Annex 2:

St. Petersburg Fiscal Templates – *G-20 Emerging Market Economies*

ARGENTINA

1. **Medium-term fiscal strategy *(required for advanced economies)*:**
   a. **Overall strategy for debt sustainability**
      (…)
   b. **Debt-to-GDP ratio objective**
      (…)
   c. **Intermediate objectives**
      (…)
   d. **Expenditure and revenue reforms**
      (…)
   e. **Reforms to strengthen the fiscal framework**
      (…)

2. **Medium-term projections *(required for all members)*:**

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Gross Debt	44.9	46.3	45.0	42.6	40.0	36.5
Net Debt	18.8	17.7	15.7	14.9	14.0	12.7
Deficit	-2.6	-3.2	-2.8	-2.3	-1.6	-0.8
Primary Bal.	-0.2	-1.5	-0.9	-0.3	0.1	1.0
CAPB						

3. **Economic Assumptions *(required for all members)*:**

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for inflation and growth:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
real GDP growth	1.9	4.8	4.4	4.3	4.0	4.0
nominal GDP growth	17.5	23.1	19.4	17.9	17.3	17.1
ST interest rate						
LT interest rate						

St. Petersburg Fiscal Template - BRAZIL

1. **Medium-term fiscal strategy:**

   a. **Overall strategy for debt sustainability**
   (...)
   b. **Debt-to-GDP ratio objective**
   (...)
   c. **Intermediate objectives**
   (...)
   d. **Expenditure and revenue reforms**
   (...)
   e. **Reforms to strengthen the fiscal framework**
   (...)

2. **Medium-term projections:**

Brazil's medium-term projections for the debt-to-GDP ratio, deficit, and cyclically-adjusted primary balance (where applicable) beyond 2016 are:

	Estimate	*Projections – General Government*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Gross Debt %	58,7	57,8	54,8	52,5	50,9	n.a.
Net Debt %	35,9	35,4	33,2	31,3	29,7	n.a.
Nominal Deficit %	3,0	2,4	1,2	0,9	0,9	n.a.
*Primary Surplus %	2,5	2,2	3,0	3,0	3,0	n.a.
CAPB	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

**Note: Percentages for the primary balance, as well as the other fiscal statistics, are for the General Government. The primary balance percentages for the Non-financial Consolidated Public Sector are 2.3%, 3.1%, 3.1% and 3.1%, respectively for 2013, 2014, 2015 and 2016.*

3. **Economic Assumptions :**

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for interest rates, inflation and growth:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Real GDP growth %	0,9	3,0	4,5	5,0	4,5	n.a.
Nominal GDP growth %	6,3	10,7	10,6	10,6	9,5	n.a.
ST interest rate (3 month T-bill) %	7,1	7,4	7,4	7,4	7,4	n.a.
LT interest rate (10 year T-bond) %	9,4	8,6	8,7	8,7	8,7	n.a.

CHINA

1. **Medium-term fiscal strategy:**

   a. **Overall strategy for debt sustainability**
   (…)
   b. **Debt-to-GDP ratio objective**
   (…)
   c. **Intermediate objectives**
   (…)
   d. **Expenditure and revenue reforms**
   (…)
   e. **Reforms to strengthen the fiscal framework**
   (…)

2. **Medium-term projections:**

China's medium-term projections for the debt-to-GDP ratio, deficit, and cyclically-adjusted primary balance (where applicable) beyond 2016 are:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Debt	14.9	15.8	16.5	17.2	N/A	N/A
Deficit	-1.5	-2.0	-2.1	-2.3	N/A	N/A
CAPB	N/A	N/A	N/A	N/A	N/A	N/A

* All projections are provided by academic institutions and are not official.

3. **Economic Assumptions**:

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for interest rates, inflation and growth:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
real GDP growth	7.8	7.6	7.5	7.3	N/A	N/A
nominal GDP growth	9.8	9.4	10.5	10.3	N/A	N/A
ST interest rate(3 month T-bill)	3.04	N/A	N/A	N/A	N/A	N/A
LT interest rate(10 year T-bond)	3.45	N/A	N/A	N/A	N/A	N/A

* All projections are provided by academic institutions and are not official.

