



FINANCE DEPARTMENT GOVERNMENT OF SINDH DEBT
MANAGEMENT UNIT

DEBT BULLETIN SINDH (Bi-Annual)
Jul - Dec, 2024

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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
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
SWEEP	Solid Waste Emergency and Efficiency Project
SW&ATP	Sindh Water & Agriculture Transformation Project
TRR	Total Revenue Receipts
WAIR	Weighted Average Interest Rate

Summary

The publication of the Sindh Debt Bulletin as of December 31, 2024 is illustrative of Sindh Government's commitment towards better debt management, transparency in maintaining debt portfolio and having necessary feedback from the relevant stakeholders. The document provides an account of the provincial debt stock, its redemption profile, composition and structure of the foreign and domestic loans and provincial guarantees that provides a basis for risk analysis. It is a combination of brief description supported with reports having significant data coupled with financial ratios providing an outlook of public debt portfolio and variations taking place during the year.

A cursory glance to the portfolio shows that weighted average interest rate (WAIR) for the domestic loans is 11.02% which is higher than the WAIR of 2.57% for the external loans, for reasons of securing high interest-bearing loans. Whereas, the total WAIR for the entire debt portfolio is 2.67%. The prevailing discount rate of State Bank of Pakistan (SBP) was 13% as of December 31, 2024. There is a slight increase in the WAIR for the entire debt portfolio from 2.63%, (as of June 2024) to 2.67%, due to inclusion of variable loans in portfolio.

The Total Revenue Receipt (TRR), Current Revenue Expenditure (CRE), and Debt Servicing (Principal + Interest) were Rs. 1,229.92 billion, Rs. 746.47 billion and Rs. 34.60 billion till the end of December, 2024.

1.0 Introduction

The bulletin provides an authentic source document for general purposes and reflects government's resolve to provide easy access to information to public. It contains data regarding (i) Overview of provincial debt, (ii) Increase in public debt portfolio, (iii) Debt servicing, (iv) Composition and structure of debt, and (v) Snapshot of specific 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

	23-Jun	23-Dec	24-Jun	24-Dec
Rs. In Million				
Domestic Debt	13,293	12,275	13,730	12,875
External Debt	894,507	967,007	1,051,255	1,147,489
Total Debt	907,800	979,282	1,064,985	1,160,364
Sindh's GDP	20,596,845	20,596,845	25,875,920	25,875,920
(In Percent of Sindh's GDP)				
Domestic Debt	0.06	-	0.05	-
External Debt	4.34	-	4.06	-
Total Debt	4.41	-	4.12	-
(In Percent of Total Public Debt)				
Domestic Debt	1.46	1.25	1.29	1.11
External Debt	98.54	98.75	98.71	98.89
(USD in Million)				
Domestic Debt	46.48	44.08	49.32	46.22
External Debt	3,127.76	3,455.40	3,776.33	4,119.51
Total Debt	3,174.24	3,499.49	3,825.65	4,165.73
Exchange Rate (PKR/USD)	285.99	281.86	278.38	278.55

- 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-Dec 2024, the increase of Rs. 95,379 million is mainly because of the inclusion of active loans disbursement for Rs. 116,307 million. In addition to this, total principal re-payment and currency depreciation impact were of Rs. 20,428 million and Rs. 500 million respectively.

Table -2: Reasons for Increase in Total Debt. (Rs. In million)

	June-23	December-23	June-24	December-24
Increase in Total Debt	331,718	71,482	157,185	95,379
Currency Depreciation / (Appreciation)	228,175	(16,935)	(21,091)	500
Disbursement - Principal Payments	103,543	88,417	178,276	95,879

