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The Association Between Debt-to-GDP Ratio and Foreign Debt: A Case of Foreign Debt Taken by Last Three Governments of Pakistan During 2008-2022

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***Abstract*:** Pakistan's reliance on foreign debt has been a major concern for policymakers and economists for many years. The country's debt-to-GDP ratio has increased significantly in recent years, raising questions about the sustainability of the country's debt burden and its implications for economic growth and development. The research begins by providing an overview of the role of foreign debts in financing Pakistan's developmental needs and meeting its budgetary requirements. It then examines the foreign debts taken by the last three governments and analyzes the implications of foreign debts on the country's economy, fiscal policies, and external relations. Nexus to the phenomena, the data was collected on twelve development indicators of World bank which include consumer price index/ inflation, external debt stock, annual GDP growth, government consumption expenditure, households' consumption (percentage of GDP), official exchange rate, total debt service and trade (percentage of GDP). The research discusses the best practices for managing foreign debts and provides recommendations for minimizing our dependence on foreign debts. These recommendations include develop long term debt management strategy (Lowering borrowing costs, Enhancing debt sustainability Strengthening investor confidence, Promoting transparency and Supporting economic growth), Diversify funding sources, Focusing on economic growth (by increasing exports, Improved creditworthiness, Attraction of foreign investment, Enhanced debt servicing capacity and Reduced reliance on foreign borrowing), Improve debt sustainability analysis (by Identifying risks, Setting debt limits, Developing debt management strategies and Providing early warning signs), Strengthen debt management capacity (by Developing human resource, Better coordination with other government agencies, Improved debt data management and Developing a robust legal and institutional framework), promoting foreign direct investment, enhancing tax collection, reducing non-development expenditures, and improving the efficiency of public sector organizations. Moreover, this research also suggests the establishment of an independent Debt Management Office to ensure the prudent management of foreign debts. Overall, this research provides valuable insights and recommendations for senior management professionals in Pakistan to address the issue of our dependence on foreign debts.

Keywords: Debt to GDP, Foreign debt, People's Party, Muslim League, Tehreek-e-Insaf

1. Introduction

Pakistan has a history of struggling to effectively manage its increasing international debt and obligations. Pakistan's overall foreign debt increased throughout the administrations of the Pakistan People's Party (PPP), the

Pakistan Muslim League-Nawaz (PML-N), and the Pakistan Tehreek-e-Insaf (PTI). Pakistan is experiencing a worldwide financial crisis and serious security concerns. From 2008 to 2013, the People's Party government administration accumulated a substantial amount of foreign debts. During 2013 to 2018, the Muslim League Nawaz administration had additional challenges due to rapidly increasing foreign obligations. A significant portion of funding for the new infrastructure initiative initiated by the government came from borrowing that had been set aside. Pakistan Tehreek-e-Insaf held the government from 2018 until 2022. PTI inherited a state with significant debts owed to foreign governments, particularly the World Bank and IMF. The leader of PTI and his government have made several efforts to address the increasing foreign liabilities by exploring financial aid from international business groups and implementing tax policy changes. Between 2008 and 2022, these three governments acquired a substantial amount of foreign liabilities to fund their infrastructure and financial initiatives. In recent years, the government of Pakistan has acquired a substantial amount of foreign debt to finance its operations and economic initiatives. Pakistan has become the world's most indebted nation owing to the significant increase in foreign obligations. For various reasons, Pakistan cannot function without its foreign loans. As a first step, Pakistan has to invest in infrastructure development, energy production, and transportation networks to close its severe infrastructure gap and keep up with the needs of its rapidly expanding population and expanding economy. Foreign loans become a critical source of finance since these massive infrastructure projects demand substantial investment that is frequently not satisfied by local resources.

Second, the government's capacity to collect taxes is constrained by the country's low tax-to-GDP ratio (5.6% in Dec 2022, down from 5.7% in Dec 2021) and the size of the informal sector. As a result, government income falls short and must be made up by money from elsewhere. Third, Pakistan has a usually negative balance of payments because it buys more than it exports. Because of this, borrowing money abroad is necessary to cover the cost of imports. That Pakistan's export growth has been impeded by the economy's structural challenges, such as poor productivity and competitiveness, brings us to our fourth and last argument. The enormous trade deficit that has resulted necessitates borrowing funds from other nations. Finally, fewer potential funding sources exist since international investors are apprehensive about Pakistan owing to security and political instability. The cumulative effect of these causes is that Pakistan must rely on its foreign debt in order to satisfy its fiscal and economic obligations.

