

Public Debt Bulletin

July-December 2021



Debt Policy Coordination Office
Ministry of Finance

This page is left intentionally blank.

Table of Contents

Table of Contents	i
Acknowledgements	ii
Lists of Tables & Figures.....	iii
1. Introduction	1
2. Overview of Total Public Debt	1
3. Reasons for Increase in Total Public Debt	2
4. Risk Indicators	2
5. Highlights of Borrowing Operations	3
6. Government Guarantees Portfolio	4
7. Domestic Debt	4
8. External Public Debt	10

Acknowledgements

This Annual Debt Review & Debt Bulletin for July-December 2021 has been prepared to provide detailed information related to Public Debt to the general public. I would like to acknowledge the strategic input and policy guidance provided by Honourable Minister for Finance and Revenue, Mr. Shaukat Fayaz Ahmad Tarin.

I would like to acknowledge the input of various Ministries, Departments, Divisions and Agencies especially Ministry of Economic Affairs and State Bank of Pakistan and I recognize the efforts put in by Mr. Muhammad Umar Zahid, Director General Debt, Mr. Shujaat Malik Awan, Market and Financial Risk Specialist, Syed Haroon Qidwai, Advisor-Financial Markets Development, Mr. Muhammad Abdullah, Research Associate, and Mr. Zaheer Abbasi, Section Officer in the realization of this document.

Hamed Yaqoob Shiekh
Finance Secretary
Ministry of Finance

Lists of Tables & Figures

Table 1.	Pakistan's Public Debt Summary
Table 2.	Reasons for increase in Total Public Debt
Table 3.	Key Debt Risk Indicators
Table 4.	Currency Composition of Public Debt
Table 5.	Maturity Profile (% of Total Public Debt)
Table 6.	Government Guarantees Stock
Table 7.	Government Guarantee Stock (Sector, Entity & Interest Rate Type)
Table 8.	Instrument-Wise Composition of Domestic Debt
Table 9.	Creditor-Wise Composition of Domestic Debt
Table 10.	Maturity Profile of Domestic Debt
Table 11.	Interest Rate Type of Domestic Debt
Table 12.	Composition of External Public Debt
Table 13.	Source Wise External Public Debt Composition
Table 14.	Federal & Provincial Government's External Debt
Table 15.	Maturity Profile of External Public Debt
Table 16.	Interest Rate Type of External Public Debt
Table 17.	External Public Debt Inflows/(Outflows)
Table 18.	Pakistan Euro/Sukuk Global Bonds

Figure 1.	Redemption Profile of Public Debt
Figure 2.	Composition of Domestic Debt
Figure 3.	Maturity Profile of Domestic Debt
Figure 4.	Quarter-Wise Auction Profile of T-bills
Figure 5.	Quarter-Wise Auction Profile of Fixed Rate PIBs
Figure 6.	Quarter-Wise Auction Profile of Floating Rate PIBs
Figure 7.	Quarter Wise Auction Profile of Sukuk (Fixed & Floating)
Figure 8.	Composition of External Public Debt
Figure 9.	Maturity Profile of External Public Debt

1.0 INTRODUCTION

1.1 The dissemination of public debt bulletin provides authentic sovereign debt information to the general public and ensures Government's commitment to transparency and accountability. Public debt bulletin contains detailed statistics on (i) developments in total 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 Summary¹

	Jun-2020	Dec-2020	Jun-2021	Dec-2021
(PKR in billion)				
Domestic Debt	23,283	24,314	26,265	26,747
External Debt	13,116	13,151	13,595	15,998
Total Public Debt	36,399	37,465	39,861	42,745
Total Debt of the Government*	33,235	33,993	35,663	38,377
GDP	47,522	55,488	55,488	-
(In Percent of GDP)				
Domestic Debt	49.0	-	47.3	-
External Debt	27.6	-	24.5	-
Total Public Debt	76.6	-	71.8	-
Total Debt of the Government*	69.9	-	64.3	-
(In Percent of Total Public Debt)				
Domestic Debt	64	65	66	63
External Debt	36	35	34	37
(US\$ in billion)				
Domestic Debt	138	152	167	152
External Debt	78	82	86	91
Total Public Debt	216	235	253	242
Exchange Rate (PKR/US\$, EoP)	168.2	159.6	157.3	176.5

* 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

¹All the tables in this document carry end of the period data with respect to debt outstanding.

3.0 REASONS FOR INCREASE IN TOTAL PUBLIC DEBT

Table-2: Reasons for increase in Total Public Debt

(PKR in billion)

	Jul-Dec 20	Jul-Dec 21
Increase / (Decrease) in Total Public Debt	1,067	2,885
of which:		
Federal Primary Deficit / (Surplus)	(82)	400
Interest on Debt	1,475	1,453
Currency Depreciation / (Appreciation)	(633)	1,509
Increase / (Decrease) in Cash Balances of the Government	307	(477)

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

4.0 DEBT RISK INDICATORS

Table-3: Key Debt Risk Indicators

Risk Exposure	Indicators	Dec-2020	Dec-2021
Currency Risk	Share of External Debt in Total Public Debt (%)	35.1	37.4
Refinancing Risk	ATM of Domestic Debt (Years)	4.1	4.0
	ATM of External Debt (Years)	7.0	6.7
	Share of Debt Maturing within 1 Year (% of GDP)	21.4	19.0
Refixing Risk	ATR of Domestic Debt (Years)	1.7	1.9
	ATR of External Debt (Years)	6.1	5.7
Share of Shariah Compliant Instruments in Government Securities (%)		3.8	6.4
Share of Fixed Rate Debt in Government Securities (%)		32.4	25.5

