



INDEPENDENT STATE OF PAPUA NEW GUINEA

DEPARTMENT OF TREASURY

ANNUAL PUBLIC DEBT BULLETIN

2025 FINANCIAL YEAR

Published Wednesday, 23 September 2026:

FINANCIAL MANAGEMENT DIVISION
DEPARTMENT OF TREASURY
PO BOX 542, WAIGANI 131, NATIONAL CAPITAL DISTRICT
PAPUA NEW GUINEA
MAIL: enquiries@treasury.gov.pg
WEBSITE: <https://www.treasury.gov.pg/>

Table of Contents

List of Tables, Charts and Graphs	4
ACKNOWLEDGMENT.....	5
LIST OF ABBREVIATIONS.....	6
EXECUTIVE SUMMARY	7
1. INTRODUCTION	8
2. LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORK OF PUBLIC DEBT MANAGEMENT	8
2.1 Institutional Arrangement for Debt Management.....	9
3. 2025 FINANCING BACKGROUND	9
3.1 Financing the 2025 Budget Deficit	9
3.1.2 External Financing.....	9
3.1.3 New Loans signed in 2025.....	10
3.1.4 Domestic Financing	10
3.2 Debt Service Payments.....	10
3.3 Public Debt Stock.....	11
4. CONTINGENT LIABILITIES	13
4.1 Government Explicit Guaranteed Debt	13
4.2 On-lending Arrangements.....	13
5. DOMESTIC MARKET PERFORMANCE 2025	14
5.2 Securities Performance in the market.	14
5.3 Key Market Developments (Yield Movements, Liquidity Conditions, Demand-Supply Dynamics)... ..	14
5.4 Issuance Forecast and Market Outlook for 2026.....	15
6. MEDIUM TERM DEBT STRATEGY AND DEBT SUSTAINABILITY ANALYSIS	15
6.1 Medium-Term Debt Strategy:	15
6.2 MTDS Performance 2025 (2024-2028 Framework)	15
6.3 Debt Sustainability.....	16
6.4 Policy Responses and Ongoing Reform Efforts	16
7. Public Debt Management (PDM) Reforms 2025-2026.....	17
8. REFERENCES	17

List of Tables, Charts and Graphs

<i>Table 1: Financing Sources, 2024 – 2025 (Kina, Million)</i>	9
<i>Table 2: External Borrowing and Principal Repayments, 2024–2025 (Kina, Million)</i>	10
<i>Table 3: Key Government Drawdowns by Sector, 2025 (Kina, Million)</i>	10
<i>Table 4: Loans Signed in 2025 by Creditor and Currency (Kina, Million)</i>	10
<i>Table 5: Domestic Financing Sources, 2024–2025 (Kina, Million)</i>	10
<i>Table 6: Interest and Fees, 2024–2025 (Kina, Million)</i>	10
<i>Table 7: Central Government Debt, 2024–2025 (Kina, Million)</i>	11
<i>Table 8: Outstanding Debt Composition – Creditors (Kina, Million)</i>	11
<i>Table 9: Government Guarantees Stock as at 31st December 2025 (Kina, Millions)</i>	12
<i>Table 10: Guarantee Debt Service Payments as at 31st December, 2025 (Kina, Millions)</i>	12
<i>Table 11: Domestic Securities Issuance by Instrument Type (Kina, Millions)</i>	13
<i>Table 12- Target Shares of Gross Borrowing from Different Sources and Instruments by the end of simulation period (2024-2028)</i>	14
<i>Table 13: MTDS Performance 2025 (2024-2028 Framework)</i>	15
<i>Chart 1: Debt Stock Currency Composition</i>	11
<i>Chart 2: Domestic Debt by Instrument Type</i>	11
<i>Chart 3: Treasury Bills Yields Curve 2025</i>	13

ACKNOWLEDGMENT

The second edition of Papua New Guinea's **2025 Annual Public Debt Bulletin** reaffirms the Government's commitment to strengthening transparency in public financing and demonstrating the effectiveness of policy measures reflected in the Annual Budget. This publication is intended to serve stakeholders, policymakers and citizens as a reliable source of information on debt operations and fiscal performance.

The Bulletin has been prepared by the **Financial Management Division (FMD)** of the Department of Treasury, under the leadership of the **Minister for Treasury, Hon. Ian Ling-Stuckey, CMG, MP**, with technical support provided through the **Asian Development Bank (ADB) funded Technical Assistance Project: PNG – Strengthening Fiscal, Debt and Financial Management**.

We gratefully acknowledge the valuable guidance of the ADB Debt Management Technical Assistance Advisor, whose expertise was instrumental in strengthening the analytical and reporting processes. We also commend the exceptional dedication of FMD staff, particularly the **Data Management & Statistical Reporting Branch (DMSRB)** and the **Strategy and Risk Management Branch (SRMB)**. Their professionalism and teamwork have ensured that this second edition builds on the strong foundation established in the inaugural 2024 Bulletin.

The department of Treasury remains committed to producing debt reports that uphold the principles of transparency, accountability and fiscal responsibility.

For further inquiries regarding the contents of this bulletin, stakeholders and citizens are encouraged to contact the DMSRB or SRMB via **Phone:** (675) 3133 541 or (675) 31331222 or **Email:** enquiries@treasury.gov.pg



ANDREW OAEKE
Secretary,
Department of Treasury, Papua New Guinea

LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ATM	Average Term to Maturity
APDB	Annual Public Debt Bulletin
ATR	Average Time to Re-Fixing
BPNG	Bank of Papua New Guinea
CESKA	Česká Spořitelna, Czech Republic
CRR	Cash Reserve Ratio
DMSRB	Data Management and Statistical Reporting
DOD	Debt Outstanding and Disbursed
DOT	Department Of Treasury
DSA	Debt Sustainability Analysis
EEC	European Economic Community
EFA	Export Finance Australia
EIB	European Investment Bank
EU	European Union
FBO	Final Budget Outcome
FMD	Financial Management Division
FX	Foreign Exchange
GDP	Gross Domestic Product
IBRD	International Bank of Reconstruction and Development
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
JICA	Japanese International Cooperation Agency
KFR	Kina Facility Rate
KFW	Kreditanstalt Fur Wiederaufb
MTDS	Medium-Term Debt Strategy
MTFS	Medium-Term Fiscal Strategy
SRMB	Strategy and Risk Management Branch
SDR	Special Drawing Rights
SOE	State-Owned Enterprises
WAIR	Weighted Average Interest Rate
WB	World Bank
WEO	World Economic Outlook

EXECUTIVE SUMMARY

The second edition of Papua New Guinea's **2025 Annual Public Debt Bulletin (APDB)** underscores the Government's commitment to transparency in public financing and highlights the fiscal impact of policy measures reflected in the Annual Budget. Prepared by the Department of Treasury, this report provides stakeholders, policy makers and the general public with an overview and analysis of the country's public debt position, including an assessment of risks associated with the current debt portfolio. It covers public sector debt operations—primarily those of the Central Government with particular emphasis on debt management activities undertaken during 2025.

Based on 2025 GDP estimates, Papua New Guinea's economy recorded real GDP growth rate of 4.5 percent—supported by a rebound in production across the resource sector and resilient, expansion in the non-resource sector.

