In Search of Debt Free Development: A Theoretical Study

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Abstract

Financing public expenditure is one of the most important challenges faced by the policy makers of most countries. In most Islamic countries, the government requires a huge amount of resources for financing basic programmes such as poverty reduction and human development. In order to meet these requirements, Islamic countries borrow from developed countries which charge them interest on the borrowing. Therefore, large external debts have become a severe and chronic problem in these Islamic countries. This paper reviews the relevant literature regarding alternatives ways of financing public expenditure that are compatible with Shariah. This paper also reviews the relevant literature regarding traditional sources of financing public expenditure from an Islamic economic viewpoint.

Keywords: public expenditure, Islamic countries, poverty reduction, external debts.

1. Overview of the external debt crisis in Islamic countries

Most Islamic countries today have a large external debt, and the specific reason for public borrowing is that most Islamic countries still have an enormous need for expansion of their economic infrastructure in order to alleviate poverty. In spite of huge public sector allocations financed through borrowing, most of these countries have still not been able to build viable physical and human infrastructures. It is painful to note that the majority of the population in these countries are living in underdeveloped rural areas with extremely limited transport facilities, without even safe drinking water, no electricity, sewerage or other civic facilities. Housing problems are very serious and health care facilities are severely deficient. In addition, the rates of literacy are extremely low. Even after decades of large amounts of government spending, most of these countries have not been able to develop good railroad facilities, good roads, good schools and adequate health care facilities (please refer to Table 1.1). Most of the Islamic countries also have not been able to provide adequate irrigation facilities and other similar economic and social infrastructure.

The main reason the various governments have still not been able to build a sufficient basic infrastructure is because the repayment amounts on their debt far exceed the amount received in aid. To give an example, according to the Jubilee Debt Campaign, in 2005 developing countries paid a combined 513.8 billion USD in debt repayments, while in the same year they received a total of 106.8 billion USD in official aid. The very poorest of them paid a joint 43.2 billion USD in debt repayments, while they received a combined 40.4 billion USD in development aid. This means that, despite significant amounts in aid, the net result is that the countries end up poorer every year[1]. This arises because poor countries are paying significant percentages of their GDP in servicing their debts. The money cannot be invested in other sectors such as education, health and research and development which are the key means to support countries trying to escape from poverty. Furthermore, unfortunately, the loans were not used productively by the various governments and this has resulted in insufficient means to repay the debt. Consequently, poor countries are often forced into taking out new loans just to service the old ones. This will trap them in a vicious circle of debt. As can be seen in Table 1.2, the percentage of external debt to GDP in Islamic countries for the period 2001 to 2009 indicates that several countries have a high ratio of debt to GDP.

[1] www.islamic-relief.com

This study raises four questions. The first is, does external debt foster economic growth? Second, is debt permissible in Islam? Third, if borrowing and taxes are impermissible, then what are the other sources of government revenue? Finally, the fourth question is what are the alternatives to public debt according to the Islamic view point? This paper will discuss each of these questions in detail.

2. *Question 1: does external debt foster economic growth?*

The debt overhang hypothesis proposes that economic growth and social reconstruction can be hampered if the resources of a poor country are diverted to the repayment of interest on hefty overseas debt commitments. This hypothesis has been tested by several researchers and the findings show that external debt does not foster economic growth. For example, Paul, Fredoun and Ahmad Esfahani (2006) examined the effect of foreign aid on economic growth rates in Thailand, Indonesia and the Philippines during the period of 1970-2000. They indicated that aid had an insignificant effect on the growth rates of the three nations and did not displace domestic savings. In a separate study, researchers Swapan, Krishna, and David (2007) tested the debt overhang hypothesis for a selection of Asian and Latin American countries and found that debt overhang impeded growth in both regions. Hristos and Martin (2008) determined that foreign aid in general is not associated with either faster growth or higher investment rates. T.K.Jayaraman and Evan (2009) investigated the relationship between external debt and economic growth in Pacific Island Countries (Papua New Guinea, Fiji, Solomon Islands, Vanuatu, Samoa and Tonga) using panel data for the period 1988-2004 and found there was no long term relationship between external debt and economic growth but in the short run, external debt caused economic growth. Alfred (2012) indicated that a higher debt ratio leads to a crowding out of private investment, and thus leads to a lower long-run growth when the government reduces public spending to fulfil its inter-temporal budget constraints. The reason for that outcome is that higher public debt leads to a lower shadow price of private capital and to less labour supply such that households reduce their savings and investment which leads to lower long-run growth. From the above studies, we learn that external debt and foreign aid do not contribute to a faster economic growth.

