

**EXECUTIVE
BOARD
MEETING**

SM/22/20

Correction 1

February 11, 2022

To: Members of the Executive Board

From: The Secretary

Subject: **Republic of North Macedonia—Staff Report for the 2021 Article IV
Consultation**

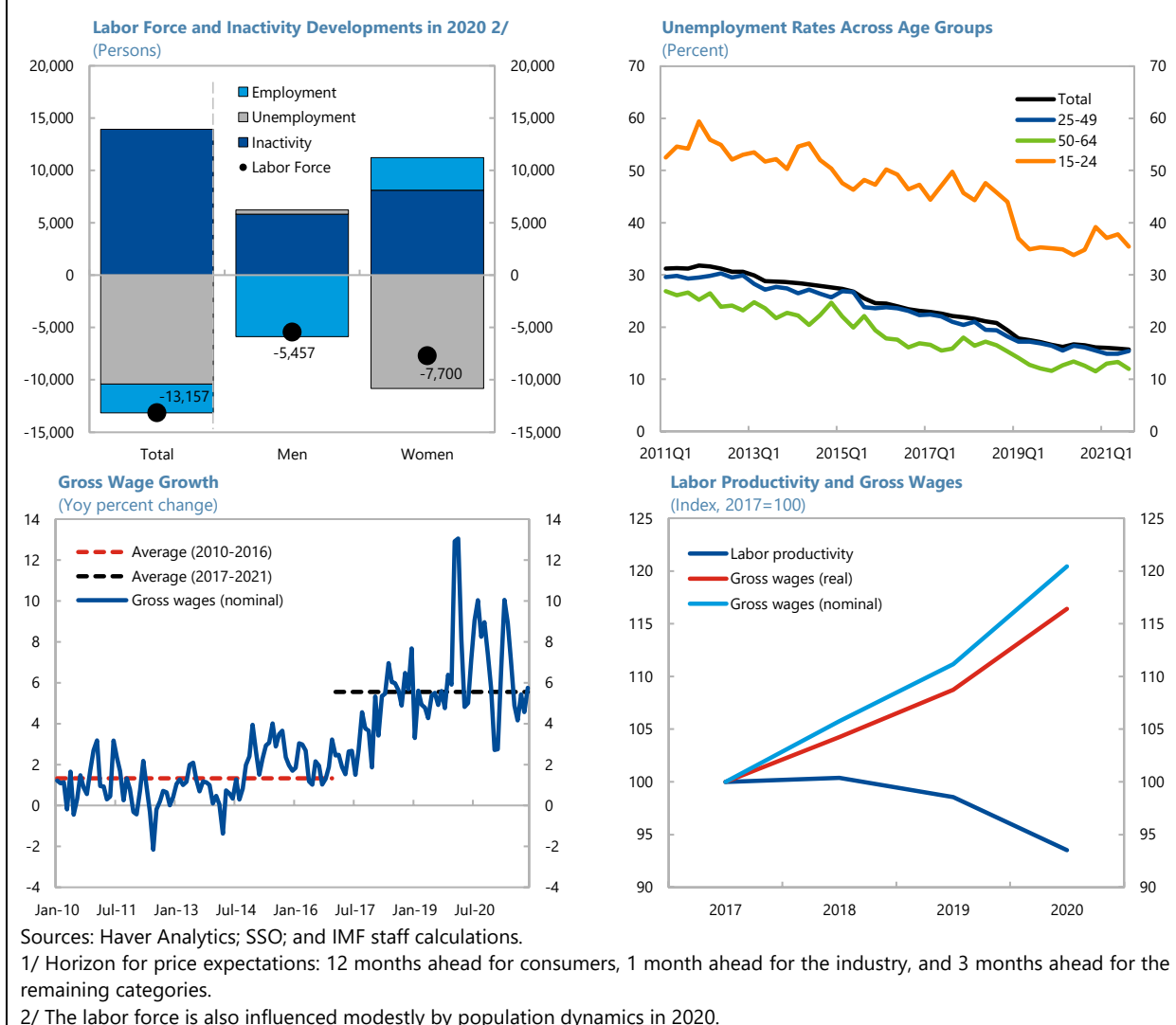
Board Action: The attached corrections to SM/22/20 (1/31/22) have been provided by the staff:

Evident Ambiguity **Pages 7 (para. 6, line 6, “2.2”), 12, 19 (para. 30, line 3), 48 (line 3)**

Factual Errors Not Affecting the Presentation of Staff's Analysis or Views **Pages 7 (para. 6, lines 6-7, “depreciated”), 11, 19 (para. 30, line 2), 20, 30, 31, 48 (lines 1-2), 50**

Questions: Ms. Barkbu, EUR (ext. 38138)
Mr. Mangov, EUR (ext. 36583)
Mr. Gade, EUR (ext. 30240)
Mr. Roldan, EUR (ext. 35622)

Figure 3. North Macedonia: Inflation and Labor Market Developments (concluded)

