

Quarterly Debt Position

3rd Quarter of FY 2080/81 (FY 2023/24)

As on 30 Chaitra 2080 (April 12, 2024)



Government of Nepal
Ministry of Finance
Public Debt Management Office
Tripureshwor, Kathmandu

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Abbreviations

ADB	:	Asian Development Bank
AIIB	:	Asian Infrastructure Investment Bank
CCY	:	Commitment Currency
CNY	:	Chinese Yuan Renminbi
DKK	:	Danish Kroner
EBK	:	EXIM Bank Korea
EBLCI	:	EXIM Bank Line of Credit INDIA
EEC	:	European Economic Council
EIB	:	European Investment Bank
EIBC	:	Export-Import Bank of CHINA
EUR	:	Euro
EXIM Bank	:	Export Import Bank
GBP	:	Pound sterling (Great Britain Pound)
GDP	:	Gross Domestic Product
GoN	:	Government of Nepal
IDA	:	International Development Association
IFAD	:	International Fund for Agricultural Development
IMF	:	International Monetary Fund
JICA	:	Japan International Cooperation Agency
JPY	:	Japanese Yen
KRW	:	South Korean won
KWD	:	Kuwaiti dinar
NBF	:	Natixis Bank France
NDF	:	Nordic Development Fund
NPR	:	Nepalese Rupees
OFID	:	OPEC Fund For International Development
OPEC	:	Organization of the Petroleum Exporting Countries
SAR	:	Saudi Arabian Riyal
SDR	:	Special Drawing Rights
USD	:	US Dollar
FY	:	Fiscal Year
GDP	:	Gross Domestic Procduct

**Quarterly Debt Position of
Government of Nepal (GoN)
[3rd Quarter of FY 2080/81 (FY 2023/24)
As on 2080 Chaitra 30 (April 12, 2024)**

1. Highlights

- After the approval of Public Debt Management Regulations on March 14, 2024, all the functions relating to domestic debt have been transferred to PDMO from Nepal Rastra Bank. Accordingly, domestic debt data has been successfully migrated to the DOMS live server, and the Investor Portal has been upgraded to support the issuance of Citizen Saving Bonds and Foreign Employment Saving Bonds with live data.
- In this quarter, treasury bills amounting to NPR 196.13 billion have been rolled over, and an additional NPR 15 billion has been newly issued. Treasury bond amounting NPR 32.69 billion has been issued during the period.

2. Debt Position

The total outstanding debt of Government of Nepal has reached to NPR 2,378.39 billion at the end of the 3rd quarter of F/Y 2080/81 (April 12, 2024). Out of total amount, external debt was NPR 1,198.91 billion (50.41%) and domestic debt was NPR 1,179.48 billion (49.59%).

Total outstanding debt has decreased by NPR 5.37 billion (0.23%) consisting of increase in external debt by NPR 13.18 billion (1.11%) & decrease in domestic debt by NPR 18.56 (1.55%) in comparison of preceding quarter as shown in the Table 1 and Figure 1.

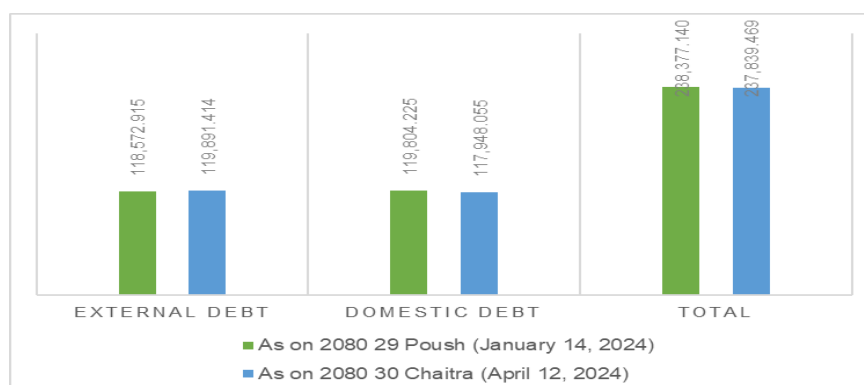
Table 1
Debt Position: Total Outstanding Debt
As on 2080 Chaitra 30 (April 12, 2024)

(NPR in 10 millions)

Debt	As on 2080 29 Poush (January 14, 2024)	Transactions during the Quarter (Net)	As on 2080 30 Chaitra (April 12, 2024)	Change Percentage
External Debt	118,572.915	1,318.498	119,891.414	1.11%
Domestic Debt	119,804.225	(1,856.170)	117,948.055	-1.55%
Total	238,377.140	(537.672)	237,839.469	-0.23%

*Domestic Debt includes IMF Bond.