3. *Question 2: Is debt permissible in Islam?*

According to Monzer Kahf, public borrowing and taxation issues were discussed by Al Mawardi in his book Al Ahkam al Sultaniyyah[2] and Al Juwaini in his book Al Ghyati[3]. These issues have also been addressed by several authors including al Shatibi, al Nawawi, al Ghazali, Ibn Hazm, al Qaradawi and Rif'at al Awadi. The following are several points from those discussions and comments.

In principle, Shariah has its own system of financial resources for the government, and these resources are sufficient under normal circumstances. Therefore, in Shariah, the permissibility of public borrowing depends on certain conditions and circumstances. Al Juwaini says "it is not right for us to invent methods in bringing good to servants of God and procuring means of wise action which have no roots in Shariah, since this bears a great deviation and a magnificent danger".

Al Mawardi suggests that borrowing comes before taxation if the government needs funds to defend the ummah, for example, military service. He further adds that funds paid to the government need not be on a loan basis since defending the ummah is fard al kifayah. Al Mawardi differentiates three types of government expenditure as follows; (1) expenditure due against goods and services bought by the government, for example salaries of soldiers and the value of weapons, (2) expenditure in the general interest of society and the good living of the people, etc., but if neglected, will bring general harm such as roads which have no alternative or a drinking water fountain that has no substitute, and (3) expenditure of type (2) but having alternatives even with a little difficulty such as a road which has a substitute but a bit farther away.

Al Mawardi said that coercive public borrowing may be resorted to for the satisfaction of type (1) needs provided the government anticipates definite revenues sufficient to pay for the debt along with future regular expenses. Type (3) needs do not justify borrowing nor imposing taxes. As for type (2), the choice between taxes and forced loan depends on whether the government anticipates sufficient surplus resources for debt payment from its regular future revenues.

[2] Abu al Hassan Ali bin Muhammad al Mawardi (circa 450 h.), Al Ahkam al Sultaniyyah, Third Ed. Mustafa al Babi al Halabi, Cairo 1973.

[3] Imam al Haramain al Juwaini (circa 478 h.), al Ghyati, published by the Directorate of Religious Affairs in Qatar, 1400 h.

Al Juwaini also distinguish between three types of public needs which are (1) military and other needs for the survival of the ummah such as the actual defence of the Muslim land and people in case of foreign attack, or to thwart and prevent an expected attack and to satisfy the basic needs of the poor. Type (2) public needs are when the military needs to prepare an army capable of carrying out the responsibility of jihad and type (3) are the regular needs such as payment of the salaries of soldiers, judiciary, religious teachers, research and fatwa scholars, and other collective obligations (Fard al kifayah) etc.

According to Al Juwaini, types (1) and (3) should be financed by taxes on the rich. In the case of type (1), the government can impose taxes regardless of the magnitude of the tax and in the case of type (3), the government can impose taxes at moderate and reasonable rates on a regular basis. For needs that are not so pressing such as type (2), he suggests that such needs should be financed by taxes on the excess wealth of the rich.

Al Juwaini and Al Mawardi both consider the constructions of dams, improvements in the material living conditions and other works of public interest of a beneficial nature as part of the marginally important activities of the government which may only be carried out if there are excess funds in the treasury. They should not be financed by taxes or forced borrowing.

Siddiqi (1995) cited from Munawar Iqbal and Tariqullah Khan (2004) explored whether early Islamic states ever borrowed. He did not find a single case of public borrowing during the period of the rightly guided caliphs. This is not surprising as the conquests of gharimah, fay' and kharaj filled the baytal-mal. The period during which the Islamic state faced financial difficulties was the early Madinah state. Therefore, Siddiqi examined whether the Prophet (peace be upon him (pbuh)) as the Head of State ever resorted to borrowing. He found six authenticated instances of the Prophet (pbuh) borrowing for public needs. The Prophet (pbuh) borrowed in small amounts as well as large, and from Muslims as well as non-Muslims. No coercion was involved in his borrowing. Nor was there any stipulation about repaying more than what was received as the loan. He borrowed in anticipation of future income from which repayment could be made, but he also borrowed when no definite future income was in sight. He also borrowed to roll-over existing debts.

Manawar Iqbal and Tariqullah Khan (2004) said that according to some reports the Prophet (pbuh) borrowed from non-Muslims. There is no doubt that in principle, borrowing from non-Muslims is allowed. However, if this compromises the achievement of the maqasid al shariah in any way, this cannot be authorized. In instances quoted by Siddiqi (1995), the lenders were residents of Madinah, thus it could not damage the interests of the state. Manawar Iqbal and Tariqullah Khan (2004) concluded that in principle, it is permissible for an Islamic state to borrow. However, borrowing based on interest can be resorted to only in case of idtirar. In borrowing from non-Muslim countries or foreign institutions, extreme caution should be exercised to ensure that such borrowing does not compromise the achievement of the other objectives of public policy. Also it should be short term borrowing. Long-term borrowing is not advisable as it will compromise the achievement of the maqasid al shariah.

