



30th June 2023

DEBT BULLETIN & ANALYSIS REPORT

GOVERNMENT OF BALOCHISTAN



DEBT MANAGEMENT UNIT
(FINANCE DEPARTMENT)
Government of Balochistan

PREFACE

I am pleased to present the 7th Debt Analysis Report, Government of Balochistan, which aims to provide the public with a broad set of relevant information and statistics on the province's debt position along with movement during the financial year ended 30th June, 2023. The main objective of publishing Debt Report is to provide stakeholders with timely and comprehensive public debt information and data regarding both external and domestic debt position of the province, detailing the stock of public debt and its main features.

This report is portrayal of Government's commitment to transparency, accountability and access to information by the general public that is also emphasized under the Government of Balochistan Right to Information Act, 2021. It provides statistical data on Balochistan's public debt portfolio over the half year to assess and analyze the provincial debt in a microscopic way.

Timely reporting of accurate debt statistics is one of the key elements of effective Public Debt Management. In line with international good practices, the Finance Department compiles and publishes the public debt statistics on semi-annual basis with the following objectives;

- a) To provide accurate, comprehensive, consistent, reliable, timely and comparable debt statistics;
- b) To provide information about debt service payments; composition and structure of debts; risks linked with foreign exchange borrowings for management of sustainable economic growth;
- c) To disseminate debt statistics i.e., parameters of external and domestic debts to policy makers, the general public, government officials, international organizations, investors in debt securities and other stakeholders for research and informed decision making.

The bulletin is divided into several parts giving comprehensive information about the debt profile of the province through detailed data on the debt portfolio presented in statistical tables and charts; Debt Portfolio analysis for the period and debt sustainability and risks.

Above in view, I would like to appreciate the technical support provided by Debt Management Unit (DMU) to debt section (Finance Department) in the management of debts of the province including but not limited to reconciliation, portfolio analysis, risk analysis etc. This untiring efforts of the DMU have for reaching impact on the fiscal discipline of the province. Moreover, a copy of this report can also be easily accessed on www.finance.gob.pk

(BABAR KHAN)
SECRETARY FINANCE

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ABBREVIATIONS

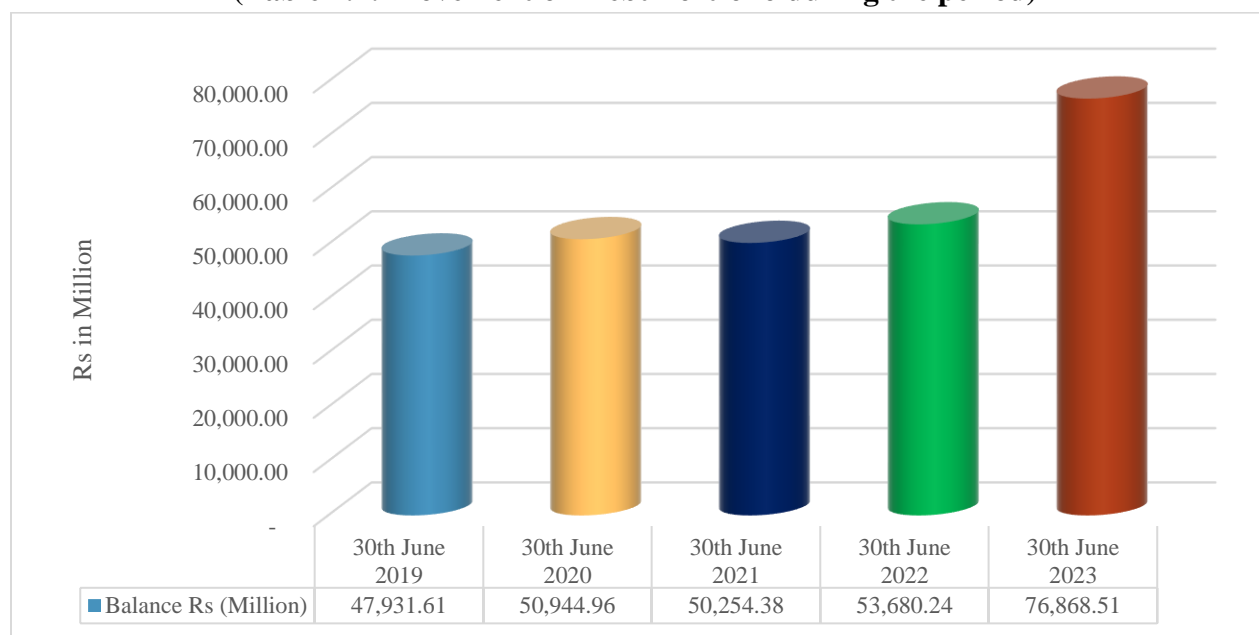
ADB	Asian Development Bank
ATM	Average Time to Maturity
ATR	Average Time to Re-fixing
BC	Base Currency
BHCP	Balochistan Human Capital Project
BIWRM&DP	Balochistan Integrated Water Resources Management & Development Project
CIDA	Canadian International Development Agency
CDL	Cash Development Loan
DMU	Debt Management Unit
DOD	Disbursed Outstanding Debt
EAD	Economic Affairs Division
FPA	Foreign Project Assistance
GDP	Gross Domestic Product
FG	Federal Government
FY	Financial Year
GLLSP	Gwadar Lasbela Livelihood Support Project
GoB	Government of Balochistan
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agriculture Development
JICA	Japan International Cooperation Agency
NEC	National Economic Council
NFC	National Finance Commission
PKR	Pak Rupees
PSDP	Public Sector Development Programme
SDR	Special Drawing Rights
WAPDA	Water and Power Development Authority
WRMP	Water Resource Management Project

1.INTRODUCTION

1.1 Debt portfolio of the province comprises of long term concessional external (foreign) and domestic debts. Foreign debts have been availed through Economic Affairs Division (EAD) from different multilateral and bilateral institutions by the Government of Balochistan (GoB) and these loans were transferred with same terms and conditions by relending (on-lent loans¹) mechanism to the province. These loans have been availed keeping in view the required economic growth of the province and filling of economic & social gap through development projects in the socio-economic sectors of the province. Apart from the major foreign currency portfolio, the province had also entered into a composite Cash Development Loan (CDL) arrangement with the Federal Government for the development of Right Bank Outfall Drainage in Naserabad Division by WAPDA.