The total net incurrence of liabilities in 2025 amounted to K4,568.8 million equivalent to 3.33 percent of GDP and is K1,688.3 million higher than the revised budget estimate of K2,880.5 million, primarily driven by the need to offset the under-financing in the 2024 Budget deficit and meet 2024 cheque float payments.

Financing requirements were secured through domestic Treasury Bills, Treasury Bonds, alongside External, Extraordinary and Project-based funding from bilateral and multilateral development partners.

To bridge the financing gap and support the delivery of essential and priority programs, the Government secured concessional and extraordinary financing (budget support) totalling K3,723.4 million from bilateral and multilateral partners at more favourable terms. As of December 2025, the total outstanding debt stock of the Central Government stood at **K68,462.4** million, equivalent to **50.0 percent of GDP**. This reflects a nominal increase of 9.9 percent compared to the **K61,651.6** million recorded at the end of December 2024.

Papua New Guinea's debt-to-GDP decreased from 51.9 percent in 2024 to 50.0 percent in 2025. A significant portion of this dynamic in public debt relative to economic output is attributable to the relatively high growth of nominal GDP and to the Kina depreciation regime which has increased the valuation of external debt in terms of Kina.

The current public debt portfolio presents a relatively moderate interest-rate risk as 76.0 percent of total outstanding debt is contracted at fixed interest rates. Regarding refinancing risk, the Average Time to Maturity (ATM) at end-2025 stood at 5.1 years for the overall portfolio, comprising 7 years for external debt and 2.6 years for domestic debt. The comparatively low ATM for domestic debt

reflects the high share of Treasury bills, which account for 44 percent of outstanding domestic obligations.

As of end of 2025, 54 percent of the total debt portfolio is denominated in foreign currency. The composition of external debt is primarily in USD (approximately 55 percent), followed by AUD (20 percent), SDR (13 percent), CNY (6 percent), and JPY (5 percent). Exchange rate risk, previously moderate, has increased in 2025 due to managed depreciation of Kina. Domestic debt accounted for 46% of the total debt.

The risks, particularly those related to foreign exchange fluctuations, maturity structure and debt servicing costs, are being actively managed within a framework that prioritizes medium- to long-term debt sustainability. In response, the government has maintained its strategic commitment to developing the domestic debt market. Treasury Bills and Bonds continue to be issued through this platform, reinforcing resilience against external shocks and supporting broader fiscal objectives.

Papua New Guinea's debt remains broadly sustainable but continues to face significant shock vulnerabilities. The July 2025 DSA highlights susceptibility to trade-related and contingent-liability risks, as well as climate-related shocks, and notes elevated external liquidity risk from the 2028 Eurobond bullet repayment. In response, the Government has advanced measures to strengthen debt sustainability and reduce refinancing, interest-rate, and exchange-rate risks, centred on implementing the MTDS 2024–2028 in line with the MTFs and the Fiscal Responsibility Act. Execution in 2025 broadly aligned with the MTDS cost-risk framework, though efforts to lengthen domestic maturities and rebalance foreign-currency exposure remain challenging.

While the combined technical guidance from Papua New Guinea's development partners, along with the country's own initiatives, has been instrumental in achieving key public debt management objectives, the management of public and publicly guaranteed debt still stands to benefit from enhancements identified in the recent Debt Management Performance Assessments (DeMPA) in 2020 by World Bank and IMF and ongoing technical assistance projects from our bilateral and multilateral partners.

1. INTRODUCTION

Over the past five years, the global economy has endured a succession of major shocks—including the COVID-19 pandemic, supply chain disruptions, geopolitical tensions, and climate-related disasters. These events have triggered widespread fiscal responses, leading to rising budget deficits and escalating financing needs across advanced and developing economies alike. Public debt has surged to historic highs, now exceeding global GDP, with many countries facing persistent vulnerabilities.

Like many countries, Papua New Guinea continues to navigate the challenges of this period: a fiscal environment, shaped by tighter financing conditions, commodity-price volatility, and ongoing development needs. In this context, the Government remains firmly committed to the core principles of sound public debt management: meeting financing requirements at the lowest cost and prudent levels of risk, safeguarding reliable access to financial markets, and supporting the growth of a deeper, more resilient domestic debt market.

This commitment is reflected in efforts to strengthen institutional capacity, improve issuance predictability, and enhance coordination across fiscal and monetary authorities. Together, these measures aim to maintain debt sustainability, reduce vulnerabilities, and ensure that public borrowing effectively supports PNG's long-term development priorities.

To achieve these goals, the Government is implementing prudent debt management strategies designed to keep public debt within sustainable thresholds, in line with international best practices. This commitment is further reflected in the formulation of the **2024–2028 Medium Term Debt Strategy (MTDS)**, which aligns with the Government's 13-year development plan and its engagement under the IMF staff-monitored program. The MTDS will be subject to annual review and refinement to ensure continued relevance and responsiveness to evolving macroeconomic conditions and financing needs.

Achieving the performance benchmarks outlined in the 2024–2028 Medium Term Debt Strategy (MTDS) depends on consistent, accurate, and analytically robust debt reporting. In line with international best practices and the transparency provisions embedded in the MTDS, the Department of Treasury is pleased to present the second **Annual Public Debt Bulletin, 2025**. This publication, based on the 2025 Final Budget Outcome (FBO) Report, provides a comprehensive assessment of the current public debt position within the broader context of macroeconomic developments in 2025. By releasing this annual statistical bulletin, the Financial Management Division (FMD) aims to inform stakeholders and the public on evolving debt dynamics, while reaffirming the Government's commitment to transparency and accountability in public debt management.

This Bulletin does not cover broader macroeconomic aggregates—such as GDP, exports, imports, or commodity market developments—as these are addressed in the 2025 FBO Report, the Monetary Policy Statements of the Bank of Papua New Guinea, and other relevant publications.

This report is structured into seven main sections and an annex:

- **Sections 1 and 2** introduce the report and outline the legal, regulatory, and institutional framework that underpins public debt management in Papua New Guinea.
- **Section 3** focuses on financing the 2025 budget deficit and provides a detailed breakdown of the aggregate public debt portfolio, including debt service payments and the composition of outstanding debt.
- **Section 4** addresses contingent liabilities, highlighting fiscal risks beyond the core debt portfolio.
- **Section 5** examines domestic market performance in 2025, covering government security issuance, market trends, yield movements, liquidity conditions, and demand-supply dynamics. This section also concludes with the forecast and outlook for issuance volumes and market developments in 2026, providing forward-looking insights into debt management strategy.
- **Section 6** presents the medium-term debt strategy (MTDS 2024–2028), including an assessment of the 2025 MTDS performance. The section also discusses PNG's current debt sustainability issue.
- **Section 7** outlines the Government's planned and anticipated reforms in public debt management, highlighting priority actions to strengthen institutional capacity, improve risk monitoring, and enhance the efficiency and resilience of the debt portfolio.
- **The Statistical Annex** provides a six-year historical perspective on key public debt indicators, offering readers a clear view of trends in borrowing, debt composition, and market development.