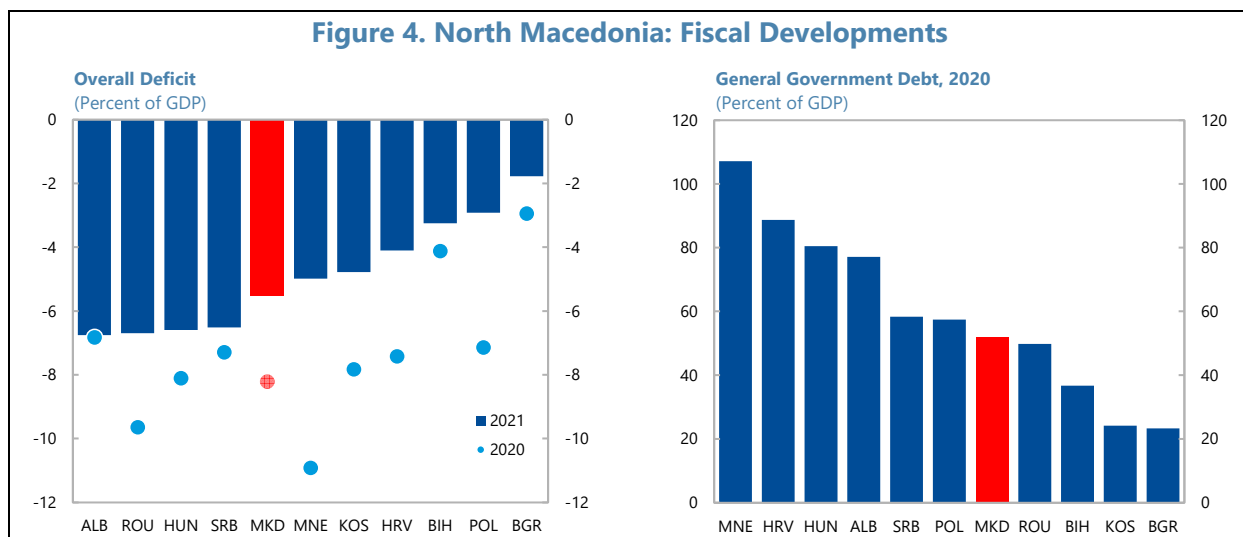
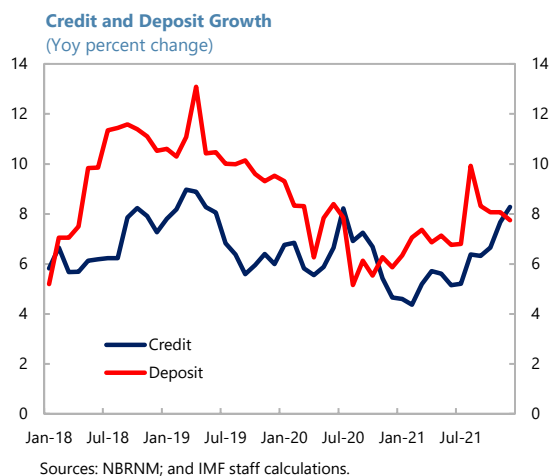


6. Rising import prices combined with supply-chain disruptions have weakened the external position in recent months. In the first half of 2021, the current account deficit shrunk, driven by higher remittances and services trade. In the third quarter, remittances kept a steady pace, but higher prices on imported goods, notably energy, drove up imports. The trade deficit was further widened by supply-chain disruptions, particularly in the automotive sector, which held back exports. The REER ~~appreciated~~depreciated by 2.21.9 percent in the eleven months through November 2021, after having ~~depreciated~~appreciated by 1.5 percent in 2020. Furthermore, after a period of pressure on the exchange rate in the fall, partly reflecting higher energy imports, FX market conditions normalized. While highly uncertain given the lack of full- year data for 2021, as well as the difficulty in disentangling the

impact of the pandemic, these developments suggest that the external position was broadly in line with fundamentals and desirable policies in 2021 (Annex VI).²