Figure 1
Debt Position: Total Outstanding Debt



During this quarter, disbursement and amortization of debt amounts to NPR. 66.56 billion and NPR 75.15 billion respectively. Others include fluctuation in exchange rate has resulted in exchange loss of NPR 3.21 billion during this quarter. Equivalent USD outstanding position can be found in Annex 1.

Table 1.1
Transactions during the Quarter
for the period 2080 Magh to 2080 Chaitra
(for the period 2024 January 15 to 2024 April 12)

(NPR in 10 millions)

Debt	Disbursement (A)	Amortization (B)	Others (Exchange gain/(loss)) (C)	Net transaction D = A-B-C
External Debt	1,887.086	890.357	(321.769)	1,318.498
Domestic Debt	4,769.000	6,625.171	-	(1,856.171)
Total	6,656.086	7,515.527	(321.769)	(537.672)

Note:

Exchange rate for the 14 January, 2024 was \$1= NPR 132.38 and for the 12 April, 2024 is \$1= NPR 132.80. Exchange rate for the 14 January, 2024 was 1 SDR = NPR 176.86 and for the 12 April, 2024 is 1 SDR = NPR 174.76. Similarly, corresponding effect on exchange rate in other remaining commitment currencies are also to be considered. (Exchange rate source: www.nrb.gov.np)