4. Question 3: What are other sources of Government revenue?

If borrowing and taxes are impermissible, then what are the other sources of government revenue? The discussion in this segment will focus on the public revenue system at the time of the Prophet (pbuh). To understand the nature of public revenues during the time of the Prophet Muhammad (pbuh), we should note that the Islamic state originated in a society of vaguely defined relationships and government institutions. It did not inherit systems and institutions of a preceding state. It started from a few believers and as the number of believers increased then various new needs and hence expenses began to arise. Initially, a meeting place where the band of believers could gather to learn from the Prophet (pbuh) was needed. Al Arqam Ibn Abu Al Arqam donated his house for this purpose. The Prophet (pbuh) also made use of his wife's (Khadijah) wealth with her consent. At that time, those who embraced Islam were willing to sacrifice everything for the sake of Islam.

The hijrah (immigration) move to Madinah was fully financed by Abu Bakr. The tradition of financing from private contributions was brought to Madinah and was strengthened there. The ansar (Madinah residents) had to cater for the needs of the muhajirin's (immigrants) until they became able to take up economically productive work. The Suffah people, a group of immigrants, were full time employees of the government (serving as clerks and emissaries to the Prophet (pbuh) without any salary). To provide for their livelihood, the Prophet (pbuh) called upon people to donate food and other items to them.

According to Monzer Kahf[4], there is no indication that the Prophet (pbuh) paid any salaries or compensation to public service employees at that time.

There was no public treasury at that time and ad hoc voluntary contributions were invited for each project or expenditure. For example the Prophet's mosque was constructed by the collective effort of the Muslims, including the Prophet (pbuh) himself, and Abu Bakr donated his money to pay the price of the land which was selected for the site. There are no records of the Prophet (pbuh) imposing taxes or custom duties on any one in Madinah other than zakah which was ordained in the second year after hijrah.

The state also did not levy taxes for the purpose of creating employment opportunities or to give assistance to the needy. What the Prophet (pbuh) did was just to assist the people who needed a job by making use of their own resources. This policy is illustrated by Anas that a man of the ansar came to the Prophet (pbuh) asking for charity. The Prophet (pbuh) asked him "do you have anything in your house?" The man said "yes, I have a piece of material, part of it we use for a cover and another part of it we use for a mat, and I also have a water-pot that we use for drinking". The Prophet (pbuh) asked the man to go and bring them. Then, the Prophet (pbuh) exhibited the two items, invited people to make offer to buy them. Came one man and said "I will buy them for one dirham". The Prophet (pbuh) called several times for a higher price. Another man came and offered two dirhams and won the sale. The Prophet (pbuh) gave the two dirhams to the ansar man and said "Now, take one dirham to buy food for your family and take the other dirham to buy an adze-blade and bring it to me". The ansar man did what the Prophet (pbuh) instructed him to do. He gave the adze-blade to the Prophet (pbuh) and with his hands, the Prophet (pbuh) wrought a handle, fixed the blade to it and handed it over to the man saying "Go and use this for cutting firewood, sell whatever you gather and be sure that I do not see you again for fifteen days". The man did as he was told. Fifteen days later, he came to the Prophet (pbuh) reporting that he had made ten dirhams, out of which he bought food for his family and a substitute piece of material. The Prophet (pbuh) said to him "This is better for you than coming on Judgement Day with a beggar's mark on your face".

Voluntary contributions continued to finance the greater part of public needs as in the case of the Tabuk campaign in the ninth year of hijrah, the feeding and accommodation of incoming visiting delegations, the building of mosques and providing them with lighting and water, the provision of social welfare facilities, such as free water-wells and even the people in general became more and more able to pay taxes, especially after the conquest of Khaibar and other conquests that brought in enormous riches and made people far better-off and provided them with sources of sustained income.

Public borrowing was exercised during the time of the Prophet (pbuh) in order to meet certain public needs. For example, in preparing for the battle of Hunayn, the Prophet (pbuh) requested Safwan Ibn Umaiyyah to lend him a number of shields. Safwan, who was not a believer in Islam, asked "O Muhammad, did you intend to seize these shields from me by force?" The Prophet (pbuh) said "No, I want to borrow them as a guaranteed loan"[5]. It is also reported that the Prophet (pbuh) borrowed forty thousand dirham from Abu Rabi'ah. The Prophet (pbuh) paid the money back from the revenues of the state treasury, which meant that the money was borrowed for the state.

