



MINISTRY OF FINANCE  
Government of Tonga

QUARTERLY DEBT BULLETIN as of 30<sup>th</sup> September 2025

**OVERVIEW**

This report summarizes the Government's (GoT) position from 1<sup>st</sup> July 2025 to the 30<sup>th</sup> of September 2025, in millions of Pa'anga. Comparisons have been made to the previous quarter (June 2025), and to the same quarter in the previous year (September 2024). The information covers External, Domestic, On-lent, and Government Guaranteed Debt.

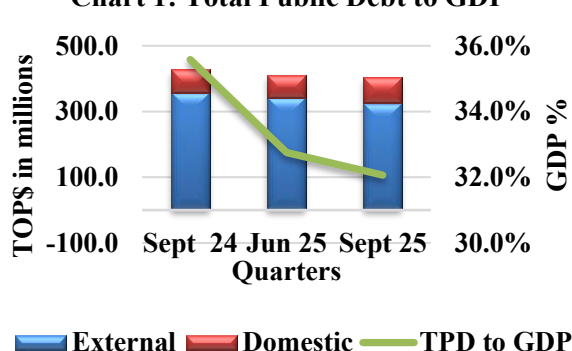
**1. TOTAL PUBLIC DEBT**

- 1.1 Total Public Disbursed Outstanding Debt (DOD)** as of 30<sup>th</sup> September 2025 is estimated at T\$404.4m (30.8% of GDP) as shown in Table 1 and Chart 1 below. Total public debt decreases by T\$6.1m between June 2025 and September 2025. The observed decrease was primarily attributable to the repayment of the GoT loans with the EXIM Bank of China during the September 2025 quarter. There was a new government bond issuance of \$10m during the quarter.

**Table 1: Total Public Debt (T\$m) by Residency**

LOANS	Sept 24	June 25	Sept 25
External	358.0	342.0	325.9
Domestic	69.7	68.5	78.5
<b>TOTAL PUBLIC DEBT</b>	<b>427.7</b>	<b>410.5</b>	<b>404.4</b>

**Chart 1: Total Public Debt to GDP**



- 1.2 Total Debt Service (Expenditure)** for 30<sup>th</sup> Sept 2025 quarter is estimated at T\$26.7m, of which for *external debt* is T\$23.3m (87.4%) and *domestic debt* is T\$3.4m (12.6%). This is equivalent to 2.0% of GDP (\$1312.2m). The 88.1% of external debt service payments comprised of loan repayments to China, with principal and interest falling due in March and September, annually.

**2. EXTERNAL DEBT**

- 2.1 Total External debt** as of 30<sup>th</sup> September 2025 is recorded at T\$325.9m (24.8% of GDP). The external debt consists of multilateral creditors 61.8% and 38.2% bilateral creditors. The external DOD amount decreased

by T\$16.2m and T\$32.2m respectively when compared to September 2024 and June 2025 quarters respectively.

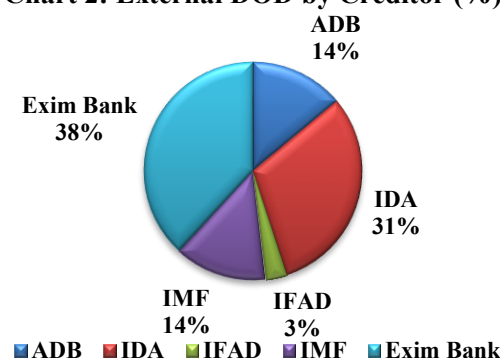
**2.2 External DOD by Creditor**

The external debt by Creditor is shown in Table 2 and Chart 2 below.

**Table 2: External DOD by Creditor (in T\$m)**

CREDITOR	Sept 24	June 25	Sept 25
<b>Multilateral</b>	<b>198.6</b>	<b>201.2</b>	<b>201.4</b>
ADB	49.0	46.0	45.4
IDA	97.2	100.7	101.3
IFAD	9.6	10.3	10.2
IMF	42.8	44.1	44.5
<b>Bilateral</b>	<b>159.4</b>	<b>140.8</b>	<b>124.4</b>
Exim Bank	159.4	140.8	124.4
<b>Total EXTERNAL</b>	<b>358.0</b>	<b>342.0</b>	<b>325.9</b>

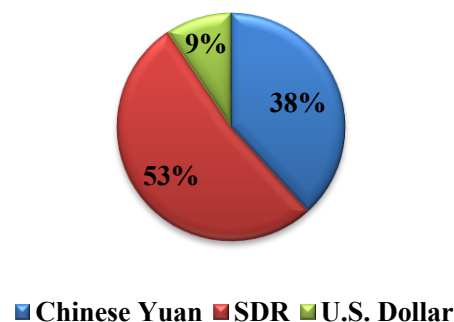
**Chart 2: External DOD by Creditor (%)**



**2.3 External DOD by Currency Composition**

The main outstanding loan currency as of 30<sup>th</sup> September 2025 denominated in Special Drawing Rights (SDR) and is shown in Chart 3 and with decomposition of the SDR basket of currency in Chart 4.

