

# Public Debt Bulletin

July-December 2020



Debt Policy Coordination Office  
Ministry of Finance

## 1.0 INTRODUCTION

1.1 The dissemination of public debt bulletin serves Government's commitment to transparency, accountability and access to information by the general public. The public debt bulletin contains detailed statistics on (i) developments in public debt and government guarantees portfolio; (ii) debt service payments; (iii) composition and structure of debt; (iv) key debt risk indicators; and (iv) developments in the domestic debt market during first six months of ongoing fiscal year.

## 2.0 OVERVIEW OF TOTAL PUBLIC DEBT

2.1 Fiscal Responsibility and Debt Limitation (FRDL) Act 2005 defines "Total Public Debt" as debt owed by government (including Federal Government and Provincial Governments) serviced out of consolidated fund and debts owed to the International Monetary Fund. The following table depicts composition of Pakistan's debt portfolio:

**Table-1: Pakistan's Public Debt Summary**

	Jun-2019	Dec-2019	Jun-2020	Dec-2020
<b>(PKR in billion)</b>				
Domestic Debt	20,732	21,676	23,283	24,310
External Debt	11,976	12,035	13,116	13,146
<b>Total Public Debt</b>	<b>32,708</b>	<b>33,712</b>	<b>36,399</b>	<b>37,456</b>
<b>Total Debt of the Government*</b>	<b>29,521</b>	<b>29,969</b>	<b>33,235</b>	<b>33,984</b>
<b>GDP</b>	<b>37,972</b>	<b>41,727</b>	<b>41,727</b>	<b>45,567</b>
<b>(In Percent of GDP)</b>				
Domestic Debt	54.6	51.9	55.8	53.3
External Debt	31.5	28.8	31.4	28.8
<b>Total Public Debt</b>	<b>86.1</b>	<b>80.8</b>	<b>87.2</b>	<b>82.2</b>
<b>Total Debt of the Government*</b>	<b>77.7</b>	<b>71.8</b>	<b>79.6</b>	<b>74.6</b>
<b>(In Percent of Total Public Debt)</b>				
Domestic Debt	63	64	64	65
External Debt	37	36	36	35
<b>(US\$ in billion)</b>				
Domestic Debt	127	140	138	152
External Debt	73	78	78	82
<b>Total Public Debt</b>	<b>200</b>	<b>218</b>	<b>216</b>	<b>235</b>
Exchange Rate (PKR/US\$, End of Period)	163.1	154.9	168.2	159.6

\* As per Fiscal Responsibility and Debt Limitation Act, 2005 amended in June 2017, "Total Debt of the Government" means the debt of the government (including the Federal Government and the Provincial Governments) serviced out of the consolidated fund and debts owed to the IMF less accumulated deposits of the Federal and Provincial Governments with the banking system.

Source: State Bank of Pakistan, Ministry of Economic Affairs and Debt Policy Coordination Office, Ministry of Finance

### 3.0 REASONS FOR INCREASE IN TOTAL PUBLIC DEBT (JULY - DECEMBER 2020)

Table-2: Reasons for increase in Total Public Debt

(PKR in billion)

	Jun-20	Dec-20	Change
<b>Total Public Debt</b>	<b>36,399</b>	<b>37,456</b>	<b>1,057</b>
<b>of which:</b>			
Federal Primary deficit (surplus)			(82)
Interest on Debt			1,475
Currency Depreciation (appreciation) - International Currencies Vs Pak Rupee			(706)
Others / Change in the Cash Balances of the Government			307

Source: Budget Wing and Debt Policy Coordination Office, Ministry of Finance

### 4.0 RISK INDICATORS

Table-3: Key Risk Indicators

Risk Exposure	Indicators	End Dec-20
<b>Currency Risk</b>	Share of External Debt in Total Public Debt	35.1
<b>Refinancing Risk</b>	ATM of Domestic Debt (Years)	4.1
	ATM of External Debt (Years)	7.0
	Amortization of Total Public Debt within 1 year (% of GDP)	21.4
	Share of Shariah Compliant Instruments in Government Securities (%)	3.8
	Share of Fixed Rate Debt in Government Securities (%)	32.4