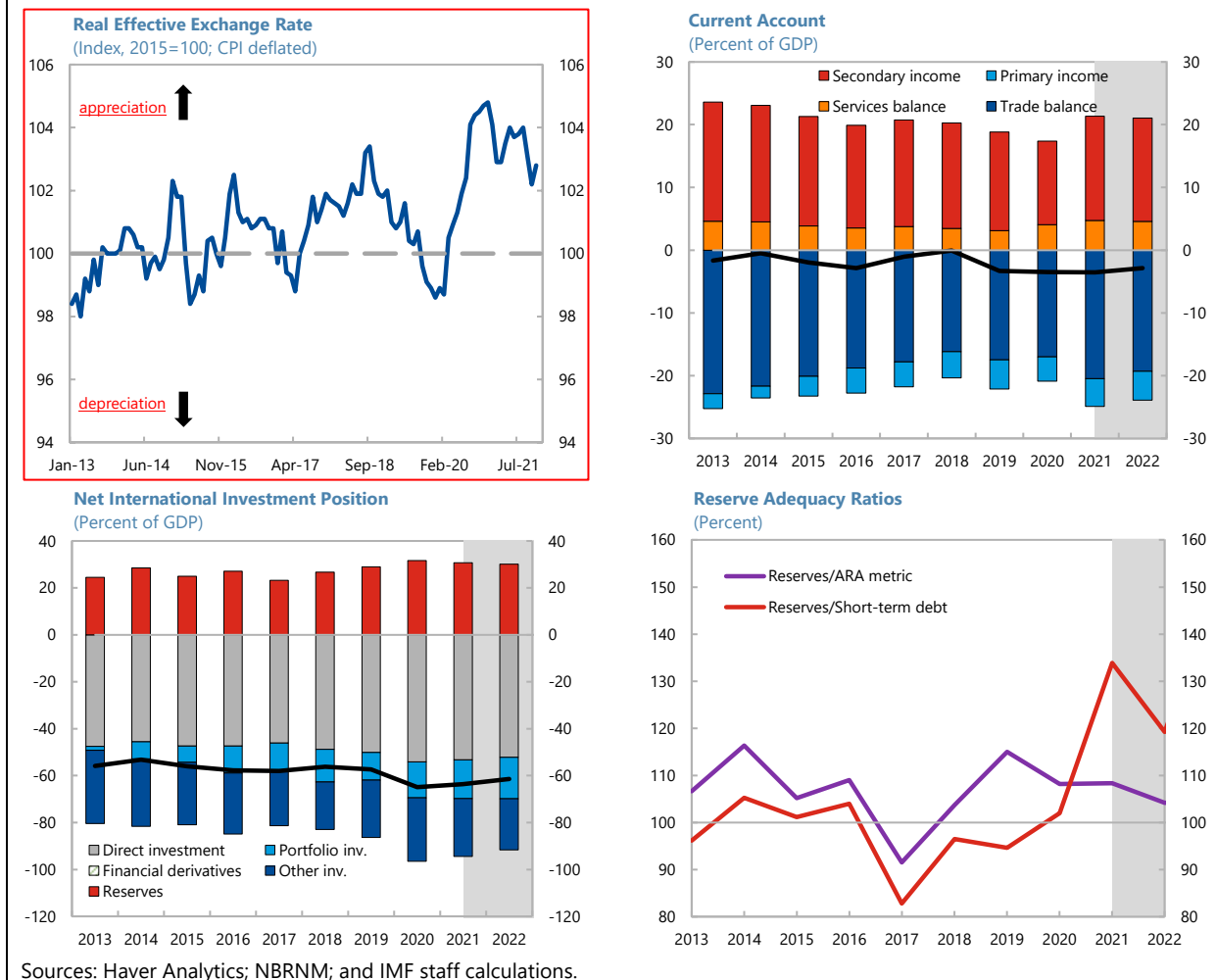
7. The fiscal balance improved in 2021 thanks to a rebound in revenues. The sizeable support provided in the wake of the pandemic, coupled with automatic stabilizers, brought the fiscal deficit above 8 percent of GDP in 2020. Based on preliminary estimates, the deficit improved to 5.5 percent of GDP in 2021, driven by strong revenue performance. While capital spending remained below budgeted levels, it increased noticeably from 2020, reflecting crisis-related measures, a normalization of investment activity, and possibly a new, incentive-based mechanism whereby capital spending appropriations can be reallocated across budget users based on in-year execution. The entire amount of the recent SDR allocation was transferred to the Ministry of Finance in December and covered spending on pandemic-related subsidies, vulnerable households, health and vaccines, and capital projects, in line with IMF advice.

8. Financial conditions remain supportive. Growth in credit to households remains solid and credit to nonfinancial corporations is recovering, supported by strong deposit growth. Lending rates on [new loans](#) have remained broadly unchanged during the pandemic. The downward trend in deposit euroization pre-pandemic has been reversed, with the move accelerating in recent months.



² The EBA-lite norm has changed from a deficit of 1.9 percent of GDP estimated for 2018 to 4.2 percent in 2021. The change is mostly explained by revisions to underlying data, notably the migrant share. Staff note that such a norm is weaker than observed values for the current account balance in North Macedonia in recent years and over the past decades. As upward pressures on the exchange rate have not materialized over that period, staff assess the current account position to be in equilibrium.

Figure 6. North Macedonia: External Sector Developments



Authorities' Views

12. The authorities project higher growth, especially as public investment is scaled up over the medium term. The government expects the Growth Acceleration Plan to play a significant role in the recovery through higher public infrastructure investment, accompanied by accelerated private capital formation through an improved business environment, higher confidence, and more foreign investment. This would generate positive spillovers on employment and productivity, bringing annual average GDP growth to 5.4 percent over 2022–26. The NBRNM expects annual GDP growth of 4 percent in the medium term.