Source: Debt Policy Coordination Office, Ministry of Finance

Table-4: Currency Composition of Total Public Debt (% of Total Public Debt)

Currencies	Dec-2020	Dec-2021
Pak Rupee	65	63
US Dollar	17	20
Special Drawing Right	12	11
Japanese Yen	3	2
Others	3	4
Total	100	100

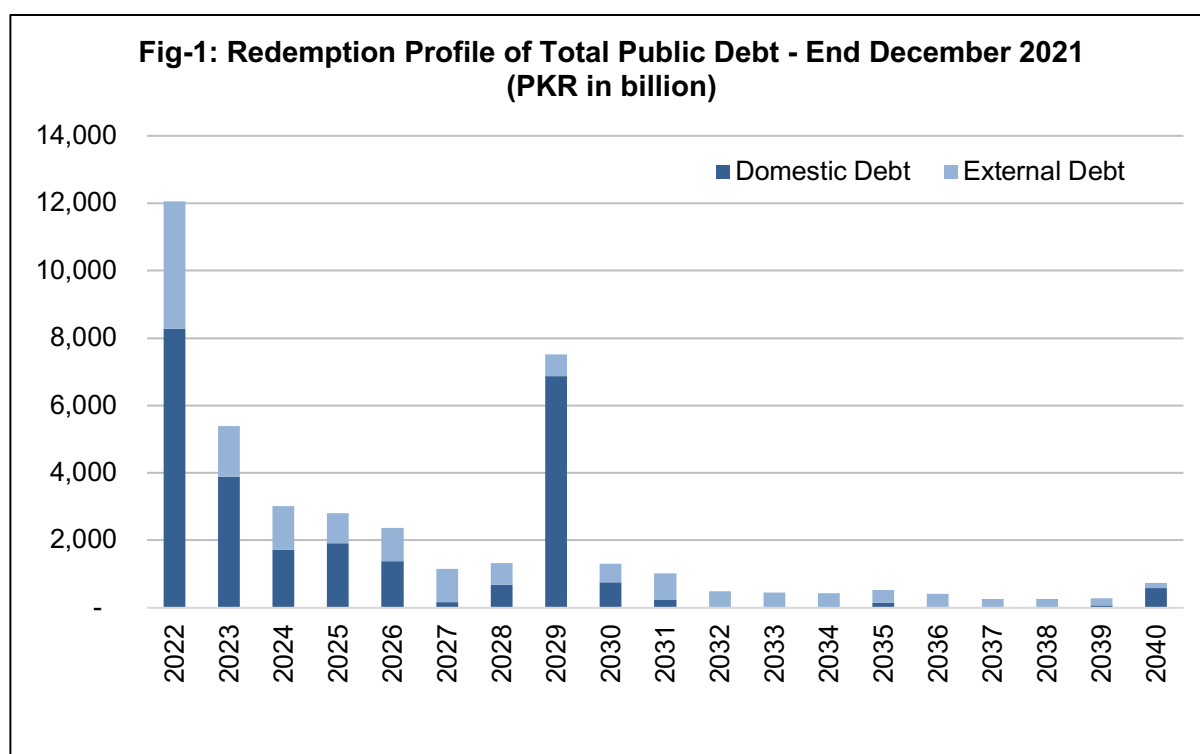
Source: Debt Policy Coordination Office, Ministry of Finance

Table-5: Maturity Profile (End December 2021 - in Percent of Total Public Debt)

	1 year	2-3 years	4-5 years	6-7 years	8-10 years	>10 years	Total
Public Debt	28	20	12	6	23	11	100
- Domestic Debt	19	13	8	2	18	2	63
- External Debt	9	7	4	4	5	9	37

Note: Above table is prepared based on the remaining maturity of debt stock

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



5.0 Highlights of Borrowing Operations during July - December 2021

- Government retired/repaid portion of Treasury Bills amounting to Rs 1.0 trillion which led to reduction of short-term maturities in-line with government's commitment to reduce its Gross Financing Needs;
- Government repaid Rs 569 billion against SBP Debt. Cumulative debt retirement to SBP stood at Rs 1.7 trillion from July 2019 to December 2021;
- Within domestic debt, government relied on long-term domestic debt securities for financing of its fiscal deficit and repayment of domestic maturities;
- Within external debt, inflows from multilateral and bilateral development partners remained major sources of funding. In addition, Pakistan re-entered the International Capital Markets and successfully raised USD 1 billion in July 2021 through multi-tranche tap issuance of 5-, 10- and 30-year Eurobonds. These bonds were issued at premium;
- Government repaid USD 1.0 billion against maturing International Sukuks in October 2021; and
- Government utilized IMF allocated SDR equivalent to Rs 475 billion to support its budgetary operations.

6.0 GOVERNMENT GUARANTEES PORTFOLIO

Table-6: Government Guarantees Stock

(PKR in billion)

	Dec-2020	Dec-2021
Outstanding Guarantees Extended to PSEs	2,409	2,553
-Domestic Currency	1,622	1,566
-Foreign Currency	788	986
Memo:		
Foreign Currency (US\$ in billion)	4.9	5.6

Source: Relevant PSEs and Debt Policy Coordination Office, Ministry of Finance

Table-7: Government Guarantees Stock (Sector Wise, Entity Wise & Interest Rate Type Wise)