1.2 The total debt profile of the province as on 30th June,2023 stands at 76,868.51 million with foreign debts comprising of 97.45% of the total debt portfolio. High level of foreign loans in debt profile of the province clearly indicates high degree of exposure to exchange rate risk. The debt balances of the provinces over the last few years are shown at **Table 1.1**:

(Table 1.1: Movement on Debt Portfolio during the period)

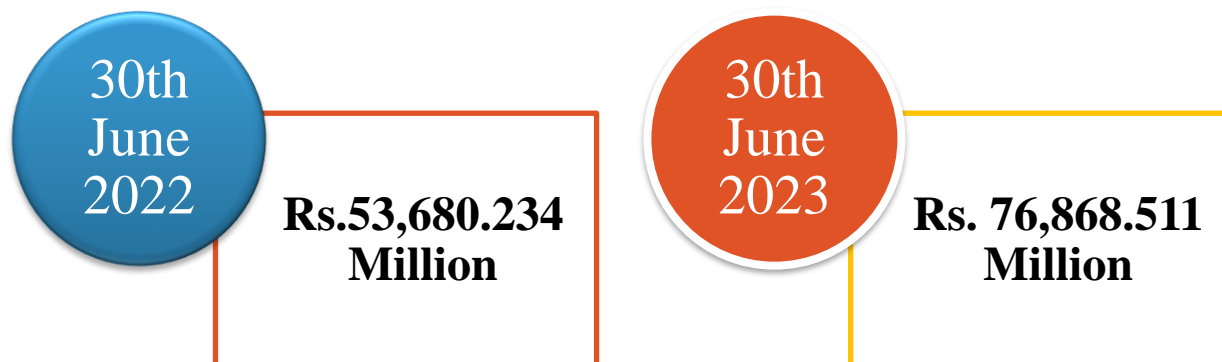


1.3 The above graph clearly indicates that there is upward trend in debt portfolio of the province over period of time mainly attributable to exchange rate parity fluctuation. The exchange rates used for compiling debt data on borrowing, debt servicing, disbursements, outstanding debts and debt projections are communicated by EAD/Finance Division, Government of Pakistan, to province for translation of base currencies into Pak Rupees.

¹ Foreign loans borrowed by EAD on behalf of provinces and then relent to the Provincial Governments on similar conditions

2. REVIEW OF DEBT PORTFOLIO OF THE PROVINCE

2.1 The outstanding balances of debt portfolio of the province including foreign and domestic debts as on 30th June, 2023 and June 30, 2022 are depicted as under for comparison;



2.2 It is clearly evident from the above-mentioned figures that there is an upward surge in the debt portfolio of the province. The debt profile has been increased by Rs. 23,188.277 million during the period from 30th June 2022 to 30th June, 2023. The impact of increase/decrease of each currency on the debt portfolio in Pakistan Rupees is shown at **Table 2.1**:

(Table 2.1: Movement on Debt Portfolio during the period)

Base Currency	<-----Rupees in Million----->			Growth /(Reduction) %
	30 th June 2023	30 th June 2022	Increase ▲ /Decrease ▼	
US Dollar	66,897.723	44,755.149	22,142.574 ▲	49.47%
Japanese Yen	6,988.194	6,179.409	808.785 ▲	13.09%
Canadian Dollar	10.071	11.079	(1.008) ▼	(9.10%)
Deutsche Mark	1,011.836	760.813	251.023 ▲	32.99%
Pak Rupees	1,960.687	1,973.784	(13.097) ▼	(0.66%)
Total	76,868.511	53,680.234	23,188.277	43.20%

2.3 **Table 2.1** clearly depicts that the loan portfolio of the province has been increased by substantial percentage of 43.20% as on 30th June, 2023. The increase is attributed due the effects of the following two factors;

- (a) Foreign Exchange Rate Fluctuation;
- (b) Net of disbursement/Repayment;

a) Foreign Exchange Rates Fluctuation;

2.4 The exchange rates parity of Pakistan Rupees to borrowing currencies are communicated to the province by EAD/Finance Division each year and loan portfolio is adjusted accordingly. Moreover, the majority debts (IDA and IBRD) of the Government of Balochistan have been contracted in SDRs (Special Drawing Rights) due to favorable terms and conditions in the form of service rate (interest rate), Commitment charges and maturity profile (ranging from 20 years

to 40 years with grace period of 5 years to 10 years). Whereas according to financing agreements, repayment will be made in US \$ due to which at the time of repayments the SDRs have to be converted into US \$ and the balances are adjusted accordingly. The effect of change in exchange rate is shown below at **Table 2.2**:

(Table 2.2: Exchange Rate Effect)

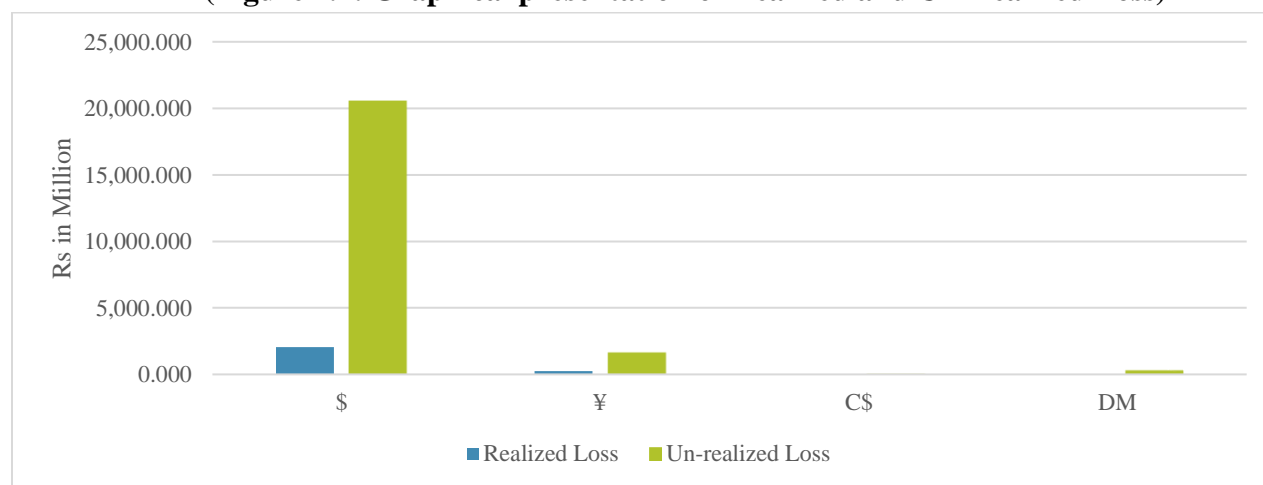
Description	\$	¥	DM	C\$
Exchange Rate PKR to BC 2022-23	249.000	1.775	136.366	183.115
Exchange Rate PKR to BC 2021-22	175.000	1.360	93.214	134.295
Exchange Rate Difference per BC	74.000	0.415	43.152	48.820
Exchange Rate Effect	42.29%	30.51%	46.29%	36.35%