INDIA

1. **Medium-term fiscal strategy:**

   a. **Overall strategy for debt sustainability**
   (…)

   b. **Debt-to-GDP ratio objective**
   (…)

   c. **Intermediate objectives**
   (…)

   d. **Expenditure and revenue reforms**
   (…)

   e. **Reforms to strengthen the fiscal framework**
   (…)

2. **Medium-term projections:**

India's medium-term projections for the debt-to-GDP ratio, deficit, and cyclically-adjusted primary balance (where applicable) beyond 2016 are:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Debt	46.1	45.9	45.7	44.3	42.3	n.a
Deficit	5.7	5.2	4.8	4.2	3.6	n.a
CAPB	n.a	n.a	n.a	n.a	n.a	n.a

3. **Economic Assumptions**:

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for interest rates, inflation and growth:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
real GDP growth	5.0	6.5	7.5	8.0	8.6	8.6
nominal GDP growth	13.3	13.4	14.0	14.5	15.0	15.0
ST interest rate	n.a	n.a	n.a	n.a	n.a	n.a
LT interest rate	n.a	n.a	n.a	n.a	n.a	n.a

INDONESIA

1. Medium-term fiscal strategy:

a. Overall strategy for debt sustainability

1. To improve the flexibility of loan financing with relatively low-cost and controllable risk debt instruments;

2. State General Treasury Budget Section of the Government Loan Management collects loan interest payment as debt services that must be complied with by the Government for the withdraw of loans in the past. This interest payment is an instrument to maintain economic stability from which the investors, foreign and domestic creditors, and other international agencies can assess the credibility of the Government from its capacity in complying with the debt services in timely fashion.

Tthe type of Governmnet Bond (SBN) instrument to be issued refers to debt management strategies of either annual strategy or medium-term strategy which aims: (1) to minimize debt risks, especially relating to exchange rate fluctuation, (2) to develop domestic financial market, and (3) to set benchmark for the emission of private bonds in domestic markets.

b. Debt-to-GDP ratio objective

1. Decreasing debt ratio to GDP at controllable;
2. To achieve debt ratio to GDR at 21 - 23 percent by end of 2013.

c. Intermediate objectives

During this period, the targets and directions and macroeconomic framework and fiscal policies will be at all times directed to assure the realization of national development targets, i.e.: (a) people welfare with quality economic growth; (b) high and sustainable economic growth; and (c) solid economic stability. In addition, the projection of state budget (APBN) posture in medium term refers to fiscal targets as prescribed in Medium-Term and Long-Term National Development Plan respectively.

d. Expenditure and revenue reforms

In terms of revenue, this medium-term policy is directed to optimize revenue while maintaining investment climate and business world sustainability. The Government will continually attempt to increase tax ratio. It will be pursued with tax base expansion and tax administration reform. In line with the prediction of boltering national economic growth performance, in medium-term, tax revenue, in nominal term, is expected to grow higher than its natural rate. On the other side, PNBP (Non-Tax Revenue) is also predicted to steadily increase, notably those coming from SOE profit sharing to the Government, thanks to the improving performance of SOEs and natural oil and gas resources.

In terms of expenditure, for the medium-term period, the Government will further enhance the quality of Government spendings to create more productive, anticipative and responsive expenditures. It is to respond economic upheavals, to address the challenges and at the same time to optimize the realization of development targets set by the Government. In tandem with this approach, the Government expenditure policy in medium-term will be directed to, among other things, (1) maintain the purchasing power of people and enhancing the qualityof public services to reach bureaucracy efficiency and to fortify competitiveness, (b) maintain economic stability with price stabilization of basic commodities, stable politics coupled with fair, honest and transparent democratization, and advocate national stability through the realization of minimum essential force (MEF), (c) fortify competitiveness to boost inclusive and sustanaibale growth, and to reinfoce domestic economy with, such as, MP3EI, (d) enhance the efficiency of expenditure structure with the reallocation of unproductive spendings to productive activities, including the limitation of unproductive activities, subsidy redesign to be more efficient and well-targeted, (e) anticipate the uncertainty with the allocation of fiscal risk reserve; (f) enhance effectiveness of and expand poverty alleviation programs with, *inter alia*, MP3KI, and (g) reduce vertical and horizontal imbalances, and strengthen the self-reliance of regions. Through such full range of initiatives, it is expected that the Government expenditure become more productive and efficient and in turn will promote economic efficiency and strengthen domestic competitiveness in future.

