

Govt borrows \$9.85bln to pay back \$8.94bln foreign debt in FY19

ISLAMABAD: The government has borrowed \$9.85 billion from foreign sources during the last fiscal year of 2018/19 and used the money to pay off \$8.94 billion external loans and markups, a statement said on Friday.

Economic Affairs Division said total external inflows during fiscal 2018-19 were \$10.186 billion, including grants of \$330 million, “while external loans obtained by the government

during the year were \$9.85 billion with the government making payment of \$8.94 billion on account of retirement of external debt and debt servicing”.

“The net addition to the external public debt was only \$2.29 billion which is the lowest of last three years,” the statement said.

The total external inflows during the last fiscal year were \$10.186 billion including grants of \$330 million.

The external loans obtained by the government during the year were \$9.85 billion while the government made payment of \$8.94 billion on account of retirement of external debt and debt servicing.

Therefore, the net addition to the external public debt was only \$2.29 billion. Net additions to the external public debt during the last three fiscal years (i.e. FY 2015-16 to FY 2017-18) were \$6.82 billion, \$4.77 billion and \$8.64 billion, respectively.

Asian Development Bank (ADB) and World Bank disbursed \$541.17 million and \$652.75 million respectively during FY 2018-19 as compared to \$945.69 million and \$817.54 million during FY 2017-18.

“A slowdown in disbursement from development partners during the last fiscal year was mainly due to a period of political transition in the country,” the statement said.

During the interim government, there was a complete ban by Election Commission of Pakistan on new development projects and relevant competent forums -- ECNEC and CDWP -- were not in place for quite some time.

“After formation of the elected government, the provincial governments’ annual development plans were approved at a much delayed stage. Consequently, approval of new lending operations and project related disbursement were slow during the initial months and started to pick-up during the second half of the year,” the statement said.

It added that budgetary support was also not available due to weak macroeconomic position inherited by the present government.

The government is working on a future strategy whereby procurement of long-term concessional financing from multilateral and bilateral sources is a priority.

“With the restoration of confidence of international financial institutions and good prospects of budgetary support, the government is expecting very strong inflows from its development partners this year,” it added.

“Acquiring commercial financing is not a priority; the government resorts to commercial borrowing only as contingency measure to strengthen foreign exchange reserves and to maintain stability in the market.”

The statement said these commercial finances are acquired after full due diligence, at the best possible rates and have the approval of competent forum which in this case is the federal cabinet.

Our Correspondent