2.5 Above **Table 2.2** shows that Pakistan Rupees has substantially depreciated against all borrowing currencies during the financial year resulting in overall foreign loss. In monetary terms, currency wise forex realized and unrealized loss/gain is shown in **Table 2.3** with graphical presentation at **Figure 2.1**:

(Table 2.3: Realized and Un-realized loss/gain)

Base Currency	Amounts in Million (Rupees)		
	Realized Loss	Un-Realized Loss	Total Loss
US Dollar (\$)	2,039.715	20,494.472	22,534.186
Japanese Yen ¥	251.769	1,633.859	1,885.628
Canadian Dollar (C\$)	1.343	2.685	4.028
Deutsche Mark (DM)	32.019	320.188	352.207
Total	2,324.846	22,451.204	24,776.049

(Figure 2.1: Graphical presentation of Realized and Un-Realized Loss)



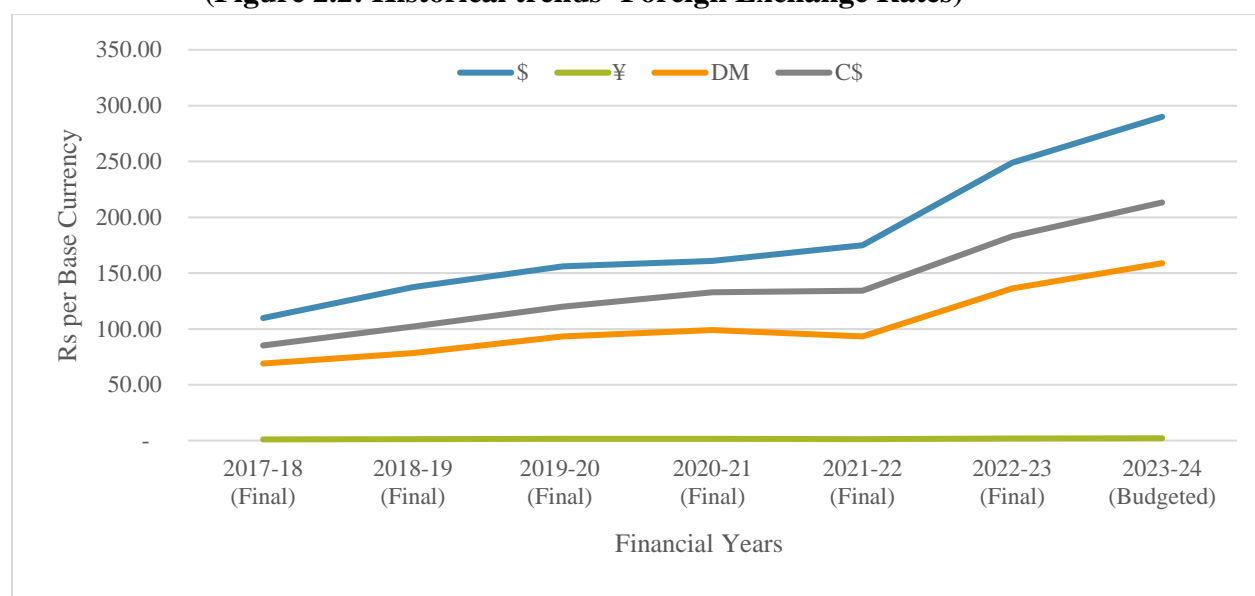
2.6 The historical trends of depreciation in Pakistan Rupees against the borrowing currencies shows a consistent and continuous depreciation of Pakistan Rupees resulting in accumulation of debt portfolio in monetary terms. There is quite uncertainty to predict the volatility of Pak Rupees as it highly depends on factors such as foreign currency inflows in the country, reduction

in trade deficit etc. Budgeted rates for Fiscal Year 2023-24 and historical rates for the previous 06 years communicated by the Economic Affair Division with graphical presentation are given below in **Table 2.4** and **Figure 2.2**.

(Table 2.4: Historical Trends in Base Currencies to Pak Rupees)

Borrowing Currencies	\$	¥	DM	C\$
2023-24 (Budgeted)	290.00	2.07	158.85	213.27
2022-23 (Final)	249.00	1.78	136.37	183.11
2021-22 (Final)	175.00	1.36	93.21	134.29
2020-21 (Final)	161.00	1.47	99.09	132.71
2019-20 (Final)	156.00	1.55	93.30	119.97
2018-19 (Final)	137.50	1.23	78.30	102.12
2017-18 (Final)	109.75	1.03	69.01	85.19

(Figure 2.2: Historical trends -Foreign Exchange Rates)



2.7 **Figure 2.2** shows that there is steep upward trend in base currencies against Pakistan Rupees from FY 2021-22 to FY 2023-24 resulting in massive increase in debt portfolio. During the last four years, growth was noticed in borrowing currencies against Pakistan Rupees. The average growth in borrowing currencies against PKR is shown below at **Table 2.5**:

(Table 2.5: Average growth in Base Currencies to Pak Rupees)

Base Currency	\$	¥	DM	C\$
Average Growth Rate	22.73%	14.66%	18.56%	21.08%

b) Net of Disbursement and Repayment;

2.8 Another attribute of movement on debt portfolio is that of disbursement (receipts) and repayment effect. During the period, the Government paid installments related to various closed

loan as per the financing agreement & amortization schedule and received disbursement from existing ongoing loans. The effect of disbursement and repayments is shown in **Table 2.6** below;

(Table 2.6: Disbursement and Repayment Effect)

