



**FINANCE
DEPARTMENT**
GOVERNMENT OF SINDH

DEBT BULLETIN SINDH

**(BI-ANNUAL)
JULY - DEC
FY 2025-26**

Prepared by
**DEBT MANAGEMENT UNIT
FINANCE DEPARTMENT |GOS**
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List Of Abbreviations

ADB	Asian Development Bank
AFD	French Development Agency (Agence Française de Développement)
AIIB	Asian Infrastructure Investment Bank
ATM	Average Time to Maturity
ATR	Average Time to Re-fixing
CLICK	Competitive and Live-able City of Karachi
CRE	Current Revenue Expenditure
GCF	Green Climate Fund
GOP	Government of Pakistan
GOS	Government of Sindh
HCIP	Human Capital Investment Project
HSBRP	Hyderabad Southern Bypass Road Project
SWEEP	Solid Waste Emergency and Efficiency Project
SW&ATP	Sindh Water & Agriculture Transformation Project
IBRD	International Bank for Reconstruction & Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
ISDB	Islamic Development Bank
JICA	Japan International Corporation Agency
KWSSIP	Karachi Water and Sewerage Services Improvement Project
NHSP	National Health Support Program
OPEC	Organization of the Petroleum Exporting Countries
SACOS	Sindh Aqua Culture Operations in Sindh
SELECT	Sindh Early Learning Enhancement Through Classroom Transformation
SPRSIP	Sindh Provincial Road Sector Improvement Project II
SSEIP	Sindh Secondary Education Improvement Project
TRR	Total Revenue Receipts
WAIR	Weighted Average Interest Rate

Summary

The publication of the Sindh Debt Bulletin as of December 31, 2025 reflects the Sindh Government's strong commitment to prudent debt management, enhanced transparency, and informed engagement with stakeholders. The Bulletin offers a comprehensive overview of the provincial debt portfolio, including the stock of debt, redemption profile, composition of foreign and domestic borrowing, and outstanding provincial guarantees, providing a sound basis for assessing fiscal and financial risks. By combining concise narrative explanations with detailed reports, key financial indicators, and analytical ratios, the document presents a clear outlook of the public debt position and highlights important trends and variations that occurred during the year. This structured disclosure supports decision-making and strengthens accountability in the management of public resources.

A review of the debt portfolio indicates that the Weighted Average Interest Rate (WAIR) for domestic loans stands at 11.03%, significantly higher than the 2.53% WAIR for external loans, largely due to the comparatively higher cost of borrowing from domestic sources. Whereas the total WAIR for the provincial debt portfolio is 2.59%. The prevailing discount rate of the State Bank of Pakistan (SBP) is 10.5% as of December 31, 2025. There is a stability in the WAIR for the entire debt portfolio from 2.59%, this stability is noted due to the decline in 6-month SOFR rates during the period.

The Total Revenue Receipt (TRR), Current Revenue Expenditure (CRE), and Debt Servicing (Principal + Interest) were **Rs. 1,518.72 billion**, **Rs. 827.19 billion**, and **Rs. 38.67 billion** in FY 2025-26 (Jul to Dec 2025).

1.0 Introduction

The Bulletin serves as an authentic reference document for general purposes and reflects the Government's commitment to ensuring public access to credible and timely debt-related information. It consolidates key data on the province's debt position, including: (i) an overview of the provincial debt, (ii) year-on-year changes in the public debt portfolio, (iii) debt servicing obligations, (iv) the composition and structure of domestic and external debt, and (v) a snapshot of major debt risk indicators.

