

### **Pakistan to repay over \$9 bn on debt servicing**

ISLAMABAD: Pakistan will have to repay over \$9 billion on account of debt servicing of foreign loans both in shape of principle and interest payments during the next budget 2019-20, The News has learnt.

This whopping loan repayment of \$9 billion will be due despite getting rollover assurances from the friendly countries including China under the IMF loan conditions and prior actions. After getting assurances the IMF's executive board is expected to consider loan package of \$6 billion for Pakistan. The short term maturity of loans on external loans has become headache for the economic managers because medium to long term loan pipelines had literally shrunk owing to suspension of policy loans and inability of Islamabad to maximize inflows from project loans.

Now with expectation of resumption of policy loans from the World Bank (WB) and Asian Development Bank (ADB) in the aftermath of entering into IMF programme from next budget, Islamabad plans to replace expansive short term foreign loans with medium to long term policy level loans from the multilateral creditors.

Ministry of Finance has estimated that Pakistan will receive foreign loans to the tune of \$12 billion during the next budget as three policy loans valuing \$1.9 billion were expected from the ADB during the next fiscal year.

“Pakistan will be among few countries who would avail new instrument of ADB in next budget where Manila based institution has come up with hybrid of policy/development loan and Islamabad has decided to avail \$1 billion loan in next budget 2019-20,” said one top official of government while talking to The News here on Thursday.

Three other policy loans from the ADB are on cards including two tranche policy loan for energy sector and its first installment of \$500 million was expected to be approved in the next budget. Second the trade facilitation policy loan and third on capital market was expected to be approved in the next budget.

From the World Bank, Pakistan will make efforts to fully utilize IDA facility of \$1 billion during the next fiscal year. The WB is also set to approve \$400 million loan for revamping the tax administration and digitized FBR within next three years.

Pakistan will also appear on the radar screen of international investors as the government plans to launch Eurobond and Sukuk bond to generate \$3 billion during the next fiscal year.

Currently, Pakistan's reliance heavily dependent upon Chinese loans during the ongoing fiscal year and despite resumption of policy loans the Chinese dependence will continue standalone in the coming year as well.

Out of total \$8.4 billion dollar inflows received in first nine months, China provided \$6.3 billion or 75 percent of total inflows during the current fiscal year in shape of commercial loans from Chinese Bank, bilateral assistance and finally in shape of SAFE deposits.

The total disbursement of dollar inflows from multilateral and bilateral creditors stood at \$8.470 billion during first three quarters (July-March) period of the current fiscal year.

Total disbursement of loans and grants in first three quarters of the last fiscal year stood at \$7.9 billion in 2017-18 but it was without any SAFE deposits.

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