

Table 2b. Papua New Guinea: Sensitivity Analysis for Key Indicators of Public Debt 2015–2035

	Projections							
	2015	2016	2017	2018	2019	2020	2025	2035
PV of Debt-to-GDP Ratio								
Baseline	58	54	50	47	45	44	41	25
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	58	48	43	41	39	37	17	-4
A2. Primary balance is unchanged from 2015	58	55	57	63	67	71	79	98
A3. Permanently lower GDP growth 1/	58	53	52	54	55	55	53	49
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2016-20	58	52	51	52	52	51	43	21
B2. Primary balance is at historical average minus one standard deviations in 2016-201	58	55	57	58	58	57	49	29
B3. Combination of B1-B2 using one half standard deviation shocks	58	51	50	51	50	49	39	14
B4. One-time 30 percent real depreciation in 2016	58	67	65	67	66	65	56	34
B5. 10 percent of GDP increase in other debt-creating flows in 2016	58	60	59	61	60	59	52	31
PV of Debt-to-Revenue Ratio 2/								
Baseline	240	215	194	181	172	173	141	92
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	240	187	166	160	151	142	61	-17
A2. Primary balance is unchanged from 2015	240	214	218	240	257	271	270	364
A3. Permanently lower GDP growth 1/	240	205	199	208	210	209	179	180
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2016-20	240	201	193	199	197	194	146	79
B2. Primary balance is at historical average minus one standard deviations in 2016-201	240	213	215	222	221	217	169	106
B3. Combination of B1-B2 using one half standard deviation shocks	240	199	190	194	191	186	133	51
B4. One-time 30 percent real depreciation in 2016	240	260	249	256	253	247	193	128
B5. 10 percent of GDP increase in other debt-creating flows in 2016	240	235	226	232	231	226	177	114
Debt Service-to-Revenue Ratio 2/								
Baseline	38	41	30	30	30	30	19	12
A. Alternative scenarios								
A1. Real GDP growth and primary balance are at historical averages	38	39	28	23	23	21	7	-1
A2. Primary balance is unchanged from 2015	38	41	31	35	37	38	29	42
A3. Permanently lower GDP growth 1/	38	41	31	31	32	31	22	21
B. Bound tests								
B1. Real GDP growth is at historical average minus one standard deviations in 2016-20	38	40	30	30	30	29	18	10
B2. Primary balance is at historical average minus one standard deviations in 2016-201	38	41	31	34	36	31	20	13
B3. Combination of B1-B2 using one half standard deviation shocks	38	40	29	29	30	27	17	7
B4. One-time 30 percent real depreciation in 2016	38	44	35	36	37	35	22	17
B5. 10 percent of GDP increase in other debt-creating flows in 2016	38	41	32	42	33	34	21	14

Sources: Country authorities; and staff estimates and projections.

1/ Assumes that real GDP growth is at baseline minus one standard deviation divided by the square root of the length of the projection period.

2/ Revenues are defined inclusive of grants.