	Dec-2020		Dec-2021	
	PKR billion	\$ billion	PKR billion	\$ billion
Sector Wise Breakup				
Total Outstanding Stock	2,409	14.1	2,553	14.5
- Power Sector	1,993	11.7	2,117	12.0
- Aviation	198	1.2	231	1.3
- Financial	66	0.4	66	0.4
- Manufacturing	45	0.3	48	0.3
- Oil & Gas	55	0.3	45	0.3
- Others	52	0.3	46	0.3
Entity Wise Breakup				
Total Outstanding Stock	2,409	14.1	2,553	14.5
- PHL	977	5.7	904	5.1
- PAEC	704	4.1	907	5.1
- PIACL	198	1.2	231	1.3
- Sindh Engro	66	0.4	73	0.4
- NTDC	58	0.3	56	0.3
- Others	407	2.4	381	2.2
Interest Rate Type				
Total Outstanding Stock	2,409	14.1	2,553	14.5
- Floating Rate	1,719	10.1	1,654	9.4
- Fixed Rate	691	4.1	899	5.1

Note: The original maturities of major portion of Guaranteed Debt Stock are 5 years and above

Source: Relevant PSEs and Debt Policy Coordination Office, Ministry of Finance

7.0 DOMESTIC DEBT

- 7.1 Domestic debt comprises three main categories (i) permanent debt (medium and long- term); (ii) floating debt (short-term); and (iii) unfunded debt (primarily made up of various instruments available under National Savings Schemes).
- 7.2 In-line with the Public Debt Act 1944, government issues three broad types of marketable securities in order to raise debt i.e., Treasury Bills (T-bills), Pakistan Investment Bonds (PIBs) and Government Ijara Sukuk (GIS).

- T-bills are considered short-term securities and have maturities of 12-Month or less at the time of issuance.
- PIBs are considered longer-term securities and have maturities of more than 12-Month at the time of issuance. PIBs pay the entire face value on maturity and also pay profits at regular intervals until maturity. PIBs can be further categorized as Fixed-rate PIBs and Floating-rate PIBs.
 - Fixed-rate PIBs pay a fixed amount of profit on each profit payment date.
 - Floating-rate PIBs pay a variable amount of profit on each profit payment date. The profit rate is determined by adding a spread to an underlying reference rate such as 3- or 6- Month T-bills yield.
- Shariah compliant government securities program has also been in places since 2008-09. Government is aiming to increase the share of Shariah compliant securities to 10 percent in total government securities by end June 2023 while it was around 6 percent at end December 2021.

Table-8: Instrument-Wise Composition of Domestic Debt

		Dec-2020		Dec-2021	
		PKR billion	\$ billion	PKR billion	\$ billion
I+II+III+IV+V	Total Domestic Debt	24,314	152	26,747	152
I	Permanent Debt	15,596	98	16,985	96
	- PIBs	14,102	88	15,175	86
	- Prize Bonds	720	5	372	2
	- Sukuk / Bai-Muajjal	762	5	1,426	8
	- Others	11	0	12	0
II	Floating Debt	5,043	32	5,644	32
	- T-Bills	5,043	32	5,644	32
III	Unfunded Debt	3,669	23	3,604	20
	- NSS	3,527	22	3,465	20
	- Others	142	1	139	1
IV	Naya Pakistan Certificates	5	0	40	0
V	SDR Allocation*	-	-	475	3

Note: Excluding Domestic Government Securities held by Non-Residents

* On-lending to Federal Government by SBP

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-2020		Dec-2021	
		PKR billion	% of total	PKR billion	% of total
I+II	Total Domestic Debt	24,314	100	26,747	100
I	Government Securities	19,908	82	22,245	83
	- Held by Scheduled Banks	10,546	43	13,263	50
	- Held by SBP	6,908	28	6,103	23
	- Held by Non-Banks	2,454	10	2,879	11
II	Other Debt	4,406	18	4,502	17
	- NSS (including Prize Bonds)	4,248	17	3,837	14
	- Naya Pakistan Certificates	5	0	40	0
	- SDR Allocation*	-	-	475	2
	- Other (including GP Fund, PLI)	153	1	150	1

Note: Excluding Domestic Government Securities held by Non-Residents

* On-lending to Federal Government by SBP

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

Fig-2: Composition of Domestic Public Debt - End December 2021

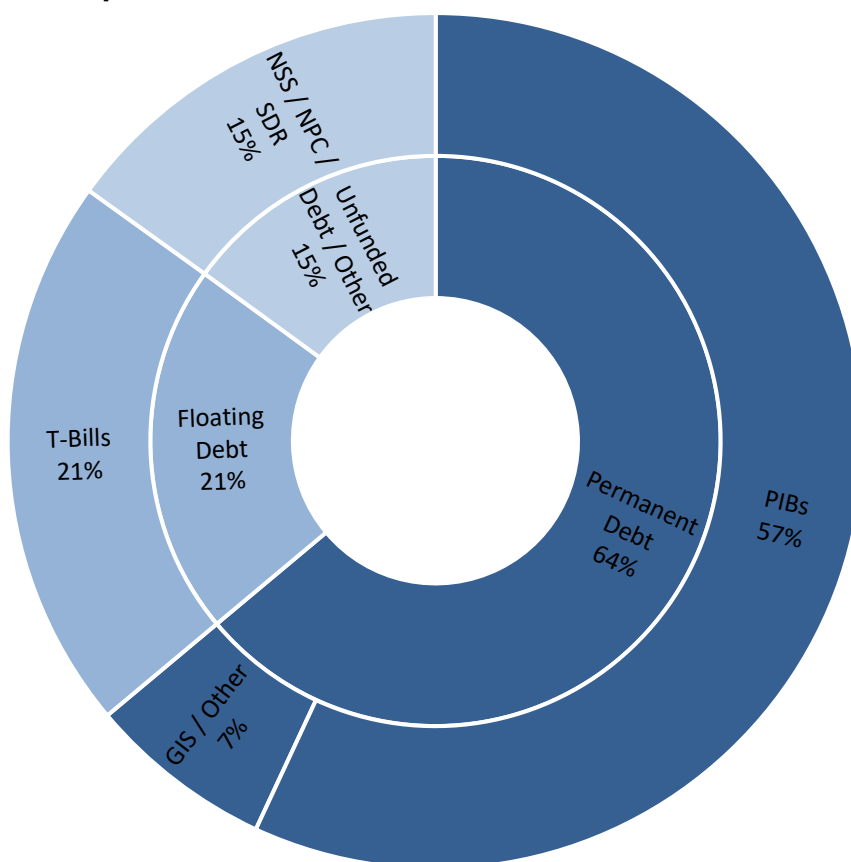


Table-10: Maturity Profile of Domestic Debt

(PKR in billion)

