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KYRGYZ REPUBLIC

JOINT WORLD BANK-IMF DEBT SUSTAINABILITY ANALYSIS

Approved by:

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KYRGYZ REPUBLIC: JOINT BANK-FUND DEBT SUSTAINABILITY ANALYSIS	
Risk of external debt distress	Moderate
Overall risk of debt distress	Moderate
Granularity in the risk rating	Tool not applicable[1]
Application of judgment	Yes for external PPG; No for total PPG

The risk of overall public debt distress remains at moderate on account of the rapid accumulation of domestic debt. While there is no breach of the external debt thresholds under any standard shock, by applying a customized stress test on exports reflecting the recent discontinuation of gold exports the rapid rise in transit trade, and considering the heightened global uncertainty, staffs judge external public debt to be sustainable and at moderate risk of debt distress. The PV of total public debt-to-GDP does not breach its threshold under the baseline scenario before 2032, but it does under a standard stress test, thus warranting a "moderate" rating for the overall risk of debt distress. The Kyrgyz Republic's current debt-carrying capacity is assessed as strong, but fiscal space to absorb shocks is narrowing after the substantial public wage increase in 2022.[2] Without fiscal consolidation public debt will continue to rise in the longer term. Improving tax collections, reducing the wage bill and energy subsidies, strengthening debt management, avoiding non-concessional borrowing and improving public investment management would be important to reduce fiscal imbalances and containing debt vulnerabilities.

[1] The tool for granularity assessment is not applied because the moderate risk comes from the staffs' judgement.

[2] The DSA follows the IMF and World Bank Staff Guidance Note on the Application of the Joint Fund-Bank Debt Sustainability Framework (DSF) for Low-Income Countries (LICs). See IMF, 2018, Guidance Note on the Bank-Fund Debt Sustainability Framework for Low-Income Countries.

PUBLIC DEBT COVERAGE

1. **Public and Publicly Guaranteed (PPG) debt covers state government debt (both central and local government), state guarantees, and the debt of the central bank to the IMF** (Text Table 1). Almost all public sector debt is issued by the central government. The 2021 SDR allocation (SDR 170 million, equivalent to USD 242 million) was transferred from the National Bank of the Kyrgyz Republic (NBKR) to the Government to pay for external debt service. The full amount is projected to be drawn down over 2022-23 and therefore is counted fully toward public debt after that point. Local governments have no external debt and insignificant domestic debt. The social security fund has no debt. State-owned enterprises (SOEs) mostly borrow from the government and have no external debt. Their short-term domestic borrowing from the banking sector is limited and they do not have long-term domestic debt. In addition, the government has no outstanding guarantees.[3] An analysis of fiscal risks by the World Bank found no significant PPG debt for new companies created as Public-Private Partnerships. Nevertheless, given the large stock of liabilities associated with the energy sector (equivalent to around 20 percent of GDP), a contingent liability shock of 7 percent of GDP was applied, of which 2 percent of GDP reflects an operational risk stemming from the structural cash shortfall of loss-making energy sector SOEs[4] and 5 percent of GDP is the default value representing the average cost to the government during a financial crisis (Text Table 2).

Text Table 1. Kyrgyz Republic: Public Debt Coverage

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	X
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	

Text Table 2. Kyrgyz Republic: Combined Contingent Liability Shock

1 The country's coverage of public debt	The central, state, and local governments, central bank, government-guaranteed 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	0.0	
3 SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	2.0	default value (2 percent of GDP) reflects possible losses from SOE operations.
4 PPP	35	percent of PPP stock	0.0	
5 Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
Total (2+3+4+5) (in percent of GDP)			7.0	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

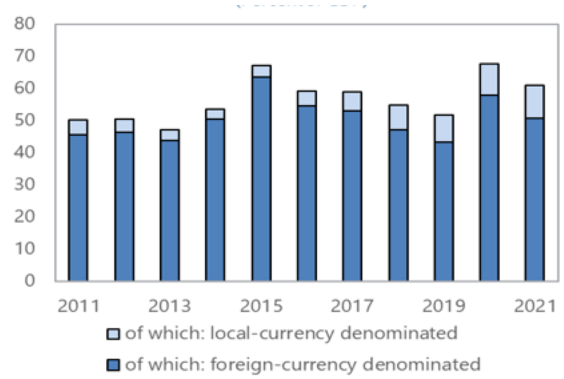
[3] The Budget Code prevented the state from guaranteeing debt of SOEs and other public entities since 2007, except when stipulated by the obligations of memberships in international and inter-governmental organizations. However, the recent changes in the Budget Code allows the government to issue guarantees subject to conditions, which are now being developed and will be approved as a government regulation.

[4] IMF Country Report No. 21/75, Kyrgyz Republic—Staff Report for the 2021 Article IV Consultation.

BACKGROUND

2. **Public debt increased to 67.6 percent of GDP in 2020 (from 51.6 percent in 2019) after a steady decline since 2015, but fell to 60.8 percent of GDP in 2021** (Text Figure 1). This decline was driven by the ratio of external debt-to-GDP underpinned by increases in real GDP and GDP deflator while the exchange rate was broadly stable. External debt decreased by 7.3 percentage points of GDP, while domestic debt increased marginally. Domestic public debt is held mostly by commercial banks (50 percent) and the social security fund (30 percent).

Text Figure 1. Public Debt, 2011-2021
(Percent of GDP)



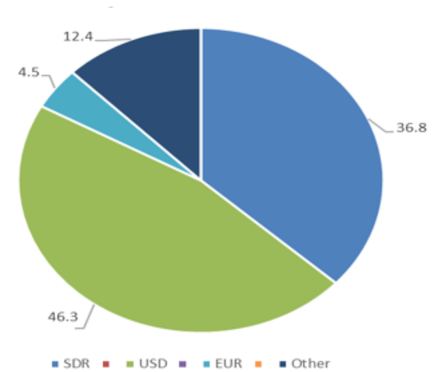
Source: country authorities

3. **External debt is mostly denominated in US dollars and SDRs.** These two currencies account for more than 80 percent of nominal external debt at end 2021 (Text Figure 2). The third most important currency, the euro, accounts for just over 12 percent.

4. **After Debt Service Suspension Initiative (DSSI) relief, the composition of external debt by creditor indicates that China was the largest creditor at end 2021.**[5] Official external debt owed to China accounts for over 40 percent of total external debt after a re-profiling of its debt, with the Asian Development Bank (AsDB) and the International Development Association (IDA – World Bank) each owed over 15 percent (Text Figure 3). The IMF is owed 8 percent of the total.[6] The large creditors in the "Other" category include the Japanese International Cooperation Agency, the Islamic Development Bank, the Government of Türkiye, and the Eurasian Development Bank.

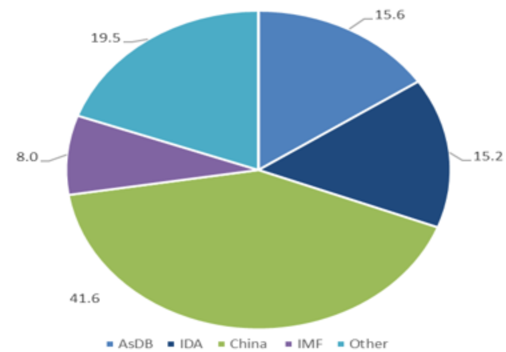
[5] In 2021, under the DSSI, the country reached agreements with the creditors from China, Germany, France, Türkiye, Saudi Arabia and Japan to postpone debt service payments due July-December 2021 for up to 6 years with a one-year grace period.
[6] SDRs from the 2021 SDR allocation are not included, since they have not been drawn by end-2021.

