THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE AND PLANNING

TANZANIA NATIONAL DEBT SUSTAINABILITY ANALYSIS

DECEMBER, 2020

TABLE OF CONTENTS

Abbreviations and Acronyms

AfCFTA	African Continental Free Trade Area
BoT	Bank of Tanzania
CI	Composite Indicator
CPIA	Country Policy and Institutional Assessment
DSA	Debt Sustainability Analysis
DSF	Debt Sustainability Framework
EAC	East African Community
ECA	Export Credit Agency
FDI	Foreign Direct Investment
FYDP	Five Year Development Plan
GDP	Gross Domestic Product
IDA	International Development Association
LIC-DSF	Debt Sustainability Framework for Low-Income Countries
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
MoFP	Ministry of Finance and Planning
MTDS	Medium-Term Debt Management Strategy
PV	Present Value
WEO	World Economic Outlook

Executive Summary

Debt Sustainability Analysis (DSA) is conducted in accordance with Regulation 38 (d) of the Government Loans, Guarantees and Grant Act, CAP 134, which requires the Government to conduct DSA on annual basis. The main objective of the exercise was to evaluate the capacity of the country to meet its current and future debt obligations without resorting to exceptional financing and compromising growth and development. DSA 2020 was done in light of the impact of COVID-19 pandemic in the global and domestic economic performance, which has implications on the domestic revenue and exports, particularly those related to tourism.

Debt levels in the base year remained close to the levels registered in the preceding year. Public debt stock as at June 2020 was USD 24,539.9 million (39.2 per cent of GDP in nominal terms). Out which, external public debt was USD 17,783.7 million, equivalent to 28.4 percent of GDP in nominal terms, and domestic debt was USD 6,756.2 million equivalent to 10.8 percent of GDP. public debt increased by 5.9 percent from the stock recorded at the end of June 2019. The increase was attributed by net inflows and depreciation of the USD against other currencies in which the external debt is denominated.

In 2019, the economy continued to perform strongly with real GDP growth of 7.0 percent. The economy enjoyed strong performance over the past four years, with real GDP growing at an annual average of 6.9 percent. The real GDP growth in 2020 is expected to be 5.5 percent compared to initial projection of 6.9 percent. The slowdown in growth was on account of excessive rainfall in early 2020 and the outbreak of COVID-19. On the external financing projections, the Government will continue to maximize blend of concessional loans from both multilateral and bilateral official lenders and semi-concessional loans mainly from Export Credit Agencies (ECAs).

The Composite Indicator (CI) calculated based on the October 2020 World Economic Outlook (WEO) for Tanzania is 3.07, indicating that the country's debt-carrying capacity is strong. Further, DSA 2020 results indicate that Tanzania remains at a low risk of external debt distress whereby all the debt burden indicators are below thresholds under both baseline and alternative scenarios throughout the projection period. However, the country's public debt is susceptible to export, contingent liabilities and primary balance shocks. In order to mitigate these vulnerabilities, the Government will continue to sustain sound macro-economic performance as well as directing loan proceeds to projects that accelerate economic growth. This will minimize primary balance shocks and boost the export base.

Chapter 1 : INTRODUCTION

1. The Government of Tanzania in collaboration with Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) conducted a Debt Sustainability Analysis (DSA) in line with Regulation 38 (d) of the Government Loans, Guarantees and Grant Act, CAP 134, which requires DSA to be conducted on annual basis. The main objective of the DSA is to assess sustainability of the existing Government debt level and prospective new external and domestic borrowing in relation to key macroeconomic variables. The exercise is done with the intention to ensure that the Government meet current and future debt obligations, without resorting to exceptional financing arrangements or compromising growth and development. The DSA of 2020, which used the Low-Income Countries Debt Sustainability Framework (LIC-DSF), involved assessing the trend of various debt indicators under different macroeconomic scenarios, in order to inform policy decisions and design appropriate measures to maintain the public debt within acceptable levels.

2. The debt data used for DSA 2020 comprised of public and publicly guaranteed external and domestic debt, as well as private sector external debt. The scope of the analysis was 10-years historical data and 20 years' projections, using 2019/20 as the base year and 2020/21 as the first year of projection.

3. The DSA took into account flagship development projects, particularly construction of Standard Gauge Railway, Nyerere Hydropower Power Plant, East African Crude Oil Pipeline (Hoima – Tanga), renovation and expansion of various airports, extension of transport infrastructure including roads, bridges/flyovers/interchange, Dar es Salaam Bus Rapid Transit and social services infrastructure. It is expected that these projects will have a positive impact on GDP growth.

4. Furthermore, DSA 2020 was done in light of the impact of COVID-19 pandemic in the global and domestic economic performance, which has implications on the

domestic revenue and exports, particularly those related to tourism. Nonetheless, the Tanzanian economy is relatively shielded following Government's measures to against trade restrictions and lockdowns, thus the impact of the pandemic on national debt sustainability is less adverse.

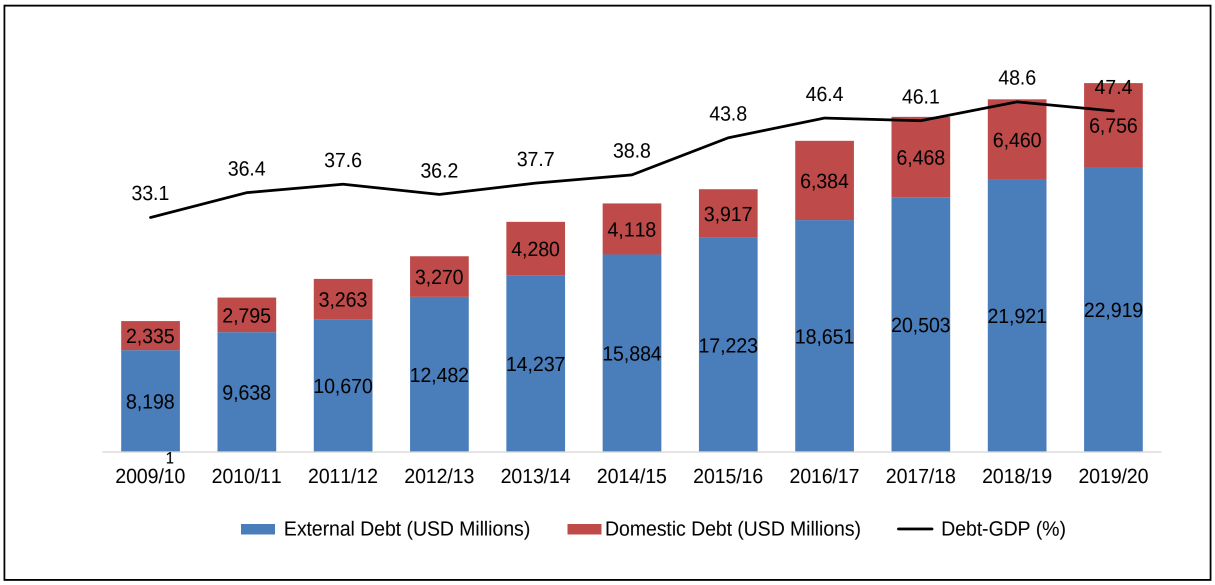
5. Moreover, the DSA 2020 considered reclassification of the country into a lower-middle income status which in the medium term will have to access more semi-concessional and commercial credit facilities.

Chapter 2 : DEBT PORTFOLIO REVIEW

2.1 Evolution of National Debt

6. National debt stock as at end of June 2020 was USD 29,675.6 million (47.4 per cent of GDP in nominal terms). Out of which, external debt (public and private) was USD 22,919.4 million, equivalent to 36.6 percent of GDP in nominal terms, and domestic debt was USD 6,756.2 million, equivalent to 10.8 percent of GDP. The stock of national debt increased by 4.4 percent when compared to USD 28,432.12 million recorded at end of June 2019 (**Chart 1**).

Chart 1: Evolution of National Debt

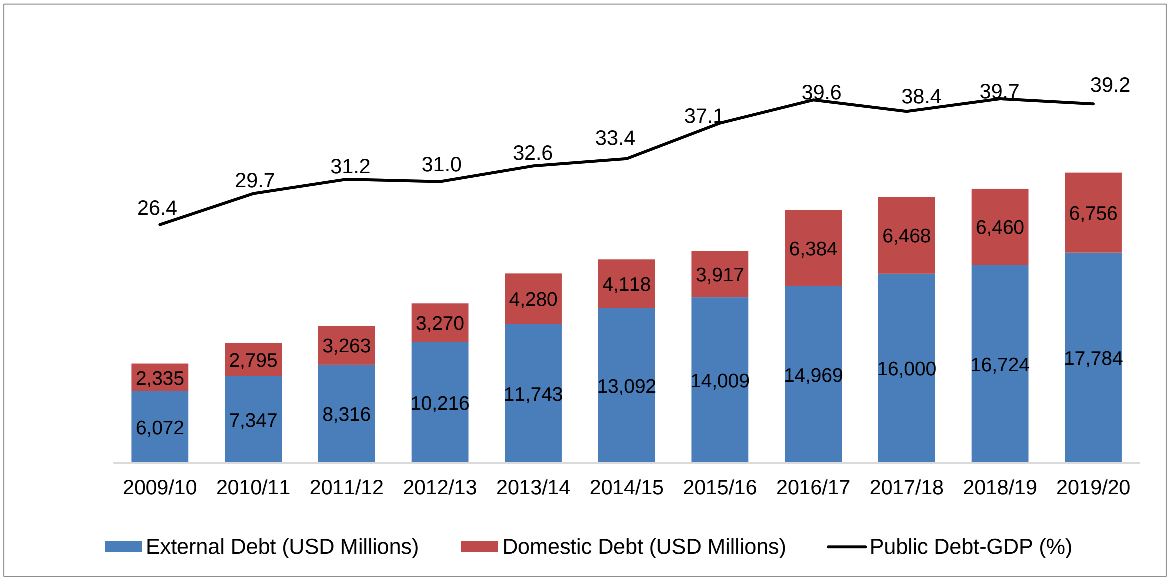


Source: Ministry of Finance and Planning, and Bank of Tanzania

2.2 Evolution of Public Debt

7. Public debt stock as at June 2020 was USD 24,539.9 million (39.2 per cent of GDP in nominal terms). Out which, external public debt was USD 17,783.7 million, equivalent to 28.4 percent of GDP in nominal terms, and domestic debt was USD 6,756.2 million equivalent to 10.8 percent of GDP. public debt increased by 5.9 percent from the stock recorded at the end of June 2019 (**Chart 2**).