Source: Debt Policy Coordination Office, Ministry of Finance

Table-4: Currency Composition of Total Public Debt

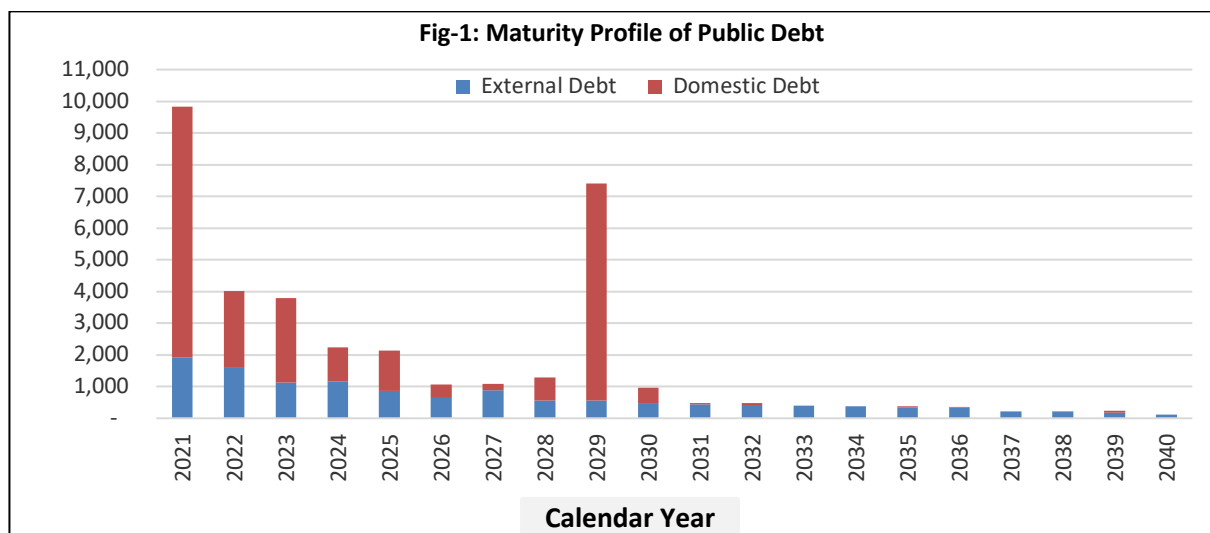
Currencies	Percentage of Total Public Debt
Pak Rupee	65
US Dollar	17
Special Drawing Right	12
Japanese Yen	3
Others	3
<b>Total</b>	<b>100</b>

Source: Debt Policy Coordination Office, Ministry of Finance

Table-5: Maturity Profile (In Percent of Total Public Debt)

	1 year	2-3 years	4-5 years	6-7 years	8-10 years	>10 years	Total
<b>Public Debt</b>	26	21	12	6	26	10	100
- Domestic Debt	21	14	6	2	22	1	65
- External Debt	6	7	5	4	4	9	35

Source: State Bank of Pakistan, Ministry of Economic Affairs and Debt Policy Coordination Office, Ministry of Finance



## 5.0 Highlights of Borrowing Operations during 6-Months of FY 2020-21

- Domestic borrowing was made entirely from the financial markets;
- An amount of Rs 285 billion was repaid to SBP;
- All borrowings needed to finance the fiscal deficit was made through longer-term debt while government retired a portion of short-term debt by Rs 534 billion;
- With effect from 1st July 2020, all institutional investors have been barred from investing in National Saving Schemes (NSS) with the objective to deepen the financial markets and lower the government's long-term borrowing costs by creating more competition for long-term government debt;
- Government introduced various new instruments to further develop the government securities market, attract more diversified investor base and to provide more flexibility and options to the investors as well as to the government;
  - Government started issuance of 5-Year Sukuk with fixed rate rental payments from July 2020;
  - Similar to conventional bond, government introduced re-opening mechanism in Sukuk auctions in July 2020 to increase liquidity of the Sukuk;
  - Government started issuance of 3-, 5- and 10-Year floating rate PIBs with quarterly coupon payment frequency from October 2020; and
  - Government introduced 2-Year floating rate PIBs in November 2020 with quarterly coupon payment frequency and fortnightly interest rate re-setting.
- Pakistan is availing the G-20 Debt Service Suspension Initiative (DSSI) for a period of 14-Month (May 2020 - June 2021) which will help to reduce the debt servicing impact to the tune of around US\$ 2.4 billion during this period.

## 6.0 FEDERAL DEFICIT FINANCING (JULY - DECEMBER 2020)

- 6.1 Federal Government relied mainly on domestic debt market to finance its deficit i.e. 67 percent of Federal fiscal deficit was financed through domestic debt during 6-months of FY 2020-21. Within domestic sources, all of the additional funding was mobilized through long-term government securities, whereas net reduction was witnessed in short-term debt. Within external sources, multilateral and bilateral sources remained the main contributor in financing of federal fiscal deficit.

## 7.0 GOVERNMENT GUARANTEES PORTFOLIO

Table-6: Government Guarantees Stock

(PKR in billion)

	Dec-2019	Dec-2020
<b>Outstanding guarantees extended to PSEs</b>	<b>1,950</b>	<b>2,409</b>
-Domestic Currency	1,467	1,622
-Foreign Currency	483	788
<b>Memo:</b>		
Foreign Currency (US\$ in billion)	3.1	4.9

Source: Debt Policy Coordination Office, Ministry of Finance

7.1 During July-December 2020, the government issued fresh/rollover guarantees aggregating to Rs 83 billion or 0.2 percent of GDP as per the following details:

Table-7: Entity Wise New/Rolled-Over Guarantees (Jul-Dec 2020)

(PKR in billion)

Name of Organization	Amount
PHL	31
PIA (Roosevelt)	23
SBP (Rozgar Scheme)	30
<b>Total</b>	<b>83</b>
<b>In percent of GDP</b>	<b>0.2</b>

Source: Debt Policy Coordination Office, Ministry of Finance

## 8.0 DOMESTIC DEBT

8.1 Domestic debt is primarily obtained to finance the fiscal deficit while lending support to Public Sector Development Programme (PSDP).