2.0 Overview of Total Public Debt

Total public debt defined as “the sum of domestic and external debts of the Government with defined terms and conditions for repayment for each”. It excludes the debt of public corporations/entities controlled by the provincial government. The following table depicts the composition of Sindh's debt portfolio

**TABLE -1:
OVERVIEW
OF
PROVINCIAL
DEBT**

	Jun-24	Jun-25	Dec-25
Rs. In Million			
Domestic Debt	13,730	12,245	11,434
External Debt	1,051,255	1,337,691	1,447,060
Total Debt	1,064,985	1,349,936	1,458,494
Sindh's GDP	25,981,050	27,868,191	27,868,191
(In Percent of Sindh's GDP)			
Domestic Debt	0.05	0.04	0.04
External Debt	4.05	4.80	5.19
Total Debt	4.10	4.84	5.23
(In Percent of Total Public Debt)			
Domestic Debt	1.29	0.91	0.78
External Debt	98.71	99.09	99.22
(USD in Million)			
Domestic Debt	49.32	43.15	40.79
External Debt	3,776.33	4,714.16	5,161.99
Total Debt	3,825.65	4,757.32	5,202.78
Exchange Rate (PKR/USD)	278.38	283.76	280.33

Note:

- Pakistan GDP data fetched from <https://www.sbp.org.pk/ecodata/Summary.pdf>
- Sindh GDP calculated @ 24.5% of national GDP as per NFC award formula

3.0 Reasons for Increase in Total Debt

During July to December 2025, the increase of **Rs. 108,558 million** is primarily attributable to the inclusion of active loan disbursements amounting to **Rs. 160,715 million**. In addition, total principal repayments and the impact of currency appreciation amounted to **Rs. 22,838 million** and **Rs. 29,319 million**, respectively.

(Rs. In Million)

TABLE -2:
REASONS FOR
INCREASE IN
TOTAL DEBT

	Jun-24	Jun-25	Dec-25
Increase in Total Debt	157,185	284,951	108,558
Currency Depreciation / (Appreciation)	(21,091)	48,734	(29,319)
Disbursement - Principal Payments	178,276	236,217	137,877

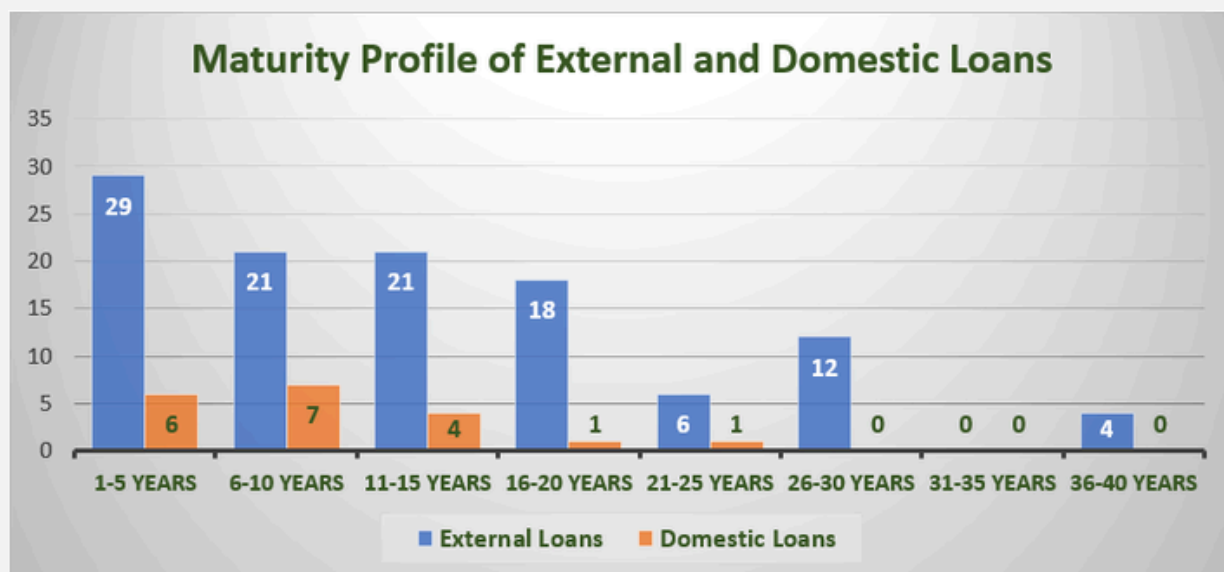
4.0 Maturity Profile of External and Domestic Loans

The following table shows the maturity profile of both external and domestic loans in upcoming years till their full maturity.