13. The NBRNM concurred that higher inflation is driven by global factors, pointing to the lack of domestic demand pressure. Headline inflation has surprised on the upside in the past months, as a result of higher-than-anticipated global commodity prices, whereas core inflation has evolved broadly as expected. High wage growth is currently not seen to drive price setting. Uncertainty about the evolution of global commodity prices presents risks to near-term inflation forecasts. Over the medium term, inflation is expected to converge to 2 percent.

14. The NBRNM considers the external position to be in equilibrium, in line with staff's assessment. After the temporary increase in 2021, mainly on the backdrop of higher import prices, the NBRNM expects the deficit to narrow more than assumed in staff's baseline on the back of faster export growth [toward the end of the forecast horizon](#).

POLICY DISCUSSIONS: SUPPORTING THE RECOVERY AND BUILDING FORWARD BETTER

The immediate policy challenge is to sustain the recovery given the still elevated level of uncertainty about the pandemic. Policies need to be flexible, to adjust to the stages of the economic recovery and the strength of domestic demand, while being appropriately calibrated and targeted to foster resource reallocation and contain economic scarring. Efforts to strengthen economic governance are key to lifting the economy's growth potential, including through improvements in revenue administration and public financial management, steps to preserve central bank operational independence, and measures to curb informality.

A. Fiscal Policy: Enabling Higher, More Inclusive, and Greener Growth and Limiting Fiscal Risks

15. The 2022 budget appropriately scales back pandemic-related spending, while allowing some flexibility to address contingencies. The budget targets a headline deficit of 4.3 percent of GDP, in line with staff's baseline. It provides for higher health spending, including for vaccines. It also includes an envelope of 0.6 percent of GDP of non-earmarked funds to allow a flexible response to pandemic-related spending needs. An allocation for targeted assistance to mitigate the impact of higher energy prices on vulnerable groups exists in the budget, but additional funds may be needed, especially when the VAT rate on electricity is normalized starting in July. Continuing to provide subsidies to energy companies or maintaining the reduced VAT rate would be more costly to taxpayers. Overall, fiscal policy should be implemented flexibly as the pandemic evolves, which could require budget reallocations. With the demand for emergency lifelines waning, as expected in the baseline, focus should shift to aiding resource reallocation across sectors including by training and reskilling workers, improving the social safety net, incentivizing hiring, and supporting investment.

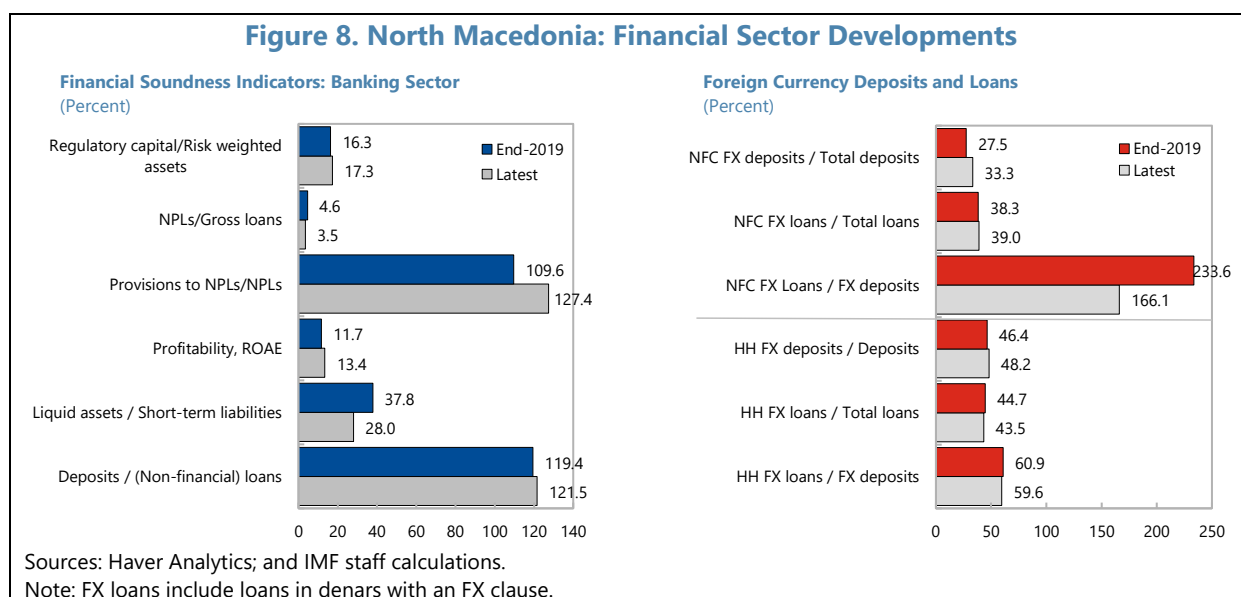
Text Table: Overall Fiscal Balance, 2022, Decomposition

(Percent of GDP)

| | |
|---------------------------------------|-------------|
| Overall fiscal balance in 2021 | -5.5 |
| Cyclical improvement | +0.5 |
| Withdrawal of stimulus measures | +1.2 |
| Other policy measures | -0.5 |
| Interest | +0.1 |
| Overall fiscal balance in 2022 | -4.3 |

Source: IMF staff estimates.

needed, ensure a timely clean-up of their balance sheets. The NBRNM is benefitting from IMF technical assistance to strengthen its stress-testing capacity. This, together with increased supervisory dialogue, as part of an improved Supervisory Review and Evaluation Process, and full IFRS9 implementation, should strengthen the assessment of individual banks' capital needs. The NBRNM should also consider publishing its guidance to banks.