2. LEGAL, REGULATORY AND INSTITUTIONAL FRAMEWORK OF PUBLIC DEBT MANAGEMENT

Papua New Guinea's legal framework governing public borrowing is anchored in a series of legislative instruments. Borrowing from "international assistance agencies" and "international finance agencies" is specifically regulated under the **Loans and Assistance (International Agencies) Act of 1971**. Under this Act, such borrowing must be approved by both the National Executive Council (NEC) and the Parliament and must align with the Government's Budget and Public Investment Program. Furthermore, the Act stipulates that borrowing must be undertaken either to finance a program or

project already approved by the NEC, or for other purposes explicitly endorsed by the NEC.

The Loans (Overseas Borrowings) Act (1973) regulates borrowing from overseas through the issuance of bonds, promissory notes, and other instruments. These borrowings must be approved by the Head of State, acting on the advice of the NEC. Loans must be used to finance “works and services of the Government” and may also be used for on-lending to state-owned entities. This Act provides the authority for the Government to issue sovereign bonds.

The Loans (Securities) Act (1960) regulates the Issuance of bonds in the domestic market (in the form of inscribed stock). Inscribed stock must be created by the Head of State, acting on the advice of the NEC. In practical terms, the NEC annually requests the Head of State to delegate to the Minister for Treasury the authority to issue inscribed stock up to a certain amount. This Act prescribes that the stock can be issued for refinancing purposes and for any other borrowing purpose “granted by an Act”.

The Treasury Bills Act (1974) regulates the issuance of Treasury Bills (T-bills) in the domestic market. The Minister for Treasury may borrow through the issuance of T-bills in such amounts in any financial year as the Minister considers appropriate. The maturity of T-bills must not extend beyond one year.

The legal framework for public debt management also includes a set of “Policy Documents” developed and approved by the Department of Treasury. The policies currently effective and enforced include:

1. **On-lending Policy [revised in 2023];**
2. **State Guarantees Policy [revised 2021];**
3. **Guidance Note on State Guarantees Policy [Approved 2022] and**
4. **Medium-term Term Debt Strategy 2024-2028.**

2.1 Institutional Arrangement for Debt Management

While certain aspects of PNG’s public debt management functions involve the Department of Finance and the Bank of Papua New Guinea, the main authority lies with the Department of Treasury (DOT) and in particular in the Financial Management Division (FMD). The structure of the Division, as approved in 2014, now follows the now-standard format of **Front Office, Middle Office** and **Back Office** functions. The approved structure consists of branches (teams):

1. Securities Execution
2. Loan Execution
3. Strategy and Risk Management
4. Accounting and Settlement
5. Data Management and Statistical Reporting
6. Compliance (and Evaluation)

The functions assigned to each of the six branches are outlined in their respective job descriptions. The Division is responsible for four main data functions of:

1. Management of public and publicly guaranteed debt obtained from external sources;
2. Management of Government borrowing in local currency;
3. Monitoring and management of explicit loan guarantees issued by the Department of Treasury; and
4. Monitoring and management of Government on-lending activities.

3. 2025 FINANCING BACKGROUND

3.1 Financing the 2025 Budget Deficit

In 2025, the Government’s net borrowing totalled K4,568.8 million, exceeding the planned financing requirement by K1,688.3 million. This outcome was driven by the need to offset the under-financing in the 2024 Budget deficit and meet 2024 cheque float payments. After accounting for this deficit, the net financing position for 2025 totalled K2,880.5 million.

Table 1: Financing Sources, 2024 – 2025 (Kina, Million)

	2024 Actuals	2025 Budget	2025 Outcome
Net Domestic Borrowing	231.8	760.8	2,606.1
Net External Borrowing	2,302.0	2,188.5	1,962.7
Total Net Borrowing	2,533.8	2,949.3	4,568.8
Over (+) / Under (-) Financing	-1,397.4	0.0	1,688.3
Net Financing Position	3,931.2	0.0	2,880.5

Source: Department of Treasury, 2025

Increased domestic borrowing drove the rise in net borrowing which was enabled by a more conducive local environment for raising funds. Local market conditions improved due to: increased liquidity – stemming from the Bank of Papua New Guinea’s (BPNG) decision to reduce the Cash Reserve Requirement (CRR) ratio from 11 per cent down to 9 per cent, and Treasury’s nationwide awareness program on government securities to boost investor participation. As a result, commercial banks had additional funds to invest in government securities and therefore auctions were consistently oversubscribed, remarkably so in the last quarter of 2025, lowering the overall interest rates on Treasury Bills from 8.6 per cent in the first half of 2025 to 6.8 per cent by the end of the year.

3.1.2 External Financing

In 2025, gross external borrowings totalled K3,723.4 million. This outcome was K319.1 million lower than the 2025 Budget estimate which reflects delays in project loan negotiations and disbursements from implementing agencies. This shortfall is reflected in concessional and commercial financing figures.

Principal repayments totalled K1,760.7 million which is largely comprised of concessional project loans (K875.1 million) and extraordinary budget support loans (K836.6 million). Total repayments were K93.3 million below the 2025 Budget appropriation which reflects initial conservative estimation of the payment schedule.

As a result, net external borrowing totalled K1,962.7 million, K225.8 million lower than the Budget estimate and K339.3 million lower than 2024 outcome.

Almost three-quarters of external borrowing drawdowns were for budget support (see Table 3). The IMF was the principal source of new extraordinary financing, followed by the Asian Development Bank and World Bank.

Table 2 - External Borrowing and Principal Repayments, 2024 – 2025 (Kina, Million)

	2024 Outcome	2025 Budget	2025 Outcome
New External Borrowing	3,804.3	4,042.5	3,723.4
Concessional	998.8	1,225.8	967.2
Commercial	0.0	100.2	0.0
Extraordinary	2,805.4	2,716.5	1,919.5
Principal	-1,502.3	-1,854.0	-1,760.7
Concessional	-1,095.5	-832.6	-875.1
Commercial	-43.6	-45.6	-48.9
Extraordinary	-363.2	-975.8	-836.6
Net External	2,302.0	2,188.5	1,962.7

Source: Department of Treasury, 2025

Concessional loan drawdowns totalled K967.2 million, K31.7 million lower than 2024 outcome and K258.6 million lower than 2025 budget estimate. The lower outcome reflects the delays in disbursements of project loans. These concessional funds were to support key infrastructure and sectoral projects. Table 3 highlights the external loan drawdowns by key government sectors.

Table 3 - Key Government Drawdowns by Sector 2025 (Kina, Millions)

Sector	Drawdown	Proportion
Budget Support	K2,756.1	73.1%
Transport Sector	K539.8	14.3%
Utilities (Power and Energy) Sector	K133.0	3.6%
Agriculture Sector	K95.3	2.5%
Health Sector	K84.4	2.2%
Employment Sector	K61.7	1.6%
Law and Order Sector	K35.2	0.9%
Utilities (Water and Sanitation) Sector	K17.9	0.5%
Total Loan Drawdowns	K3,723.4	100%

Source: Department of Treasury, 2025

3.1.3 New Loans signed in 2025

In 2025, the Government signed eight (8) new loan agreements with a total commitment amount of K2,924.2 million. Of these eight loans, four were project loans totalling K1,132.1 million while the other four were budget support loans amounting to K1,792.1 million.