Text Figure 2. External Debt Currency Composition at End-2021



Source: Country authorities

Text Figure 3. External Debt Composition by Creditor at End-2021



Source: Country authorities

UNDERLYING ASSUMPTIONS

5. **Compared to the previous DSA, the macroeconomic outlook has weakened in the short term due to the impact of Russia's invasion of Ukraine.** The new projections assume that that the rebound from the global pandemic will be tempered by the adverse spillovers from the war (Text Table 3):

Text Table 3. Kyrgyz Republic: Selected Indicators, 2020-2042
(Percent of GDP)

	2020	2021	2022	2023	2022-27	2028-32	2033-42
Real GDP growth (percent)							
Current DSA	-8.6	3.7	5.5	3.5	4.1	3.9	4.0
Previous DSA[1]	-8.6	3.8	6.4	4.4	4.4	4.0	4.0
Overall fiscal balance (percent of GDP)							
Current DSA[2]	-3.3	-0.8	-5.2	-4.6	-4.8	-5.5	-5.1
Previous DSA[1]	-3.3	-4.2	-4.0	-3.4	-3.6	-3.4	-3.3
Revenues and grants (percent of GDP) [3]							
Current DSA	30.8	34.0	39.6	36.4	36.8	35.1	34.4
Current account balance (percent of GDP)							
Current DSA	4.8	-8.6	-28.7	-10.6	-12.5	-5.8	-5.4
Previous DSA[1]	4.5	-5.8	-6.2	-6.1	-6.2	-7.6	-4.7
Exports of goods and services (percent of GDP) [3]							
Current DSA	31.4	38.6	43.7	47.5	46.4	45.2	43.4
Imports of goods and services (percent of GDP) [3]							
Current DSA	52.1	69.5	85.3	69.4	69.8	61.6	62.9
PIP Disbursements (millions of US$)							
Current DSA	188	162	296	271	240	250	359
Previous DSA[1]	162	296	271	258	228	250	359
Reserves in months of prospective imports [3]							
Current DSA	5.3	3.9	3.6	2.9	2.5	2.6	3.4

Sources: Kyrgyz authorities; and IMF and World Bank staff estimates and projections.
1/ IMF Country Report No. 21/75, Kyrgyz Republic -- Staff Report for the 2021 Article IV Consultation -- Debt Sustainability Analysis; outer year averages refer to 2021-26, 2027-31 and 2032-41, respectively.
2/ Including onlending to energy SOEs.
3/ Data was not quoted for the previous DSA.

- **Growth and inflation.** Growth rebounded, as expected, to 3.7 percent in 2021 and is estimated to have increased to 5.5 percent in 2022, supported by higher gold production, agriculture, trade and transport. In the absence of new structural reforms, growth is expected to converge to its estimated potential of 4 percent in the medium and long term, which foresees the gradual decline of gold production and an expansion of the services sector. End-of-period inflation reached double digits (11.2 percent) in 2021 and remains in the mid-teens in 2022 (15.4 percent in October) before it is forecast to decline to 10 percent in 2023 and to mid-single digits thereafter.

- **Fiscal policy.** The overall budget deficit decreased to 0.8 percent of GDP in 2021 from 3.3 percent of GDP in 2020, but is estimated to have reached 5.2 percent of GDP in 2022 as a result of public wage, pension and social assistance increases. In contrast with the previous DSA, the deficit is projected to continue to increase from 2023 due to the steep rise in the wage bill and pensions, higher public investment, and the growing interest payments from the accruing non-concessional domestic debt, which rise from 0.7 percent of GDP in 2022 to 2.4 percent by 2027. The increase in the non-discretionary elements of public expenditure makes it more difficult to restore sustainable fiscal balances. Moreover, although Kumtor is now fully state-owned, no dividend payments to budget are assumed. Therefore, the overall deficit is projected to increase gradually from more than 4.6 percent of GDP in 2023 to around 5 percent over the long term—requiring a steady increase in domestic financing throughout that may challenge the depth of the local market.

- **External sector.** The current account deficit swung from a surplus of 4.5 percent of GDP in 2020 to a deficit of 8.6 percent of GDP in 2021 as borders reopened and imports rebounded. Imports continued to increase in 2022 due to high global oil and food prices, and the increased regional trade, including transit trade. Non-gold exports also increased because of the new transit trade, and helped offset the discontinuation of gold exports as domestically produced gold has been purchased by the National Bank of the Kyrgyz Republic. Remittances declined by 13 percent on a net basis for the first 9 months through September, and the increase of outward transfers to Russia. As a result, the current account deficit should reach 28.7 percent of GDP in 2022 but recover to about 10 percent of GDP in 2023 with the resumption of gold exports and the normalization of global energy prices. Existing creditors are projected to continue to provide external support, albeit entirely as loans, thus helping to narrow the CA deficit to around 8 percent by 2027.

- **Financing assumptions.** The new external borrowing is assumed to remain mostly on concessional terms and the country is expected to remain IDA-eligible over the projection horizon. When compared with the previous DSA, IDA loan disbursements have been increased to around US$70 million by 2030, roughly twice the amount under the previous DSA, and reduced to around US$25 million over the following 8 years, in line with the previous DSA.[7] Nonetheless, net external financing is expected to decline over time. As a result, the share of net domestic borrowing is expected to increase to over 40 percent of gross financing needs in 2022 from almost zero the year before. It is projected to fill more than 60 percent of gross financing needs by 2027, when new external financing is offset by equivalent levels of amortization. Domestic borrowing rates are assumed at 12.4 to 16.4 percent for maturities ranging

[7] IDA financing terms are a zero-interest rate and 50-year maturity period with 10 year grace period (IDA50) and a zero-interest rate and 12 year maturity period with 6 year grace period (SML) for the IDA-20 cycle, and 0.75 percent interest rate, 38 year maturity period with 6 year grace period (IDA regular) for the remaining years.

between 1 year and 20 years in 2023, with a gradual decrease by 2027 to between 6.7 and 10.7 percent respectively as the financial market develops and inflation eases back down to low single digits.

- **Realism of the baseline projections.**

➢ *Drivers of debt dynamics.* The forecast error of the change in the ratio of public debt-to-GDP over the past five years has been small (Figure 3). The projected significant increase in the total public debt ratio is explained by the expected widening of the general government deficit due to the higher wage bill and the cost of domestic debt, while nominal GDP growth moderates due to lower projected inflation.

➢ *Realism of planned fiscal adjustment* (Figure 4). The projected 3-year adjustment shows a significant deterioration of the primary balance and is close to the outer bound of the chart. However, it is realistically accounted for by the large increase in the wage bill.

➢ *Consistency between fiscal adjustment and growth* (Figure 4). The growth projection for 2022 is within the cone of growth path suggested by different fiscal multipliers and does not raise any flags.

