

Ministry of Finance and Economic Development
Annual Debt Statistical Bulletin – August 2025

1. STOCK OF DEBT

The stock of debt refers to the total amount of debt owed by the Government at a specified point in time. It refers to the amount of financing already disbursed and yet to be repaid. Table 1 below, shows the evolution of Tuvalu’s outstanding external debt during the last five years (financial years). The data are categorized by creditors, indicating the percentage distribution. Between fiscal years 2020/2021 and 2024/2025, the Central Government’s external debt has shown a consistent downward trend, declining from AUD 5.45 million to AUD 3.58 million. This reduction represents a 34% decrease over the five-year period. The share of ADB in total external debt increased from 56% in 2020/2021 to 65% by 2024/2025, even though the absolute amount of ADB debt declined from AUD 3.06 million to AUD 2.32 million. In contrast, ICDF’s¹ contribution decreased both in nominal terms and as a percentage of total debt—falling from AUD 2.39 million (44% of the total) to AUD 1.27 million (35%). The downward trend reflects the absence of new government loan negotiations since 2019, combined with the ongoing amortization of the existing debt obligations.

Table 1: Evolution of External debt, by creditor 2020/21 to 2024/25

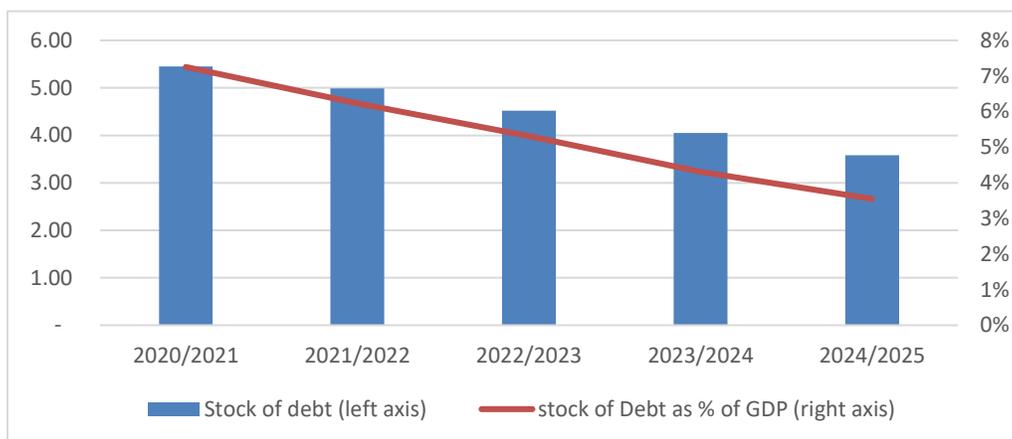
Evolution of Central Government Stock of External Debt 2020/2021 -2024/2025, by creditor					
In AUD million	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
ADB	3.06	2.88	2.69	2.51	2.32
As percentage of total debt	56%	58%	60%	62%	65%
ICDF	2.39	2.11	1.83	1.54	1.26
As percentage of total debt	44%	42%	40%	38%	35%
Total	5.45	4.99	4.52	4.05	3.58

Source: Ministry of Finance and Economic Development

The stock of external debt in terms of GDP shows a downward trend, from 7% in 2020/2021 to 4% in both 2023/2024 and 2024/2025. This decline in the debt-to-GDP is due to the experienced growth in GDP over the years as well as the steady decline in outstanding debt. Graph 1 below shows the evolution of the debt to GDP ratio over the five year period.

¹ ICDF Loan has been cleared in June, 2025, details of the operation will appear in the next bulletin publication.