TABLE -3:
MATURITY
PROFILE OF
EXTERNAL
AND DOMESTIC
LOANS

	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	31-35 Years	36-40 Years	Total
External Loans	29	21	21	18	6	12	0	4	111
Domestic Loans	6	7	4	1	1	0	0	0	19
Total Loans	35	28	25	19	7	12	0	4	130

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

FIGURE – 1: MATURITY PROFILE OF EXTERNAL AND DOMESTIC LOANS

5.0 Glimpse of Recent Borrowing Activities

During July–December 2025, an amount of **Rs. 160,715 million** was disbursed against twenty-four (24) foreign loans from five (05) multilateral agencies, namely IDA/IBRD, ADB, AFD, IsDB, and AIIB.

There are ten (10) new loans that were signed over the last two years, amounting to a total commitment of **USD 2,301.70 million**. Approximately 65% of these loans were contracted on concessional fixed rates, and the remaining 35% on variable terms based on SOFR plus spread. The current variable rate has declined to around 5.55%, comprising the 6-month SOFR of 4.2% (as published on December 30, 2025) and a variable spread of approximately 1.35%. Despite this reduction, the effective cost of variable financing remains significantly higher when compared with concessional financing at a fixed rate of only 2.0%.

(Amount In USD Million)

**TABLE - 4:
RECENT
BORROWING
ACTIVITIES**

S. No	Name of Loans	Lender	Sanctioned Amount	Type (Fixed / Variable)
1	Sindh Secondary Education Improvement Project, Additional Financing	ADB	275.00	Fixed
2	Sindh Emergency Housing Reconstruction Project	ADB	400.00	Fixed
3	Sindh Coastal Resilience Sector Project	ADB	140.00	Fixed
4	Sindh Barrages Improvement Project	IDA	71.70	Fixed
5	Sindh Housing Reconstruction Project	IsDB	200.00	Variable
6	Sindh Flood Emergency Rehabilitation Project	IDA	150.00	Fixed
7	Sindh Livestock and Aquaculture Sectors Transformation Project	IDA	135.00	Variable
8	Sindh Flood Emergency Housing Reconstruction Project	IDA	450.00	Fixed
9	Second Karachi Water and Sewerage Services Improvement Project (KWSSIP-2)	IBRD	240.00	Variable
10	Second Karachi Water and Sewerage Services Improvement Project (KWSSIP-2) AIIB Co-Fin	AIIB	240.00	Variable

There are six (06) more loans currently under negotiation or in the concept paper clearance phase, amounting to a total of **USD 915 million**. These loans are expected to be signed/approved within the next 12–18 months. Together with the loans already signed/approved, the overall debt portfolio is projected to increase by around 18% over the next 5–7 years, excluding the impact of average rupee depreciation.

(Amount In USD Million)

**TABLE - 5:
RECENT
LOANS IN
NEGOTIATIONS**

S. No	Name of Loans	Lender	Sanctioned Amount
1	Sindh Transformation & Rural Water Supply STAR-WASH	WB/ADB	450
2	Additional Financing for BRT Redline Project	ADB	150
3	Sindh Nursing and Health Workforce Strengthening Project	ADB	100
4	Preparing Urban and Water Project in Sindh- Project Readiness Financing	ADB	15
5	Sindh Flood Emergency Housing Reconstruction Project	EIB	100
6	Sindh Coastal Resilience Project	IFAD	100
	Total		915

