EXECUTIVE BOARD MEETING

SM/20/43
Supplement 1

February 12, 2020

To:	Members of the Executive Board
From:	The Secretary
Subject:	**Zimbabwe—Staff Report for the 2019 Article IV Consultation—Debt Sustainability Analysis**

Board Action:	Executive Directors' **consideration** (Formal)
Prepared By:	The staffs of the Fund and the International Development Association
Tentative Board Date:	**Monday, February 24, 2020**
Publication:	Yes*
Questions:	Mr. Leon, AFR (ext. 36115) Mr. Hobdari, AFR (ext. 36276)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	After Board Consideration—African Development Bank, European Investment Bank, Food and Agriculture Organization, United Nations Development Programme, World Food Programme, World Trade Organization

***Unless an objection from the authorities is received prior to the conclusion of the Board's consideration, the document will be published.**

INTERNATIONAL MONETARY FUND

ZIMBABWE

STAFF REPORT FOR THE 2019 ARTICLE IV CONSULTATION—DEBT SUSTAINABILITY ANALYSIS

February 12, 2020

Approved by
David Robinson and Jeromin Zettelmeyer (IMF) and Marcello Estevão (IDA)

The Debt Sustainability Analysis (DSA) has been prepared jointly by the staff of the International Monetary Fund (IMF) and International Development Association (IDA), in consultation with the authorities, using the debt sustainability framework for low-income countries approved by the Boards of both institutions.

Risk of external debt distress	In debt distress
Overall risk of debt distress	In debt distress
Granularity in the risk rating	Unsustainable
Application of judgement	No

Zimbabwe is classified as "in debt distress", with unsustainable public and publicly guaranteed (PPG) external and total debt and large external arrears.[1] *External and total public debt breach the thresholds in both the baseline and shock scenarios. Moreover, Zimbabwe has large and longstanding external arrears to IFIs, official, and commercial creditors. Domestic debt has grown in recent years due to large fiscal deficits and negligible access to external finance, but the recent currency conversion and high inflation have significantly eroded its real value. Restoring debt sustainability requires the sustained implementation of a significant fiscal consolidation, cessation of quasi-fiscal activities that lead to debt increases, as well as reaching agreement with creditors on a comprehensive treatment of Zimbabwe's external debt and arrears. The authorities broadly concurred with the staff's assessment contained in the DSA, and were confident that the envisaged reengagement with the international community will help restore debt sustainability.*

[1] Zimbabwe's Composite Indicator (CI) index is calculated at 1.8 based on the October 2019 WEO and the 2018 CPIA data, indicating that the county's debt-carrying capacity is 'weak', which is the same classification as under the previous DSA.

BACKGROUND ON DEBT

1. **Zimbabwe's public debt has increased since the last published DSA (2017) as unsustainable fiscal deficits and quasi-fiscal activities of the RBZ increased domestic and external debt, including through further arrears accumulation.**[2] With negligible access to external financing, these deficits were financed domestically through the banking system and, until recently, the Reserve Bank of Zimbabwe (RBZ), as well as arrears. Domestic debt, which was negligible 5 years ago, reached ZWL$ 6.98 billion by end-2018. However, its value, in real terms[3] and as a percentage of GDP, has fallen drastically since the introduction of the Zimbabwe dollar and the redenomination of domestic debt into the new currency in 2019. External debt is dominated by official creditors—both bilateral and multilateral—with the bulk of the debt in arrears. Text Table 1 outlines the debts of Zimbabwe under various categories, e.g. debt outstanding and disbursed (DoD) vs accumulated arrears, for 2018. In 2019, the authorities effectively secured several additional external loans, with some constituting almost-concessional borrowing[4] for critical infrastructure projects, but also expensive commercial loans that are securitized by future

Text Table 1. Zimbabwe: Public and Publicly Guaranteed Debt

(USD millions; as of end-2018)

	DOD	Arrears	Total	% of GDP*
	(USD millions; as of end-2018)			
External Debt[1]	**2,563**	**6,109**	**8,672**	**38%**
Bilateral Creditors	1,519	3,687	5,206	23%
Paris Club	210	3,258	3,469	15%
Non Paris Club	1,309	428	1,737	8%
Multilateral Creditors	899	2,359	3,258	14%
World Bank	219	1,270	1,489	6%
African Development Bank	35	657	692	3%
European Investment Bank	19	290	309	1%
Afreximbank	489	67	556	2%
Others	137	74	211	1%
Commercial Creditors	145	63	208	1%
	(ZWL$ millions; as of end-2018)			
Domestic debt[2]	**6,875**	**108**	**6,984**	**16%**
Government Bonds	4,785	-	4,785	11%
RBZ loans	2,049	-	2,049	5%
Domestic Arrears	-	108	108	0%
Other	42	-	42	0%
Farmer's compensation[3]	**2.4-10 USD billion (10-45% GDP)**			

Source: Zimbabwean authorities and IMF staff calculations.

*Percentage of estimated nominal 2018 GDP, which is still subject to potential major revision

1/ External public and publicly-guaranteed debt, including RBZ and SOEs.

2/ Note: Domestic debt is unconsolidated domestic debt of the central government, which differs from the DSA that takes a broader perimeter of debt coverage for the analysis.

3/ Contingent liability.

[2] In this DSA, external debt is defined on a residency basis.

[3] Inflation spiked to 521 percent (y-o-y) in December 2019.

[4] Staff estimates a grant element of approximately 30 percent, which is below the 35 percent requirement for it to be considered officially concessional.

mineral exports. These commercial loans mainly reflect borrowings to introduce and defend the new ZWL$ and facilitate the importation of essential goods (fuel, maize, pharmaceuticals)

2. **Public debt coverage includes external and domestic obligations of the central government, central bank, and some state-owned enterprises (SOEs), but coverage of the SOE sector remains incomplete** (Text Table 2). The authorities are improving the monitoring of SOEs balance sheets, incomes, and debt levels. In 2019, led by the State Enterprises Restructuring Agency (SERA), which is based in the Office of the President and Cabinet and the Ministry of Finance, the Government of Zimbabwe adopted a policy for a broad overhaul of the SOE sector, including privatizations, mergers, and requiring a standardized set of reporting from all SOEs to the Ministry of Finance and Accountant General. While domestic arrears of the central government to non-governmental entities are small (ZWL 108 million, 0.8 percent of GDP), this does not reflect all domestic non-governmental arrears (e.g., it excludes accounts payable) and more importantly, significant cross-debts within the public sector. Many of these arrears are between public sector units, in particular the state electricity generator and revenue agency. IMF TA provided in Q1/2019 recommended that the authorities revive a tracking system of 'from whom-to-whom' in order to get a database that would facilitate clearing intra-government cross public sector institution arrears. Also, given the high degree of indebtedness between public sector entities, including RBZ lending to central government, it would be beneficial for the authorities to update the Public Debt Management Act (PDMA) to clarify the appropriate reporting of public sector gross debt in terms of consolidation.