1.2 Problem Statement

Foreign lenders have held Pakistan's debt for quite some time. An alarming debt-to-GDP ratio has resulted from government expenditure outpacing GDP growth. It is unclear how much longer the government can continue to carry a current level of debt before it hinders economic development and growth. Using data on foreign loan accumulations, this research will compare and contrast the three most recent Pakistani administrations (the PPP, the PML-N, and the PTI) and draw conclusions about their similarities and differences. Examining the effects of Pakistan's reliance on foreign debt on the country's economy, policy, and diplomatic ties is the primary objective of this study.

Some of the questions that will be addressed in the article are as follows:

- What is the debt-to-GDP ratio and the total amount of foreign debt incurred by each of the three governments?
- When borrowing money from other countries, why do different governments do so, and what are the terms and circumstances of these loans?
- During which governments did Pakistan's foreign loans have the most impact on the country's economy, government spending, and diplomatic ties?
- Is there anything that can be gained by comparing the foreign loans taken on by the three most recent governments?
- Why is Pakistan so reliant on its foreign debts?
- Is there a way to reduce Pakistan's reliance on foreign borrowing, and what are the best techniques for doing so?

2. Literature Review

2.1 Foreign Debt and Economic Growth

Since the debt crisis that afflicted many developing nations in the 1980s, studies examining the connection between foreign debt and economic development have proliferated. Despite this, a large body of empirical study on the topic of economic development and foreign debt has shown inconclusive findings, leading scholars to categories the available literature into three broad categories. One set of hypotheses holds that impoverished nations' economies would benefit from a boost from foreign debt since they are so far from equilibrium. Therefore, up to a point, foreign debt is beneficial to development. The second school of thought is that a large stock of accumulated debt is detrimental to economic expansion. Krugman (1988) and Sach (1989) proposed the "debt overhang hypothesis," which was later supported by Cohen (1993) as an explanation for this inverse correlation. Finally, a third school of thought integrated these two influences and contended that the resultant effect on development is non-linear. The effects of the debt overhang have received the most attention. When a country's expected return on its foreign debt is lower than the loan's face value, this happens, as stated by Krugman (1988). The debt overhang effect occurs when a debtor country's poor return on new investments is a result of its need to pay off its debt, as stated by Borensztein (1990).

A multitude of empirical investigations have examined the correlation between Pakistan's foreign debt and the ratio of debt to GDP. Based on their empirical research, Ahmed and Malik (2015) concluded that Pakistan's foreign debt is directly proportional to the country's debt-to-GDP ratio. The authors postulated that, at least in part, the buildup of foreign debt over the years might explain the slow but steady rise in the debt-to-GDP ratio. According to a panel data study conducted by Mahmood and Rehman (2018), the foreign debt of Pakistan is positively and significantly correlated with its debt-to-GDP ratio.