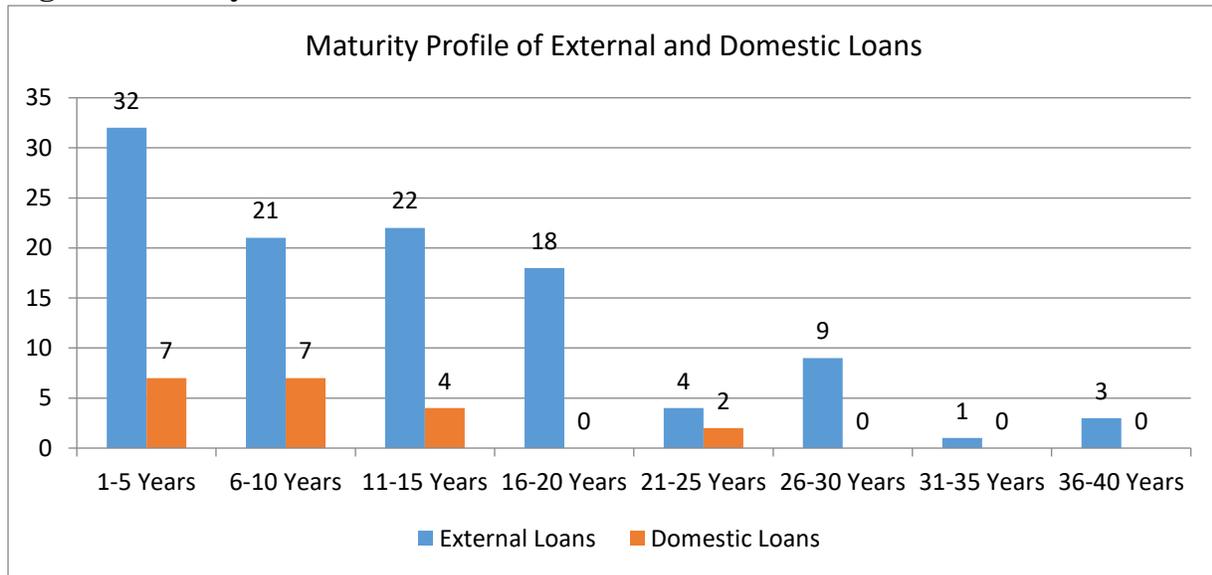
4.0 Maturity Profile of External and Domestic Loans

The following 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	32	21	22	15	4	9	1	3	107
Domestic Loans	7	7	4	0	2	0	0	0	20
Total Loans	39	28	26	15	6	9	1	3	127

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

Fig -1: Maturity Profile of External and Domestic Loans

5.0: Glimpse of Recent Borrowing Activities

During July – December 2024, an amount of Rs. 116,307 million was disbursed on account of twenty-three (23) foreign loans from four (04) multilateral agencies (IDA/IBRD, ADB, IsDB & AIIB).

There are thirteen (13) new Loans which were signed in the last 02 years for total amount of USD 3,063.70 million. Almost 77.67% of these new loans were signed on concessional rates (Fixed) and remaining 22.33% on variable rates (SOFR plus spread). The variable rate has now decreased to around 6.38% that includes 6M SOFR rate of 5.03% (as published on Dec 30, 2024) plus variable spread around 1.35%. In current situation, the actual cost is much higher when comparing to concessional financing on 2.0% only.

Table -4: Recent Borrowing Activities**(Amount in USD million)**

S. No	Name of Loans	Lender	Sanctioned Amount	Type (Fixed / Variable)
1	Sindh Integrated Health and Population Project	IDA	200	Fixed
2	Sindh Integrated Health and Women Empower Program	IsDB	50	Variable
3	Sindh Flood Emergency Rehabilitation Project	IDA	500	Fixed
4	Sindh Flood Emergency Housing Reconstruction Project	IDA	500	Fixed
5	Sindh Water and Agriculture Transformation Project (SWAT)	IDA	98	Fixed
6	Sindh Water and Agriculture Transformation Project (SWAT)	IDA	194	Variable
7	Strengthening Social Protection Delivery System in Sindh	IDA	200	Fixed
8	Sindh Barrages Improvement Project	IDA	71.7	Fixed
9	Sindh Secondary Education Improvement Project, Additional Financing	ADB	275	Fixed
10	Sindh Emergency Housing Reconstruction Project	ADB	400	Fixed
11	Sindh Housing Reconstruction Project	IsDB	200	Variable
12	Karachi Water and Sewerage Services Improvement Project (Phase II)	AIIB	240	Variable
13	Livestock/Aquaculture Operations in Sindh	IDA	135	Fixed
	Total		3,063.70	