Text Table 2. Zimbabwe: Coverage of Public Sector Debt

	Subsectors of the public sector	Check box
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	X

BACKGROUND ON MACRO FORECASTS AND STRESS TESTS

3. **Zimbabwe's current debt-carrying capacity is classified as 'weak' according to the methodology employed in the revised DSF Framework (2017).** The country's Composite Indicator (CI)[5] index is 1.80 based on the October 2019 WEO and World Bank's latest (2018) CPIA. The relevant indicative debt thresholds for this category are shown in the weak column of Text Table 3, and the

[5] To capture the various factors affecting a country's debt carrying capacity, the DSF uses a composite indicator (CI). The CI captures the impact of the several factors through a weighted average of the World Bank's CPIA score, the country's real GDP growth, remittances, international reserves, and world growth.

benchmark of the PV of total public debt for countries with weak debt carrying capacity is 35 percent.

Text Table 3. Zimbabwe: Debt Carrying Capacity and Relevant Indicative Thresholds

EXTERNAL debt burden thresholds	Weak	Medium	Strong
PV of debt in % of			
Exports	140	180	240
GDP	30	40	55
Debt service in % of			
Exports	10	15	21
Revenue	14	18	23

TOTAL public debt benchmark	Weak	Medium	Strong
PV of total public debt in percent of GDP	35	55	70

A. The Baseline Scenario and Realism Tools

4. **Establishing a definitive picture of Zimbabwe's outlook for debt sustainability is challenging given the considerable uncertainty surrounding the estimates of key macroeconomic statistics**. The re-adoption of the Zimbabwe dollar has removed an important distortion in the economy, but additional time is needed for markets to settle, inflation (and interest rates) to normalize, and the country's statistical agency (ZIMSTAT) to recompile national accounts statistics in the new currency. ZIMSTAT is making good progress on the work of rebasing and redenominating its national accounts statistics so that once completed it will have a complete and consistent set of historical national accounts statistics. However, for the exercise to be completed and avoid large revisions to the data, additional time is needed to collect, analyze, and integrate 2019 data (e.g. the new base year GDP).[6] The IMF and World Bank are providing extensive TA to support ZIMSTAT's endeavor. In the interim, staff and the authorities continue to collaborate on a set of mutually agreed national accounts statistics that are sufficient to conduct a DSA, but an external debt reconciliation exercise and an official time series for national accounts should be considered prerequisites for clarifying debt sustainability and forming the basis for any further engagement with creditors.

5. **The economy contracted sharply in 2019 and the outlook for 2020 is for near-zero growth and gradual disinflation.** Negative growth in 2019 reflects declines in agriculture and electricity generation from the drought, and the impact of electricity shortages on other sectors. For 2020, the economy is expected to remain basically flat as agriculture and electricity generation endure another year of drought. With grain stocks already depleted, a poor coming agriculture harvest would put additional pressures on the balance of payments for imports. Inflation is expected to remain high through mid-2020, with the pass-through from the exchange rate depreciation in 2019H2 running its course, and fall thereafter as the RBZ contains money growth.

[6] 2019 GDP will also be the first full year of estimation where the Zimbabwe dollar is used to collect the data, hence it will be an important benchmark for many of the assumptions made to convert 2018 national accounts statistics from USD to ZWL.

6. **Over the medium term, investment and growth will be constrained by a continuation of protracted external arrears and the consequent lack of access to external finance.** Nevertheless, sustainable fiscal deficits and a more flexible exchange rate regime allow the economy to achieve some growth. The lack of external financing also constricts the size of the current account deficits, which in the current DSA is forecasted to be smaller than in the previous one.

7. **The baseline assumes that the authorities have also exhausted their ability to contract non-traditional commercial external debt** (Text Table 4), which the RBZ has done repeatedly since the last DSA by collateralizing future sales of commodity exports, primarily gold. Staff has reiterated concerns that continued external borrowing on commercial terms would likely worsen debt sustainability and complicate finding a consensus on arrears clearance and debt relief. For the purposes of this DSA the standard assumption that the financing gap in the forecast period is filled by domestic debt issuances has been held, which results in a higher forecast level of public debt than if the gap was filled through a combination of revenue mobilization, expenditure rationalization, and grant support.

Text Table 4: Macroeconomic Framework, 2017-23

	2017	2018	2019	2020	2021	2022	2023
Real GDP growth (%)	4.7	3.5	-8.3	0.8	2.5	2.5	2.2
Inflation (%, average)	0.9	10.6	255.3	221.1	3.7	3.0	3.0
Inflation (%, eop)	3.4	42.1	521.1	52.0	3.0	3.0	3.0
Overall Fiscal balance (% GDP)	-9.6	-7.5	0.0	-5.0	-1.0	-4.0	-2.9
Consolidated public sector debt (% GDP)	54.4	63.0	50.1	53.9	56.1	56.0	55.9
Public and publicy-guaranteed external debt (% GDP)	40.1	37.8	47.6	51.5	52.7	52.1	51.5
Current account (% GDP)	-1.3	-5.4	0.7	-1.0	-1.4	-1.3	-2.3
FDI (% GDP)	1.4	1.6	0.6	1.1	0.7	1.6	1.9
Reserves (months of imports)	0.5	0.1	0.2	0.2	0.2	0.2	0.2

Sources: Zimbabwean authorities; IMF staff estimates and projections.

8. **The current DSA includes commitments by the RBZ to fully compensate some stakeholders for losses relating to currency reform, through the issuance of FX-dominated domestic debt securities in 2020.** Following currency conversion, the RBZ announced that it would compensate stakeholders for losses, estimated then at US$1.2 billion. The legal channels for assuming and the method for compensating (e.g. the tenor of the debt instrument) these ‘legacy debts’ remain unclear. With indications that the debt to be assumed could reach US$2 billion, the difference has been included in the customized shock discussed below along with the contingent compensation to displaced farmers. Staff expressed concern that assuming these debts would significantly deteriorate the Government’s balance sheet, worsen Zimbabwe’s debt distress, and affect the prospects for future normalization of Zimbabwe’s external arrears.

