

**EXECUTIVE
BOARD
MEETING**

EBS/20/138
Supplement 1
Correction 1

September 21, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Sudan—Staff-Monitored Program—Debt Sustainability Analysis**

Board Action:

The attached corrections to EBS/20/138, Sup. 1 (9/10/20) have been provided by the staff:

**Factual Errors Not
Affecting the
Presentation of Staff's
Analysis or Views**

Pages 9 and 10

Questions:

Mr. Kanda, MCD (ext. 35414)
Ms. Chen, MCD (ext. 37642)
Mr. Chaudry, MCD (ext. 38464)

Table 1. Sudan: External Debt Sustainability Framework, Baseline Scenario, 2020–2040 1/
(In percent of GDP, unless otherwise indicated)

	Actual			Projections											Average 8/ Historical Projections	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	
External debt (nominal) 1/ of which: public and publicly guaranteed (PPG)	154.0	181.9	198.9	253.1	245.6	210.0	196.4	191.5	187.3	184.1	181.0	177.9	175.0	172.0	144.6	116.5 197.6
	150.4	177.1	193.6	247.6	240.0	204.2	190.6	185.7	181.6	178.6	175.5	172.5	169.5	166.6	139.2	113.2 192.0
Change in external debt	31.8	27.8	17.0	54.2	-7.5	-35.6	-13.7	-4.9	-4.2	-3.1	-3.1	-3.1	-3.0	-2.9	-2.6	
Identified net debt-creating flows	38.0	60.6	30.6	32.3	11.1	11.4	8.0	5.4	3.1	2.4	1.7	1.2	0.8	0.5	0.6	20.4 7.1
Non-interest current account deficit	9.8	12.8	14.8	12.5	9.6	9.1	8.8	8.0	7.0	6.0	5.2	4.4	3.8	3.2	0.7	8.7 7.1
Deficit in balance of goods and services	5.1	9.1	13.4	11.1	8.9	6.8	6.5	5.8	4.9	4.2	3.6	3.0	2.4	1.9	-3.0	4.4 5.4
Exports	12.8	14.0	16.0	18.4	21.4	24.4	24.7	24.7	24.8	24.7	24.6	24.5	24.4	24.4	23.5	
Imports	17.9	23.1	29.4	29.4	30.4	31.2	31.2	30.6	29.7	28.9	28.2	27.5	26.9	26.2	20.5	
Net current transfers (negative = inflow)	-2.1	-1.1	-3.2	-3.4	-4.3	-2.8	-2.5	-2.5	-2.4	-2.3	-2.2	-2.1	-2.1	-2.0	-1.4	-2.2 -2.6
of which: official	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other current account flows (negative = net inflow)	6.8	4.8	4.6	4.8	4.9	5.1	4.9	4.7	4.5	4.1	3.7	3.5	3.4	3.4	5.1	6.5 4.3
Net FDI (negative = inflow)	2.3	3.2	2.8	2.5	3.3	4.0	4.0	4.1	4.2	4.3	4.4	4.6	4.7	4.8	6.3	2.9 4.1
Endogenous debt dynamics 2/	25.8	44.6	12.9	17.3	-1.7	-1.8	-4.8	-6.8	-8.1	-8.0	-7.9	-7.8	-7.6	-7.5	-6.4	
Contribution from nominal interest rate	0.2	0.3	0.3	0.3	0.2	1.6	0.7	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0	
Contribution from real GDP growth	-1.0	4.6	4.9	17.1	-1.9	-3.4	-5.5	-6.9	-8.3	-8.1	-8.0	-7.8	-7.7	-7.6	-6.4	
Contribution from price and exchange rate changes	26.6	39.8	7.7	...	...	...	...	...	...	...	...	...	...	...	...
Residual 3/	-6.2	-32.8	-13.6	21.9	-18.6	-46.9	-21.7	-10.3	-7.3	-5.5	-4.9	-4.3	-3.8	-3.4	-3.2	-6.9 -9.5
of which: exceptional financing	-3.4	-4.4	-4.7	-4.9	-4.9	-5.0	-4.9	-4.7	-4.5	-4.3	-4.2	-4.0	-3.9	-3.7	-2.6	
Sustainability indicators																
PV of PPG external debt-to-GDP ratio	...	...	164.6	172.9	177.7	179.3	176.1	173.9	170.2	167.5	164.6	161.9	159.2	156.5	130.6	