Table-8: Instrument-Wise Composition of Domestic Debt

		Dec-2019		Dec-2020	
		PKR Billion	\$ Billion	PKR Billion	\$ Billion
<b>I+II+III</b>	<b>Total Domestic Debt</b>	<b>21,676</b>	<b>140</b>	<b>24,310</b>	<b>152</b>
<b>I</b>	<b>Permanent Debt</b>	<b>13,169</b>	<b>85</b>	<b>15,596</b>	<b>98</b>
	- PIBs	12,173	79	14,102	88
	- Prize Bonds	736	5	720	5
	- Sukuk / Bai-Muajjal	249	2	762	5
	- Others	11	0	11	0
<b>II</b>	<b>Floating Debt</b>	<b>5,099</b>	<b>33</b>	<b>5,043</b>	<b>32</b>
	- T-Bills	5,099	33	5,043	32
<b>III</b>	<b>Unfunded Debt</b>	<b>3,408</b>	<b>22</b>	<b>3,671</b>	<b>23</b>
	- NSS	3,262	21	3,528	22
	- Others	147	1	142	1

Note: Excluding Domestic Government Securities held by Non-Residents

Source: State Bank of Pakistan and Debt Policy Coordination Office, Ministry of Finance

Table-9: Creditor-Wise Composition of Domestic Debt

(PKR in billion)

		Dec-2019	% of Total	Dec-2020	% of Total
<b>I+II</b>	<b>Total Domestic Debt</b>	<b>21,676</b>	<b>100</b>	<b>24,310</b>	<b>100</b>
<b>I</b>	<b>Government Securities</b>	<b>17,521</b>	<b>81</b>	<b>19,908</b>	<b>82</b>
	- Held by Scheduled Banks	7,812	36	10,546	43
	- Held by SBP	7,475	34	6,908	28
	- Held by Non-Banks	2,234	10	2,454	10
<b>II</b>	<b>Other Debt</b>	<b>4,155</b>	<b>19</b>	<b>4,402</b>	<b>18</b>
	- NSS (including Prize Bonds)	3,998	18	4,249	17
	- Other (GP Fund, PLI)	158	1	153	1

Note: Total Means Total Domestic Debt at the end of relevant period

Source: State Bank of Pakistan and Debt Policy Coordination Office, Ministry of Finance

Fig-2: Composition of Domestic Debt - Dec 2020

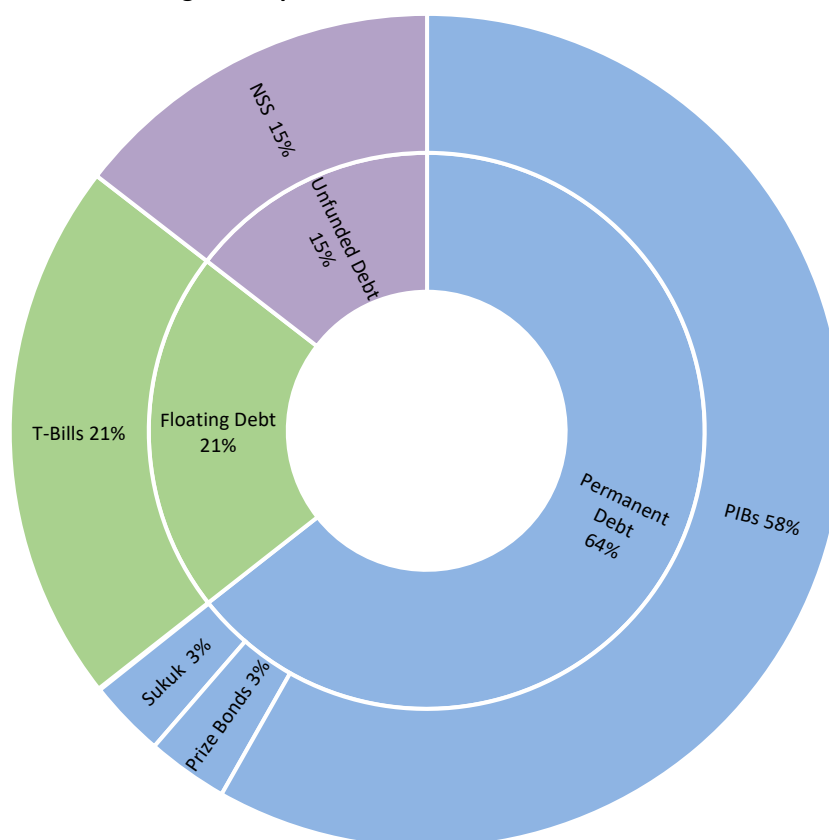


Table-10: Maturity Profile of Domestic Debt

(PKR in Billion)

		Dec-2019	% of Total	Dec-2020	% of Total
<b>I+II</b>	<b>Total Domestic Debt</b>	<b>21,676</b>	<b>100</b>	<b>24,310</b>	<b>100</b>
<b>I</b>	<b>Short-Term Debt (&lt; 1 Year)</b>	<b>7,133</b>	<b>33</b>	<b>7,918</b>	<b>33</b>
	- T-Bills	5,099	24	5,043	21
	- Domestic Debt (Remaining Maturity < 1)	2,033	9	2,875	12
<b>II</b>	<b>Long-Term Debt (&gt; 1 Year)</b>	<b>14,544</b>	<b>67</b>	<b>16,392</b>	<b>67</b>

