March 2010, decreasing from 4.6 percent in 2008-09 to 2.9 percent as of March 31, 2010 *(See **Table-8.8**)*.

8.3 External Debt & Liabilities

Pakistan's external debt and liabilities (EDL) include all foreign currency debt contracted by the public and private sector, as well as foreign exchange liabilities of the Central Bank. EDL has been dominated by public sector external debt due to a chronic current account deficit and substantial foreign financing through loans from multilateral and bilateral donors. Public sector external debt includes financing for Balance of Payments support as well as foreign currency financing of the budget deficit. Debt obligations of the private sector are fairly limited and have been a minor proportion of EDL. The explicit concessional terms of loans (low cost and long tenors) contracted with international financial institutions or donor countries have concealed the inherent capital loss associated with foreign currency debt to some extent. On the contrary, after accounting for the exchange rate loss, foreign currency loans from multilateral and bilateral donors are contracted at a lower rate as compared to domestic currency debt (an average cost differential of approximately 1.1 percent over the last 19 years). Consequently, government has historically remained favourable in terms of borrowing through these channels given the macroeconomic importance of foreign financing flows in Pakistan.

8.3-1 Outstanding External Debt & Liabilities

During the first nine months of the current fiscal year 2009-10, Pakistan's external debt and liabilities increased by US$ 2 billion or 3.8 percent. The outstanding stock as of end-March FY10 stood at US$ 54 billion as opposed to US$ 52 billion at the end of FY09. In absolute terms, the first three quarters of FY10 have witnessed the lowest increase in the stock of EDL during the last three years.

Table 8.9: Pakistan: External Debt and Liabilities *(In billions of U.S. dollars)*

	FY05	FY06	FY07	FY08	FY09	FY10*
1. Public and Publically Guaranteed Debt	31.1	32.8	35.3	40.2	42.2	42.4
A. Medium and Long Term(>1 year)	30.8	32.6	35.3	39.5	41.6	41.8
Paris Club	13.0	12.8	12.7	13.9	14.0	14.0
Multilateral	15.4	16.8	18.7	21.6	23.1	23.2
Other Bilateral	0.8	0.8	1.0	1.2	2.0	2.5
Euro Bonds/Saindak Bonds	1.3	1.9	2.7	2.7	2.2	1.6
Military Debt	0.2	0.1	0.1	0.0	0.2	0.2
Commercial Loans/Credits	0.2	0.2	0.1	0.1	0.2	0.3
B. Short Term (<1 year)	0.3	0.2	0.0	0.7	0.7	0.6
IDB	0.3	0.2	0.0	0.7	0.7	0.6
2. Private Non-Guaranteed Debt (>1 year)	1.3	1.6	2.3	2.9	3.3	3.2
3. IMF	1.6	1.5	1.4	1.3	5.1	7.2
of which Central Govt.						1.1
Monetary Authorities	1.6	1.5	1.4	1.3	5.1	6.1
Total External Debt (1 through 3)	**34.0**	**35.9**	**39.0**	**44.5**	**50.7**	**52.7**
(of which) Public Debt	*31.1*	*32.8*	*35.3*	*40.2*	*42.2*	*43.5*
4. Foreign Exchange Liabilities	1.4	1.3	1.3	1.7	1.3	1.2
Total External Debt & Liabilities (1 through 4)	**35.4**	**37.2**	**40.3**	**46.2**	**52.0**	**53.9**
(of which) Public Debt	*32.1*	*33.8*	*36.5*	*40.7*	*42.2*	*43.5*
Official Liquid Reserves	9.8	10.8	13.3	8.7	9.5	11.2
	(In percent of GDP)					
Total External Debt (1 through 3)	**31.1**	**28.2**	**27.3**	**27.0**	**31.3**	**30.4**
1. Public and Publically Guaranteed Debt	28.4	25.8	24.7	24.5	26.0	24.4
A. Medium and Long Term(>1 year)	28.1	25.6	24.7	24.0	25.6	24.1
B. Short Term (<1 year)	0.2	0.1	0.0	0.4	0.4	0.3
3. IMF	1.5	1.2	1.0	0.8	3.2	4.1
4. Foreign Exchange Liabilities	1.3	1.1	0.9	1.0	0.8	0.7
Total External Debt & Liabilities (1 through 4)	**32.3**	**29.2**	**28.2**	**28.1**	**32.0**	**31.1**
Official Liquid Reserves	9.0	8.5	9.3	5.3	5.9	6.4
Memo:						
GDP (in billions of Rs.)	6,500	7,623	8,673	10,243	12,739	14,668
Exchange Rate (Rs./US$, Period Avg.)	59.4	59.9	60.6	62.5	78.5	84.5
Exchange Rate (Rs./US$, EOP)	59.7	60.2	60.6	67.3	81.0	84.4
GDP (in billions of US dollars)	109.5	127.4	143.0	164.5	162.3	173.6

** : end-March'10* *Source: SBP, EAD and DPCO staff calculations*

Positive developments in the trade balance, stable and robust workers' remittances, and the relative strength of the U.S dollar against other international currencies have assisted in limiting the growth of EDL. However, lack of foreign currency financing flows has also played a part in the constrained growth of EDL, with the burden of deficit financing shifting to domestic sources.

Following is a break-up of the developments in the various categories of EDL:

8.3-1(i) Public and Publically Guaranteed External Debt

Public and Publically guaranteed (PPG) debt consists of all loans and bonds contracted by the government, or in which the government is a guarantor. These include; medium and long-term obligations from multilateral and bilateral creditors, Pakistani Sovereign bonds, military, and commercial debt; and short-term debt which is contracted mostly through the Islamic Development Bank. The outstanding stock of medium and long-term debt remained fairly stagnant during the first three quarters of FY10, registering a net increase of US$ 200 million to stand at US$ 41.8 billion by end-March FY10. Multilateral debt, which is the single largest component of Pakistan's EDL, did not witness any significant changes during the period under review. The project-based nature of loans contracted under this category hinges on Pakistan's ability to instill project efficiency. Also, limited access to increased avenues of multi-lateral financing has meant that the increase in multilateral debt has been limited to US$ 100 million.

Table 8.10: Composition of EDL*, FY10

Component	Percent
Public & Publically Guaranteed	78.5%
Paris Club	26.0%
Multilateral	43.0%
Other Bilateral	4.6%
Short Term	1.1%
Other	3.8%
Private Non-Guaranteed	5.9%
IMF	13.4%
Foreign Exchange Liabilities	2.3%
Memo:	
Total EDL (In billions of US$)	**53.9**

** EDL: External Debt & Liabilities*

Source: DPCO staff calculations

The second largest portion of PPG debt is contracted from bilateral sources which include Paris Club donors as well as other countries outside the Paris Club. While no net change was witnessed in the outstanding stock of Paris Club debt, net inflows from other-bilateral sources amounted to US$ 500 million by end-March FY10 mostly on account of US$ 200 million budget support made available through the Saudi Fund for Development.

Other major developments in the outstanding stock of PPG debt include the repayment of US$ 600 million International Sukuk Bond in January 2010. The overall lack of increase in the stock of PPG debt, although encouraging, signals limited access to foreign currency debt creating flows from multilateral and bilateral sources. The dearth of such financing flows has meant that the Government has had to rely on disbursements under the IMF SBA and issuance of domestic debt to meet its financing requirements. Going forward, with repayments to the IMF beginning in FY12, access to concessional financing from multilateral and bilateral sources must be secured. Increased efficiency with regards to project delivery will assist in augmenting these funding sources.