Description	Amount In Million (Base Currencies)				
	\$	¥	C\$	DM	Rs
Opening Balances as on 1 st July 2022	255.744	4,543.683	0.083	8.162	1,973.784
Disbursements from July-June 2022	40.486	0.000	0.000	0.000	0.000
Repayments from July-June 2022	27.564	606.672	0.028	0.742	13.097
Closing Balances as on 30 th June 2022	268.666	3,937.011	0.055	7.420	1,960.687
Disbursement and Repayment % age change	5.05	(13.35)	(33.73)	(9.09)	(0.66)

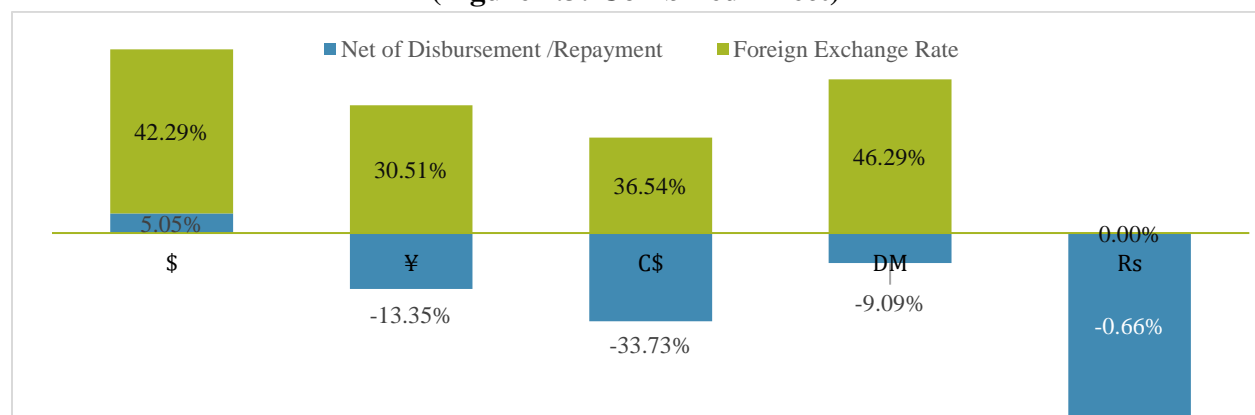
2.9 The disbursement includes Capitalization of interest amounting of US \$ 0.218 million & US \$ 0.152 million on account of Balochistan Water Resources Development Sector Project. The disbursement also includes direct payment of \$ 0.037million made by Project Management Unit of Balochistan Integrated Water Resources Development Project during the year.

2.10 **Table 2.1** shows that the loan profile has decreased due to disbursement and repayment effect except US \$, however, exchange rate movement in borrowing currencies was so massive in magnitude that it even washed way the impact of it from the debt portfolio. The combined effect of foreign exchange rate and repayments/disbursements are shown below at **Table 2.7 & Figure 2.3** below:

(Table 2.7: Combined Effect from Table 2.2 & Table 2.4)

Description	\$	¥	C\$	DM	Rs
Net of Disbursement /Repayment	5.05%	(13.35) %	(33.73) %	(9.09) %	(0.66) %
Foreign Exchange Rate	42.29%	30.51%	36.35%	42.29%	0.00%
Combined Effect	49.48%	13.09 %	(9.10) %	32.99%	(0.66) %

(Figure 2.3: Combined Effect)



2.11 Based on the information provided in the above-mentioned graph, it can be ascertained that the increase in debt portfolio was mainly due upward movement in borrowing currencies and inflows in dollar toward the province. Moreover, the effect of CDL loan is only due to repayment made during the period. As no foreign currency was involved in CDL loan, therefore there was only repayment effect.

3.DEBT PORTFOLIO BY LENDERS

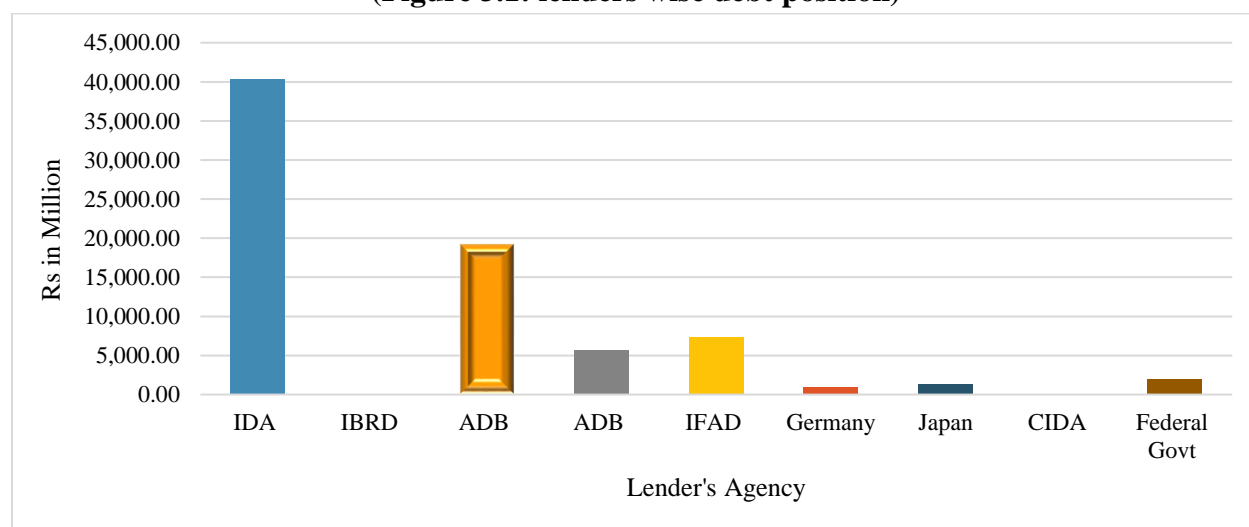
3.1 Provinces avail external loans, through Economic Affairs Division, Government of Pakistan from various International Agencies including IDA (International Development Association), IBRD (International Bank for Reconstruction and Development), ADB (Asian Development Bank), IFAD (International Fund for Agriculture Development), CIDA (Canadian International Development Agency), Germany and Japan. An agency wise break up of outstanding loan balances as on 30th June 2023 in PKR terms is shown in the **Table 3.1 & Figure 3.1** below:

(Table 3.1: lenders wise debt position)

(In Million)

