



# General Government Debt Management Strategy 2024-2027

Ministry of Finance of Georgia

2024



# Outline

---

- Government Debt Portfolio Description
- Strategic Directions of General Government Debt Management
- Target Indicators

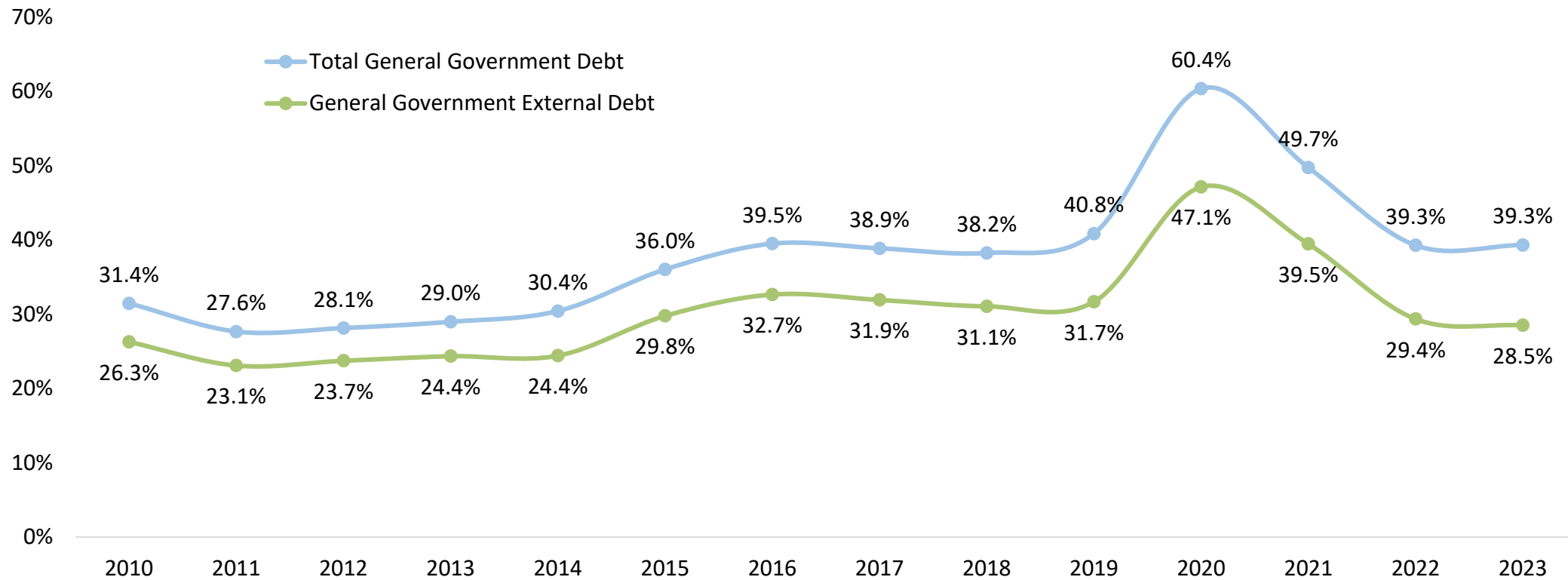


# Government Debt Portfolio Description



# Government Debt Portfolio Description

## General Government Debt Dynamics (% of GDP) for 2010-2023



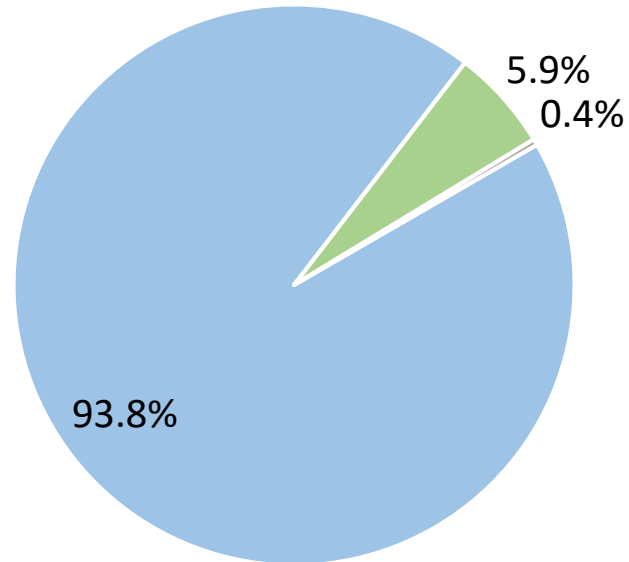
Including PPP liabilities



# Government Debt Portfolio Description

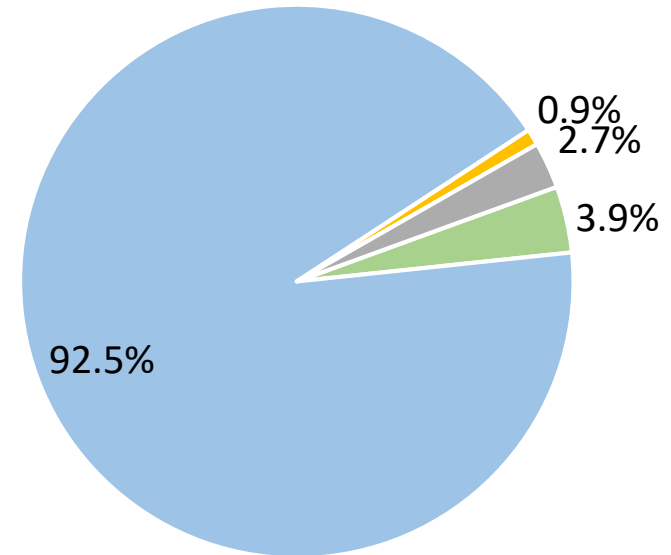
## External and Domestic Debt portfolio by types of Instruments as of 2023