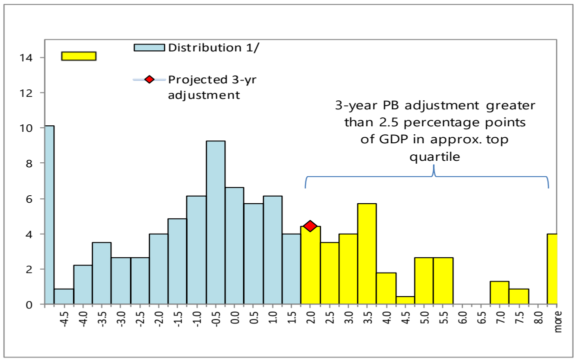
9. **Risks to the baseline scenario are multi-dimensional.** The change in the currency regime, while unavoidable, is also unparalleled and presents numerous challenges that are difficult to anticipate, including high and volatile levels of inflation, exchange rate, and interest rates. The fiscal adjustment, without external and RBZ financing is substantial, raising risks of austerity fatigue and a loss of social support for fiscal consolidation. Together, the sharp spike in inflation, the impact of

drought and cyclone, and large losses by bank depositors following the currency reform have reduced significantly purchasing power and living standards, disproportionately affecting the most vulnerable in society. Risks to 2020 are to the downside as rainfall is well below average (similar to last year's drought levels), and distortions in the mining sector continue to adversely affect production. Upside risks over the long term include a successful resolution of Zimbabwe's arrears that could be followed by a normalization of financial relationships and a superior growth-investment and poverty reduction path. Normalization of its external financial relationships is a necessity if Zimbabwe is to achieve the Sustainable Development Goals (SDGs).

10. **The realism and forecast error tools highlight the more pessimistic baseline that operates under the assumptions of no progress on international re-engagement (or arrears clearance), a debt overhang, limited external support, and lower investment.** The large implied fiscal multiplier in the baseline arises as the model does not capture adequately the effects of idiosyncratic shocks in 2019, particularly drought and the cyclone, and measurement challenges relating to high inflation and a large parallel market premium.

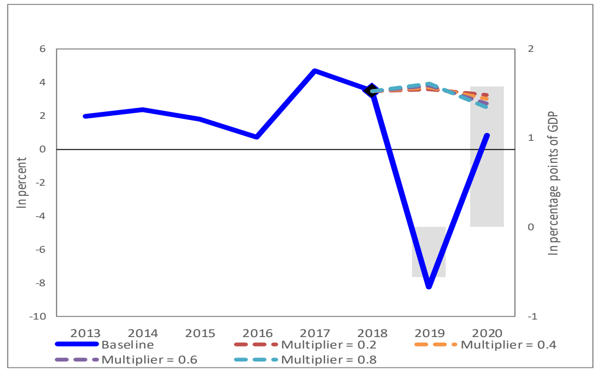
Figure 1. Zimbabwe: DSA Realism and Forecast Error tools

3-Year Adjustment in Primary Balance (Percentage points of GDP)



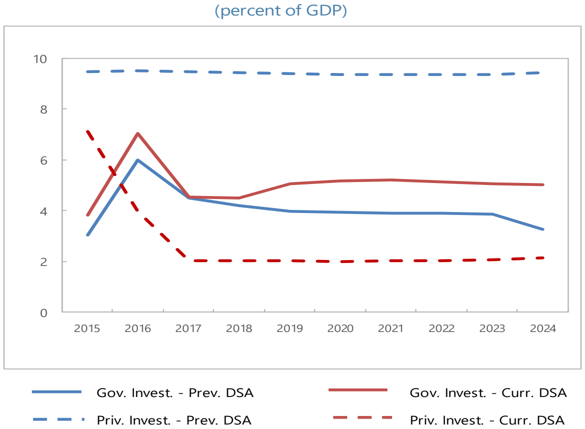
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/

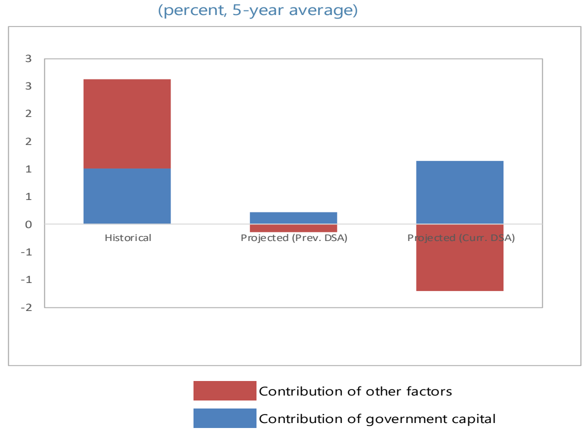


1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

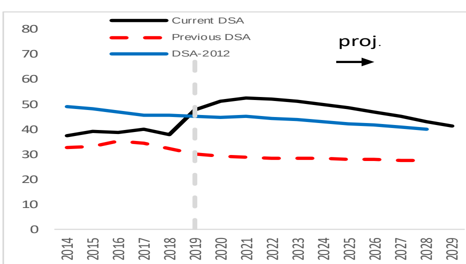
Public and Private Investment Rates (percent of GDP)



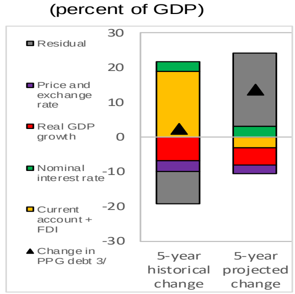
Contribution to Real GDP growth (percent, 5-year average)



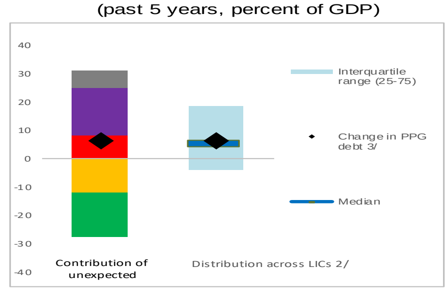
Gross Nominal PPG External Debt (in percent of GDP; DSA vintages)



Debt-creating flows (percent of GDP)

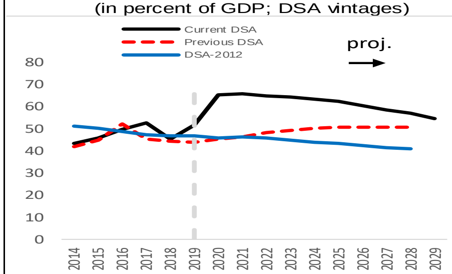


Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)

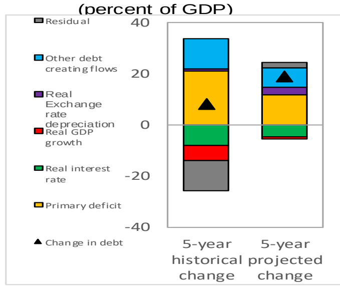


Public debt

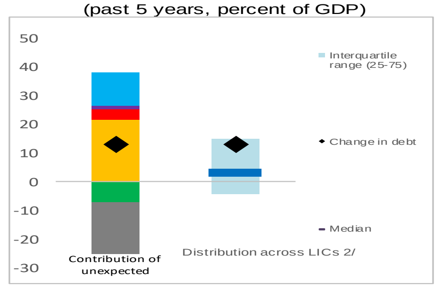
Gross Nominal Public Debt (in percent of GDP; DSA vintages)



