



IMF Program with Georgia

March 31, 2009

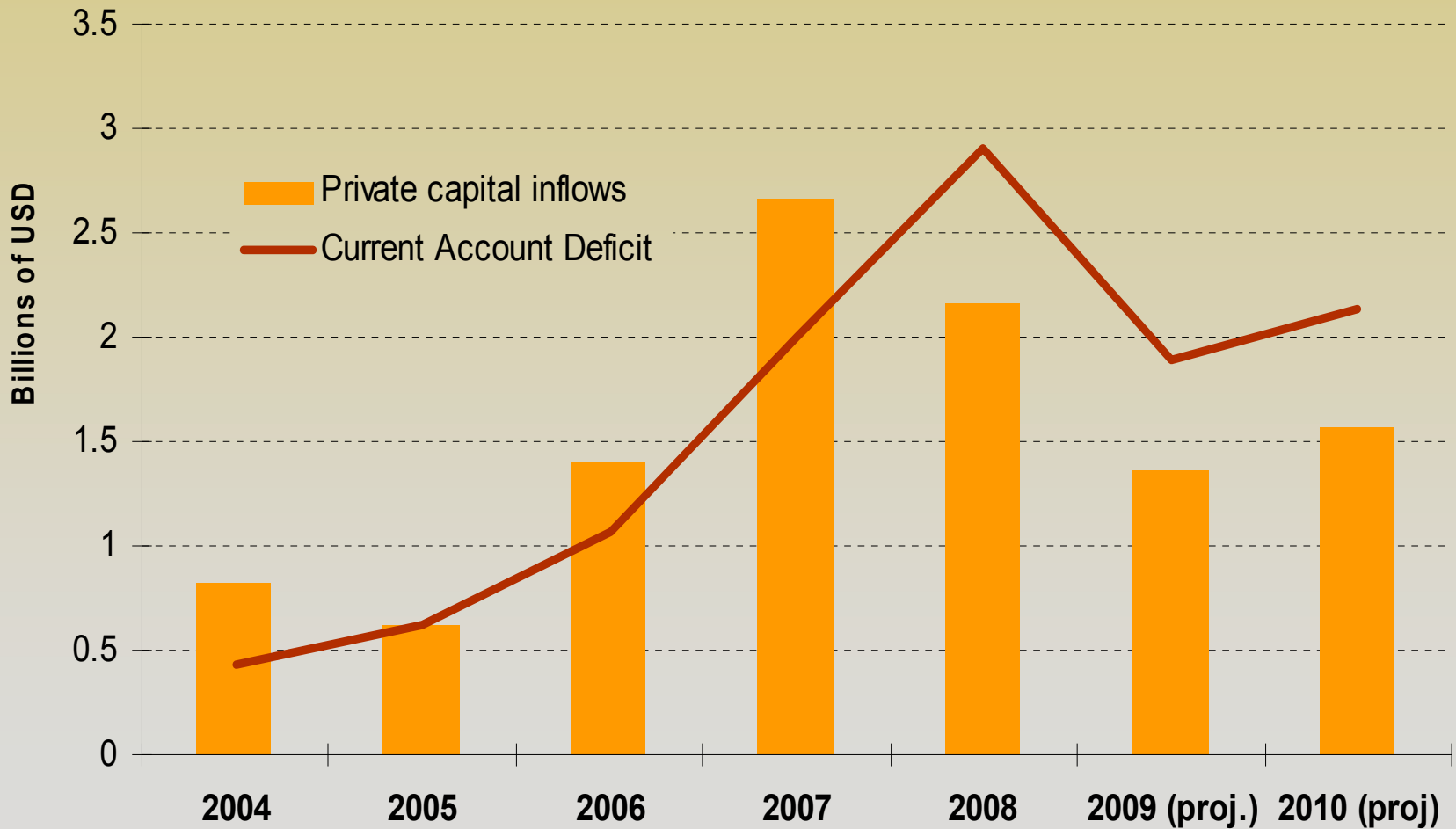


IMF Approved a \$710 Stand-By Arrangement (Credit Line) in September 2008

- **Duration: 18 months**
- **\$240 million released upfront**
 - Used to replenish the international reserves of the central bank, which declined to \$1,122 million in August (from \$1,465 million in July).
- **\$190 million released on 23 March upon completion of 2nd Review**
 - IMF Executive Board Review determined that the program targets for 2008 had been met and that policies remain on the right course.