On one occasion, the Prophet (pbuh) asked his uncle Al' Abbas to pay his zakah for two years in advance. Abu 'Ubaid reports that the Prophet (pbuh) sent Umar to collect zakah. When Umar came to Al' Abbas to collect zakah from him, Al' Abbas said: "I have already paid my zakah to the Prophet (pbuh) for the coming two years". When Umar reported this, the Prophet (pbuh) said: "My uncle is right. I did ask him to pay his zakah for two years in advance".

5. Question 4: What are alternatives to public debt from the Islamic viewpoint?

There are several ways to provide services for the public without imposing tax or borrowing.

[4] Monzer Kahf. The early Islamic public revenue system: Lessons and implications

[5] This account was narrated by Abu Dawud. In other narrative, Abu Dawud reported that the shields borrowed from Safwan ranged in number between thirty and forty.

5.1 Privatization/private provision of social goods

Monzer Kahf suggested that some public goods such as education, health care, water, communication, electricity, rubbish collection etc. where almost all the cost of production can be internalized (eliminated non-excludability) should be produced and provided by the private sector. Furthermore, according to him, education and medical care can be provided by an Islamic government when sufficient revenues from the economic public sector are available. Otherwise, providing education for the youngsters is the responsibility of the parents, so is the health service which is part of the shariah dictated household expenses as detailed in Islamic jurisprudence. He said that we should take into consideration that the poor are given zakah as due to them, up to their sufficiency. If zakah is not sufficient, dues on the wealth of the rich will ensure the minimum required for the living of the poor. It is possible then that neither education nor health services may be offered free of charge to the rich in an Islamic system. As for the poor, the zakah fund may offer them what they need for spending on education and health.

According to Monzer Kahf, establishing and maintaining public services such as roads, public drinking places and mosques are the responsibility of the Islamic government if it has non-tax revenues from state properties and an economic public sector. If the government does not have sufficient revenues, then it can impose fair fees on the utilization of some of these services.

The Islamic system provides individuals with moral encouragement to undertake social work and produce public goods on a voluntary basis. It also links social goods to religious duties by means of fard al kifayah. More importantly in the present context, is that the Islamic system permits the government to provide incentives to investors to encourage private provision of social goods.

5.2 Charitable giving

The alleviation of poverty and suffering lies at the heart of Islam. It is for this reason that charitable giving is strongly encouraged in Islam both as a means of purifying one's wealth and in order to alleviate poverty and suffering. Islam has put in place a mechanism for alleviating poverty in the shape of various forms of charitable giving (Rianne 2009). However, charity in Islam is not only about alleviating material poverty in the short-run, but also focuses on the broader concepts of social and economic development as part of a holistic approach to human development. For example, Islam encourages an alternate set of trade rules and a different kind of financial system that discourages the exploitation of the poor and ensures a more equitable distribution of wealth (Abu Arqub and Philip 2009). This acknowledges that charity alone will not solve poverty but should be accompanied by rules and regulations.

In Islamic teaching, charity encompasses tangible goods as well as deeds and actions. The Prophet (pbuh) believed that if charity were to remain restricted only to material goods, many people, especially the poor would be excluded. However, Islam advocates a broader approach to charity, which moves beyond the material dimension, is more inclusive and helps to avoid the creation of divisions based on wealth and status in society. The Prophet (pbuh) is recorded as having said: “No one of you believes until he loves for his brother what he loves for himself” (reported by Al Bukhari and Muslim) thus stressing the virtues of selflessness and generosity both in terms of material as well as spiritual assets. This points to another basic principle of Islamic thought that life is judged not according to a materialistic or economic standard alone, but is based on faith, sensitivity and compassion.

5.3 Zakah

The word zakah itself is derived from the Arabic word ‘tazkiyah’ which means ‘purification’. Thus, zakah is often seen as a means of purifying the wealth acquired by the giver as well as purifying the giver themselves by making them more sensitive to the needs of others (Zaman 1980). According to Yusuf Al-Qaradawi, zakah means to grow and to increase. When it is said about a person, it means to improve, to become better. Consequently zakah is a blessing, growth, and promotes cleanliness and betterment. In this way, the primary purpose of zakah is to purify the giver, a consequence of which is aiding those who are less fortunate. Because zakah is an obligation, some scholars argue that it should not be interpreted as a form of charity, but rather a right of the poor.