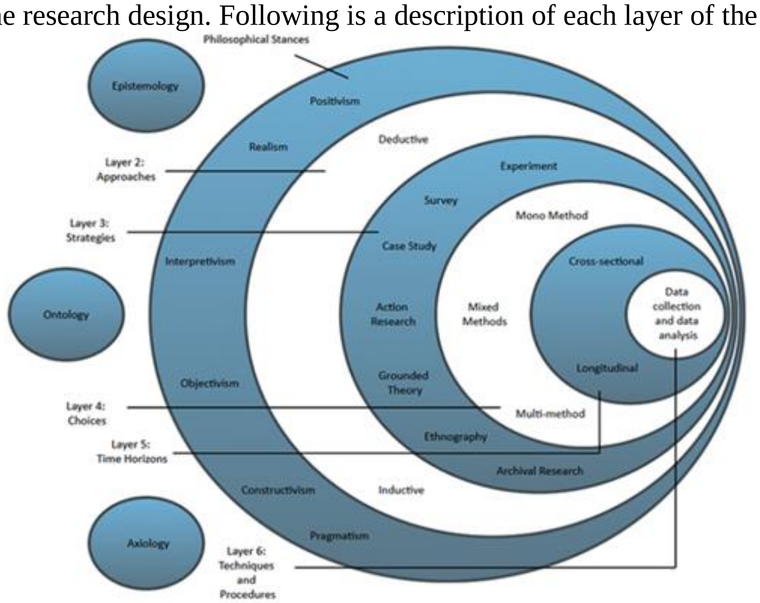
Table 1: Fact sheet

Date	Author's	Time-Period	Sample	Findings
1992	Warner	1960-1981	13 less developed countries	External debt does not have a negative impact on investment.
1992	Warner	1982-1987	13 less developed countries	External debt does not have a negative impact on investment.
1997	Deshpande	1971-1991	13 Severely indebted countries	A negative correlation was shown between investment and foreign debt.
2002	Wijeweera, et al.	1952-2000	Sri Lanka	
2002	Karagol	1956-1996	Turkey	There was no existence of debt overhang in Sri Lanka.
2003	Omet andKalaji	1970-2000	Jorden	Debt services have a negative correlation with economic development.
2003	Clements	1970-1999	56 low income countries	External debt has a favorable impact on economic growth up to a particular amount, such as 53% of GDP. However, above a certain threshold, external debt starts to have a negative effect on economic growth.
2005	Mohammad	1970-1999	Sudan	External debt impedes economic growth.
2007	Patenio and	1981-2005	Philippines	The repayment of external debt did not have any

	Tancurz			influence on the rate of economic development.
2008	Abu Baker	1970-2005	Malaysia	External debt has a positive impact on economic growth.
2008	Ayadi and Ayadi	1970-2007	Nigeria and South Africa	Assess the negative impact of foreign debt on economic progress
2008	Hameed,et al.	1970-2003	Pakistan	The burden of debt servicing has a detrimental influence on economic progress.
2008	Colifihani	1980-2005	Indonesia	

3. Research Design

The six-level framework known as the Onion Model, developed by Saunders et al. (2009), served as the basis for the research design. Following is a description of each layer of the Research Onion Model.



3.1 Research Philosophy

The underlying beliefs and presumptions of the researcher about knowledge, reality, and their role in the research process are included in this layer. Research philosophies include positivism, interpretivism, and critical realism, for instance. Assumptions are the foundation of the present investigation since positivist research methodology was used.

3.2 Research Approach

This layer outlines the researcher's overall approach to study, including whether they use an inductive or deductive approach. Deductive methods require testing a theory or hypothesis, while inductive methods include developing theories or hypotheses based on real evidence. In order to evaluate statistical data, the present research uses deduction.

3.3 Research Strategy

This layer depicts the precise techniques and processes the researcher will use for data collecting and analysis. Research methods include surveys, experiments, case studies, and ethnography. The current study has used nine variables from World Bank were used as secondary data.

3.4 Time Horizon

This layer offers the temporal perspective of the researcher. Research may be carried out using a cross-sectional design (data gathered at one point in time), a longitudinal design (data collected over time), or a retrospective design (data collected in the past). Data for the present research study was gathered all at once, making it a cross-sectional study.

3.5 Data Collection Methods

This layer outlines the particular instruments the researcher has used to gather secondary data of nine development metrics between 1970 and 2021; while data of foreign debt for the period of 2008-2022 was collected from the website of World Bank and State Bank of Pakistan. The data's specifics are as follows.

Table 2: Data on nine development indicators from 1970–21

Development Indicator	Definition
Inflation	The Consumer Price Index (CPI) measures inflation by tracking the average annual percentage increase or decrease in the retail price of a constant or changing basket of goods and services purchased by consumers. In most cases, the Laspeyres formula will do the job.
External debt stocks (% of GNI)	Total foreign debt as a percentage of GDP. Debt owing to foreigners in the form of cash, products, or services is included in the calculation of total external debt. Public, publically guaranteed, and private nonguaranteed long-term debt, as well as IMF loan and short-term debt, make up what is known as a country's total foreign debt. All debt with a maturity date of a year or less, as well as interest accrued but not yet paid on long-term debt, is considered short-term debt. To calculate Gross National Income (GNI), economists add up the value produced by domestic producers, plus any taxes on goods and services (minus any subsidies) that aren't included into the cost of production, plus any net inflows of primary income (wages and rents) from outside.
GDP growth (annual %)	Gross domestic product (GDP) growth rate in constant annual local currency. Totals are calculated using 2015 prices, which are held constant in terms of the U.S. dollar. Gross domestic product (GDP) is the total of all product taxes on those items plus any subsidies not included into the value of those products. It is computed without factoring in the wear and tear of manufactured assets or the depletion of natural resources.
General government final consumption expenditure (% of GDP)	All current government expenditures on procurement of goods and services (including remuneration of personnel) are included in the final consumption expenditure of the government (previously known as general government consumption). Most spending on national defence and security is included, but government capital creation does not include military spending.
Gross fixed capital formation (% of GDP)	Building roads, railroads, schools, offices, hospitals, private residences, commercial and industrial buildings, and the like all count towards what is now known as gross fixed capital formation