e. **Reforms to strengthen the fiscal framework**

Providing fiscal stimulus for the national economy in controllable and measurable manner to promote investment, and assure the provision of basic services to people. Primary balance will be maintained in a manner that will ensure fiscal sustainability. Consistent with the efforts taken to pursue fiscal targets set in RPJMN 2009 – 2014, the medium-term budget projection 2014 – 2016 is expected to record deficit decrease and even book surplus in 2016.

2. Economic Assumptions :

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for interest rates, inflation and growth:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
real GDP growth	6,23	6,2	6,6	N/A	N/A	N/A
nominal GDP growth	11,0	N/A	N/A	N/A	N/A	N/A
ST interest rate	3,2	5	5	N/A	N/A	N/A
LT interest rate	N/A	N/A	N/A	N/A	N/A	N/A

MEXICO

1. **Medium-term fiscal strategy:**
   - a. **Overall strategy for debt sustainability**
     (…)
   - b. **Debt-to-GDP ratio objective**
     (…)
   - c. **Intermediate objectives**
     (…)
   - d. **Expenditure and revenue reforms**
     (…)
   - e. **Reforms to strengthen the fiscal framework**
     (…)

2. **Medium-term projections:**

Mexico´s medium-term projections for the debt-to-GDP ratio, deficit, and cyclically-adjusted primary balance (where applicable) beyond 2016 are:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Debt*	34.5	34.3	34.1	33.9	33.7	33.4
Deficit*	-2.6	-2.0	-1.9	-1.9	-1.9	-1.8
CAPB	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

*Net government debt

** Includes Pemex's investment.

3. **Economic Assumptions *(required for all members)*:**

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for interest rates, inflation and growth:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
real GDP growth	3.9	1.8	4.0	4.0	4.0	4.0
nominal GDP growth	7.7	5.2	7.6	7.6	7.6	7.6
ST interest rate*	4.2	4.0	4.0	5.0	5.1	5.4
LT interest rate**	5.6	5.0	5.2	5.4	5.5	5.6

* Cetes 28 days

** T-bond 10-year

RUSSIA

1. **Medium-term fiscal strategy:**

   a. **Overall strategy for debt sustainability**

Russia's overall strategy for debt sustainability is multi-pronged encompassing the following:

- Maintaining a low overall debt burden. Currently the debt-to-GDP base is at around 10% of GDP for federal government debt and 31% of GDP for all external debt (both public and private sector). Russian Federation has one of the lowest government debt-to-GDP ratios amongst the G-20 countries;
- Maintenance of tight fiscal policy and moderate budget deficits projected for the medium-term run (0,6-0,8% of GDP in 2013-2015);
- Implementation of new fiscal rule limiting budget revenue vulnerability to volatile oil prices/economic shocks;
- Greater flexibility in exchange rate policy further reduces budget revenue vulnerability to volatile oil prices;
- Targeting increased size of fiscal buffers (Reserve Fund and National Wealth Fund are expected to increase cumulatively from current 8,5% of GDP to 9,1% of GDP in 2015);
- Enhanced monitoring of contingent liabilities including direct (e.g. guarantees) and indirect (state-owned enterprises borrowing);
- Pension reform is expected to reduce long term risks.