Table 4 – Loans Signed in 2025 by Creditor and Currency (Kina, Millions)

Loan Title	Creditor	Currency	PGK
PNG Transport Project Readiness Facility	ADB	USD 30.0	K127.7
Transport Project Readiness Facility	ADB	USD 35.0	K148.9
IDA 79470 Growth and Resilience Development Policy Financing	WB	XDR 73.7	K429.9
PNG Sustainable Energy Sector Development Project	ADB	USD 50.0	K212.8
PNG Sustainable Energy Sector Development Program (Budget Support)	ADB	USD 50.0	K212.8
PNG Improving Financial Access Program (Budget Support)	ADB	USD 100.0	K425.5
Growth and Resilience Development Policy Financing (Budget Support)	WB	USD 36.9	K215.2
The Resilience and Sustainability Facility (Budget Support)	IMF	XDR 197.4	K1,151.4
Total			K2,924.2

Source: Department of Treasury, 2025

3.1.4 Domestic Financing

In 2025, net domestic borrowing totalled K2,606.1 million. This outcome is K1,845.3 million more than the estimate in the 2025 Budget, which mostly reflects lower principal repayments due to the market preference for longer tenor Treasury Bills. As a result, the Government retired shorter tenor Bills in favour of 364-days Bills which will come to maturity in 2026.

Actual total domestic debt repayment in 2025 was K15,321.4 million, comprised of K13,173.2 million in Treasury Bills, K1,966.4 million in Treasury Bonds and K181.8 million in domestic loans.

Table 5: Domestic Financing Sources, 2024 – 2025 (Kina, Million)

	2024 Outcome	2025 Budget	2025 Outcome
New Domestic Borrowing	16,410.4	18,111.7	17,927.6
Treasury Bills	12,889.3	15,148.8	14,964.1
Treasury Bonds	3,521.0	2,962.9	2,963.4
Domestic Loans	0.0	0.0	0.0
Principal	-16,178.5	-17,350.9	-15,321.4
Treasury Bills	-14,272.4	-15,148.8	-13,173.2
Treasury Bonds	-1,740.7	-1,966.4	-1,966.4
Domestic Loans	-165.5	-235.7	-181.8
Net Domestic	231.8	760.8	2,606.1

Source: Department of Treasury, 2025

3.2 Debt Service Payments

In 2025, total interest payments and debt-related fees amounted to K3,403.5 million, which is K119.0 million lower than the Budget estimate. Approximately two-thirds of this total reflects domestic interest and other charges, which reached K2,268.4 million—about K35.6 million higher than budgeted. This increase is partly attributable to the regular weekly use of the Temporary Advance Facility (TAF), which elevated short-term domestic financing costs.

The remaining one-third of total debt service corresponds to external interest and related borrowing charges, which totaled K1,135.0 million in 2025. The rise in external interest costs relative to the 2024 outturn was driven by higher SOFR-linked variable rates and the depreciation of the kina, both of which increased the domestic-currency cost of servicing external obligations. Nevertheless, the external interest bill remained below the Budget estimate, reflecting the Government's practice of adopting conservative forecasting assumptions to ensure adequate provision for meeting external debt obligations.

Table 6 - Interest and Fees, 2024 – 2025 (Kina, Million)

	2024 Outcome	2025 Budget	2025 Outcome
Domestic			
Interest and other fees paid	1,883.8	2,232.8	2,268.4
Adjustments	0.0		0.0
Interest accrued on Issuance	0.0	0.0	0.0
Net discount/premium on Issuance	0.0	0.0	0.0
Total Domestic	1,883.8	2,232.8	2,268.4
External			
Interest	1,068.7	1,239.7	1,111.4
External Related charges	11.0	50.0	23.6
Total External	1,079.7	1,289.7	1,135.0
Total Interest & Charges	2,963.5	3,522.5	3,403.5

Source: Department of Treasury, 2025

3.3 Public Debt Stock

By the end of 2025, the total public debt stock reached K68,462.4 million, equivalent to 50.0 percent of GDP (see Table 7). This outcome exceeded the Budget estimate by K5,056.4 million and the 2024 outcome by K6,810.7 million, driven primarily by the incorporation of exchange-rate valuation effects, which added K3,117.7 million (4.6 percent of total debt). The ongoing depreciation of the kina has increased the domestic-currency value of external debt—an effect particularly pronounced for extraordinary and concessional loans, which constitute a significant share of PNG's external financing mix.

The higher-than-budgeted debt stock in 2025 also reflects additional net borrowing of K1,688.3 million, undertaken to address the under-financing recorded in 2024. Together, these factors contributed to the upward deviation from the planned debt trajectory.

The nominal debt stock increased in 2025, however despite this increase, the debt-to-GDP ratio (50.0 percent) decreased by 1.9 percentage points from the 2024 outcome (51.9 percent).

Public debt as a share of the GDP is continuing to fall from its peak in 2023 of 52.4 percent to 51.9 percent in 2024 and 51.3 percent

Most significantly, it remains comfortably below the statutory ceiling of 52.2 percent established under the Fiscal Responsibility Act (FRA) 2006, as amended in 2025. This

indicates that while debt levels are trending upward, they continue to be managed within the bounds of fiscal sustainability, thereby preserving compliance with the country's fiscal responsibility framework.

Table 7: Central Government Debt, 2024 – 2025 (Kina, Million)

	2024 Outcome	2025 Budget	2025 Outcome
Domestic	29,942.2	32,798.1	31,672.5
Securities	29,065.1	32,053.4	31,249.3
Treasury Bills	12,756.4	14,081.0	13,943.5
Treasury Bonds	16,308.8	17,972.4	17,305.8
Loans	877.1	744.7	423.2
As a % of GDP	25.2%	24.0%	23.7%
External	31,709.4	30,614.4	36,789.9
Monetary Gold & SDRs	1,244.1*	1,244.1*	1,244.1*
Debt Securities	1,897.0	1,760.6	2,127.7
Bonds	1,897.0	1,760.6	2,127.7
Loans	28,568.4	29,074.0	33,418.2
Concessional	12,595.7	12,628.6	14,240.2
Commercial	121.9	362.6	222.4
Extraordinary	15,850.8	16,082.7	18,955.6
As a % of GDP	26.7	24.1%	27.6%
Public Debt Outstanding	61,651.6	64,876.6	68,462.4
As % of GDP	51.9%	48.6%	50.0%
GDP	118,680.4	133,365.4	136,976.9

Source: Department of Treasury

*IMF SDR debt (K1,244.1m) has been reclassified from Domestic to External due to external nature of the debt.

Note: The 2024 GDP figure is sourced from the 2024 NSO actuals, the 2025 GDP figure for the 2025 Budget is the 2025 Budget estimate, and the 2025 GDP figure for the 2025 Outcome is the 2026 Budget estimate.

*Note: The increase in debt stock from 2024 to 2025 reflects: deficit financing (K2,880.5 million), additional financing to pay for the 2024 underfinancing (K1,619.5 million), exchange rate valuation (K3,117.7 million). In 2024, a partial valuation of K1,180.7 million was incorporated. The BPNG midrate exchange was used for valuation adjustments.