Graph 1: Evolution of external debt to GDP



Source: Ministry of Finance and Economic Development

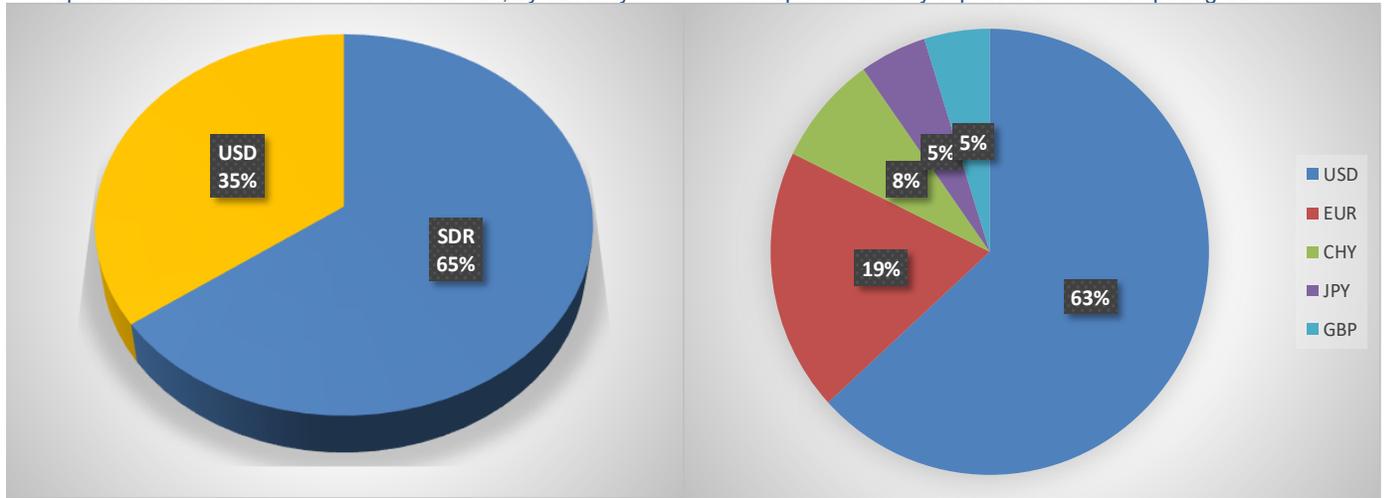
At the end of fiscal year 2024/25, Tuvalu’s external debt stock remains predominantly denominated in Special Drawing Rights (SDR), accounting for 65 percent of total obligations, with the remaining 35 percent held in U.S. dollars. This composition reflects Tuvalu’s reliance on multilateral financing sources, which typically disburse funds in SDR. While the SDR provides a buffer against volatility in any single currency, it also introduces indirect exposure to a basket of currencies, necessitating a thorough assessment of exchange rate risks.

Upon decomposing the SDR into its constituent currencies², Tuvalu’s effective currency exposure becomes more diversified but still concentrated. The U.S. dollar emerges as the dominant currency, representing 63 percent of total exposure, followed by the euro (19 percent), Chinese yuan (8 percent), Japanese yen (5 percent), and British pound (5 percent). This distribution underscores Tuvalu’s sensitivity to movements in major global currencies, particularly the U.S. dollar and euro

²The current SDR currency composition is as follows: USD (43.38%); EUR (29.31%); CHY (12.28); JPY (7.59%); GBP (7.44%)

Graph 2: Stock of External Debt at end 2024/25, by currency

Graph 3: Currency exposure after decomposing SDR



Source: Ministry of Finance and Economic Development

2. DEBT SERVICE

Over the five-year period from 2020/2021 to 2024/2025 (as shown in Table 2), total debt service remained relatively stable, fluctuating only slightly from AUD 0.51 million to AUD 0.50 million. The interest payments showed a minor decline from AUD 0.04 million in 2020/2021 to AUD 0.03 million in 2024/2025, as amortization throughout the period reduces the outstanding stock of these loans. Meanwhile, amortization payments remained constant at AUD 0.47 million each year, reflecting a steady repayment schedule without significant changes in principal obligations.

By creditors, debt service remained consistent. The ADB accounted for approximately AUD 0.22–0.23 million annually, while the International Cooperation and Development Fund (ICDF) contributed AUD 0.28 million each year.

Over the period from 2020/2021 to 2024/2025, total debt service as a percentage of revenues remained relatively stable, fluctuating between 0.67% and 0.79%, with a slight peak in 2023/2024. This indicates that debt obligations have consistently represented a small fraction of government revenues, suggesting a manageable fiscal burden. In contrast, total debt service as a percentage of exports showed a significant downward trend, falling from 11.50% in 2020/2021 to just 3.28% in 2024/2025. This sharp decline reflects the substantial increase in service export earnings during the period, contributing to reduced vulnerability to external shocks.