In addition to the above common strategic considerations, the Russian Federation has introduced a number of measures aimed at improving the development of the domestic financial market and addressing the issues of its sustainability:

1. Broaden and deepen investor base for the domestic market with the help of the following developments:
   - eliminating OTC trading restrictions for OFZ;
   - initial offering and secondary trading of government-issued OFZs were integrated in a unified exchange trading marketplace;
   - attracting foreign investors by making the domestic government debt securities Euroclearable;
   - introducing T+2 (day of transaction + 2 days) mechanism of transaction settlements in line with international practice, which will enable investors to better manage their cashflows, thereby contributing to a reduction of transaction costs and attracting foreign investors;
2. Focus on domestic borrowings to reduce exchange rate risks;
3. Improve structure of debt portfolio, including increasing government portfolio duration to 5 years during 2013-2015 (4,15 years in the end of 2012), extending maturities of OFZ issued, reducing Russian government bonds' yields;
4. Increasing OFZ market volume and OFZ turnover;
5. Strengthening sovereign credit ratings of the Russian Federation.

   b. **Debt-to-GDP ratio objective**

While the Russian Federation does not have a firm legally-obliged debt-to-GDP ratio limit, the medium term debt policy envisages an indicative sovereign debt-to-GDP “threshold” considered at the maximum level of 20-25%. At the same time in order to limit the risks related to country's dependence on oil and gas revenues the projected level of this ratio for 2013-2015 is not expected to exceed 15%. In addition, the authorities have included enhanced monitoring of private sector external debt as one of the key debt management policy priorities.

2. Medium-term projections:

Russia's medium-term projections for the debt-to-GDP ratio, deficit, and cyclically-adjusted primary balance (where applicable) beyond 2016 are:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Debt	10,4	13,1	13,6	13,4	13,2	12,6
Deficit	-0,06	-0,78	-0,61	-0,69	-0,60	0,23
CAPB	n/a	n/a	n/a	n/a	n/a	n/a

3. Economic Assumptions:

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for interest rates, inflation and growth:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
real GDP growth	3,4	2,4	3,7	4,1	4,2	
nominal GDP growth	12,2	7,9	9,5	10,8	11,3	
ST RUB interest rate	10,0	10,0	9,5	9,0	8,5	
LT interest rate	n/a	n/a	n/a	n/a	n/a	

SAUDI ARABIA

1. Medium-term fiscal strategy

a. **Overall strategy for debt sustainability**

(…)

b. **Debt-to-GDP ratio objective**

(…)

c. **Intermediate objectives**

(…)

d. **Expenditure and revenue reforms**

(…)

e. **Reforms to strengthen the fiscal framework**

(…)

2. Medium-term projections:

Saudi Arabia's medium-term projections for the debt-to-GDP ratio, deficit, and cyclically-adjusted primary balance (where applicable) beyond 2016 are:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Debt	3.7	3.3	2.8	2.4	1.9	2.2
Balance	12.4	7.1	5.2	2.5	1.2	-0.5
CAPB	…	…	…	…	…	…

3. Economic Assumptions:

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for interest rates, inflation and growth:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
real GDP growth	5.1	5.0	4.5	4.4	4.4	4.4
nominal GDP growth	6.2	2.0	2.8	3.9	4.3	4.7
ST interest rate	…	…	…	…	…	…
LT interest rate	…	…	…	…	…	…

TURKEY

1. **Medium-term fiscal strategy:**

   a. **Overall strategy for debt sustainability**
   (…)
   b. **Debt-to-GDP ratio objective**
   (…)
   c. **Intermediate objectives**
   (…)
   d. **Expenditure and revenue reforms**
   (…)
   e. **Reforms to strengthen the fiscal framework**
   (…)

2. **Medium-term projections:**

Turkey's medium-term projections for the debt-to-GDP ratio, deficit, and cyclically-adjusted primary balance (where applicable) beyond 2016 are:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
Debt	36.1	35.0	33.0	31.0		
Deficit	-1.0	-1.5	-1.2	-0.9		
CAPB	1.1	1.3	1.4	1.5		

3. **Economic Assumptions**:

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for interest rates, inflation and growth:

	Estimate	*Projections*				
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
real GDP growth	2.2	4.0	5.0	5.0		
nominal GDP growth	9.2	9.5	10.8	11.1		
ST interest rate	7.4					
LT interest rate	9.1					