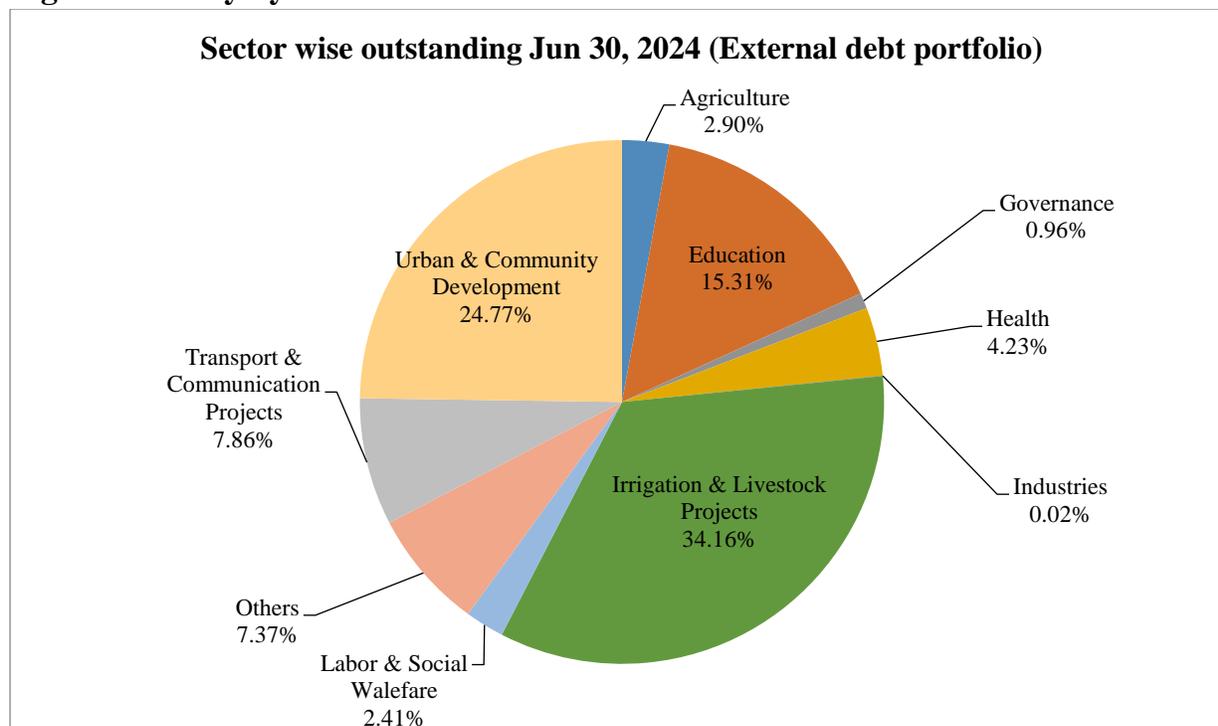
There are four (04) more loans currently in negotiation or in concept paper clearance phase for total USD 1,103 million which are likely to be signed/approved in the next 12-16 months period. These loans along with the already signed/approved loans collectively will increase the Debt portfolio at least by more than 50% (excluding average rupee depreciation) in the next 5-7 years period.

Table -5: Recent Loans in Negotiations (Amount in USD million)

S. No	Name of Loans	Lender	Sanctioned Amount
1	Sindh Coastal Resilience Project (Negotiated)	(ADB/GCF/IFAD)	263
2	Karachi Water and Sewerage Services Improvement Project (Phase II)	IBRD (240 M) / ADB (50 M)	290
3	Sindh Transformational Accelerated Rural Services – Water Sanitation & Hygiene Project (STARS-WASH)	IDA	400
4	Sindh Flood Rehabilitation Project – Additional Financing	IDA	150
	Total		1,103

6.0 Liability by Sector (External Debt Portfolio)**Table -6 Liability by Sector** (Rupees in million)

S. No	Sectors	Amount in PKR	%
1	Agriculture	33,279	2.90%
2	Education	175,658	15.31%
3	Governance	11,020	0.96%
4	Health	48,536	4.23%
5	Industries	277	0.02%
6	Irrigation & Livestock Projects	391,992	34.16%
7	Labor & Social Welfare	27,684	2.41%
8	Others	84,592	7.37%
9	Transport & Communication Projects	90,169	7.86%
10	Urban & Community Development	284,280	24.77%
	Total	1,147,489	100%

Fig -2: Liability by Sector

7.0 Composition by Lender

The amount has increased by a total of Rs. 95,379 million during July – December 2024. Total loan disbursements and principal payments recorded for the year were Rs. 116,307 million and Rs. 20,428 million and a currency depreciation impact of Rs.500 million.