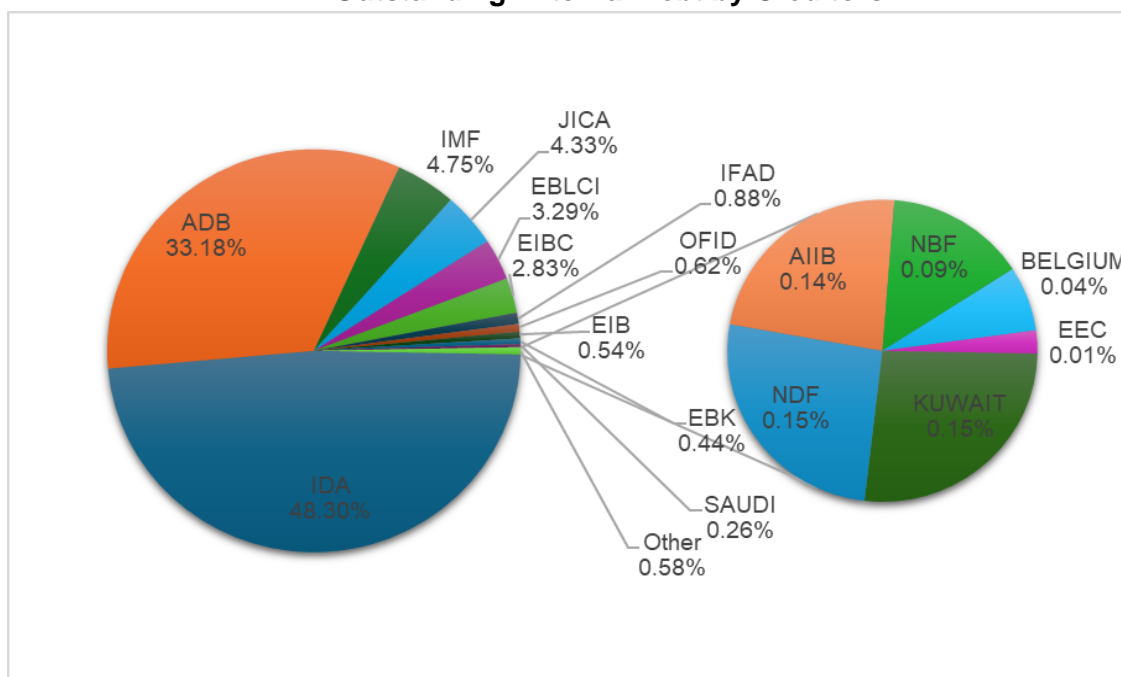
3. External Debt

As of April 12, 2024 external debt amounts to NPR 1,198.91 billion, of which 11.43% belongs to bilateral creditors and 88.57% belongs to multilateral creditors. EXIM loans are also treated as bilateral.

I. External Debt Stock by Creditors

Figure 2 shows the external debt outstanding by the creditor as of April 12, 2024:

Figure 2
Outstanding External Debt by Creditors

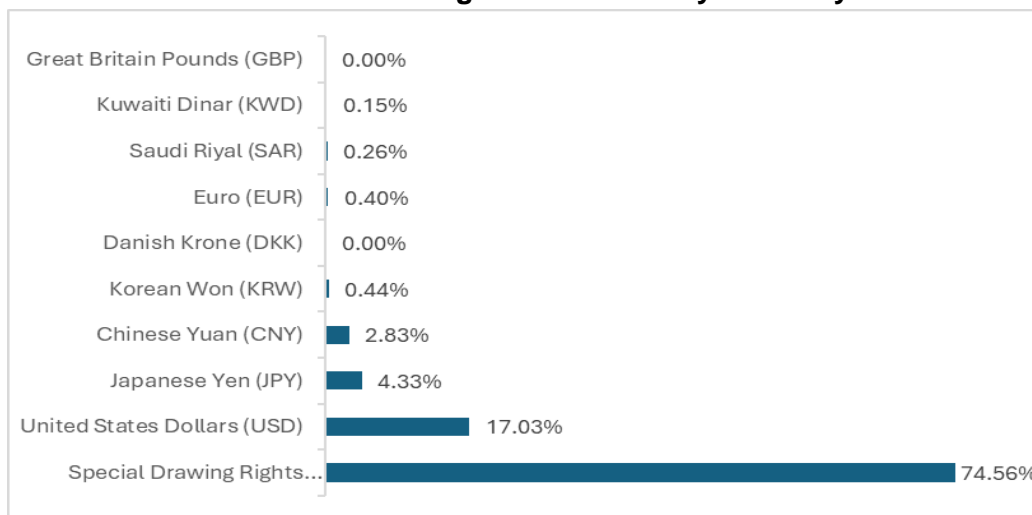


The International Development Association (IDA) has the largest share of outstanding external debt (48.30%), followed by the Asian Development Bank (ADB) (33.18%), IMF (4.75%), JICA (4.33%), Exim Bank of India (3.29%), Exim Bank of China (2.83%) and Others- IFAD, OFID, EIB, EBK, Saudi, Kuwait, NDF, AIIB, NBF, Belgium, EEC (3.31%).

II. External Debt Stock by Currency

Figure 3 depicts the details of the outstanding external debt by currency:

Figure 3
Outstanding External Debt by Currency



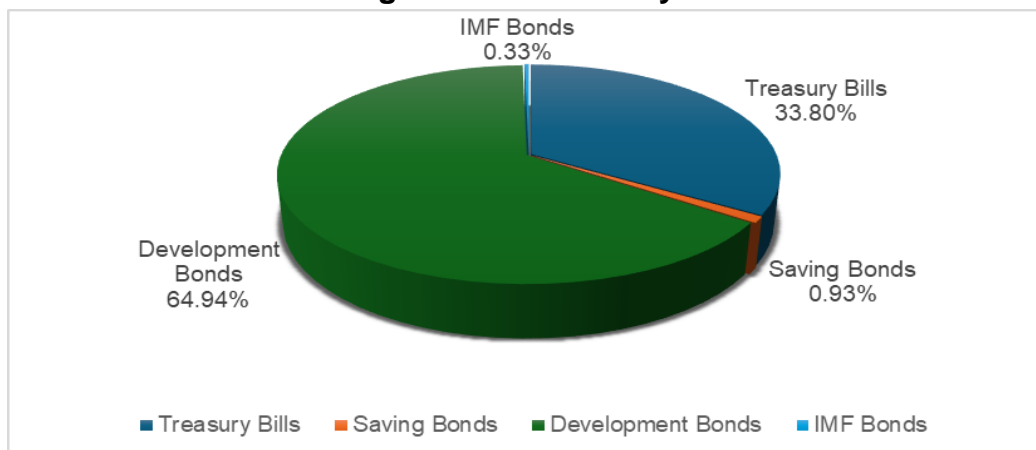
As of April 12, 2024, 74.56% of the total external debt was held in SDR (Special Drawing Rights) followed by 17.03% USD (United States Dollar), 4.33% JPY (Japanese Yen) and 2.83% CNY (Chinese Yuan). The remaining other currencies (KRW, DKK, EUR, SAR, KWD, GBP) hold 1.25% of the total external debt outstanding.

4. Domestic Debt

Total outstanding domestic debt amounts to NPR 1,179.48 billion, which comprises of treasury bills, and treasury bond (development bonds, national saving bonds) and IMF bond.

Figure 4 describes the composition of existing outstanding domestic debt of the GoN as on April 12, 2024.

Figure 4
Outstanding Domestic Debt by Instrument



T-bills accounts for 33.80% of the total outstanding domestic debt. Development bonds represent 64.94% of the outstanding domestic debt. Similarly, saving bonds & IMF bond represent 0.93% and 0.33% of total outstanding domestic debt.

5. Debt to GDP Ratio

At the end of 3rd quarter of FY 2080/81, the total debt to GDP ratio was 41.69% with external debt accounting for 21.02% and domestic debt for 20.68%. Comparatively, the debt to GDP ratio was 44.30% consisting of 22.03% on external debt and 22.26% on domestic debt at the end of 2nd quarter of FY 2080/81 (January 14, 2024). The new estimation of GDP for FY 2080/81 (2023/24) has impacted the ratio for the current quarter.

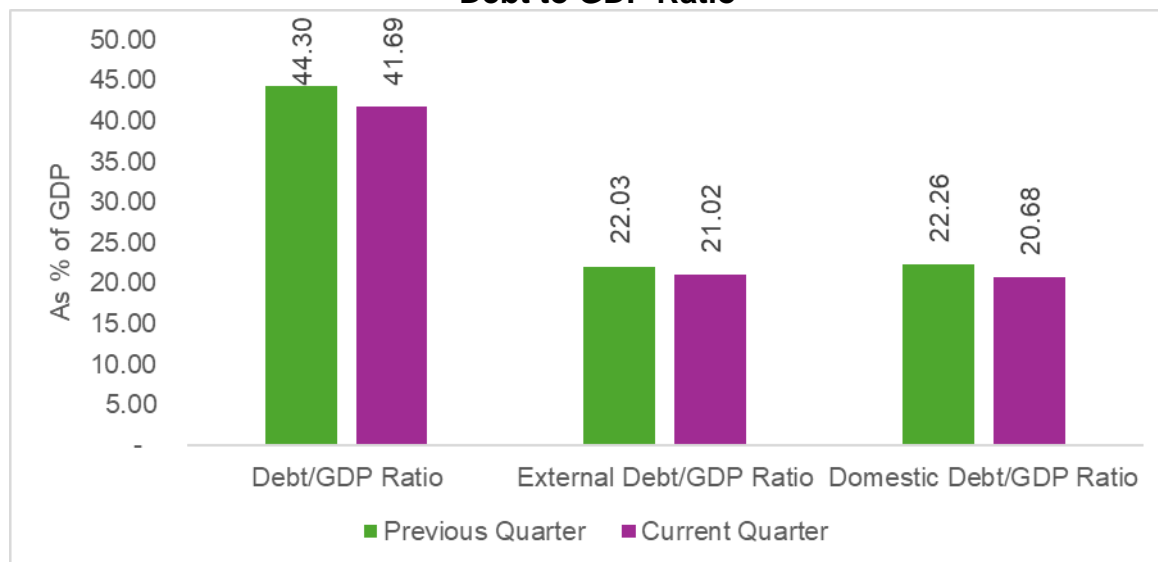
Table 2 and Figure 5 shows comparative details of Debt to GDP ratio of two quarters.