Note: Total Means Total Domestic Debt at the end of relevant period

Source: State Bank of Pakistan and Debt Policy Coordination Office, Ministry of Finance

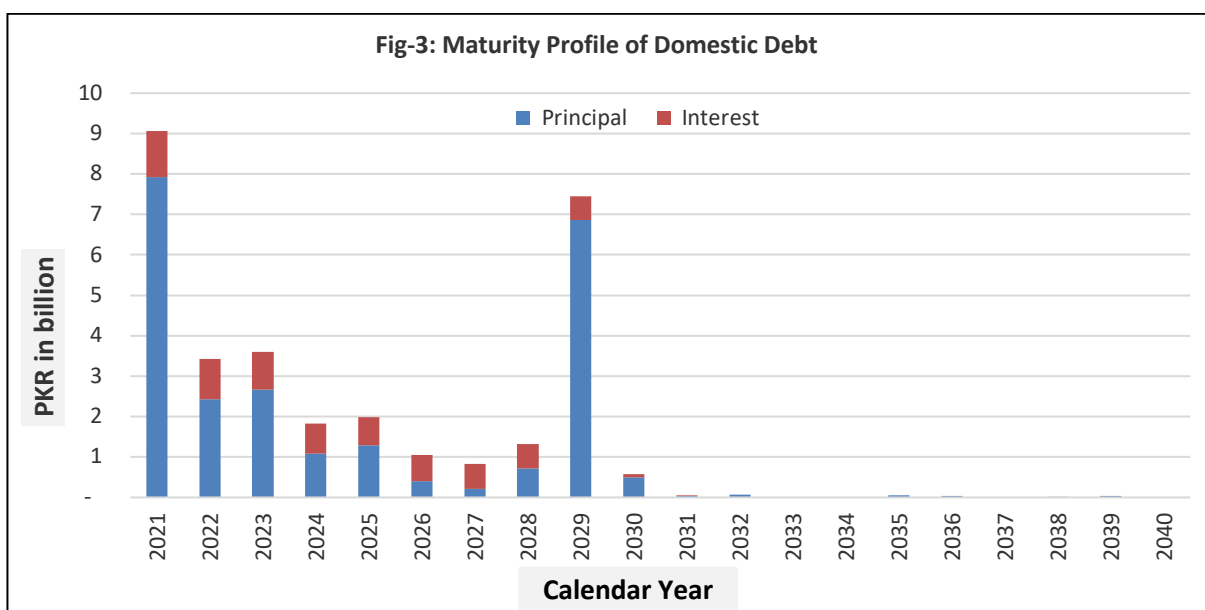


Table-11: Interest Rate Type of Domestic Debt

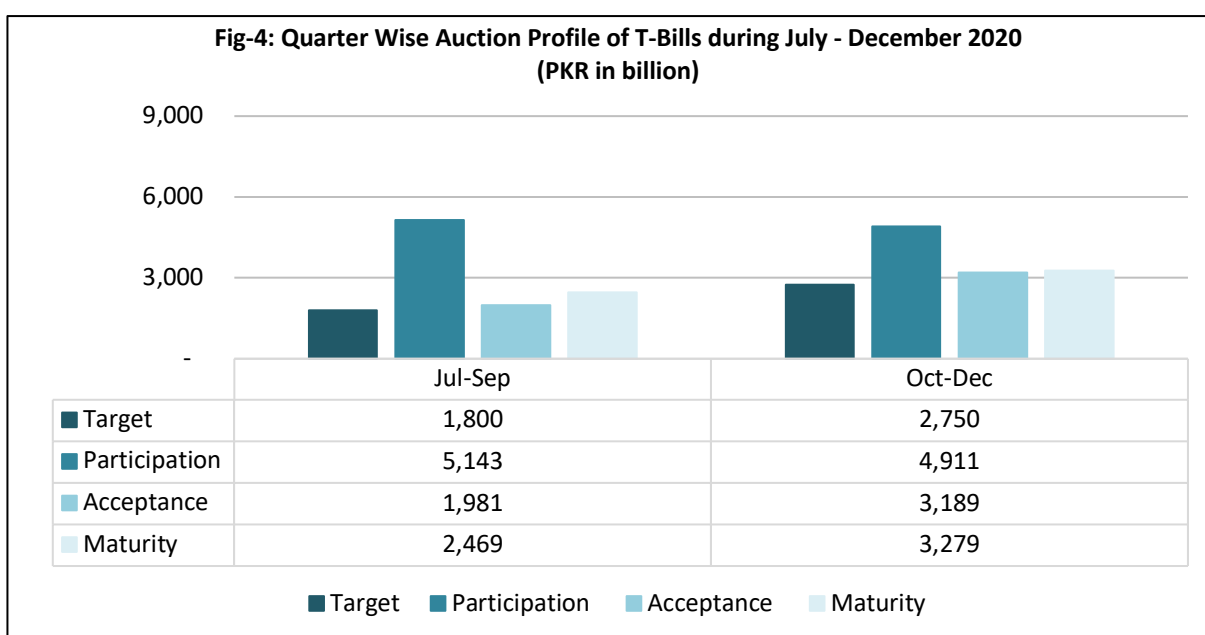
(PKR Billion)