30. The NBRNM should take the lead on macroprudential issues. The forthcoming amendments to the [Financial Stability Law-National Bank Law](#) are expected to grant the NBRNM a more formal macroprudential mandate. A large share of possibly unhedged FX or FX-linked loans [to households](#) remains a key risk, and the NBRNM should maintain measures to limit FX lending and implement its 2018 denarization strategy. Rising debt, albeit from low levels, and the debt structure among households and corporates needs close monitoring. Mortgage lending and real estate prices picked up significantly in 2021, requiring further scrutiny to assess lending practices.

31. Upgrading the financial safety net remains a priority. The Eurostandard bank failure in 2020 underscored the need to modernize the bank resolution framework and strengthen deposit insurance. Moreover, in June 2021, the Constitutional Court revoked Article 163(3) of the Banking Law granting priority to the claims of the deposit insurance fund on a failed bank. While there are no immediate financial stability concerns from this decision, introducing depositor preference in line with EU law should be considered to the extent it is consistent with the Constitution (Annex II), and as part of the large package of financial legislation to be adopted in 2022 (Annex VIII).

32. Maintaining central bank operational independence, along with transparency and accountability, is critical to supervisory decision-making. A pilot review of the NBRNM under the IMF's [Central Bank Transparency](#) code found that the NBRNM is transparent and accountable. To ensure timely decisions and preserve the operational autonomy of the NBRNM as a supervisor, operational supervisory decisions should be taken by the executive part of the NBRNM Council,

rather than the full Council. Also, in line with the 2018 FSAP recommendations, the NBRNM staff should be excluded from the law on administrative staff.

33. Efforts to preserve financial integrity are critical. The ~~NBRNM's~~ anti-money laundering and combating the financing of terrorism (AML/CFT) regime was last assessed by the Council of Europe's Committee of Experts on the Evaluation of AML/CFT (MONEYVAL) in 2008, and significant deficiencies were identified in the legal framework, the competencies of the financial intelligence unit, and criminal enforcement efforts. Recent amendments to the legislative framework addressed some deficiencies, including with the establishment of a beneficial ownership register, which entered into force in 2021. However, further efforts will be needed to ensure the effective implementation of legal provisions. The planned formalization of cryptocurrency trading would require a strategy to prevent their use for criminal purposes and mitigate risks to financial integrity, including through an effective AML/CFT framework. [North Macedonia](#) ~~The NBRNM~~ will undergo another evaluation by MONEYVAL in 2022.

34. A safeguards assessment of the NBRNM was completed in August 2020. While the assessment concluded that the NBRNM has a relatively strong safeguards framework and independent oversight practices in place, legal amendments are needed to strengthen its autonomy. The NBRNM is making progress in implementing the recommendations.

Authorities' Views

35. The authorities emphasized that the health and stability of the banking system has been preserved through the pandemic, and they continue to closely monitor risks. Regulatory flexibility, temporary restrictions on dividend payments, and economic policy support helped maintain credit to the economy during the pandemic. The NBRNM has strengthened the reporting frequency and data requirements for monitoring credit quality, introduced a comprehensive and consistent bottom-up stress testing, and increased the focus on risks such as cyber risks, which are being taken into account when setting bank-specific Pillar-II capital requirements. Given high growth in new mortgages and rising house prices, a targeted assessment is underway. Moreover, the NBRNM is closely monitoring deposit-driven euroization, which increased during the pandemic, against the plan set out in the denarization strategy.

36. Efforts to update financial sector legislation are essential, and endeavors to put the process on a faster track are warranted. The pandemic and the political situation have further delayed implementation. The Financial Stability Law has been submitted to parliament for adoption. The remaining legislative package on deposit insurance, resolution, the banking law, and the national bank law are intertwined, and are expected to be submitted during 2022.

37. The authorities are preparing for the upcoming MONEYVAL assessment of the AML/CFT framework. A final report is scheduled for 2023, following submission of questionnaires and on-site visits. As part of the national strategy on AML/CFT, supervisory procedures for offsite inspections and supervisory strategy, is under preparation. A new payments law is being developed. There are no concerns on correspondent banking relations in terms of regular operations.