		Dec-2020		Dec-2021	
		PKR billion	% of total	PKR billion	% of total
I+I	Total Domestic Debt	24,314	100	26,747	100
I	Short-Term Debt (< 1 Year)	7,918	33	8,275	31
	- T-Bills	5,043	21	5,644	21
	- Domestic Debt (Remaining Maturity<1)	2,875	12	2,631	10
II	Long-Term Debt (> 1 Year)	16,396	67	18,472	69

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

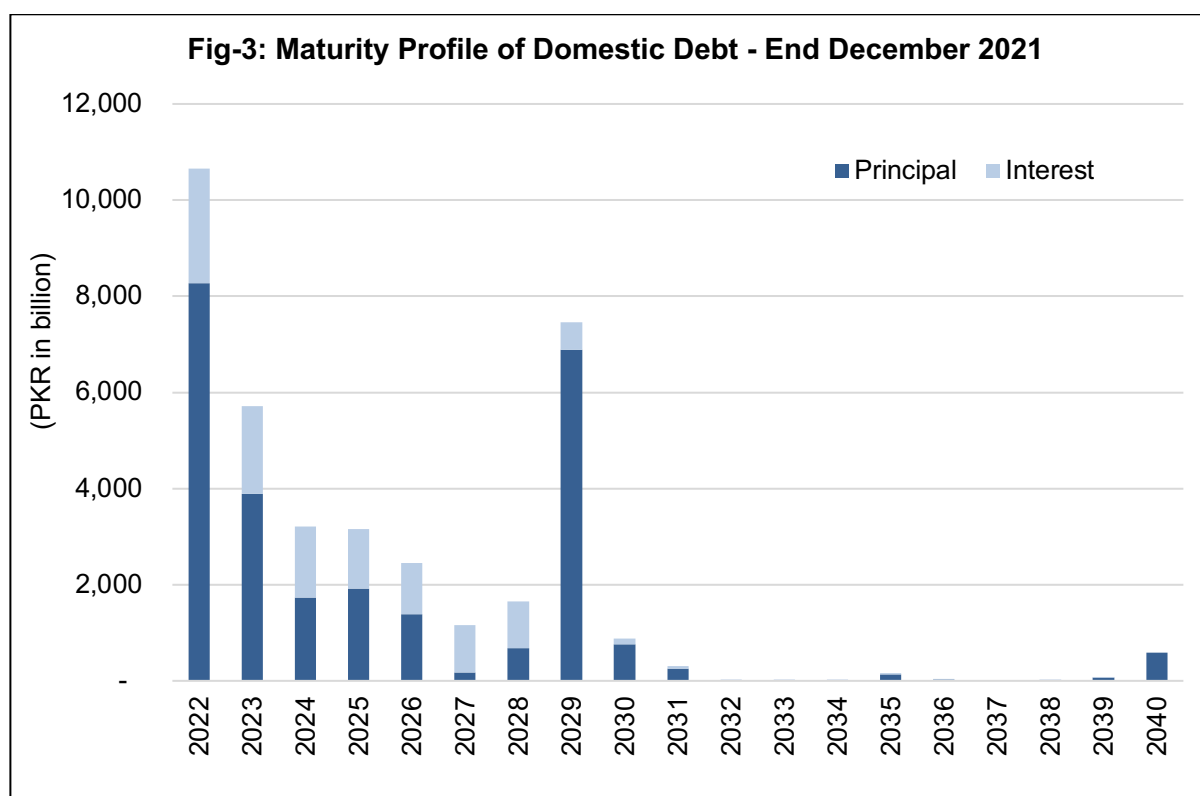


Table-11: Interest Rate Type of Domestic Debt

(PKR in billion)

		Dec-2020	% of Total	Dec-2021	% of Total
I+II	Total Domestic Debt	24,314	100	26,747	100
I	Floating Rate	13,488	55	16,638	62
	- T-Bills	5,043	21	5,644	21
	- Floating Rate Bonds	8,445	35	10,994	41
II	Fixed Rate	10,826	45	10,109	38

