INTERNATIONAL MONETARY FUND

DEMOCRATIC REPUBLIC OF TIMOR-LESTE

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STAFF REPORT FOR THE 2013 ARTICLE IV CONSULTATION—DEBT SUSTAINABILITY ANALYSIS

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Timor-Leste is at low risk of debt distress on the basis of the revised fiscal framework that leads to low debt accumulation and a continuation of a high level of assets in the Petroleum Fund. Under this baseline, debt ratios are comfortably below thresholds.[2] This compares with the adverse debt dynamics inherent in the 2013 Budget Book that would have led to a steady fall in net assets. This assessment is fully contingent and conditional on the authorities consistently implementing the revised fiscal framework. This implies a tighter budget envelope with a reprioritization of spending on projects that spur sustainable growth, and borrowing only on concessional terms from multilateral and bilateral donors. The challenge to long-term debt sustainability comes from slippages to the revised budgetary plans, an inefficient investment program, and the maintenance of high current spending that does not enhance growth prospects. Risks from off-balance sheet operations that are likely to become more complex should be closely monitored and assessed.

[1] This DSA has been prepared by IMF staff with input from World Bank staff, using the debt sustainability framework for low-income countries approved by the Boards of both institutions.

[2] The DSA presented in this document is based on the standard low-income countries (LIC) DSA framework. See "Debt Sustainability in Low-Income Countries: Proposal for an Operational Framework and Policy implications" (http://www.imf.org/external/np/pdr/sustain/2004/020304.htm) and "Debt Sustainability in Low-Income Countries: Further Considerations on an Operational Framework, Policy Implications" (http://www.imf.org/external/np/pdr/sustain/2004/091004.htm).

UNDERLYING ASSUMPTIONS

1. **The assessment has been updated from the previous DSA work undertaken in 2011 and 2010 in light of the new policy that allows the buildup of external debt for developmental purposes.** This DSA is based on the macroeconomic framework outlined in the IMF's staff report for the 2013 Article IV consultation. The revised medium-term fiscal framework reflects more conservative spending plans consistent with macroeconomic and debt sustainability. The assessment assumes for analytical purposes that debt accumulation reflects the gap between revenues (ESI and non-oil revenues) and expenditures, e.g., the non-oil fiscal deficit is funded through external borrowing rather than excess withdrawals from the PF as in the past. This is to highlight that excess withdrawals from the PF are a form of borrowing from future generations and in light of the financial advantage of borrowing—as the return on the PF assets is likely higher than the interest cost on concessional borrowings. Since the public sector only borrows externally and the private sector does not incur any medium- or long-term external liabilities, the DSA does not separately assess external and public sector debt sustainability (they are essentially equivalent barring that the public sector external debt is partially illustrated in net terms).

2. **The DSA is based on the following:**

- Timor-Leste has a weak Country Policy and Institutional Assessment (CPIA) performance rating, corresponding to the lowest set of indicative debt thresholds.
- An estimate of gross national disposable income (GNDI) is replaced by gross domestic product (GDP), components of which are now available to more accurately capture the debt servicing capacity of the wider economy—excluding payments to non-residents in the petroleum sector and including transfers from abroad (grants).
- A wide concept of exports includes exports of goods and services as well as primary oil-related income.
- Total public sector revenue equals non-oil tax revenues plus the estimated sustainable income (ESI) from the PF.
- All debt is undertaken by the central government and no off-balance sheet debt is accumulated, including by state owned enterprises, such the national oil company, the Timor Gap.
- Oil reserves are depleted by 2024 and no new reserves come on stream during the forecast horizon.

FISCAL FRAMEWORK

3. **The DSA is based on the authorities' current fiscal framework outlined in the accompanying Staff Report, which significantly improves the fiscal and public balance sheet outlook over the long term compared to the 2013 Budget Book plans**. The so-called Yellow Road framework cuts expenditure growth over the medium term vis-à-vis the 2013 Budget, thereby also lowering the need for financing either through external borrowing or excess PF withdrawals (see text table). Under this framework, staff projects that external borrowing ceases by 2022 yielding stable long-term dynamics regarding public assets in gross and net terms. This contrasts with the unsustainable scenario set out in the 2013 Budget framework that projected large excess PF withdrawals and debt accumulation. This implied a rapid drawdown of public assets after 2024 when oil production is projected to end (see text figure). The unsustainable debt dynamics of the 2013 budget plans are highlighted in Figure 1a.

Projected Medium-Term Fiscal Funding Gaps under 'Yellow Road' and the 2013 Budget
(In millions of US$ unless otherwise noted)

	2013	2014	2015	2016	2017	2018
Baseline: Yellow Road 1/	260	275	319	278	195	124
percent of GDP	4.1	4.7	5.3	4.6	3.2	2.0
2013 Budget 2/	479	661	725	700	723	745
percent of GDP	7.8	11.5	12.1	11.5	11.5	11.6
Difference	-219	-386	-406	-422	-528	-622
percent of GDP	-3.6	-6.8	-6.8	-6.9	-8.3	-9.6

1/ "Yellow Road" framework agreed to by the Council of Ministers in June 2013.
2/ Timor Leste 2013 State Budget Book 1.