➢ *Consistency between public investment and growth* (Figure 4). The path for public investment increases faster in 2022 than in the previous DSA but then falls back below levels from the previous DSA and espouses the same trend from 2023 onward. Private investment converges to the level of the previous DSA over the medium term, after being crowded out by the higher wage bill and public investment in 2022.

COUNTRY CLASSIFICATION AND STRESS TESTS

6. The Kyrgyz Republic's debt-carrying capacity is strong (Text Table 4). The country's Composite Indicator (CI) index[8] is 3.06, which is just above the threshold of 3.05 for strong debt-carrying capacity. The assessment of strong capacity in one of the past two CI vintages supports the rating.[9] The CI is calculated for the last two IMF World Economic Outlook (WEO) vintages (October 2022 and April 2022) and the World Bank's 2021 CPIA. This translates into the following external debt burden thresholds: 240 percent of the present value (PV) of external debt-to-exports ratio, 55 percent of the PV of external debt-to-GDP, 21 percent of the PV of external debt service-to-exports, and 23 percent of the PV of debt service-to-revenue. The total public debt burden threshold is 70 percent of the PV of total public debt-to-GDP ratio.

[8] The CI is a function of the World Bank's Country Policy and Institutional Assessment (CPIA) score, international reserves, remittances, country and global economic growth. The calculation is based on 10-year averages of the variables, across 5 years of historical data and 5 years of projection. For more details, see IMF, 2018, Guidance Note on the Bank-Fund Debt Sustainability Framework for Low-Income Countries.

[9] To reduce potential variations in risk assessments stemming from volatility in macroeconomic projections, a change in country classification would require at least two consecutive designations in the new category. For more details, see IMF, 2018, Guidance Note on the Bank-Fund Debt Sustainability Framework for Low-Income Countries.

Text Table 4. Kyrgyz Republic: Debt-Carrying Capacity and Relevant Indicative Thresholds

Debt Carrying Capacity	Strong

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Strong	Strong 3.06	Medium 3.03	Strong 3.16

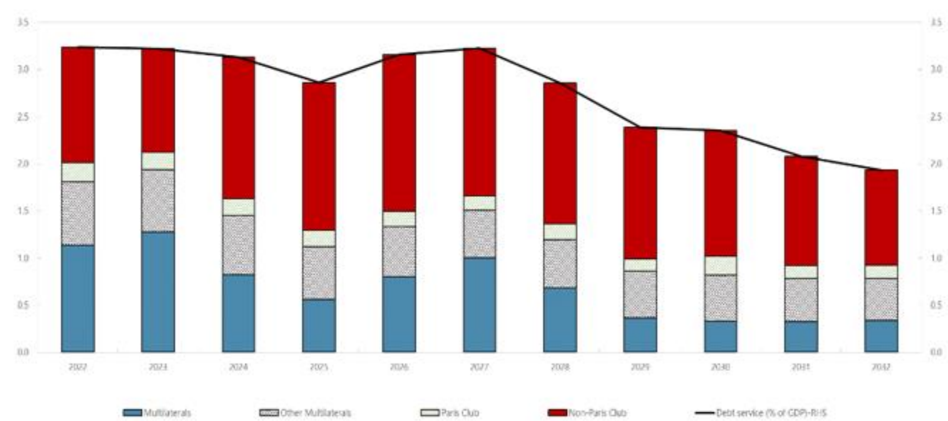
EXTERNAL debt burden thresholds	Strong
PV of debt in % of	
Exports	240
GDP	55
Debt service in % of	
Exports	21
Revenue	23

TOTAL public debt benchmark	Strong
PV of total public debt in percent of GDP	70

EXTERNAL DSA

7. **All four external debt ratios remain below their respective thresholds under the baseline scenario** (Figure 1, and Tables 1 and 3). External Public and Publicly Guaranteed (PPG) debt was 50.6 percent of GDP at end-2021 and private external debt was 26.5 percent of GDP. The latter is expected to gradually decline to 21.6 percent of GDP by 2027 as net external private borrowing is projected to grow less than nominal GDP. The PV of PPG external debt decreased to 35.7 percent of GDP in 2021 (from about 36 percent at end-2020 estimated in the previous DSA) and is projected to decline further to about 23.2 of percent of GDP by end-2027 (below the 55 percent threshold) on the back of higher projected inflation in the near term. This is consistent with the gradual decrease of the ratio of nominal debt to GDP after debt service peaks in 2027 (Text Figure 4).

Text Figure 4. PPG External Debt Service by Category of Creditors
(As share of GDP)

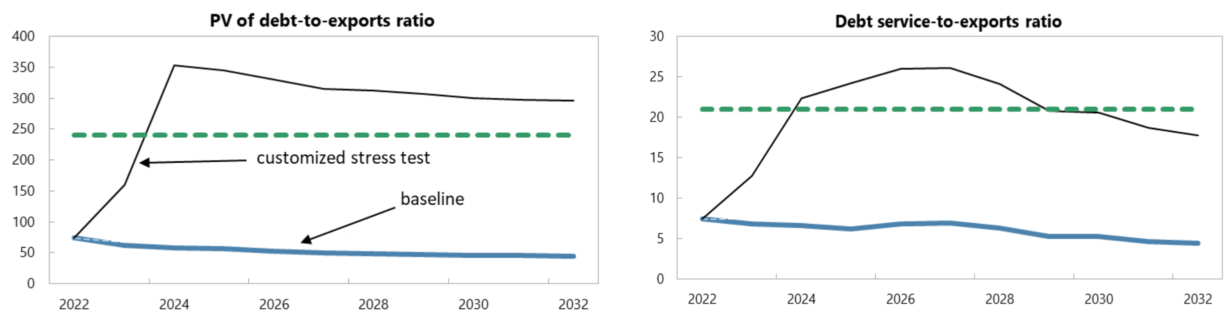


Source: Country authorities, and IMF and World Bank staff projections

8. Unlike the previous DSA in which two ratios breached their respective thresholds under the "most extreme shock", all external debt ratios remain under their respective thresholds for the same standard stress tests. This is attributable to the declining external borrowing profile, and the higher nominal value of the denominators for all ratios, as inflation increased.

9. However, a customized stress test on exports mirroring the non-export of gold or a collapse in transit trade causes a sustained breach of thresholds for the PV of debt-to-exports ratio and the debt service-to-exports ratio. The customized stress test doubles the size of the exports growth shock to two standard deviations, resulting in negative export growth of almost 35 percent in 2023 and 2024.

Text Figure 5. Impact of a Customized Stress Test to Exports on Select External Debt Ratios



Sources: IMF and World Bank staff projections

PUBLIC DSA

10. The PV of debt-to-GDP ratio, used to assess the risk of total public debt distress, increases gradually under the baseline scenario, but does not breach its threshold (Figure 2 and Tables 2 and 4). In 2022 public debt is estimated to have subsided to 58.3 percent of GDP from 60.8 percent of GDP the year before (Text Table 5). Despite larger fiscal deficits than in the previous DSA, the faster growth in nominal GDP will put total public debt on a lower trajectory. Under the baseline scenario, it is expected to reach around 61 percent of GDP by 2027 compared to 65.4 percent by 2026 in the previous DSA and continue to rise to over 68 percent of GDP by 2038, whereas it decreases monotonously in the previous DSA to under 50 percent by 2040. Similarly, the ratio of debt service-to-revenue (including grants) rises to more than 20 percent over the next five years, and remains at that level until 2032, reflecting the effect of high interest rates on domestic debt.