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

Quarterly Auction Pattern of Government Domestic Securities

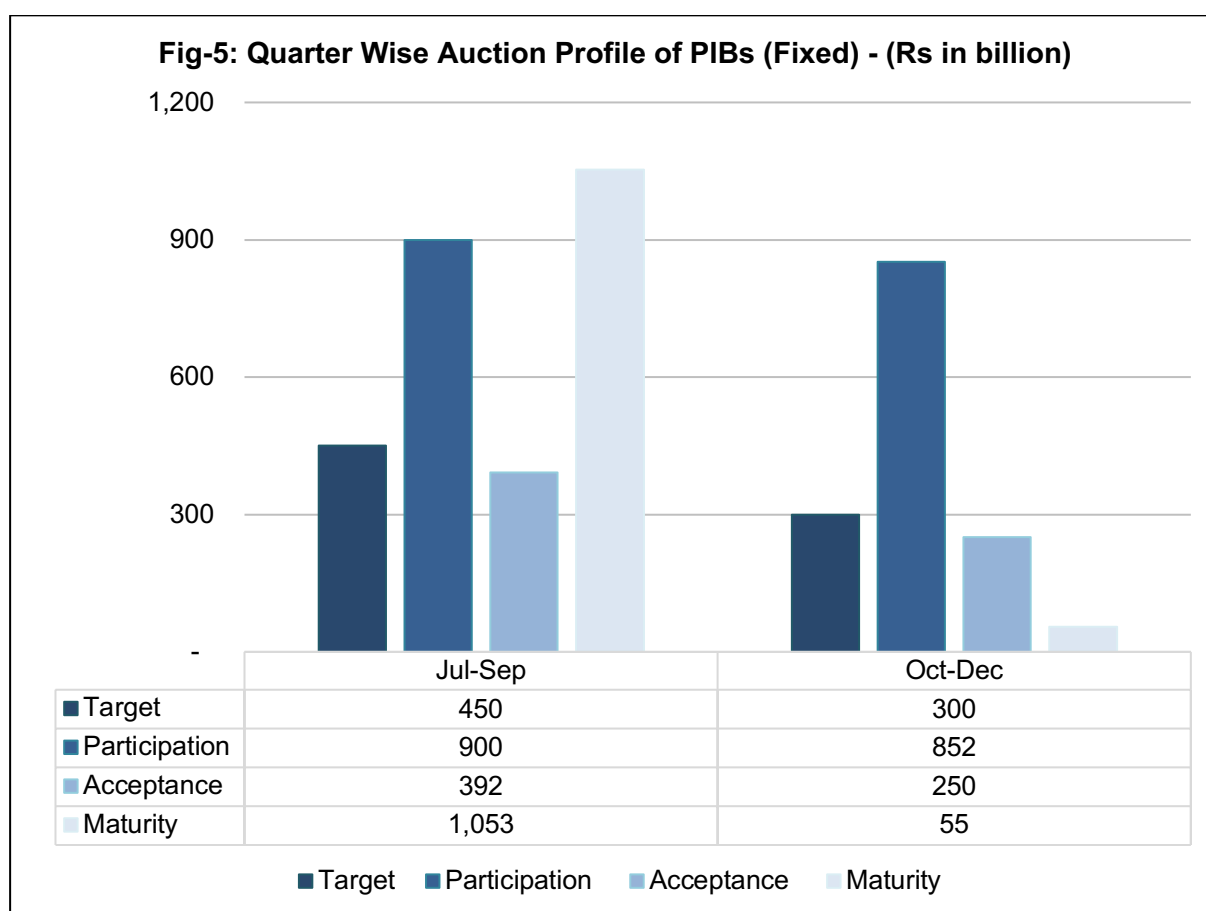