8.3-1(ii) IMF Debt

Similar to FY09, foreign currency debt flows during the year have been dominated by disbursements under the IMF SBA. The third disbursement of SDR 766.7 million (US$ 1.2 Billion) was made on August 7, 2009 followed by a fourth disbursement of the same amount on December 23, 2009. The recently disbursed tranches contain an element of budgetary support as opposed to the strictly BoP support nature of previous tranches. The outstanding stock of IMF debt now stands at US$ 7.2 billion as opposed to US$ 5.1 billion at the end of FY09, growing by approximately 40 percent. Out of this outstanding amount, US$ 1,083 million is for the purpose of budgetary support, while the remainder is being used to strengthen the country's Balance of Payments. The latest tranche of approximately US$ 1.13 billion dollars was received on May 19, 2010.

8.3-1(iii) Private Non-Guaranteed Debt and Foreign Exchange Liabilities

Private non-guaranteed debt by end-March FY10 stood at US$ 3.16 billion, decreasing by US$ 200 million or 5.5 percent in the first three quarters. Out of this amount, US$ 137 million is for private non guaranteed bonds while the remainder consists of loans. It is worth noting that substantial private sector debt plays a key role in the fears of a debt crisis looming over developed countries, specially the Euro zone. The exposure of Pakistan's private sector to external debt is limited, thus reducing the vulnerability of the overall debt stock. Foreign Exchange Liabilities, which mostly consist of Central Bank Deposits, remained fairly stable, with the outstanding stock decreasing by a marginal amount of US$ 100 million.

8.3-2 Commitments and Disbursements of External Debt

There has been a significant change in the pattern of commitments for project and non-project aid. The share of project aid was 35.9 percent during 2008-09, which increased to 67 percent by end-March 2010. Unlike previous years, the share of project aid in total commitments has increased during current financial year.

Commitments of foreign economic assistance were $6,388 million during 2008-09, while total commitments amounted to $4,730 million during the first nine months of the current fiscal year i.e., July-March, 2009-10. About 66 percent of total commitments during July-March 2009-10 were in the shape of project aid while the remaining comprised non-project aid. The share of BOP/Budgetary support in total non-project aid was 17.8 percent, Tokyo Pledges 7.1 percent and IDB (ST) 6.9 percent. Disbursement of foreign economic assistance during 2008-09 was $4,688 million and $2,135 million during July-March, 2009-10. During July-March 2009-10, disbursements of $2134.8 million were for different purposes like Programme-loans/Budgetary Support ($561.3 million), Project Aid ($700.1 million), short Term Credits i.e. Trade Financing ($321.7 million), Earthquake Reconstruction & Rehabilitation ($140.0 million), Tokyo Pledges ($358.0 million), IDPs ($51.5 million), and Afghan Refugees Relief Assistance ($2.3 million). A summarized table of commitments and disbursements of foreign economic assistance is given in **Table 8.11**.

Table 8.11: Commitments and Disbursements, FY10* **(US $ millions)**

Particulars	**Commitments**				**Disbursements**			
	2008-09		**2009-10 (July-March) (P)**		**2008-09**		**2009-10 (July-March) (P)**	
	Amount	% Share	Amount	% Share	Amount	% Share	Amount	% Share
I. **Project Aid**	2,296	35.9	3,175	67.1	1,272	27.1	840.1	39.3
II. **Non-project Aid**	4,092	64.1	1,555	32.9	3,415	72.8	1,295	60.7
a) Non-Food	125	2	0	0	175	3.7	0	0
b) Food Aid	18	0.3	0	0	0	0	0	0
c) Budgetary Support / (BOP)	3,350	52.4	1,229	26	2,582	55.1	971	45.5
d) IDB (ST)	597	9.3	324	6.8	656	14	322	15.1
e) Afghan R.R.A.	2	0	2.2	0	2	0	2.2	0.1
Total (I + II)	**6,388**	**100**	**4,730**	**100**	**4,688**	**100**	**2135**	**100**

** As of end-March 2010* *Source: Economic Affairs Division*

8.3-3 Translational Impact during 2009-10

While the stock consists of various currencies, for all intents and purposes the Pakistan's External Debt exposure is 100 percent dollarized, i.e. all loan proceeds are converted into Pak Rupees at the time of disbursement and no exchange cover is arranged.

This effectively means that the external debt portfolio is vulnerable to the movement of US Dollar exchange rate vis-à-vis other currencies and rupee exchange rate vis-à-vis USD. As Pak Rupee is not an internationally traded currency, the other currencies are bought and sold via selling and buying of USD. Historically, Pakistan has suffered significant losses (increase in debt stock due to currency movements as opposed to increased inflows). Since 1993, Pakistan has suffered an average translational loss of approximately US$ 248 million per year. However, the magnitude of these losses has been more significant since 2000-01, with a peak of US$ 3.1 billion in translational losses suffered in 2007-08. It is important to note that even in years where translational losses have been limited, Pakistan has not been able to capitalize on favourable movements in international currency markets. Furthermore, these figures only measure the losses caused by movements in US Dollar vs. Third currency and not losses caused by appreciation of the dollar against the Pak Rupee.

Table 8.12: Historical Translational Impact

Year	Translational (Loss)/Gain*
1993	8
1994	(881)
1995	(1,729)
1996	2,485
1997	911
1998	1,683
1999	(685)
2000	(467)
2001	2,463
2002	(1,833)
2003	(1,437)
2004	(1,541)
2005	253
2006	(197)
2007	(67)
2008	(3,121)
2009	(53)
2010**	242
Average Loss Per Year	**(220.3)**

** : Estimated, ** :As of end-March 2010*
Note: Due to unavailability of detailed data the currency composition is assumed to be constant for years before 2007.
Source: DPCO staff calculations

The relative strength of the dollar against the Euro, Yen, and Pound Sterling has had a positive impact on Pakistan's EDL. During the first nine months of FY10, Pakistan witnessed a translational gain of approximately US$ 242 million. Sharp appreciation of the dollar against these major international currencies caused a reduction in the USD equivalent of Pakistan's foreign currency public debt of approximately US$ 924 million in the third quarter of FY10 alone. Going forward, continuing fears of high levels of debt in the Euro zone are likely to maintain the relative strength of the dollar. However, the historic losses due to international exchange rate movements underline the need for a comprehensive currency hedging framework to be put in place. In this regard, the Debt Management Committee has undertaken the formulation of a strategy to hedge the market risk inherent in Pakistan's external debt portfolio.

8.3-4 External Debt Servicing

Servicing of external debt and liabilities during the first nine months of FY10 amounted to US$ 4.3 billion. Out of this amount, US$ 3.6 billion was for principal repayments during the period, while the interest cost on external debt and liabilities reached US$ 771 million. When compared to a stock of approximately US$ 55.2 billion at the end of FY09, the relatively smaller amount of interest payments made during the first three quarters of FY10 signal towards the concessional nature of most of the foreign loans contracted by Pakistan. The bulk of the servicing, approximately 63 percent, was on behalf of public and publically guaranteed debt, with foreign exchange liabilities and private non-guaranteed debt making up a small portion of the total servicing amount. Principal repayments of public and publically guaranteed external debt also include the US$ 600 million repayment of the International Sukuk Bond in January 2010.