Debt-creating flows (percent of GDP)



Unexpected Changes in Debt 1/ (past 5 years, percent of GDP)



1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

11. **Zimbabwe has protracted arrears on external debt, which has cut off access to official financing.** The authorities have expressed a renewed commitment to reengagement with the international community, beginning with the clearance of arrears at the World Bank, African Development Bank, and European Investment Bank. With the authorities unable to finance arrears clearance, the timing and scope of repayment is still uncertain, and the results of this DSA could change significantly depending on the modalities and timing of arrears clearance. Technically, arrears can be cleared using a (commercial or concessional) loan, grants, or internal resources of the IFIs (facilitated via a bridge loan). There is currently no consensus on an agreed path forward as there is a multiplicity of views from the international community on how to restore debt sustainability and what would be the requisite actions for a comprehensive treatment of Zimbabwe's debt. The most practical starting point would be a comprehensive debt reconciliation exercise and a creditor agreement on clearing arrears at the IFIs. Given Zimbabwe's large external arrears there is a need to develop, and reach broad consensus on, affordable solutions to Zimbabwe's arrears.

B. Determination of Scenario Stress Tests

12. **The standard contingent liability stress test is calibrated to account for debt coverage weaknesses** (Text Table 5). To reflect the incomplete coverage of SOE debt, the default shock of 2 percent of GDP is modified to 5 percent. Potential liabilities from the domestic banking system, including those related to recent RBZ measures to support domestic credit, are captured by the standard 5 percent of GDP financial market shock. Given that the latest World Bank estimate of the public private partnership (PPP) capital stock is less than 3 percent, no PPP shock is applied. Finally, a further 10 percent shock is added to reflect the elevated risk of additional private sector bailouts.

Text Table 5: Calibration of the Standard Contingent Liability Shock

1	**The country's coverage of public debt**	The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt			
		Default		**Used for the analysis**	**Reasons for deviations from the default settings**
2	Other elements of the general government not captured in 1.	0	percent of GDP	10.0	risks of additional private sector bailout are high
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	5.0	history of bailouts for SOEs in financial distress
4	PPP	35	percent of PPP stock	0.0	PPP not a risk factor in Zimbabwe
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	In addition to 'legacy' debts discussed and shocked elsehwere
	Total (2+3+4+5) (in percent of GDP)			20.0	

13. **However, the main risk to Zimbabwe's debt stems from additional contingent liabilities relating to a compensation agreement for displaced farmers and additional fiscal costs from RBZ debt assumption and quasi-fiscal activities, for which staff have prepared a customized scenario (**Text Table 6)**.** The authorities have a large contingent liability to previous farmers in Zimbabwe who had their assets expropriated during the land reform process. For purely illustrative purposes, staff has simulated the effects of an agreement on farmers compensation and additional costs related to the absorption of 'legacy debts' (including relating to the currency reform) on the country's debt dynamics. The scenario assumes: (i) an agreement is reached with the new debt crystalizing in 2020; (ii) valuation is in the middle-ranges of ongoing discussions between the authorities and claimants (e.g. US$6.25 billion in total; and (iii) the financing of the debt will be on

commercial-like terms (e.g. 5 percent interest, 1 year grace, 10 year maturity). The result is a jump in the PV of debt in 2020 of approximately 30 percent of GDP, further aggravating the debt overhang.

Text Table 6: Contingent Liability Shock
Farmers Compensation and Legacy Debts Absorption 2018-2029[1/]
(In percent of GDP)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
			shock year									
Public Sector Debt	45.3	51.8	101.6	99.6	98.3	97.2	95.7	94.1	91.7	89.3	87.0	83.8
of which: foreign-currency denominated	37.8	47.6	64.4	65.9	65.9	65.1	63.8	62.8	61.2	59.4	57.5	55.6
PV of public debt-to-GDP ratio 2/	43.7	49.0	98.1	95.6	94.2	93.2	91.8	90.4	88.3	86.1	84.0	81.0

1/Sources: Country authorities; and staff estimates and projections.
2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

DEBT SUSTAINABILITY AND RISK RATING

A. External Debt Sustainability Analysis

14. **Zimbabwe's public and publicly-guaranteed external debt burden indicators are high, and the external debt overhang is massive.** Under the baseline scenario, external public and publicly-guaranteed (PPG) debt indicators breach the policy-relevant thresholds over the relevant forecast period under the baseline and the stress tests (Figure 2). The PV of external debt-to-GDP ratio is above the 30 percent threshold for the entire projection horizon under the baseline and the stress tests; a similar result holds for the PV of debt-to-exports with a threshold of 140 percent and the debt service-to-revenue ratio. The stress tests with the most severe impacts are the combination shock (for the PV of external debt-to-GDP), the exports shock (for the PV of external debt-to-exports and debt service-to-exports) and the commodity price shock (for debt service to revenue).

15. **Risks to external debt are heightened further by the lack of foreign exchange and the weak external position.** The increase in the stock of external debt has been modest not because of a lower financing need but owing to Zimbabwe's almost non-existent access to financing. Weak export competitiveness, the withdrawal of foreign investment, and FX precautionary hoarding have further hampered the country's debt service capability.

16. **These results suggest that absent stronger growth, monetary policy normalization, access to concessional financing, and some form of debt relief, Zimbabwe has little chance of escaping its debt trap**. While the authorities have announced their intention to redouble efforts to find an agreeable debt restructuring plan with Zimbabwe's external creditors, beginning with the clearance of arrears at the IFIs, the timelines and modalities of such a process remain undetermined.

17. **These outturns, together with the existence of substantial external arrears, support the determination that Zimbabwe is in external debt distress**.

B. Public Sector Debt Sustainability Analysis

18. **Driven by government's rising spending—especially quasi-fiscal activities of the RBZ to support agriculture and other activities—the stock of domestic debt increased since the last DSA, but the recent very high inflation has radically reduced its real value.** Domestic debt has fallen in real terms because of currency conversion and the lack of ability of banks to absorb new sovereign debts. Previous recapitalization and debt assumptions of the SOEs, subsidies to agriculture, and expansion in RBZ obligations have pushed public debt to well beyond the indicative threshold of 35 percent of GDP (PV terms) under both the baseline and the stress tests. Even with fiscal consolidation, the amount of public debt will carry a heavy burden on the Government of Zimbabwe.

19. **Domestic debt obligations, external arrears, and large contingent liabilities support the assessment that the Zimbabwean government is in debt distress**.

RESTORING DEBT SUSTAINABILITY

20. **Restoring debt sustainability will require a combination of fiscal adjustment and a comprehensive debt restructuring plan with appropriate burden sharing**. Text Table 7 shows the distance between relevant fragility ratios to threshold values for determining that a country has a 'weak debt-carrying capacity'. These estimates become even larger if considering possible over-estimation of GDP or compensation to the farmers whose assets were expropriated.