4. **The government will need a strong asset-liability management framework as its balance sheet becomes more complex.** In the period ahead, the government is planning to take on new debt liabilities and enter into public-private partnerships (PPPs) that may generate contingent liabilities.[3] On the asset side, there are plans for government and/or government owned entities to take equity positions in major capital projects. Key considerations are:

- Public debt. Contracting concessional debt from developmental partners is beneficial as it could improve the quality and returns of capital projects. Non-concessional debt should be avoided.

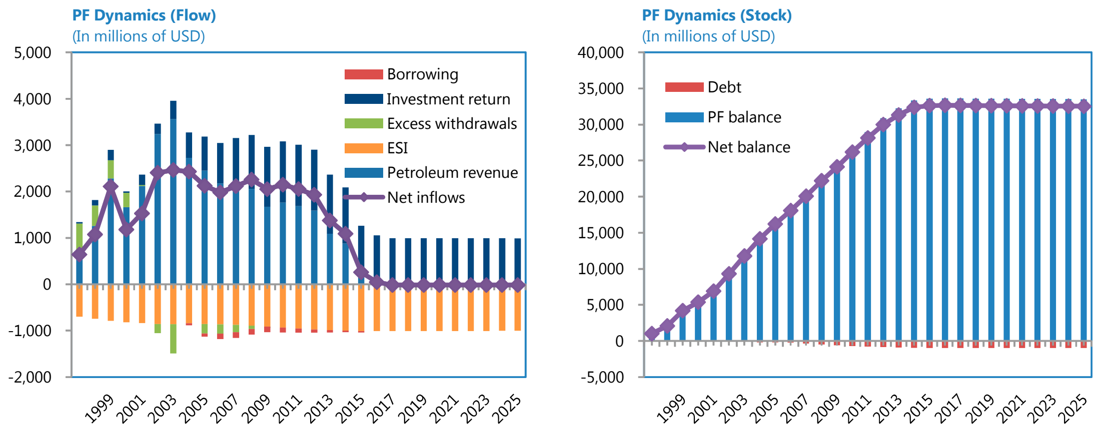
- Off-budget investments. Major capital-intensive projects tend to have complex financing structures and the cost-benefit of public participation in these projects can be difficult to assess. All such projects should be transparent and subject to the full scrutiny of the Major Projects Secretariat and the Audit Court whose capacity needs to be strengthened. Off-balance sheet liabilities, including by state owned companies such as newly established oil company, Timor Gap, should be avoided.

[3] PPP projects currently under development comprise the new Dili Port and the enhancement of Dili Airport—both important projects, with the PPP tender for the Port at Tibar Bay launched in August and work ongoing for the airport. The authorities are working with IFC. The details have yet to be finalized but it is estimated that investment in the Port will be $300-$400 million with significant private sector participation. The overall size of the airport project is not yet finalized but the expected level of private investment is likely to be much smaller.

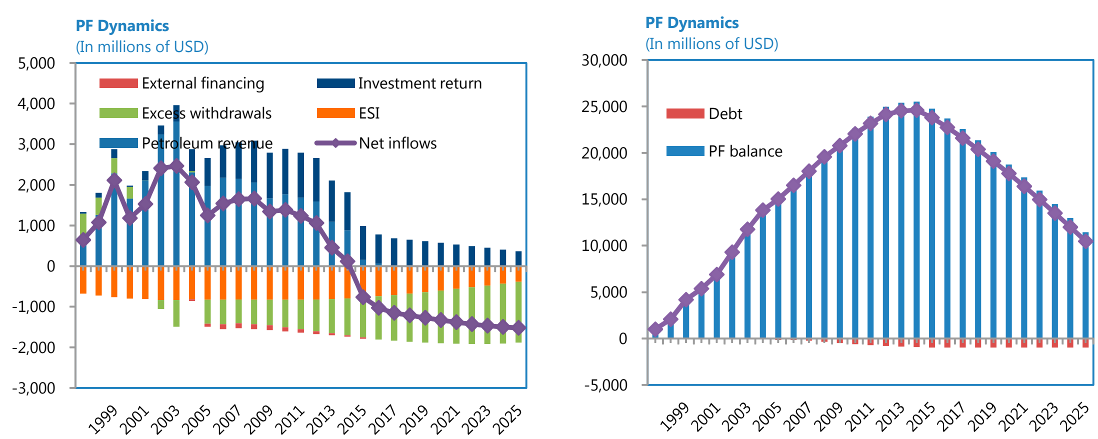
- Petroleum Fund. The revised Petroleum Fund Law allows a shift in strategic asset allocation away from purely high quality bonds toward equities with a 50:50 split allowed with an intention to increase returns. This may be appropriate from a long-term inter-generational perspective, but the risk-return trade-offs in inherently volatile global financial markets need to be carefully considered. The new provision to allow the PF to guarantee government debts (up to 10 percent of the PF's assets) is potentially risky and should be avoided.

Text Figure. PF Stock and Flow Dynamics under the Yellow Road and 2013 Budget Scenarios

Under the Yellow Road excess withdrawal and external borrowing are moderate yielding stable public assets over the long term.



Significantly higher funding needs under the 2013 Budget resulted in significantly negative stock dynamics.