The classical scholars recognize fulfilling the basic needs of all citizens in an Islamic society as a collective social duty (fard kifayah). Religion and life can be protected by meeting the basic needs that include, among others, food, health, and shelter.

Thus poverty eradication by providing for the basic needs of every citizen is a duty of every Muslim society (Siddiqi 1988). Contemporary Islamic economists have also come up with similar views. Chapra (1992) asserts that the establishment of justice is one of the primary goals of Islam, and an Islamic system should endeavour to eradicate all forms of inequity, injustice, exploitation, oppression and wrong doing.

Zakah is one of the important instruments to increase the wealth of the poor. Narrations from the time of Umar bin Al Khattab (13-22H) and the period of Umar Abdul Aziz (99-101H) indicate that poverty was eliminated during the time of these two rulers as the zakah proceeds in some regions could not be disbursed due to the lack of poor people (Habib Ahmed 2004.)

5.4 Awqaf / waqf

Waqf is a form of endowment of a resource in perpetuity. It can be performed on behalf of someone who has passed away, usually for public good. The purpose of a waqf is set by the endower and should only be changed in accordance with his or her will (John Gerhart Center, 2006 cited in Kefa 2008). In Islamic history, waqf played an important role in the provision of education, health centres, centres for socio-cultural activities in the form of mosques, as well as public goods such as roads and bridges.

Various kinds of awqaf were established including the cash waqf, awqaf for public utilities, education and research, and health care. Similarly, there were awqaf of grain to be used as seeds, and awqaf to provide loans to persons who need financing and providing services and supplementary income to low income people (Ibn Abidin 1301 H cited in Habib Ahmed 2004).

The significance of the awqaf in historical Muslim societies of the past is evident from information available on the size of these institutions. In certain Muslim countries awqaf reached one third or more of the total cultivable land and other properties. The first land survey in Egypt conducted during Muhammad Ali's rule indicated that 600,000 Feddan (acres) were awqaf out of a total of 2.5 million Feddan (acres) of cultivable land; most of these awqf were for mosques and education and a great portion was for al Azhar itself. These large investments in the social sector succeeded in transforming the society and empowering the poor segments of it. Education which was offered almost only by awqaf, enabled the poor to move up the economic ladder and obtain high levels of economic and political power (Habib Ahmed 2004).

5.5 Taxation

In contemporary economic and financial systems, taxation is imposed especially to meet public expenditure for the production of public goods. Other objectives of taxation include income distribution, stability, equilibrium and development. Is imposing taxes permissible in an Islamic system? According to Monzer Kahf, it is impermissible to impose tax on wealth or income only because it is owned or accrued, or on the rich because of their wealth and/or income. This would mean that the purpose of transferring private savings to the public sector does not, alone, allow the imposition of tax in the Islamic financing system. This may also imply that tax levied to reduce the income (or wealth) of the rich, on the premise that the present size of income (or wealth) increases demand which may lead to inflationary pressure, is not acceptable in the Islamic financial system.

Those fuqaha who approve of taxation relate this matter to necessity. They interpret the non-existence of taxes in the early period of the Islamic state as being due to the lack of necessity, in view of abundance of other sources. Such understanding of taxes implies two conclusions: (a) a tax levy is the last resort in the Islamic financial system, and (b) expenditure for the sake of which taxes are imposed should be examined and what is unnecessary should be omitted. It is important to note that necessity is determined according to the criteria of the shariah and tax should not be imposed to meet excessive expenditure or that which is not permitted by shariah. For example, in the case that zakah proceeds are insufficient to satisfy the minimum needs of the poor, and there is a lack of non-tax revenues, it is permissible to impose taxes to meet those minimum needs.

6. Conclusion

Muslim countries have relied extensively on external borrowing to fill the gap in their public budget. As a result, external debt has grown and repayment has become a big problem for them as they have to pay interest. In addition to other problems, interest payments eat a sizeable part of total government expenditure. In Islamic countries, this is most unfortunate.

In addition to the economic problems that this public debt creates for these countries, they are in violation of Islamic shariah. As a matter of fact, a number of their economic problems are a direct result of ignoring the unequivocal prohibition of borrowing on interest. The author would like to emphasize that there are a number of ways for the Islamic governments to fulfil their national requirements as discussed above.