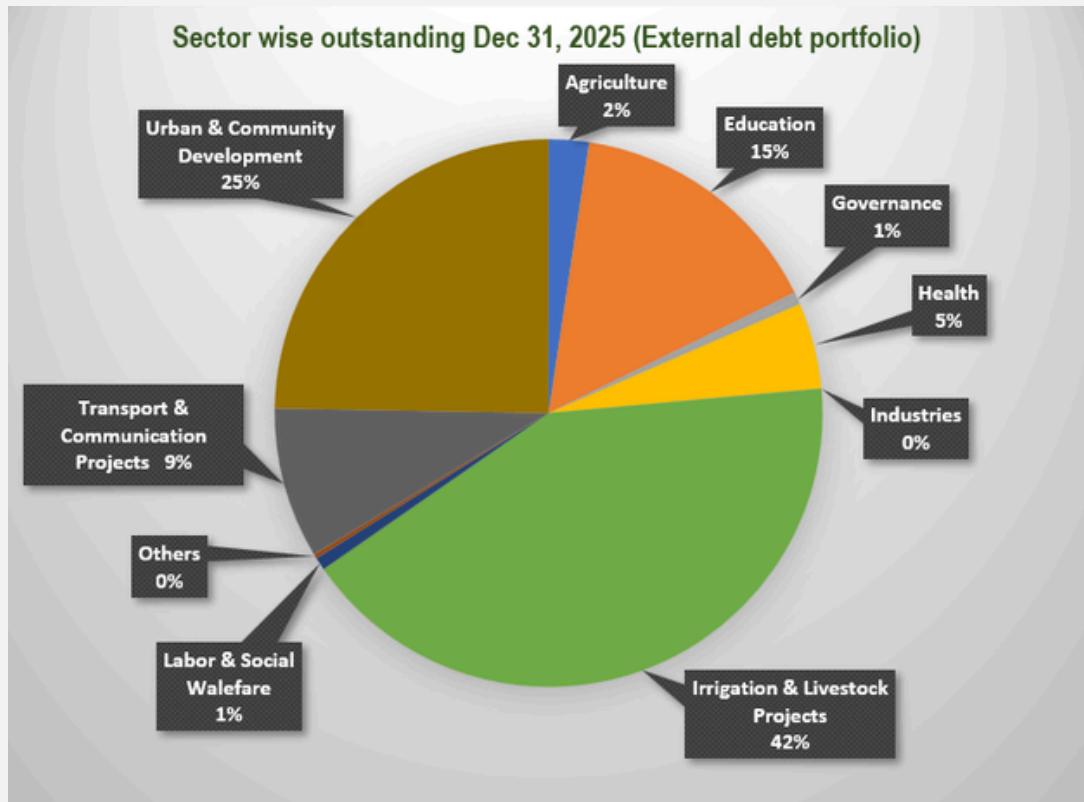
6.0 Liability by Sector (External Debt Portfolio)

(Rs. In Million)

**TABLE - 6:
LIABILITY BY
SECTOR**

S. No	Sectors	Amount in PKR	%
1	Agriculture	34,463	2.38%
2	Education	222,465	15.37%
3	Governance	10,653	0.74%
4	Health	73,398	5.07%
5	Industries	185	0.01%
6	Irrigation & Livestock	604,396	41.77%
7	Labor & Social Welfare	11,082	0.77%
8	Others	3,648	0.25%
9	Transport & Communication	128,956	8.91%
10	Urban & Community	357,813	24.73%
	Total	1,447,060	100%

**FIGURE – 2:
LIABILITY BY
SECTOR**



7.0 Composition by Lender

The loan amount has increased by a total of **Rs. 108,558 million** during July–Dec 2025. For the period, total loan disbursements and principal repayments were recorded at **Rs. 160,715 million** and **Rs. 22,838 million**, respectively, while the impact of currency depreciation amounted to **Rs. 29,319 million**.

(Rs. In Million)

**TABLE – 7:
COMPOSITION
BY LENDER**

Composition by creditor			
Agency	Frequency	Outstanding (Million PKR)	% Of total
IDA	63	931,964	63.90%
ADB	34	322,015	22.08%
IFAD	2	210	0.01%
IBRD	5	101,503	6.96%
Japan	1	8,464	0.58%
Korea	1	9,436	0.65%
AIIB	2	15,389	1.06%
AFD	1	4,602	0.32%
IsDB	2	53,477	3.67%
Federal Govt.	19	11,434	0.78%
Total	130	1,458,494	100%

8.0 Exposure by Currency

The US Dollar dominates the debt portfolio with a share of 69.52%. However, Sindh has managed to diversify its exposure by maintaining 22.86% of the portfolio in Special Drawing Rights (SDR), which comprise a basket of five currencies.