Table 2
Debt to GDP Ratio (Percent)

	Previous Quarter Percent of GDP	Current Quarter Percent of GDP
	As on 2080 29 Poush (January 14, 2024)	As on 2080 30 Chaitra (April 12, 2024)
Total Debt	44.30	41.69
External Debt	22.03	21.02
Domestic Debt	22.26	20.68
GDP (in billions)	5,381.335	5,704.844

**GDP as per economic survey 2079/80 & Annual National Statistics 2080/81*

Figure 5
Debt to GDP Ratio



6. Disbursement of Debt

The total disbursement of debt for the 3rd quarter of Fiscal Year 2080/81 was NPR 66.56 billion. Out of which NPR 18.87 billion was received from external creditors and NPR 47.69 billion from domestic market. Out of receipt of external debt, 87.16% i.e. NPR 16.44 billion was received from multilateral creditors and rest 12.84% i.e. NPR 2.42 billion was from bilateral creditors. During this quarter, NPR 47.69 billion was received from treasury bills &

treasury bonds. The rollover of treasury bills (domestic borrowings) has not been considered as new issuance.

Table 3
Disbursement of debt during the quarter

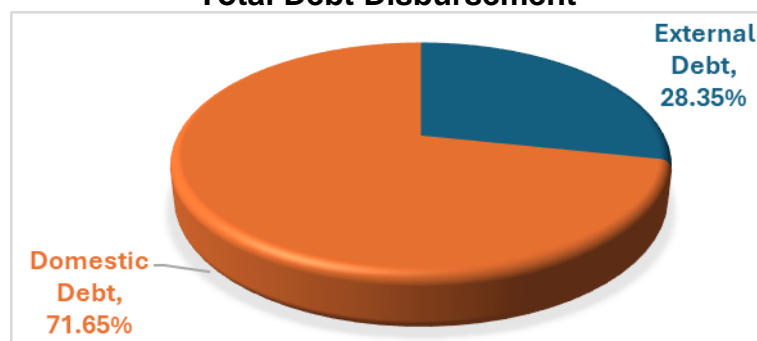
for the period 2080 Magh to 2080 Chaitra
(for the period 2024 January 15 to 2024 April 12)

(NPR in 10 millions)

S.N.	Description	Amount	Percentage
1	External Debt	1,887.086	100.00
1.1	Multilateral	1,644.805	87.16
1.2	Bilateral	242.281	12.84
2	Domestic Debt	4,769.000	100.00
2.1	Treasury bills	1,500.000	31.45
2.2	Development bonds	3,269.000	68.55
	Total	6,656.086	100.00

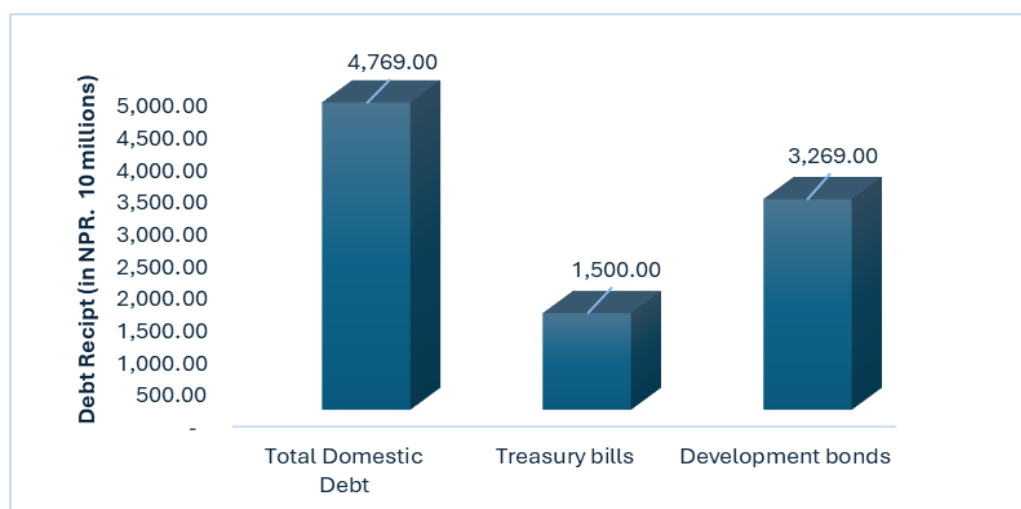
Total debt disbursement is presented in Figure 6, while Figure 7 shows domestic debt disbursement by debt instruments, and Figure 8 details external debt disbursement by creditors.