ASSESSMENT

5. **Staff's debt sustainability analysis suggests that the authorities' revised fiscal framework outlined in the Staff Report is consistent with external and public debt sustainability.** Under the current medium-term expenditure framework, a moderate accumulation of gross debt through 2021 with the debt stock peaking at under 12 percent of GDP in present value terms in 2018 is forecast (see Table 1, Figure 1, panels a & b). Due to the high stock of public assets in the Petroleum Fund, at around $13 billion, and continued asset accumulation through 2024, net

public debt remains negative in nominal and present value terms throughout the period (see Table 2, Figure 2). In general, contracting concessional debt from developmental partners is beneficial as it should improve the quality and returns of capital projects. Non-concessional debt should be avoided. Not harnessing resources to stimulate long-term growth in the context of ending petroleum production in the future represents the main risk to debt sustainability.

6. **Risks relating to off-balance sheet liabilities need to be very carefully monitored.** The government is developing a more complex balance sheet, entering into PPPs for the first time and has recently established a national oil company. These developments pose risks that may be opaque and not immediately identifiable. All such liabilities should be subject to the full scrutiny of the Ministry of Finance whose capacity in this regard needs to be strengthened. It is especially important to minimize contingent liabilities and to avoid guarantees (either explicit or implicit) being made by the government.

7. **Within the next ten years, there is a low risk of debt distress under the baseline.** As long as the authorities stick their plans for a prudent fiscal framework allowing the PF assets to continue to grow, there is a low risk of debt distress throughout the period. This is reflected by debt ratios which are projected to remain well below thresholds (Figure 1) even taking into consideration the projected end of oil inflows in 2024 and the small non-oil export sector. Under current projections, debt amortization beginning in 2020 mitigates stock ratios even as oil inflows are projected to end, which has a deleterious effect on GDP, export and revenue growth (Figure 1, panels a-d). At the same time, given the concessionality of the debt and moderate pace of accumulation, debt service ratios remain well within debt stability tolerances even after oil flows are projected to cease (Figure 1, panels e & f).

8. **Risks to the outlook are reflected in the non-debt creating flows shock (the most extreme) and the less favorable terms of new debt shock, illustrating the low debt carrying capacity of the economy given its narrow base.** While net public debt will remain significantly negative as a percent of GDP and in PV terms throughout the period in the baseline scenario (Figure 2), lower permanent growth of about 1.5 percentage points over the baseline consistently worsens the debt outlook. The worsening net debt-to-GDP ratio as of 2024 under the baseline is a function of GDP declining faster than the accumulation of public foreign assets in the context of oil inflows ending. However, gross public external assets are projected to increase throughout the forecast period based on the assumption that the authorities maintain their plan of ending excess PF withdrawals.

9. **These conclusions critically depend on maintaining the prudent fiscal policies outlined in the staff report.** In particular, policies to eliminate excess PF withdrawals and enhance the quality of expenditures to diversify the economy must be followed through. Figure 1 demonstrates the importance of oil flows and of diversifying the economy as the shock to non-debt creating flows is the most adverse, with the stock equalling the threshold in the stress scenario. This illustration also underscores the importance of borrowing only on concessional terms as the less favorable terms scenario is the second worst shock. The importance of maintaining an appropriate fiscal stance and diversifying growth is illustrated by the fixed primary balance and permanent growth shocks in

Figure 2, particularly in order to maintain a sustainable debt service burden. Similarly, avoiding significant negative returns on the PF is critical to maintaining debt sustainability given the lack of alternative debt servicing capacity, suggesting a conservative and carefully considered investment strategy is called for.