Table 4. North Macedonia: Monetary Survey, 2018–2026
(Billions of denars, unless specified otherwise)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--|--------|--------|-------------|--------|-------------|--------|--------|--------|
| | | | | <u>Est.</u> | | Projections | | | |
| NFA | 180.7 | 192.4 | 195.2 | 195.9 | 202.0 | 216.6 | 221.7 | 241.4 | 251.1 |
| Central Bank | 171.5 | 195.7 | 202.6 | 202.9 | 208.0 | 223.4 | 228.4 | 247.8 | 257.8 |
| Commercial Banks | 9.2 | -3.3 | -7.4 | -7.2 | -6.0 | -6.8 | -6.7 | -6.5 | -6.7 |
| NDA | 192.7 | 211.6 | 241.1 | 278.8 | 303.7 | 326.9 | 362.7 | 387.6 | 426.5 |
| Credit to Government (net) | 5.9 | 17.0 | 35.4 | 48.0 | 58.9 | 65.9 | 80.0 | 87.3 | 99.5 |
| From Banks (net) | 35.4 | 42.7 | 70.1 | 75.8 | 82.6 | 89.2 | 103.2 | 110.5 | 122.6 |
| of which: Credit | 37.0 | 44.2 | 71.7 | 77.5 | 84.1 | 90.7 | 104.8 | 112.1 | 124.2 |
| From Central Bank (net) | -29.5 | -25.7 | -34.7 | -27.8 | -23.6 | -23.3 | -23.1 | -23.3 | -23.1 |
| of which: Deposits | -35.4 | -31.8 | -40.5 | -43.0 | -38.9 | -38.6 | -38.4 | -38.5 | -38.4 |
| Credit to Private Sector (gross) | 322.9 | 343.4 | 360.1 | 388.9 | 417.7 | 448.2 | 479.5 | 511.6 | 543.8 |
| From Banks | 322.0 | 342.5 | 359.2 | 388.1 | 416.9 | 447.3 | 478.7 | 510.8 | 543.0 |
| Denars | 191.8 | 200.7 | 210.5 | 230.7 | 247.8 | 265.9 | 284.6 | 303.6 | 322.8 |
| FX | 130.2 | 141.9 | 148.7 | 157.4 | 169.0 | 181.4 | 194.1 | 207.1 | 220.2 |
| From Central Bank | 0.9 | 0.8 | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 | 0.8 |
| Other Items (net) | -136.0 | -148.7 | -154.4 | -158.1 | -158.0 | -167.2 | -171.9 | -186.2 | -191.8 |
| Broad Money (M3) | 373.4 | 404.0 | 436.2 | 474.8 | 505.7 | 543.5 | 584.4 | 629.0 | 677.6 |
| Currency in Circulation | 32.2 | 36.1 | 43.7 | 44.5 | 48.3 | 51.3 | 54.4 | 57.6 | 61.1 |
| Total Deposits | 341.2 | 367.9 | 392.5 | 430.3 | 457.4 | 492.1 | 530.0 | 571.4 | 616.5 |
| Denars | 205.2 | 225.5 | 235.5 | 245.5 | 260.9 | 280.8 | 302.4 | 326.0 | 351.7 |
| FX | 136.0 | 142.5 | 157.1 | 184.8 | 196.4 | 211.4 | 227.6 | 245.4 | 264.8 |
| | (Percentage change, year-on-year) | | | | | | | | |
| Private Sector Credit | 7.3 | 6.3 | 4.9 | 8.0 | 7.4 | 7.3 | 7.0 | 6.7 | 6.3 |
| Broad Money | 10.8 | 8.2 | 8.0 | 8.8 | 6.5 | 7.5 | 7.5 | 7.6 | 7.7 |
| Private Sector Deposits | 11.1 | 7.8 | 6.7 | 9.6 | 6.3 | 7.6 | 7.7 | 7.8 | 7.9 |
| | (Contribution to annual growth in broad money) | | | | | | | | |
| NFA | 10.9 | 3.1 | 0.7 | 0.2 | 1.3 | 2.9 | 0.9 | 3.4 | 1.5 |
| NDA | -0.1 | 5.1 | 7.3 | 8.7 | 5.2 | 4.6 | 6.6 | 4.3 | 6.2 |
| | (Percent of GDP) | | | | | | | | |
| Private Sector Credit | 48.9 | 49.6 | 54.9 | 55.3 | 54.7 | 55.2 | 55.8 | 56.2 | 56.4 |
| Broad Money | 56.5 | 58.3 | 66.5 | 67.5 | 66.2 | 67.0 | 68.0 | 69.1 | 70.2 |
| Private Sector Deposits | 51.6 | 53.1 | 59.8 | 61.2 | 59.9 | 60.7 | 61.7 | 62.8 | 63.9 |
| Memorandum items: | | | | | | | | | |
| Money Multiplier | 3.5 | 3.1 | 3.1 | 3.3 | 3.3 | 3.3 | 3.6 | 3.4 | 3.5 |
| Reserve Requirement Ratio (percent of deposits) | | | | | | | | | |
| Denars | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 | 8.0 |
| FX Indexed | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 |
| FX | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| Velocity | 1.8 | 1.7 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.4 | 1.4 |

Sources: NBRNM; and IMF staff estimates.