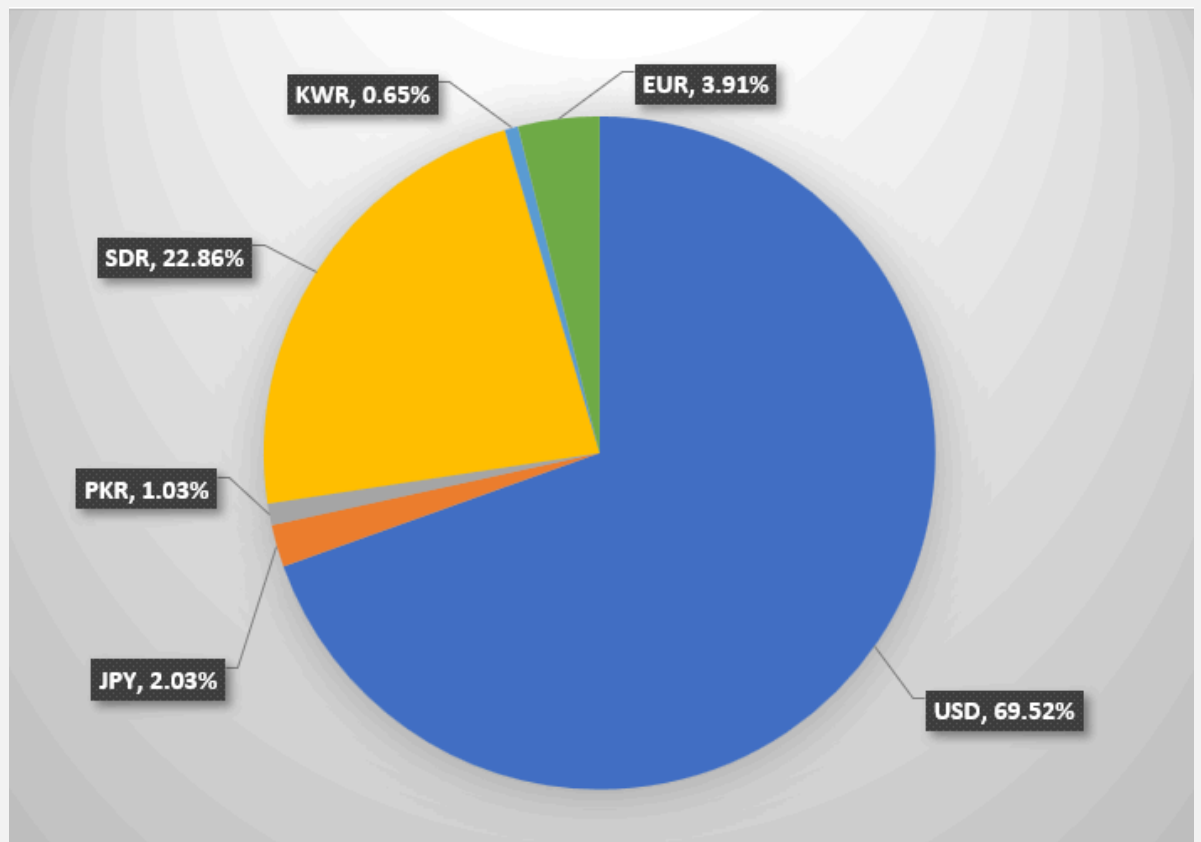
TABLE - 8: EXPOSURE BY CURRENCY

(Rs. In Million)

Currency Wise Exposure Sindh Debt Portfolio Dec 31, 2025			
Currency	Frequency	Outstanding (Million PKR)	% Of total
USD	89	1,013,967	69.52%
JPY	3	29,616	2.03%
PKR	20	15,082	1.03%
SDR	15	333,413	22.86%
KWR	1	9,436	0.65%
EUR	2	56,979	3.91%
Total	130	1,458,494	100%

The Euro-denominated loans account for 3.91% of the total portfolio, while the remaining currencies hold negligible shares.