Figure 6
Total Debt Disbursement



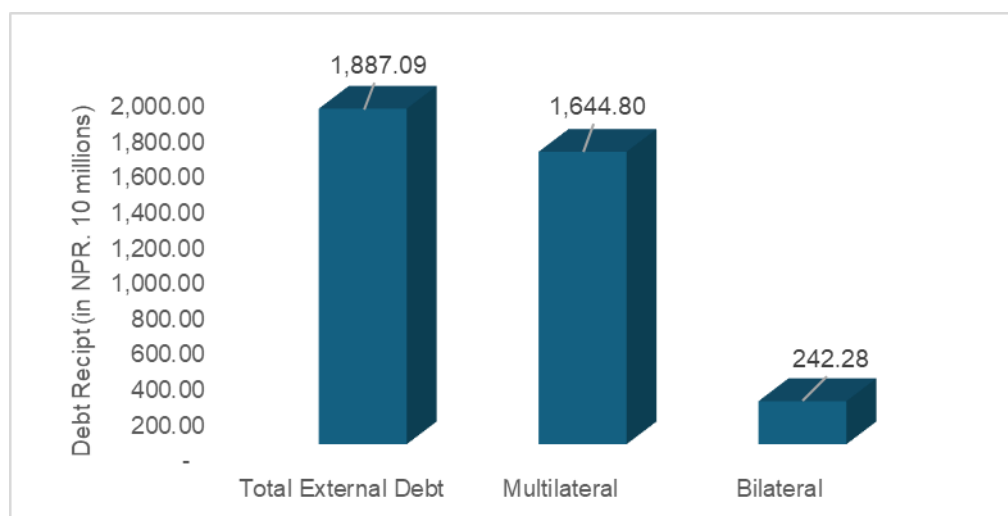
During the third quarter of the fiscal year, 71.65% of total debt disbursement was received from domestic market and remaining 28.35% from external creditors.

Figure 7
Issuance of Domestic Debt



Out of total domestic issuance of NPR 47.69 billion of the quarter, treasury bill represents 15 billion and treasury bonds represent 32.69 billion disbursements for the quarter.

Figure 8
Disbursement of External Debt



Disbursement of external debt comprises NPR 11.93 billion from multilateral creditors and NPR 2.42 billion from bilateral creditors for the third quarter of the fiscal year 2080/81.

7. Debt Service

Total debt servicing during the 3rd quarter of Fiscal Year 2080/81 was NPR 92.94 billion. Out of which NPR 11.14 billion i.e., 11.94% was for external debt and remaining NPR 81.84 billion i.e. 88.06% was for domestic debt. Status of debt servicing in this 3rd quarter is depicted in Table 4.

Table 4
Debt Servicing during the Quarter
for the period 2080 Magh to 2080 Chaitra
(for the period 2024 January 15 to 2024 April 12)

(NPR in 10 millions)

S.N.	Description	Amortization	Interest Payment*	Total	Percent
1	External Debt	890.357	219.778	1,110.134	11.94
2	Domestic Debt	6,625.171	1,559.095	8,184.265	88.06
	Total	7,515.527	1,778.872	9,294.399	100.00

