



IMF Resident Representative Office in Georgia Monthly News Bulletin

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November 1999

IMF's Managing Director Announces Plans To Resign

The IMF Managing Director Michel Camdessus announced on November 9 his plan to resign in early 2000 after an unprecedented 13 years as the Managing Director and Chairman of the Executive Board of the 182-member institution. Mr. Camdessus, who was appointed to his initial five-year term as Managing Director on January 16, 1987, intends to resign by mid-February 2000, after the IMF's Executive Board names a successor. Mr. Camdessus is now serving in his third five-year term which began on January 16, 1997. His current biography is available on the IMF's Internet site <http://www.imf.org/external/np/omd/bios/mc.htm>.

New Poverty Reduction and Growth Facility

At the IMF-WB Annual Meetings in September 1999, the international community reached a agreement to make poverty reduction the goal of their programs for the poorest countries.

This approach will involve the support of the IMF and the World Bank in a different way from what has been seen so far: assisting the formulation of a poverty-oriented development strategy for member governments with coordinated input from international agencies, donors and civil society.

Conceptually, the Enhanced Structural Adjustment Facility (ESAF) has been transformed into the Poverty Reduction and Growth Facility (PRGF), which will be government led, poverty focused, and based on an open consultative process with civil society (NGOs, community groups, academics).

The work of the Fund and the Bank in low-income countries is going to be integrated in one overall framework-poverty reduction strategy paper (PRSP) that will guide the lending operations of each

institution in a given country. Although the PRSP process would be tied to the IMF lending operations, the structure of and conditionality in the PRGF would be broadly similar to ESAF.

However, given that a large part of the PRSP will involve helping countries to make their public expenditure programs more poverty focused, there will be greater emphasis (and conditionality) on measures to improve expenditure management and control, to provide assurances that aid, debt relief and other resources are used effectively, as well as on other priority anti-poverty measures and social spending drawn from the PRSP.

The comprehensive poverty reduction strategy in each country, developed by the country's government, would integrate the macroeconomic, structural, sectoral and social policies sufficient to achieve realistic and monitorable goals for poverty reduction. The PRSP would be drafted by the country authorities to ensure ownership and should be made publicly available. The IMF and the World Bank will advise, provide expertise, and facilitate the process.

IMF Mission in December

An IMF mission headed by Mr. van der Mensbrugge is scheduled to arrive in the first two weeks of December 1999. The mission will continue negotiations on a new program of economic and structural policies that could be supported by a successor IMF facility replacing the ESAF. The mission will focus discussions on the draft budget 2000, poverty reduction measures and structural reform policies in the period 2000-2002 (including tax administration, privatization, banking sector reform, and land reform).

IMF Board News

The International Monetary Fund (IMF) approved SDR 361.5 million (about US\$501 million) in emergency assistance for Turkey in support of the government's efforts to limit the adverse effects of the devastating earthquake that struck the country on the night of August 17, 1999. This amount was made available from October 13, 1999. The financial support from the IMF complements the generous response from the international community that will become available in the coming months.

On October 8 the Executive Board of the IMF completed the midterm review under the third annual arrangement under the Enhanced Structural Adjustment Facility for Armenia. As a result, Armenia will now be able to access SDR 20.925 million (about US\$29 million) from the IMF. Executive Directors noted Armenia's resilience to severe external shocks, including a stronger than anticipated impact of the Russian crisis and a

drought as well as political uncertainty in the run up to the parliamentary elections. They expressed concern however about the policy setbacks and a loss of momentum in the implementation of structural reforms that emerged in late 1998 and the first half of 1999.

Transition: Achievements and Challenges

A Russian translation of the IMF publication *Finance and Development*, which reviews the experience of ten years of economic transition and the policy challenges ahead, is available free of charge (while supplies last) from the IMF Representative Office. Please call if you are interested in obtaining copies.

Vacancy in the IMF Office

The IMF Resident Representative Office in Georgia has a vacancy for an experienced fiscal economist starting from early January 2000. For additional information please contact Ms. Tamuna Tabatadze at 936601 or 988869.

Table 1. Georgia: Economic and Financial Data

	1996	1997	1998	1999 QI	1999 QII	1999 QIII	Oct 99
Exchange Rate (Lari/\$), end period	1.27	1.30	1.79	2.21	1.94	1.87	1.88
Exchange Rate (Lari/\$), period average	1.26	1.29	1.39	2.19	2.05	1.87	1.87
Consumer Price Inflation (12 month rate at end of period)	13.7	7.2	10.7	19.4	20.4	20.8	20.9
GDP Growth (percent) ^{1/}	10.5	11.0	2.9	1.7	1.7
	(in millions of U.S. dollars)						
Gross Official Foreign Exchange Reserves	186.7	173.3	118.4	99.4	90.8	141	137.9
Imports (c.i.f.)	686.7	943.5	884.3	137.3	152.1	143.0	...
Exports (f.o.b.)	198.7	239.7	192.5	37.5	55.8	66.0	...
	(in millions of lari)						
General Government Revenues ^{2/}	530.7	668.8	786.4	168.7	241.3	238.0	...
Expenditures ^{2/}	801.9	954.1	1,032.4	233.7	312.2	306.6	...
Financing ^{2/}	271.2	285.2	246	65.0	70.9	68.6	...

Sources: NBG, MOF, SDS and IMF estimates

^{1/} IMF staff estimates.

^{2/} September data is preliminary.