Chart 2: Evolution of Public Debt

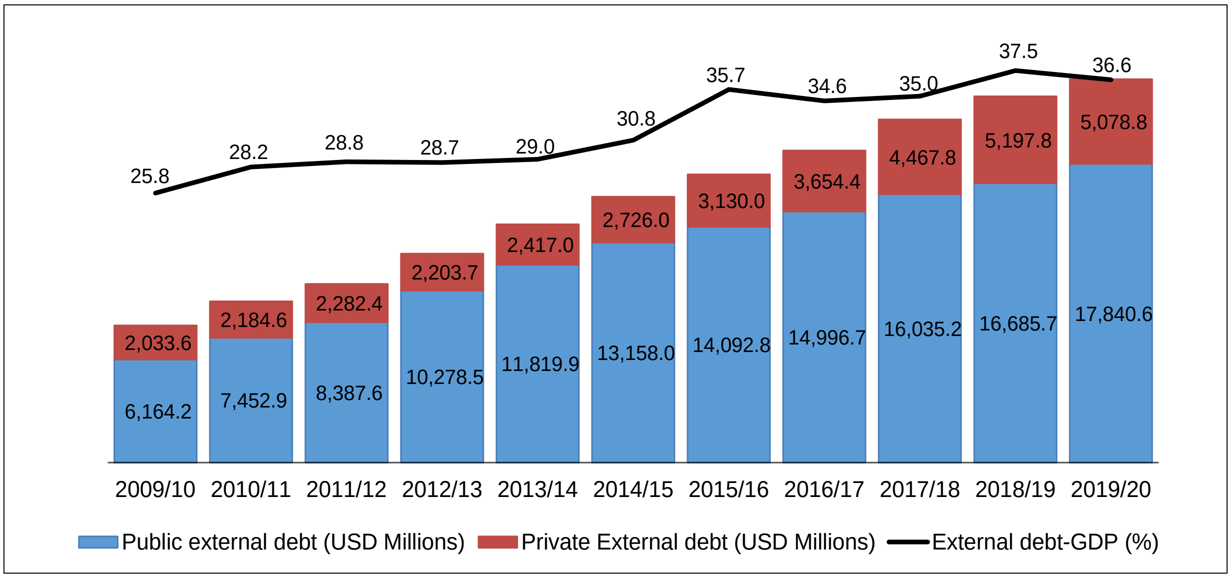


Source: Ministry of Finance and Planning, and Bank of Tanzania

2.3 Evolution of External Debt

8. External debt stock at the end of June 2020 was USD 22,919.4 million, of which external public debt was USD 17,783.7 million and Private sector debt was USD 5,135.7 million. External debt increased by 4.6 percent from USD 21,920.9 million recorded in June 2019 **(Chart 3).** The increase was mainly due to net inflows and depreciation of the USD against other currencies in which the external debt is denominated.

Chart 3: Evolution of External Debt



Source: Ministry of Finance and Planning, and Bank of Tanzania

2.3.1 External Debt Stock by Creditor Category

9. Despite the recent changes in development financing landscape, the proportion of debt owed to multilateral institutions remained dominant at end June 2020, accounting for 46.7 percent of the external debt stock, followed by debt from commercial creditors, export credit, and bilateral accounting for 33.0 percent, 11.1 percent and 9.1 percent, respectively **(Table 1)**.

Table 1: External Debt Stock by Creditor Category (USD Millions)

Creditor category	2016/17		2017/18		2018/19		2019/20	
	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)	Amount	Share (%)
Multilateral	8,726.0	46.8	9,538.6	46.5	9,991.6	45.6	10,708.5	46.7
Bilateral	1,940.7	10.4	1,822.6	8.9	1,958.5	8.9	2,083.3	9.1
Commercial	6,245.5	33.5	6,858.4	33.5	7,459.0	34.0	7,573.4	33.0
Export credit	1,739.0	9.3	2,283.4	11.1	2,511.9	11.5	2,554.2	11.1
External debt stock	**18,651.2**	**100.0**	**20,503.0**	**100.0**	**21,921.0**	**100.0**	**22,919.4**	**100.0**

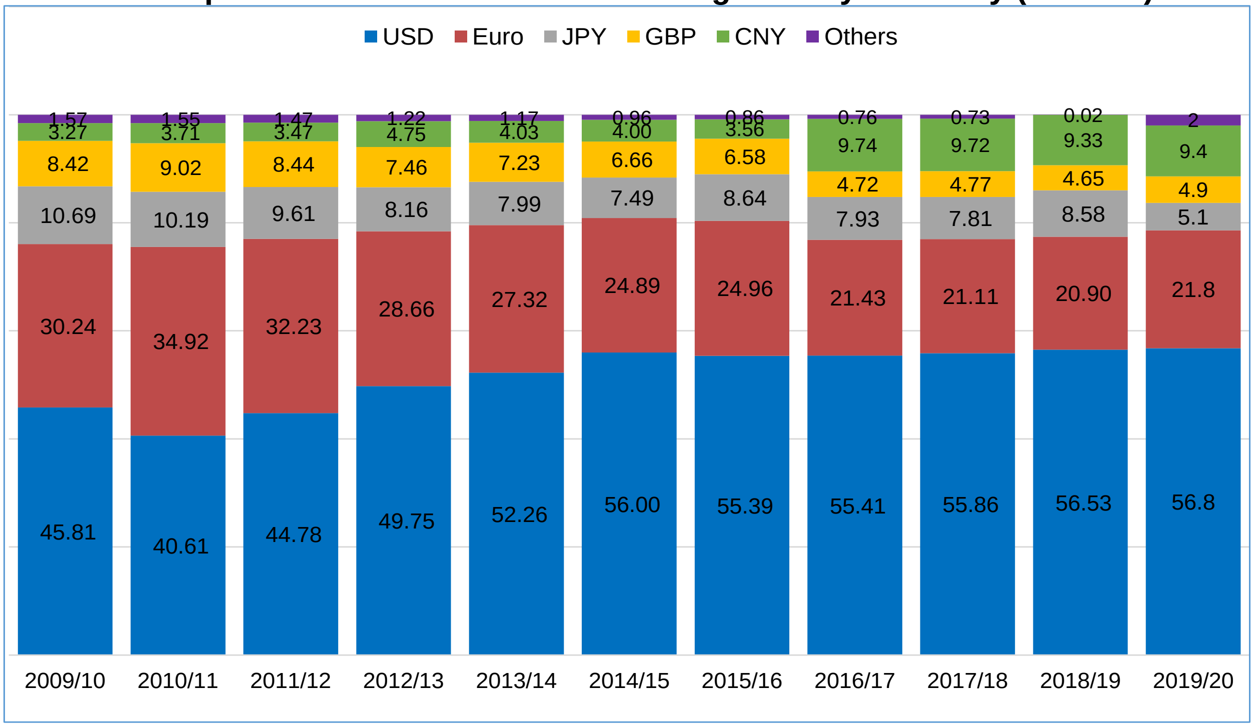
Source: Ministry of Finance and Planning, and Bank of Tanzania

2.3.2 External Public Debt by Currency Composition

10. The currency composition of the outstanding public debt as at end June 2020, shows that a large proportion of debt was denominated in United States of America dollars (USD), at 56.8 percent, slightly above 56.5 percent recorded at end of June 2019. The proportion of debt denominated in Euro and Chinese Yuan was 21.8 percent and 9.4 percent, respectively (**Chart 4**). This shows

that the debt portfolio is more exposed to risk associated with USD exchange rate fluctuations.

Chart 4: Composition of Disbursed Outstanding Debt by Currency (Percent)

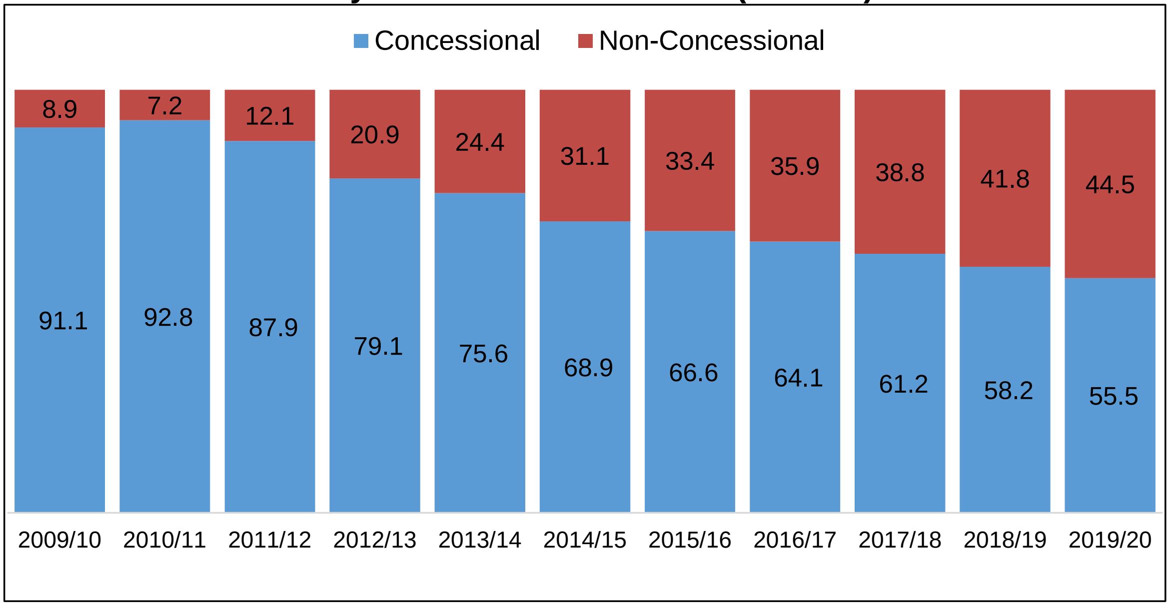


Source: Ministry of Finance and Planning, and Bank of Tanzania

2.3.3 External Public debt by Concessionality

11. Concessional loans from multilateral and bilateral creditors continue to dominate the public external debt portfolio accounting for 55.5 percent as at end of June 2020. However, the continuous declining trend of financing from these creditors and Government's commitments to finance development projects, necessitated increased access to non-concessional sources in the recent years. Consequently, the share of non-concessional debt increased to 44.5 percent of total public external debt as at end June 2020 from 7.2 percent in June 2011 **(Chart 5).**

Chart 5: Concessionally of Public External Debt (Percent)



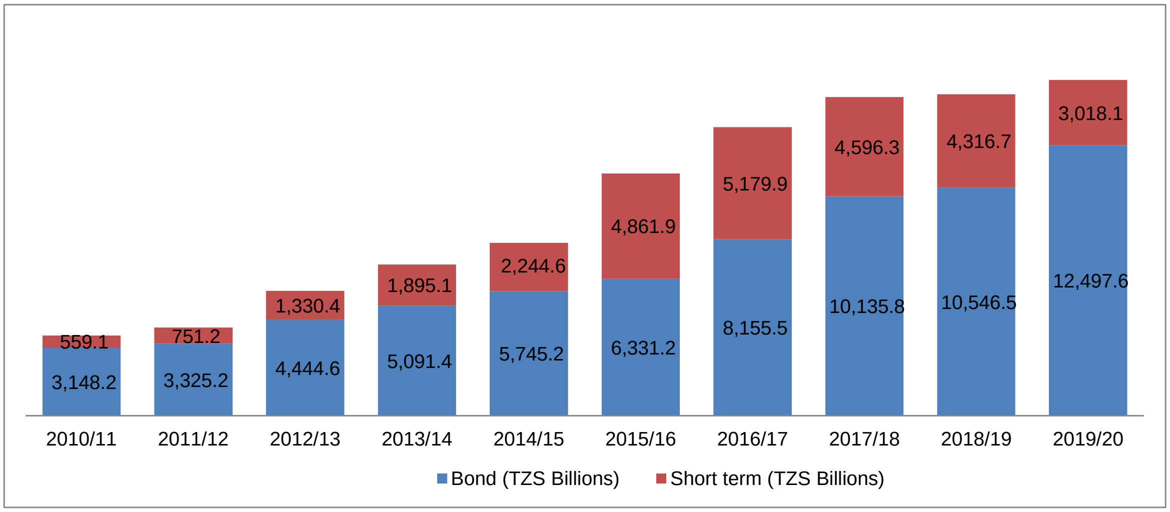
Source: Ministry of Finance and Planning, and Bank of Tanzania

2.4 Evolution of Domestic Debt

12. The stock of domestic debt at the end of June 2020 was TZS 15,515.7 billion, equivalent to 10.8 percent of GDP in nominal terms. The debt increased by 4.0 percent from TZS 14,863.1 billion recorded at end June 2019 **(Chart 6).** The increase was mainly on account of borrowing to finance development projects.