PV of PPG external debt-to-exports ratio	...	...	1028.1	941.1	828.8	735.8	711.9	703.3	687.0	678.2	669.1	660.2	651.4	642.7	555.5	
PPG debt service-to-exports ratio	7.6	9.1	8.2	7.1	6.1	30.8	15.4	4.3	3.9	3.7	3.4	2.9	2.4	2.0	0.2	
PPG debt service-to-revenue ratio	13.9	14.5	17.7	24.5	11.9	62.7	29.3	7.7	6.7	6.5	6.0	5.1	4.3	3.5	0.4	
Gross external financing need (Million of U.S. dollars)	6010.1	6164.0	6329.1	5306.5	4590.1	6576.6	5440.2	4475.8	4322.8	4132.4	3982.5	3841.9	3730.0	3649.1	4377.2	
Key macroeconomic assumptions																
Real GDP growth (in percent)	0.7	-2.3	-2.5	-8.4	0.8	1.4	2.7	3.6	4.5	4.5	4.5	4.5	4.5	4.5	4.5	-0.8 2.5
GDP deflator in US dollar terms (change in percent)	-17.9	-20.5	-4.1	6.6	-1.1	-3.2	-0.1	-0.1	-0.1	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-3.0 -0.1
Effective interest rate (percent) 4/	0.2	0.1	0.1	0.1	0.1	0.6	0.4	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.3 0.1
Growth of exports of G&S (US dollar terms, in percent)	26.8	-15.1	6.9	12.0	16.4	11.5	4.2	3.5	4.6	3.5	3.5	3.5	3.5	3.5	3.5	-1.1 6.3
Growth of imports of G&S (US dollar terms, in percent)	9.9	0.2	19.2	-2.3	2.8	0.8	2.6	1.5	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.8 1.2
Grant element of new public sector borrowing (in percent)	...	...	...	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	39.6	...
Government revenues (excluding grants, in percent of GDP)	7.0	8.8	7.4	5.3	11.0	12.0	13.0	13.8	14.5	13.9	13.9	13.9	13.9	13.9	13.9	9.6 12.7
Aid flows (in Million of US dollars) 5/	137.8	102.2	202.4	483.7	601.3	291.3	291.3	291.3	291.3	302.5	314.1	326.2	338.7	351.7	512.6	
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.5	1.8	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	...
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	99.8	99.8	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.6	99.7	99.8	...
Nominal GDP (Million of US dollars)	45,944	35,680	33,359	32,576	32,476	31,868	32,706	33,857	35,354	36,717	38,131	39,600	41,126	42,711	62,333	
Nominal dollar GDP growth	-17.3	-22.3	-6.5	-2.3	-0.3	-1.9	2.6	3.5	4.4	3.9	3.9	3.9	3.9	3.9	3.9	-3.6 2.3
Memorandum items:																
PV of external debt 7/	...	...	169.9	178.4	183.3	185.1	181.9	179.7	175.9	173.1	170.2	167.4	164.6	161.9	136.0	
In percent of exports	...	...	1060.8	970.9	855.0	759.8	735.5	726.6	709.9	700.8	691.6	682.6	673.7	664.8	578.2	
Total external debt service-to-exports ratio	7.6	9.1	8.2	7.1	6.1	30.8	15.4	4.3	3.9	3.7	3.4	2.9	2.4	2.0	0.2	
PV of PPG external debt (in Million of US dollars)	...	...	54914.1	56316.5	57711.6	57134.8	57594.1	58888.5	60184.3	61483.7	62780.2	64111.0	65461.2	66839.4	81431.8	
(PVt-1)/GDPt-1 (in percent)	...	...	...	4.2	4.3	-1.8	1.4	4.0	3.8	3.7	3.5	3.5	3.4	3.4	2.5	
Non-interest current account deficit that stabilizes debt ratio	-22.0	-15.0	-2.2	-41.8	17.1	44.7	22.5	12.9	11.2	9.2	8.3	7.5	6.8	6.2	3.3	