**FIGURE - 3:
CURRENCY
WISE
EXPOSURE**



9.0 Debt Risk Indicators

Foreign Exchange / FX Risk

The share of foreign currency-denominated loans constitute 99.21% of the total Sindh debt portfolio, indicating a high exposure to currency/exchange rate risk.

Interest Rate Risk

Debt re-fixing in one year as a percentage of the total is 21.38%, which is on the lower side. It includes debt on fixed-rate maturing within the current year plus eighteen (18) SOFR Based loans, re-fixed after every 06 months.

ATR (Average Time to Re-fixing)

For a complete debt portfolio is 11.82 years which is high and indicates low risk relatively while measuring its vulnerability towards interest rate risk.

Re-financing Risk

Debt maturing in one (01) year is average 2.94% of the total debt portfolio, which is low, considering its exposure to refinancing risk.

ATM (Average Time to Maturity)

For a complete debt portfolio is 11.64 years, which shows the debt portfolio average maturity period is high and indicates low exposure to refinancing risk.

TABLE – 9: DEBT RISK INDICATORS

Risk Indicators		Domestic Debt	External Debt	Total Public Debt	Domestic Debt	External Debt	Total Public Debt
		End- June 2025			End- December 2025		
FX risk	FX debt (% of total debt)	99.09%			99.21%		
Interest rate risk	Debt Re-fixing in 1 year (% of total)	13.25%	21.98%	22.48%	12.55%	20.42%	21.38%
	Fixed rate debt (% of total)	100%	77.11%	78.02%	100%	76.91%	77.94%
	*ATR (years)	5.56	10.22	10.36	5.89	11.64	11.82
Refinancing risk	Debt maturing in 1 year (% of total)	13.25%	3.63%	3.82%	12.55%	2.91%	2.94%
	*ATM (years)	5.56	12.13	12.07	5.89	11.68	11.64