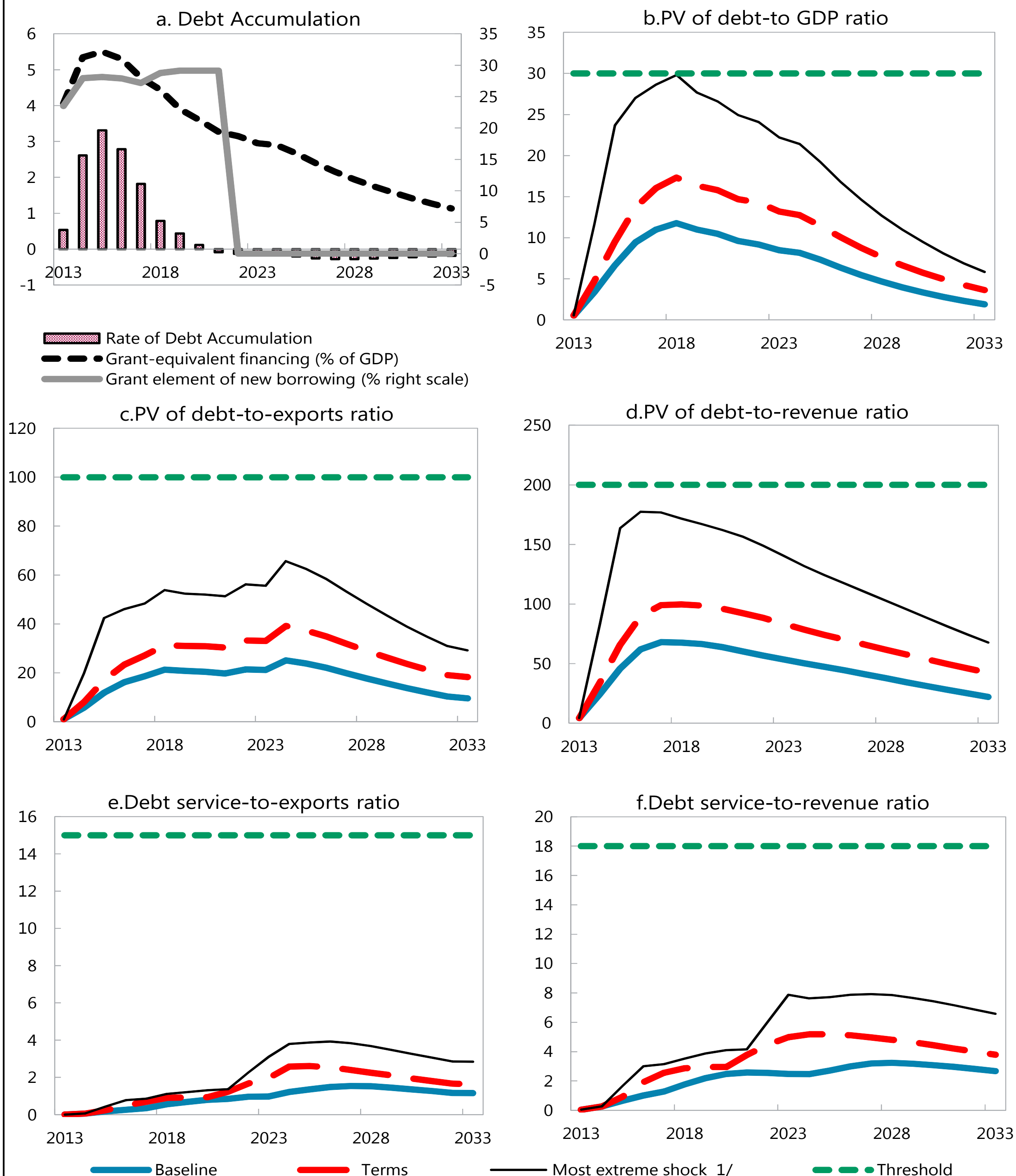
AUTHORITIES' VIEWS

10. **Authorities agreed with the conclusions of the DSA.** In discussions with the mission, it was recognized that adopting the Yellow Road framework would stabilize the long-term PF balance and external debt outlook, implying a low risk of debt distress.

CONCLUSION

11. **Critical to Timor Leste's debt sustainability is the adoption of a prudent fiscal policy and diversifying the economy to realize growth in the non oil sector.** The revised fiscal framework, Yellow Road that replaces the 2013 Budget Book would ensure sustainability. However, consistent implementation will be critical to maintaining sustainability. Policy slippages would increase risks to the external debt outlook, particularly in view of Timor Leste's narrow economic base and low debt servicing capacity. Consistent with this fiscal path will be the need for higher quality growth in the non-oil sector. This will require, inter alia: (i) structural reforms to stimulate the private sector; (ii) careful prioritization of complementary public investments that efficiently support the development of labor-intensive and export orientated sectors; and (iii) a public asset-liability management framework that optimizes the financing mix from the PF and development partners. The authorities should avoid non-concessional financing and the buildup of contingent liabilities.

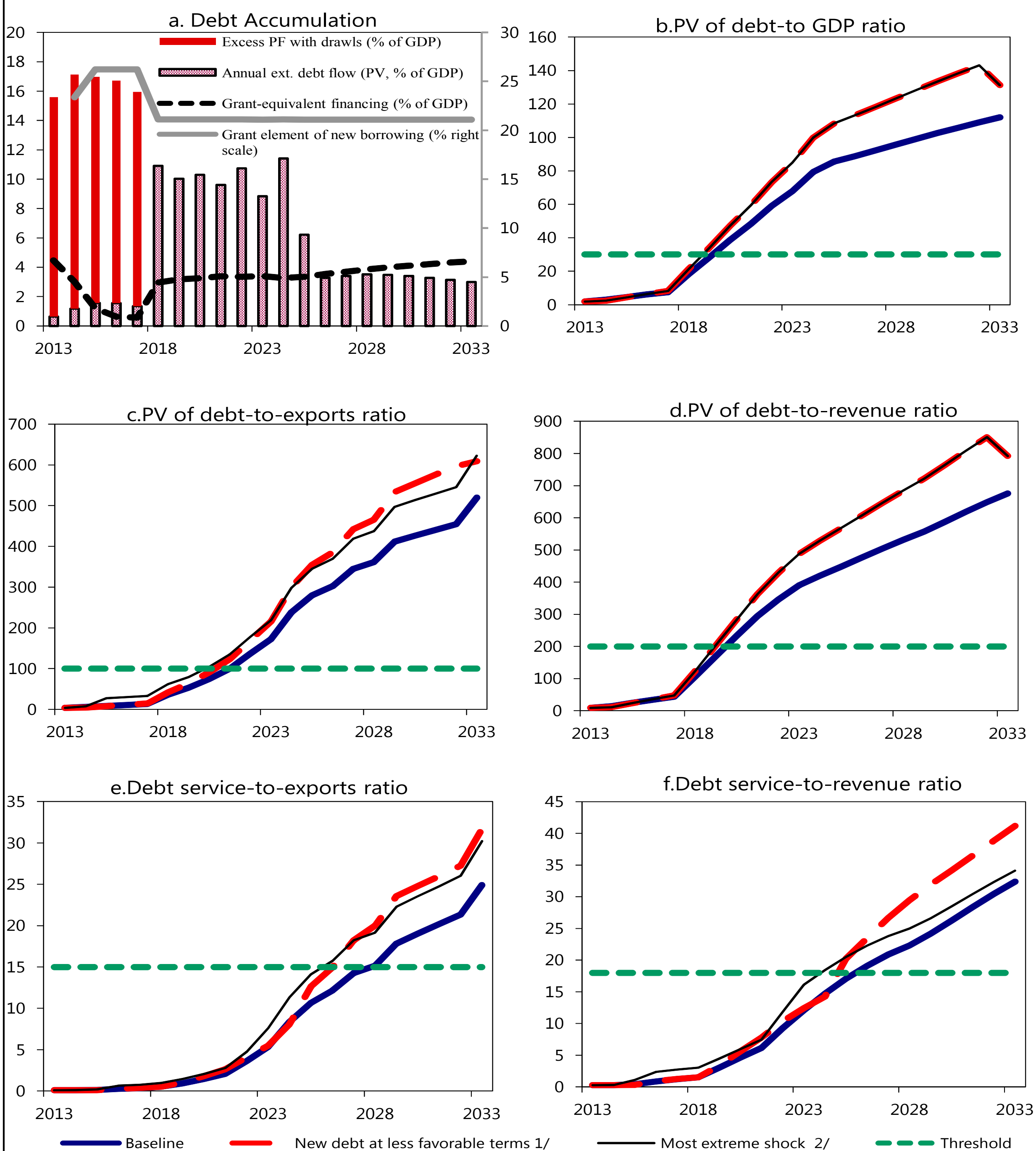
Figure 1. Timor-Leste: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2013-2033 1/



Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in 2023. In figure b. it corresponds to a Non-debt flows shock; in c. to a Non-debt flows shock; in d. to a Non-debt flows shock; in e. to a Non-debt flows shock and in figure f. to a Non-debt flows shock

Figure 1a. Timor-Leste: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2013-2033 1/



Sources: Timor-Leste authorities; and IMF staff estimates and projections.
1/Assumes accumulations above MDB exposure ceilings are allocated half at IDA and half at IBRD terms. As of 2018, debt accumulation is equivalent to forgone excess PF withdrawls.

2/ The most extreme stress test is the test that yields the highest ratio in 2023. Panels b and d correspond to new debt on less favorable terms, panel c and e correspond to an export shock of historical average growth minus one standard deviation in 2014-2015, and panel f corresponds with a shock to non-debt creating flows of historical average growth minus one standard deviation in 2014-2015.

Table 1: External Debt Sustainability Framework, Baseline Scenario, 2010-2033 1/

(In percent of GDP, unless otherwise indicated)

	Actual			Historical Average 6/	Standard Deviation 6/	Projections									
	2010	2011	2012			2013	2014	2015	2016	2017	2018	2013-2018 Average	2023	2033	2019-2033 Average
External debt (nominal) 1/	**0.0**	**0.0**	**0.0**			**0.7**	**4.7**	**9.2**	**13.0**	**15.0**	**16.0**		**11.2**	**2.5**	
of which: public and publicly guaranteed (PPG)	0.0	0.0	0.0			0.7	4.7	9.2	13.0	15.0	16.0		11.2	2.5	
Change in external debt	0.0	0.0	0.0			0.7	4.0	4.5	3.8	2.0	0.9		-1.0	-0.5	
Identified net debt-creating flows	...	...	...			-35.2	-34.1	-29.5	-30.7	-30.9	-25.1		-12.7	-2.7	
Non-interest current account deficit	**-39.8**	**-40.4**	**-43.5**	**-27.9**	**18.9**	**-34.3**	**-32.1**	**-27.1**	**-27.9**	**-28.6**	**-25.4**		**-10.9**	**0.3**	-6.0
Deficit in balance of goods and services	-25.9	-29.3	-38.1			-25.1	-21.8	-16.5	-16.7	-17.1	-13.4		-0.9	5.5	
Exports	57.8	61.5	64.5			55.4	58.7	56.0	58.6	59.2	55.3		39.9	19.9	
Imports	31.8	32.2	26.4			30.3	36.9	39.4	41.8	42.1	41.9		39.1	25.4	
Net current transfers (negative = inflow)	-11.4	-9.1	-6.8	-14.9	15.3	-7.3	-8.3	-8.6	-9.0	-9.3	-9.7		-8.9	-5.5	-7.9
of which: official	-10.5	-7.9	-6.3			-4.7	-3.6	-3.5	-3.5	-3.5	0.0		0.0	0.0	
Other current account flows (negative = net inflow)	-2.5	-2.0	1.4			-2.0	-2.0	-2.0	-2.1	-2.2	-2.2		-1.1	0.4	
Net FDI (negative = inflow)	**-0.7**	**-1.4**	**-0.1**	**-1.0**	**1.0**	**-0.9**	**-2.0**	**-2.4**	**-3.2**	**-2.7**	**-0.7**		**-2.2**	**-2.8**	-2.3
Endogenous debt dynamics 2/	**...**	**...**	**...**			**0.0**	**0.1**	**0.0**	**0.3**	**0.3**	**1.0**		**0.3**	**-0.2**	
Contribution from nominal interest rate	...	...	...			0.0	0.0	0.1	0.2	0.2	0.2		0.1	0.0	
Contribution from real GDP growth	0.0	0.0	0.0			0.0	0.1	-0.1	0.2	0.1	0.8		0.2	-0.2	
Contribution from price and exchange rate changes	0.0	0.0	0.0			...	...	...	...	...	...		...	...	
Residual (3-4) 3/	**...**	**...**	**...**			**35.9**	**38.1**	**34.0**	**34.5**	**33.0**	**26.0**		**11.7**	**2.1**	
of which: exceptional financing	...	...	...			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
PV of external debt 4/	...	...	0.0			0.5	3.4	6.6	9.4	11.0	11.8		8.5	1.9	
In percent of exports	...	...	0.0			1.0	5.8	11.8	16.1	18.6	21.3		21.2	9.5	