Agency	Outstanding debts as on 30 th June 2023 ²	Outstanding debts as on 30 th June 2023	Percentage (%)
IDA	\$ 161.853	Rs.40,301.392	52.43%
IBRD	\$ 0.279	Rs.69.471	0.09%
ADB	\$ 77.013	Rs.19,176.328	24.95%
ADB	¥ 3,172.723	Rs.5,631.583	7.33%
IFAD	\$ 29.520	Rs.7,350.532	9.56%
Germany	DM 7.420	Rs.1,011.836	1.32%
Japan	¥ 764.288	Rs.1,356.611	1.76%
CIDA	C\$ 0.069	Rs.10.071	0.01%
Federal Govt through WAPDA	Rs 1,960.687	Rs 1,960.687	2.55%
Total		Rs 76,868.511	100%

(Figure 3.1: lenders wise debt position)

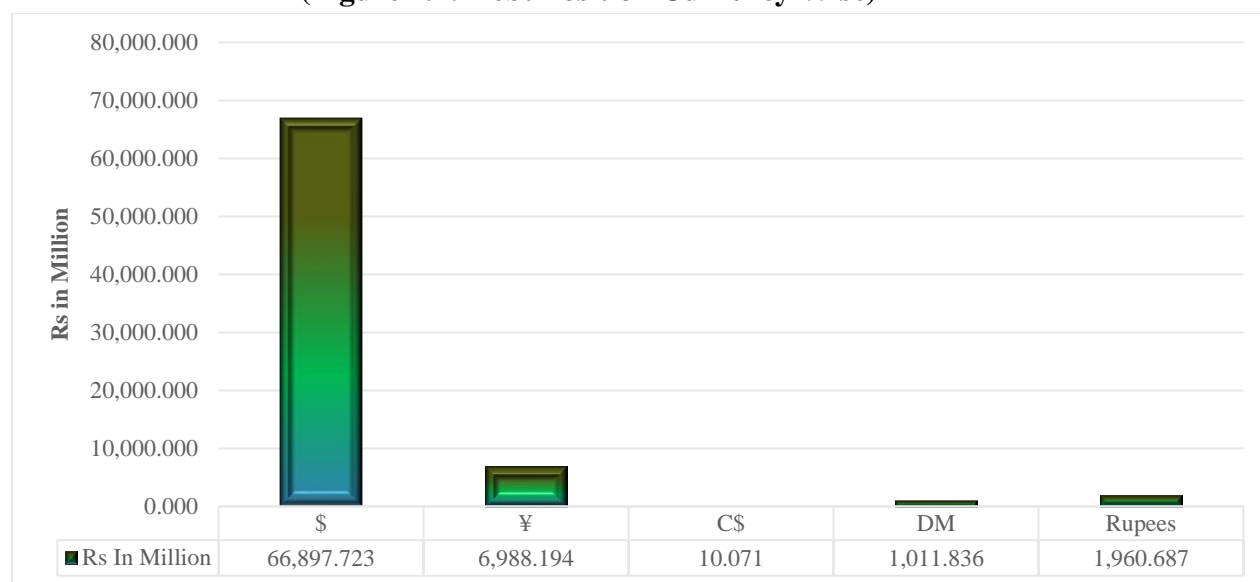


² Balances are reconciled with EAD in the month of Feb, 2023

4. DEBT POSITION BY CURRENCY COMPOSITION

4.1 Loans portfolio consist of multiple currencies including US Dollars, Canadian Dollar, Deutsche Mark, Japanese Yen and Pakistan Rupees. In case of foreign debts, the decision of loan currency is taken by EAD keeping in view the economy of loans in terms of interest rate and currency. US \$ loans account for 87.03% of the loan portfolio while Japanese Yen and Deutsche Mark loans accounted for 9.09 % and 1.32% respectively. Currency wise debt portfolio composition of the province as on 30th June 2023 is shown in **Figure 4.1** below.

(Figure 4.1: Debt Position Currency Wise)



5. DEBT PORTFOLIO BY INTEREST TYPE

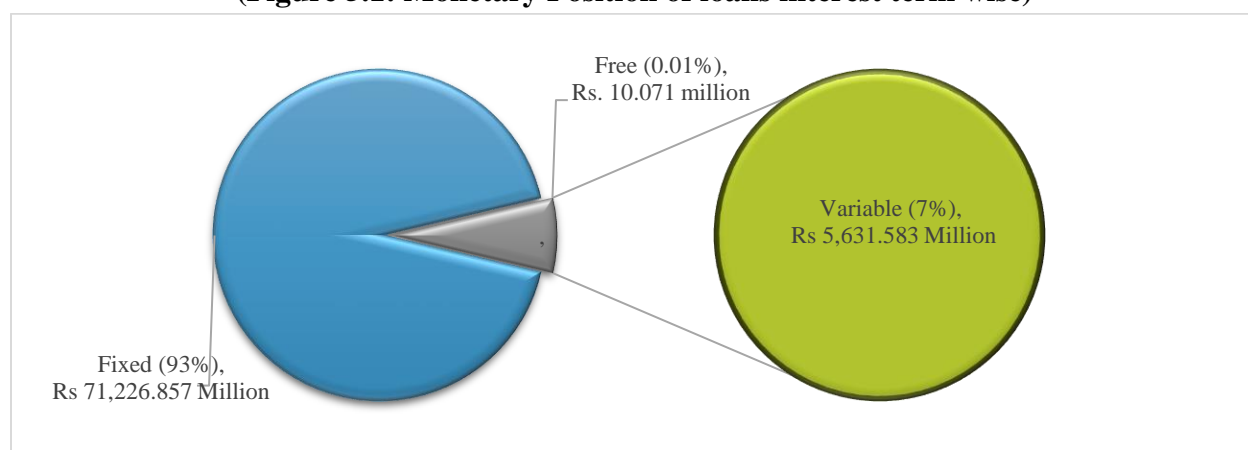
5.1 The loan availed have been taken on floating, fixed and interest free rate wherein, in terms of value, fixed interest rate loans are 93%, variable interest rate loan is 7% and interest free loan is 0.01% of debt portfolio of the province. The terms of loans are given in **Table 5.1** below;

(Table 5.1: Terms of Loan portfolio)

Lenders	Loan by interest type	Interest/Service charges Rate	No of Loans
IDA & IBRD	Fixed	0.75%-2%	34
ADB	Fixed	1%-2%	26
ADB	Floating	LIBOR+0.6%	01
IFAD	Fixed	0.75%	03
Germany	Fixed	0.75%	01
Japan	Fixed	2.30%	01
CIDA	Interest Free	0%	01
Federal Govt	Fixed	6.62%-11.79%	01
	Total		68