BOX 1: DEBT COMPOSITION AND VALUATION ADJUSTMENTS, 2025

Public debt closed 2025 at K68,462.4 million (50.0 per cent of GDP) below both the 60.0 per cent MTDS ceiling and the 52.5 per cent FRA (2006, amended 2025) limit.

The 2025 increase was split roughly equally between new financing and valuation updates. These updates were driven by fluctuations in the Kina and, critically, movements in the US Dollar, which serves as the Kina's currency peg.

The net financing changes comprised of financing to cover the deficit (K2,880.5 million) and additional borrowing to cover the 2024 under-financing (K1,688.3 million), with a total net borrowing of K 4,568.8 million.

On top of this, the figure incorporates a net exchange-rate valuation of K3,117.7 million, and an adjustment to the domestic debt to reflect historic capitalized T-Bill interest that needed to be removed from stock (as it was paid with interest transactions and is not part of the debt stock).

The table below shows the debt stock over time, with exchange rate valuations adjusted for:

Years	2019	2020	2021	2022	2023	2024	2025
EXTERNAL	14,333	18,772	23,428	25,943	28,317	31,710	36,791
Transaction	2,388	4,374	4,913	3,249	2,086	2,302	1,963
Holding Gains and Losses	90	65	(257)	(734)	288	1,091	3,118
DOMESTIC	19,334	22,216	25,258	27,534	29,717	29,942	31,673
Transactions	(1,054)	2,882	3,042	2,277	2,176	232	2,606
Holding Gains and Losses	-	-	-	-	-	-	-
Other Adjustments	1,176	-	-	-	-	-	(876)
TOTAL DEBT	33,667	40,988	48,686	53,478	58,034	61,653	68,463
GDP	83,846	82,515	91,626	111,241	110,619	118,680	136,976
% GDP	40.2%	49.7%	53.1%	48.1%	52.5%	51.9%	50.0%

Source: Department of Treasury, 2025

Note: Valuation adjustments use the BPNG midrate at end of year.

Explanations:

- 2025 Change: The increase in debt stock from 2024 to 2025 reflects: deficit financing (K2,880.5 million), additional financing to pay for the 2024 underfinancing (K1,688.3 million), exchange rate valuation (K3,117.7 million) with a -K875.7 million adjustment to domestic BSP and Treasury Bill stock.
- In 2024, a valuation change of K1,091 million was incorporated, and figures through 2020 to 2024 reflect valuation adjustments due to changes in the exchange rate in those years.
- 2019 figures reflect the changes undertaken in the Due Diligence, i.e. the inclusion of the Government guarantees for 3 domestic loans (original loan values in brackets): (i) Kumul Consolidated Holdings (KCH) for the acquisition of Motukea Port (K600.0 million); (ii) Kumul Minerals Holdings (KMHL) equity financing for Solwara 1 Project (K375.0 million); and (iii) the National Capital District Commission's (NCDC) major road works in NCD (K560.0 million), which were being paid by the Government. The 2019 exchange rate adjustment reflects an adjustment on 2018's debt as though 2018 had all exchange rate changes incorporated.

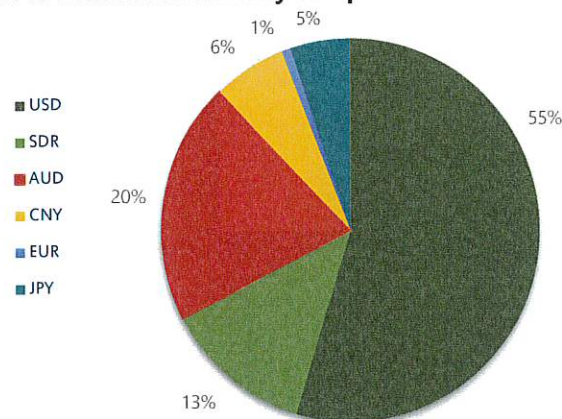
Some historic FBO publications reflect the IMF SDR allocation under domestic debt, as this is remitted via the Bank of Papua New Guinea, however in this, and going forward, it will be included in line with international practice as an external debt

Table 8 - Outstanding Debt Composition – Creditors (Kina, Million)

Creditor	Outstanding Debt	%
ADB	11,508.64	32.4
Australia	7,303.05	20.5
IMF	4,316.39	12.1
China	3,910.42	11.0
IDA	3,212.42	9.0
Citi Group	2,127.66	5.8
JICA	1,855.92	5.2
EFA	480.64	1.4
EIB	205.37	0.6
CESKA	222.43	0.6
IFAD	167.42	0.5
OFID	137.99	0.4
EEC	57.25	0.2
IBRD	18.96	0.1
KFW	18.81	0.1
India	2.41	0.0
	35,547.78	100.0

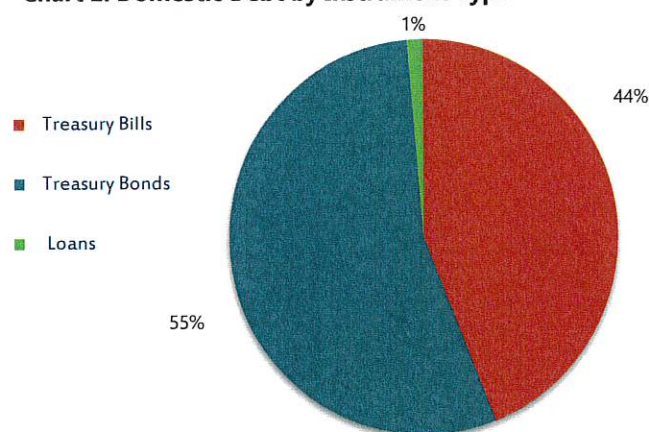
Source: Department of Treasury, 2025

Chart 1: Debt Stock Currency Composition



Source: Department of Treasury, 2025

Chart 2: Domestic Debt by Instrument Type



Source: Department of Treasury, 2025

4. CONTINGENT LIABILITIES

Papua New Guinea's major set of contingent liabilities is categorized in (1) **explicit guarantees** and (2) **implicit guarantees**:

1. **Explicit Guarantees:** A significant part of the Government contingent liabilities is related to explicit guarantees issued by the Government to several entities. Transactions on these guarantees, in terms of payments of fees, interest and loan amortization are not being monitored centrally as beneficiaries of the guarantees do not report their activities on these loans to the Government.
2. **Implicit Guarantees:** There are no formal contracts for implicit guarantees. Fiscal risks for this type of guarantee arise when the *economic* and *social cost* (i.e., cost to the economy) of default of the actual debtor is so high that the government finds itself compelled to intervene. (See section below on debt management). For PNG, debt service liabilities of state-owned enterprises (SOEs) do not carry explicit government guarantees; however, keeping social costs in mind, the Government may become inclined to accept the associated budget burdens

4.1 Government Explicit Guaranteed Debt

Current estimates for explicit guarantees, as at end of 2025, stand at K1,590.8 million (1.2 percent of 2025 GDP and 2.3 percent of total public debt). Only 37.7 percent of total outstanding guarantees is owed to domestic sources. Total debt service payments in 2025 totalled K20.7 million

While the outstanding amount of explicit guarantees has declined by about 80.0 percent from its high 2024 levels, the outstanding balance (1.2 percent of 2025 GDP) still exposes the Government to high levels of fiscal risks.