Georgia: The External Financing Shock

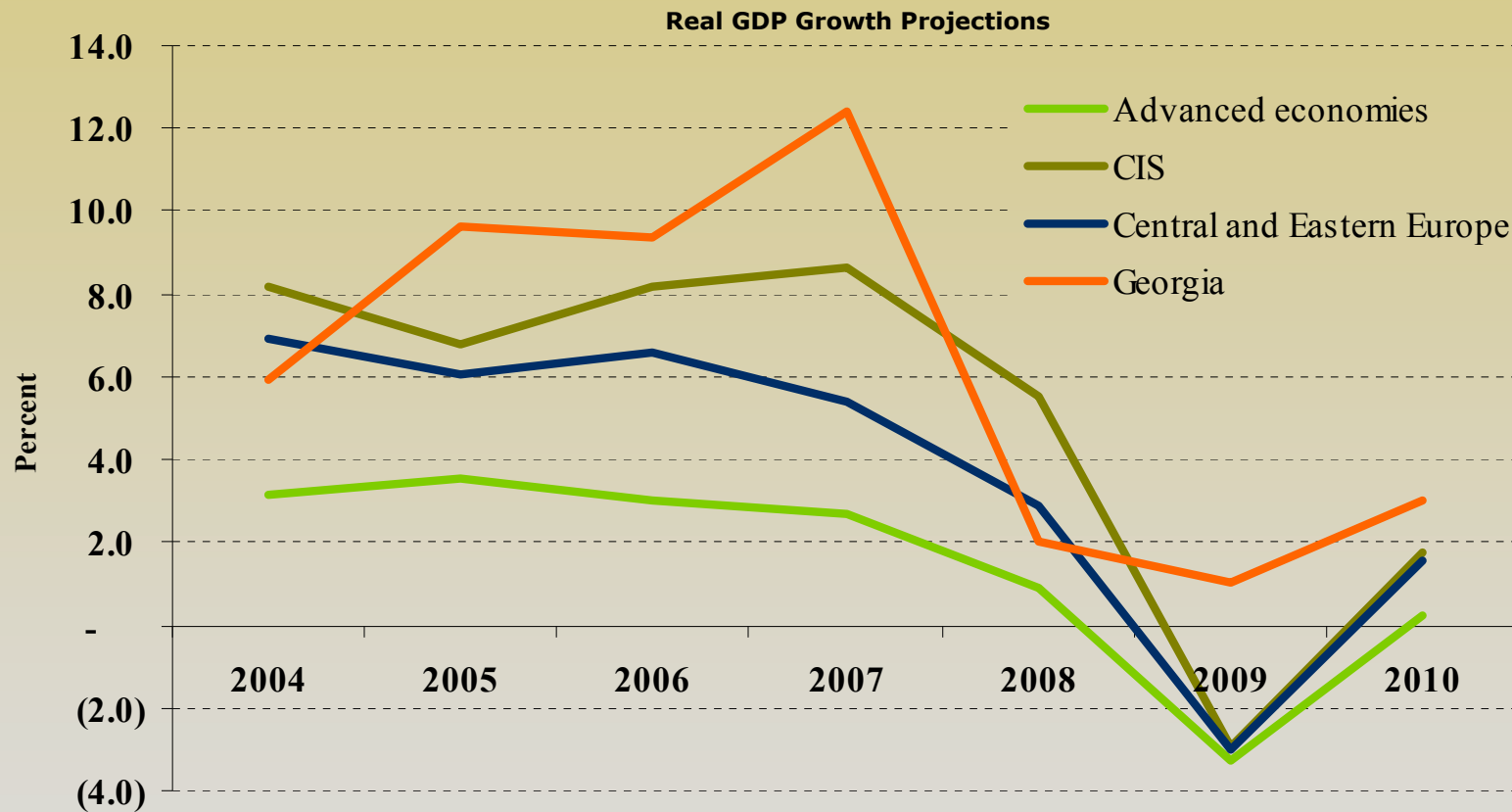


Sources: Statistics Department of Georgia; and IMF Staff Estimates

World growth projections have been revised down repeatedly



In Georgia, the global crisis is compounding the impact of the 2008 conflict with Russia



Exposure to the international crisis and Georgia's specific strengths

- Channels of transmission of the international crisis: trade, remittances, FDI, freezing of credit markets, and falling commodity prices
- Strengths: low public debt, low external debt, large donor financial package, diversified export markets, and track record of pro-growth structural reforms and sound macro-economic policies



Government Policies Supported by the IMF program

- Fiscal stimulus package financed by donors to counter the contraction of private activity
- Close supervision of banks to pre-empt possible bank problems
- Move to greater exchange rate flexibility to maintain external stability

Thank You