Text Table 5. Kyrgyz Republic: Comparison of Debt Ratios 2021-32
(In percent of GDP)

	2021	2022	2023	2024	2025	2026	2027	Long Term (2032) 2/
PPG external debt-to-GDP ratio								
Current DSA	50.6	46.9	44.1	41.1	39.1	37.0	35.2	31.4
Previous DSA[1]	56.8	52.6	49.4	46.9	44.7	42.8	41.0	34.6
Public debt-to-GDP ratio								
Current DSA	60.8	58.3	57.9	57.7	58.7	59.5	60.9	70.5
Previous DSA[1]	67.1	65.3	64.5	64.7	64.9	65.4	66.4	70.7

Sources: Kyrgyz authorities; and IMF and World Bank staff estimates and projections.

1/ IMF Country Report No. 21/75, Kyrgyz Republic -- Staff Report for the 2021 Article IV Consultation -- Debt Sustainability Analysis.

2/ for the previous DSA: 2031.

11. Total public debt is particularly vulnerable to a growth shock, which is the most severe test. Under this shock, the PV of debt-to-GDP ratio breaches the threshold of 70 percent of GDP by 2026, well before the stress test horizon of 2032, and continues a persistent upward trajectory thereafter. Moreover, such a shock would put the two other indicators on a monotonously upward path: the PV of debt-to-revenue ratio would reach 300 percent in 2032, and the debt service-to-revenue ratio would rise above 35 percent by 2032. Although no explicit benchmark exists for these two ratios, the projections point to potentially severe debt and liquidity difficulties in the long run.

RISK RATING AND VULNERABILITIES

12. Despite a 'low' risk rating suggested by mechanical standard stress tests, staff assess external debt to be sustainable and at moderate risk of debt distress. All ratios under the baseline are projected to show a downward trajectory before 2032, driven by low external borrowing and the decline in PPG external debt. While there is no breach of their respective thresholds by any of the four ratios under the baseline and standard stress test, a customized stress test on exports justifies maintaining the risk of external debt distress at "moderate". Moreover, the heightened uncertainty illustrated in part by the high residual for 2022, and the rise in downside regional risks pose new challenges that are not well captured under the standard tests. These risks include possible spillovers from Russia's invasion of Ukraine, global financial tightening and its impact on interest rates, denominator effects associated with high inflation that can be reversed in the future, increased demand for public spending as inflation erodes purchasing power, and the limited diversification of exports. These factors all argue for a "moderate" rating for the risk of external debt distress.

13. The risk of debt distress for overall public debt remains "moderate", as the PV of debt-to-GDP ratio breaches its threshold of 70 percent before 2032 under a standard stress test. This ratio is driven by growing domestic borrowing at high interest rates in the absence of concessional external finance. Over time, the interest payments become an accelerating driver of financing needs and an important contributor to automatic debt dynamics. However, total public debt is still assessed as sustainable since the ratio under the baseline ceases to increase before 2042.

14. Staffs see fiscal space to absorb shocks narrowing. This is due to the rapid deterioration of the total PPG debt in the near term, and the breach of the threshold under a standard stress test by 2026 indicates that the Kyrgyz Republic needs urgent fiscal consolidation. Moreover, the envisaged domestic financing for the foreseeable future creates additional risks to the economy as it could crowd out lending to the private sector and constrain delivery of public services.

15. The authorities need to take decisions in the near term to reduce the fiscal deficit; strengthen public debt and expenditure management; and improve the business climate. To keep public debt sustainable, the primary deficit should be reduced under 1 percent of GDP in the medium term from the projected 2.4 percent. Additional fiscal space can be created by lowering the wage bill and energy subsidies, prioritizing other expenditure, and improving tax policy and administration to raise more revenue. To meet the country's growing spending needs on health and education, infrastructure, and social assistance without undermining debt sustainability, further efforts are needed to strengthen public debt management; and public investment management to contain contingent liabilities and spur growth; and raise spending efficiency. These efforts would strengthen engagement with donors and help mobilize additional concessional financing. Equally important are structural reforms to improve the business environment and strengthen the competitiveness of Kyrgyz exports over the medium and long term.

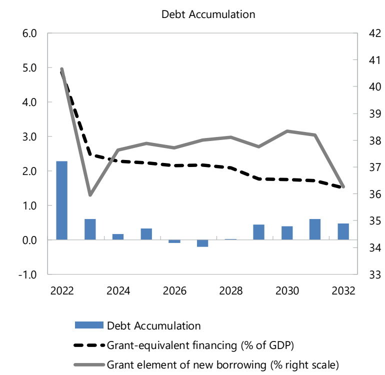
AUTHORITIES' VIEWS

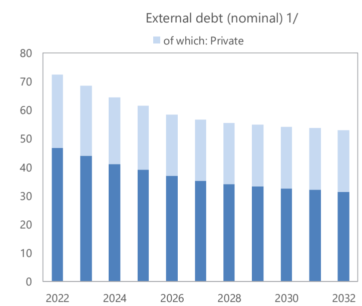
16. The authorities broadly shared the views of Bank and Fund staff. They noted that they have a nominal debt ceiling of 70 percent of GDP, and reiterated their commitment to adhere to it. Their medium-term budget projections assume a continuous increase in budget revenue leading to surpluses and reduced borrowing needs, consistent with their debt rule. However, they recognized the challenges to debt sustainability in the event of a laxer fiscal stance, including the increased cost of borrowing domestically, the shallowness of the domestic debt market, and the limited external concessional financing options.