		Dec-2019	% of Total	Dec-2020	% of Total
I+II	Total Domestic Debt	21,676	100	24,310	100
I	Floating Rate	11,281	52	13,488	55
	- T-Bills	5,099	24	5,043	21
	- Floating Rate Bonds	6,182	29	8,445	35
II	Fixed Rate	10,395	48	10,822	45

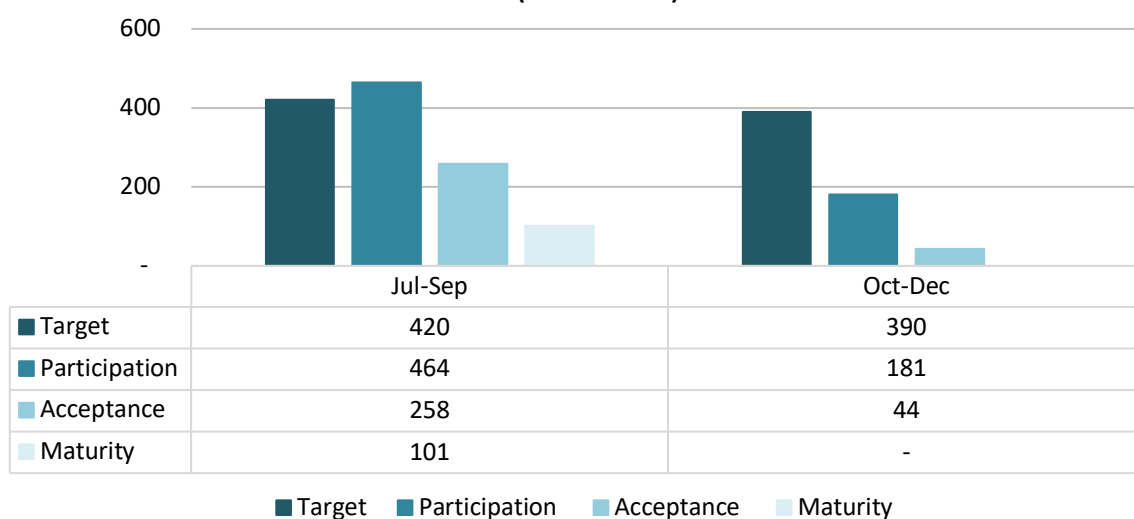
Note: Total Means Total Domestic Debt at the end of relevant period

Source: State Bank of Pakistan and Debt Policy Coordination Office, Ministry of Finance

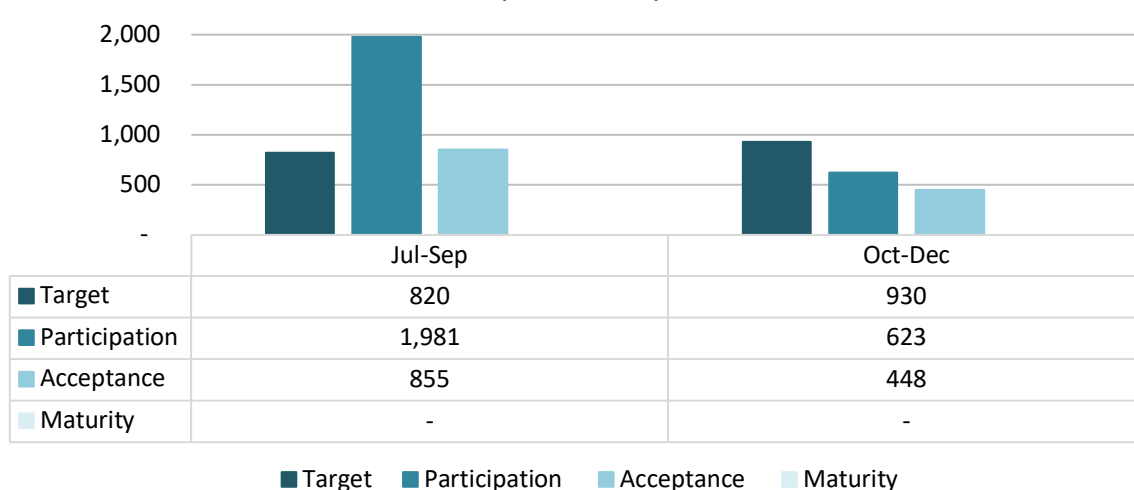
## Quarterly Auction Pattern of Government Domestic Securities