10.0 Interest Composition for External and Domestic loans

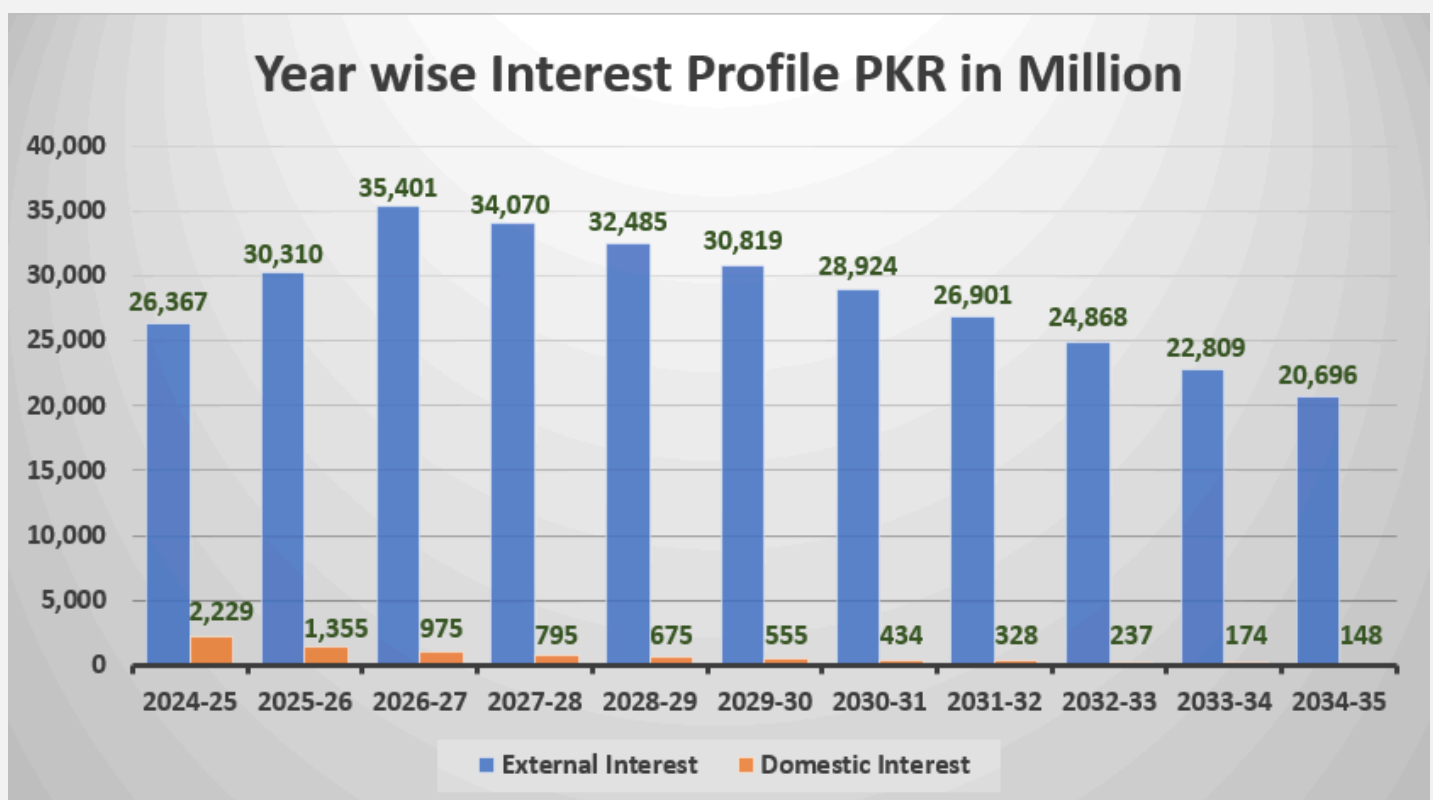
The key impact arises from the gradual increase in the share of foreign loans under the variable-rate category, which now stands at 23.05%. Loans are currently priced at the prevailing 6-month SOFR rate of 4.2%, plus a variable spread ranging between 1.35% and 2.50%.

TABLE – 10: INTEREST COMPOSITION FOR EXTERNAL AND DOMESTIC LOANS

(Rs. In Million)

FY	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
External Interest	26,367	30,310	35,401	34,070	32,485	30,819	28,924	26,901	24,868	22,809	20,696
Domestic Interest	2,229	1,355	975	795	675	555	434	328	237	174	148
Total Interest	28,596	31,665	36,376	34,865	33,160	31,374	29,358	27,229	25,105	22,983	20,844