	(formerly known as gross domestic fixed investment). Capital creation includes net purchases of assets according to the 1993 SNA.
Households and NPISHs final consumption expenditure (% of GDP)	Durable items (vehicles, washing machines, and computers) are included in the market value of household final consumption expenditure (previously private consumption). Imputed rent for owner-occupied homes is included, but the purchase of a home is not. Permit and licence fees paid to appropriate authorities are also included. Here, non-profit organizations that serve families are included as part of household consumption expenditure, even though their own spending is reported by the nation. Any statistical disparity between resource demand and supply falls under this category as well.
Official exchange rate (LCU per US$, period average)	When talking about currency exchange, "official rate" is the rate set by national government or the rate set by a regulated exchange market. The monthly averages (in local currency units relative to the U.S. dollar) are used to determine the yearly average.
Total debt service (% of GNI)	The word "debt service" refers to the aggregate of principle payments and interest on long-term debt, interest on short-term debt, and repurchases and charges to the International Monetary Fund.
Trade (% of GDP)	The term "trade" refers to the value of all products and services exported and imported as a percentage of GDP.

Data Analysis

This layer offers the exact steps and methods that the researcher will use to analyze the data. Examples of data analysis approaches include statistical analysis, content analysis, and grounded theory. Data analysis for this research employed SPSS and Python software.

4. Data Analysis

4.1 Descriptive Statistics

Table 3: Descriptive Statistics

Variable	No. of Observations	Mean	Standard Deviation	Min	Max
Inflation	52	8.880464	5.060093	2.529328	26.663035
External debt stocks (% of GNI)	52	41.689	10.410414	24.345064	72.43541
GDP growth (annual %)	52	4.763122	2.421081	-1.274087	11.353462
General government final consumption expenditure (% of GDP)	52	11.047047	1.876893	7.346709	16.784909
Gross fixed capital formation (% of GDP)	52	15.592679	1.863698	11.330232	19.112288
Households and NPISHs final consumption expenditure (% of GDP)	52	77.695569	4.12716	68.337057	83.874452

Official exchange rate (LCU per US$, period average)	52	49.399786	42.998872	4.7619	162.90625
Total debt service (% of GNI)	52	3.46684	1.366334	1.403525	6.814945
Trade (% of GDP)	52	31.048705	4.915672	15.821338	38.499317

Source (Author)

The descriptive statistics shows that Pakistan on average has borrowed 41.6% of GDP as external loans. The consumer price index is showing a huge spread or deviation across the years indicating the government's greater reliance on domestic debts, thus leading to increase interest rates and inflation in the country. Data service rate show that on average every citizen of Pakistan is paying 3.4 rupees for every 100 rupees as debt service against the foreign debt. Trade and investment on average accounts for 31% and 15.59 % respectively of the GDP with a low standard deviation showing a low saving ratio. Funds are not directed towards developing export-oriented industries and income generating schemes. Exchange rate shows a very high standard deviation which is attribute to low level of foreign reserves maintained by the country.