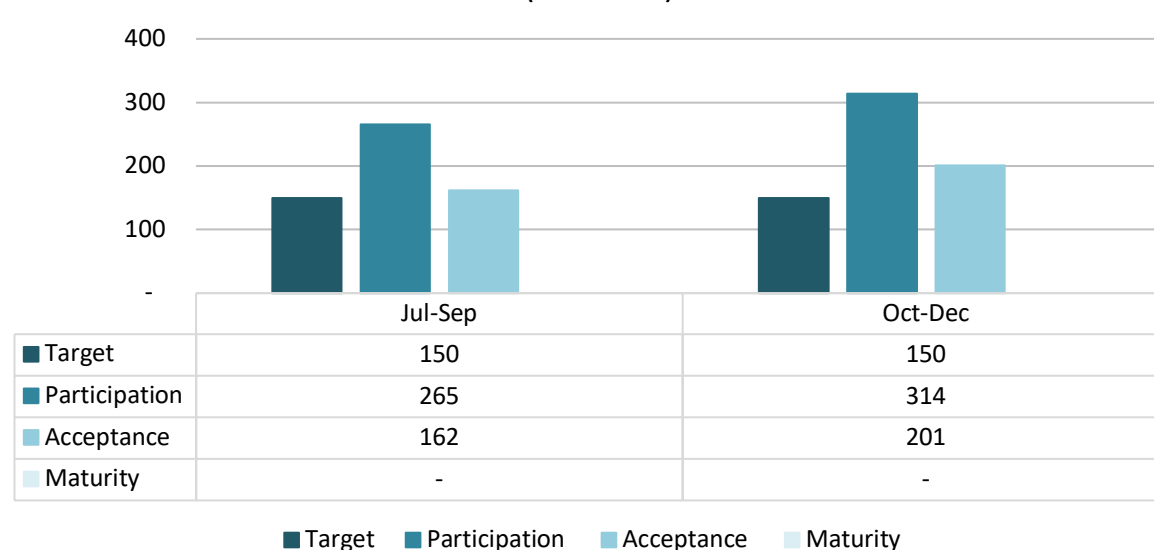
**Fig-5: Quarter Wise Auction Profile of PIBs (Fixed) during July - December 2020**  
(PKR in billion)



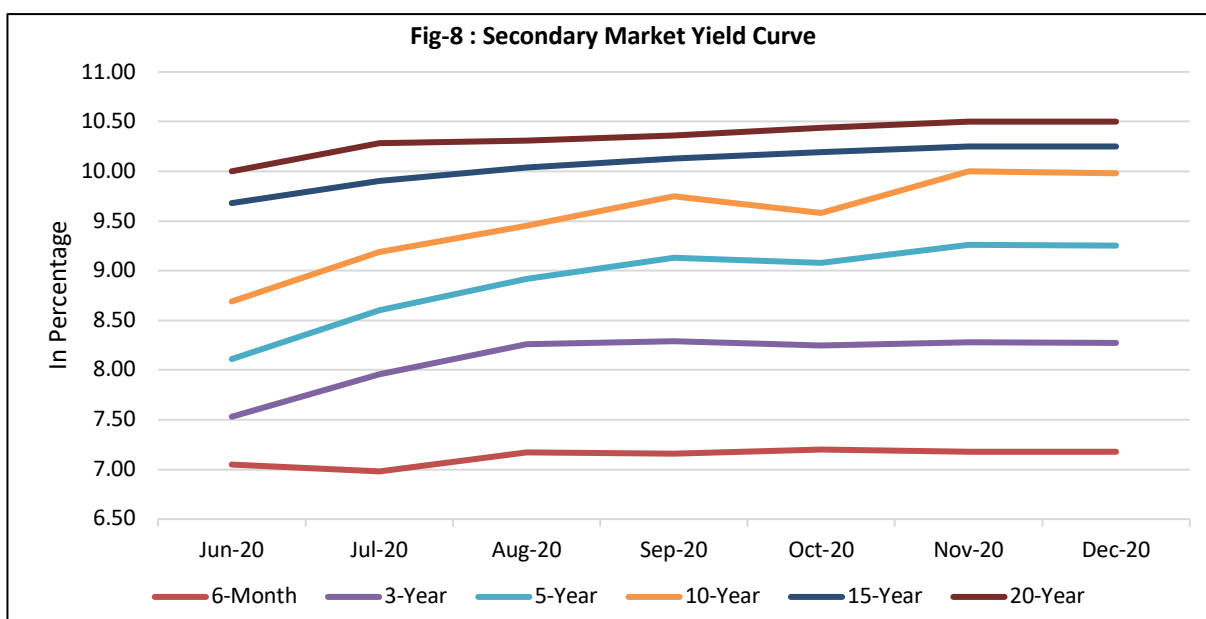
**Fig-6: Quarter Wise Auction Profile of PIBs (Floater) during July - December 2020**  
(PKR in billion)



**Fig-7: Quarter Wise Auction Profile of Sukuk (Fixed & Floater) during July - December 2020**  
(PKR in billion)







## 9.0 EXTERNAL PUBLIC DEBT

9.1 External debt was recorded at US\$ 82.4 billion at end-December 2020. The source-wise composition of external debt is depicted in the following table:

**Table-12: Composition of External Public Debt**

		Dec-2019		Dec-2020	
		PKR Billion	\$ Million	PKR Billion	\$ Million
<b>I+II</b>	<b>External Public Debt</b>	<b>12,035</b>	<b>77,714</b>	<b>13,146</b>	<b>82,372</b>
<b>I</b>	<b>Government External Debt (a+b)</b>	<b>10,993</b>	<b>70,984</b>	<b>11,952</b>	<b>74,893</b>
	<b>a- Long term (&gt;1 year)</b>	<b>10,558</b>	<b>68,177</b>	<b>11,806</b>	<b>73,978</b>
	- Paris Club	1,692	10,924	1,843	11,547
	- Multilateral	4,547	29,359	5,293	33,165
	- Other Bilateral	2,048	13,227	2,330	14,602
	- Euro/Sukuk Global Bonds	821	5,300	846	5,300
	- Commercial Loans/Credits	1,442	9,311	1,438	9,009
	- Others	9	56	57	355
	<b>b- Short term (&lt;1 year)</b>	<b>435</b>	<b>2,807</b>	<b>146</b>	<b>915</b>
	- Multilateral	148	955	92	575
	- Local Currency Securities (T-bills)	243	1,566	54	340
	- Commercial Loans/Credits	44	286	-	-
<b>II</b>	<b>From IMF</b>	<b>1,042</b>	<b>6,730</b>	<b>1,194</b>	<b>7,479</b>
	- Federal Government	224	1,444	473	2,966
	- Central Bank	819	5,287	720	4,512