Table 8.13: Pakistan's External Debt Servicing ($millions)

Years	Actual Amount Paid	Amount Rolled Over	Total
FY05	2,783	1,300	4,083
FY06	2,896	1,300	4,196
FY07	2,870	1,300	4,170
FY08	3,122	1,200	4,322
FY09	4,728	1,600	6,328
FY10*	4,346	1,023	5,369

*** As of end-March 2010** **Source: SBP**

8.3-5 External Debt Burden and Sustainability Indicators

To attain a holistic picture of the burden placed by external debt on the economy, historical changes in the burden, and to ascertain future direction and threats to the sustainability of the debt stock, an analysis of ratios linking levels of debt and debt servicing to macroeconomic fundamentals, specifically of the external account of the economy is mandatory. Managing the levels of external debt, and the risks associated with them pose policy makers with a different set of challenges. While EDL expressed as a percentage of GDP might be a common means of measuring the indebtedness of an economy, repayment capacity is more accurately captured through expressing the levels of debt as a percentage of the economy's foreign exchange earnings and reserves. Additionally, analysis of the current account deficit provides important clues as to the future direction of the external debt path. A nil current account deficit before interest payment and higher growth in Foreign Exchange Earnings (FEE) compared to the interest rate paid on EDL will ensure a decline in EDL burden over time.

Table 8.14: External Debt Sustainability Indicators, FY05-FY10*

	FY05	FY06	FY07	FY08	FY09	FY10*
EDL/GDP	32.30%	29.20%	28.20%	28.10%	32.00%	31.10%
EDL/FER	2.8	2.8	2.7	4.0	4.1	3.6
EDL/FEE	1.3	1.2	1.2	1.3	1.5	1.5
EDL Service/FEE	15.3%	13.5%	12.8%	11.7%	17.3%	11.8%
Non-Interest Current Account Deficit	-2.9%	0.5%	2.9%	3.8%	7.1%	4.4%
STD/EDL	0.8%	0.5%	0.1%	1.5%	1.3%	1.1%
Growth in EDL	1.8%	5.1%	8.3%	14.6%	14.3%	2.3%
Growth in FEE	21.1%	16.3%	5.3%	13.0%	-4.2%	3.2%

* : Debt Stock as of end-March 2010, FEE end of year projection

FEE=Foreign Exchange Earnings, STD= Short-Term Debt, FER=Foreign Exchange Reserves

Source: DPCO Staff Calculations

In spite of a marginal increase in the stock of EDL in the first three quarters of FY10, EDL as a percentage of GDP has declined to 31.1 percent; a reduction of 100 bps in nine months. However, as the figure of EDL is for end-March 2010, and the GDP is projected for the whole year, a slight increase in this indicator is expected in Q4FY10. Historically, Pakistan has had very limited reliance on short-term external debt, thereby reducing the refinancing risk to the country's debt stock. By end-March FY10, STD declined to 1.1 percent of total EDL as opposed to 1.3 percent in FY09.

An overall improvement in the external account, coupled with limited foreign currency debt creating flows, has led to a decline in the general external indebtedness of the country. A marginal decrease in EDL/FER reflects the recent consolidation of foreign exchange reserves, and a general improvement of the country's repayment capacity. Growth in exports and robust workers' remittances has led to a reduction in EDL and EDL service as percentages of FEE. If such performance is sustained with regards to exports and current transfers, the repayment burden on the economy will be significantly lessened. A reduction in the non-interest current account deficit also eases pressures on the debt portfolio going forward. However, the presence of a chronic non-interest current account deficit needs to be addressed to ensure sustainability of the external debt stock, particularly in light of a rebound in international commodity prices.

Although Pakistan's stock of outstanding External Debt consists mostly of long-term concessional rate loans from multilateral and bilateral donors, the addition of the IMF SBA which includes tranches with a shorter repayment horizon and relatively higher interest rates has skewed the maturity profile of the debt portfolio. The majority of repayments are to be made in the period 2011-2025.

8.3-6 International Capital Markets

Access to international debt capital markets has been employed by many emerging market economies successfully. Although the cost is higher than the concessional financing provided by multi-lateral institutions and the risk of adverse impact from currency movements remains, borrowing from global capital markets is seen as a vital step in the development of financial markets domestically and in setting a benchmark for sovereign paper.

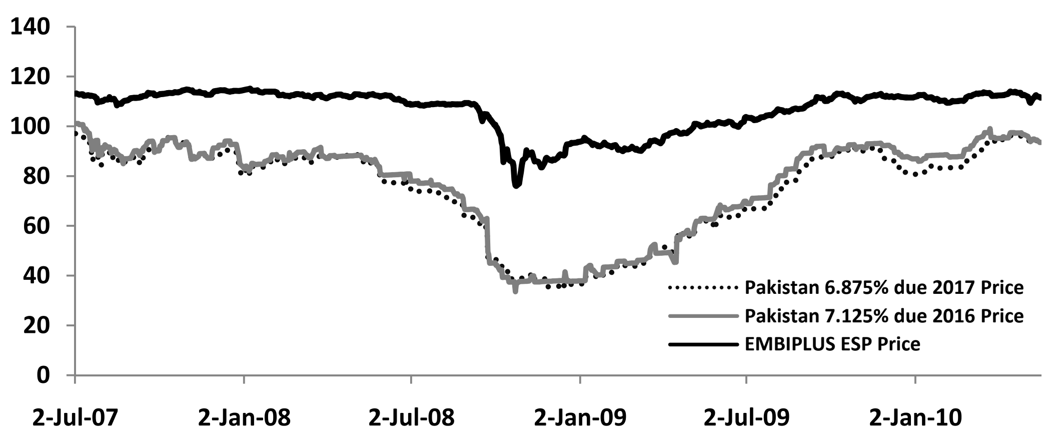
Table 8.15: Performance of Pakistan's Sovereign Issues (as of May 18, 2010)

Issuer	Maturity	Amount (US$ million)	Coupon (%)	Spread over UST (bps)
Islamic Republic of Pakistan	Mar 31, 2016	500	7.125	544
Islamic Republic of Pakistan	Jun 1, 2017	750	6.875	541

Source: JP Morgan

Pakistan has successfully tapped the international markets in the past. The sovereign issues of 2016 and 2017 are currently trading at 544 bps and 541 bps over UST (as of May 18, 2010) respectively. This shows that the yawning spreads have recovered sharply only recently in response to a gradual recovery in the international capital markets.

Fig-8.5: Performance of Pakistan Sovereign Issues against EMBI+



Source: JP Morgan

The fiscal year 2009-10 was characterized by the repayment of a maturing International Ijara Sukuk Bond worth US$ 600 million due on 27 January, 2010 with no new issue. Pakistan does not consider this foray a viable option in the short-term given the still high yields on the existing issues. However, it is important to keep the investor base intact. The trend in the performance of Pakistan sovereign issues is nearly in line with the Emerging Markets Bond Index Plus (See **Figure-8.5**). The 2016 and 2017 issues have fared well in the recent months owing to some stability on the domestic horizon due to government's consistent efforts to put the economy back on track. Pakistan plans to continue accessing international markets, though opportunistically, so that the presence of Pakistani paper in these markets remains visible.