4.2 Correlation Analysis

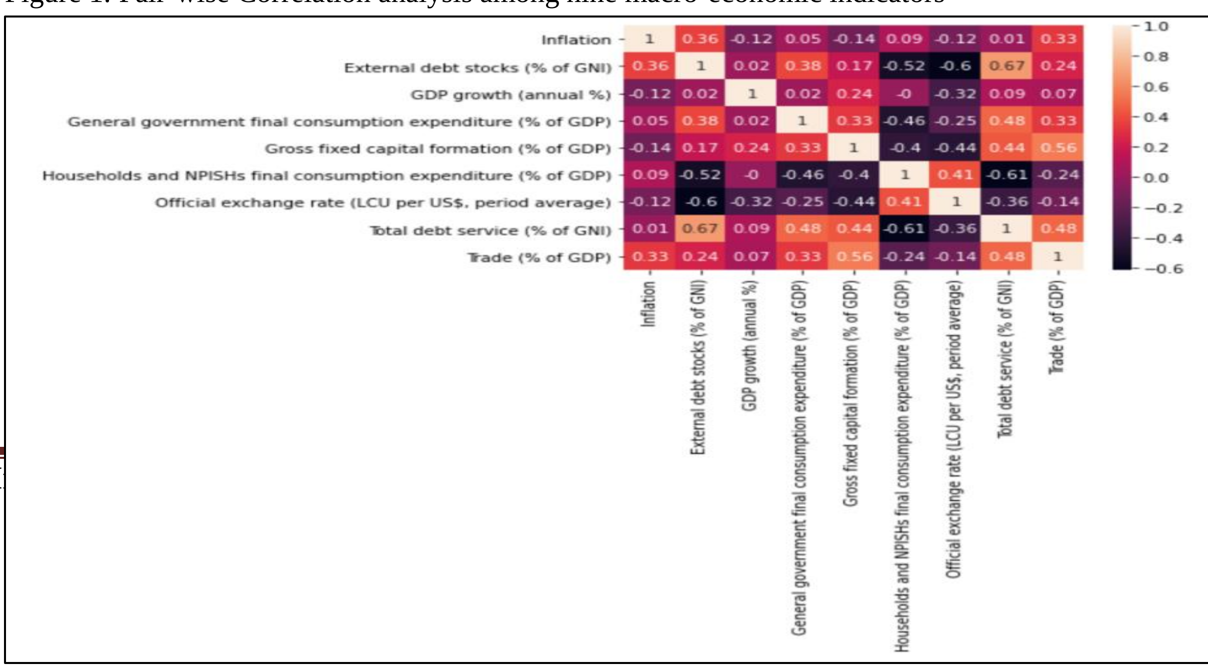
This research explains the detailed pair-wise correlation analysis among nine macro-economic indicators. The analysis showed the relation between GDP growth and external debt is a very small positive value (0.02). The consumer price index/ inflation is strongly in negative correlation with external debt. Similarly, external debt is negatively correlated with exchange rates which means increased supply of foreign currency led to decrease in exchange rates.

GDP growth rate is positively correlated to the trade but to a very small degree. This is because of the import-oriented nature of Pakistan's economy. The increase in export component of trade or net export driven by the increased growth rate is subsided by the excessive imports undertook by the government each year. GDP growth rate is negatively correlated to consumer price index due to the cheaper value of raw material imported from foreign countries and hence cheaper price of local final products.

There is a positive relationship between government expenditure and external debt, meaning government expenditure starts to increase as the external debt starts flowing into the country. However, household consumption starts to decrease, and this might be due to the decrease in the exchange rates and inflation, hence lower consumption recorded in monetary for same level utility. Debt service has a strong positive relation with debt stock, because the charges/ interest increases as the countries accumulates more and more debt.

The correlation between the household consumption and investment is negatively correlated and is in line with the theory of consumption. In short, GDP growth rate is negatively correlated to inflation, exchange rates and household expenditure. It is positively correlated but to a very lesser degree to external debt, trade and government expenditure.

Figure 1: Pair-wise Correlation analysis among nine macro-economic indicators



4.3 Comparative Analysis of External Borrowing by Pervious Three Governments

4.3.1 Foreign Debt Trends During PPP Government

The foreign debt financing policies of Pakistan People's Party (PPP) can be analyzed based on their borrowing strategy, debt management policies, and engagement with international financial institutions.

Between 2008 and 2013, the People's Party administration acquired a significant amount of foreign debt to address economic challenges like as the balance of payment (BOP) and the country's energy crises. The PPP administration has opted to use the same approach of acquiring foreign debt from the IMF and World Bank. In addition to this, they have chosen to borrow money from friends, notably Saudi Arabia and the People's Republic of China. A $7.5 billion loan was acquired from the IMF to address the balance of payment crisis. Therefore, a significant portion of the debt was borrowed from China to address the construction of Gwadar port and the upkeep of the Karakoram Highway.

The People's party administration collaborated with IMF and World Bank officials to improve the county's fiscal and monetary policies. During this meeting, agreements were reached on tax changes and enhancements in the energy industry.

The policies and agreements of the PPP administration were criticized for their excessive reliance on foreign indebtedness. Between 2008 and 2013, the foreign debt rose from $48 billion to $61 billion. The table below illustrates the foreign debt accumulated throughout the PPP government's tenure.