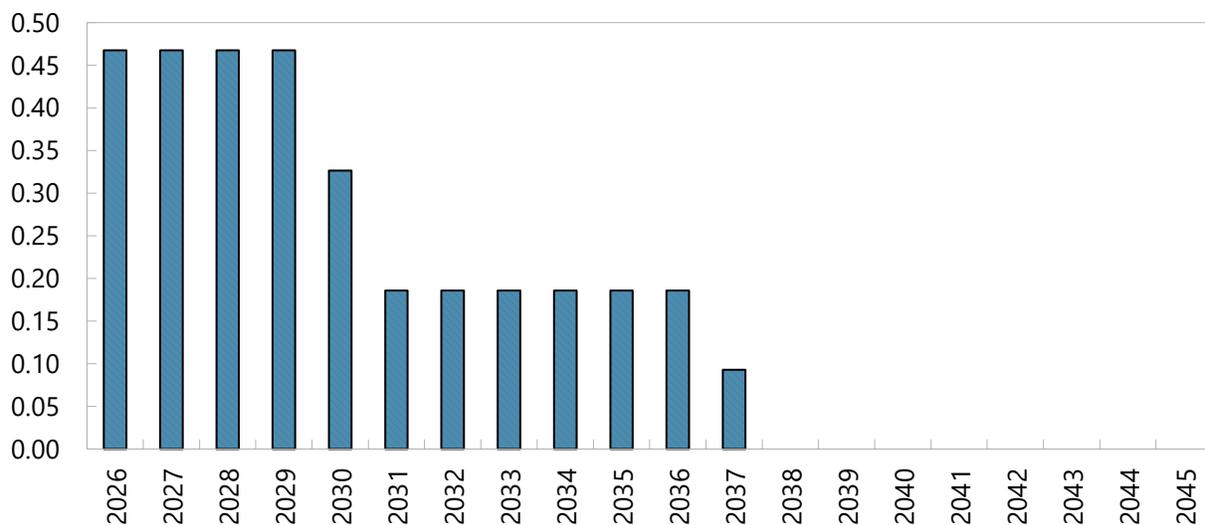
Table 2: Evolution of debt service 2020/21 to 2024/25, by creditor

Total Debt Service (in AUD millions)	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
Interest	0.04	0.04	0.04	0.04	0.03
Amortization	0.47	0.47	0.47	0.47	0.47
Total	0.51	0.51	0.51	0.50	0.50
By creditor					
AsDB	0.23	0.23	0.22	0.22	0.22
ICDF	0.28	0.28	0.28	0.28	0.28
Total	0.51	0.51	0.51	0.50	0.50
Memo Items:					
Total debt service in % of Revenues	0.71%	0.73%	0.67%	0.79%	0.68%
Total debt service in % exports	11.50%	13.78%	15.61%	6.02%	3.28%

Source; Ministry of Finance and Economic Development.

The amortization schedule over the period 2025/2026 to 2037/2038 shows a structured and declining repayment plan. For the first four years, from 2025/2026 to 2028/2029, annual repayments are projected at AUD 0.47 million, representing the peak of the debt servicing period. This amount then drops to AUD 0.32 million in 2029/2030, followed by a consistent annual repayment of AUD 0.18 for the remainder of the period. In the final year, 2037/2038, the amortization amount is reduced to AUD 0.092, marking the completion of the repayment cycle. This gradual decline reflects the existing practice of not negotiating new loans. Graph 3 below shows the existing amortization profile for Tuvalu until the end of the repayment period of the existing loans

Graph 3: Amortization profile



Source: Ministry of Finance and Economic Development.

RISK INDICATORS

The government debt portfolio reflects a low-cost structure, with a weighted average interest rate of just 0.89%, indicating very favorable borrowing terms. The average time to maturity (ATM) stands at 4.5 years, suggesting a moderate medium-term debt profile that helps reduce rollover risk. ATM for Tuvalu shows the residual maturity profile of the three existing loans. Any new borrowing on concessional terms will result in a substantial increase of the ATM. Additionally, only 13.7% of the debt is maturing within one year, which supports short-term liquidity and minimizes refinancing pressure.

From an interest risk perspective, the debt composition is highly stable, with 100% of the debt at fixed interest rates. This eliminates exposure to interest rate fluctuations and enhances predictability in debt servicing. However, the entire debt stock is denominated in foreign currency (FX debt at 100%), which introduces vulnerability to exchange rate movements. While the fixed-rate structure mitigates interest rate risk, the full exposure to foreign currency risk underscores the importance of maintaining adequate foreign reserves and monitoring exchange rate trends closely. Table 3 below shows the main cost and risk indicators for central government's debt portfolio.

Table 3: Cost and Risk indicators for Tuvalu at end 2024/25

Cost and Risk Indicators		Central Government Debt
Cost of debt	Weighted Av. IR (percent)	0.890
Refinancing risk	ATM (years)	4.5
	Debt maturing in 1yr (percent of total)	13.7
Interest rate risk	Fixed rate debt incl T-bills (percent of total)	100.0
FX risk	FX debt (percent of total debt)	100.0

Source: Ministry of Finance and Economic Developm