TABLE 8.1

INTERNAL DEBT OUTSTANDING (AT END OF PERIOD)

(Rs million)

Fiscal Year/ Type of Debt	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10*	%Change 2009-10/ 2008-09
Permanent Debt	349,212	424,767	468,768	570,009	526,179	514,879	562,540	616,766	685,939	779,182	13.6
Floating Debt	737,776	557,807	516,268	542,943	778,163	940,233	1,107,655	1,637,370	1,903,487	2,299,737	20.8
Un-funded Debt	712,010	792,137	909,500	914,597	873,248	881,706	940,007	1,020,379	1,270,513	1,411,690	11.1
Total	1,798,998	1,774,711	1,894,536	2,027,549	2,177,590	2,336,818	2,610,202	3,274,515	3,859,939	4,490,609	16.3
Memorandum Items:	(Percent Share in Total Debt)										
Permanent Debt	19.4	23.9	24.7	28.1	24.2	22.0	21.6	18.8	17.8	17.4	
Floating Debt	41.0	31.4	27.3	26.8	35.7	40.2	42.4	50.0	49.3	51.2	
Un-funded Debt	39.6	44.6	48.0	45.1	40.1	37.7	36.0	31.2	32.9	31.4	
Total Debt as % of GDP (mp)	42.7	39.9	38.9	35.9	33.5	30.7	30.1	32.0	30.3	30.6	

* : End-March 2010

Source: Budget Wing, Finance Division

TABLE 8.2

PUBLIC AND PUBLICLY GUARANTEED MEDIUM AND LONG TERM EXTERNAL DEBT DISBURSED AND OUTSTANDING AS ON 31-03-2010

Country/Creditor	Debt Outstanding as on 31-03-2010
Public and Publicly Guaranteed Debt (I+II+III+IV)	41,640
i) MULTILATERAL	23,221
ADB	11,068
IBRD	1,707
IDA	9,831
Other	616
EIB	63
IDB	319
IFAD	187
NORD. DEV. FUND	15
NORD. I. BANK	7
OPEC FUND	23
ii) BILATERAL	16,572
a) Paris Club Countries	14,017
AUSTRIA	67
BELGIUM	34
CANADA	531
FINLAND	6
FRANCE	2,178
GERMANY	1,824
ITALY	105
JAPAN	6,674
KOREA	476
NETHERLANDS	117
NORWAY	21
RUSSIA	121
SPAIN	80
SWEDEN	153
SWITZERLAND	106
UNITED KINGDOM	10
UNITED STATES	1,514
b) Non Paris Club Countries	2,555
BAHRAIN	-
CHINA	1,882
KUWAIT	105
LIBYA	5
SAUDI ARABIA	442
UNITED ARAB EMIRATES	121
iii) BONDS	1,572
iv) COMMERCIAL BANKS	275

Source: Economic Affairs Division

TABLE 8.3

COMMITMENTS AND DISBURSEMENTS OF LOANS AND GRANTS (BY TYPE)

(US $ million)

Plan/ Fiscal Year	Project Aid		Non-Project Aid									Total	
	Commit-ments	Disburse-ments	Non-Food		Food		BOP			Relief		Commit-ments	Disburse-ments
			Commit-ments	Disburse-ments	Commit-ments	Disburse-ments	Commit-ments	Disburse-ments		Commit-ments	Disburse-ments		
VI. 5th Plan													
1978-79	1,064	599	190	213	55	50	86	86		-	-	1,395	948
1979-80	1,002	808	121	161	55	21	419	419		61	61	1,658	1,470
1980-81	591	676	182	103	73	66	16	16		111	111	973	972
1981-82	887	536	320	174	110	89	10	10		293	293	1,620	1,102
1982-83	1,115	744	174	299	120	80	-	-		178	178	1,587	1,301
Sub-Total	4,659	3,363	987	950	413	306	531	531		643	643	7,233	5,793
VII. 6th Plan													
1983-84	1,580	695	166	149	88	177	-	-		155	155	1,989	1,176
1984-85	1,804	903	161	125	196	79	-	-		150	150	2,311	1,257
1985-86	1,810	1,055	186	93	163	245	-	-		135	135	2,294	1,528
1986-87	2,035	1,006	331	205	130	57	-	-		130	130	2,626	1,398
1987-88	1,903	1,223	390	219	230	218	-	-		164	164	2,687	1,824
Sub-Total	9,132	4,882	1,234	791	807	776	-	-		734	734	11,907	7,183
VIII. 7th Plan													
1988-89	1,979	1,262	663	537	392	542	146	@ 146		132	132	3,312	2,619
1989-90	2,623	1,312	201	386	258	287	217	@ 217		140	140	3,439	2,342
1990-91	1,935	1,408	346	451	134	136	50	50		111	111	2,576	2,156
1991-92	2,219	1,766	43	316	322	284	-			105	105	2,689	2,471
1992-93	1,204	1,895	182	232	454	309	-			57	57	1,897	2,493
Sub-Total	9,960	7,643	1,435	1,922	1,560	1,558	413	413		545	545	13,913	12,081
IX. 8th Plan													
1993-94	1,822	1,961	-	15	329	251	411	303		19	19	2,581	2,549
1994-95	2,714	2,079	3	23	279	258	-	211		29	29	3,025	2,600
1995-96	2,219	2,151	57	21	395	383	-	-		10	10	2,681	2,565
1996-97	1,351	1,821	1	1	405	409	-	-		2	2	1,759	2,233
1997-98	776	1,552	1	1	578	622	750	625		1	1	2,106	2,801
Sub-Total	8,882	9,564	62	61	1,986	1,923	1,161	1,139		61	61	12,152	12,748
1998-99	1,382	1,620	-	-	185	270	650	550		2	2	2,219	2,442
1999-00	527	1,263	0	0	567	100	284	385	284	2	2	1,380	1,750
2000-01	407	1,030	0	0	81	23	1,128	1,128	469	21	5	1,637	2,186
2001-02	970	741	0	0	40	114	2,590	1,880	332	0	21	3,600	2,756
2002-03	547	846	0	0	0	9	1,236	1,057	47	11	8	1,794	1,920
2003-04	1,210	622	0	0	0	0	1,263	755	350	2	3	2,475	1,380
2004-05	2,026	918	0	0	0	0	1,202	1,803	115	0	2	3,228	2,723
2005-06	3,258	2,084	0	- 0	22	- 10	1,225	1,262	0	1	1	4,506	3,357
2006-07	1,365	1,308	133	0	0	12	2,649	2,058	425	3	3	4,151	3,381
2007-08	2,440	1,565	0	80	0	0	1,310	2,013	353	2	2	3,752	3,660
2008-09	2,296	1,272	125	175	18	0	3,947	3,238	597	2	2	6,388	4,688
2009-10 (Jul-Mar)	3,175	840	0	0	0	0	1,553	1,293		2	2	4,730	2,135

Project Aid Includes Commitments and Disburesements for Earthquake Rehabilitation & Construction

Source: Economic Affairs Division

BOP includes Commitment and Dibursement for IDB Short term and Tokyo Pledeges

Exclusive of IMF Loans

@ : IMF Loan.