Table 4: Finance Division of PPP Government External Debt and Liabilities by Year
Billion US$

Year	Total External Debt and Liabilities
2012-13	65.5
2011-12	66.4
2010-11	57.4
2009-10	52.3
2008-09	46.2

4.3.2 The PML-N's Record on Foreign Debt

As a sign of how they plan to finance their foreign debt, the Pakistan Muslim League-Nawaz (PML (N)) has certain borrowing strategies, debt management methods, and relationships with international financial institutions.

Obtaining long-term loans from friendly nations and international financial institutions to finance infrastructure development projects was a primary goal of the PML (N) throughout its rule (2013-2018). To help with economic development, stability, and strengthening social safety nets for the needy, the party borrowed $6.6 billion from the IMF in September 2013. In November 2013, the organization borrowed $1.5 billion from the Asian Development Bank. As part of the China-Pakistan Economic Corridor (CPEC) project, the Chinese government provided substantial loans and gifts to the party. In order to make the system more efficient with regard to debt management rules, the PML (N) was careful to adopt changes. The party has proposed a strategy to handle the debt in the longer term and established a Debt Policy Coordination Office to ensure that different government ministries collaborate.

The administration of Pakistan Muslim League Nawaz has implemented effective steps to address financial concerns and reduce dependency on foreign liabilities, including improving the debt management system of Pakistan. The government has set up a medium-term debt policy coordination agency to enhance relationships with foreign government agencies in the realm of debt management.

The Nawaz administration took another step to stabilize Pakistan's economy and lessen dependency on foreign debt by participating in the IMF's Extended Fund Facility (EFF) program. The Nawaz government's approach was attacked for its reliance on foreign loans, neglect of exports, and disregard for GDP creation. The party's borrowing strategy also led to an increase in Pakistan's external debt burden, which grew from $61 billion in 2013 to $93 billion in 2018. The below mentioned table elaborate the external foreign debt during the tenure of PML (N) government.

Table 5: Total External Foreign Debt during PML (N) Government
Billion US$

Year	Total External Debt and Liabilities
2017-18	83.4
2016-17	73.9
2015-16	65.1
2014-15	65.3
2013-14	60.9

4.3.3 Tendencies in Overseas Debt nder the PTI Administration

The PTI government, which came to office in August 2018, inherited a significant amount of foreign debt from the previous administration. The party originally promised to reduce Pakistan's foreign debt load after criticizing the previous administrations' dependence on external borrowing. PTI's method for borrowing money was to apply for and receive grants and short-term loans from foreign organizations and nations with whom it has diplomatic relations. The government borrowed $6 billion from the IMF in July 2019 and another $1.8 billion from the ADB in September 2019 to fix its chronic fiscal crisis, broaden its trade channels, boost its competitiveness, and reform its energy industry. The party also received financial aid from allies like as China, Saudi Arabia, and the United Arab Emirates.

Renegotiating Pakistan's foreign loan agreements to better fit Pakistan's economic goals is one of the measures done by the PTI administration to better manage the country's debt. Getting a $6 billion rescue package from the IMF in July 2019 was a major victory for the PTI administration. The PTI administration renegotiated not just the IMF contract but also other loan arrangements with China, one of Pakistan's primary creditors. Under the PTI government, the Main Line 1 (ML-1) railway project—a component of the China-Pakistan Economic Corridor (CPEC)—had its budget slashed by $2 billion and the proportion of Pakistani companies participating in the endeavor increased. For example, to solve its balance-of-payments issue, the PTI administration renegotiated many deals with Saudi Arabia, including $3 billion in foreign currency assistance for a year. The government was able to negotiate favorable loan terms with Qatar, including a lower interest rate and a deferral of payments for three years and a one-year deferred payment facility for import of oil, up to $3 billion.) (In 2019, Pakistan and Qatar signed an agreement to reduce the price of LNG imports from Qatar, which was later renegotiated in 2020 to further reduce the price). The import cost was lowered because to delayed payment arrangements the government negotiated for oil.

By renegotiating Pakistan's foreign credit accords, the PTI government was able to lower the country's debt. The government's successful negotiations have resulted in a lower cost of borrowing and a little respite for the economy. Similar to the PML Nawaz administration, PTI has also taken initiatives to improve medium-term debt management. PTI has set up a debt management office (DMO) to oversee foreign obligations and has initiated a new approach to build a debt policy coordination agency to enhance relationships with other governments' agencies.