In 2021, the authorities strengthened this stance by revising the State Guarantee Policy, introducing more rigorous oversight, clearer eligibility criteria, and enhanced risk-management requirements for entities seeking government backing. Under this revised framework, a **new guarantee was issued in December 2024** to support the **re-fleeting and leasing program of Air Niugini**, the national airline. This operation was assessed and approved in accordance with the updated policy, which aims to ensure that new guarantees are aligned with fiscal sustainability objectives and supported by appropriate monitoring and reporting arrangements.

Table 9 -Government Guarantees Stock as at 31st December 2025 (Kina, Millions)

Borrowers	Domestic	Loan Details	Currency	31st Dec 2025 (in PGK)
Kumul Consolidated Holdings Ltd	BSP	Motukea Port Relocation (2016)	PGK	600.0
Foreign				

Pacific Aviation Safety Office	ADB	PASO Loan Guarantee	AUD	1.7
MRDC P&MRL		Finance Contract Agreement - 26.04.95	EUR	104.8
MRDC		Finance Contract Agreement - 28.06.96	EUR	124.8
Telikom PNG		Agreement 27.07.95	USD	111.8
Air Niugini		Air Bus A220 P2-PGA	USD	212.2
Air Niugini		Air Bus A220 P2-PGB	USD	217.0
Air Niugini		Air Bus A220 P2-PGC	USD	218.4
Total Guarantees				1,590.8

Source: Department of Treasury 2025

Table 10 - Guarantee Debt Service Payments as at 31st December, 2025 (Kina, Millions)

Borrowers	DOMESTIC	Principal	Interest
Kumul Consolidated Holdings Ltd	BSP	-	-
Total			
	FOREIGN		
Pacific Aviation Safety Office	ADB	0.2	0.03
MRDC Pty Ltd & MRL Pty. Ltd		-	-
MRDC Pty Ltd		-	-
Telikom PNG Ltd		-	-
Air Niugini		5.5	14.9
Air Niugini		-	-
Air Niugini		-	-
Total		5.7	14.9

Source: Department of Treasury 2025

4.2 On-lending Arrangements

On-lending arrangements refer to financial agreements between the Central Government and Provincial Governments or State-Owned Enterprises (SOEs), whereby the Government borrows externally on behalf of these entities. The responsibility for servicing the debt—covering interest payments, fees, and principal amortization—rests with the beneficiary entities.

As at end-2025, the total stock of loans obtained through on-lending arrangements and utilized by various entities stood at K5,680.3 million. This amount was about 4.1 percent of GDP, 14.9 percent of the total external debt stock and 8.1 percent of total public debt stock. Extension of new on-lending facilities to beneficiary parties will be undertaken in accordance with the provisions of the **2023 Revised State On-lending Policy**.

5. DOMESTIC MARKET PERFORMANCE 2025

Table11: Domestic Securities Issuance by Instrument Type (Kina, Millions)

Treasury Bills	Issuance	Amortisation	(%) of Issuance
Budget 2025	18,111.7	-15,139.6	
91-days	179.4	-175.0	1.2%
182-days	951.6	-820.6	6.4%
273-days	1,581.5	-717.0	10.6%
364-days	12,251.7	-11,460.6	81.9%
Total	14,964.1	-13,173.2	100.0
Treasury Bonds	Volume	Redemption	(%) of Issuance
Budget 2025	2,962.9	-2,963.4	
2 years	432.4	-229.0	14.6%
3 years	-	-	0.0%
4 years	335.6	-25.0	11.3%
5 years	336.4	-856.0	11.4%
6 years	208.4	-	7.0%
7 years	423.3	-	14.3%
8 years	276.0	-	9.3%
9 years	420.5	-509.2	14.2%
10 > years	530.8	-347.3	17.9%
Total	2,963.4	-1,966.4	100.0

Source: Department of Treasury, 2025

Treasury Bills continue to dominate government debt issuance, accounting for approximately 83 percent of the total, with the 364-day bills alone representing nearly 82 percent of the overall volume. In contrast, Treasury Bonds remain smaller in scale but are distributed across a range of maturities, with notable concentrations in the 2-year, 7-year, 9-year, and 10-plus year segments. This structure highlights the government's reliance on short-term financing, while longer-term instruments play a supporting role in diversifying the maturity profile. However, the high amortisation and redemption ratios underscore significant rollover pressure, as much of the new issuance is directed towards refinancing maturing obligations rather than mobilizing fresh capital. This dynamic reflects both the opportunities and vulnerabilities of the domestic debt market, where liquidity conditions and investor appetite strongly influence refinancing risk.

5.2 Securities Performance in the market.

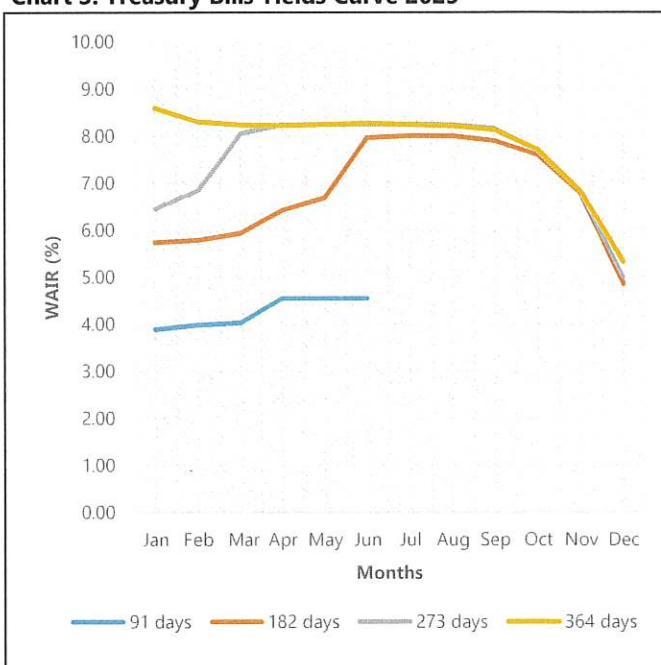
In 2025, the Government conducted a total of 52 Treasury bill auctions and 21 Treasury bond auctions. Of the Treasury Bills auctions, 77 percent were oversubscribed, while 23 percent recorded undersubscription. In contrast, Treasury bond auctions reflected a different pattern, with 33 percent oversubscribed, 62 percent undersubscribed, and 5 percent fully subscribed.

When aggregated across all 73 auctions held during the year, 64 percent of issuances were oversubscribed, 34 percent were undersubscribed, and 1 percent achieved full subscription. As a result of the favourable subscription levels – particularly in the Treasury Bills segment – the government successfully raised an additional K1,000 million from the domestic market.