TABLE 8.4

ANNUAL COMMITMENTS, DISBURSEMENTS, SERVICE PAYMENTS AND EXTERNAL DEBT OUTSTANDING (Medium and Long Term)

$ Million

	Debt outstanding (end of period)		Transactions during period					Debt Servicing as % of		
Fiscal Year	Dis-bursed	Undis-bursed*	Commit-ments	Disburse-ments**	Service Payments** Principal	Interest	Total	Export Receipts	Foreign Exchange Earnings	GDP
1960-61	171	..	479	342	11	6	17	14.9	..	0.4
1961-62	225	..	429	304	20	11	31	27.2	..	0.7
1962-63	408	..	645	501	34	13	47	22.4	..	1.0
1963-64	661	..	526	541	44	18	62	27.4	..	1.2
1964-65	1,021	..	832	706	37	25	62	25.9	..	1.1
1965-66	1,325	..	537	533	41	33	74	29.2	..	1.1
1966-67	1,696	..	628	623	52	44	96	35.2	..	1.3
1967-68	2,099	..	561	729	62	46	108	31.2	..	1.3
1968-69	2,532	..	656	594	93	65	158	44.3	..	1.8
1969-70	2,959	..	555	564	105	71	176	52.1	..	1.8
1970-71	3,425	..	873	612	101	81	182	43.3	..	1.7
1971-72	3,766	..	143	409	71	51	122	20.6	..	1.3
1972-73	4,022	..	543	355	107	86	193	23.6	18.1	3.0
1973-74	4,427	..	1,268	498	118	79	197	19.2	14.2	2.2
1974-75	4,796	1,854	1,115	976	144	104	248	..	16.3	2.2
1975-76	5,755	1,811	951	1,051	141	108	249	21.9	13.7	1.9
1976-77	6,341	1,914	1,111	960	175	136	311	27.3	15.3	2.1
1977-78	7,189	2,041	963	856	165	162	327	24.9	11.2	1.8
1978-79	7,792	2,514	1,395	948	234	203	437	25.6	12.0	2.2
1979-80	8,658	2,586	1,658	1,470	350	234	584	24.7	11.9	2.5
1980-81	8,765	2,579	973	972	360	243	603	20.4	10.6	2.1
1981-82	8,799	2,921	1,620	1,102	288	203	491	19.9	8.8	1.6
1982-83	9,312	3,087	1,587	1,301	390	244	634	23.5	9.6	2.2
1983-84	9,469	3,436	1,989	1,176	453	274	727	26.3	10.9	2.3
1984-85	9,732	4,321	2,311	1,257	513	275	788	31.6	12.9	2.5
1985-86	11,108	5,242	2,294	1,528	603	303	906	29.5	13.5	2.8
1986-87	12,023	6,113	2,626	1,399	723	378	1,101	29.9	15.6	3.3
1987-88	12,913	7,070	2,687	1,824	691	426	1,117	25.1	14.7	2.9
1988-89	14,190	7,372	3,312 @	2,619 @	685	440	1,125	24.1	14.4	2.8
1989-90	14,730	8,279	3,439 @	2,342 @	741	491	1,232	24.9	14.4	3.1
1990-91	15,471	9,232	2,576	2,156	782	534	1,316	21.5	13.7	2.9
1991-92	17,361	9,461	2,689	2,471	921	592	1,513	21.9	13.2	3.1
1992-93	19,044	9,178	1,897	2,493	999	649	1,648	24.2	15.3	3.2
1993-94	20,322	9,014	2,581	2,549	1,105	673	1,778	25.7	16.2	3.4
1994-95	22,117	9,806	3,025	2,600	1,323	752	2,075	25.1	16.5	3.4
1995-96	22,292	7,761	2,681	2,565	1,346	791	2,137	24.5	16.7	3.4
1996-97	22,509	8,583	1,759	2,233	1,510	741	2,251	27.2	17.6	3.6
1997-98	22,844	6,164	2,106	2,801	1,600	723	2,323	27.3	17.6	3.8
1998-99	25,423	5,076	2,219	2,442	955	399	1,354	19.7	13.6	2.6
1999-00	25,359	3,421	1,096	1,490	893	508	1,400	17.6	11.9	2.1
2000-01	25,608	2,860	1,168	1,846	974	583	1,557	21.3	13.7	2.8
2001-02	27,215	3,504	3,268	2,423	745	462	1,207	13.2	7.8	1.7
2002-03	28,301	3,811	1,747	1,729	793	546	1,339	12.2	6.5	1.6
2003-04	28,900	5,392	2,125	1,372	2,336	659	2,995	24.0	13.6	3.1
2004-05	30,813	4,975	3,113	2,452	871	600	1,470	10.2	5.5	1.3
2005-06	32,407	5,838	4,506	3,163	982	599	1,581	9.6	5.1	1.2
2006-07	35,182	6,277	3,726	3,356	968	644	1,612	9.3	4.9	1.1
2007-08	39,530	6,540	3,399	3,160	1,062	704	1,766	8.6	4.8	1.1
2008-09	41,612	7,451	5,791	4,032	2,195	693	2,888	15.1	8.2	1.8
2009-10 (Jul-Mar)	41,839	8,959	4,406	1,813	2,007	550	2,558	13.3	7.0	1.5

.. : not available   @ : Inclusive of IMF(SAF) Loan   * : Excluding grants   Source: Economic Affairs Division

** : Excluding short term credits, commercial credits, bonds and the IMF

TABLE 8.5

DEBT SERVICE PAYMENTS OF FOREIGN MEDIUM AND LONG TERM LOANS (Paid in foreign exchange)

(US $ million)