PV of PPG external debt	**...**	**...**	**0.0**			**0.5**	**3.4**	**6.6**	**9.4**	**11.0**	**11.8**		**8.5**	**1.9**	
In percent of exports	**...**	**...**	**0.0**			**1.0**	**5.8**	**11.8**	**16.1**	**18.6**	**21.3**		**21.2**	**9.5**	
In percent of government revenues	**...**	**...**	**0.0**			**4.4**	**24.2**	**45.8**	**62.0**	**67.9**	**67.7**		**53.5**	**22.1**	
Debt service-to-exports ratio (in percent)	**0.0**	**0.0**	**0.0**			**0.0**	**0.1**	**0.2**	**0.3**	**0.4**	**0.6**		**1.0**	**1.2**	
PPG debt service-to-exports ratio (in percent)	**0.0**	**0.0**	**0.0**			**0.0**	**0.1**	**0.2**	**0.3**	**0.4**	**0.6**		**1.0**	**1.2**	
PPG debt service-to-revenue ratio (in percent)	**0.0**	**0.0**	**0.1**			**0.0**	**0.3**	**0.7**	**1.0**	**1.3**	**1.8**		**2.5**	**2.7**	
Total gross financing need (Billions of U.S. dollars)	-1.7	-2.4	-2.7			-2.2	-1.9	-1.7	-1.8	-1.8	-1.5		-1.0	-0.5	
Non-interest current account deficit that stabilizes debt ratio	-39.8	-40.4	-43.5			-35.1	-36.1	-31.6	-31.7	-30.6	-26.3		-9.8	0.8	
Key macroeconomic assumptions															
Real GDP growth (in percent)	-1.4	7.3	5.7	26.4	44.5	-3.2	-6.9	1.7	-2.1	-1.1	-5.3	-2.8	-1.6	8.0	3.5
GDP deflator in US dollar terms (change in percent)	29.6	28.1	2.9	8.5	17.2	0.5	-0.6	-0.4	1.8	3.5	5.8	1.8	8.4	3.4	5.6
Effective interest rate (percent) 5/	...	...	...	0.0	0.0	0.0	5.0	2.1	1.7	1.5	1.4	1.9	1.3	0.9	1.2
Growth of exports of G&S (US dollar terms, in percent)	38.5	46.4	13.9	57.1	56.1	-16.4	-1.9	-3.4	4.3	3.4	-6.3	-3.4	-0.7	0.0	2.1
Growth of imports of G&S (US dollar terms, in percent)	15.7	39.2	-11.0	17.3	30.1	11.8	12.7	8.2	5.7	2.9	-0.2	6.9	6.6	4.4	5.5
Grant element of new public sector borrowing (in percent)	...	...	...	...	...	23.5	27.9	28.1	27.9	27.2	28.8	27.2	0.0	0.0	5.8
Government revenues (excluding grants, in percent of GDP)	6.9	9.6	9.8			12.3	14.1	14.5	15.2	16.2	17.4		15.8	8.6	13.5
Aid flows (in Billions of US dollars) 7/	0.3	0.3	0.3			0.2	0.4	0.4	0.4	0.3	0.3		0.2	0.2	
of which: Grants	0.3	0.3	0.3			0.2	0.2	0.2	0.2	0.2	0.2		0.2	0.2	
of which: Concessional loans	0.0	0.0	0.0			0.0	0.1	0.2	0.1	0.1	0.0		0.0	0.0	
Grant-equivalent financing (in percent of GDP) 8/	...	...	...			4.1	5.3	5.5	5.3	4.8	4.4		3.0	1.1	2.4
Grant-equivalent financing (in percent of external financing) 8/	...	...	...			88.2	65.3	62.8	65.9	73.7	85.4		100.0	100.0	98.9
Memorandum items:															
Nominal GDP (Billions of US dollars)	4.2	5.8	6.3			6.1	5.7	5.7	5.7	5.9	5.9		8.2	21.5	
Nominal dollar GDP growth	27.8	37.5	8.7			-2.7	-7.4	1.3	-0.3	2.3	0.2	-1.1	6.7	11.7	9.1
PV of PPG external debt (in Billions of US dollars)			0.0			0.0	0.2	0.4	0.5	0.6	0.7		0.7	0.4	
(PVt-PVt-1)/GDPt-1 (in percent)						0.5	2.6	3.3	2.8	1.8	0.8	2.0	-0.1	-0.2	-0.1
Gross workers' remittances (Billions of US dollars)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
PV of PPG external debt (in percent of GDP + remittances)	...	...	0.0			0.5	3.4	6.6	9.4	11.0	11.8		8.5	1.9	
PV of PPG external debt (in percent of exports + remittances)	...	...	0.0			1.0	5.8	11.8	16.1	18.6	21.3		21.2	9.5	
Debt service of PPG external debt (in percent of exports + remittances)	...	...	0.0			0.0	0.1	0.2	0.3	0.4	0.6		1.0	1.2	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and ρ = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Assumes that PV of private sector debt is equivalent to its face value.