Table 1. Kyrgyz Republic: External Debt Sustainability Framework, Baseline Scenario, 2019-2042
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032	2042	Historical	Projections
External debt (nominal) 1/	**72.8**	**87.4**	**77.1**	**72.2**	**68.5**	**64.4**	**61.5**	**58.4**	**56.6**	**52.9**	**48.9**	**81.3**	**59.3**
of which: public and publicly guaranteed (PPG)	**43.3**	**57.9**	**50.6**	**46.7**	**44.0**	**40.9**	**39.0**	**36.9**	**35.1**	**31.4**	**27.3**	**51.0**	**36.9**
Change in external debt	-3.7	14.6	-10.3	-4.9	-3.7	-4.1	-2.9	-3.1	-1.8	-0.7	-0.6		
Identified net debt-creating flows	**3.1**	**12.8**	**-5.7**	**21.0**	**3.6**	**2.3**	**1.2**	**0.7**	**0.3**	**-1.8**	**0.3**	**4.2**	**1.9**
Non-interest current account deficit	**11.5**	**-5.7**	**7.9**	**28.1**	**10.0**	**9.5**	**8.5**	**8.0**	**7.6**	**5.1**	**5.0**	**10.2**	**9.0**
Deficit in balance of goods and services	28.9	20.7	30.9	41.6	21.9	21.1	19.6	18.6	17.8	16.7	21.7	**34.6**	**20.2**
Exports	35.2	31.4	38.6	43.7	47.5	47.5	46.6	46.4	46.6	44.6	42.8		
Imports	64.1	52.1	69.5	85.3	69.4	68.6	66.2	65.0	64.4	61.4	64.5		
Net current transfers (negative = inflow)	-25.6	-28.8	-29.5	-20.3	-18.6	-18.2	-17.7	-17.3	-16.9	-18.3	-21.0	**-28.7**	**-18.0**
of which: official	-1.3	-1.0	-0.7	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other current account flows (negative = net inflow)	8.2	2.4	6.6	6.8	6.8	6.6	6.7	6.7	6.7	6.7	4.4	**4.2**	**6.7**
Net FDI (negative = inflow)	**-3.8**	**7.5**	**-6.6**	**-4.1**	**-4.8**	**-5.3**	**-5.5**	**-5.5**	**-5.5**	**-5.5**	**-3.3**	**-4.2**	**-5.3**
Endogenous debt dynamics 2/	**-4.6**	**11.0**	**-7.0**	**-3.1**	**-1.7**	**-1.9**	**-1.9**	**-1.8**	**-1.7**	**-1.4**	**-1.5**		
Contribution from nominal interest rate	0.6	0.9	0.7	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4		
Contribution from real GDP growth	-3.3	7.1	-3.0	-3.6	-2.3	-2.5	-2.4	-2.3	-2.2	-1.9	-1.9		
Contribution from price and exchange rate changes	-1.9	2.9	-4.8	...	...	...	...	...	...	...	...		
Residual 3/	**-6.8**	**1.8**	**-4.7**	**-25.9**	**-7.3**	**-6.4**	**-4.1**	**-3.8**	**-2.1**	**1.1**	**-0.9**	**-3.9**	**-4.1**
of which: exceptional financing	0.1	-0.2	-0.5	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	**...**	**...**	**35.7**	**32.3**	**29.3**	**27.8**	**26.4**	**24.7**	**23.1**	**19.9**	**18.3**		
PV of PPG external debt-to-exports ratio	**...**	**...**	**92.5**	**73.8**	**61.8**	**58.6**	**56.5**	**53.1**	**49.6**	**44.6**	**42.7**		
PPG debt service-to-exports ratio	**5.7**	**9.1**	**6.2**	**7.4**	**6.8**	**6.6**	**6.1**	**6.8**	**6.9**	**4.4**	**3.7**		
PPG debt service-to-revenue ratio	**6.6**	**9.9**	**7.5**	**8.7**	**9.1**	**8.8**	**8.1**	**9.0**	**9.3**	**5.7**	**4.8**		
Gross external financing need (Million of U.S. dollars)	1367.0	818.7	727.3	3088.4	1281.0	1209.3	1120.0	1169.7	1182.4	838.8	1885.7		
Key macroeconomic assumptions													
Real GDP growth (in percent)	3.8	-8.6	3.7	5.5	3.5	3.8	4.0	4.0	4.0	3.7	4.0	**3.0**	**4.0**
GDP deflator in US dollar terms (change in percent)	2.5	-3.9	5.8	11.6	8.2	2.2	2.7	2.5	1.7	1.0	1.0	**0.5**	**3.1**
Effective interest rate (percent) 4/	0.9	1.1	0.9	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	**0.8**	**0.9**
Growth of exports of G&S (US dollar terms, in percent)	13.8	-21.8	35.0	33.3	21.8	6.1	4.9	6.0	6.4	3.7	4.8	**1.7**	**9.0**
Growth of imports of G&S (US dollar terms, in percent)	-3.8	-28.7	46.3	44.6	-8.9	4.9	3.1	4.6	4.9	4.5	5.7	**4.2**	**6.6**
Grant element of new public sector borrowing (in percent)	...	...	...	40.7	35.9	37.6	37.9	37.7	38.0	36.3	33.2	**...**	**37.9**
Government revenues (excluding grants, in percent of GDP)	30.3	28.9	32.1	37.2	35.3	35.7	35.3	35.0	34.7	33.9	33.4	**31.4**	**35.0**
Aid flows (in Million of US dollars) 5/	195.0	154.3	162.4	402.3	300.7	310.3	323.6	330.3	354.4	313.4	386.0		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	4.9	2.5	2.3	2.2	2.2	2.2	1.5	1.3	**...**	**2.3**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	57.0	51.6	54.4	54.5	54.1	53.7	51.3	50.9	**...**	**52.9**
Nominal GDP (Million of US dollars)	8,872	7,792	8,549	10,061	11,274	11,967	12,778	13,615	14,408	18,331	29,888		
Nominal dollar GDP growth	7.3	-12.2	9.7	17.7	12.1	6.2	6.8	6.6	5.8	4.7	5.0	**3.6**	**7.2**
Memorandum items:													
PV of external debt 7/	...	...	62.2	57.8	53.9	51.3	48.9	46.2	44.6	41.4	39.8		
In percent of exports	...	...	161.2	132.2	113.4	108.1	104.8	99.6	95.7	92.8	93.0		
Total external debt service-to-exports ratio	21.9	27.8	18.4	15.2	12.8	12.4	12.3	13.0	13.2	11.0	10.7		
PV of PPG external debt (in Million of US dollars)			3052.6	3247.4	3308.7	3327.9	3367.7	3356.3	3328.8	3646.3	5464.6		
(PVt-PVt-1)/GDPt-1 (in percent)				2.3	0.6	0.2	0.3	-0.1	-0.2	0.5	0.6		
Non-interest current account deficit that stabilizes debt ratio	15.2	-20.3	18.3	33.0	13.8	13.6	11.5	11.1	9.3	5.8	5.6		

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





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.

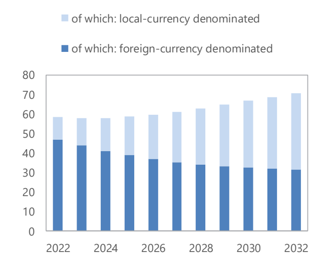
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