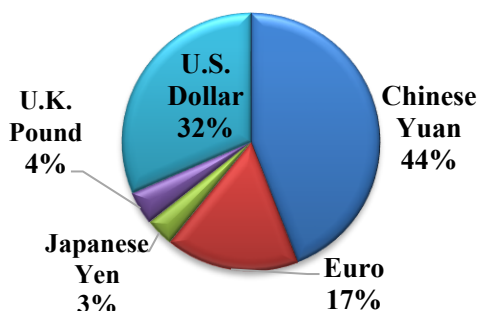
**Chart 3: External Debt by Currency composition**





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**Chart 4: External Debt by  
Currency composition with SDR  
decomposed**



#### 2.4 External Disbursement

Even though there were no new external loans contracted during the quarter, there was a disbursement of T\$0.7m made during the September 2025 quarter. This ongoing disbursement was from an existing project loan from World Bank allocated to the Pacific Resilience Project<sup>1</sup>.

#### 2.5 External Debt Service

Total external debt service for the quarter ending on the 30<sup>th</sup> September 2025 was T\$23.3m. This is equivalent to 1.8% of annual GDP (T\$1,312.2m), as a percentage of recurrent revenue and expenditure for FY 25/26 (GoT), which accounted for 3.9% (at T\$603.0m) and 2.3% (at T\$992.8m) respectively.

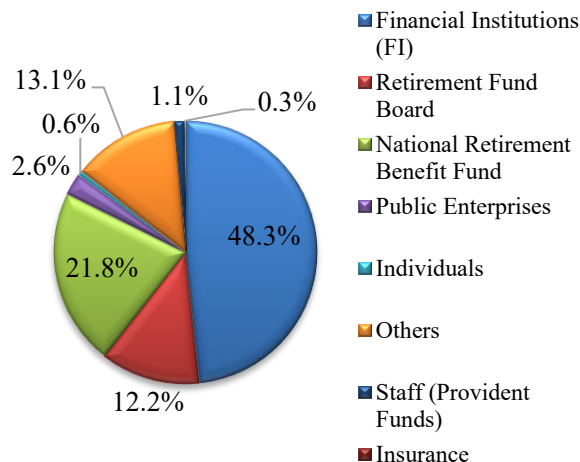
As of the publication of this report, no external payment arrears have been recognized or realized.

### 3. DOMESTIC DEBT

**3.1 Total Domestic debt** as of 30<sup>th</sup> September 2025 recorded at T\$78.5m (or 6.0% of annual GDP), for GoT bonds on issue. During the period from July 1<sup>st</sup> 2025 to September 30<sup>th</sup> 2025, GoT issued new Government bond of \$10.0m as part of the budgeted new bond issuance for FY 25/26. This new issuance is part of the appropriated fund to initiate the Public Sector Development loan funds at the TDB. This issuance was oversubscribed, indicating a positive outlook for future maturities and new issuances achieving similar level of subscription.

The main bond holders are the Financial Institutions, amounted to T\$38.0m (48.4%) and National Retirement Benefit Fund which amounted to T\$17.1m (21.8%) as shown in Chart 5. There were no domestic loan payment arrears. All bonds are held by the residents of Tonga.

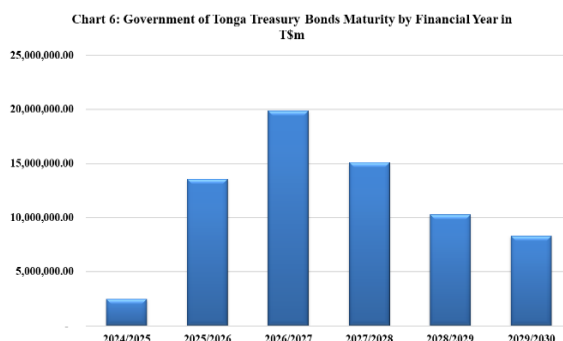
**Chart 5: Domestic Bonds by Bond  
Holders**



#### 3.2 Government Bond Maturity by Financial Year

Domestic Debt is composed of Treasury bonds with tenors ranging from 3 years to 6 years. Government has mainly issued bonds with a maturity of 5 years.