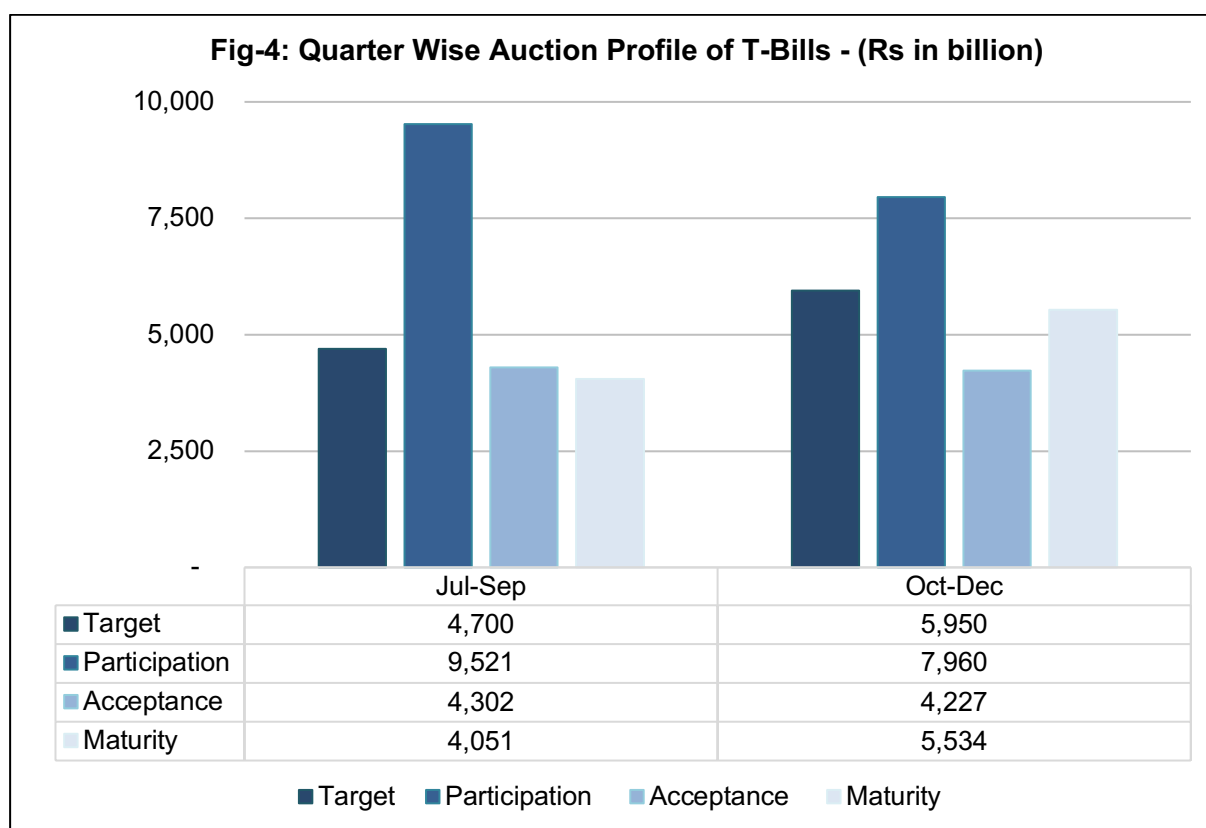
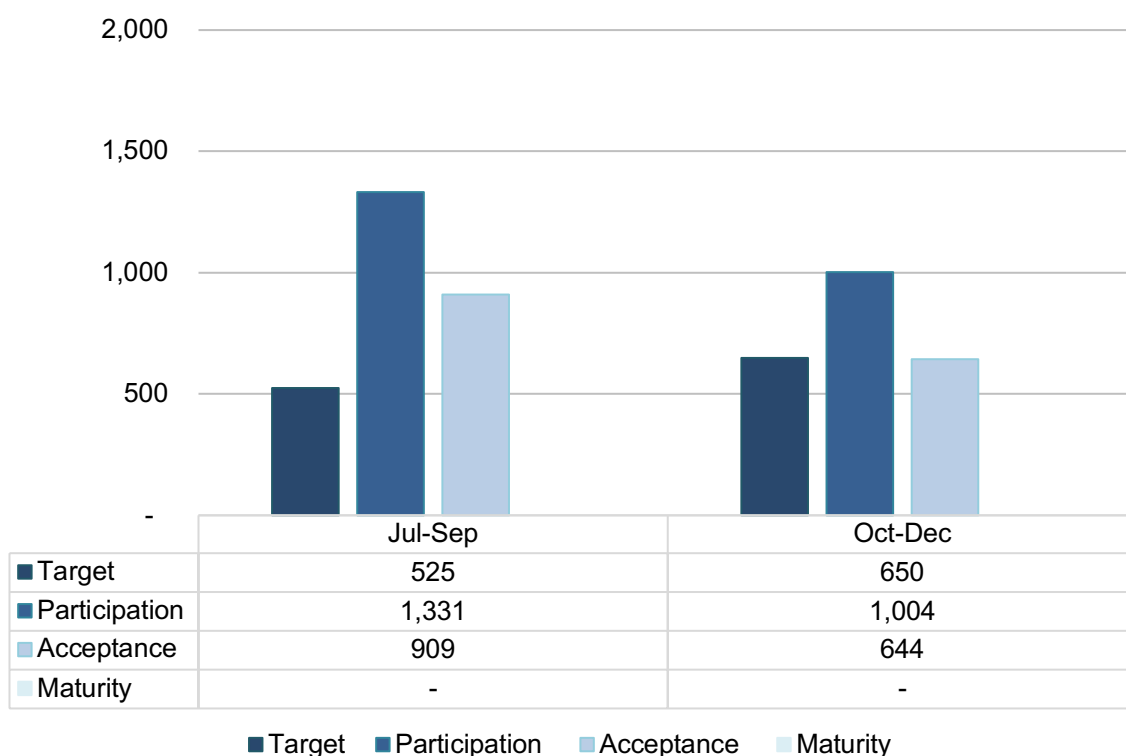
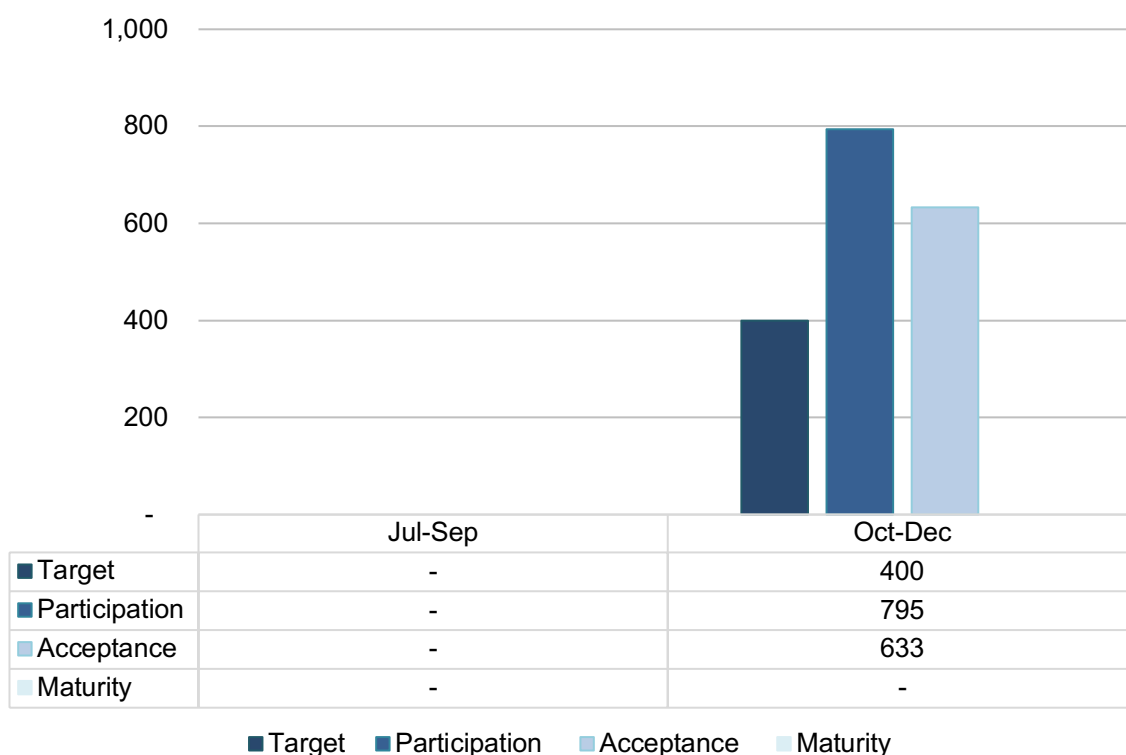