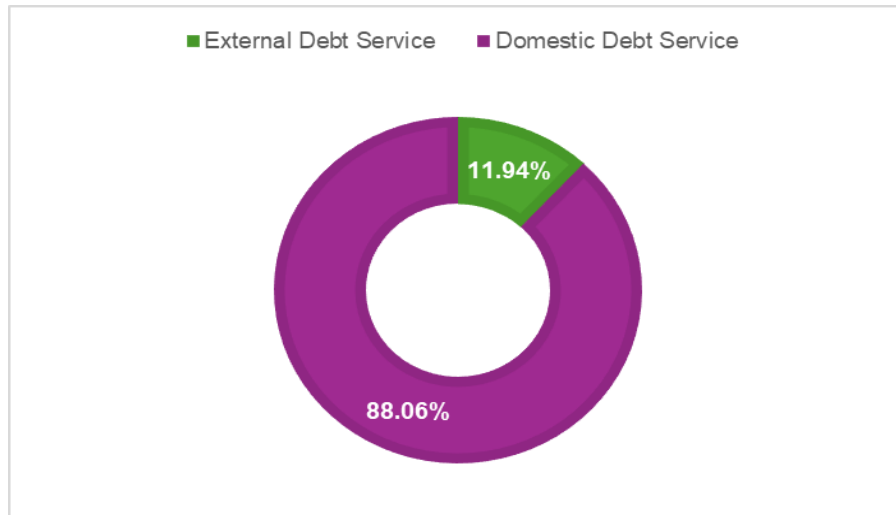
* 1) Interest payment of external debt includes grace period interest payment and commitment charges payment.

2) Interest payment of domestic debt includes commission payment.

In regard to amortization, NPR 8.90 billion has been repaid to the external creditors and NPR 66.25 billion to the domestic creditors during the 3rd quarter. Similarly, payment of interest amounting to NPR 2.19 billion and NPR 15.59 billion have been paid to external and domestic creditors respectively.

Percentage of debt servicing is presented in Figure 9.

**Figure 9
Debt Servicing**



Similarly, payments for interest, commitment charges, and commissions have also been made. Commitment charges apply to external debt, while commissions are associated with domestic debt. A detailed breakdown of interest and other payments is provided in Table 5.

**Table 5
Interest and other payments during the quarter**

for the period 2080 Magh to 2080 Chaitra
(for the period 2024 January 15 to 2024 April 12)

(NPR in 10 millions)

Fiscal Year	Magh	Falgun	Chaitra	Total
External Debt				
Interest	13.046	25.762	70.936	109.744
Grace Period Interest	22.962	38.658	45.707	107.327
Interest (Total)	36.008	64.420	116.643	217.071
Commitment Charge	1.421	1.286	-	2.706
Total (External)	37.429	65.706	116.643	219.778
Domestic Debt				
Interest	473.11	453.07	632.91	1,559.095
Commision	-	-	-	-
Total (Domestic)	473.113	453.066	632.915	1,559.095
Grand Total	510.543	518.772	749.558	1,778.872

8. Cost & Risk Indicators

Table 2 presents cost and risk indicators of existing debt.

Risk Indicators		External debt	Domestic debt	Total debt
Amount (in 10 millions of NPR)		119,891.4	117,948.1	237,839.5
Nominal debt as percent of GDP*		21.02%	20.68%	41.69%
Cost of debt	Interest payment as percent of GDP(Quaterly)	0.04%	0.27%	0.31%
Refinancing risk	ATM (years)	12.77	3.01	7.93
	Debt maturing in 1yr (percent of total)	0.35%	41.91%	20.96%
	Debt maturing in 1yr (percent of GDP)	0.07%	8.66%	8.74%
Interest rate risk	ATR (years)	12.73	3.01	7.91
	Fixed rate debt incl T-bills (percent of total)	99.46%	100%	99.73%
FX risk	FX debt (percent of total debt)			50.41%
* GDP as per Annual National Statistics, 2080-81				

Source- PDMO

At the end of the third quarter of FY 2080/81, the debt-to-GDP ratio was projected at 41.69%, comprising 21.02% from external debt and 20.68% from domestic debt. Interest payments for the quarter were projected at 0.31% of GDP, with external debt interest payments at 0.04% of GDP and domestic debt interest payments at 0.27% of GDP, highlighting the increased reliance on more expensive domestic funding sources.