### External Debt (72.7%)



■ Donor Financing ■ Eurobond ■ Legacy Debt

### Domestic Debt (27.3%)

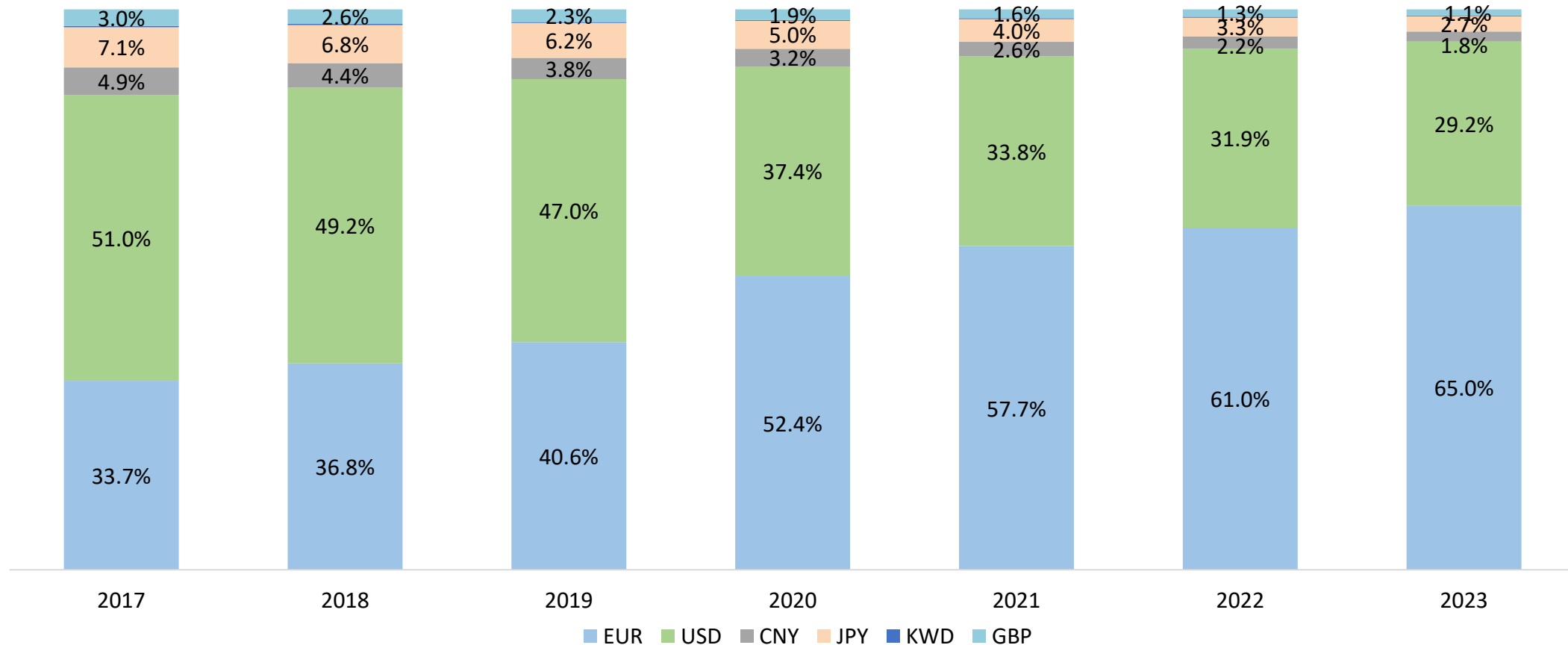


■ T-Bills ■ T-Bonds ■ Loans of Budgetary