

**Erratum to „The Public Finance Sector Debt Management Strategy in the Years 2016-2019” approved by the Council of Ministers on September 29, 2015.**

Erratum to „The Public Finance Sector Debt Management Strategy in the Years 2016-2019” (approved by the Council of Ministers on September 29, 2015) comprises the updated forecasts of public debt for the years 2015-16.

Currently work is being carried out on specifying government plans that implement policies announced by Prime Minister Beata Szydło in her expose. Their execution will take into account fiscal framework regarding to the general government deficit. The full incorporation of these plans into the medium term macroeconomic and fiscal projections, including public debt forecasts, will be possible in the Update of the Convergence Programme, the draft of which is to be presented by the Minister of Finance to the Council of Ministers in April 2016.

The objective of the minimization of the long-term debt servicing costs subject to the adopted risk constraints remain unchanged, as well as the *Strategy’s* tasks, i.e. ensuring liquidity, efficiency and transparency of the Treasury Securities market .

The forecasts for years 2015-16 presented in this erratum to „The Public Finance Sector Debt Management Strategy in the Years 2016-2019” are in line with the assumptions of the draft Budget Act for 2016.

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

Item	2014	2015*	2016**
<b>1. State Treasury debt</b>			
a) PLN bn	779.9	840.7	883.3
- domestic	503.1	544.2	595.4
- foreign	276.9	296.5	287.9
b) in relation to GDP	45.4%	46.8%	46.8%
<b>2. Public debt</b>			
a) PLN bn	826.8	882.9	924.9
b) in relation to GDP	48.1%	49.1%	49.0%
<b>3. The amount specified in article 38a point 3 of the Public Finance Act*****</b>			
a) PLN bn	777.5	853.1	918.6
b) in relation to GDP	45.2%	47.5%	48.6%
<b>4. General government debt</b>			
a) PLN bn	867.1	928.2	974.6
b) in relation to GDP	50.4%	51.7%	51.6%
<b>5. State Treasury debt servicing costs (cash basis)</b>			
a) PLN bn	34.5	29.8	31.8
- domestic	24.8	19.9	21.7
- foreign	9.6	9.8	10.1
b) in relation to GDP	2.0%	1.7%	1.7%

\*) For the purpose of the forecast for 2015 current exchange rates were adopted (NBP middle exchange rates as of December 10, 2015.).

\*\*) For the purpose of the forecast for 2016 exchange rates are consistent with exchange rates assumptions adopted in the draft Budget Act for 2016.

\*\*\*) The amount of public debt recalculated using the yearly average of foreign currency exchange rates for the year concerned and reduced by the value of State budget liquid funds raised to finance the borrowing requirements for the following budget year.

The public debt at the end of 2015 is assumed to amount to PLN 882.9bn in nominal terms, accounting for GDP 49.1%. In 2016 public debt is to reach PLN 924.9bn, i.e. GDP 49.0%.

The ratio to GDP of the amount of public debt recalculated using the yearly average of foreign currency exchange rates for the year concerned and reduced by the value of State budget liquid funds raised to finance the borrowing requirements for the following budget

year is expected to amount to GDP 47.5% at the end of 2015 and GDP 48.6% at the end of 2016.

Under the adopted assumptions the general government debt (EU definition) is expected to amount to GDP 51.7% in 2015 and GDP 51.6% in 2016.

The ratio of the State Treasury debt servicing costs to GDP is assumed to decrease from 2.0% in 2014 to 1.7% in 2015 and stabilize at this level in 2016.