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Table 1.1 Basic infrastructures in Islamic countries

		Health			Education		Transportation and Communication			Rural
No.	Country	Ratio 10,000 population			Literacy rate		Cellular	Main tel. line per	Paved Roads (km)	population
		Dentists	Beds	Doctors	Adults	Young	phone users	100 persons		(%)
1	Albania	3.32(2006)	29(2007)	11.58(2007)	95.94(2008)	98.83(2008)	181.39(2009)	11.51(2009)	39(2002)	52.64(2009)
2	Algeria	3.14(2007)	19(2006)	2.43(2007)	75.39(2007)	92.45(2007)	93.79(2009)	7.38(2009)	73.46(2008)	34.18(2009)
3	Azerbaijan	2.94(2007)	79(2007)	1.88(2007)	99.5(2007)	100(2007)	88.34(2009)	15.91(2009)	50.60(2006)	47.94(2009)
4	Bangladesh	0.17(2007)	4(2005)	0.6(2007)	55.9(2009)	75.45(2009)	31.07(2009)	0.94(2009)	9.5(2003)	72.38(2009)
5	Benin	0.04(2008)	5(5008)	0.02(2008)	41.65(2009)	54.33(2009)	56.33(2009)	1.42(2009)	9.5(2004)	58.4(2009)
6	Burkina Faso	0.02(2006)	9(2006)	0.23(2008)	28.73(2007)	39.26(2007)	20.94(2009)	1.06(2009)	4.17(2009)	80.02(2009)
7	Cameroon	0.08(2004)	15(2006)	1.79(2004)	75.9(2008)	85.8(2008)	37.89(2009)	1.66(2009)	8.37(2004)	42.42(2009)
8	Chad	0.01(2004)	4(2005)	0.04(2004)	33.61(2009)	46.26(2009)	23.97(2009)	0.12(2009)	0.800(200)	72.86(2009)
9	Comoros	0.29(2004)	22(2006)	1.96(2004)	74.15(2009)	85.27(2009)	15.17(2009)	3.85(2009)	76.5(2001)	71.86(2009)
10	Cote d'Ivoire	0.13(2008)	4(2006)	0.2(2008)	55.26(2009)	66.55(2009)	63.33(2009)	1.34(2009)	7.93(2007)	50.56(2009)
11	Djibouti	1.17(2008)	16(2000)	3.13(2008)	n.a	n.a	14.9(2009)	1.95(2009)	45(2001)	12.3(2009)
12	Egypt	4.03(2009)	17(2009)	16.04(2009)	72.04(2007)	86.21(2007)	66.69(2009)	12.43(2009)	86.89(2008)	57.24(2009)
13	Gabon	0.49(2004)	13(2009)	0.47(2004)	87.81(2009)	97.61(2009)	93.11(2009)	1.8(2009)	10.21(2004)	14.48(2009)
14	Gambia	0.14(2008)	11(2009)	0.3(2008)	46.5(2009)	65.47(2009)	84.04(2009)	2.87(2009)	19.32(2004)	42.74(2009)
15	Guinea	0.04(2005)	3(2005)	0.22(2005)	39.46(2009)	61.07(2009)	55.69(2009)	0.22(2009)	9.79(2003)	65.08(2009)
16	Guinea-Bissau	0.04(2008)	10(2009)	0.5(2008)	52.2(2009)	70.88(2009)	34.79(2009)	0.3(2009)	27.94(2002)	70.08(2009)
17	Guyana	0.4(2000)	19(2007)	4.48(2000)	n.a	n.a	36.84(2005)	17.05(2009)	7.4(2001)	71.56(2009)
18	Indonesia	0.61(2007)	6(2002)	1.39(2007)	92.19(2008)	99.46(2008)	69.25(2009)	14.77(2009)	59.11(2008)	47.42(2009)
19	Iran	1.91(2005)	14(2006)	2.01(2005)	85.02(2008)	98.66(2008)	72.09(2008)	35.4(2009)	73.3(2006)	31.02(2009)
20	Jordan	7.62(2009)	18(2007)	25.59(2009)	92.2(2007)	98.5(2007)	101.07(2009)	8.42(2009)	100(2008)	22.08(2009)
21	Kazakhstan	3.69(2007)	77(2007)	8.17(2007)	99.68(2009)	99.82(2009)	94.38(2009)	23.68(2009)	89.88(2008)	41.63(2009)