Table -7: Composition by Lender (Amount in million)

Composition by creditor			
Agency	Frequency	Outstanding (million PKR)	% of total
IDA	60	792,870	68.33%
ADB	34	242,418	20.89%
IFAD	2	255	0.02%
IBRD	4	54,538	4.70%
Japan	1	9,105	0.78%
korea	1	9,193	0.79%
AIIB	2	10,165	0.88%
AFD	1	2,678	0.23%
IsDB	2	26,266	2.26%
Federal Govt.	20	12,875	1.11%
Total	127	1,160,364	100%

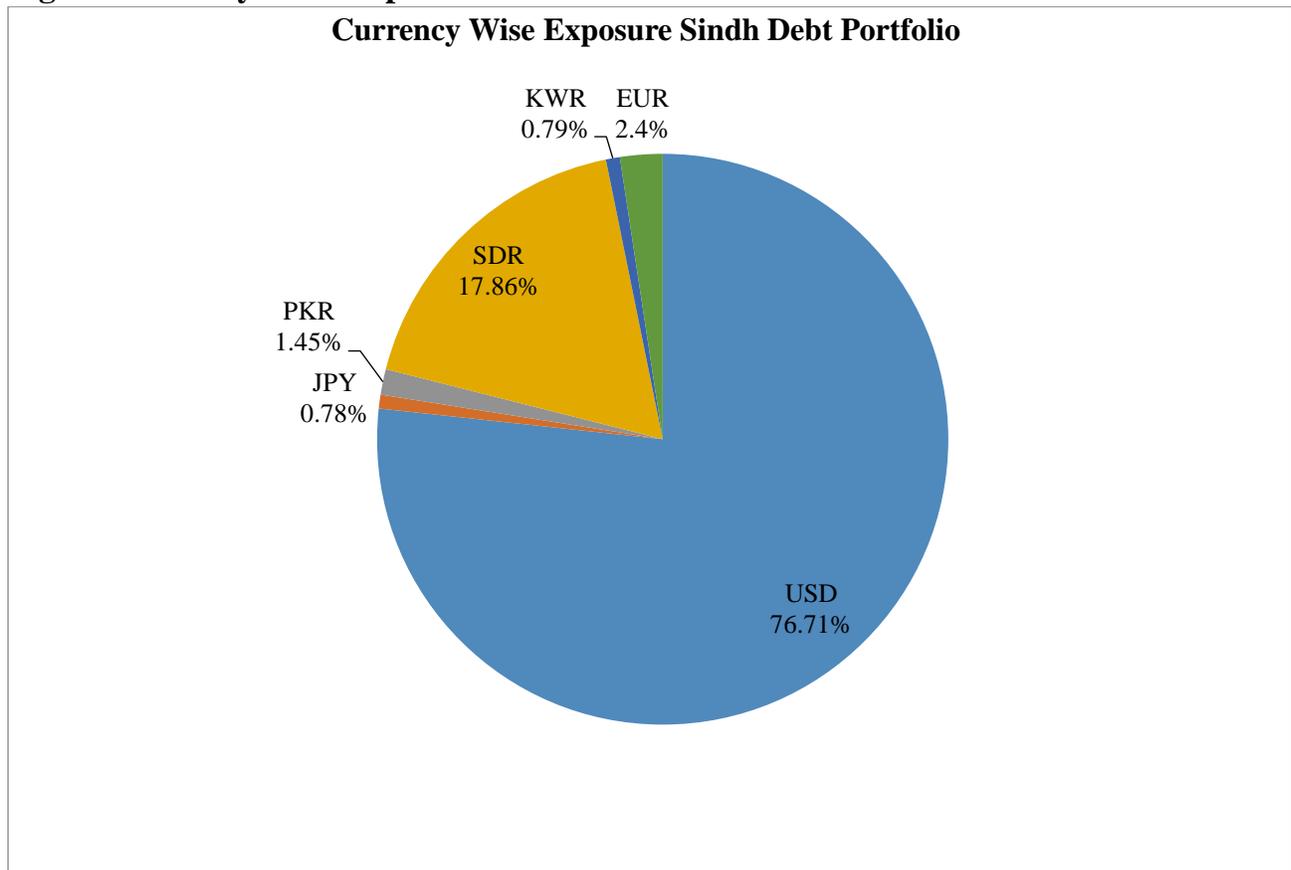
8.0 Exposure by Currency

The US Dollar dominates with 76.71% of the total debt portfolio, but Sindh has managed to diversify its portfolio by 17.86% in SDR, which comprises a basket of 05 currencies. The PKR is 1.45% of the total portfolio; others are negligible.