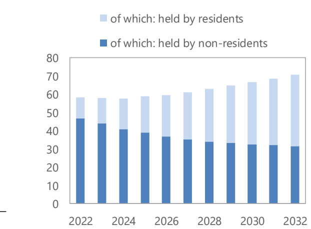
Table 2. Kyrgyz Republic: Public Sector Debt Sustainability Framework, Baseline Scenario, 2019-2042
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032	2042	Historical	Projections
Public sector debt 1/	51.6	67.6	60.8	58.3	57.9	57.7	58.7	59.6	60.9	70.6	77.3	57.1	62.4
of which: external debt	43.3	57.9	50.6	46.7	44.0	40.9	39.0	36.9	35.1	31.4	27.3	51.0	36.9
Change in public sector debt	-3.2	16.0	-6.8	-2.5	-0.4	-0.2	1.0	0.9	1.4	2.0	-0.3		
Identified debt-creating flows	-4.8	13.0	-7.6	0.1	0.8	0.9	1.2	1.1	1.2	1.7	-0.6	0.4	1.2
Primary deficit	-0.8	2.3	0.0	4.2	3.5	2.9	2.7	2.4	2.4	2.0	-0.4	2.1	2.6
Revenue and grants	32.5	30.8	34.0	39.6	36.5	36.8	36.3	36.1	35.8	34.6	34.1	33.6	36.0
of which: grants	2.2	2.0	1.9	2.4	1.2	1.1	1.1	1.0	1.0	0.7	0.7		
Primary (noninterest) expenditure	31.7	33.1	33.9	43.8	40.0	39.7	39.1	38.5	38.1	36.6	33.7	35.7	38.7
Automatic debt dynamics	-3.9	10.8	-9.4	-5.2	-2.7	-2.0	-1.5	-1.4	-1.1	-0.3	-0.2		
Contribution from interest rate/growth differential	-4.0	6.0	-4.3	-5.2	-2.7	-2.0	-1.5	-1.4	-1.1	-0.3	-0.2		
of which: contribution from average real interest rate	-1.6	1.2	-1.8	-2.1	-0.7	0.2	0.7	0.9	1.2	2.1	2.8		
of which: contribution from real GDP growth	-2.4	4.9	-2.4	-3.2	-2.0	-2.1	-2.2	-2.3	-2.3	-2.4	-3.0		
Contribution from real exchange rate depreciation	0.1	4.7	-5.2	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	-0.1	0.0	1.8	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.1
Privatization receipts (negative)	-0.1	0.0	1.8	1.1	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		
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)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	1.6	3.0	0.8	-2.6	-1.2	-1.1	-0.3	-0.2	0.1	0.3	0.3	0.7	-0.3
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	46.0	44.1	44.4	45.0	46.5	47.7	49.3	59.4	68.5		
PV of public debt-to-revenue and grants ratio	...	...	135.6	111.6	121.8	122.4	127.8	132.3	137.8	171.6	200.9		
Debt service-to-revenue and grants ratio 3/	6.2	9.3	7.1	9.8	14.3	15.6	16.2	17.8	18.9	17.8	19.9		
Gross financing need 4/	1.1	5.1	4.2	9.2	8.8	8.6	8.6	8.8	9.1	8.1	6.4	2.3	
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	3.8	-8.6	3.7	5.5	3.5	3.8	4.0	4.0	4.0	3.7	4.0	3.0	4.0
Average nominal interest rate on external debt (in percent)	1.5	1.8	1.4	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.6	1.4	1.4
Average real interest rate on domestic debt (in percent)	-3.8	-6.0	-13.7	-5.9	-3.7	3.5	6.0	6.1	6.7	6.6	6.1	-6.1	4.3
Real exchange rate depreciation (in percent, + indicates depreciation)	0.7	9.6	-9.3	...	...	...	...	...	...	...	...	0.9	...
Inflation rate (GDP deflator, in percent)	3.4	6.4	15.8	12.7	13.4	7.8	5.8	5.5	4.8	4.0	4.0	6.5	6.4
Growth of real primary spending (deflated by GDP deflator, in percent)	3.5	-4.6	6.3	36.2	-5.4	3.0	2.4	2.3	3.1	2.2	3.1	2.3	5.2
Primary deficit that stabilizes the debt-to-GDP ratio 5/	2.4	-13.8	6.8	6.8	4.0	3.0	1.8	1.5	1.0	0.0	-0.1	1.0	1.3
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?	**No**

Public sector debt 1/





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central, state, and local governments, central bank, government-guaranteed 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.

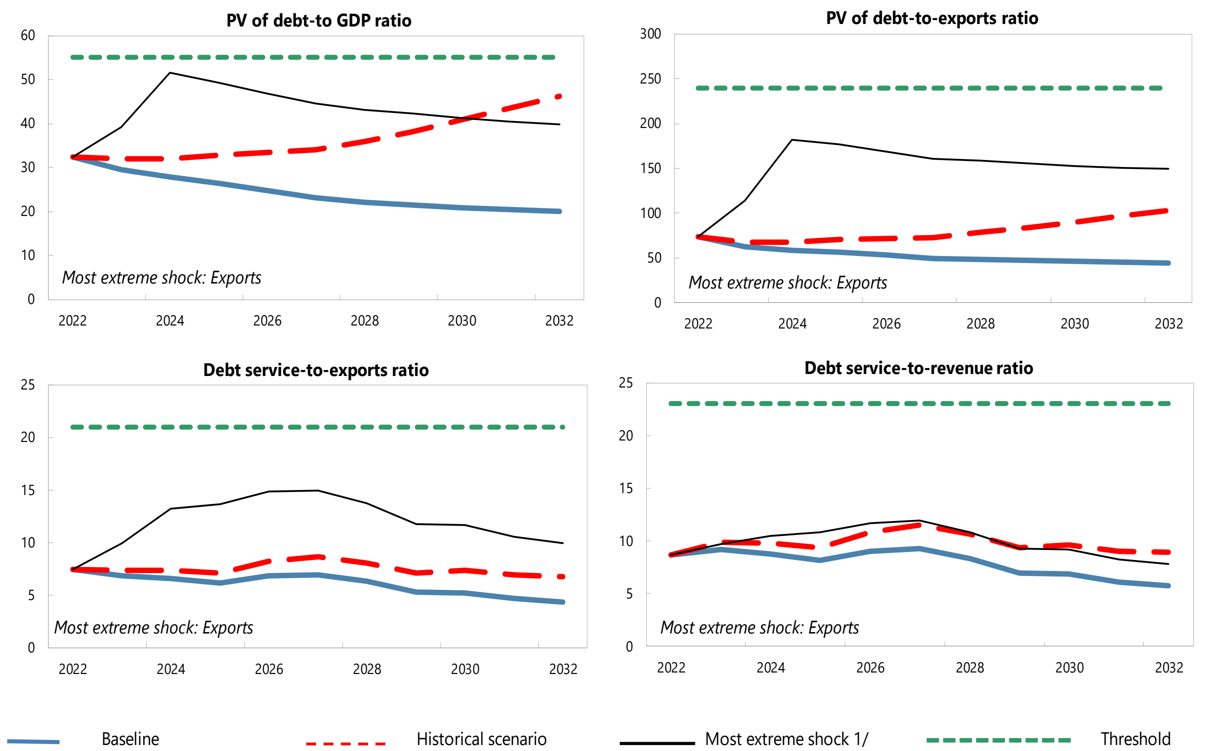
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

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 1. Kyrgyz Republic: Indicators of Public and Publicly Guaranteed External Debt under Alternative Scenarios, 2022–2032