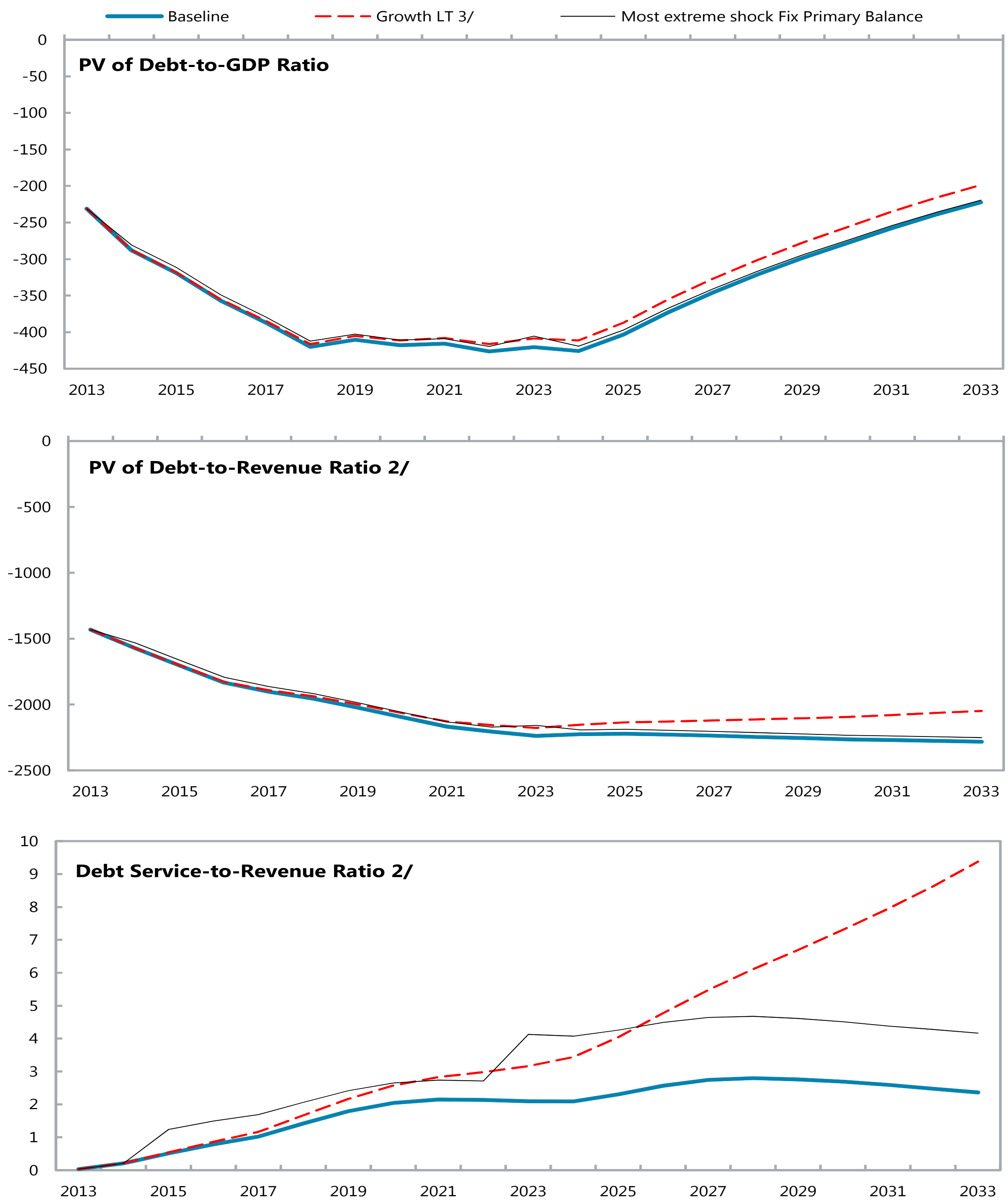
5/ Current-year interest payments divided by previous period debt stock.

6/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.

7/ Defined as grants, concessional loans, and debt relief.

8/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

Figure 2.Timor-Leste: Indicators of Public Debt Under Alternative Scenarios, 2013-2033 1/



Sources: Country authorities; and staff estimates and projections.
1/ The most extreme stress test is the test that yields the highest ratio in 2023.
2/ Revenues are defined inclusive of grants.
3/ The historical reference period for calculating the size of the GDP shock is shortened by three years to exclude the period when Timor Leste's petroleum production came on stream.