Table -8 Exposure by Currency (Amount in million)

Currency Wise Exposure Sindh Debt Portfolio Dec 31, 2024			
Currency	Frequency	Outstanding (million PKR)	% of total
USD	91	890,076	76.71%
JPY	1	9,105	0.78%
PKR	21	16,841	1.45%
SDR	11	207,297	17.86%
KWR	1	9,193	0.79%
EUR	2	27,851	2.40%
Total	127	1,160,364	100%

Fig -3: Currency Wise Exposure



9.0 Debt Risk Indicators

Foreign Exchange / FX Risk: The share of foreign currency-denominated loans is 98.89% of the total Sindh debt portfolio, which consider being higher exposure to Currency risk/Exchange rate risk.

Interest Rate Risk: Debt re-fixing in one year as a percentage of the total is 21.40%, which is on the lower side. It includes debt on fixed-rate maturing within the current year plus sixteen (17) SOFR Based loans, re-fixed after every 06 months.

ATR (Average time to re-fixing): For a complete debt portfolio is 11.21 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 3.67% 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 13.41 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- Jun 2024			End- Dec 2024		
FX risk	FX debt (% of total debt)	98.32%			98.89%		
Interest rate risk	Debt Re-fixing in 1 year (% of total)	14.82%	22.92%	23.53%	14.60%	21.50%	21.40%
	Fixed rate debt (% of total)	100%	81.27%	81.27%	100%	79.41%	79.50%
	*ATR (years)	5.88	9.36	9.48	5.70	9.78	9.92
Refinancing risk	Debt maturing in 1 year (% of total)	12.45%	3.87%	3.98%	12.64%	3.63%	3.67%
	*ATM (years)	5.88	12.09	12.01	5.70	12.36	12.27

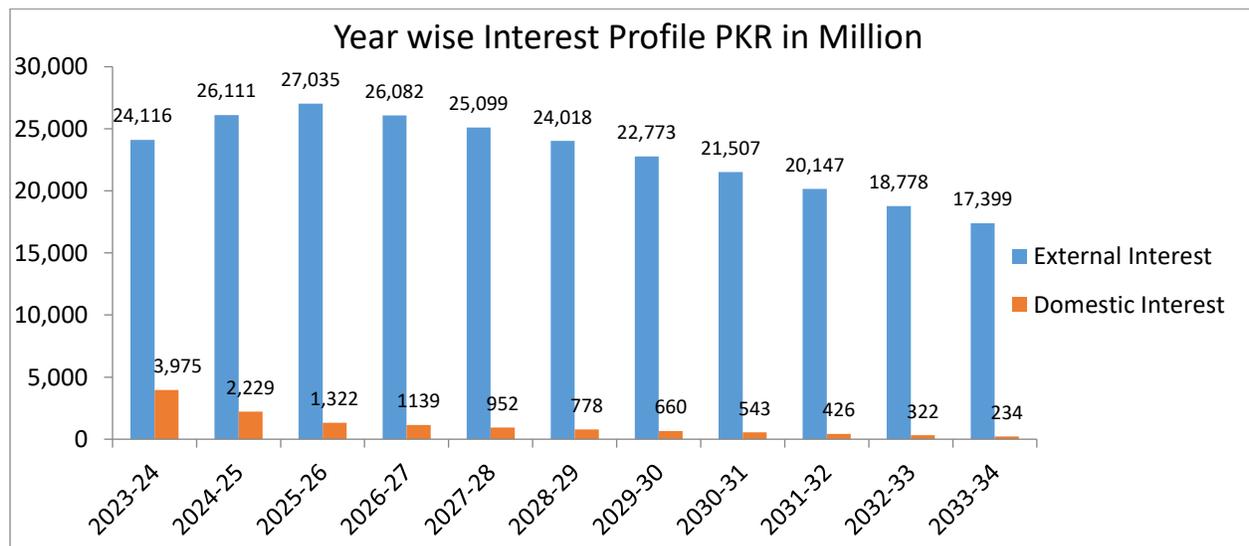
10. Interest Composition for External and Domestic loans

The Key impact is due to foreign loan variable rate category prevailing rate of 5.03% (SOFR) plus variable spread in the range between 1.35% - 2.5%.

