

Table 1. Georgia: Quantitative performance criteria and indicative targets, March - December, 2001 1/

	Stocks 2/		Cumulative change from end-March 2001														Performance	
			Track record														criteria	
	end-Dec.'00	end-Mar.'01	end-April	end-May			end-June			end-July			end-Aug.			end-Sept.	end-Dec.	
	Actual	Actual	Actual	Target	Adj.T.	Actual	Target	Adj.T.	Actual	Target	Adj.T.	Actual	Target	Adj.T.	Actual	Target	Target	
(In millions of lari)																		
1. Quantitative targets 3/																		
Floor on general govt. tax revenue (including special funds) 4/	851.5	202.7	70.5	147.2	147.2	151.9	232.7	232.7	238.6	319.2	319.2	321.7	405.7	405.7	404.6	492.5		760.3
Ceiling on cash deficit of the general govt. (CDGG) 5/	153.7	0.7	5.1	37.1	29.4	8.2	58.7	49.6	24.3	42.6	43.2	40.5	52.4	54.2	56.6	52.2		87.4
Ceiling on domestic expenditure arrears of the general govt.	n.a.	31.4	-3.0	-2.0	-2.0	-8.8	-10.0	-10.0	-15.3	-23.3	-23.3	-34.0	-28.3	-28.3	-37.4	-33.3		-43.3
Ceiling on net credit of the banking system to the general govt. (NCG) 6/7/	738.1	719.2	2.1	24.7	24.7	4.7	37.8	37.8	14.2	33.0	31.5	25.4	38.0	35.4	35.5	47.1		19.1
Ceiling on net domestic assets (NDA) of the NBG 6/	820.1	815.7	-0.9	15.3	15.3	7.4	23.5	23.5	15.5	22.6	21.1	17.9	23.3	20.7	19.7	28.1		-12.5
(In millions of U.S. dollars)																		
Floor on total net international reserves (NIR) of the NBG 8/	-214.4	-228.2	2.4	2.6	2.6	-0.3	2.3	2.3	4.3	8.8	9.5	13.9	9.3	10.6	18.1	8.5		32.8
Ceiling on contracting or guaranteeing																		
A. short-term external debt (less than one year)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
B. nonconcessional medium- and long-term external debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
(In millions of lari)																		
2. Indicative targets																		
Reserve money	365.9	359.3	3.9	20.5	20.5	6.9	28.1	28.1	24.1	40.1	40.1	45.6	41.9	41.9	55.9	45.2		53.2
Cigarette and petroleum revenues	104.7	28.1	7.0	18.7	18.7	18.3	31.1	31.1	31.5	44.6	44.6	41.1	58.0	58.0	47.3	71.4		111.7
3. Adjusters																		
Cumulative change from end-March 2001																		
			end-April	end-May			end-June			end-July			end-Aug.			end-Sept.	end-Dec.	
(In millions of U.S. dollars)																		
A. Net foreign-currency non-project financing 8/																		
Projection			0.0		-0.8		-0.8			-1.5			-2.2			-3.9		23.7
Outturn			0.0		-0.8		-0.8			-0.8			-0.9			n.a.		n.a.
Adjustment to NIR target			0.0		0.0				0.0			0.8		1.3		n.a.		n.a.
(In millions of lari)																		
B. Net external non-project financing of the general govt. 6/																		
Projection			0.0		-1.5		-1.5			-3.0			-4.4			-7.8		36.3
Outturn			0.0		-1.5		-1.5			-1.5			-1.8			n.a.		n.a.
Adjustment to NDA and NCG targets			0.0		0.0				0.0			-1.5		-2.6		n.a.		n.a.
C. External project financing minus grants for debt operations 5/																		
Projection			8.4		16.5		24.6			19.5			27.6			25.6		40.5
Outturn			4.1		8.8		15.6			20.1			29.4			n.a.		n.a.
Adjustment to cash deficit target			-4.2		-7.7		-9.1			0.7			1.8			n.a.		n.a.

Sources: Fund staff estimates.