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as $[r - g - p(1+g)]/(1+g+p+gp)$ times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, and p = 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/ 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.

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	No

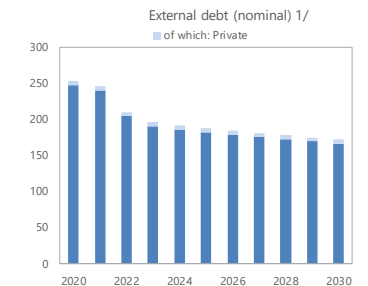
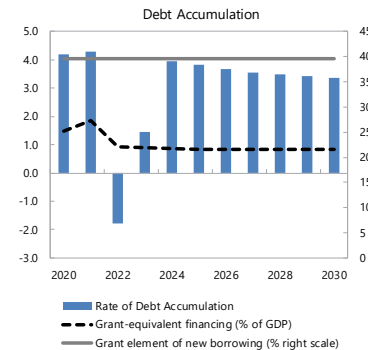


Table 2. Sudan: Public Sector Debt Sustainability Framework, Baseline Scenario, 2020–2040 1/
(In percent of GDP, unless otherwise indicated)

	Actual			Projections													Average 6/	
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040	Historical	Projections	
Public sector debt 1/	159.2	186.7	201.6	259.4	250.7	221.2	210.0	204.9	200.2	197.1	194.1	190.9	187.7	184.5	154.3	122.9	209.1	
of which: external debt	150.4	177.1	193.6	247.6	240.0	204.2	190.6	185.7	181.6	178.6	175.5	172.5	169.5	166.6	139.2	113.2	192.0	
Change in public sector debt	30.8	27.5	14.9	57.8	-8.7	-29.6	-11.1	-5.2	-4.7	-3.1	-3.0	-3.2	-3.2	-3.2	-2.8			
Identified debt-creating flows	32.2	27.6	20.4	51.6	-14.7	-34.0	-15.9	-10.0	-9.3	-7.4	-7.3	-7.2	-7.1	-6.9	-5.4	12.1	-6.2	
Primary deficit	6.0	7.7	10.7	6.9	4.2	2.6	2.4	1.9	1.4	2.0	2.0	2.0	2.0	2.0	2.0	4.7	2.7	
Revenue and grants	7.2	8.9	7.9	6.8	12.8	12.9	13.9	14.6	15.3	14.8	14.8	14.8	14.8	14.8	14.8	10.0	13.7	
of which: grants	0.2	0.2	0.5	1.5	1.8	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8			
Primary (noninterest) expenditure	13.1	16.6	18.6	13.7	17.1	15.5	16.3	16.5	16.8	16.8	16.8	16.8	16.8	16.8	16.8	14.8	16.3	
Automatic debt dynamics	26.3	19.9	9.7	44.7	-18.9	-36.6	-18.3	-11.9	-10.7	-9.4	-9.3	-9.2	-9.1	-8.9	-7.4			
Contribution from interest rate/growth differential	-4.4	-3.0	-1.2	11.1	-13.0	-9.5	-12.1	-13.4	-14.3	-13.9	-13.7	-13.5	-13.3	-13.1	-10.9			
of which: contribution from average real interest rate	-3.5	-6.8	-6.0	-7.3	-11.1	-6.2	-6.3	-6.0	-5.5	-5.3	-5.2	-5.2	-5.1	-5.0	-4.1			
of which: contribution from real GDP growth	-0.9	3.7	4.8	18.4	-2.0	-3.3	-5.8	-7.4	-8.8	-8.6	-8.5	-8.4	-8.2	-8.1	-6.8			
Contribution from real exchange rate depreciation	30.7	22.9	10.9	...	...	...	...	...	...	...	...	...	...	...	...
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	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	0.0	0.0	0.0	0.0			
Recognition of contingent liabilities (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	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	0.0	0.0	0.0	0.0			
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Residual	-1.4	0.0	-5.5	39.9	0.1	-22.6	-1.4	6.3	8.2	8.8	8.7	8.3	8.1	7.9	6.1	1.0	6.6	
Sustainability indicators																		
PV of public debt-to-GDP ratio 2/	...	...	202.8	261.9	253.9	223.0	211.5	206.5	201.9	198.9	195.9	192.8	189.6	186.4	155.8		
PV of public debt-to-revenue and grants ratio	...	...	2569.7	3851.3	1977.6	1733.0	1522.6	1412.1	1316.5	1347.1	1327.1	1305.9	1284.2	1262.4	1055.4		
Debt service-to-revenue and grants ratio 3/	20.4	17.1	18.8	19.6	11.8	60.3	31.3	11.1	9.6	9.4	11.4	11.0	10.0	9.1	11.1			
Gross financing need 4/	7.4	9.2	12.2	8.2	5.7	10.3	6.7	3.5	2.9	3.4	3.7	3.6	3.5	3.4	3.7			
Key macroeconomic and fiscal assumptions																		
Real GDP growth (in percent)	0.7	-2.3	-2.5	-8.4	0.8	1.4	2.7	3.6	4.5	4.5	4.5	4.5	4.5	4.5	4.5	-0.8	2.5	
Average nominal interest rate on external debt (in percent)	0.2	0.2	0.2	0.2	0.1	0.9	0.4	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.4	0.2	
Average real interest rate on domestic debt (in percent)	-17.8	-37.7	-32.6	-58.7	-55.6	-34.8	-19.4	-13.7	-11.9	-11.4	-11.2	-11.1	-11.1	-11.1	-10.3	-18.4	-22.7	
Real exchange rate depreciation (in percent, + indicates depreciation)	26.4	13.6	18.3	...	...	...	...	...	...	...	...	...	...	...	...	10.0	...
Inflation rate (GDP deflator, in percent)	29.8	69.8	36.3	142.5	130.9	57.6	27.7	19.2	16.7	16.1	16.1	16.1	16.1	16.1	16.1	32.0	43.2	
Growth of real primary spending (deflated by GDP deflator, in percent)	18.6	23.4	9.2	-32.7	25.8	-8.2	8.0	5.4	6.1	4.5	4.5	4.5	4.5	4.5	4.5	0.3	2.4	
Primary deficit that stabilizes the debt-to-GDP ratio 5/	-24.8	-19.8	-4.2	-50.9	12.9	32.1	13.5	7.1	6.1	5.1	5.0	5.2	5.2	5.2	4.8	-16.3	4.2	
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	0.0	0.0	0.0	0.0			

Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central, state, and local governments, central bank. Definition of external debt is Currency-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 stabilize 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.

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	No

Public sector debt 1/

