

A large, solid green diagonal shape that starts from the top right and extends towards the bottom left, creating a split background of white and green.

# Afghanistan **Public Debt** Management

# Overview of the **Current State**

Part of post conflict countries

Relationship with the Donor community - more than 27 countries

## **Growing Economy**

GDP growth (14x)

Per capita income 70%↑

Revenue collection

## **Reliance on foreign Aid**

In 2015, 70% of the operation budget and 100% of development budget was supported through ODA

In 2015, 17% of GDP was made by ODA, a 4% reduction from 2014

## Development in **Public Debt** Management

- ▶ In September 2005 a strategy for public debt management was developed
- ▶ In 2007 Afghanistan became part of Highly Indebted Poor countries (HIPC)
- ▶ Establishment of Debt and Asset Management Unit (DAMU)
- ▶ Change in funding of major lenders (ADB, WorldBank)
- ▶ Adopting CS-DRMS

## External Debt

- ▶ Sector focused – Infrastructure development and Microfinance
- ▶ Loans that are to be taken by the government are subject to IMF conditions:
  - ▷ Grace period
  - ▷ Service cost
  - ▷ repayment term
  - ▷ grant element

## **Financial information** on Public Debt in Afghanistan

- ▶ Currently the total gross debt is USD 2.5 billion
- ▶ On-lending of USD 1.4 billion
- ▶ 98% is provided in SDR
- ▶ In 2016, external debt to GDP: 12.9%

## Responsibility of **DAMU**

1. Collaboration with Aid Management Directorate
2. Collaborating with IMF and meeting their benchmarks
3. The loan is ratified first by the parliament
4. The Ministry of Finance has the authority to then sign the loan agreement

## Continued...

- ▶ Collaboration with budget department
- ▷ assessing the allocation of repayments each fiscal year
- ▷ providing domestic loans to other governmental organisations:
  - Currently the focus is only in development areas, as indicated by the 2005 strategy, thus, the domestic debt is mostly for infrastructure, energy and Microfinance sectors

**Thank You**