Source: Ministry of Economic Affairs, State Bank of Pakistan & Debt Policy Coordination Office, Ministry of Finance

9.2 Pakistan's external debt is derived from four key sources, with around 50 percent coming from multilateral loans, 32 percent from bilateral loans, 12 percent from commercial loans and 6 percent from Eurobonds/Sukuk at end December 2020.

Although borrowing from commercial sources has relatively increased during the last few years, multilateral and bilateral sources still cumulatively constitute 82 percent of external public debt portfolio as of end December 2020.

Fig-9: Composition of External Public Debt - Dec 2020



Table-13: Source Wise External Public Debt Composition

		Dec 2019		Dec 2020	
		\$ Million	% of Total	\$ Million	% of Total
<b>I+II+III</b>	<b>External Public Debt</b>	<b>77,714</b>	<b>100</b>	<b>82,372</b>	<b>100</b>
<b>I</b>	<b>Multilateral</b>	<b>37,044</b>	<b>48</b>	<b>41,219</b>	<b>50</b>
	- World Bank	16,382	21	18,250	22
	- Asian Development Bank	12,509	16	13,665	17
	- IMF	6,730	9	7,479	9
	- Others	1,423	2	1,826	2
<b>II</b>	<b>Bilateral</b>	<b>24,151</b>	<b>31</b>	<b>26,149</b>	<b>32</b>
	- Paris Club	10,924	14	11,547	14
	- Non-Paris Club	13,227	17	14,602	18
<b>III</b>	<b>Commercial</b>	<b>16,519</b>	<b>21</b>	<b>15,004</b>	<b>18</b>
	- Eurobonds / Pakistan International Sukuk	5,300	7	5,300	6
	- Loans from Foreign Commercial Banks/Others	11,219	14	9,704	12

Note: Total Means Total External Public Debt at the end of relevant period

Source: Ministry of Economic Affairs, State Bank of Pakistan & Debt Policy Coordination Office, Ministry of Finance

Table-14: Maturity Profile of External Public Debt

(US\$ in Million)

		Dec-2019	% of Total	Dec-2020	% of Total
<b>I+II</b>	<b>External Public Debt</b>	<b>77,714</b>	<b>100%</b>	<b>82,372</b>	<b>100%</b>
<b>I</b>	<b>Short-Term Debt (&lt; 1 Year)</b>	<b>13,731</b>	<b>18%</b>	<b>13,081</b>	<b>16%</b>
	- Safe China Deposit	3,000	4%	4,000	5%
	- Loans from Foreign Commercial Loans	286	0%	115	0%
	- IDB Short-Term	955	1%	575	1%
	- Local Currency Securities (T-Bills)	1,566	2%	340	0%
	- Long-Term Debt (Remaining Maturity < 1)	7,924	10%	8,051	10%
<b>II</b>	<b>Long-Term Debt (&gt; 1 Year)</b>	<b>63,983</b>	<b>82%</b>	<b>69,291</b>	<b>84%</b>

Note: Total Means Total External Public Debt at the end of relevant period

Source: Ministry of Economic Affairs, State Bank of Pakistan and Debt Policy Coordination Office, Ministry of Finance