5.2 The breakup of fixed, floating and interest free loan in monetary terms is given at **Figure 5.1** through a pie chart;

(Figure 5.1: Monetary Position of loans interest term wise)



6.DEBT PORTFOLIO BY STATUS

6.1 The status of loan explains whether it is a closed loan or active loan. Closed loans are those where disbursements have been completed and repayments of principal amounts of loans are in process as per repayment schedule while active loans are those where disbursements are still being received or will start in the ongoing fiscal year. The status of active loans is given at **Table 6.1** as under:

(Table 6.1: Status of Active Loans)

Name of Project	Lending Agency	Committed Amount (Millions)	Estimated Disbursements FY 2022-23 (Rs. Million)	Disbursement Up to 30th June 2023 (Rs. Million)
National Immunization Support Project (NISP)	IDA	SDR 2.172	0.000	488.426
Balochistan Integrated Water Resources Management and Development Project (BIWRM &DP)	IDA	SDR 77.557*	4,899.700	13,400.357
Balochistan Water Resources Development Sector Project (BWRDSP)	ADB	\$100.000	3,813.000	7,257.308
Balochistan Human Capital Investment Project (BHCIP)	IDA	SDR 15.400	2,000.620	1,977.509
Balochistan Livelihoods and Entrepreneurship Project (BLEP)	IDA	SDR 14.800	0.000	872.526
Gwadar Lasbela Livelihood Support Project II (GLLSP)	IFAD	\$ 60.155	1,837.340	1,493.993
Actions to strengthen performance for inclusive and responsive education	IDA	\$ 200.000	50.000	0.000
		Total	12,600.66	25,490.118

*The committed value in SDR for this project was revised from SDR 142.600 million to SDR 77.557 million after cancellation of SDR 65.043 million.

6.2 From disbursement point of view, Debt portfolio of province consists of 68 loans in number in which five (6) loans are active and 62 have been closed. However, as shown above, loan of Actions to Strengthen Performance for Inclusive and Responsive Education have zero disbursement as on 30th June, 2023 and therefore are not shown in the loan portfolio. Active loans are from lenders IFAD, IDA and ADB. Outstanding balances from active loans are 33.16% and closed 66.84% of the debt profile of the province.



7. SECTOR WISE OUTSTANDING DEBTS

7.1 The loans obtained by the Government of Balochistan over the years are for support of projects reflected in the Provincial Public Sector Development Programmed (PSDP) as Foreign Project Assistance (FPA) based on the respective needs of the sectors. Sector wise outstanding balances as on 30th June, 2023 are as follows in **Table 7.1**;

(Table 7.1: Sector wise debt position)

S. No	Description	No of Loans	DOD as on 30th June 2023 (Rs Million)	% Of Outstanding Amount
01	Agricultural	05	7,118.308	9.26%
02	Communication & Works	06	8,286.022	10.78%
03	Education	13	15,182.198	19.75%
04	Energy	01	103.429	0.13%
05	Finance Department	01	2,376.055	3.09%
06	Governance, Research & Statistics	02	99.047	0.13%
07	Health	06	1,870.900	2.43%
08	Industries	02	38.620	0.05%
09	Irrigation	10	23,533.622	30.62%
10	Livestock	01	47.723	0.06%

11	Others	06	3,871.670	5.04%
12	Rural development & poverty reduction	02	7,322.950	9.53%
13	Social Welfare	04	2,861.839	3.72%
14	Water	09	4,156.126	5.41%
Total		68	76,868.511	100%

8.ACTUAL DISBURSEMENT FROM ACTIVE LOANS

8.1 During the period ended 30th June,2023 Rs 10,087.271 million equivalent to US \$ 18.353 million have been disbursed on account of active loans from IDA and ADB. Project wise monthly and total disbursements from active loans during the period ended 30th June 2023 are shown below at **Table 8.1** with graphical presentation at **Figure 8.1**:

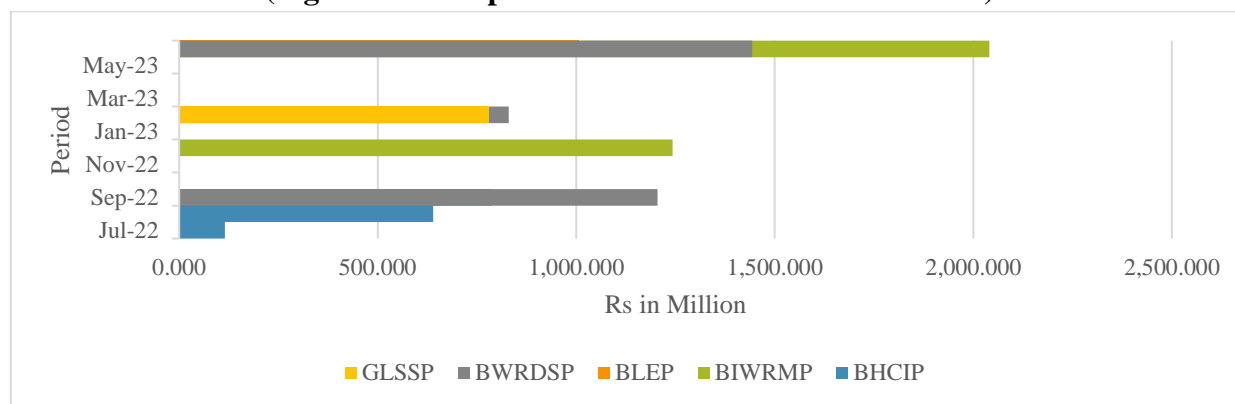
(Table 8.1: Disbursement from active loans)

Loan / Project Name	Agency	<-----PKR in Million----->						
		July 2022	August 2022	Sept 2022	Dec 2022	Feb 2023	June 2023	Total
BIWRMP	IDA	-	-	-	1,242	-	2,040	3,282
BWRDSP	ADB	-	-	1,204	-	830	1,443	3,477
BHCIP	IDA	115	640	787	-	-	-	1,542
BLEP	IDA	-	-	-	-	-	1,006	1,006
GLLSP	IFAD	-	-	-	-	780.	-	780
Total		115	640	1,991	1,242	1,610	4,489	10,087

*Abbreviation used above are shown in abbreviations table and the amount are rounded off to nearest thousand.