13. The profile of domestic debt by instrument shows that, the share of Government bonds has increased to 72.2 percent end June 2020 from 62.2 percent recorded end of the corresponding period in the preceding year**.** The increase is consistent with implementation of Government's strategy of lengthening maturity profile of domestic debt through using of long-term instruments for financing.

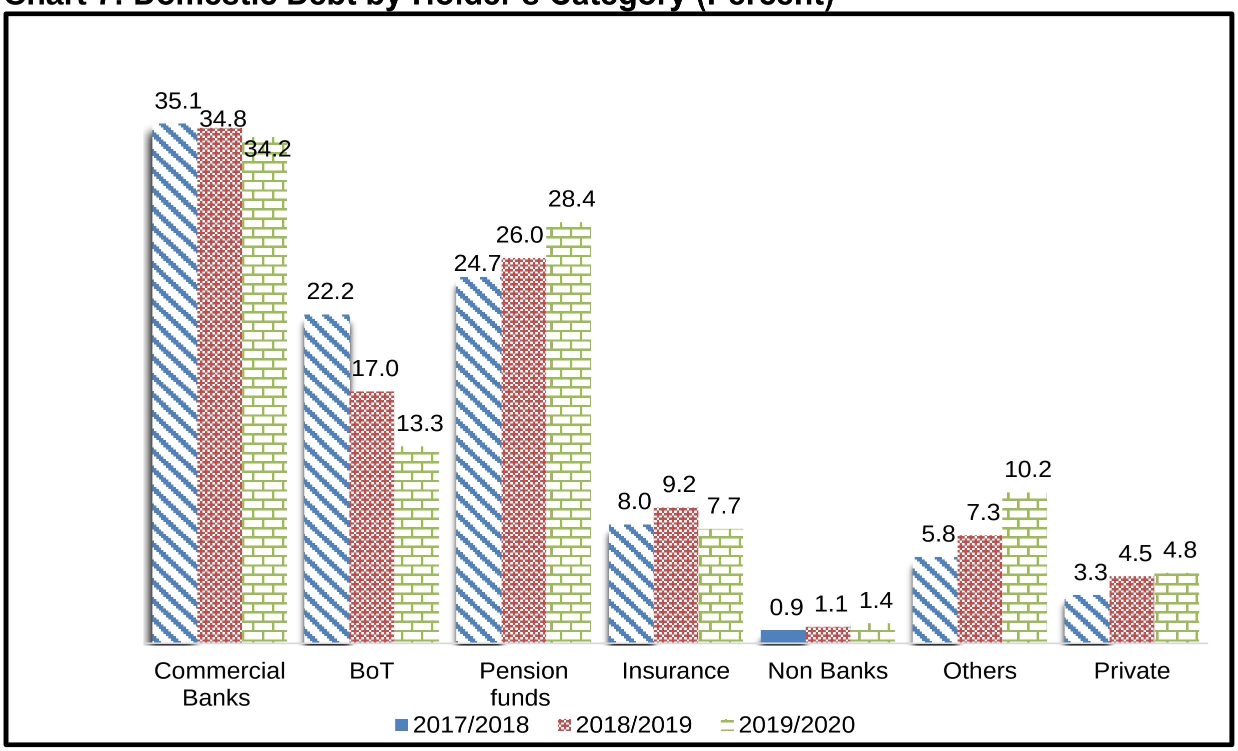
Chart 6: Evolution of Domestic Debt



Source: Ministry of Finance and Planning, and Bank of Tanzania

14. Commercial banks remained the leading investors, accounting for 34.2 percent of total domestic debt followed by Pension funds, which accounted for 28.4 percent. Private individuals' participation in the market has been growing from 3.3 percent to 4.8 percent in a period of 3 years owing to Government sensitization campaign through various channels (**Chart 7**).

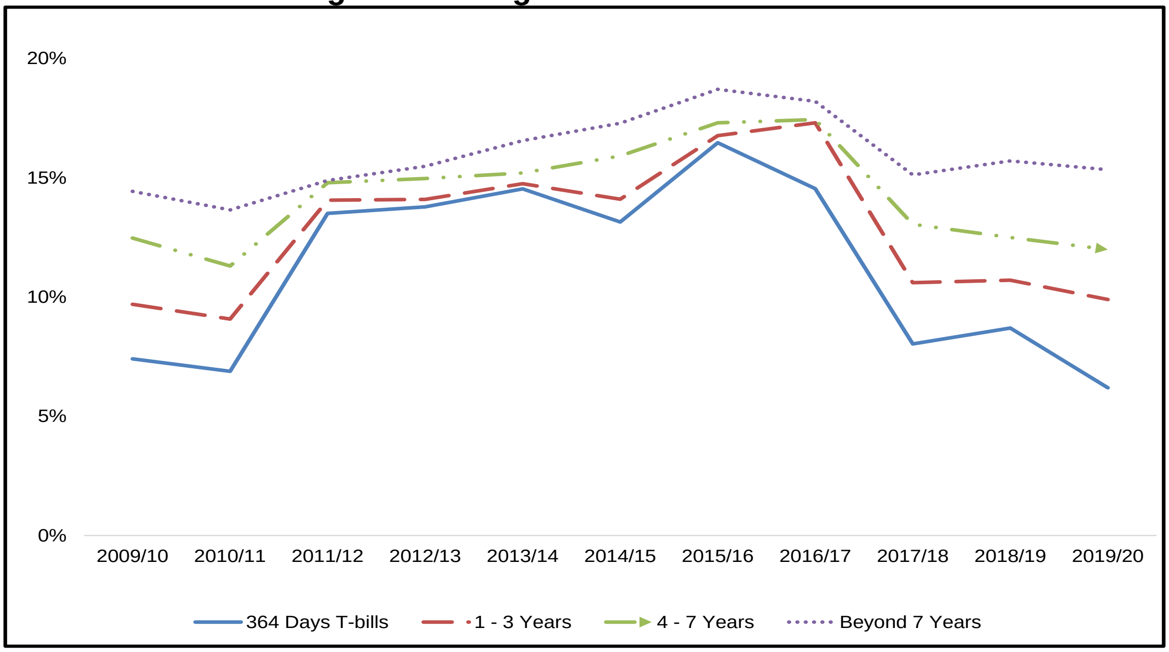
Chart 7: Domestic Debt by Holder's Category (Percent)



Source: Ministry of Finance and Planning, and Bank of Tanzania

15. Yields on government securities have recorded downward trend, particularly in the last three years, backed by prudent monetary and fiscal policies, as well as, continued increase in demand for the securities following initiatives taken to increase investors' participation (**Chart 8**).

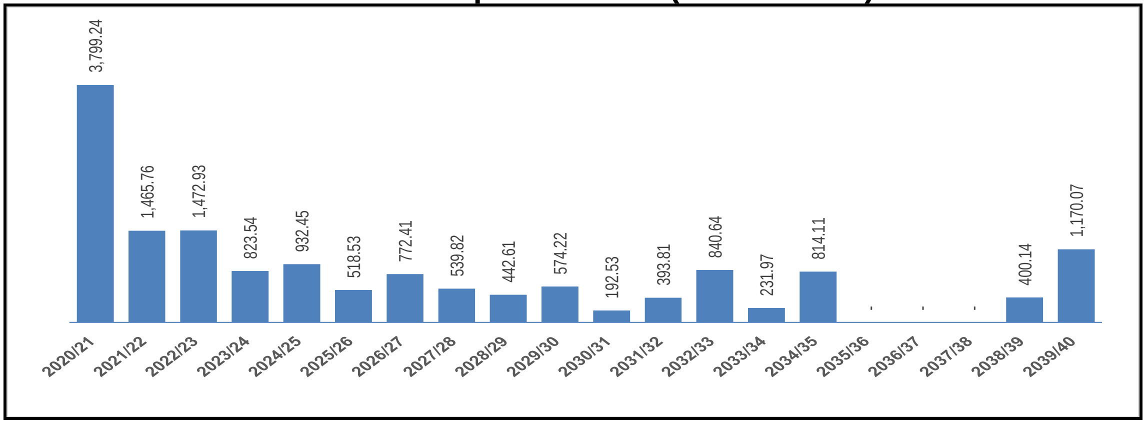
Chart 8: Trend of Weighted Average Yields for Government Securities



Source: Ministry of Finance and Planning and Bank of Tanzania

16. Domestic debt redemption profile depicts that large proportion matures in the next twelve months, owing to Treasury bills amounting to TZS 2,236.5 billion, which are expected to be rolled over. The redemption profile also shows that the recently introduced 20-year Treasury bonds will start maturing from 2038/39 (**Chart 9**).

Chart 9: Domestic Debt Redemption Profile (TZS Billions)



Source: Ministry of Finance and Planning, and Bank of Tanzania.

Chapter 3 : RECENT ECONOMIC DEVELOPMENTS

17. In 2019, the economy continued to perform strongly with real GDP growth of 7.0 percent. In general, the economy enjoyed strong performance over the past four years, with real GDP growing at an annual average of 6.9 percent. The main drivers to GDP growth were construction, agriculture, mining and quarrying, and transport and storage activities.