When it came time to deal with Pakistan's foreign debt, the PTI also wanted to go to international financial organizations. In an effort to alleviate poor nations' mounting debts in the wake of the COVID-19 outbreak, the G20 nations established the Debt Service Suspension Initiative (DSSI), in which the party took part. To reorganize and renegotiate Pakistan's foreign debt, the PTI has started talks with the International Monetary Fund and other creditors. External foreign debt throughout the PTI government's term is shown in the table below.

Table 6: Total External Foreign Debt during PTI Government
Billion US$

Year	**Total External Debt and Liabilities**
2021-22	122.2
2020-21	112.9
2019-20	106.3

2018-19	95.2

5. Conclusion and Recommendations

The management of Pakistan's foreign debt is a major challenge for the country's economy. The most effective strategies for dealing with foreign debt are as follows:

Debt management strategy development: Pakistan must prioritize the reduction of the country's foreign debt in its strategy for managing its debt over the long term. A debt repayment plan must also have a plan to stop further debt from piling up. A long-term debt management strategy could enhance foreign debt in several ways.

A well-thought-out debt management strategy has the ability to reduce borrowing costs by making the most of the loan structure and taking advantage of market possibilities.

Decreased likelihood of debt default: A long-term debt management strategy may assist maintain reasonable debt levels by regularly assessing the nation's repayment capacity and adjusting borrowing amounts as necessary.

Increasing trust among investors: Investors have more faith in a country's ability to repay its obligations when its government unveils a clear strategy to handle its debt.

If a country's debt management procedures follow a clear strategy, they may be more open, accountable, and trustworthy. Economic growth could be supported by a long-term debt management strategy that allocates borrowed money to projects with a low interest rate and a high return on investment (ROI).

5.1 Put Energy into Expanding the Economy

The most effective strategy for dealing with foreign debt is to prioritize long-term economic development. To get there, we need to fix certain structural issues and encourage industries that focus on exports. Focusing on economic development can have the unexpected effect of lowering the national debt.

5.2 Find out how Long Term Debt

In order to improve the country debt sustainability, more research work is highly recommended with the aim to identify risks and burden of liabilities. Best practices of administration is required to deal foreign debt in more reliable way.

Interest rate, currency fluctuation and refinancing are the major concern which required comprehensive evaluation of foreign debts. A best practice approach toward foreign liabilities may help the nation to control over its liabilities. Strategies related to control over extra burden of foreign debt on the nation.

Regular debt sustainability reviews may help policymakers prevent debt crises by guiding their actions. Avoiding bankruptcy or debt restructuring may be possible with this.

Pakistan needs to put money into improving its debt management capacities by training its citizens and purchasing cutting-edge technology. More efficient monitoring and management of the country's indebtedness is now possible. Among the many ways to better manage debt, some examples are:

Foreign debt management may be enhanced via the development of a competent labor force. For instance, establishing a debt management office staffed by qualified individuals may facilitate the simplification of debt management operations, and providing debt managers with training in financial modeling and risk analysis can enable them to make more informed judgments.

Creating a firm foundation in institutions and the law: With better institutional and legal protections, foreign debt management may be improved. Legislation providing a transparent legal framework for borrowing and repaying foreign debt can be useful in reducing ambiguity and legal risks. By setting up a separate debt management office, decisions about debt management may also be made in an open and accountable way.

5.3 Enhance Transparency

Transparency in Pakistan's debt management would be substantially enhanced by regular reporting on the country's debt profile, borrowing activities, and debt payment expenditures. Borrowing costs should go down since the country's credit rating will go up and the risk premium associated with borrowing will go down. Below are a few examples of how more transparency might lead to improved foreign debt management: Share details about debt: The government may make its financial situation more transparent for investors by providing information on debt levels, debt maturity, and borrowing costs. This would reduce uncertainty and encourage investment. Responsible borrowing and efficient use of resources may be achieved via increased accountability, which means holding government officials to account for handling foreign debt. There will be less chance of default and more trust from investors if this happens. Make financial reports more reliable: Investors will have an easier time gauging the government's financial health if financial reports are accurate, complete, and released at the appropriate times. Update on a regular basis: Reporting on the status and strategy of debt management on a regular basis.

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