Fiscal Year	Kind	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (Jul-Mar)
I. PARIS CLUB COUNTRIES											
1 Australia	Principal	105.534	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
	Interest	4.680	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
2 Austria	Principal	0.030	0.000	0.000	0.695	0.376	1.223	1.145	2.680	1.698	2.144
	Interest	0.703	0.353	2.072	3.207	4.212	3.637	3.634	4.483	2.153	2.183
3 Belgium	Principal	0.000	0.000	0.000	0.000	0.000	0.000	4.623	10.326	0.281	0.373
	Interest	1.654	0.864	3.102	1.413	1.767	1.859	2.003	2.266	0.952	1.086
4 Canada	Principal	8.097	0.000	0.000	0.000	0.302	0.841	1.289	1.662	0.833	0.874
	Interest	1.073	0.740	1.317	1.438	2.766	4.436	5.584	5.359	4.257	0.816
5 Denmark	Principal	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-
	Interest	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-
6 France	Principal	0.203	0.034	0.000	28.766	10.636	24.921	31.366	35.983	14.355	14.001
	Interest	15.315	16.508	47.516	61.557	82.615	81.489	87.430	99.483	42.720	48.273
7 Finland	Principal	0.000	0.000	0.000	0.000	0.024	0.055	0.084	0.108	0.041	0.057
	Interest	0.307	0.157	0.111	0.088	0.164	0.286	0.364	0.360	0.104	0.053
8 Germany	Principal	5.741	0.854	3.834	7.925	2.64	12.749	15.294	16.202	6.846	5.183
	Interest	7.493	7.403	18.903	17.575	20.981	29.826	32.225	36.354	15.070	10.123
9 Italy	Principal	2.262	1.115	2.136	0.316	0.541	0.642	21.415	24.039	0.205	0.223
	Interest	1.778	0.982	2.718	2.753	3.605	2.331	1.168	1.294	0.465	0.213
10 Japan	Principal	38.689	46.279	70.319	396.646	48.114	65.577	49.280	46.528	42.547	41.678
	Interest	73.006	28.445	36.224	129.721	149.982	86.805	91.573	103.564	137.479	68.876
11 Korea	Principal	0.123	0.000	0.000	44.834	45.272	96.485	55.725	56.254	29.886	4.665
	Interest	13.040	5.232	0.000	24.884	23.787	38.168	40.759	22.623	9.770	5.055
12 Norway	Principal	2.938	0.000	2.125	2.124	3.877	4.064	12.124	12.124	1.251	1.252
	Interest	2.577	0.543	1.797	1.537	1.321	2.196	0.598	0.460	0.580	0.534
13 Netherlands	Principal	1.016	0.710	1.102	0.000	0.221	0.528	0.679	0.654	0.275	0.159
	Interest	0.952	0.637	1.337	2.419	1.894	3.050	3.223	3.656	3.130	3.112
14 Russia	Principal	0.000	0.000	0.000	0.000	0.937	18.958	2.751	2.859	1.364	1.193
	Interest	3.098	3.457	0.000	0.000	3.367	23.375	6.566	6.436	3.165	3.102
15 Sweden	Principal	1.737	0.000	0.000	0.000	0.412	0.957	1.862	2.768	1.434	1.507
	Interest	3.407	4.693	1.987	1.962	3.553	7.063	9.262	9.042	2.711	1.376
16 Spain	Principal	0.000	0.000	0.000	0.098	0.580	1.369	1.051	0.857	0.392	0.257
	Interest	1.185	0.860	1.681	1.753	2.372	2.911	3.222	3.149	1.249	1.03
17 Switzerland	Principal	0.000	0.000	0.000	0.000	0.253	0.555	0.943	1.467	0.725	0.859
	Interest	1.541	0.867	0.941	0.803	1.319	1.530	2.244	3.363	1.631	0.767
18 USA	Principal	43.244	7.839	11.402	1.721	10.492	19.645	28.396	20.261	9.500	6.422
	Interest	59.906	33.115	61.619	56.098	64.334	61.191	63.618	62.136	27.542	22.412
19 UK	Principal	6.470	3.845	5.643	36.203	0.959	1.916	1.076	0.110	0.072	0.059
	Interest	8.954	2.153	2.552	6.537	0.545	0.598	0.655	0.382	0.256	0.061
TOTAL (I)	Principal	216.084	60.676	96.561	519.328	125.636	250.485	229.103	234.882	111.705	80.906
	Interest	200.669	107.009	183.877	313.745	368.584	350.751	354.128	364.410	253.234	169.072
II. NON-PARIS CLUB COUNTRIES											
1 China	Principal	163.019	90.810	35.228	14.798	13.868	18.967	14.148	14.148	13.074	13.074
	Interest	29.702	20.699	25.661	13.980	13.310	7.377	11.623	10.060	8.473	39.53
2 Czecho - slovakia	Principal	3.767	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
	Interest	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
3 Kuwait	Principal	1.478	1.226	3.030	5.395	5.733	7.054	7.079	7.408	5.355	6.205
	Interest	0.000	0.000	0.900	2.195	2.032	2.203	2.369	2.438	1.800	2.343
4 Libya	Principal	0.000	0.000	0.000	0.000	0.000	0.000	14.229	1.823	0.100	0.1
	Interest	0.000	0.000	0.000	0.000	0.000	0.000	1.789	0.060	0.029	0.07
5 Saudi Arabia	Principal	0.000	0.000	13.079	5.424	5.373	3.383	0.000	0.000	0.833	58.278
	Interest	0.466	0.057	2.900	1.285	1.122	1.162	1.168	1.171	0.584	4.015
6 UAE	Principal	0.000	0.000	1.000	1.000	0.000	0.000	0.000	0.000	0.000	
	Interest	0.000	0.336	0.824	0.824	0.678	1.015	1.784	2.122	2.123	2.122
TOTAL (II)	Principal	168.264	92.036	52.337	26.617	24.974	29.404	35.456	23.379	19.362	77.657
	Interest	30.168	21.092	30.285	18.284	17.142	11.757	18.733	15.851	13.009	48.080

(Contd.)

TABLE 8.5

DEBT SERVICE PAYMENTS OF FOREIGN MEDIUM AND LONG TERM LOANS (Paid in foreign exchange)

(US $ million)