18. Headline inflation remained low, below the country medium-term target of 5.0 percent, East African Community (EAC) and Southern African Development Community (SADC) convergence criteria of not more than 8.0 percent and 3.0 to 7.0 percent, respectively. The low inflation was largely due to adequate supply of food in the domestic market, stability of the exchange rate, subdued oil prices in the world market and implementation of prudent monetary and fiscal policies. Nevertheless, headline inflation averaged 3.5 percent in the year 2019/20 compared with 3.2 percent in the preceding year, owing to increase in prices of some food items.

19. The Government continued to rationalize its fiscal policy by strengthening measures to improve revenue collection and streamlining expenditure based on priorities. During the year 2019/20, domestic revenue was 14.7 percent of GDP higher than 13.9 percent of GDP in the preceding year. Government expenditure was 16.8 percent of GDP compared to 16.4 percent of GDP in 2018/19. During the year 2019/20, Government Budgetary Operations registered an overall deficit (including grants) of 1.4 percent of GDP, which was within the EAC and SADC convergence threshold of not more than 3.0 percent.

20. The balance of payments improved to a surplus of USD 755.0 million in the year ending June 2020, compared to a deficit of USD 990.7 million in 2018/19, owing to narrowing of current account deficit. Current account deficit narrowed to USD 774.9 million, equivalent to 1.2 percent of GDP compared to USD

2,029.7 million (3.5 percent of GDP) in the preceding year, on account of increase in the value of goods export and a decline in import bill.

21. Gross official reserves were USD 5,184.7 million at the end of June 2020, sufficient to cover about six (6) months of projected imports of goods and services. The import cover was above the country's benchmark of at least four (4) months and EAC convergence benchmark of not less than 4.5 months.

22. The Bank of Tanzania maintained accommodative monetary policy in 2019/20, in order to steer private sector credit growth in the endeavour to supporting economic growth. The monetary policy stance was amplified in the second half of 2019/20 to cushion the economy from the impact of COVID-19. Responding to the accommodative monetary policy, credit to the private sector grew at an average of 8.1 percent in 2019/20, compared with 6.8 percent in 2018/19. Following developments in credit growth, extended broad money supply (M3) expanded at an average rate of 10.0 percent compared with 5.2 percent in the preceding year. The banking sector remained stable, profitable and adequately capitalized with levels of capital and liquidity above regulatory requirements.

Chapter 4 : UNDERLYING DSA ASSUMPTIONS

4.1 Macroeconomic assumptions

23. ***Economic growth***: The real GDP growth in 2020 is expected to be 5.5 percent compared to initial projection of 6.9 percent. The slowdown in growth was on account of excessive rainfall in early 2020 and the outbreak of COVID-19. It is however, expected that successful implementation of Five-Year Development Plan III FYDP III (2021/22 – 2025/26) will lead to competitive industrial based export-led economy that will contribute to higher growth, averaging 6.3 percent in the medium-term. In addition, the on-going projects under the FYDP II will continue to have positive spill over effects in the economy over the medium-term. Projects to support the medium-term prospects includes:

    i. Infrastructural development including construction of Standard Gauge Railway (SGR) and rehabilitation of meter gauge railways, roads, airports, ports, bridges, ships in major lakes and ferries;
    ii. Reviving of Air Tanzania Company Limited (ATCL);
    iii. Construction of Julius Nyerere Hydro Power Plant (2,115 MW);
    iv. Liquefied Natural Gas for export (LNG) and Compressed Natural Gas (CNG);
    v. Development of Export Processing Zones (EPZs) and Special Economic Zones (SEZs);
    vi. Implementation of Agricultural Sector Development Program II (2017/18 – 2022/23);
    vii. Mass training of professionals in specialized skills for stimulating industrial and human development. These fields include oil and gas, health in all fields of kidney, liver and bone marrow transplantation as well as neurosurgery; and
    viii. Implementation of Blueprint Action Plan.

24. In the long run, growth will maintain mixed trend, portraying a seasonality pattern. However, the uncertainties surrounding existing of COVID – 19, trade tensions among the global superpowers, regional political instability, global

market developments (price volatility) and natural calamities remain the key risks to the outlook.

25. ***Headline inflation***: Inflation is projected to remain within the target of 5 percent in the medium to long term, consistent with the EAC and SADC convergence criteria of not more than 8.0 percent and between 3.0 to 7.0 percent, respectively. The low and stable inflation forecast is anchored on reduction of production costs on account of reliable and affordable power supply emanating from increase in gas and hydroelectric power generation, sufficient food supply in domestic markets and neighbouring countries as a result of expected good weather condition and prudent fiscal and monetary policies.

26. ***Fiscal policy***: The Government will continue to implement prudent fiscal policy through improving domestic resource mobilization and public expenditure management. The measure aims at enabling the Government to finance FYDP III, whose main theme is a competitive-led exports growth economy. Domestic revenue will, therefore, continue to increase to an average of 15.6 percent of GDP in the medium term (2020/21 - 2024/25) from the average performance of 14.3 percent between 2015/16 and 2019/20. The projected increase in revenue will be supported by continuing improvement of business environment; emphasizing on the proper use of ICT system; improvement in tax administration; and new revenue policy measures. Likewise, expenditure is projected to widen to an average of 22.1 percent of GDP in the medium term from 21.1 percent recorded between 2015/19 and 2019/20. Grants and concessional loans are expected to decline since the country graduated into lower middle-income status.

27. The overall fiscal deficit (including grants) is projected to average 2.1 percent of GDP in the medium term from an average of 2.2 percent recorded between 2015/16 and 2019/20. Subsequently, the deficit is projected to decrease to an average of 1.4 percent in the long-term following the completion of key

infrastructure projects as well as improvement in domestic revenue mobilization.

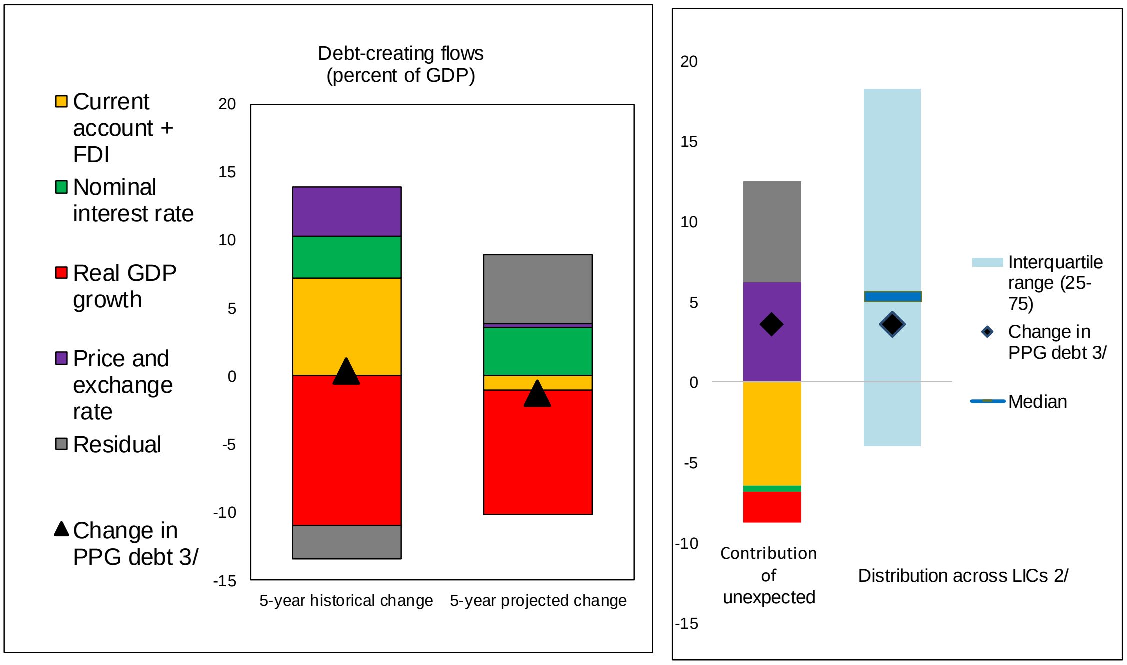
28. ***The current account balance***: In the medium term, current account deficit is projected to narrow from 3.9 percent of GDP recorded between 2015/16 and 2019/20 to an average of 0.9 percent and thereafter to an average of 0.8 percent in the long run. The medium-term trend reflects the projected increase in the exports of manufactured goods and minerals mainly due to implementation of industrialization agenda and government policies in management of natural resources. The good performance of exports of goods and services is envisaged by increase in trade and services following the implementation of African Continental Free Trade Area (AfCFTA), as well as Government initiatives to attract more visitors and improvement in railway (SGR) and air transport.

29. ***Foreign Direct Investment (FDI)***: Inflows are projected to record an average of 1.8 percent of GDP in the medium term in line with implementation of Blueprint Action Plan. Furthermore, the ongoing infrastructure projects and stable power supply are expected to attract more investment in the country.

4.2 Debt Development and Realism of Projections

30. The projections of both macroeconomic and debt variables in the DSA 2020 are not significantly different from the previous projections. During the last five (5) years external debt accumulation was mainly attributed to the current account deficit and foreign direct investment, price and exchange rate as well as nominal interest rate. For the next five years' external debt accumulation is expected to decline due to high contribution of GDP growth, current account and foreign direct investment (**Chart 10**).

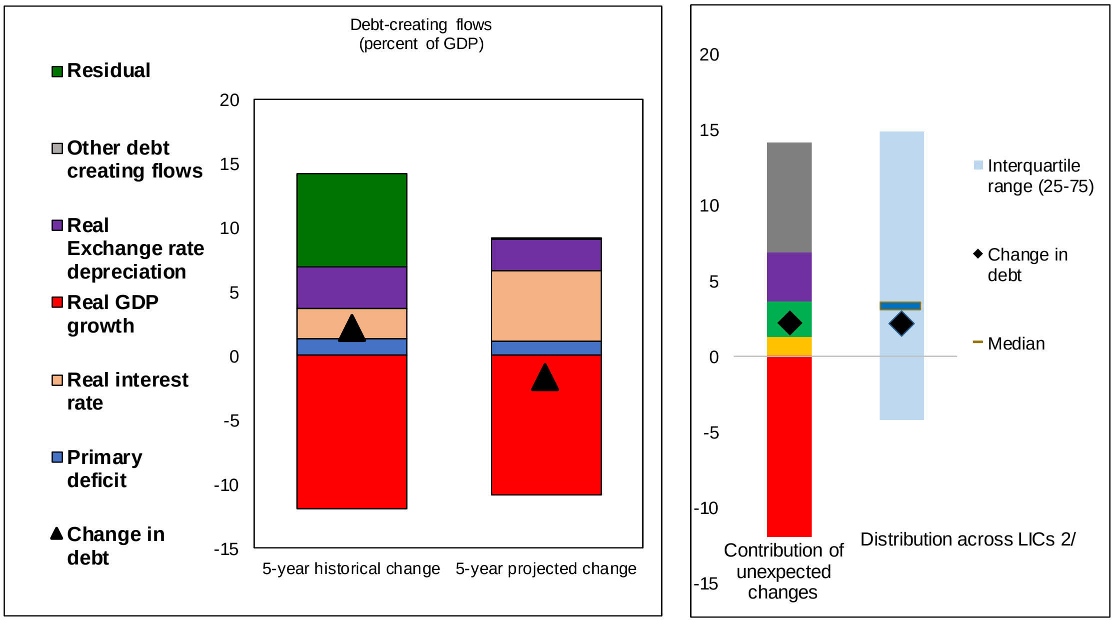
Chart 10: Drivers of External Debt Dynamics- Baseline



Source: Ministry of Finance and Planning

31. Real interest rate, real exchange rate depreciation and primary deficit were the main factors behind accumulation of public debt in the past five (5) years. The impact of these variables was partly reduced by strong performance of GDP growth (**Chart 11**). For the next five years, public debt is expected to decline slightly on account of robust GDP growth, which will offset the impact of the primary balance, real exchange rate depreciation and higher real interest rates. However, if the projected GDP is not realized, public debt will increase, largely driven by increased cost of borrowing, particularly from foreign commercial creditors.