FIGURE – 04: INTEREST COMPOSITION FOR EXTERNAL AND DOMESTIC LOANS



11.0 Principal Composition for External and Domestic Loans

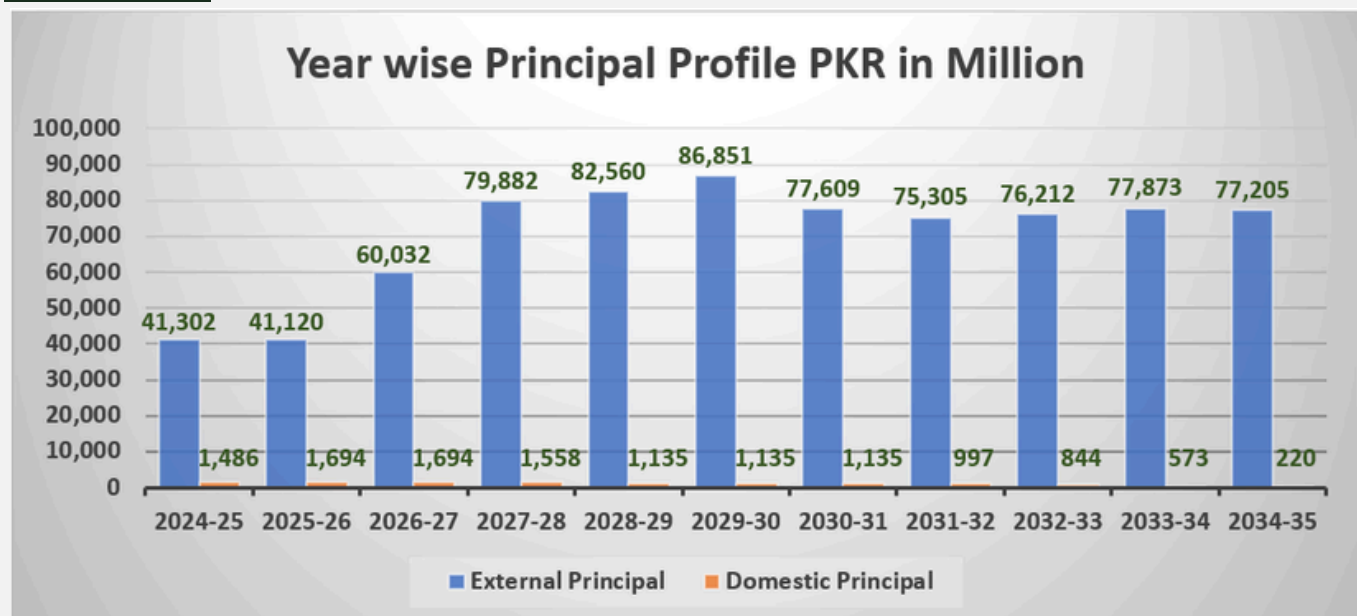
The principal redemption profile reflects an increasing trend in principal repayments, driven by the inclusion of new loans with scheduled principal payments falling due within the specified period.

TABLE – II: PRINCIPAL COMPOSITION FOR EXTERNAL AND DOMESTIC LOANS

(Rs. In Million)

FY	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
External Principal	41,302	41,120	60,032	79,882	82,560	86,851	77,609	75,305	76,212	77,873	77,205
Domestic Principal	1,486	1,694	1,694	1,558	1,135	1,135	1,135	997	844	573	220
Total Principal	42,788	42,814	61,727	81,439	83,696	87,986	78,744	76,301	77,056	78,447	77,425

FIGURE – 05: PRINCIPAL COMPOSITION FOR EXTERNAL AND DOMESTIC LOANS



12.0 Government Guarantees

A government guarantee is a formal assurance issued by the Government for the repayment of debt and related expenditures in the event of default by the primary obligor. The provincial borrowing limit, which includes guarantees of up to **Rs. 60.8 billion**, was authorized by the National Economic Council (NEC) on 17th August, 2017. As of the end of December 2025, the Government of Sindh has extended guarantees amounting to only **Rs. 27 billion** approximately.

13.0 Glossary

ATM

Average Time to Maturity measures the weighted average period remaining until the full repayment of principal across all loans in the portfolio.

ATR

Average Time to Re-fixing measures the weighted average time until all principal in the debt portfolio becomes subject to a new interest rate.

FOREIGN EXCHANGE RISK

(Also known as FX risk, exchange rate risk or currency risk) is a financial risk that arises when a financial transaction is denominated in a currency other than the local currency of the country.

TRR

Means all tax and non-tax receipts of the Government, including federal grants to the province, but excluding loans or grants received from other entities.

CRE

Means the expenditure on goods and services for consumption or utilization within a financial year, and may include employee-related expenses, retirement benefits, operating expenses, repair and maintenance, subsidies, transfer payments, and grants.

INTEREST RATE RISK

Indicates the exposure of debt portfolio to any variation in interest rates.

RE- FINANCING RISK

Is the risk to measure its vulnerability against rolling over the debt on higher interest rates.

SBP

The State Bank of Pakistan (SBP) is incorporated under the State Bank of Pakistan Act, 1956, which gives the Bank the authority to function as the central bank of the country.

WAIR

(Weighted average interest rate) is the aggregate rate of interest paid on all debt.

SOFR

Secured Overnight Financing Rate (SOFR) is a secured interbank overnight interest rate and reference rate established as an alternative to LIBOR.



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