21. **Zimbabwe also currently carries a sizeable domestic debt load, a legacy from financing previous years' deficits almost entirely from domestic sources.** Text Table 7 also provides the difference between Zimbabwe's end-2018 public debt stock and the applicable threshold given the CI assessment.

Text Table 7. Zimbabwe: End-2019 Projected Debt and DSA Thresholds

Indicator	(1) Applicable LIC-DSA Thresholds: Weak	(2) Zim. end-2019	Distance above applicable DSF threshold (2) - (1)
PV of debt in % of			
Exports	140	201	61
GDP	30	45	15
Debt service in % of			
Exports	10	12	2
Revenue	14	33	19
Public Debt Benchmark	38	51	13

CONCLUSION

22. **Zimbabwe is in debt distress.** The external debt burden is excessive and the country is incuring arrears. While the real value of domestic debt has fallen significantly given the high inflation, contingent liabilities (related to a compensation agreement for displaced farmers and additional

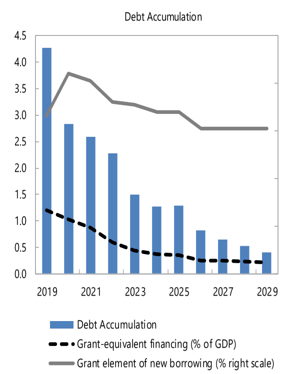
fiscal costs from debt assumptions for losses following the currency conversion) could sharply increase domestic debt, further aggravating the debt overhang.

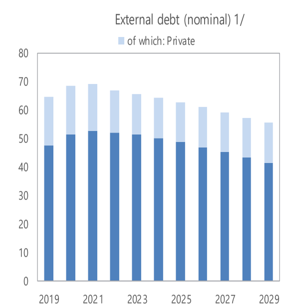
23. **Steady implementation of the reform strategy outlined in the TSP is critical for Zimbabwe to emerge from its current difficulties.** Prudent fiscal and monetary polices are necessary, as are bold structural reforms to restore growth and attract investment. Furthermore, external support and debt relief from the international community must be part of the strategy. Supported by a robust reform program, the envisaged reengagement process could bear fruit and restore growth and sustainability.

Table 1. Zimbabwe: External Debt Sustainability Framework, Baseline Scenario, 2016–39
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	Historical	Projections
External debt (nominal) 1/	56.1	55.8	53.0	64.5	68.5	69.1	66.7	65.6	64.2	55.5	39.4	53.3	63.1
of which: public and publicly guaranteed (PPG)	38.9	40.1	37.8	47.6	51.5	52.7	52.1	51.5	50.1	41.5	25.4	41.5	48.3
Change in external debt	-1.0	-0.2	-2.8	11.5	4.0	0.7	-2.4	-1.1	-1.5	-1.9	-1.4		
Identified net debt-creating flows	0.5	-3.4	2.3	-1.3	-0.6	-1.4	-1.4	-0.2	-0.2	-0.4	1.0	2.6	-0.7
Non-interest current account deficit	2.8	0.7	5.0	-1.2	0.4	0.7	0.6	1.6	1.5	1.2	1.5	8.6	0.9
Deficit in balance of goods and services	11.5	8.3	10.1	4.0	5.7	6.1	5.7	6.7	6.4	6.1	6.1	19.3	5.9
Exports	19.8	21.5	23.1	22.4	24.5	24.4	24.1	24.5	24.6	24.6	24.6		
Imports	31.3	29.7	33.2	26.3	30.2	30.5	29.8	31.2	31.0	30.7	30.7		
Net current transfers (negative = inflow)	-9.5	-8.7	-8.4	-9.2	-9.1	-8.7	-8.1	-7.6	-7.2	-6.3	0.0	-11.0	-7.5
of which: official	-3.7	-3.2	-3.1	-3.4	-3.6	-3.5	-3.4	-3.4	-3.3	-3.0	0.0		
Other current account flows (negative = net inflow)	0.8	1.2	3.3	4.1	3.8	3.3	3.1	2.4	2.3	1.5	-4.6	0.3	2.5
Net FDI (negative = inflow)	-1.3	-0.9	-0.9	-1.0	-1.1	-1.1	-1.1	-1.1	-1.1	-1.1	0.0	-1.6	-1.1
Endogenous debt dynamics 2/	-1.0	-3.2	-1.8	0.9	0.0	-1.0	-0.9	-0.6	-0.6	-0.6	-0.5		
Contribution from nominal interest rate	0.7	0.6	0.4	0.4	0.5	0.7	0.7	0.7	0.7	0.6	0.3		
Contribution from real GDP growth	-0.4	-2.5	-1.9	0.5	-0.5	-1.7	-1.6	-1.4	-1.3	-1.2	-0.8		
Contribution from price and exchange rate changes	-1.2	-1.3	-0.3	...	...	...	...	...	...	...	...		
Residual 3/	-1.5	3.2	-5.1	12.8	4.6	2.0	-1.0	-0.9	-1.2	-1.4	-2.4	-3.8	0.9
of which: exceptional financing	-0.7	-0.6	-0.6	-0.7	-0.7	-0.7	-0.5	-0.5	-0.5	-0.4	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	36.2	44.9	48.0	48.8	48.2	47.6	46.4	38.9	24.3		
PV of PPG external debt-to-exports ratio	...	...	156.7	200.6	196.1	199.7	200.1	194.7	188.7	158.3	98.8		
PPG debt service-to-exports ratio	48.6	41.4	12.4	12.2	10.3	10.4	9.0	9.1	8.7	8.3	5.9		
PPG debt service-to-revenue ratio	59.2	63.5	33.0	22.9	22.3	23.8	20.5	20.9	20.5	19.5	13.9		
Gross external financing need (Million of U.S. dollars)	2388.5	2037.1	3190.2	1699.0	1950.5	2026.6	1871.9	1736.2	1574.2	1430.2	1299.3		
Key macroeconomic assumptions													
Real GDP growth (in percent)	0.7	4.7	3.5	-8.3	0.8	2.5	2.5	2.2	2.2	2.2	2.2	11.5	1.2
GDP deflator in US dollar terms (change in percent)	2.2	2.4	0.6	-1.6	-1.5	1.2	3.3	2.1	3.2	3.0	3.0	5.5	2.0
Effective interest rate (percent) 4/	1.2	1.1	0.7	0.7	0.8	1.0	1.1	1.1	1.1	1.1	0.9	1.3	1.0
Growth of exports of G&S (US dollar terms, in percent)	1.5	16.6	12.1	-12.6	8.7	3.5	4.5	6.0	6.0	5.2	5.2	14.1	3.9
Growth of imports of G&S (US dollar terms, in percent)	-14.4	2.0	16.2	-28.4	14.0	4.7	3.4	9.3	4.9	5.2	5.2	12.1	3.0
Grant element of new public sector borrowing (in percent)	...	...	...	16.6	21.0	20.3	18.0	17.7	17.0	15.3	15.3	...	17.1
Government revenues (excluding grants, in percent of GDP)	16.2	14.0	8.7	11.9	11.3	10.7	10.6	10.7	10.4	10.4	10.4	16.6	10.7
Aid flows (in Million of US dollars) 5/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.2	1.0	0.9	0.6	0.4	0.4	0.2	0.1	...	0.5
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	16.6	21.0	20.3	18.0	17.7	17.0	15.3	15.3	...	17.1
Nominal GDP (Million of US dollars)	20,549	22,041	22,946	20,703	20,563	21,339	22,607	23,588	24,876	32,183	53,556		
Nominal dollar GDP growth	2.9	7.3	4.1	-9.8	-0.7	3.8	5.9	4.3	5.5	5.2	5.2	18.5	3.2
Memorandum items:													
PV of external debt 7/	...	...	51.5	61.8	65.0	65.3	62.8	61.8	60.5	52.9	38.3		
In percent of exports	...	...	222.6	275.9	265.4	267.1	260.6	252.5	245.9	215.3	155.5		
Total external debt service-to-exports ratio	51.2	43.9	42.5	46.5	41.3	40.3	36.3	28.2	24.2	17.4	3.8		
PV of PPG external debt (in Million of US dollars)			8313.2	9294.7	9880.1	10411.9	10899.7	11239.4	11541.3	12532.9	13013.1		
(PVt-PVt-1)/GDPt-1 (in percent)				4.3	2.8	2.6	2.3	1.5	1.3	0.4	0.0		
Non-interest current account deficit that stabilizes debt ratio	3.8	0.9	7.8	-12.6	-3.5	0.1	3.0	2.6	2.9	3.1	2.9		