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

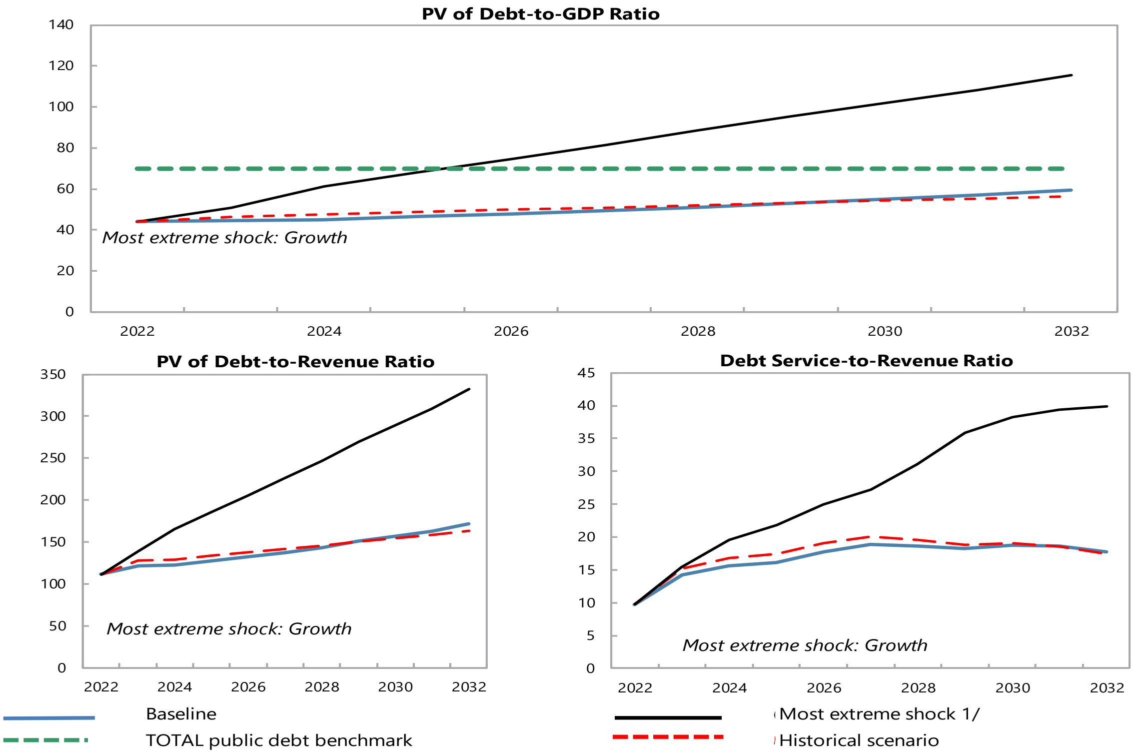
Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.7%	1.7%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	373	50
Avg. grace period	352	10

* 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 2032. 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 2. Kyrgyz Republic: Indicators of Public Debt Under Alternative Scenarios, 2022-2032



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	37%	37%
Domestic medium and long-term	57%	57%
Domestic short-term	6%	6%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.7%	1.7%
Avg. maturity (incl. grace period)	373	50
Avg. grace period	352	10
Domestic MLT debt		
Avg. real interest rate on new borrowing	4.9%	4.9%
Avg. maturity (incl. grace period)	5	5
Avg. grace period	4	4
Domestic short-term debt		
Avg. real interest rate	1.5%	1.5%

* 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 2032. 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. Kyrgyz Republic: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2022–2032

	Projections 1/										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
PV of debt-to GDP ratio											
Baseline	32	29	28	26	25	23	22	21	21	20	20
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	32	32	32	33	33	34	36	38	41	43	46
B. Bound Tests											
B1. Real GDP growth	32	32	33	31	29	28	26	26	25	24	24
B2. Primary balance	32	30	29	27	26	24	23	23	22	22	21
B3. Exports	32	39	52	49	47	45	43	42	41	40	40
B4. Other flows 3/	32	34	37	35	33	32	30	30	29	28	28
B5. Depreciation	32	37	32	30	28	26	25	24	23	23	22
B6. Combination of B1-B5	32	41	44	42	40	38	36	36	35	34	33
C. Tailored Tests											
C1. Combined contingent liabilities	32	31	29	28	26	25	24	24	23	23	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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	55	55	55	55	55	55	55	55	55	55	55
PV of debt-to-exports ratio											
Baseline	74	62	59	57	53	50	49	47	46	45	45
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	74	67	67	70	72	73	79	84	90	97	103
B. Bound Tests											
B1. Real GDP growth	74	62	59	57	53	50	49	47	46	45	45
B2. Primary balance	74	63	60	59	55	52	51	50	49	48	48
B3. Exports	74	114	182	177	169	160	159	155	152	151	149
B4. Other flows 3/	74	72	78	76	72	68	67	65	64	63	62
B5. Depreciation	74	62	53	51	48	44	43	42	41	40	39
B6. Combination of B1-B5	74	106	82	120	114	108	106	104	102	100	99
C. Tailored Tests											
C1. Combined contingent liabilities	74	65	62	60	57	53	53	52	51	50	50
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	240	240	240	240	240	240	240	240	240	240	240
Debt service-to-exports ratio											
Baseline	7	7	7	6	7	7	6	5	5	5	4
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	7	7	7	7	8	9	8	7	7	7	7
B. Bound Tests											
B1. Real GDP growth	7	7	7	6	7	7	6	5	5	5	4
B2. Primary balance	7	7	7	6	7	7	6	5	5	5	4
B3. Exports	7	10	13	14	15	15	14	12	12	11	10
B4. Other flows 3/	7	7	7	7	7	7	7	6	6	5	5
B5. Depreciation	7	7	7	6	7	7	6	5	5	5	4
B6. Combination of B1-B5	7	9	11	10	11	11	10	9	9	8	7
C. Tailored Tests											
C1. Combined contingent liabilities	7	7	7	6	7	7	6	5	5	5	5
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	21	21	21	21	21	21	21	21	21	21	21
Debt service-to-revenue ratio											
Baseline	9	9	9	8	9	9	8	7	7	6	6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	9	10	10	9	11	12	11	9	10	9	9
B. Bound Tests											
B1. Real GDP growth	9	10	10	10	11	11	10	8	8	7	7
B2. Primary balance	9	9	9	8	9	9	8	7	7	6	6
B3. Exports	9	10	10	11	12	12	11	9	9	8	8
B4. Other flows 3/	9	9	9	9	10	10	9	8	8	7	6
B5. Depreciation	9	11	11	10	11	11	10	8	8	7	7
B6. Combination of B1-B5	9	10	11	10	11	12	10	9	9	8	7
C. Tailored Tests											
C1. Combined contingent liabilities	9	9	9	8	9	9	8	7	7	6	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.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	23	23	23	23	23	23	23	23	23	23	23

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. Kyrgyz Republic: Sensitivity Analysis for Key Indicators of Public Debt, 2022–2032

	Projections 1/										
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
	PV of Debt-to-GDP Ratio										
Baseline	44	44	45	46	48	49	51	53	55	57	59
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	44	47	48	49	50	51	52	53	54	55	57
B. Bound Tests											
B1. Real GDP growth	44	51	61	68	**75**	**81**	**88**	**95**	**102**	**108**	**115**
B2. Primary balance	44	46	48	50	51	52	54	56	58	60	62
B3. Exports	44	52	64	65	65	67	68	70	**72**	**73**	**75**
B4. Other flows 3/	44	49	54	55	56	58	60	62	63	65	67
B5. Depreciation	44	50	47	47	46	46	46	47	47	47	48
B6. Combination of B1-B5	44	45	47	48	50	51	54	56	59	61	63
C. Tailored Tests											
C1. Combined contingent liabilities	44	50	50	52	53	54	56	58	60	62	64
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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.
TOTAL public debt benchmark	70	70	70	70	70	70	70	70	70	70	70
	PV of Debt-to-Revenue Ratio										
Baseline	111	122	122	128	132	138	144	151	157	163	171
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	111	127	129	134	138	142	146	151	154	158	163
B. Bound Tests											
B1. Real GDP growth	111	138	166	186	206	226	247	270	289	309	332
B2. Primary balance	111	126	131	136	141	146	152	159	165	171	179
B3. Exports	111	143	173	178	181	186	191	199	204	210	218
B4. Other flows 3/	111	135	148	153	156	162	167	175	181	186	195
B5. Depreciation	111	136	128	129	128	128	129	133	134	136	140
B6. Combination of B1-B5	111	123	127	132	137	144	151	160	167	174	183
C. Tailored Tests											
C1. Combined contingent liabilities	111	137	137	143	147	152	157	164	170	176	184
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	10	14	16	16	18	19	19	18	19	19	18
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2022-2032 2/	10	15	17	17	19	20	20	19	19	19	17
B. Bound Tests											
B1. Real GDP growth	10	15	20	22	25	27	31	36	38	39	40
B2. Primary balance	10	14	16	17	19	20	21	21	20	19	19
B3. Exports	10	14	16	18	19	20	20	20	20	20	19
B4. Other flows 3/	10	14	16	17	18	20	19	19	19	19	18
B5. Depreciation	10	15	17	17	19	20	19	16	19	18	17
B6. Combination of B1-B5	10	14	16	16	18	19	19	19	20	20	20
C. Tailored Tests											
C1. Combined contingent liabilities	10	14	18	18	19	20	27	21	20	20	19
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	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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.