5.3 Key Market Developments (Yield Movements, Liquidity Conditions, Demand-Supply Dynamics)

During the first half of the year, liquidity in the financial system increased, following a 2 percent reduction in the Cash Reserve Ratio (CRR) from 12.0 percent down to 10.0 percent by BPNG. The enhanced liquidity environment contributed to strong demand in the Treasury Bills market, with 73 percent of the 26 weekly auctions recorded as oversubscribed. The government leveraged this demand to raise an additional K1,000 million to support 2024 cheque-float requirements. As a result, yields on the shorter tenor Treasury Bills – particularly the 182-day, 273-day, and 364-day maturities – gradually converged toward the middle of the year.

Chart 3: Treasury Bills Yields Curve 2025



Source: Department of Treasury, 2025

In the second half of the year, a further 1.0 percent CRR reduction from 11.0 percent to 10.0 percent injected additional liquidity, intensifying investor appetite and reinforcing the downward pressure on the yield curve. Liquidity conditions were further boosted in the final quarter of 2025 by a further reduction of CRR from 10.0 percent to 9 percent and by several notable inflows including;

- Royalty payments made by the Central Bank to landowner groups;
- The November Treasury bond redemption and coupon payments;
- The cumulative effect of the earlier CRR reductions.

The combined injections significantly strengthened demand for Treasury Bills, resulting in a sharp decline in yields – many trending close to, or even below, the Kina Facility Rate (KFR) of 5 percent.

Increased domestic borrowing drove the rise in net borrowing which was enabled by a more conducive local environment for

raising funds. Local market conditions improved due to increased liquidity – stemming from BPNG’s decision to reduce the CRR ratio from 12 per cent down to 9 per cent, and Treasury’s nationwide awareness program on government securities to boost investor participation.

As a result, commercial banks had additional funds to invest in government securities and therefore auctions were consistently oversubscribed in the last quarter of 2025, lowering interest rates on Treasury Bills from 8.6 per cent in the first half of 2025 to 6.8 per cent by the end of the year.

5.4 Issuance Forecast and Market Outlook for 2026

Current issuance forecasts indicate a planned reduction in the number of GIS tenors as part of the preparatory steps for benchmark issuances, in line with the action items outlined in the local Local Currency Bond Market Development Plan. Market interest rates are presently aligned with, or close to the KFR and this trend is expected to persist into the second quarter, assuming no changes to the current CRR and KFR settings.

6. DEBT STRATEGY AND DEBT SUSTAINABILITY ANALYSIS

6.1 Medium-Term Debt Strategy (MTDS 2024-2028)

The Government’s debt strategy, MTdS 2024-2028, has been formulated against the revenue and expenditure assumptions presented in the 2024-2027 MTFS, having a focus on maintaining fiscal support for economic recovery from the COVID-19 pandemic as well as fostering fiscal consolidation over the medium term. It is aligned with the Fiscal Responsibility Act, maintaining debt at sustainable levels (fiscal policy objective), maintaining financial risks at prudent levels and developing the domestic debt market. The strategy has a strong focus on managing the risk exposure embedded in the debt portfolio, more specifically, the potential variations in the cost of debt servicing and its impact on the budget over the medium term by identifying how cost and risk vary with the composition of the debt.

To minimize the impact of **costs and risks** to the Government and based on the adopted strategy and corresponding simulations, the Treasury aims to achieve the projected distribution of gross borrowing—by source of financing and type of debt instrument—by the end of the simulation period (2024–2028), as outlined in Table 11.

Table 12- Target Shares of Gross Borrowing from Different Sources and Instruments by the end of simulation period (2024-2028)

Instruments	Adopted Strategy
Multilateral Fixed (IDA/IFAD/EIB/OPEC/IMF)	33%
Multilateral Floating (IBRD/ADB-OCR /EIB)	6%
Bilateral Fixed (Yen/China/India/KFW)	12%
Bilateral Floating (AUD BS, no grace period)	3%
Bilateral Floating (AUD Project)	2%
Commercial Fixed (Bond)	0%
Commercial Loans Floating	1%
ADB (SIDS, F/10Yr/Fixed)	3%
External	60%
T-bills	12%
2-5 Year Bond	14%
6-9 Year Bond	4%
10 > Year Bond	9%
Domestic Loan BSP Loans	1%
Domestic	40%
Total	100%

Source: Department of Treasury, MTDS 2024-2028

The implementation of the MTDS in its first year yielded both achievements and challenges, as detailed in the Treasury’s 2024 FBO. The MTDS aimed to reduce reliance on variable-rate borrowing and to extend the Average Time to Re-fixing (ATR) by the end of strategy period which was partially achieved. However, the challenges on interest payments on existing debt portfolio remain as 2024 interest payments increased by 6.9 percent, driven by rising international interest rates (SOFR) and the depreciation of the Kina against major currencies.

6.2 MTDS Performance 2025 (2024-2028 Framework)

The 2025 outcomes remain broadly consistent with the MTdS cost-risk framework. However, continued efforts to lengthen domestic maturities and gradually rebalance foreign currency exposure will be required (Table 12)

On Track

- **The weighted average cost** of total debt was 6.6 per cent in 2025, indicating that debt servicing costs remains manageable within the medium-term fiscal framework.
- **The debt-to-GDP ratio** of 51.1 per cent remains below the 60 percent ceiling established under the MTdS and the 52.5 per cent in the *FRA 2006 (Amended 2025)*.
- Reserve-based liquidity indicators remain within prudent thresholds, with short-term foreign currency debt at 14.1 per cent of reserves and short-term foreign currency debt service at 26.5 per cent of reserves.

Risks

- **Foreign currency debt** accounted for 53.4 per cent of total debt, slightly above the MTdS benchmark of 50 per cent. This decision reflects the continued cheaper

rate that external borrowing provides (5.05 per cent average) compared to domestic debt (8.38 per cent average) but results in exchange risks.

- **Refinancing risk** remains concentrated in domestic debt. The overall Average Time to Maturity (ATM) stood at 5.1 years, with domestic ATM at 2.6 years. Approximately 27 percent of total debt and 51.6 per cent of domestic debt mature within one year, indicating elevated rollover risk.
- **Interest rate risk** indicators show that 39.8 per cent of total debt is subject to refixing within one year. However, 76 per cent of total debt is contracted at fixed interest rates, providing stability against short-term rate fluctuations.

Table 13: MTDS Performance 2025 (2024-2028 Framework)

Debt Strategy Objective	2025 Performance	Status
Reduce Debt-to-GDP below 60 per cent	Debt-to-GDP at 50.0 per cent	Objective Met
Shift towards concessional external borrowing	Weighted average interest rate on external debt remains low at 5.05 per cent, reflecting continued reliance on concessional financing	
Reduce reliance on Treasury Bills	T-bills account for 43.7 per cent of domestic debt and 20.3 per cent of total debt, indicating continued but moderated reliance	Objective Partially Met
Reduce refinancing risk	Total debt maturing in 1 year stands at 27.1 per cent; domestic refinancing pressure remains high at 51.6 per cent, although external maturity profile is strong with ATM of 7.2 years	Objective Target Not Met
Keep FX debt below 50 per cent	FX debt stands at 53.4 per cent of total debt	Objective Target Not Met
Manage interest rate risk	ATR at 3.5 years; 39.8 per cent of total debt refixes within one year, with domestic exposure high at 53.5 per cent	Objective Target Not Met

Source: Department of Treasury, 2025

	Objective Met
	Objective Partially Met
	Objective Target Not Met

6.3 Debt Sustainability

Maintaining debt sustainability in Papua New Guinea (PNG) has remained a central policy concern over the past decade.