Table 5. North Macedonia: Central Bank Survey, 2018–2026
(Billions of denars, unless specified otherwise)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|-------|-------|-------|--|-------|-------------|-------|-------|-------|
| | | | | Est. | | Projections | | | |
| Net foreign assets | 171.5 | 195.7 | 202.6 | 202.9 | 208.0 | 223.4 | 228.4 | 247.8 | 257.8 |
| Assets | 176.4 | 200.7 | 207.4 | 226.7 | 231.8 | 247.3 | 252.2 | 271.7 | 281.6 |
| Liabilities | -4.9 | -5.0 | -4.8 | -23.8 | -23.8 | -23.8 | -23.8 | -23.8 | -23.8 |
| Net domestic assets | -64.9 | -65.7 | -62.7 | -59.5 | -55.4 | -59.1 | -64.3 | -65.4 | -65.6 |
| Central Government (net) | -29.5 | -25.7 | -34.7 | -28.5 | -23.6 | -23.3 | -23.1 | -23.3 | -23.1 |
| of which: | | | | | | | | | |
| Deposits at Central Bank | -35.4 | -31.8 | -40.5 | -43.8 | -38.9 | -38.6 | -38.4 | -38.5 | -38.4 |
| Denar | -15.5 | -18.2 | -18.0 | -21.7 | -19.5 | -19.4 | -19.3 | -19.3 | -19.3 |
| FX | -19.9 | -13.6 | -22.5 | -22.1 | -19.4 | -19.2 | -19.1 | -19.2 | -19.1 |
| Banks (net) | -25.9 | -27.3 | -14.1 | -17.3 | -18.5 | -23.4 | -28.6 | -29.1 | -29.3 |
| Other items (net) | -9.6 | -12.7 | -13.9 | -13.7 | -13.2 | -12.5 | -12.6 | -13.1 | -13.2 |
| Monetary base | 106.6 | 129.9 | 139.9 | 143.6 | 152.6 | 164.3 | 164.0 | 182.4 | 192.2 |
| Currency in circulation | 39.8 | 43.3 | 50.0 | 51.4 | 54.6 | 57.6 | 60.6 | 63.8 | 67.3 |
| Liabilities to banks | 57.2 | 78.1 | 81.5 | 85.1 | 89.8 | 98.6 | 95.3 | 110.4 | 116.7 |
| Required reserves | 43.0 | 48.5 | 36.2 | 48.3 | 51.2 | 55.1 | 59.3 | 63.9 | 69.0 |
| Excess reserves | 14.2 | 29.6 | 45.3 | 36.1 | 38.6 | 43.5 | 36.0 | 46.5 | 47.8 |
| Liabilities to other sectors | 9.5 | 8.5 | 8.4 | 7.9 | 8.3 | 8.2 | 8.1 | 8.2 | 8.1 |
| | | | | (Contribution to annual growth in monetary base) | | | | | |
| Net foreign assets | 38.6 | 22.7 | 5.3 | 0.2 | 3.5 | 10.1 | 3.0 | 11.9 | 5.4 |
| Net domestic assets | -12.2 | -0.8 | 2.3 | 2.3 | 2.9 | -2.5 | -3.2 | -0.7 | -0.1 |
| | | | | (Percentage change, year-on-year) | | | | | |
| Monetary base | 26.4 | 21.9 | 7.6 | 2.7 | 6.2 | 7.7 | -0.2 | 11.2 | 5.4 |
| Memorandum items: | | | | (Percent of GDP) | | | | | |
| Central Bank bills | 3.8 | 3.6 | 1.5 | 1.4 | 2.0 | 2.5 | 2.9 | 2.7 | 2.6 |
| Central government deposits at Central Bank | 5.4 | 4.6 | 6.2 | 6.2 | 5.1 | 4.8 | 4.5 | 4.2 | 4.0 |

Sources: NBRNM; and IMF staff estimates.

| Republic of North Macedonia | CA model (2020) | CA model (2021p) | REER model |
|---|--------------------|---------------------|------------|
| CA-Actual | -3.5 | -3.5 | |
| Cyclical contributions (from model) (-) | 0.4 | 0.4 | |
| COVID-19 adjustor (+) 1/ | 0.4 | 0.4 | |
| Additional temporary/statistical factors (+) | 0.0 | 0.0 | |
| Natural disasters and conflicts (-) | 0.0 | -0.1 | |
| Adjusted CA | -3.4 | -3.5 | |
| CA Norm (from model) 2/ | -3.8 | -4.2 | |
| Adjustments to the norm (+) | 0.0 | 0.0 | |
| Adjusted CA Norm | -3.8 | -4.2 | |
| CA Gap | 0.4 | 0.7 | 0.0 |
| o/w Relative policy gap | 3.0 | 2.9 | |
| Elasticity | -0.48 | -0.48 | |
| REER Gap (in percent) | -0.8 | -1.4 | 0.0 |
| 1/ Additional cyclical adjustment to account for the temporary impact of the pandemic on tourism (0.37 percent of GDP). | | | |
| 2/ Cyclically adjusted, including multilateral consistency adjustments. | | | |

Real Exchange Rate

Background. The CPI-based REER had a mild ~~depreciation~~ appreciation in 2020 (1.49 percent increase) as the NBRNM successfully maintained the de facto peg to the euro. It then ~~appreciated~~ depreciated slightly (~~2.19~~ 1.94 percent) in the first eleven months of 2021 as pressures on the exchange rate abated.