Fig-6: Quarter Wise Auction Profile of PIB (Floater) - (Rs in billion)**Fig-7: Quarter Wise Auction Profile of Sukuk - (Rs in billion)**

9.0 EXTERNAL PUBLIC DEBT

9.1 External debt was recorded at US\$ 90.6 billion at end-December 2021. The source-wise composition of external debt is depicted in the following table:

Table-12: Composition of External Public Debt

		Dec-2020		Dec-2021	
		PKR billion	\$ million	PKR billion	\$ million
I+II	External Public Debt	13,151	82,406	15,998	90,633
I	Government External Debt (a+b)	11,958	74,928	14,810	83,900
	a- Long term (>1 year)	11,812	74,012	14,585	82,623
	- Paris Club	1,843	11,547	1,791	10,146
	- Multilateral	5,293	33,165	6,114	34,634
	- Other Bilateral	2,330	14,602	3,165	17,929
	- Euro/Sukuk Global Bonds	846	5,300	1,377	7,800
	- Commercial Loans	1,438	9,009	1,804	10,218
	- Naya Pakistan Certificates	21	129	250	1,414
	- Local Currency Sec (PIBs)	31	192	74	419
	- NBP/BOC deposits/PBC	11	69	11	63
	b- Short term (<1 year)	146	915	225	1,277
	- Multilateral	92	575	188	1,067
	- Local Currency Sec (T-bills)	54	340	37	210
II	From IMF	1,194	7,479	1,188	6,732
	- Federal Government	473	2,966	595	3,372
	- Central Bank	720	4,512	593	3,360

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 47 percent coming from multilateral loans, 31 percent from bilateral loans, 14 percent from commercial loans and 9 percent from Eurobonds/Sukuk at end December 2021. Although borrowing from commercial sources has relatively increased during the last few years, multilateral and bilateral sources still cumulatively constitute 78 percent of external public debt portfolio as of end December 2021.

Fig-8: Composition of External Public Debt - End December 2021

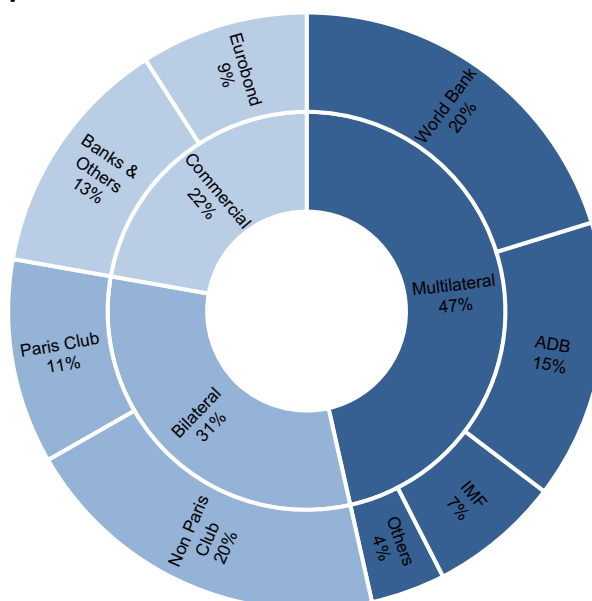


Table-13: Source Wise External Public Debt Composition

		Dec-2020		Dec-2021	
		\$ million	% of Total	\$ million	% of Total
I+II+III	External Public Debt	82,406	100	90,633	100
I	Multilateral	41,219	50	42,434	47
	- World Bank	17,308	21	18,420	20
	- Asian Development Bank	13,665	17	13,947	15
	- IMF	7,479	9	6,732	7
	- Others	2,768	3	3,334	4
II	Bilateral	26,149	32	28,075	31
	- Paris Club	11,547	14	10,146	11
	- Non-Paris Club	14,602	18	17,929	20
III	Commercial	15,039	18	20,124	22
	- Commercial Loans	9,009	11	10,218	11
	- Euro/Sukuk Global Bonds	5,300	6	7,800	9
	- Naya Pakistan Certificates	129	0	1,414	2
	- Local Currency Sect (T-Bills & PIBs)	532	1	629	1
	- NBP/BOC deposits/PBC	69	0	63	0

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

Table-14: Federal and Provincial Governments External Public Debt (USD in million)

		Dec-2021	% of Total
I+II	External Public Debt	90,633	100
I	Provincial Govts/Sub-National Govts	11,137	12
	- Punjab	6,029	7
	- Sindh	2,701	3
	- Khyber Pakhtunkhwa (KP)	1,857	2
	- Baluchistan	296	0
	- Gilgit-Baltistan	42	0
	- Azad Jammu & Kashmir	212	0
II	Federal Government	79,496	88

Source: Ministry of Economic Affairs

Table-15: Maturity Profile of External Public Debt

(USD in million)

		Dec-2020		Dec-2021	
		\$ million	% of Total	\$ million	% of Total
I+II	External Public Debt	82,406	100	90,633	100
I	Short-Term Debt (< 1 Year)	13,081	16	14,973	17
	- Safe / Time Deposit	4,000	5	7,000	8
	- Commercial Loans	115	0	-	-
	- IDB Short-Term	575	1	1,067	1
	- Local Currency Securities (T-Bills)	340	0	210	0
	- Long-Term (Remaining Maturity<1)	8,051	10	6,696	7
II	Long-Term Debt (> 1 Year)	69,325	84	75,660	83