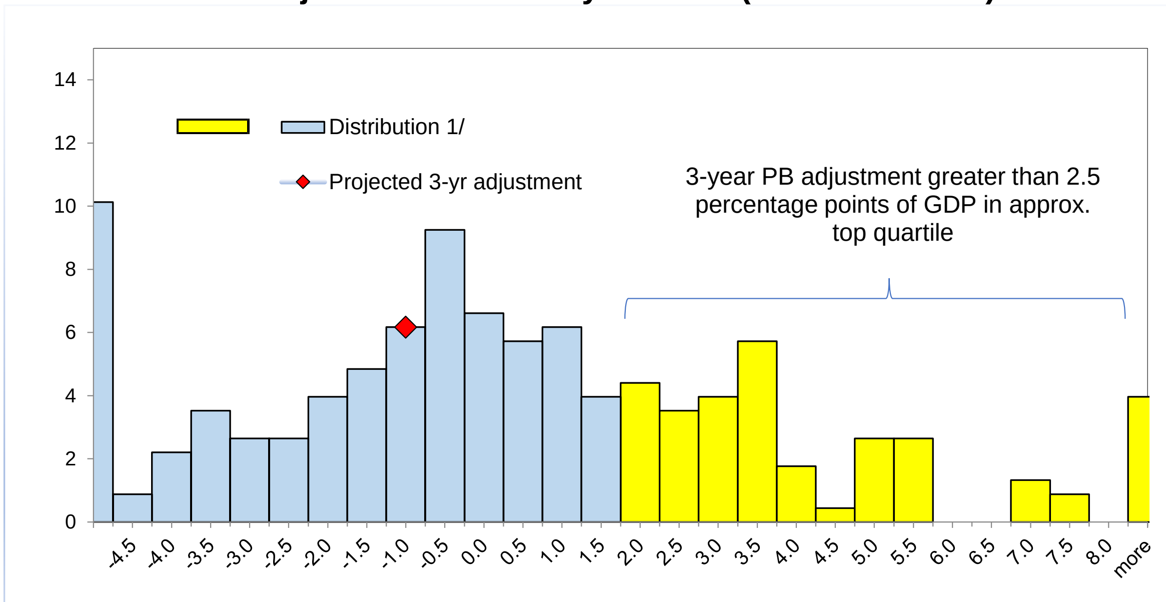
Chart 11: Drivers of Public Debt Dynamics- Baseline



Source: Ministry of Finance and Planning

32. The projected three years' fiscal adjustment falls into the historical lower quartile of the Low-Income Countries (LICs) in the DSA 2020 which indicates no significant deviation from the historical pattern observed in other LICs **(Chart 12).** The projected amount of fiscal adjustment exhibited less than 2.5 percentage points of GDP with primary balance deterioration to 1.1 percentage points of GDP which is in line with the deficits recorded by Tanzania over the past years.

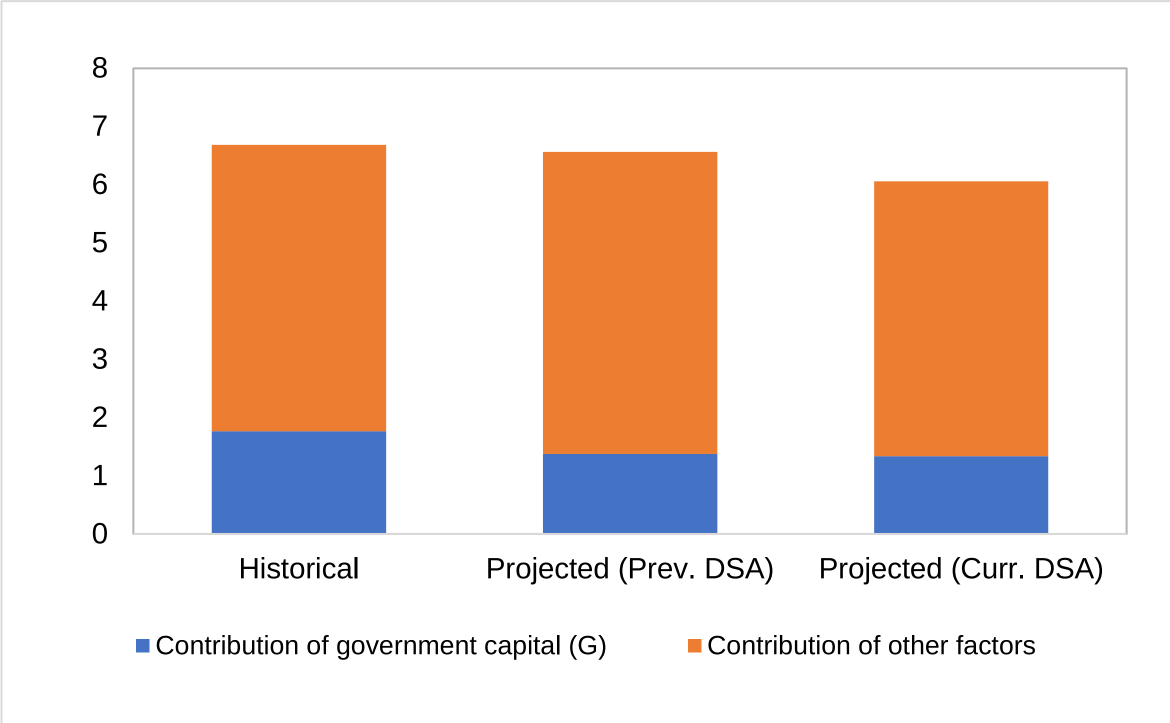
Chart 12: 3-Year Adjustment in Primary Balance (Percent of GDP)



Source: Ministry of Finance and Planning

33. As shown by **Chart 13**, the contributions of public investment to growth has been quite significant in both the historical and projected period. There is, however, need to continue ensuring efficiency of public investments in the future. Moreover, the fiscal adjustment of 1.1 percent is considered to be socially and politically feasible as they do not crowd out social and development spending.

Chart 13: Contribution to Real GDP growth (Percent, 5-year average)



Source: Ministry of Finance and Planning

4.3 New Financing Assumptions

34. **External financing** projections in the DSA 2020 are based on historical trends of loans, committed undisbursed amounts, and pipeline loans. The projections are also aligned with Government's Medium-Term Debt Management Strategy (MTDS) of 2019/20.

35. Accordingly, it is assumed that in the medium term, the Government will continue to maximize blend of concessional loans from both multilateral and bilateral official lenders and semi-concessional loans mainly from Export Credit Agencies (ECAs).

36. The Government will gradually tap into commercial borrowings in the long-run as a necessitated by the transition into middle income status. The projection indicates a gradual decline in concessional borrowings and increase of commercial borrowings in the long run. However, Commercial borrowings will

continue to be restricted to projects with higher economic returns and which promote exports.

37. **Domestic debt financing**, in the long term, the composition of domestic borrowing is expected to shift towards medium and long-term instruments as the Government intensifies efforts to develop the domestic debt market and reduce refinancing risk. The main assumptions are:

   i. Net Domestic Financing (NDF) for year 2020/21 is 1.0 percent of GDP and will be maintained at below one percent of GDP from 2021/22 throughout the projection period.
   ii. Outstanding advances from the Bank of Tanzania as at end June 2020 were categorized together with 364-day Treasury bills. The Government will restrict use of advances in line with the Bank of Tanzania Act, 2006.
   iii. Long term securities have been grouped into three categories with tenure of 1-3 years, 4-7 years and beyond 7 years (**Table 2**).
   iv. Other domestic loans are included in the long term's instruments (4 to 7 years' tenure).
   v. Maturing marketable securities will be rolled over while interest will be paid through Government revenue.
   vi. Maturing non-marketable instrument will be rolled over into marketable securities.
   vii. Short term borrowings for 2020/21 will be at 42 percent of the gross borrowing and will decrease gradually to 38 percent for the period 2021 – 2026, to 36 percent for the period 2027 – 2031, and thereafter maintained at 34 percent throughout the projection period.
   viii. Yield of the short-term government securities is projected to increase slightly from 5 percent to around 7 percent in the medium term.
   ix. Yields of medium to long-term government securities is projected at an average of 10.8 percent in 2021 and thereafter maintained at 12.3 percent in the medium term.
   x. 25 – year treasury bond will be introduced, in the view to develop the domestic debt market.

Table 2: Domestic financing strategy

	2020/21 – 2025/26	2026/27 – 2030/31	2031/32 – 2035/36	2036/37 – 2040/41
364 Days T-bills	38%	36%	34%	34%
Bonds (1 to 3 years)	7.5%	8%	8.5%	8.5%
Bonds (4 to 7 years)	8.8%	9.8%	10.8%	10.8%
Bonds (beyond 7 years)	45.7%	46.7%	47.2%	47.2%

Source: Ministry of Finance and Planning, and Bank of Tanzania

xi. Interest rates are projected to rise slightly in the medium and thereafter ease marginally across all maturities in line with low and stable inflation as well as developments in the financial sector (**Table 3).**

Table 3: Interest rate assumptions in the medium term

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
364 Days T-bills	5.0%	5.5%	6.0%	6.5%	6.5%	7.0%
Bonds (1 to 3 years)	8.0%	8.5%	9.0%	9.5%	9.5%	9.5%
Bonds (4 to 7 years)	10.0%	10.5%	11.0%	11.5%	11.5%	11.5%
Bonds (beyond 7 years)	14.5%	15.0%	15.5%	16.0%	16.0%	16.0%

Source: Ministry of Finance and Planning, and Bank of Tanzania

Chapter 5 : DSA METHODOLOGY AND RESULTS

5.1 Methodology

38. The DSA 2020 employed the Low-Income Countries Debt Sustainability Framework (LIC-DSF), whose indicative debt burden thresholds are based on the Composite Indicator (CI). The CI index is computed using country-specific information that includes the Country Policy and Institutional Assessment (CPIA) and a number of relevant macroeconomic variables, specifically: real GDP growth, foreign reserves, remittances and global economic growth. Although the Tanzania has graduated into a lower-middle income status, the LIC-DSF is used because financing is still dominated by concessional loans. In addition, the shift from LIC-DSF to Market Access Countries Debt Sustainability Framework (MAC-DSF) is subject to being above the IDA operation cut-off for at least five years.