Chart 6 below shows Bond maturity by financial year (F/Y) as at end September 2025. The National Reserve Bank of Tonga (NRBT) act as the registrar of domestic bonds issuance<sup>2</sup>



#### 3.3 Domestic Debt Service

Domestic debt service for the quarter ending September 2025 is estimated at T\$3.4m, which is equivalent to 0.3% of the annual GDP (T\$1,312.2m). Domestic repayments peaked in August 2025 due to the maturity of a T\$3.2m Treasury Bond (95.0% of T\$3.4 paid in the Quarter). There were no domestic payment arrears, at the completion of the reporting quarter.

<sup>1</sup> This is an IDA-WB loan between the GoT and the World Bank for the purpose of the Pacific Resilience Project under the Pacific Resilience Program. This is a regional program designed to strengthen climate and disaster resilience in the participating countries, in this case Tonga.

<sup>2</sup> National Reserve Bank of Tonga Act 1988 (rev.2011) section 4(a)



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#### **4. GOVERNMENT GUARANTEES**

**Total government guaranteed debt** as of 30<sup>th</sup> September 2025 is estimated at T\$9.4m, of which T\$8.6m is for private companies (Cost Low Company Ltd T\$6.2m and Royco Ports Services Ltd T\$2.4m) and T\$0.7m is for Public Company (Lulutai Airlines Ltd)

Regarding the guaranteed debt with the private companies, it is noted that all are subject to recovery action. Consequently, the increase in their respective DODs is attributed to interest, service fees, insurance, and recovery costs whilst holding of repayments due to ongoing legal proceedings. There were no new guarantees issued during the reporting quarter.

#### **5. ON-LENT LOANS**

**Total on-lent loans** as of the 30<sup>th</sup> September 2025 due to the GoT from various public and other enterprises, is estimated at T\$29.1m (2.2% of T\$1,312.2m annual GDP), a decrease from T\$40.5m as at 30<sup>th</sup> of September 2024. The outstanding amount was for on-lending to public (T\$4.0m) and private companies (T\$25.1m) for Development projects for Nuku'alofa CBD projects.<sup>3</sup>

The Total debt service (revenue) for Sept 2025 quarter is at T\$0.05m for on-lent loan repayments. The total amount of on-lent arrears as of 30<sup>th</sup> September 2025, is estimated at T\$15.5m. This comprises of private companies on-lent loans for Nuku'alofa CBD projects, however, Government is currently liaising with Borrowers for a way forward to settle these on-lent arrears.

#### **6. COST AND RISK INDICATORS**

The cost of the existing debt portfolio is relatively low and driven by a large share of external debt. At the end of September 2025, the value of total debt represented 30.8% of GDP, as illustrated in Table 3. This shows that total debt is an important share of concessional external borrowing. The grant element or concessionality of the existing portfolio is estimated to 24.8% according to IDA & IMF LIC DSF Assessment.<sup>4</sup> The cost of domestic debt is higher still comparing to previous Quarter than the cost of external debt with a weighted average implied interest rate of **2.9% and 0.9%** respectively.

Despite a marginal 2.9% decrease over the Quarter, Foreign Exchange risk is the primary concern for the existing debt portfolio, given that 80.6% of the debt is denominated in foreign currencies. This immense change is an indication that the Government continues with the repayment of Nuku'alofa CBD Reconstruction Project loan to China until FY 2029.

Refinancing risk is still a risk of concern for the existing debt portfolio. The domestic debt portfolio is exposed to

refinancing risk at 13.5% of the government securities due for redemption within 1 year and an average time to maturity (ATR) of only 3.2 years. However, as a percentage of GDP, this risk is less in the domestic debt than that with the external debt by 5.7%.