8.2 Moreover, interest capitalized amounting to US \$ 151,754 & US \$ 0.218 million on account of Balochistan Water Resources Development Sector Project is not reflected in the above disbursement. Moreover, direct payment of \$ 0.037million were made by Project Management Unit of Balochistan Integrated Water Resources Development Project during the year. The effect of direct payment is also not included in the above disbursement.

(Figure 8.1: Graphical Presentation of Disbursement)



9.REPAYMENT OF PRINCIPAL & INTEREST

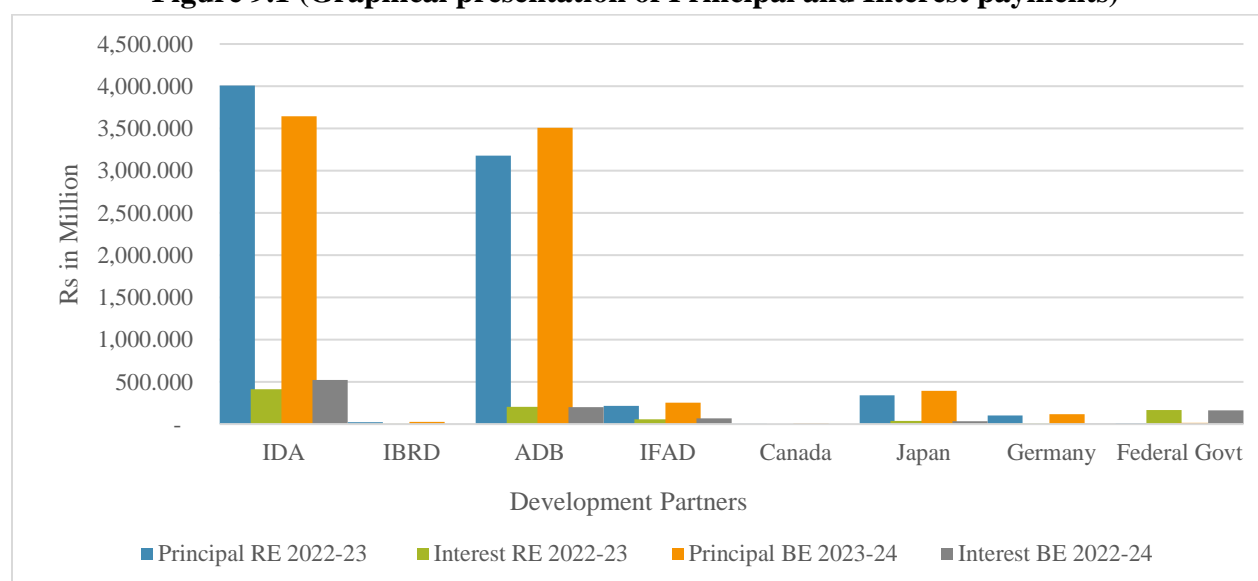
9.1 Repayment amount consists of repayment of principal and interest cost on outstanding amount according to the rates and repayment schedule agreed upon at the time of loan agreement. The amortization schedule is revised at the close of project according to the amount actually disbursed and adjusted each year according to the currency fluctuations. The foreign exchange loss/gain arising due to currency fluctuation is adjusted into the debt balances in the form of realized loss/gain. Payment of fiscal year 2022-23 and budget estimates of fiscal year 2023-24 is shown below at **Table 9.1** and **Figure 9.1**:

(Table 9.1: Debt Servicing Budgeted and Actual)

Development Partner	Payments Rupees in Million			
	Principal	Interest	Principal	Interest
	Revised Estimates 2022-23		Budget Estimates 2023-24	
IDA	4,009.358	414.134	3,645.048	522.569
IBRD	23.157	0.651	26.970	0.556
ADB	3,177.745	203.475	3,507.276	199.241
IFAD	216.340	58.605	251.962	68.434
Canada	5.036	-	5.865	-
Japan	339.153	37.052	394.946	34.064
Germany	101.184	8.158	117.868	8.619
Federal Govt	13.097	167.135	14.555	164.366
Total	7,885.069	889.211	7,964.489	997.849

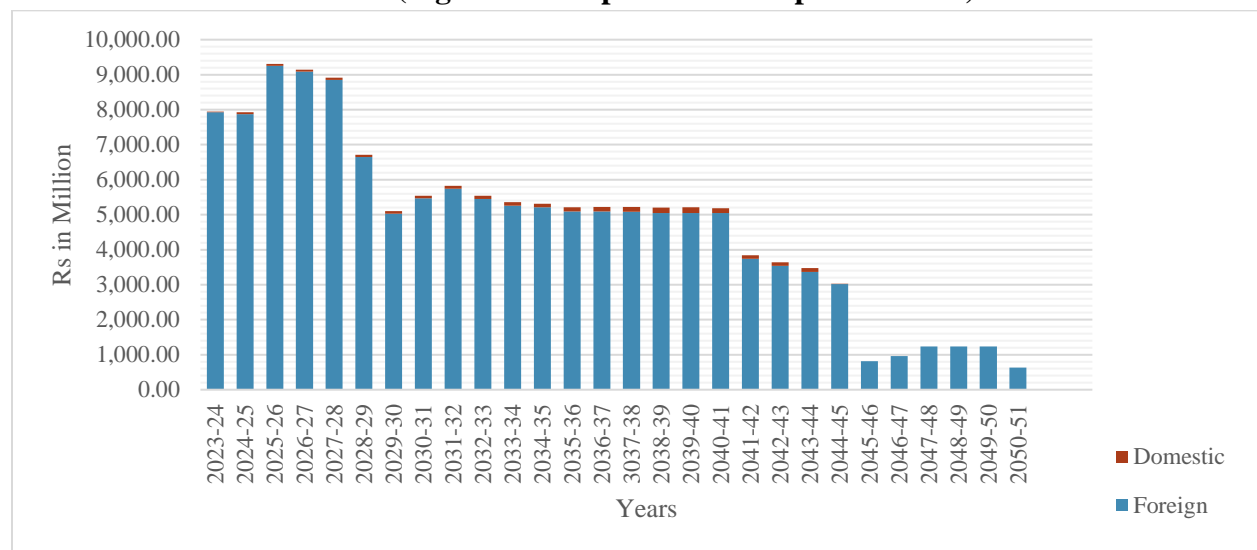
During the year 2023-23, an adjustment of Rs.412.569 million was made in principal repayment of IDA loan 5885. Furthermore, IDA loan No 1888 also matured during the year with half yearly installment of \$ 75,718.