To evaluate refinancing risk, three indicators were examined: the percentage of total debt maturing within one year, debt maturing in 1 year (percentage of GDP) and average time to maturity (in years). Approximately 20.96% of total debt is scheduled to mature within one year, with external debt contributing 0.35% and domestic debt contributing 41.91%. Debt maturing within one year represents 8.74% of GDP, with external debt at 0.07% and domestic debt at 8.66%. The ATM for total debt is 7.93 years, with 3.01 years for domestic debt and 12.77 years for external debt.

9. Government Guarantees

At present, there are two government-guaranteed debt in Nepal provided to the Nepal Airlines Corporation for the purchase of aircrafts. The guarantee amount was NPR 34 billion. At the end of 3rd quarter, it has balance of around NPR 48 billion (including debt servicing).

- This report is based on the data received up to Chaitra 30, 2080 (April 12, 2024) considering the value dates & reconciliation as required.

Annexes

Annex 1: Donor wise Outstanding External Debt (in commitment currency, NPR & USD)

Donorwise Outstanding External Debt (in commitment currency, NPR & USD)

As on Chaitra 30, 2080 (April 12, 2024)

(Amount in NPR 10 Millions)

Sr. No.	Donor	Commit. Currency	Amount (Commitment CCY)	NPR Amount	Equivalent USD Amount
	Bilateral				
1	BELGIUM	EUR	0.34	48.27	0.36
2	EBK	KRW	5,407.06	527.19	3.95
3	EBLCI	USD	29.60	3,948.44	29.60
4	EIBC	CNY	183.79	3,387.31	25.39
5	JICA	JPY	5,959.01	5,196.26	38.95
6	KUWAIT	KWD	0.43	184.95	1.39
7	NBF	EUR	0.71	102.09	0.77
8	SAUDI	SAR	8.61	306.21	2.30
	Total of Bilateral			13,700.71	102.70
	Multilateral				
1	ADB	SDR	144.40	25,350.68	190.04
2	ADB	USD	108.15	14,426.55	108.15
3	AIIB	USD	1.22	163.14	1.22
4	NDF	EUR	1.26	180.80	1.36
5	OFID	USD	5.56	741.95	5.56
6	IDA	EUR	0.03	4.94	0.04
7	IDA	SDR	326.89	57,389.02	430.20
8	IDA	USD	3.86	514.69	3.86
9	IFAD	SDR	5.42	951.17	7.13
10	IFAD	USD	0.80	106.58	0.80
11	IMF	SDR	32.45	5,696.78	42.70
12	EEC	DKK	0.02	0.48	0.00
13	EEC	EUR	0.09	12.59	0.09
14	EEC	GBP	0.02	4.08	0.03
15	EIB	EUR	0.88	126.64	0.95
16	EIB	USD	3.90	520.61	3.90
	Total of Multilateral			106,190.71	796.03
	Grand Total			119,891.41	898.74

Annex 2: Government Securities Issued in 3rd Quarter of FY 2080/81**Government Securities Issued in 3rd Quarter of FY 2080/81
End of Chaitra 2080 (April 12, 2024)**

(Rs. In 10 million)

S.No.	Securities	Issue Date	Maturity Date	Interest/ Discount Rate	Issued Amount
1. Treasury Bills					
1	1707(91 Days)	2080/10/09	2081/01/11	3.3807	500.00
2	1711(91 Days)	2080/11/15	2081/02/15	2.8940	500.00
3	371(28 Days)	2080/12/13	2081/01/11	2.5034	500.00
Total:					1,500.00
2. Development Bonds					
1	2085 "THA"	2080/10/12	2080/10/12	5.84	1,000.00
	2088 "JA"	2080/10/26	2080/10/26	5.92	700.00
	2088 "JHA"	2080/11/30	2080/11/30	5.74	800.00
2	2086 "DA"	2080/12/09	2080/12/09	5.48	769.00
Total:					3,269.00
Grand Total:					4,769.00