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	Yes





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) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

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

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

6/ 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).

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

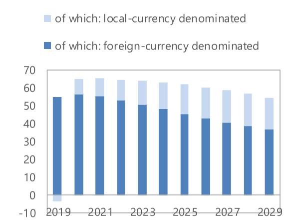
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

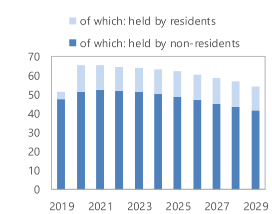
Table 2. Zimbabwe: Public Sector Debt Sustainability Framework, Baseline Scenario, 2016–39
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2029	2039	Historical	Projections
Public sector debt 1/	49.7	52.5	45.3	51.8	65.3	65.6	64.6	64.3	63.2	54.4	33.5	46.1	60.7
of which: external debt	38.9	40.1	37.8	47.6	51.5	52.7	52.1	51.5	50.1	41.5	25.4	41.5	48.3
Change in public sector debt	3.8	2.8	-7.2	6.5	13.5	0.3	-1.0	-0.3	-1.1	-2.5	-1.8		
Identified debt-creating flows	8.4	9.1	-2.4	6.3	12.3	-0.1	-1.2	-0.4	-1.1	-2.4	-1.5	-0.5	0.7
Primary deficit	6.0	9.1	4.0	4.6	3.0	2.0	1.2	0.9	0.8	-1.0	-0.8	2.3	1.1
Revenue and grants	16.2	14.0	8.7	11.9	11.3	10.7	10.6	10.7	10.4	10.4	10.4	16.6	10.7
of which: grants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Primary (noninterest) expenditure	22.3	23.2	12.7	16.5	14.3	12.7	11.7	11.6	11.3	9.4	9.6	18.9	11.8
Automatic debt dynamics	-0.6	-4.0	-8.2	1.1	2.5	-2.3	-2.5	-1.4	-2.0	-1.4	-0.7		
Contribution from interest rate/growth differential	-0.2	-3.8	-8.9	-0.5	0.6	-2.7	-1.8	-1.3	-1.4	-1.0	-0.5		
of which: contribution from average real interest rate	0.2	-1.6	-7.1	-4.6	1.0	-1.1	-0.2	0.1	0.0	0.2	0.3		
of which: contribution from real GDP growth	-0.3	-2.2	-1.8	4.1	-0.4	-1.6	-1.6	-1.4	-1.4	-1.2	-0.7		
Contribution from real exchange rate depreciation	-0.4	-0.2	0.7	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	3.0	3.9	1.8	0.6	6.8	0.1	0.1	0.1	0.1	0.1	0.0	1.2	0.7
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 contingent liabilities (e.g., bank recapitalization)	2.2	0.6	0.7	0.0	6.7	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 debt creating or reducing flow (please specify)	0.9	3.3	1.1	0.6	0.1	0.1	0.1	0.1	0.1	0.1	0.0		
Residual	-4.6	-6.3	-4.8	1.8	3.2	0.9	-0.5	0.0	-0.6	-0.5	-0.5	-1.0	0.2
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	43.7	49.0	61.8	61.8	60.7	60.4	59.5	51.9	32.4		
PV of public debt-to-revenue and grants ratio	...	...	502.4	411.0	547.0	579.7	572.5	566.3	570.1	496.7	310.2		
Debt service-to-revenue and grants ratio 3/	34.2	36.2	62.5	34.8	23.8	100.5	70.8	71.6	75.0	78.4	34.7		
Gross financing need 4/	14.6	18.2	11.2	9.3	12.5	12.9	8.8	8.6	8.7	7.2	2.8		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	0.7	4.7	3.5	-8.3	0.8	2.5	2.5	2.2	2.2	2.2	2.2	11.5	1.2
Average nominal interest rate on external debt (in percent)	1.6	1.5	1.0	0.8	1.0	1.2	1.3	1.4	1.3	1.3	1.2	1.6	1.2
Average real interest rate on domestic debt (in percent)	-1.0	-13.9	-54.7	-64.6	-48.4	-7.8	2.1	3.4	2.3	2.5	3.2	-8.2	-9.2
Real exchange rate depreciation (in percent, + indicates depreciation)	-1.1	-0.5	1.8	...	...	...	...	...	...	...	...	-1.1	...
Inflation rate (GDP deflator, in percent)	7.3	22.3	120.7	204.9	148.1	16.4	4.9	3.7	4.8	4.5	4.5	20.0	36.9
Growth of real primary spending (deflated by GDP deflator, in percent)	11.0	8.9	-43.2	19.0	-12.7	-8.9	-5.1	0.8	-0.8	-6.6	2.3	65.0	-1.3
Primary deficit that stabilizes the debt-to-GDP ratio 5/	2.2	6.4	11.2	-1.9	-10.6	1.7	2.2	1.2	1.9	1.5	0.9	6.6	0.3
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**Yes**