Figure 9.1 (Graphical presentation of Principal and Interest payments)



9.2 Expected Redemption Profile; Redemption profile is of existing outstanding loans and expected disbursement from active loans over the agreed time period. The exchange rates communicated by EAD for the budget year 2023-24 have been used for conversion of debt portfolio in Pak Rupees. This redemption profile is based on existing stock; however, it is subject to change with the addition of new loans and change in exchange rate. A graphical presentation of redemption profile is shown below at **Figure 9.2:**

(Figure 9.2: Expected Redemption Profile)



In redemption profile, it is assumed that full committed loan of active loans will be distributed and repayments of committed amount will be made as per financing agreement.

10.DEBT SUSTAINABILITY

10.1 Debt sustainability analysis is important because it gives the province a medium to long-term perspective of its debt burden. Maintaining Debt at a sustainable level means that the volume of debt service doesn't affect recurrent and development expenditure and the debt to provincial revenue is low over time. Debt sustainability can be assessed through indicators, as these are basically used to measure the indebtedness level of a Province. Commonly known are solvency/vulnerability (debt bearing capacity) and liquidity/fiscal indicators (debt servicing capacity). A period wise comparison between different indicators is shown at **Table 10.1** below:

(Table 10.1: Debt sustainability indicators)

Indicators	Description	2022-23	2023-24
Solvency/Vulnerability Indicators³	Outstanding debts to the budgeted federal transfer	13.47%	14.76%
	Outstanding debts to the budgeted provincial own receipts (Tax and Non-	51.92%	68.67%

³ For Solvency indicators Budgeted Federal Transfer and Budget own Revenue are for whole year and are taken from ABS-2023-24.

	Tax Receipts		
Liquidity/Fiscal⁴ Indicators	Principal Repayment to Revenue Expenditure (Revised Estimates)	1.53%	2.24%
	Principal Repayment to Revenue Receipt (Revised Estimates)	1.04%	1.64%
	Interest payment to Revenue Expenditure (Revised Estimates)	0.21%	0.25%
	Interest payment to Revenue Receipt (Revised Estimates)	0.14%	0.19%

10.2 As shown in **Table 10.1**, outstanding debts to budgeted provincial own receipts have been increased by 32.26% when compared to 30th June 2023. This is because of the fact that growth in provincial receipts is only 8.26% while growth in debts is 43.20% attributed mainly to Exchange Rate fluctuations.

11.RISK ANALYSIS OF DEBT PORTFOLIO

11.1 A number of indicators are used to monitor and control risks associated with government debt. The challenges are to achieve a debt structure that balances the cost with an appropriate level of risk. Risk indicators measure the exposure of debt stock to maturity. Interest rate and currency risk act as a guideline to devise future borrowing strategies. Risk indicators are shown at **Table 11.1**:

(Table 11.1: Risk indicators)

Factors	Risk Indicators	30th June 2023
Cost of Debt (Range)	Fixed Rate Debts (Foreign)	2.30%-0.75%
	Variable Rate Debts (Foreign)	LIBOR+0.6%
	Domestic Debts	6.62%-11.79%
Refinancing Risk	Debt Maturing in 1 year (% of total)-Foreign Debts	0.14%
	Debt Maturing in 1 year (% of total)-Domestic Debt	0.00%
	Average Time to Maturity ⁵ (ATM) Foreign Debts-Years	10.81 Years
	Average Time to Maturity (ATM)-Domestic Debts -Years	13.02 Years
Interest Rate Risk	Fixed rate debt (% of total)	92.66%
	Debt Re-fixing in 1 Year (% of total)	2.43%
	Average Time to Re-fixing ⁶ (ATR) Years	10.68 Years
Foreign Exchange Risk	Foreign Currency Debt as % of Total Debt	97.45%

⁴ For Liquidity indicators Revenue Receipts & Revenue Expenditures are based on Revised Estimates for the FY 2022-23 are taken for ABS 2023-24.

⁵A measure of weighted average time to maturity of all principal repayments in the portfolio. ATM measures the average length of time it takes for all debt instruments to mature. A longer ATM implies lower refinancing risk and vice versa.

⁶A measure of weighted average time until all principal repayments in the portfolio become subject to a new interest rate. The longer the period, the longer the interest rate risk exposure.

11.2 Re-Financing/Roll-Over Risk; Refinancing/Rollover Risks refer to the risk of having to refinance/roll-over retiring portion of the debt at a higher interest rate. The Debt Maturing in a year and the Average Time to Maturity (ATM) are indicators used to measure this risk. ATM shows the average time to maturity of all the principal repayments in the debt portfolio. Higher portion of debt maturing in a year and shorter ATM imply higher risk exposure and vice versa. ATM of the Balochistan loan portfolio is in good shape of 10.81 & 13.02 years for foreign and domestic debts respectively. This is due to concessional loan portfolio with low interest rate and high maturity period. The above mention data shows that the loan portfolio exposure to refinancing risk is low.

11.3 Interest Rate Risk; The Interest Rate Risk refers to the exposure of debt portfolio to changes in interest rate. Fixed Rate Debts in the total loan portfolio, Debt Re-Fixing in a year and Average Time to Re-Fixing (ATR) are indicators used to measure this risk. The Average Time to Re-fixing (ATR) shows the weighted average time that the loan portfolio will be exposed to change in interest rates. Low ATR and high portion of debt re-fixing in a year indicates high interest rate risk. ATR of Balochistan loan portfolio is 10.68 years which is quite high and on safe side. Furthermore, the other two indicators that is Debt Re-fixing in a year and fixed rate debts are also quite on safe side. Therefore, portfolio exposure to interest rate risk is very low.

Interest Rate Risk of domestic debts are zero as entire domestic debts are of fixed interest rates.

11.4 Foreign Exchange Risk; Only foreign debts in the debt portfolio are exposed to exchange rate risk. As 97.45% of the debt portfolio consist of foreign debts that is why, foreign exchange risk for Balochistan is at the higher side. Moreover, the abrupt depreciation of Pak Rupees against foreign currencies, has a huge impact on the outstanding loan balances and interest payments in PKR terms.

(THE END)