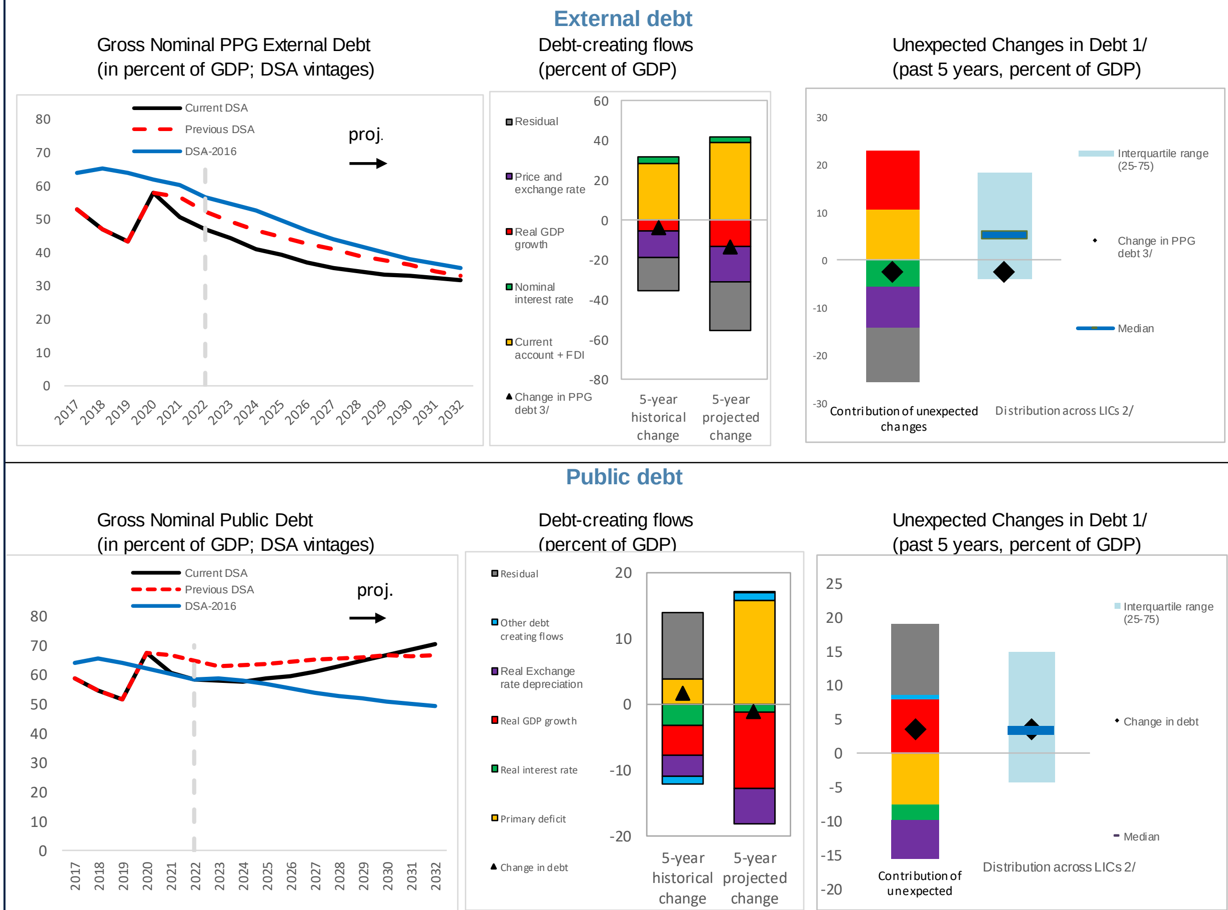
Sources: Country authorities; and staff estimates and projections.

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.

Figure 3. Kyrgyz Republic: Drivers of Debt Dynamics—Baseline Scenario



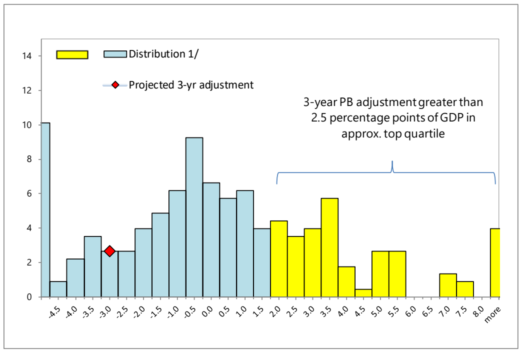
1/ Difference between anticipated and actual contributions on debt ratios.

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.

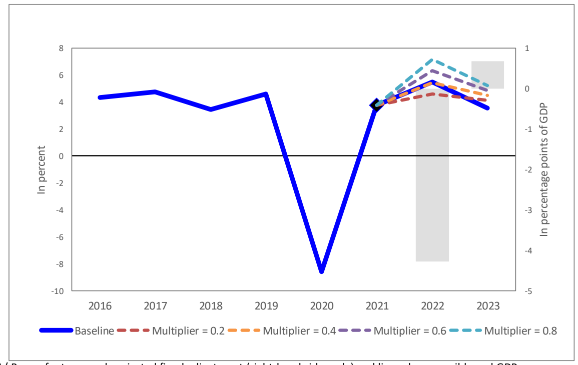
Figure 4. Kyrgyz Republic: Realism Tools

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.

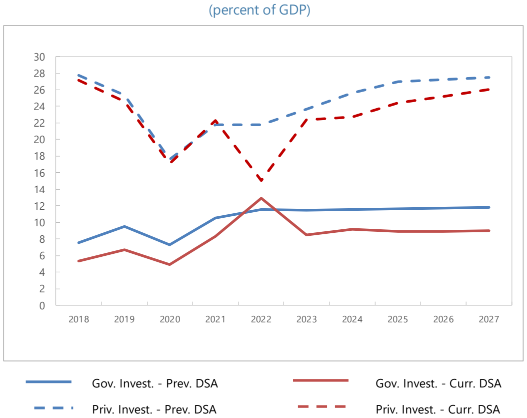
Fiscal Adjustment and Possible Growth Paths 1/



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)