Fiscal Year	Kind	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (Jul-Mar)
III. MULTILATERAL											
1 ADB	Principal	247.044	241.442	265.981	1370.429	245.272	236.757	261.303	330.746	290.259	355.887
	Interest	151.188	151.668	172.738	179.919	75.061	74.020	89.089	119.058	97.158	87.2
2 IBRD	Principal	227.914	233.789	249.499	287.173	322.704	294.377	273.293	296.781	243.627	198.325
	Interest	153.780	132.161	110.541	94.797	77.419	99.280	110.839	111.589	64.652	29.451
3 IDA	Principal	66.534	72.592	83.452	97.926	112.724	118.566	127.293	143.618	126.149	133.739
	Interest	27.935	30.054	39.885	45.063	51.049	50.918	59.761	73.878	64.170	70.773
4 IFAD	Principal	7.685	7.354	7.504	7.712	7.962	7.468	8.362	8.413	7.188	6.798
	Interest	2.206	1.996	1.751	2.106	2.043	1.802	1.827	1.951	1.433	1.307
5 IDB	Principal	23.246	23.083	9.679	3.208	2.956	3.504	4.066	6.942	4.544	5.734
	Interest	3.955	2.061	1.046	0.731	0.612	0.795	1.690	3.726	4.126	3.359
6 IDB (ST)	Principal					8.3	270.712	271.712	25.000	791.501	349.923
	Interest					0.243	11.039	12.039	22.866	28.026	12.406
TOTAL (III)	Principal	572.423	578.260	616.115	1766.448	699.918	931.384	946.029	811.500	1463.268	1050.406
	Interest	339.064	317.940	325.961	322.616	206.427	237.854	275.245	333.068	259.565	204.496
IV. DEVELOPMENT FUNDS											
1 NORDIC	Principal	1.918	2.023	2.232	2.375	2.519	2.442	2.482	2.562	1.281	0.749
	Interest	2.087	1.065	0.723	0.565	0.685	0.917	1.007	0.875	0.281	0.119
2 OPEC Fund	Principal	8.003	6.597	6.504	5.178	4.800	4.561	4.204	4.935	2.849	2.848
	Interest	0.749	0.754	0.707	0.595	0.546	0.591	0.571	0.495	0.387	0.502
3 Turkey (EXIM Bank)	Principal	0.000	0.000	9.959	0.000	12.900	25.800	12.900	0.000	0.000	
	Interest	5.981	2.514	0.388	0.000	1.875	2.776	0.648	0.000	0.000	
4 E.I. Bank	Principal	0.000	0.000	0.000	0.637	0.679	1.345	2.094	2.600	1.583	4.204
	Interest	0.254	0.234	0.939	1.722	2.592	3.324	4.262	3.847	1.626	0.983
4 Standard charted Bank	Principal										50.000
	Interest										3.170
TOTAL (IV)	Principal	9.921	8.620	18.695	8.190	20.898	34.148	21.680	10.097	5.713	57.801
	Interest	9.071	4.567	2.757	2.882	5.698	7.608	6.488	5.217	2.294	4.774
V. GLOBAL BONDS											
1 Euro Bonds	Principal	0.200	0.000	155.458	155.459	155.458	155.459	0.000	0.000	500.000	600
	Interest	62.685	62.340	62.023	39.181	57.644	91.561	145.000	207.667	151.439	106.259
2 Saindak Bonds	Principal	7.716	4.526	0	0	0	0	4.527	4.527	0.000	
	Interest	1.533	6.544	0	0	0	0	0.282	0.282	0.000	
3 US Dollar Bonds (NH	Principal	21.903	21.903	21.903	21.903	21.903	0	21.903	21.903	21.963	21.903
	Interest	16.573	7.118	4.594	3.326	4.414	0	5.684	5.684	3.680	1.485
TOTAL (V)	Principal	29.819	26.429	177.361	177.362	177.361	155.459	26.43	26.43	521.963	621.903
	Interest	80.791	76.002	66.617	42.507	62.058	91.561	150.966	213.633	155.119	107.744
TOTAL (I+II+III+IV+V)	Principal	996.511	766.021	961.069	2497.945	1048.787	1400.880	1258.698	1106.288	2122.011	1888.673
	Interest	659.763	526.610	609.497	700.034	659.909	699.531	805.560	932.179	683.221	534.166
	Total	1656.274	1292.631	1570.566	3197.979	1708.696	2100.411	2064.258	2038.467		
VI. OTHERS											
1 NBP's	Principal	0.000	0.000	0.000	0.000	3.111	2.945	2.979	3.016	2.988	3.022
	Interest	0.000	0.000	0.870	0.866	0.981	1.118	1.077	0.804	0.335	0.142
2 Bank of Indosuez	Principal	5.130	3.195	9.585	6.245	0.000	0.000	0.000	0.000	0.000	
	Interest	2.262	0.975	1.012	0.213	0.000	0.000	0.000	0.000	0.000	
3 NBP Bahrain	Principal	0.000	0.000	0.000	9.286	4.286	0.000	0.000	4.286	3.571	
	Interest	0.000	8.500	1.410	0.621	0.983	0.469	0.000	0.474	0.111	
4 ANZ Bank	Principal	2.500	2.500	0.000	0.000	0.000	4.286	4.286	0.000	0.021	
	Interest	1.392	1.535	0.000	0.000	0.000	0.552	0.856	6.657	4.048	
5 Cash (ST)	Principal					16.280	16.280	17.280	16.280	66.28	116.279
	Interest					7.416	10.370	11.370	9.105	5.766	2.849
6 IMF	Principal										0
	Interest										13.379
TOTAL (VI)	Principal	7.6	5.7	9.6	15.5	23.7	23.5	24.5	23.6	72.9	119.3
	Interest	3.7	11.0	3.3	1.7	9.4	12.5	13.3	17.0	10.3	16.4
Total (I+II+III+IV+V+VI)	Principal	1004.141	771.716	970.654	2513.476	1072.464	1424.391	1283.243	1129.870	2194.871	2007.974
	Interest	663.417	537.620	612.789	701.734	669.289	712.040	818.863	949.219	693.481	550.536
Grand Total (P+I)		1667.558	1309.336	1583.443	3215.210	1741.753	2136.431	2102.106	2079.089	2888.352	2558.510

TABLE 8.6

TERMS OF FOREIGN LOANS/CREDITS CONTRACTED BY PAKISTAN

Lending Country/Agency	2006-07			2007-08		
	Amount (US $ Million)	Interest Rate/ Commission(%)	Amortization (years)	Amount (US $ Million)	Interest Rate/ Commission(%)	Amortization (years)
A. Paris Club Countries						
1. Germany	5.8	0.75	40			
2. Japan	197.8	1.3	30	460.3	0.2-1.3	20-30
3. France	50.2	LIBOR EURO 6 months -200bps	20			
4.Italy	-	-	-	12.1	0.0	20.0
Sub-Total (A):	253.8			472.4		
B. Non-Paris Club						
1. China				327.7	3%	15
2. Kuwait	38.1	2.5	24	40.1	2%	26
3. Saudi Arabia	133.1	LIBOR 12 months +20 Bps	2			
4. Korea	-	-	-	20.0	1%	30
5.UAE	-	2.5	25			
Sub-Total (B):	171.2			387.8		
C. Multilateral						
1. I DB (ST)	425	LIBOR 6 months '+ 60 bps	2	352.8	5.8	1
2. IDB	200.0	LIBOR 6-12 months+60-2.15 bps	1-18	224.2	1.25-5.1	1-18
3. IDA	912.1	0.75	35	259.2	0.75+4.9%	35
5. ADB	1443.3	1-1.5& LIBOR+60bps	15-32	1436.8	1-1.5 &Libor+60bps	15-24
6. OPEC	10.0	1.25	20	5.3	2.5	20
7. IBRD	100	LIBOR 6 months + 60 bps	20			
8. IFAD	-	-	-	36.3	0.75	40
Sub-Total (C):	3090.4			2314.6		
Total (A+B+C)	3515.4			3174.8		

Lending Country/Agency	2008-09			2009-10 (July- March)		
	Amount (US $ Million)	Interest Rate/ Commission(%)	Amortization (years)	Amount (US $ Million)	Interest Rate/ Commission(%)	Amortization (years)
A. Paris Club Countries						
1. Germany	138.3	0.75	40			
2. Japan	-	-	-	249.4	1.2 fixed	30
3.France	98.3	LIBOR EURO 6 months -200bps	20	103.6	1.6 fixed	
Sub-Total (A)	236.6			353		
B. Non-Paris Club						
1. Saudi Arabia	125.2	3.25	3	280	2 fixed and Libor 3 months +0.5	8-20
2. China	800	0-5	10-15	1505.8	1-2 fixed and Libor 6 months +0.22	20-25
3. Korea	205.2	1.0	30-40			
4. Kuwait				49.9	1 fixed	25
Sub-Total (B)	1130.4			1835.70		
C Multilateral						
1. IDA	1528.7	0.75	35	508.4	0.75 fixed	35
2. ADB	1759.7	Libor+0.6	24	151.7	1.5 and Libor 6 months + 0.6	23
3. OPEC	66.3	Libor+1.85	20			
4. I DB	287.8	Libor+0.55 and 3.825	1-18	140	US Swap rate 15 years +1.2	20
5. IDB Stort-term	596.5	Libor+2.5	1	324.4	Libor Euro 6 months +2.15	1
6. IFAD				18.8	-	26
7.IBRD	173.4	0.75	30			
8.EIB				149.5	Libor Euro 6 months + 0.15	35
Sub-Total (C)	4412.4			1292.8		
Total (A+B+C)	5779.4			3481.5		

