

Update of the “Public finance sector debt management strategy in the years 2024-2027” approved by the Council of Ministers on September 27, 2023

Update of the “Public finance sector debt management strategy in the years 2024-2027” includes an update to the public debt forecasts for 2023-2024 covered by this Strategy. Currently, there is work ongoing to prepare government plans implementing the announcements made in Prime Minister Donald Tusk's expose, the implementation of which will take into account the fiscal framework for the general government deficit. The full implementation of these plans in medium term macroeconomic and fiscal forecasts, including public debt forecasts, will be possible in the Update of the Convergence Program, the draft of which the Minister of Finance will present to the Council of Ministers in April 2024.

The assumptions on the implementation of the Strategy's objective, which is minimization of the long-term debt servicing costs, subject to the adopted risk constraints, and the Strategy's tasks, i.e. to ensure the liquidity, efficiency and transparency of the Treasury Securities market and the liquidity of the state budget, remain valid.

The public debt forecasts for 2023-2024 presented in this update of the "Public Finance Sector Debt Management Strategy in the years 2024-2027" are consistent with the draft budget act for 2024.

Table. Forecasts of the public debt and debt servicing costs*

Item	2022	2023	2024
1. State Treasury debt			
a) PLN bn	1 238.5	1 352.4	1 614.2
- domestic	949.8	1 052.8	1 246.0
- foreign	288.7	299.6	368.1
b) GDP %	40.4	39.3	42.8
2. Public debt			
a) PLN bn	1 209.5	1 346.8	1 602.3
b) GDP %	39.4	39.1	42.5
3. The amount specified in the article 38a (3) of the Public Finance Act **			
a) PLN bn	1 090.0	1 280.9	1 552.7
b) GDP %	35.5	37.2	41.2
4. General government debt			
a) PLN bn	1 512.2	1 697.1	2 041.9
b) GDP %	49.3	49.3	54.2
5. State Treasury debt servicing costs (cash basis)			
a) PLN bn	32.7	62.0	66.5
- domestic	27.7	54.7	57.0
- foreign	5.0	7.3	9.5
b) GDP %	1.07%	1.80%	1.76%

*) Current exchange rates (NBP fixing as of 15/12/2023) were used for the 2023 - 2024 forecast.

***) The amount of public debt recalculated using the yearly arithmetic average of foreign currency exchange rates announced by the National Bank of Poland for the year concerned and reduced by the amount of liquid funds for financing the borrowing requirements of the State budget in the following fiscal year.*

Under the adopted assumptions, at the end of 2023, the public debt-to-GDP ratio will decline to 39.1%, and then increase to 42.5% in 2024, remaining safely below the prudential threshold of 55% set forth in the Public Finance Act.

The general government debt (according to the EU definition) to GDP ratio will remain at 49.3% in 2023, followed by an increase to 54.2% in 2024. This means that the 60% reference value of the EDP debt-to-GDP ratio will not be exceeded.

The limit of ST debt servicing costs as assumed in the draft Budget Act for 2024 is PLN 66.5 billion, i.e. 1.76% of GDP.