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

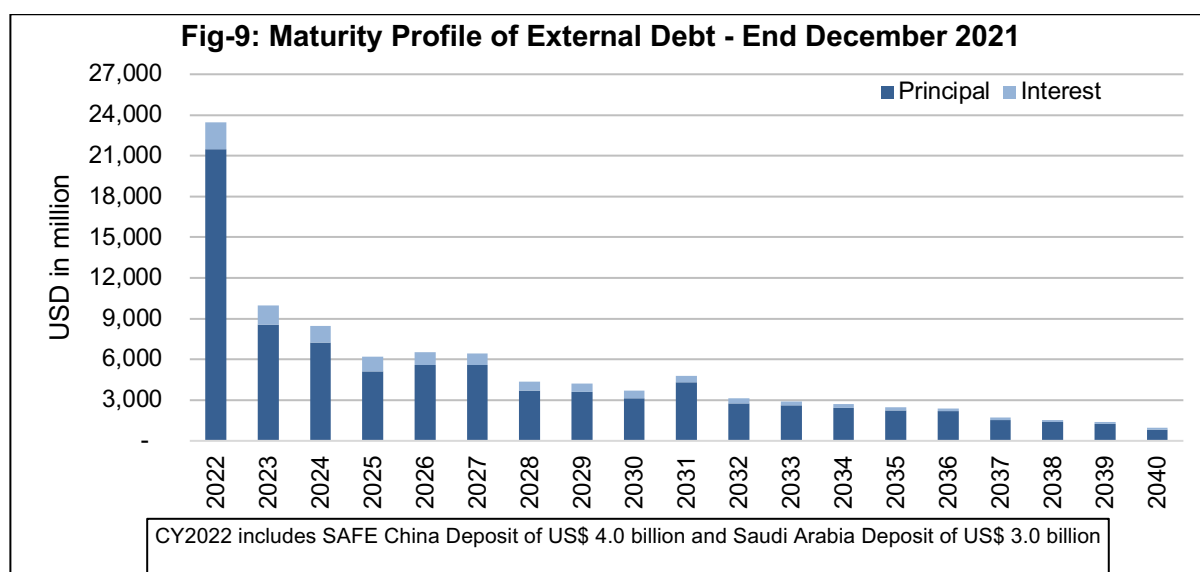


Table-16: Interest Rate Type of External Public Debt

(USD in million)

		Dec-2020		Dec-2021	
		\$ Million	% of Total	\$ Million	% of Total
I+II	External Public Debt	82,406	100	90,633	100
I	Floating Rate	26,614	32	27,311	30
	- Multilateral	10,850	13	11,170	12
	- Bilateral	7,064	9	6,284	7
	- Commercial Loans	8,360	10	9,647	11
	- Euro/Sukuk Global Bonds	-	-	-	-
	- Local Currency Securities (T-Bills)	340	0	210	0
	- NBP/BOC deposits/PBC	-	-	-	-
	- Naya Pakistan Certificates	-	-	-	-
I	Fixed Rate	55,793	68	63,322	70
	- Multilateral	30,369	37	31,264	34
	- Bilateral	19,133	23	21,789	24
	- Commercial Loans	600	1	573	1
	- Euro/Sukuk Global Bonds	5,300	6	7,800	9
	- Local Currency Securities (PIBs)	192	0	419	0
	- NBP/BOC deposits/PBC	69	0	63	0
	- Naya Pakistan Certificates	129	0	1,414	2

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

Table-17: External Public Debt Inflows/(Outflows)

(USD in million)

	Jul-Dec 20	Jul-Dec 21
Inflows (A)	5,703	8,972
- Multilateral	2,115	2,847
- Bilateral	147	3,094
- Euro/Sukuk Global Bonds	-	1,000
- Loans from Foreign Commercial Banks/Short-Term	3,441	2,032
Repayment (B)	3,231	4,202
- Multilateral	1,318	1,358
- Bilateral	79	28
- Euro/Sukuk Global Bonds	-	1,000
- Loans from Foreign Commercial Banks/Short-Term	1,834	1,815
Net Inflows/(Outflows) - (A-B)	2,472	4,770
- Multilateral	797	1,488
- Bilateral	68	3,065
- Euro/Sukuk Global Bonds	-	-
- Loans from Foreign Commercial Banks/Short-Term	1,607	217
Interest Servicing (C)	742	838
- Multilateral	297	285
- Bilateral	69	48
- Euro/Sukuk Global Bonds	181	307
- Loans from Foreign Commercial Banks/Short-Term	195	198
Total Debt Servicing (B+C)	3,974	5,040
- Multilateral	1,615	1,643
- Bilateral	148	76
- Euro/Sukuk Global Bonds	181	1,307
- Loans from Foreign Commercial Banks/Short-Term	2,029	2,013

* Above data excludes disbursements from non-resident investment in Government Securities, Naya Pakistan Certificates and Pakistan Banao Certificates

Source: State Bank of Pakistan

Table-18: Pakistan's Euro/Sukuk Global Bonds

#	Issuer Name	Issue Date	Maturity Date	Face Value	Coupon	Maturity (Years)
				USD in million	% p.a.	Original
I	International Sukuk	5-Dec-17	5-Dec-22	1,000	5.625	5
II	Eurobond	30-Mar-06	31-Mar-36	300	7.875	30
III	Eurobond	15-Apr-14	15-Apr-24	1,000	8.250	10
IV	Eurobond	30-Sep-15	30-Sep-25	500	8.250	10
V	Eurobond	5-Dec-17	5-Dec-27	1,500	6.875	10
VI	Eurobond	8-Apr-21	8-Apr-26	1,300	6.000	5
VII	Eurobond	8-Apr-21	8-Apr-31	1,400	7.375	10
VIII	Eurobond	8-Apr-21	8-Apr-51	800	8.875	30
Total				7,800		

Source: Bloomberg

finance.gov.pk