Source: Economic Affairs Division

TABLE 8.7

GRANT ASSISTANCE AGREEMENTS SIGNED

(US $ million)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (Jul-Mar)
I. Paris Club Countries											
1. Australia					0.3		0.1		0.9		
2. Austria							0.7				
3. Canada	5.1	2.3			13.8				9.4	5.5	
4. Germany		3.5	3.7			21.0	31.4	37.3			14.7
5. Japan	1.9		65.1	50.7	46.0	113.5	67.8		6.6	41.6	33.0
6. Netherlands			15.7								
7. Norway				3.9	10.4	3.2					4.3
8. Korea	0.2										1.5
9. Switzerland				8.2			0.7				
10. UK	90.5	16.5	45.7	158.8	79.0	44.1	227.5	67.7	136.9	142.5	331.9
11. USA	147.0	80.8	630.6	65.4	129.4	647.5	514.3	269.4	118.9	377.4	794.5
12. Italy	2.6	-	-	-	-	-	-	-			
Sub-Total (I)	247.3	103.1	760.7	287.0	278.9	829.3	842.5	374.4	272.7	567.0	1179.9
II Non Paris Club Countries											
1. China	7.7	6.6	31.0		0.2		0.0	49.4	0.4		
2. Iran	-	-	-	-	-	-	-	-			
3. UAE	-	-	-	-	-	-	-	-			
4. Oman		50.1									
5. Saudi Arabia				100.0	50.0						
Sub-Total (II)	7.7	56.7	31.0	100.0	50.2	0.0	0.0	49.4	0.4	0.0	
III Multilateral											
1. ADB	2.8	1.5					175.0	5.0			
2. EEC / EU		5.4	68.7	21.2	1.2			58.1		25.2	66.5
3. Islamic Development Bank	0.4	0.3		0.3							
4. IDA	75.2		0.8	0.3	51.7	1.5		9.1	0.1	5.5	
5. IBRD	0.5	1.0	1.0	10.1			0.5				
6. UN and Specialised Agencies	-			-	-	-	-	-			
7. UNDP Special Grant	35.9	55.6	27.4	11.4	20.8	3.9	1.9	2.5	1.4		
8. World Food Programme			26.6			111.0					
9. UNFPA		3.2	5.9								
Sub-Total (III)	114.8	67.0	130.3	43.3	73.7	116.4	177.4	74.7	1.5	30.7	66.5
IV Relief Assistance for											
A. Afghan Refugees	2.0	20.8	0.2	11.0	2.1		1.5	3.4	1.6	2.2	2.2
B. Earthquake											
1. AFGHANISTAN	-	-	-	-	-	-	0.5	-			
2. ALGERIA	-	-	-	-	-	-	1.0	-			
3. AUSTRIA	-	-	-	-	-	-		-			
4. AZERBAIJAN	-	-	-	-	-	-	1.5	-			
5. BHUTAN	-	-	-	-	-	-	0.1	-			
6. BRUNEI	-	-	-	-	-	-	0.6	-			
7. CHINA	-	-				-	36.8				
8 .CYPRUS	-	-	-	-	-	-	0.1	-			
9. INDONESIA	-	-	-	-	-	-	1.0	-			
10. JORDAN	-	-	-	-	-	-	1.0	-			
11. MALAYSIA	-	-	-	-	-	-	1.0	-			
12. MOROCCO	-	-	-	-	-	-	1.5	-			
13. OMAN	-	-	-	-	-	-	5.0	-			
14. PAK-TURK FOUNDATION	-	-	-	-	-	-	4.0	-			
15. SAUDI ARABIA	-	-	-	-	-	-	200.0	133.3	300.0		
16. SOUTH KOREA	-	-	-	-	-	-	0.5	-			
17. THAILAND	-	-	-	-	-	-	0.5	-			
18. TURKEY	-	-	-	-	-	-	150.0	-		10.0	
19. UK	-	-	-	-	-	-	-				
20. ADB	-	-	-	-	-	-					
21. WB (IDA)											
22. Germany											
23. IDB	-	-	-	-	-	-	0.3	-			
24. MAURITIUS							0.0				
Sub-Total (IV)	2.0	20.8	0.2	11.0	2.1	0.0	406.9	136.7	301.6	12.2	2.2
Grand Total (I+II+III+IV)	371.8	247.7	922.2	441.3	404.9	945.7	1426.9	635.2	576.2	609.9	1248.6

Source : Economic Affairs Division

TABLE 8.8

TOTAL LOANS AND CREDITS CONTRACTED

(US $ million)

Lending Country/Agency	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	(Jul-Mar) 2009-10
A. Paris Club Countries											
1. Austria		-	16.0	-	-	-	-	-			
2. Australia	63.7	-	-	-	-	-	-	-			
3. Belgium	-	-	-	-	-	-	-	-			
4. Canada	-	-	-	-	-	-	-	-			
5. France		-				-	-	50.0		98.0	103.6
6. Germany		-	1.0			102.6		6.0		138.0	
7. Japan		-	32.6	26.0			245.0	198.2	460.4		249.4
8. Netherlands	-	-	-	-	-	-		-			
9. Norway	-	-	-	-	-	-		-			
10. Spain		-	1.9								
12. UK	-	-	-	-	-	-		-			
13. USA	500.0	10.0	9.0	-	-	-		-			
14. Italy	-	-	-	-	-	-	-	-	12.1		
15. Sweden	2.0	-									
Sub-Total (A)	566	10.0	60.5	26.0	0.0	102.6	245.0	254.2	472.5	236.0	353.0
B. Non-Paris Club Countries:											
1. China	18.2	44.4	287.0	118.2		355.0	322.2		328.0	800.0	1505.8
2. Korea							17.0		20.0	205.0	
3. Kuwait	-	38.0	-	-	-	34.3		38.1			49.9
4. Saudi Arabia	-	-	-	-	25.0	-		133.1	40.0	125.0	280.0
5. Turkey (EXIM Bank)	-	-	-	-	-	-		-			
6. Abu Dhabi Fund	-	-	265.0	-	-	-		-			
Sub-Total (B)	18.2	82.4	552.0	118.2	25.0	389.3	339.2	171.2	388.0	1130.0	1835.7
C. Multilateral:											
1. IBRD	-	-	-	-	53.0	340.0	319.0	100.0		173.4	
2. IDA	88.5	347.6	833.5	268.0	691.0	601.8	1166.4	912.0	259.1	1529.0	508.4
3. ADB	51.8	409.0	860.0	878.0	879.0	725.2	835.0	1443.3	1436.4	1760.0	151.7
4. IFAD		17.4	14.2		22.2		54.0	-	36.4		18.8
5. European Investment Bank					50.0						149.5
6. OPEC Fund		10.0	10.0	15.0				10.0	5.1	66.0	
7. IDB		44.0	17.0			8.0	121.0	200.0	224.0	288.0	140.0
9. KPC											324.4
10. IDB (ST)	284.0	469.0	332.0	47.0	350.0	115.0		425.0	353.0	597.0	
Sub-Total (C)	424.2	1,297.0	2,066.7	1,208.0	2,045.2	1,790.0	2,495.4	3,090.3	2,314.0	4,413.4	1,292.8
Grand-Total (A+B+C)	1,008.1	1,389.4	2,679.2	1,352.2	2,070.2	2,281.9	3,079.6	3,515.7	3,174.5	5,779.4	3,481.5

Source : Economic Affairs Division