39. The LIC-DSF assesses the risk of debt distress by comparing the evolution of debt burden indicators against predetermined thresholds that are set according to countries' debt carrying capacities. Solvency and liquidity thresholds of debt burden indicators in the framework are summarized in **Table 4**.

Table 4: Indicative Debt Burden Thresholds

Category	Composite Indicator Range	PV of external debt in percent of		External Debt service in percent of		PV of public debt in percent of
		GDP	Exports	Exports	Revenue	GDP
Weak	CI < 2.69	30	140	10	14	35
Medium	2.69 ≤ CI ≤ 3.05	40	180	15	18	55
Strong	CI > 3.05	55	240	21	23	70

Source: International Monetary Fund (2020)

40. The CI index, calculated based on the October 2020 World Economic Outlook (WEO) for Tanzania is 3.07, which indicates that the county's debt-carrying capacity is rated as strong **(Table 5)**. The strong CI rating of 3.07 is mainly explained by high foreign reserves contributing 54 percent; CPIA 46 percent;

and growth 6 percent. These factors need to be maintained or enhanced to sustain the debt carrying capacity rating.

Table 5: Composite Indicator Table for Tanzania

Components	Coefficients (A)	10-year average values (B)	CI-Score components (A*B) = (C)	Contribution of components
CPIA	0.39	3.68	1.42	0.46
Real growth rate (%)	2.72	6.59	0.18	0.06
Import coverage of reserves (%)	4.05	40.77	1.65	0.54
Import coverage of reserves^2 (%)	-3.99	16.62	-0.66	-0.22
Remittances (%)	2.02	0.08	0.00	0.00
World economic growth (%)	13.52	3.58	0.48	0.16
Composite Indicator Score			**3.07**	1.00
Composite Indicator rating			**Strong**	

Source: International Monetary Fund /World Bank (2020)

5.2 DSA Results and Analysis

5.2.1 External Public Debt Burden Indicators Under Baseline Scenario

41. Tanzania remains at a low risk of external debt distress as indicated in DSA results of 2020. All the debt burden (solvency and liquidity) indicators are below their respective thresholds under both baseline and extreme shock scenarios throughout the projection period.

42. The solvency indicators show that Present Value (PV) of external public debt to GDP is projected at 17.3 percent in 2020/21 and will slightly increase to 17.9 percent in 2023/24 and afterwards will decline to 7.2 percent by 2040/41, all below the threshold of 55 percent. Likewise, the PV of external public debt-to-exports is projected to decline from 113.2 percent in 2020/21 to 68.0 percent in 2030/31 and thereafter decrease to 34.9 percent by 2040/41, well below the threshold of 240 percent.

43. The liquidity indicators show that the ratio of debt service to exports is projected to decrease from 14.0 percent in 2020/21 to 10.3 percent in 2023/24 and 7.0 percent in 2040/41, which is below the threshold of 21 percent. The debt service to revenue is projected to decline from 13.7 percent in 2020/21 to 12.5

percent in 2023/24 and likewise declines to 8.3 percent by 2040/41, also below the threshold of 23 percent (**Table 6**).

Table 6: External Public Debt Sustainability Indicators

External DSA	Threshold	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25	2030/31	2040/41
PV of debt-to GDP ratio	55	16.3	17.3	17.5	17.9	17.9	17.2	14.0	7.2
PV of debt-to-exports ratio	240	103.9	113.2	109.7	103.5	94.3	87.9	68.0	34.9
Debt service-to-exports ratio	21	11.9	14.0	13.4	10.6	10.3	10.7	11.1	7.0
Debt service-to-revenue ratio	23	11.9	13.7	13.8	11.8	12.5	13.3	14.1	8.3

Source: Ministry of Finance and Planning
*Based on DSA 2019 Results

5.2.2 Public Debt Burden Indicators Under Baseline Scenario

44. The DSA results for public (external and domestic) debt indicate that the PV of debt to GDP is projected to increase from 27.9 percent in 2020/21 to 33.1 percent in 2030/31 and then declines to 19.0 percent by 2040/41. The ratio, therefore, remain below the benchmark level of 70 percent throughout the projection period.

45. The PV of public debt-to-revenue and grant is projected to increase from 171.1 percent in 2020/21 to 202.5 percent in 2030/31 and thereafter decrease to 110.0 percent by 2040/41. The ratio of debt service to revenue and grants is projected to decrease from 34.5 percent in 2020/21 to 27.6 percent in 2023/24 and increase to 44.3 percent in 2030/31. Thereafter, the ratio is projected to decline to 29.5 percent in 2040/41 (**Table 7**).

Table 7: Public Debt Sustainability Indicators

Public DSA	Threshold	2019/20*	2020/21	2021/22	2022/23	2023/24	2024/25	2030/31	2040/41
PV of debt-to GDP ratio	70	27.1	27.9	27.7	27.9	28.0	27.8	33.1	19.0
PV of debt-to-Revenue and grant	N/A	163.7	171.1	172.0	173.6	174.7	173.7	202.5	110.0
Debt service-to-revenue and grant ratio	N/A	33.4	34.5	31.6	29.4	27.6	29.0	44.3	29.5

Source: Ministry of Finance and Planning
*Based on DSA 2019 Results

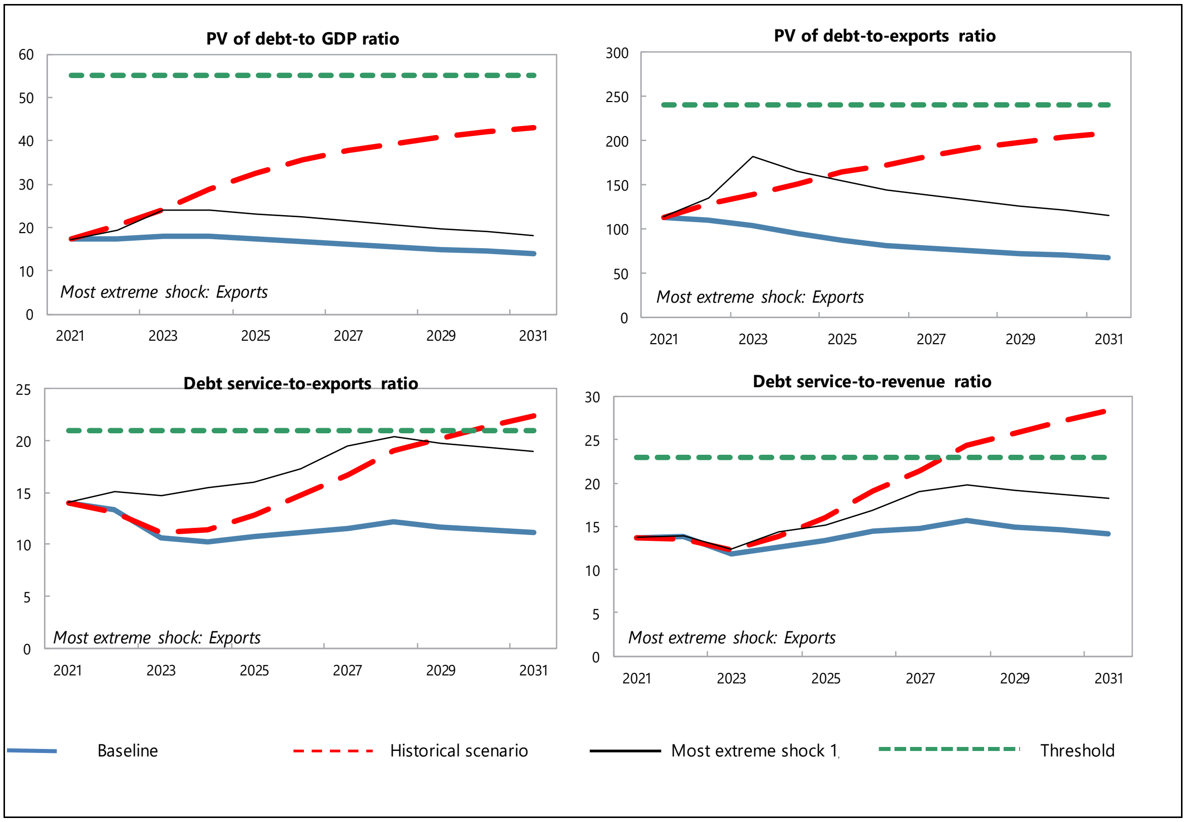
5.2.3 External Public Debt Burden Indicators Under Stress Scenario

46. The result shows that, even under the extreme stress scenario, all solvency indicators remain below the thresholds, though sensitive to exports shocks.

47. Based on the historical scenario, the PV of public external debt–to-GDP ratio, thought higher relative to those of baseline scenario, remain below its threshold throughout the projection period. The ratio is projected to increases from 17.3 percent in 2020/21 to 28.7 percent in 2023/24 and further to 42.9 percent in 2030/31 (**Chart 14**).

48. A shock of one standard deviation to exports in 2021/22 raises PV of public external debt-to-GDP and PV of public external debt-to-exports by 2.0 percent and 26 percent, respectively in the medium term. The same shock raises external debt service-to-exports ratio and debt service-to-revenue by 8.0 percent and about 4 percent, respectively in the long run. This signifies that, the debt service cost is highly vulnerable to exports movement.