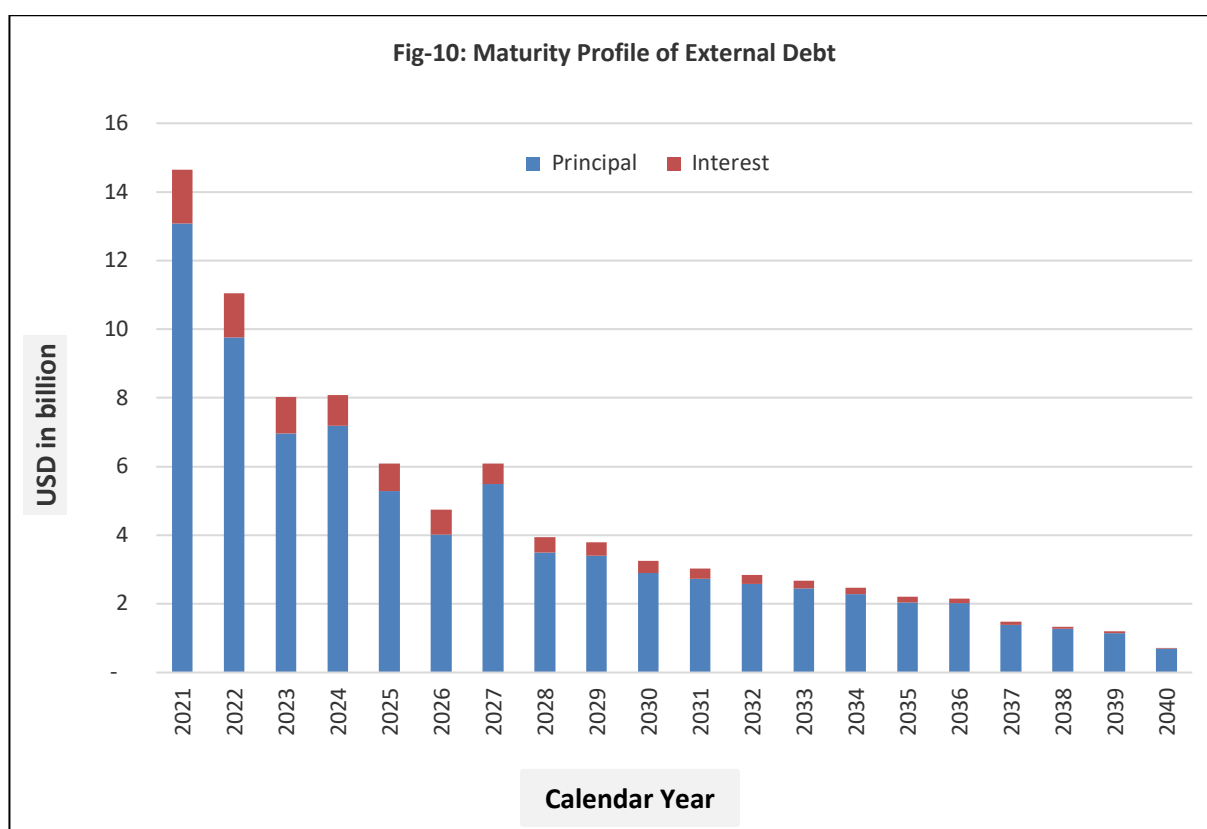


Table-15: Interest Rate Type of External Public Debt

(US\$ in Million)

		Dec-2019	% of Total	Dec-2020	% of Total
<b>I+II</b>	<b>External Public Debt</b>	<b>77,714</b>	<b>100</b>	<b>82,372</b>	<b>100</b>
<b>I</b>	<b>Floating Rate</b>	<b>22,966</b>	<b>30</b>	<b>25,653</b>	<b>31</b>
<b>II</b>	<b>Fixed Rate</b>	<b>54,749</b>	<b>70</b>	<b>56,719</b>	<b>69</b>

Note: Total Means Total External Public Debt at the end of relevant period

Source: State Bank of Pakistan and Debt Policy Coordination Office, Ministry of Finance

Table-16: External Public Debt Inflows/(Outflows)

(US\$ in Million)

	Jul-Dec 2019	Jul-Dec 2020
<b>Inflows (A)</b>	<b>5,674</b>	<b>5,703</b>
- Multilateral	2,394	2,115
- Bilateral	527	147
- Eurobond	-	-
- Loans from Foreign Commercial Banks/Short-Term	2,753	3,441
<b>Repayment (B)</b>	<b>4,157</b>	<b>3,231</b>
- Multilateral	1,057	1,318
- Bilateral	537	79
- Eurobond	1,000	-
- Loans from Foreign Commercial Banks/Short-Term	1,562	1,834
<b>Net Inflows/(Outflows) - (A-B)</b>	<b>1,517</b>	<b>2,471</b>
- Multilateral	1,337	797
- Bilateral	(10)	67
- Eurobond	(1,000)	-
- Loans from Foreign Commercial Banks/Short-Term	1,191	1,607
<b>Interest Servicing (C)</b>	<b>1,085</b>	<b>741</b>
- Multilateral	314	297
- Bilateral	293	69
- Eurobond	215	181
- Loans from Foreign Commercial Banks/Short-Term	262	194
<b>Total Debt Servicing (B+C)</b>	<b>5,241</b>	<b>3,973</b>
- Multilateral	1,372	1,615
- Bilateral	830	148
- Eurobond	1,215	181
- Loans from Foreign Commercial Banks/Short-Term	1,824	2,028

\* Above data excludes disbursements from non-resident investment in Government Securities

Source: State Bank of Pakistan

Table-17: Pakistan Sovereign Bonds - Secondary Trading Levels:

#	Issuer Name	Issue Date	Maturity Date	Face Value	Coupon	Yield to Maturity	Maturity (Years)	
				USD Million	% p.a.	% p.a.	Original	Remaining
I	International Sukuk	13-Oct-16	13-Oct-21	1,000	5.500	3.536	5.00	0.78
II	International Sukuk	5-Dec-17	5-Dec-22	1,000	5.625	4.131	5.00	1.93
III	International Bond	15-Apr-14	15-Apr-24	1,000	8.250	5.102	10.00	3.29
IV	International Bond	30-Sep-15	30-Sep-25	500	8.250	5.732	10.00	4.75
V	International Bond	5-Dec-17	5-Dec-27	1,500	6.875	6.041	10.00	6.93
VI	International Bond	30-Mar-06	31-Mar-36	300	7.875	7.434	30.00	15.26

Source: Bloomberg, 31st December 2020

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