22	Kyrgyzstan	1.95(2007)	51(2007)	0.16(2007)	99.24(2009)	99.75(2009)	84.32(2009)	9.37(2009)	91.1(2001)	63.56(2009)
23	Lebanon	11.75(2009)	35(2009)	10.87(2009)	89.61(2007)	98.71(2007)	36.13(2009)	17.76(2009)	84.9(1999)	12.92(2009)
24	Malaysia	1.35(2008)	18(2009)	1.72(2007)	92.46(2009)	98.55(2009)	110.6(2009)	15.7(2009)	82.77(2006)	28.72(2009)
25	Maldives	0.13(2007)	26(2005)	9.48(2007)	97.05(2007)	98.07(2007)	147.94(2009)	15.84(2009)	100(2005)	60.82(2009)
26	Mali	0.01(2008)	6(2008)	0.09(2008)	23.32(2007)	29.3(2007)	28.76(2009)	0.62(2009)	19.04(2005)	67.26(2009)
27	Mauritania	0.28(2009)	4(2006)	0.37(2009)	57.45(2009)	67.69(2009)	66.32(2009)	2.26(2009)	26.85(2007)	58.8(2009)
28	Morocco	0.83(2009)	11(2009)	2.82(2009)	56.08(2009)	79.47(2009)	79.11(2009)	10.99(2009)	67.77(2008)	43.64(2009)
29	Mozambique	0.08(2004)	8(2007)	0.38(2006)	55.06(2009)	70.87(2009)	26.08(2009)	0.36(2009)	20.78(2008)	62.38(2009)
30	Niger	0.01(2008)	3(2005)	0.01(2008)	30.45(2007)	38.96(2007)	17(2009)	0.43(2009)	20.65(2008)	83.38(2009)
31	Nigeria	0.25(2008)	5(2004)	1.24(2008)	60.82(2009)	71.8(2009)	47.24(2009)	0.92(2009)	15(2004)	50.92(2009)
32	Pakistan	0.58(2009)	6(2009)	0.53(2004)	55.53(2008)	71.11(2008)	60.68(2009)	2.39(2009)	65.36(2006)	63.42(2009)
33	Senegal	0.09(2008)	3(2008)	0.10(2008)	49.7(2009)	65.01(2009)	55.06(2009)	2.22(2009)	29.26(2003)	57.36(2009)
34	Sierra Leone	0.04(2008)	4(2006)	0.35(2008)	40.92(2009)	57.61(2009)	20.36(2009)	0.58(2009)	8.00(2002)	61.92(2009)
35	Somalia	0.02(1997)	n.a	0.06(2006)	n.a	n.a	7.02(2009)	1.10(2009)	11.8(2001)	63.04(2009)
36	Sudan	0.19(2008)	7(2008)	0.09(2008)	70.21(2009)	85.92(2009)	36.29(2009)	0.88(2009)	36.3(2001)	55.68(2009)
37	Syria	7.86(2008)	15(2009)	8.06(2008)	84.19(2009)	94.43(2009)	45.97(2009)	18.35(2009)	91.03(2008)	45.44(2009)
38	Tajikistan	1.51(2006)	61(2006)	1.07(2003)	99.67(2009)	99.87(2009)	70.48(2009)	4.17(2009)	82.7(1995)	73.52(2009)
39	Togo	0.03(2008)	9(2005)	0.02(2008)	64.9(2008)	83.5(2008)	33.05(2009)	2.7(2009)	21(2007)	57.3(2009)
40	Tunisia	2.42(2009)	21(2009)	2.02(2009)	77.56(2008)	96.79(2008)	93.5(2009)	12.26(2009)	75.18(2008)	33.1(2009)
41	Turkey	2.43(2008)	24(2008)	3.35(2008)	90.82(2009)	97.81(2009)	83.91(2009)	22.1(2009)	34(1999)	30.86(2009)
42	Turkmenistan	1.41(2007)	41(2007)	24.32(2007)	99.56(2009)	99.83(2009)	29.36(2009)	9.35(2009)	81.2(2001)	50.94(2009)
43	Uganda	0.15(2005)	4(2009)	0.27(2005)	74.6(2008)	87.3(2008)	28.69(2009)	0.71(2009)	23(2003)	86.86(2009)
44	Uzbekistan	1.77(2007)	48(2007)	0.33(2007)	99.33(2009)	99.93(2009)	59.13(2009)	6.69(2009)	87.3(2001)	63.06(2009)
45	Yemen	1.01(2009)	7(2009)	1.29(2004)	62.39(2009)	84.12(2009)	16.29(2009)	5.09(2009)	8.7(2005)	68.78(2009)