**Table 3: Cost and Risk Indicators**

<i>Risk Indicators</i>		<i>External debt</i>	<i>Domestic debt</i>	<i>Total debt</i>
<b>Amount (in millions TOP)</b>		325.9	78.5	404.4
<b>Nominal debt as percent of GDP</b>		24.8	6.0	30.8
<b>Cost of debt</b>	Interest payment as percent of GDP <sup>3</sup>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>
	Weighted Av. IR (percent)	<b>0.9</b>	<b>2.9</b>	<b>1.3</b>
<b>Refinancing risk</b>	ATM (years)	<b>7.2</b>	<b>3.2</b>	<b>6.5</b>
	Debt maturing in 1yr (percent of total)	<b>7.8</b>	<b>13.5</b>	<b>8.8</b>
	Debt maturing in 1yr (percent of GDP)	<b>2.2</b>	<b>0.8</b>	<b>3.0</b>
<b>Interest rate risk</b>	ATR (years)	<b>7.2</b>	<b>3.2</b>	<b>6.5</b>
	Debt refixing in 1yr (percent of total)	<b>7.8</b>	<b>13.5</b>	<b>8.8</b>
	Fixed rate debt incl T-bills (percent of total)	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
	T-bills (percent of total)	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>FX risk</b>	FX debt (percent of total debt)			80.5
	ST FX debt (percent of reserves)			3.1

#### **7. DEBT SUSTAINABILITY INDICATORS**

Under the baseline scenario, Tonga's level of public debt is not breaching the IMF thresholds (International Monetary Fund, 2023) and the PV of external debt-to-GDP ratio is expected to decline by approximately 4% each financial year, reflecting large repayments to China Exim Bank until FY 29/30. This is shown in Table 4.

<sup>3</sup> Reconstruction of Nuku'alofa Central Business District (CBD) due to the political uproar and destruction of most business stationed in CBD in November 2016.

<sup>4</sup> A loan is normally considered concessional if the grant element is at least 35%



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Telephone: +676 740 0700, +676 740 0730

**Table 4: Sovereign Debt Sustainability Indicators**

Indicators	(IMF) Tonga Target %	2025/26	2026/27	2027/28
<b>NPV of external debt as:</b>				
% of GDP	40%	23%	20%	16%
% of GDP & remittances	36%	15%	14%	11%
% of exports	150%	774%	673%	526%
% of exports & remittances	120%	43%	42%	35%
% of government revenues	250%	86%	72%	58%
<b>Debt Service as:</b>				
% of exports	20%	113%	185%	166%
% of exports & remittances	16%	6%	12%	11%
% of revenues	20%	13%	20%	18%

### **8. EXCHANGE RATE FLUCTUATIONS**

The significant movement of the Pa'anga against the borrowing currencies, during September 2024 and September 2025, showed a depreciation of the Pa'anga against the SDR (4.6%), USD (3.4%) and CNY (1.9%) as shown in Table 5 below.

**Table 5: FC/TOP Exchange Rate<sup>5</sup>**

TOP/FC	Sept 24	June 25	Sept 25
CNY	0.3321	0.3322	0.3383
SDR	3.1580	3.2738	3.3020
USD	2.3283	2.3827	2.4085
EUR	2.6072	2.8049	2.8325
GBP	3.1270	3.2814	3.2489
JPY	0.0164	0.0165	0.0162

### **REFERENCE:**

Debt Management Office, Ministry of Finance. (2025). Nuku'alofa.  
International Monetary Fund. (2023). TONGA :2023 Article IV Consultation-Press Release; And Staff Report. *IMF Country Report No. 23/361*, 11-12.  
National Reserve Bank of Tonga. (2011). *NATIONAL RESERVE BANK OF TONGA (Amendment) Act 2011*. Nuku'alofa, Tonga. Retrieved from Attorney's General Office: <https://ago.gov.to>

### **ABBREVIATIONS:**

GDP	Gross Domestic Product
GoT	Government of Tonga
DOD	Disbursed Outstanding Debt
ADB	Asian Development Bank
IDA	International Development Association- World Bank
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
CNY	Chinese Yuan Renminbi
SDR	Special Drawing Rights
USD	United States Dollar
EUR	The Euro
GBP	Great Britain Pound
JPY	Japanese Yen
F/Y	Financial Year
CBD	Central Business District
NPV	Net Present Value
ATR	Average Time to Maturity
NRBT	National Reserve Bank of Tonga
LIC DSF	Low-Income Country Debt Sustainability Framework
EXIM-China	Export-Import Bank China

### **Contacts:**

Debt Management Section  
Financial Framework Division  
Ministry of Finance

Website: <https://www.finance.gov.to>

Email: [afakahua@finance.gov.to](mailto:afakahua@finance.gov.to) / [ffd@finance.gov.to](mailto:ffd@finance.gov.to)

<sup>5</sup> FC: Foreign Currency, TOP: Tongan Pa'anga as at end of the month.