1/ Section 1 of this table shows quantitative targets under the April-September 2001 track record agreed in May (and adjusted in July) and performance criteria for end-December 2001, based on cumulative changes from end-March 2001. Some ceilings and floors are subject to possible adjustment, as indicated in footnotes 5, 6, and 8, based on deviations from projections of external financing, reported in Section 3 of the table. Indicative targets are shown in Section 2. Continuous performance criteria are described in paragraph 53 of the MEFP (EBS/00/258).

2/ Year-to-date flows for tax revenues, cash deficit, expenditure arrears, and cigarette and oil revenues.

3/ Based upon accounting exchange rates 2 lari/US\$ and 1.35 US\$/SDR.

4/ Special state funds include the Pension, Employment, and Road Funds. Privatization receipts are excluded.

5/ As described in the TMU, the program target on the cash deficit is adjusted for deviations from projected disbursements of external project finance minus grants for debt operations (Section 3C). The ceiling for the cash deficit of the general government for the end of a month will be adjusted upward (downward) by the full amount of the cumulative excess (shortfall) of external project financing minus grants for debt operations, subject to a cap on cumulative upward adjustment of lari 80 million.

6/ As described in the TMU, program targets on NCG and NDA are adjusted for deviations from projected net external non-project financing of the general government (Section 3B), defined as the sum of all foreign-currency privatization receipts and World Bank SAC&ESAC disbursements, minus external amortization payments by the general government (net of debt reductions grants). The ceilings for NCG and NDA will be adjusted upward (downward) by the full amount of the cumulative shortfall (excess) of net external non-project financing, subject to a cap on cumulative upward adjustment of lari 40 million.

7/ The stock excludes the recapitalization bond issued by the government to cover NBG losses in 1998.

8/ As described in the TMU, the program target on NIR is adjusted for deviations from projected net foreign-currency non-project financing (Section 3A), defined as the sum of foreign-currency privatization receipts and World Bank SAC&ESAC disbursements, minus foreign-currency amortization by the general government and the NBG (net of debt reduction grants). The floor on NIR will be adjusted downward (upward) by the full amount of the cumulative shortfall in net foreign-currency non-project financing, subject to a cap on downward adjustment of US\$32.5 million.

**Table 2. Structural Benchmarks Under the PRGF-Supported Arrangement  
Status as of end-September.**

<b>Fiscal Measures</b>	<b>Date Due</b>	<b>Status</b>
1. Adoption of code of conduct for tax and customs officials.	April 1, 2001	Partly implemented: code of conduct prepared, and to be formally adopted as a prior action.
2. Implement simplified VAT refund system and monitor refunds claimed and paid.	April 1, 2001	VAT fraud monitoring unit established. Tax code amendments are to be included in tax reform package, effective January 2002.
3. Amend legislation and regulations to strengthen control on procedures for granting customs exemptions.	July 1, 2001	Implemented through regulations and transfer of responsibility for granting of exemptions to the ministry of finance.
4. Audit the stock of expenditure arrears	July 1, 2001	Completed in August.
5. Introduce commitments recording for contracts over lari 5,000 and strengthen commitments control.	July 1, 2001	Implemented, except for utilities and embassies.
6. Apply standard expenditure control procedures to off-budget accounts outside the treasury.	Jan. 1, 2002	To be applied to next year's budget.
<b>Financial Sector Measures</b>		
7. Issue new asset classification regulations for commercial banks.	Dec. 31, 2000	Done.
8. Issue conflict of interest regulation for banks.	Mar. 31, 2001	Done. Regulations issued in May.
9. Amend legislation to establish primacy of banking law in bank-related matters.	June 30, 2001	Not yet completed. Changes to central bank law and commercial bank law submitted to parliament, but not yet approved. See prior action.
10. Implement IAS in commercial banks comprising 80 percent of total banking sector assets.	Sep. 30, 2001	Banks have been submitting their monthly reports in IAS since February 2001.
<b>Energy Sector Measures</b>		
11. Impose debt surcharge of 0.3–0.7 tetri/kWh on the electricity tariff.	June 1, 2001	No progress, after legislation was sent to parliament.