Note: ( ) is the latest figure available
n.a not available
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Table 1.2 Debt to GDP ratio in Islamic countries for the period of 2001-2009

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009
Afghanistan	n.a	n.a	n.a	n.a	n.a	11.4	19.5	19.4	18.1
Albania	26.9	25.2	26.1	21.2	25.1	27.1	27.0	30.4	38.9
Algeria	40.9	40.1	34.6	26.0	16.3	4.9	4.3	3.4	3.8
Azerbaijan	22.4	23.7	23.7	22.5	15.4	12.3	10.9	8.8	11.3
Bahrain	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bangladesh	32.7	35.1	35.4	35.0	31.9	33.2	31.0	28.8	26.7
Benin	58.4	56.9	41.4	39.5	35.3	13.7	13.9	13.8	16.3
Brunei	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Burkina Faso	53.5	47.6	40.0	39.6	36.8	19.5	21.5	20.6	22.5
Cameroon	98.8	90.6	79.9	65.3	43.8	18.1	14.7	11.6	13.3
Chad	63.6	63.7	56.1	37.2	27.0	27.1	25.6	20.9	25.5
Comoros	112.2	109.3	90.3	84.8	75.4	73.6	62.8	53.2	52.7
Cote d'Ivoire	107.9	102.5	88.6	84.1	72.8	70.3	70.0	53.7	50.8
Djibouti	45.2	55.4	62.4	62.9	57.3	60.2	82.8	81.7	80.9
Egypt	29.8	32.7	39.4	37.8	30.8	27.3	25.8	20.3	17.7
Gabon	68.1	66.1	57.7	52.4	41.0	41.8	24.1	14.6	18.9
Gambia	71.0	99.7	124.9	127.9	106.4	105.4	88.3	43.7	56.2
Guinea	96.3	101.7	92.4	85.7	98.7	108.0	74.7	81.4	61.8
Guinea-Bissau	228.7	232.9	228.0	211.3	176.8	179.1	155.3	128.6	133.4
Guyana	115.3	118.5	120.9	108.5	92.4	78.2	42.3	43.1	50.6
Indonesia	82.3	65.3	56.8	53.4	47.0	34.4	31.0	28.6	29.2
Iran	6.6	6.4	11.5	12.3	10.6	8.0	6.8	3.8	3.7
Iraq	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jordan	83.9	84.6	81.8	70.7	61.1	55.0	49.2	29.0	26.4
Kazakhstan	67.2	73.0	73.8	76.0	76.1	89.4	91.1	80.4	100.7
Kuwait	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kyrgyzstan	112.5	115.3	105.3	95.4	82.4	83.7	65.8	48.0	63.3
Lebanon	75.6	94.2	98.5	107.7	106.7	111.9	102.3	81.2	72.0
Libya	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Malaysia	48.6	47.9	44.1	41.8	37.7	35.1	33.1	29.9	34.7
Maldives	37.6	42.4	42.6	47.1	52.3	53.3	56.3	60.3	61.0
Mali	96.4	88.7	73.8	66.9	59.4	27.1	27.9	24.3	30.2
Mauritania	212.7	197.9	183.1	156.3	132.4	62.7	63.8	59.6	71.2
Morocco	49.8	44.5	36.5	29.6	27.2	27.1	27.3	23.4	26.2
Mozambique	119.9	120.2	83.8	79.5	64.0	38.1	36.9	35.0	43.5
Niger	86.1	86.1	80.5	69.6	59.9	22.7	21.6	17.3	18.9
Nigeria	70.3	51.6	51.2	43.0	19.6	5.2	5.2	5.4	4.5
Oman	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Pakistan	46.6	45.0	42.4	36.7	30.5	28.6	28.6	33.2	33.5
Palestine	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Qatar	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Saudi Arabia	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Senegal	75.2	76.8	63.8	48.8	44.2	20.4	22.6	21.3	27.5
Sierra Leone	102.7	103.3	106.6	114.8	103.3	76.9	16.0	18.5	19.9
Somalia	196.7	220.5	187.1	143.5	118.8	118.7	118.6	113.4	147.8
Sudan	97.2	88.6	80.4	68.3	49.4	40.1	33.9	31.8	36.5
Suriname	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Syria	100.1	92.1	91.7	77.3	19.5	16.8	14.0	10.8	9.7
Tajikistan	97.9	93.5	73.9	50.0	45.9	39.8	40.8	74.5	50.5
Togo	105.6	107.6	102.3	94.2	79.5	80.5	77.7	51.7	51.7
Tunisia	64.5	73.4	73.5	69.0	61.4	59.9	57.4	50.7	54.9
Turkey	57.5	55.6	47.5	40.7	34.1	36.8	36.5	36.1	40.9
Turkmenistan	45.3	36.4	28.6	21.8	12.2	8.3	5.7	4.1	3.3
Uganda	58.3	59.7	64.3	56.2	44.0	11.4	11.9	13.6	14.6
United Arab Emirates	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Uzbekistan	52.2	48.6	48.5	40.1	31.1	23.6	17.5	15.5	12.5
Yemen	50.0	47.2	44.4	38.7	30.4	27.0	25.7	21.8	23.6

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