Chart 14: External Public Debt Burden Indicators



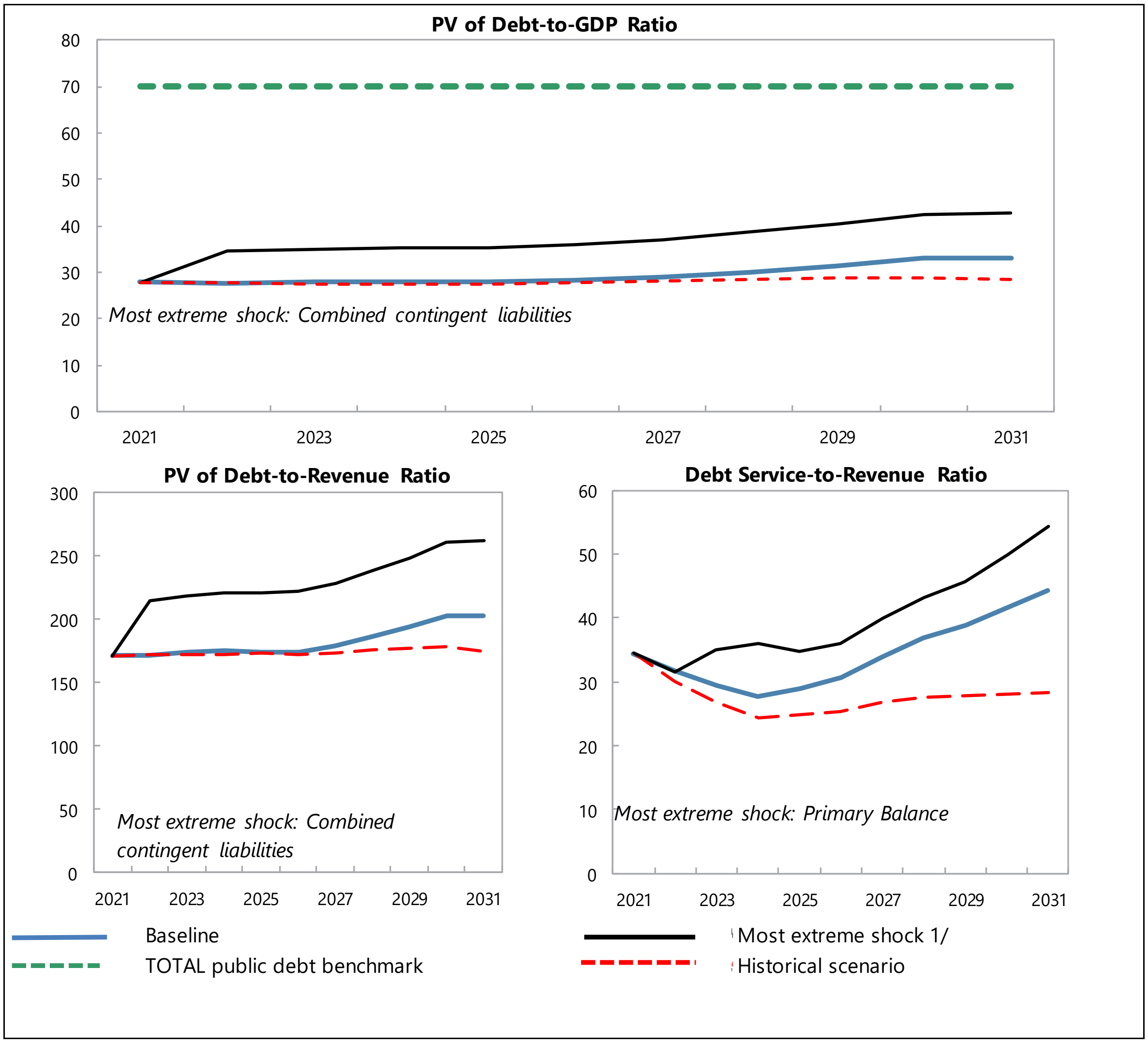
Source: Ministry of Finance and Planning

5.2.4 Public Debt Burden Indicators Under Stress Scenario

49. The present value of total public (external and domestic) debt stays well below the threshold of 70 percent of GDP throughout the projection period under shock scenario **(Chart 15)**.

50. Nonetheless, the portfolio is sensitive to combined contingent liabilities shocks and primary balance shocks. The combined contingent liability shock raises PV of public debt to GDP ratio by an average of 7.0 percent in the medium term and 8.0 percent in the long run. Likewise, the shock raises the PV of debt to revenue ratio by about 44 percent in the medium term, above the baseline. Likewise, the primary balance shock raises debt service to revenue by six (6) percent and 10 percent above the baseline in 2022/23 and 2030/31, respectively.

Chart 15: Public Debt Burden Indicators under Shock Scenarios



Source: Ministry of Finance and Planning

5.3 Assessment of Tanzania Overall Risk of Debt Distress

51. The overall risk of debt distress is assigned using the mechanical external risk signal determined based on the number of breaches of indicative thresholds under the baseline scenario and the stress scenarios for the four debt burden indicators.

52. Based on the rule, Tanzania's risk rating is considered low, same as in the previous DSA. All debt burden indicators are projected to remain below the indicative thresholds under the baseline scenario and the most extreme shock scenario.

Chapter 6 : CONCLUSION AND WAY FORWARD

53. The 2020 Debt Sustainability Analysis assessed the existing Government debt level and prospective external and domestic borrowing to finance major strategic infrastructure projects as elaborated in the Second Five Year National Development Plan (FYDP II) 2016/17- 2020/21 and Third Five Year National Development Plan (FYDP III) 2021/22 – 2025/26. The DSA 2020 covered public external and domestic debt.

54. As with the previous DSA, the 2020 DSA finds that the external and overall risk of debt distress for Tanzania is low (indicating that the country's debt is sustainable), reflecting robust economic growth and prudent implementation of monetary and fiscal policies. All debt burden indicators remain below their respective thresholds under both baseline and stress tests scenarios. The stress tests, however, show that the debt portfolio is vulnerable to sensitivity to export, contingent liabilities and primary balance shocks.

55. For the debt to remain sustainable, the Government will continue directing proceeds from commercial and concessional sources into projects that accelerate economic growth so as to minimize primary balance shocks and boost exports. In addition, the Government will continue to strengthen supervision of both financial institutions and state-owned enterprises with a view to minimize risks associated with contingent liabilities.

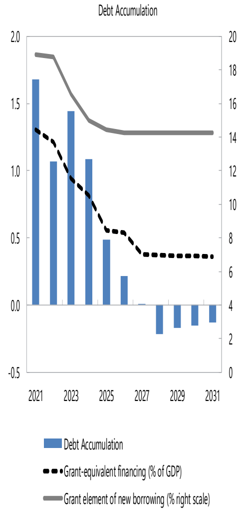
ANNEX No: - I

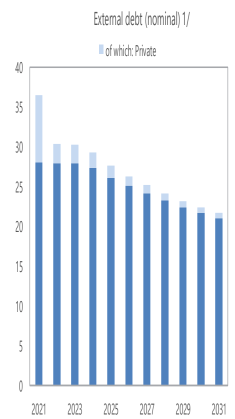
Table 1. Tanzania: External Debt Sustainability Framework, Baseline Scenario, 2018-2041

(In percent of GDP, unless otherwise indicated)

	Actual											Projections								Average 8/	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031	2041	Historical	Projections
External debt (nominal) 1/	19.6	21.9	23.3	24.9	26.9	32.4	34.7	34.6	35.6	34.4	34.1	36.4	30.3	30.2	29.3	27.6	26.3	21.6	11.6	30.3	27.0
of which: public and publicly guaranteed (PPG)	16.0	18.1	18.2	20.5	22.5	27.0	27.6	27.0	27.8	27.1	27.4	28.0	27.9	27.9	27.3	26.0	25.1	21.0	11.4	24.3	25.0
Change in external debt	...	2.3	1.4	1.6	2.0	5.5	2.3	-0.1	1.0	-1.3	-0.2	2.3	-6.1	-0.1	-0.9	-1.7	-1.3	-0.7	-0.8		
Identified net debt-creating flows	...	1.8	6.7	2.3	4.0	5.5	8.1	-1.5	-0.8	-0.4	-2.6	0.2	-1.2	-0.9	-2.5	-2.3	-2.2	-1.4	0.7	2.3	-1.5
Non-interest current account deficit	6.9	7.4	12.5	10.0	10.0	9.2	7.6	2.7	2.4	2.9	0.7	2.6	1.8	2.0	0.6	0.9	0.9	1.1	1.9	6.5	1.2
Deficit in balance of goods and services	8.7	8.8	13.6	10.6	11.1	9.4	7.0	2.5	2.2	2.8	0.4	1.2	1.8	1.6	0.5	0.4	0.4	0.6	1.8	6.8	0.8
Exports	18.3	21.2	21.9	19.5	17.9	17.0	17.3	16.3	15.7	14.9	15.3	15.3	15.9	17.3	19.0	19.6	20.6	20.6	20.6		
Imports	26.9	30.1	35.5	30.1	29.0	26.4	24.2	18.8	17.9	17.7	15.7	16.4	17.7	19.0	19.5	20.0	21.0	21.2	22.4		
Net current transfers (negative = inflow)	-2.8	-3.0	-2.5	-1.8	-1.6	-1.1	-0.7	-0.9	-0.8	-0.6	-0.7	-0.3	-0.4	-0.3	-0.4	-0.5	-0.5	-0.5	-0.5	-1.4	-0.4
of which: official	-2.0	-2.2	-1.7	-1.2	-0.9	-0.6	-0.1	-0.3	-0.3	-0.1	-0.3	0.0	-0.1	0.0	-0.1	-0.2	0.0	0.0	0.0		
Other current account flows (negative = net inflow)	1.1	1.5	1.4	1.2	0.5	1.0	1.3	1.1	1.0	0.8	1.0	1.8	0.4	0.7	0.4	1.0	1.0	0.9	0.6	1.1	0.9
Net FDI (negative = inflow)	-4.4	-4.6	-4.2	-4.5	-3.6	-3.0	-2.5	-1.7	-1.7	-1.7	-1.4	-1.3	-1.7	-1.8	-2.0	-2.1	-2.1	-1.7	-0.9	-2.9	-1.8
Endogenous debt dynamics 2/	...	-1.0	-1.7	-3.2	-2.4	-0.8	3.0	-2.5	-1.4	-1.6	-1.8	-1.2	-1.3	-1.0	-1.0	-1.1	-1.0	-0.7	-0.3		
Contribution from nominal interest rate	...	0.2	0.3	0.3	0.3	0.4	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.6	0.3		
Contribution from real GDP growth	...	-1.3	-1.2	-1.1	-1.5	-1.7	-2.3	-2.2	-2.2	-2.3	-2.0	-1.8	-2.0	-1.7	-1.8	-1.8	-1.7	-1.3	-0.6		
Contribution from price and exchange rate changes	...	0.1	-0.7	-2.3	-1.2	0.5	4.5	-0.9	0.3	0.2	-0.4	...	...	...	...	...	...	...	...		
Residual 3/	...	0.5	-5.2	-0.7	-2.0	0.0	-5.8	1.3	1.8	-0.9	2.3	2.1	-5.0	0.8	1.6	0.6	0.9	0.6	-1.5	-0.9	0.4
of which: exceptional financing	...	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	0.0		
Sustainability indicators																					
PV of PPG external debt-to-GDP ratio	...	...	...	...	...	...	...	...	...	...	16.6	17.3	17.5	17.9	17.9	17.2	16.7	14.0	7.2		
PV of PPG external debt-to-exports ratio	...	...	...	...	...	...	...	...	...	...	108.6	113.2	109.7	103.5	94.3	87.9	81.2	68.0	34.9		
PPG debt service-to-exports ratio	1.0	1.1	1.2	1.5	2.5	3.2	5.3	7.6	10.0	11.5	12.7	14.0	13.4	10.6	10.3	10.7	11.1	11.1	7.0		
PPG debt service-to-revenue ratio	1.6	1.9	2.2	2.3	3.5	4.4	6.6	8.5	10.8	12.3	13.2	13.7	13.8	11.8	12.5	13.3	14.4	14.1	8.3		
Gross external financing need (Million of U.S. dollars)	...	...	...	...	3593.6	3678.3	3231.8	1461.7	1433.8	2053.2	1124.0	3318.9	2465.7	2303.9	831.7	1217.8	1298.5	1746.3	3891.6		
Key macroeconomic assumptions																					
Real GDP growth (in percent)	5.8	7.0	6.0	5.7	6.8	6.4	6.5	6.8	6.9	7.0	6.2	5.6	5.9	6.1	6.2	6.5	6.5	5.9	4.9	6.5	6.1
GDP deflator in US dollar terms (change in percent)	3.9	-0.4	3.5	11.0	5.2	-1.7	-12.3	2.8	-0.7	-0.4	1.1	0.1	-0.6	-0.6	0.0	0.2	-2.0	-3.4	-0.4	0.8	-1.7
Effective interest rate (percent) 4/	...	1.3	1.3	1.4	1.6	1.7	2.0	2.0	1.7	1.8	1.8	2.0	2.0	2.5	2.6	2.7	2.7	2.6	2.7	1.6	2.5
Growth of exports of G&S (US dollar terms, in percent)	11.6	23.7	13.2	4.4	3.3	-0.5	-5.2	3.6	2.1	1.4	9.8	5.6	9.6	14.8	16.5	10.1	9.6	2.3	4.5	5.6	7.3
Growth of imports of G&S (US dollar terms, in percent)	6.4	19.0	29.5	-0.6	8.5	-4.7	-14.4	-14.9	1.3	5.1	-4.9	11.0	13.3	12.9	9.2	9.4	9.9	3.4	5.7	2.4	7.3
Grant element of new public sector borrowing (in percent)		...	...	...	...	...	...	...	...	...	...	18.9	18.8	16.6	15.0	14.4	14.3	14.3	14.3	...	15.4
Government revenues (excluding grants, in percent of GDP)	11.3	11.7	12.4	12.5	13.1	12.4	13.9	14.7	14.6	13.9	14.7	15.7	15.4	15.6	15.6	15.7	15.9	16.2	17.2	13.4	15.9
Aid flows (in Million of US dollars) 5/	2155.2	1806.9	1800.6	1377.7	1759.2	1252.8	800.9	1125.0	1099.5	1097.9	1244.2	1485.2	1342.7	1093.5	963.6	726.7	733.2	623.2	540.0		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	...	...	...	...	...	...	...	...	1.3	1.2	0.9	0.8	0.6	0.5	0.4	0.2	...	0.7
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	...	...	...	...	...	...	...	...	30.7	34.6	28.9	28.6	25.7	25.7	20.9	19.6	...	25.3
Nominal GDP (Million of US dollars)	31184.5	33243.0	36485.6	42803.3	#####	#####	#####	#####	54,767	58,327	62,623	66,221	69,645	73,389	77,995	83,243	86,913	99,291	157,929		
Nominal dollar GDP growth	...	6.6	9.8	17.3	12.4	4.6	-6.6	9.8	6.1	6.5	7.4	5.7	5.2	5.4	6.3	6.7	4.4	2.3	4.5	7.4	4.3
Memorandum items:																					
PV of external debt 7/	...	...	...	...	...	...	...	...	...	...	23.3	25.7	19.9	20.2	19.9	18.8	17.9	14.7	7.4		
In percent of exports	...	...	...	...	...	...	...	...	...	...	152.6	168.4	124.9	116.8	104.8	95.8	86.9	71.2	36.1		
Total external debt service-to-exports ratio	4.4	3.7	3.0	5.0	6.1	6.1	10.2	11.3	12.5	15.5	16.8	24.0	21.4	17.4	13.5	13.6	13.0	11.6	7.1		
PV of PPG external debt (in Million of US dollars)											10396.3	11446.7	12155.7	13162.1	13960.1	14340.3	14518.4	13902.4	11346.8		
(PVt-PVt-1)/GDPt-1 (in percent)												1.7	1.1	1.4	1.1	0.5	0.2	-0.1	-0.2		
Non-interest current account deficit that stabilizes debt ratio	...	5.0	11.1	8.4	8.0	3.7	5.2	2.9	1.4	4.1	0.9	0.3	8.0	2.1	1.5	2.6	2.3	1.8	2.6		

