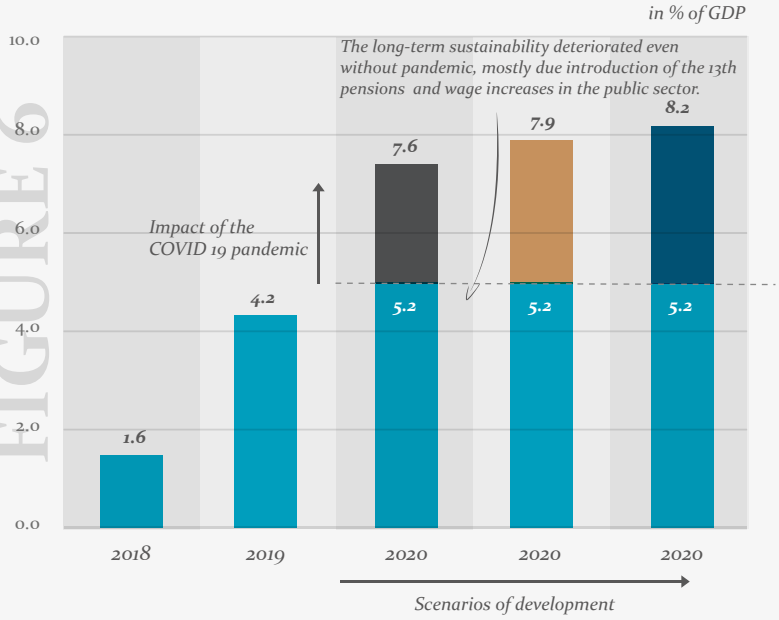
The long-term sustainability deteriorated even without the pandemic

(Sensitivity scenarios)

Long-term sustainability indicator of public finances

FIGURE 6

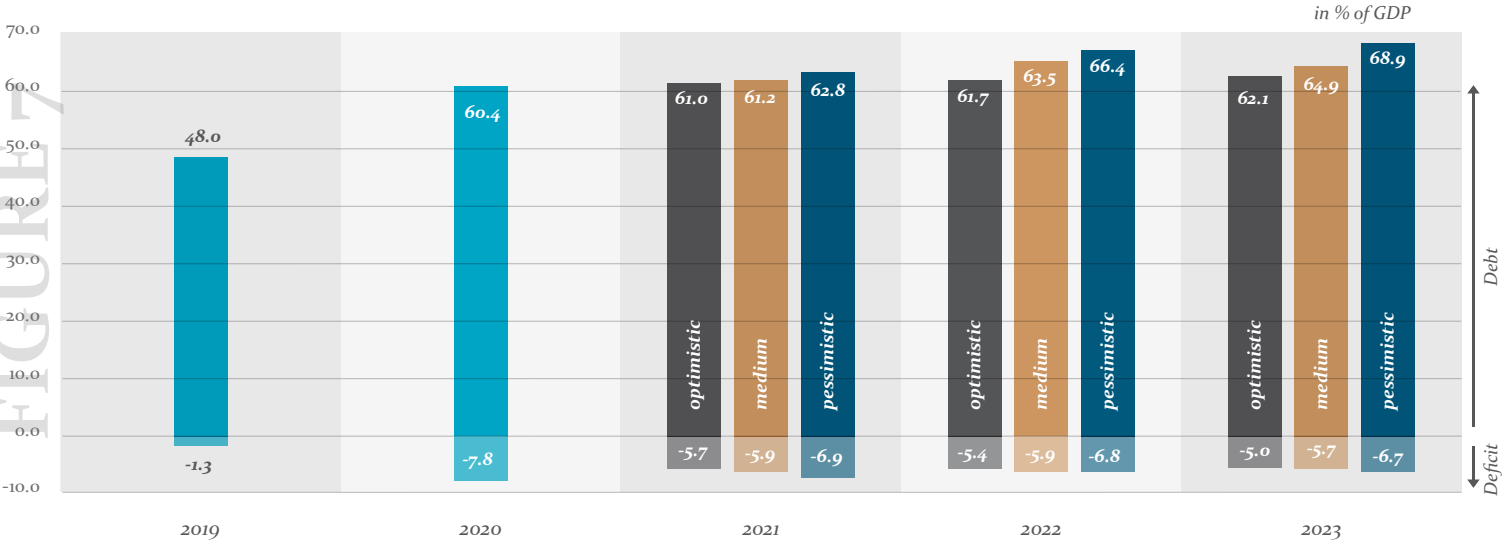


Optimistic scenario – assumes that the pandemic will, in all likelihood, have a short-term impact on the economy, e.g. after 2020 the economy will reach production levels anticipated before pandemic.

Medium scenario – assumes that the pandemic will have a permanent impact in terms of reduced productivity factors and permanent deviation of the potential output from its original trajectory.

Pessimistic scenario - similarly to the medium scenario, it assumes that the pandemic will permanently reduce productivity factors with permanent deviation of the potential output from its trajectory. Unlike the medium scenario, it assumes that the economic recovery will take longer.

FIGURE 7



Safe debt level

The safe debt level for Slovakia changes in time depending on the general government's fiscal performance, applicable legislation, expected changes in the demographic structure and the ensuing increase in expenditures sensitive to population ageing, and projections for domestic economic growth.

In 2019, the net debt of Slovakia reached 43.2 % of GDP. The analysis of the safe debt level shows that it was about 15 % of GDP higher than the level required for the debt to develop on a sustainable basis.

FIGURE 8

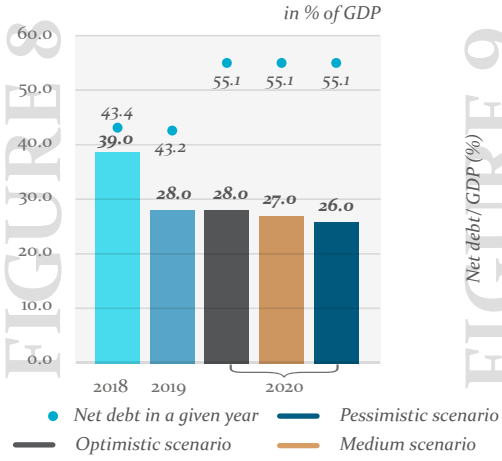
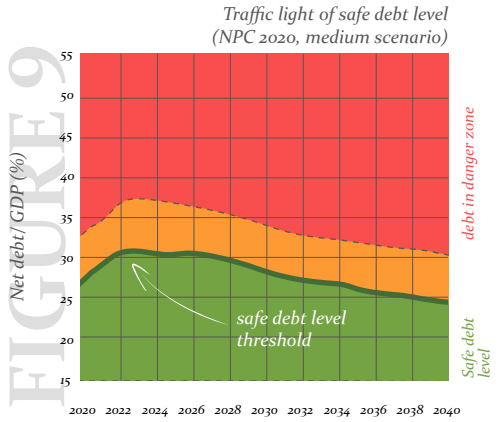


FIGURE 9



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Source: Report on long-term sustainability of public finances (April 2020)

Suggestions and recommendations: sekretariat@rrz.sk
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