The most recent Debt Sustainability Assessment (DSA), completed in July 2025 [Joint World Bank - IMF Debt Sustainability Analysis - July 2025], highlights that “PNG is susceptible to trade-related and contingent liabilities shocks, as well as climate change, underscoring downside risks to the

public debt outlook”. External debt risks are elevated due to liquidity risk associated with the bullet payment on the existing Eurobond in 2028 and higher official bilateral and multilateral debt service payments in the first half of the forecast horizon. Domestic debt vulnerabilities are also elevated contributing to persistent breaches of the PV of overall debt to GDP ratio”

Risk of external debt distress	High
Overall risk of debt distress	High
Granularity in the risk rating	Sustainable
Application of judgment	No

Source: Joint World Bank - IMF Debt Sustainability Analysis - July 2025

These findings reinforce the view that PNG’s debt position, while manageable under the baseline, remains **vulnerable to shocks** that could quickly alter the trajectory of public debt. Historically, such vulnerabilities have arisen from a combination of **domestic pressures**—including revenue volatility, expenditure overruns, and financing constraints—and **external shocks**, such as fluctuations in global commodity prices, tightening global financial conditions, and climate-related events.

Against this backdrop, the Government has increasingly recognized the importance of strengthening debt management practices, improved fiscal discipline, and enhancing the resilience of the public debt portfolio.

The evolving risk environment has therefore shaped both the Government’s medium-term fiscal strategy and its ongoing reforms in public debt management.

6.4 Policy Responses and Ongoing Reform Efforts

In response to these vulnerabilities, the Government has pursued a series of policy measures aimed at reinforcing debt sustainability and reducing exposure to refinancing, interest-rate, and exchange-rate risks. Central to these efforts is the implementation of the MTDS 2024–2028, which prioritizes a gradual shift toward longer-term, fixed-rate domestic instruments, diversification of the investor base, and improved predictability in the issuance calendar. The introduction of longer-dated Treasury bonds—including the inaugural 15-year bond—marks a significant step toward lengthening the Average Time to Maturity (ATM) of domestic debt and reducing rollover pressures.

On the fiscal side, the Government has committed to a medium-term fiscal consolidation path, supported by revenue-enhancing measures, expenditure rationalization, and strengthened public financial management. Efforts to improve the monitoring of contingent liabilities, particularly those arising from state-owned enterprises, are also underway, alongside initiatives to enhance transparency through more timely publication of debt statistics and the annual Debt Bulletin.

These combined measures—anchored in prudent fiscal management, strengthened debt operations, and improved

transparency—are intended to bolster PNG’s resilience to shocks and support a more sustainable public debt trajectory over the medium term.

7. Public Debt Management (PDM) Reforms 2025-2026

PNG has continued to seek technical assistance from the donor community to address areas flagged by various performance assessments requiring special attention. The collective involvements of the donor community and the country’s own efforts have been instrumental in achieving some major public debt management goals such as;

- I. increased debt data accuracy, and debt data completeness, including smooth migration from the current debt recording system to its successor;
- II. enhanced analytical capacity of DOT staff for managing debt vulnerabilities and risks;
- III. development of an updated medium-term public debt strategy for 2024–2028;
- IV. improved transparency, communication on debt and more timely availability of debt data, including the preparation of an annual public debt bulletin and
- V. Preparation of major debt management policy documents including revision of *2021 State Guarantee Policy*, *2022 Guidance Note on State Guarantee Policy* and *2023 State On-lending Policy* and its related *On-lending Policy Guidance Note*.

As part of its Public Debt Management Reforms and following the advice rendered by recent debt management performance assessments conducted by the World Bank 2020 in the context of Debt Management Performance Assessment (DeMPA) and the assessments conducted by the IMF in (2020-2025) the following areas need further enhancement;

1. Public Debt Management Operational Risk Framework

Objective: With the technical support of the ongoing TA project, the Financial Management Division (FMD) has been advancing work on the development of Public debt management operational risk management frameworks, which are expected to be finalized and formally adopted in 2026. The frameworks will provide structured guidance for identifying, assessing, mitigating, and monitoring operational risks across core debt-management functions, and will form a key component of the Division’s broader efforts to strengthen institutional resilience.

2. Meridian and IFMS Interface

Objective: To establish an automated interface between the Meridian Public Debt Management System and the Government’s Integrated Financial Management System (IFMS)

to improve the accuracy, timeliness, and efficiency of public debt recording, reporting, accounting, and reconciliation processes. The initiative aims to strengthen data integrity, reduce manual interventions, and enhance coordination between debt management and public financial management systems.

3. Investor Relations Strategy (IRS)

Objective: To strengthen transparency, communication, and engagement between the Government and investors through the establishment of a structured Investor Relations Framework. The initiative aims to improve the availability and accessibility of debt-related information, enhance investor confidence, support implementation of the Medium-Term Debt Strategy (MTDS), and contribute to the development of Papua New Guinea’s domestic government securities market.

8. REFERENCES

1. IMF WORLD ECONOMIC OUTLOOK, APRIL 2024
2. IMF WORLD ECONOMIC OUTLOOK, OCTOBER 2025
3. IMF-WORLD BANK, MARCH 2023, PNG DEBT SUSTAINABILITY ANALYSIS, MARCH 2023, PAGE 78
4. IMF/WORLD BANK DSA, DECEMBER 2023
5. IMF, MARCH 2023, IMF- PAPUA NEW GUINEA: REQUESTS FOR AN ARRANGEMENT UNDER THE EXTENDED CREDIT FACILITY, MARCH 2023
6. IMF'S FIRST REVIEWS UNDER EXTENDED FUND FACILITY ARRANGEMENT, DECEMBER 2023
7. IMF'S PAPUA NEW GUINEA: 2025 ARTICLE IV CONSULTATION, FOURTH REVIEWS UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY... JUNE 2025
8. WORLD BANK, DEMPA 2014: DEBT MANAGEMENT PERFORMANCE ASSESSMENT
9. WORLD BANK, DEMPA 2020: DEBT MANAGEMENT PERFORMANCE ASSESSMENT (UNPUBLISHED REPORT)
10. DEPARTMENT OF TREASURY – 2017 FINAL BUDGET OUTCOME
11. DEPARTMENT OF TREASURY – 2018 FINAL BUDGET OUTCOME
12. DEPARTMENT OF TREASURY – 2019 FINAL BUDGET OUTCOME
13. DEPARTMENT OF TREASURY – 2020 FINAL BUDGET OUTCOME
14. DEPARTMENT OF TREASURY – 2021 FINAL BUDGET OUTCOME
15. DEPARTMENT OF TREASURY – 2022 FINAL BUDGET OUTCOME
16. DEPARTMENT OF TREASURY -- 2023 FINAL BUDGET OUTCOME
17. DEPARTMENT OF TREASURY – 2024 FINAL BUDGET OUTCOME
18. 2024-2028 MEDIUM-TERM DEBT STRATEGY (MTDS)