Table- 10: Interest Composition for External and Domestic Loans

FY	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
External Interest	24,116	26,111	27,035	26,082	25,099	24,018	22,773	21,507	20,147	18,778	17,399
Domestic Interest	3,975	2,229	1,322	1,139	952	778	660	543	426	322	234
Total Interest	28,091	28,340	28,357	27,221	26,051	24,796	23,433	22,050	20,573	19,100	17,633

Figure -4: Interest Composition for External and Domestic Loans



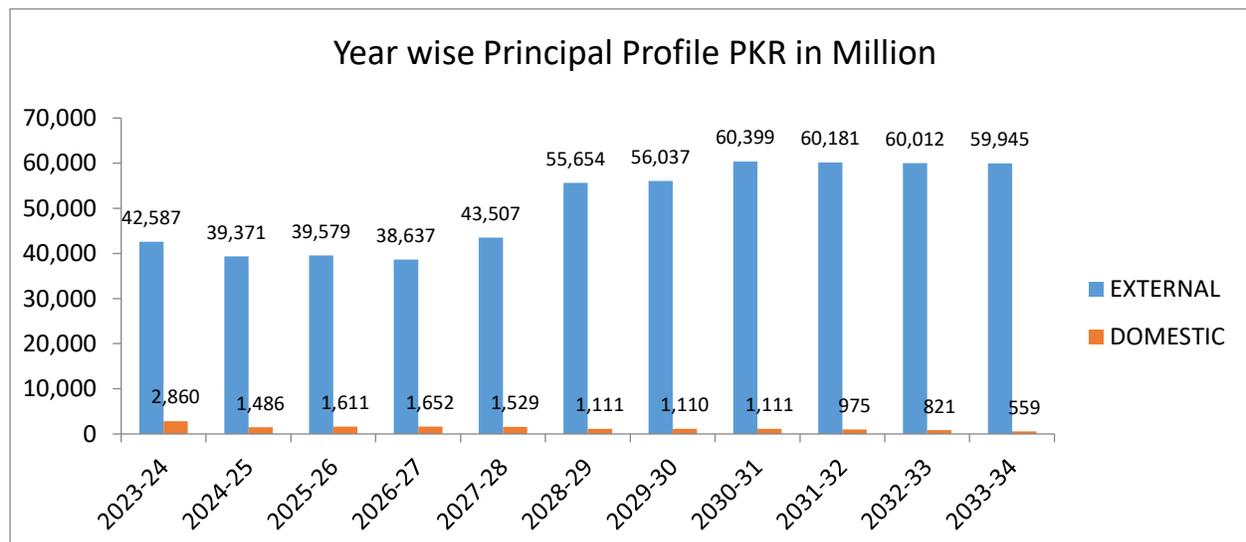
11. Principal Composition for External and Domestic Loans

Principal redemption profile shows a decrease of 12.8% in principal repayment from FY 2023-24 till 2026-27. However, it will gradually increase due to inclusion of new loans with principal payment due in specific period.

Table -11: Principal Composition for External and Domestic Loans

FY	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
External Principal	42,587	39,371	39,579	38,637	43,507	55,654	56,037	60,399	60,181	60,012	59,945
Domestic Principal	2,860	1,486	1,611	1,652	1,529	1,111	1,110	1,111	975	821	559
Total Principal	45,447	40,857	41,190	40,289	45,036	56,765	57,147	61,510	61,156	60,833	60,504

Fig -5: Principal Composition for External and Domestic Loans



12. Government Guarantees

Government guarantee is formal assurance by the Government for repayment of debt and related expenditures on account of a financial liability in the event of a default by the primary creditor. Provincial borrowing limit that includes guarantee for Rs. 60.8 billion has allowed dated August 17th 2017, by National Economic Council (NEC). At the end of Dec 2024, GoS has extended total guarantee amount of Rs. 32.35 billion only.

13. Glossary

ATM:	Average time to maturity measures the weighted average time to maturity of all the principal payments in the portfolio.
ATR:	Average Time to Re-fixing is a measure of weighted average time until all the principal payments in the debt portfolio become 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 exists when a financial transaction is denominated in a currency other than that of the local currency of the Country.
TRR:	Means all tax and non-tax receipts to the Government including federal grants to the province but not including loans or grants received from other entities.
CRE:	Means the expenditure on goods and services for consumption or utilization in a financial year and may include employees related expense, 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.