Assessment. The REER EBA-lite approach points to no misalignment in 2021 (0 percent), close to the 1.4 percent undervaluation suggested by the CA model.

Capital and Financial Accounts: Flows and Policy Measures

Background. North Macedonia experienced net capital inflows in both 2020 and 2021 as the interruption in FDI was more than compensated by a large Eurobond issuance, a purchase under the Rapid Financing Instrument, lower acquisitions of foreign assets, and the accumulation of trade credit.

Assessment. Capital and financial flows are expected to still be dominated by FDI flows and portfolio flows due to sovereign issuance. Other private flows have been small until the pandemic amid stable external corporate borrowing and the reduction in banks' external funding. In 2021, there were no significant changes in capital flow measures (CFMs), which remain in line with the IMF's Institutional View on the Liberalization and Management of Capital Flows.

Annex VII. Public Debt Sustainability Analysis

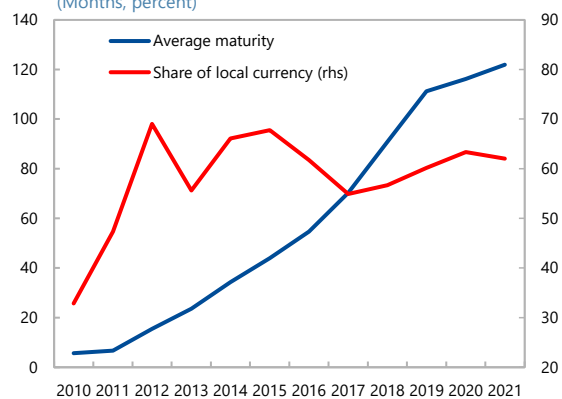
Public debt is projected to peak at 63 percent of GDP, reflecting the impact of the pandemic crisis, before gradually declining over the medium term. Debt is assessed as sustainable under staff's baseline projections. However, high gross financing needs and potential macroeconomic shocks constitute major risks, and decisive policy action to rebuild fiscal space and place debt more firmly on a downward path would reduce vulnerabilities.

Background

1. Sizeable policy support helped dampen the economic impact of the pandemic crisis, but also led to higher public sector debt. Nonfinancial public sector debt, which includes guaranteed debt of state-owned enterprises, increased to close to 60 percent of GDP in 2020, an 11-percentage point rise from a year earlier.¹ In the decade leading up to the pandemic, public debt had more than doubled, on the back of high primary deficits and rapid increases in the debt of state-owned enterprises.

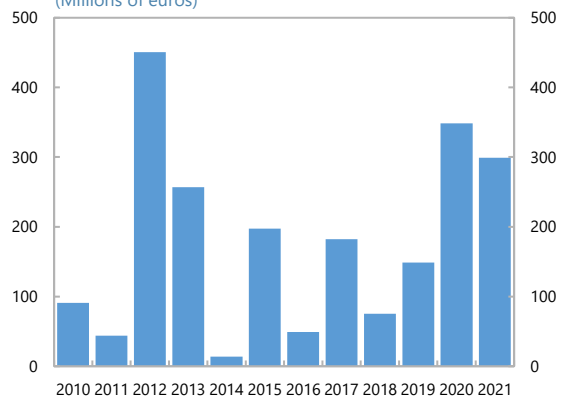
2. Nevertheless, the composition of debt continues to improve, and interest payments remain contained. In 2021, the average maturity at issuance of outstanding domestic government securities increased by a further 6 months, to 10 years and 2 months, reflecting continued reliance on long-term borrowing, despite elevated uncertainty related to the pandemic. The share of securities denominated in local currency dropped slightly from 2020 but remained above pre-crisis levels, owing to new debt being predominantly issued in local currency. Auction rates across most segments remained on a declining path. Overall, net domestic issuance in 2021 was €300 million, below close to the level in 2020 and but still significantly higher than in previous years. Externally, in addition to a purchase under the Rapid Finance Instrument in April 2020 (about €166 million), the country placed two €700 million Eurobonds, respectively in May 2020 and March 2021, with the latter at a historically low coupon of 1.625 percent. As of end-2020, about 78 percent of public debt was denominated in foreign currency.

Average Maturity and Currency Composition of Debt
(Months, percent)



Sources: MoF; and IMF staff calculations.

Net Domestic Issuance
(Millions of euros)



Sources: MoF; and IMF staff calculations.

¹ Given the high debt of state-owned enterprises, this debt sustainability analysis presents results for both the general government and the nonfinancial public sector.