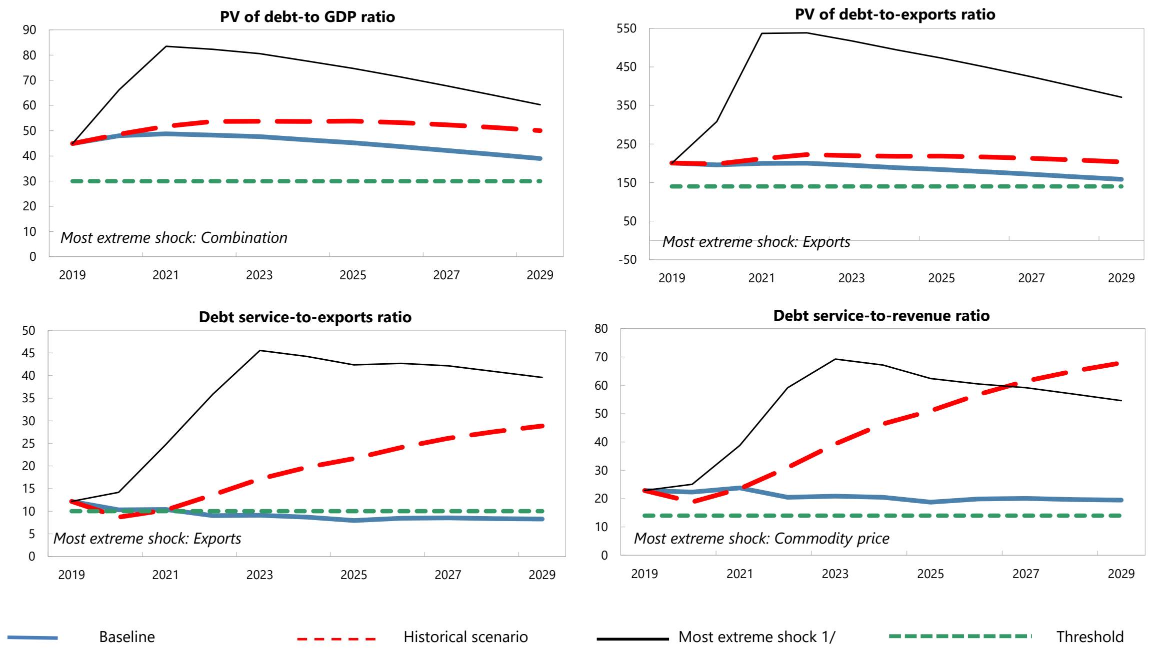
Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.
1/ Coverage of debt: The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt . Definition of external debt is Residency-based.
2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.
4/ 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 and other debt creating/reducing flows.
5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.
6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 2. Zimbabwe: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2019–29[1/,2/]



Customization of Default Settings	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	No	No
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	6.0%	9.0%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	10	10
Avg. grace period	1	1

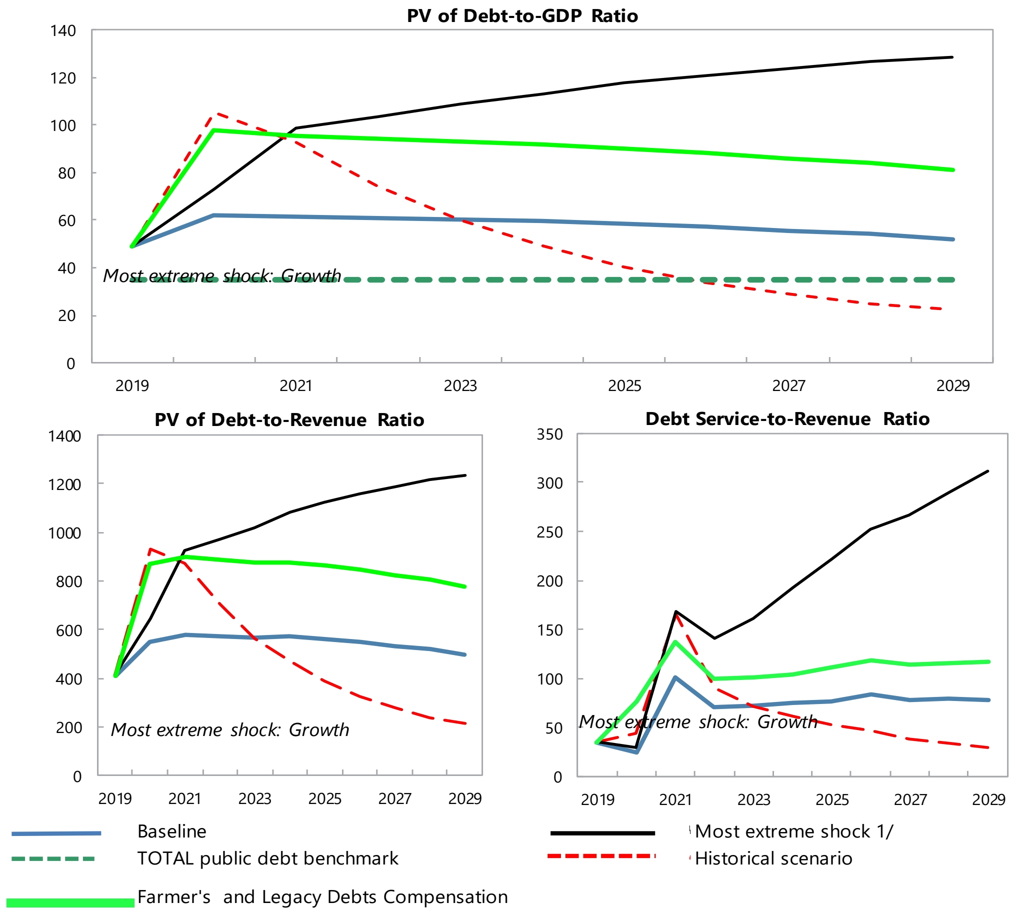
* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 3. Zimbabwe: Indicators of Public External Debt under Alternative Scenarios, 2018–28