Organizations ■ Government Bond



# Government Debt Portfolio Description

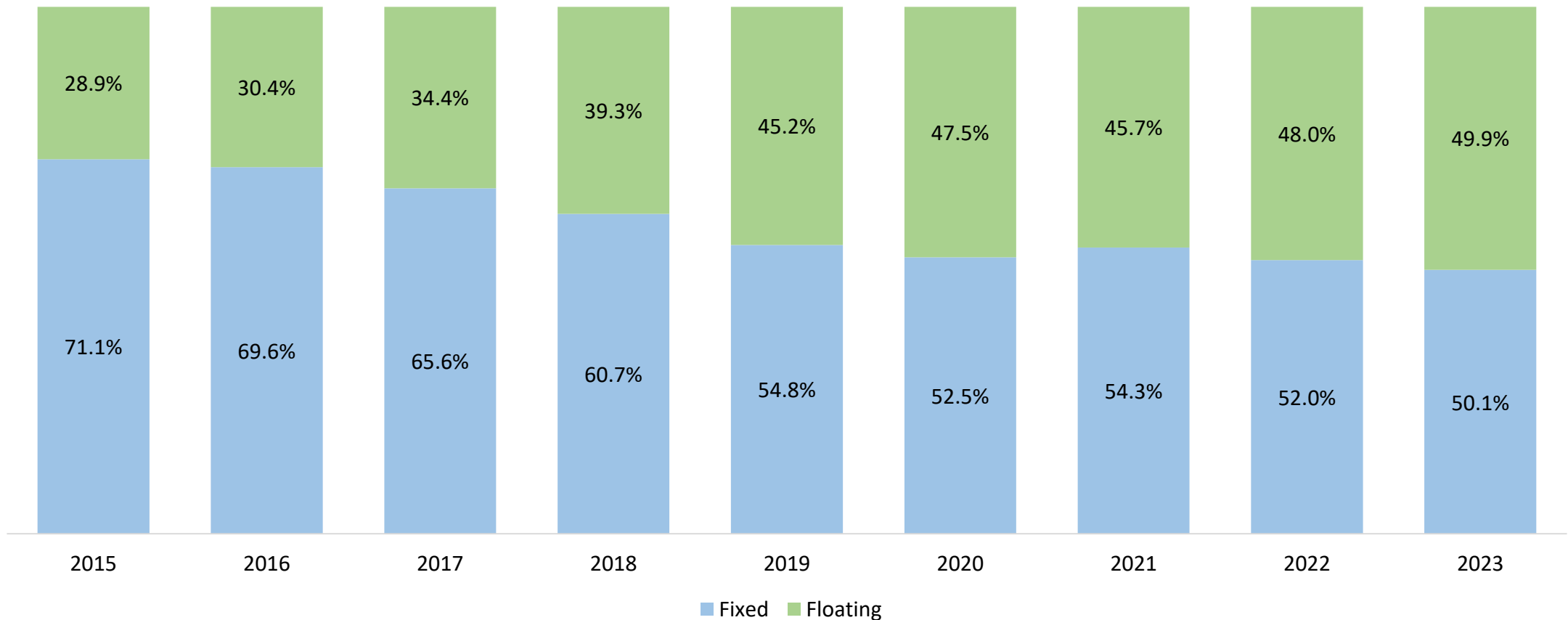
## Currency Composition of the External Debt Portfolio for 2017-2023