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





Sources: Country authorities; and staff estimates and projections.

ANNEX No: - II

Table 2. Tanzania: Public Sector Debt Sustainability Framework, Baseline Scenario, 2018-2041

(In percent of GDP, unless otherwise indicated)

	Actual													Projections								Average 6/	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020			2021	2022	2023	2024	2025	2026	2031	2041	Historical	Projections
Public sector debt 1/	22.6	25.6	25.2	29.0	31.5	36.0	38.5	38.7	39.8	38.3	38.2			38.4	38.0	37.7	37.3	36.5	36.4	40.0	23.1	34.1	38.0
of which: external debt	16.0	18.1	18.2	20.5	22.5	27.0	27.6	27.0	27.8	27.1	27.4			28.0	27.9	27.9	27.3	26.0	25.1	21.0	11.4	24.3	25.0
Change in public sector debt	...	3.0	-0.4	3.8	2.5	4.5	2.5	0.2	1.1	-1.6	0.0			0.2	-0.4	-0.3	-0.4	-0.8	0.0	-0.2	-1.3		
Identified debt-creating flows		2.4	-0.6	0.8	-0.1	3.8	0.6	-2.1	-1.2	-0.6	-1.7			0.2	-0.4	-0.3	-0.4	-0.8	0.0	1.6	0.3	0.1	0.3
Primary deficit	4.1	3.4	2.8	3.0	2.0	1.7	1.9	-0.1	-0.3	0.4	-0.6			0.8	0.0	0.3	0.2	-0.2	-0.2	-0.2	-0.5	1.4	0.0
Revenue and grants	14.7	15.0	15.6	14.5	15.1	13.5	14.3	15.6	15.4	14.6	15.4			16.3	16.1	16.1	16.0	16.0	16.2	16.4	17.3	14.9	16.2
of which: grants	3.4	3.3	3.2	2.0	2.0	1.2	0.5	1.0	0.8	0.7	0.7			0.6	0.7	0.5	0.5	0.3	0.3	0.1	0.1		
Primary (noninterest) expenditure	18.8	18.5	18.4	17.5	17.1	15.3	16.3	15.5	15.0	15.0	14.8			17.1	16.1	16.4	16.2	15.8	16.0	16.2	16.8	16.3	16.2
Automatic debt dynamics		-1.0	-3.3	-2.2	-2.1	2.0	-1.3	-2.0	-0.9	-1.1	-1.1			-0.6	-0.4	-0.6	-0.6	-0.6	0.2	1.7	0.8		
Contribution from interest rate/growth differential	...	-2.9	-3.3	-2.5	-2.6	-2.5	-3.2	-2.6	-1.3	-1.3	-1.2			-1.0	-1.0	-1.1	-1.0	-1.1	-0.5	0.7	0.5		
of which: contribution from average real interest rate	...	-1.4	-1.8	-1.2	-0.8	-0.6	-1.0	-0.2	1.1	1.3	1.1			1.0	1.1	1.0	1.2	1.1	1.8	3.0	1.7		
of which: contribution from real GDP growth	...	-1.5	-1.5	-1.4	-1.8	-1.9	-2.2	-2.5	-2.5	-2.6	-2.2			-2.0	-2.1	-2.2	-2.2	-2.3	-2.2	-2.2	-1.1		
Contribution from real exchange rate depreciation		1.9	0.0	0.3	0.5	4.5	1.9	0.6	0.4	0.3	0.1			...	...	...	...	...	...	...	...		
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	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	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	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	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	0.0	0.0	0.0		
Residual		0.6	0.1	3.0	2.6	0.8	1.9	2.3	2.3	-0.9	1.7			0.5	0.5	0.6	0.3	0.5	0.6	-0.8	-1.4	1.4	0.6
Sustainability indicators																							
PV of public debt-to-GDP ratio 2/	**...**	**...**	**...**	**...**	**...**	**...**	**...**		**...**	**...**	**27.5**			**27.9**	**27.7**	**27.9**	**28.0**	**27.8**	**28.2**	**33.1**	**19.0**		
PV of public debt-to-revenue and grants ratio	**...**	**...**	**...**	**...**	**...**	**...**	**...**		**...**	**...**	**178.7**			**171.1**	**172.0**	**173.6**	**174.7**	**173.7**	**174.2**	**202.5**	**110.0**		
Debt service-to-revenue and grants ratio 3/		**15.1**	**20.1**	**25.7**	**22.3**	**28.9**	**34.0**	**40.8**	**42.8**	**39.3**	**37.2**			**34.5**	**31.6**	**29.4**	**27.6**	**29.0**	**30.6**	**44.3**	**29.5**		
Gross financing need 4/	6.5	5.7	5.9	6.7	5.3	5.7	6.8	6.3	6.3	6.1	5.1			6.4	5.1	5.0	4.6	4.5	4.8	7.1	4.6		
Key macroeconomic and fiscal assumptions																							
Real GDP growth (in percent)	5.8	7.0	6.0	5.7	6.8	6.4	6.5	6.8	6.9	7.0	6.2			5.6	5.9	6.1	6.2	6.5	6.5	5.9	4.9	6.5	6.1
Average nominal interest rate on external debt (in percent)		0.8	0.9	1.0	1.3	1.5	1.7	1.8	2.1	2.1	2.1			1.9	2.0	2.1	2.3	2.4	2.5	2.4	2.7	1.5	2.3
Average real interest rate on domestic debt (in percent)	0	-0.6	-2.3	4.0	4.8	5.9	4.7	5.8	8.6	9.6	8.3			8.5	9.8	9.6	10.6	10.6	13.1	15.8	13.1	4.9	12.6
Real exchange rate depreciation (in percent, + indicates depreciation)		14.0	-0.2	2.2	2.9	22.5	7.8	2.4	1.6	1.0	0.4			...	...	...	...	...	...	...	...	5.5	...
Inflation rate (GDP deflator, in percent)	9.5	11.0	11.8	10.1	7.7	6.9	7.5	4.9	1.2	1.3	1.4			1.5	1.4	1.7	1.4	1.8	-0.1	-1.4	1.6	6.4	0.1
Growth of real primary spending (deflated by GDP deflator, in percent)		5.1	5.5	0.9	4.0	-4.8	13.3	2.0	3.5	6.7	4.5			22.2	0.0	7.6	5.4	4.0	7.7	6.2	5.2	4.1	7.2
Primary deficit that stabilizes the debt-to-GDP ratio 5/		...	...	...	...	...	...	...	-1.4	2.0	-0.6			0.6	0.4	0.6	0.6	0.6	-0.2	0.1	0.8	0.0	-0.1
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	0.0	0.0	0.0	0.0	0.0		

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