



# IMF Resident Representative Office in Georgia

## Monthly News Bulletin

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### Program Discussions

Further discussions with the Georgian authorities on an economic program that could be supported by the International Monetary Fund will be held when the next IMF mission visits Georgia. It is expected that this will take place in May or early June:

- During March and early April, preliminary meetings--with the participation of representatives of the World Bank and United Nations-- were held with government officials to discuss a poverty reduction strategy that would constitute part of the economic program.
- The IMF Resident Representative Office continues to monitor the performance of fiscal policy, monetary and exchange rate policy and ongoing structural reforms.

### IMF Executive Board Selects Horst Köhler as IMF Managing Director

The Executive Board of the International Monetary Fund (IMF) agreed unanimously to select Horst Köhler as Managing Director and Chairman of the Executive Board of the International Monetary Fund on March 23. Mr. Köhler will succeed Michel Camdessus, and plans to start work on May 1, 2000.

Mr. Köhler, 57, a national of Germany, is currently President of the European Bank for Reconstruction and Development, a post to which he was appointed in September 1998. Mr. Köhler was President of the German Savings Bank Association from 1993 to 1998. From 1990 to 1993, he served as Germany's Deputy Minister of Finance, being responsible for international financial and monetary relations. During this time, he led negotiations on behalf of the German government on the agreement that became the Maastricht treaty on European Economic and

Monetary Union, was closely involved in the process of German unification, and held the position of Deputy Governor for Germany at the World Bank. He was personal representative ("sherpa") of the Federal Chancellor in the preparation of the Group of Seven Economic Summits in Houston (1990), London (1991), Munich (1992) and Tokyo (1993).

Mr. Köhler earned a doctorate in economics and political sciences from the University of Tübingen, where he was a scientific research assistant at the Institute for Applied Economic Research from 1969 to 1976. After completing his education, he held various positions in Germany's Ministries of Economics and Finance between 1976 and 1989.

He is married to Eva Köhler and has two children.

### Technical Assistance

In response to a request from the Georgian authorities for technical assistance to strengthen the operations of the Large Taxpayer Inspectorate (LTI) of the State Tax Department of Georgia, an IMF technical assistance mission visited Georgia to provide recommendations in early April. The main tasks of the mission were to evaluate the operations of the Large Taxpayer Inspectorate, with a view to providing recommendations to target problem areas and improve the Inspectorate's effectiveness, including in the following areas: identification of large taxpayers, control of filing and payment obligations, audit selection and audit methods, and collection enforcement methods.

During the period end-February to early April, the IMF provided technical assistance to the National Bank of Georgia on accounting issues including the 1999 financial statement, 1999 annual report and development of a new payments settlement system.

**Table 1. Summary Economic Indicators for Baltics, Russia and Other Countries of the FSU**

	Inflation 12- month basis Jan 2000	Real GDP Growth 1999	Fiscal Balance 1/ 2/	Current Account 2/
Armenia	0.0	3.1	-5.2	-13.0
Azerbaijan	0.7	7.4	-5.6	-27.2
Belarus	251.3	3.0	1.0	0.0
Estonia	3.9	-1.3	-4.8	-4.5
Georgia	8.5	3.0	-5.5	-7.8
Kazakhstan	20.0	1.7	-5.2	-1.2
Kyrgyz Republic	39.9	2.2	-11.2	-14.6
Latvia	3.2	0.0	-4.0	-8.9
Lithuania	0.8	-3.3	-8.7	-11.8
Moldova	40.4	-4.4	-1.7	-5.5
Russia	28.9	3.2	-4.0	10.2
Tajikistan	31.3	3.7	-3.1	-6.8
Turkmenistan	20.1	16.0	0.1	-12.1
Ukraine	23.8	-0.4	-2.3	-1.1
Uzbekistan	25.4	4.4	-3.1	0.3

1/ General Government; cash basis (excludes extra-budgetary funds for Turkmenistan).

2/ Simple average of most recently available four quarters expressed as a percent of GDP.

**Table 2. Georgia: Economic and Financial Data**

	1997	1998	1999	Jan.	2000 Feb.	Mar.
Exchange Rate, end period (Lari/\$),	1.30	1.79	1.96	2.05	1.95	1.93
Exchange Rate, period average (Lari/\$),	1.29	1.39	2.01	2.02	1.98	1.96
Consumer Prices (change over 12 month)	7.2	10.7	19.7	8.5	3.1	...
GDP, current prices in lari million	4,505	4,795	5,594	...	...	...
Real GDP Growth, constant prices (percent) <sup>1/</sup>	10.8	2.9	3.0	...	...	...
	(in million dollars)					
Gross Official Foreign Exchange Reserves	173.3	118.4	128.5	119.7	117.1	120.2
	(in millions of lari)					
General Government Operations						
Revenue	668.8	786.4	872.7	52.1	62.8	...
Expenditure <sup>2/</sup>	982.4	1096.4	1249.6	84.0	91.3	...
Financing <sup>3/</sup>	313.6	310.0	376.9	31.9	29.5	...

Sources: NBG, MOF, SDS and IMF estimates.

<sup>1/</sup> Revised GDP figures by the Georgian authorities.

<sup>2/</sup> On a commitment basis.

<sup>3/</sup> Cash financing plus change in expenditure arrears and balancing item.