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	33%	5%
Domestic medium and long-term	57%	80%
Domestic short-term	9%	15%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	6.0%	9.0%
Avg. maturity (incl. grace period)	10	10
Avg. grace period	1	1
Domestic MLT debt		
Avg. real interest rate on new borrowing	-29.9%	1.0%
Avg. maturity (incl. grace period)	4	4
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	-32.4%	1.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2029. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Zimbabwe: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2019-29
(In percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
PV of debt-to GDP ratio											
Baseline	45	48	49	48	48	46	45	44	42	41	39
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	45	49	52	54	54	54	54	53	52	51	50
B. Bound Tests											
B1. Real GDP growth	45	62	81	80	79	77	75	72	70	67	65
B2. Primary balance	45	48	49	49	48	47	46	44	43	41	40
B3. Exports	45	57	73	72	71	68	65	62	58	55	51
B4. Other flows 3/	45	51	54	53	53	51	49	47	45	43	41
B5. Depreciation	45	48	48	48	47	46	45	43	42	40	39
B6. Combination of B1-B5	45	66	83	82	81	78	75	71	68	64	60
C. Tailored Tests											
C1. Combined contingent liabilities	45	49	50	50	50	49	48	47	45	44	42
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	45	61	74	73	71	68	65	61	57	53	49
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
PV of debt-to-exports ratio											
Baseline	201	196	200	200	195	189	184	178	171	165	158
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	201	198	212	223	220	218	219	216	213	209	203
B. Bound Tests											
B1. Real GDP growth	201	196	200	200	195	189	184	178	171	165	158
B2. Primary balance	201	197	201	202	197	191	186	181	174	168	161
B3. Exports	201	308	537	539	518	494	473	449	424	398	371
B4. Other flows 3/	201	207	222	222	215	207	201	193	185	176	167
B5. Depreciation	201	196	200	200	195	189	184	178	171	165	158
B6. Combination of B1-B5	201	257	248	336	324	311	299	286	271	257	241
C. Tailored Tests											
C1. Combined contingent liabilities	201	200	205	207	203	198	194	189	184	179	173
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	201	506	523	460	389	332	287	271	254	236	218
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
Debt service-to-exports ratio											
Baseline	12	10	10	9	9	9	8	8	9	8	8
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	12	9	10	14	17	20	22	24	26	28	29
B. Bound Tests											
B1. Real GDP growth	12	10	10	9	9	9	8	8	9	8	8
B2. Primary balance	12	10	10	9	9	9	8	9	9	9	9
B3. Exports	12	14	25	36	46	44	42	43	42	41	40
B4. Other flows 3/	12	10	11	12	13	13	12	12	12	12	12
B5. Depreciation	12	10	10	20	23	23	21	22	22	21	20
B6. Combination of B1-B5	12	12	17	21	24	24	22	23	23	22	21
C. Tailored Tests											
C1. Combined contingent liabilities	12	10	11	10	10	9	9	9	10	9	9
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	12	21	26	35	37	32	28	28	27	26	25
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
Debt service-to-revenue ratio											
Baseline	23	22	24	20	21	20	19	20	20	20	19
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	23	19	24	31	39	46	51	57	61	65	68
B. Bound Tests											
B1. Real GDP growth	23	29	39	34	35	34	31	33	33	33	32
B2. Primary balance	23	22	24	21	22	21	20	21	21	21	21
B3. Exports	23	23	32	45	58	58	56	56	55	54	52
B4. Other flows 3/	23	22	26	27	30	30	28	29	29	28	27
B5. Depreciation	23	22	39	48	56	56	53	54	53	52	50
B6. Combination of B1-B5	23	27	40	50	57	57	54	55	54	53	51
C. Tailored Tests											
C1. Combined contingent liabilities	23	22	25	22	22	22	21	22	22	22	22
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	23	25	39	59	69	67	62	60	59	57	55
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

Table 4. Zimbabwe: Sensitivity Analysis for Key Indicators of Public Debt, 2019-2029
(In percent)

	Projections 1/										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	202
					PV of Debt-to-GDP Ratio						
Baseline	**49**	**62**	**62**	**61**	**60**	**60**	**59**	**57**	**56**	**54**	**5**
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	**49**	**105**	**93**	**74**	**60**	**49**	**41**	34	29	25	2
Farmer's and Legacy Debts Compensation	**49**	**98**	**96**	**94**	**93**	**92**	**90**	**88**	**86**	**84**	**8**
B. Bound Tests											
B1. Real GDP growth	**49**	**73**	**99**	**103**	**109**	**113**	**118**	**121**	**124**	**127**	**12**
B2. Primary balance	**49**	**61**	**65**	**64**	**64**	**63**	**62**	**61**	**59**	**58**	**5**
B3. Exports	**49**	**69**	**81**	**79**	**78**	**76**	**74**	**70**	**67**	**64**	**6**
B4. Other flows 3/	**49**	**64**	**67**	**66**	**65**	**64**	**63**	**61**	**59**	**57**	**5**
B5. Depreciation	**49**	19	**54**	**49**	**45**	**40**	**36**	31	26	21	1
B6. Combination of B1-B5	**49**	**59**	**63**	**62**	**62**	**61**	**60**	**58**	**57**	**55**	**5**
C. Tailored Tests											
C1. Combined contingent liabilities	**49**	**78**	**78**	**77**	**77**	**76**	**75**	**74**	**72**	**70**	**6**
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.
C3. Commodity price	**49**	**65**	**44**	33	29	28	31	**36**	**41**	**46**	**5**
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	3
					PV of Debt-to-Revenue Ratio						
Baseline	411	547	580	572	566	570	562	548	533	519	49
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	411	933	873	703	564	470	388	325	277	240	21
Farmer's and Legacy Debts Compensation	35	77	138	99	101	105	111	118	114	116	11
B. Bound Tests											
B1. Real GDP growth	411	648	927	975	1,021	1,085	1,127	1,157	1,186	1,216	1,23
B2. Primary balance	411	542	606	602	597	603	596	581	566	552	52
B3. Exports	411	607	757	750	732	727	704	675	645	614	57
B4. Other flows 3/	411	570	630	622	613	614	601	583	564	545	51
B5. Depreciation	411	171	504	463	422	386	343	294	247	202	15
B6. Combination of B1-B5	411	519	592	580	576	581	574	559	544	528	50
C. Tailored Tests											
C1. Combined contingent liabilities	411	691	732	727	720	728	720	705	689	674	65
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a
C3. Commodity price	411	643	466	353	297	287	303	344	394	442	47
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a
					Debt Service-to-Revenue Ratio						
Baseline	35	24	101	71	72	75	77	84	78	79	7
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2019-2029 2/	35	45	165	90	72	61	52	47	38	34	3
Farmer's and Legacy Debts Compensation	35	77	138	99	101	105	111	118	114	116	11
B. Bound Tests											
B1. Real GDP growth	35	29	168	141	162	193	221	253	266	290	31
B2. Primary balance	35	24	114	93	94	102	104	109	103	104	10
B3. Exports	35	24	106	92	105	108	110	116	109	109	10
B4. Other flows 3/	35	24	103	78	81	84	86	93	87	87	8
B5. Depreciation	35	35	36	25	26	27	27	30	28	28	2
B6. Combination of B1-B5	35	23	106	75	76	79	82	89	82	83	8
C. Tailored Tests											
C1. Combined contingent liabilities	35	24	182	138	144	162	153	157	151	152	14
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a
C3. Commodity price	35	28	66	38	46	57	72	100	123	147	17
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.