Table 2.Timor-Leste: Public Sector Debt Sustainability Framework, Baseline Scenario, 2010-2033

(In percent of GDP, unless otherwise indicated)

	Actual					Estimate	Projections								
	2010	2011	2012	Average 5/	Standard Deviation 5/	2013	2014	2015	2016	2017	2018	2013-18 Average	2023	2033	2019-33 Average
Public sector debt 1/	0.0	0.0	0.0			0.7	4.7	9.2	13.0	15.0	16.0		11.2	2.5	
net of external public assets	0.0	0.0	0.0			-231	-288	-319	-357	-387	-420		-420	-222	
Change in public sector debt	0.0	0.0	0.0			0.7	4.0	4.5	3.8	2.0	0.9		-1.0	-0.5	
Identified debt-creating flows	...	...	...			...	8.2	8.7	8.1	6.2	5.2		1.8	0.5	
Primary deficit	12.8	9.3	8.2	8.0	4.6	7.3	8.1	8.7	7.9	6.3	5.0	7.2	2.4	0.8	2.0
Revenue and grants	14.2	14.5	13.8			16.2	18.3	18.7	19.5	20.3	21.5		18.8	9.7	
of which: grants	7.3	4.9	4.0			3.9	4.2	4.2	4.2	4.1	4.1		3.0	1.1	
Primary (noninterest) expenditure	27.0	23.8	22.0			23.5	26.5	27.4	27.3	26.6	26.5		21.2	10.6	
Automatic debt dynamics	...	...	...			...	0.1	0.0	0.2	-0.1	0.2		-0.6	-0.3	
Contribution from interest rate/growth differential	...	...	...			...	0.1	-0.1	0.2	0.1	0.8		0.1	-0.3	
of which: contribution from average real interest rate	...	...	...			...	0.0	0.0	0.0	-0.1	-0.1		-0.1	0.0	
of which: contribution from real GDP growth	0.0	0.0	0.0			0.0	0.1	-0.1	0.2	0.2	0.8		0.2	-0.2	
Contribution from real exchange rate depreciation	...	...	...			...	0.0	0.1	0.0	-0.2	-0.6		...	...	
Other identified debt-creating flows	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Residual, including asset changes	...	...	...			...	-4.2	-4.2	-4.2	-4.2	-4.2		-2.8	-1.0	
Other Sustainability Indicators															
PV of public sector debt	...	...	0.0			0.5	3.4	6.6	9.4	11.0	11.8		8.5	1.9	
of which: foreign-currency denominated	...	...	0.0			0.5	3.4	6.6	9.4	11.0	11.8		8.5	1.9	
of which: external	...	...	...			0.5	3.4	6.6	9.4	11.0	11.8		8.5	1.9	
PV of contingent liabilities (not included in public sector debt)	...	...	...			...	...	...	...	...	...		...	...	
Gross financing need 2/	12.8	9.3	8.2			7.3	8.2	8.8	8.0	6.5	5.3		2.8	1.0	
PV of public sector debt-to-revenue and grants ratio (in percent)	...	...	0.0			3.4	18.6	35.4	48.5	54.1	54.7		45.1	19.5	
PV of public sector debt-to-revenue ratio (in percent)	...	...	0.0			4.4	24.2	45.8	62.0	67.9	67.7		53.5	22.1	
of which: external 3/	...	...	...			4.4	24.2	45.8	62.0	67.9	67.7		53.5	22.1	
Debt service-to-revenue and grants ratio (in percent) 4/	0.0	0.0	0.1			0.0	0.2	0.5	0.8	1.0	1.4		2.1	2.4	
Debt service-to-revenue ratio (in percent) 4/	0.0	0.0	0.1			0.0	0.3	0.7	1.0	1.3	1.8		2.5	2.7	
Primary deficit that stabilizes the debt-to-GDP ratio	12.8	9.3	8.2			6.6	4.1	4.2	4.1	4.3	4.0		3.4	1.3	
Key macroeconomic and fiscal assumptions															
Real GDP growth (in percent)	-1.4	7.3	5.7	26.4	44.5	-3.2	-6.9	1.7	-2.1	-1.1	-5.3	-2.8	-1.6	8.0	3.5
Average nominal interest rate on forex debt (in percent)	...	...	...	0.0	0.0	...	5.0	2.1	1.7	1.5	1.4	2.3	1.3	0.9	1.2
Average real interest rate on domestic debt (in percent)	...	...	...	0.0	0.0	...	...	...	...	...	...	0.0	...	...	0.0
Real exchange rate depreciation (in percent, + indicates depreciation)	-20.3	-19.5	-0.3	-5.0	17.2	1.1	...	...	...	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	29.6	28.1	2.9	8.5	17.2	0.5	-0.6	-0.4	1.8	3.5	5.8	1.8	8.4	3.4	5.6
Growth of real primary spending (deflated by GDP deflator, in percent)	-0.2	-0.1	0.0	0.4	0.8	0.0	0.0	0.1	0.0	0.0	-0.1	0.0	-0.1	0.0	0.0
Grant element of new external borrowing (in percent)	...	...	...	...	...	23.5	27.9	28.1	27.9	27.2	28.8	27.2	0.0	0.0	...

Sources: Country authorities; and staff estimates and projections.
1/ The public sector refers to the central government.
2/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.
3/ Revenues excluding grants.
4/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.
5/ Historical averages and standard deviations are generally derived over the past 10 years, subject to data availability.