# Government Debt Portfolio Description

External Debt Portfolio Structure by Interest Rate Type for 2015-2023





# Strategic Directions of General Government Debt Management





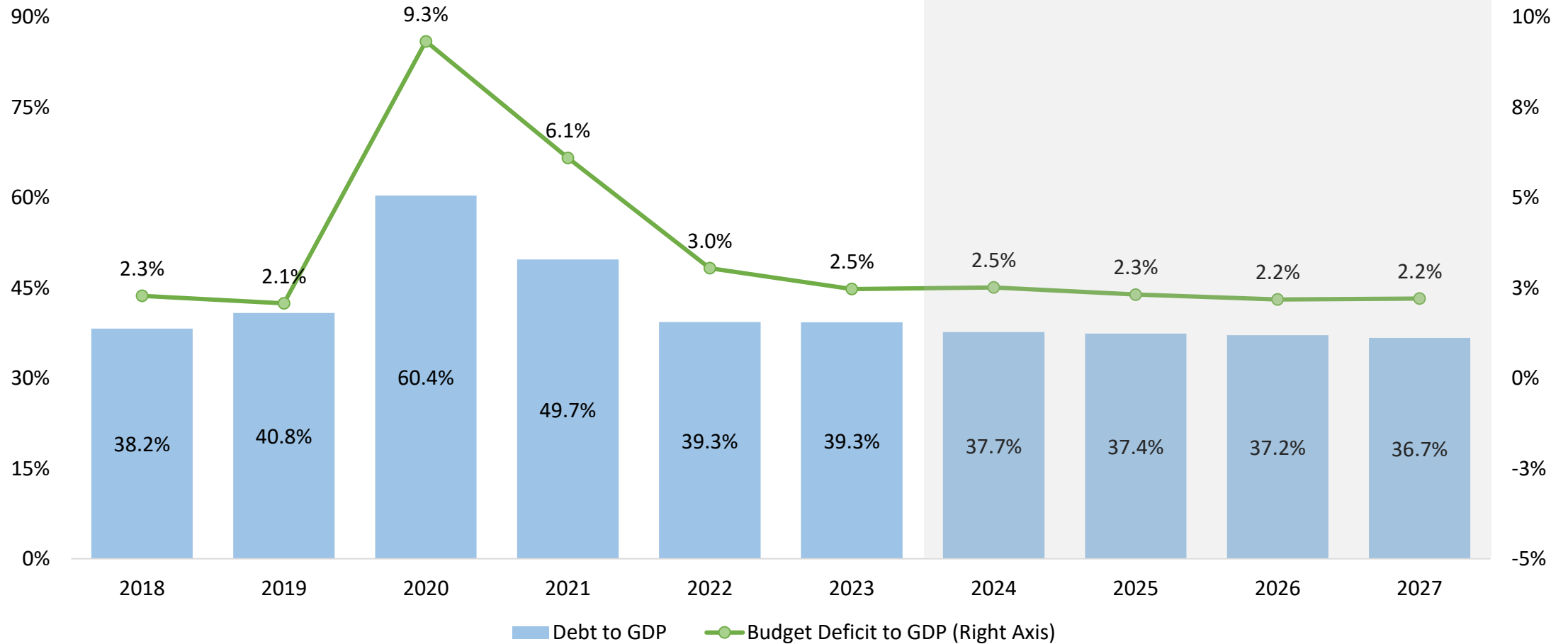
# Strategic Directions of General Government Debt Management

---

1. Maintaining the government debt to GDP ratio at the safe level;
2. Increasing GEL-denominated debt share in the government debt portfolio;
3. Increasing the focus on the development-oriented external loans;
4. Cost and risk optimization of the government total debt portfolio;
5. Treasury securities' market development.

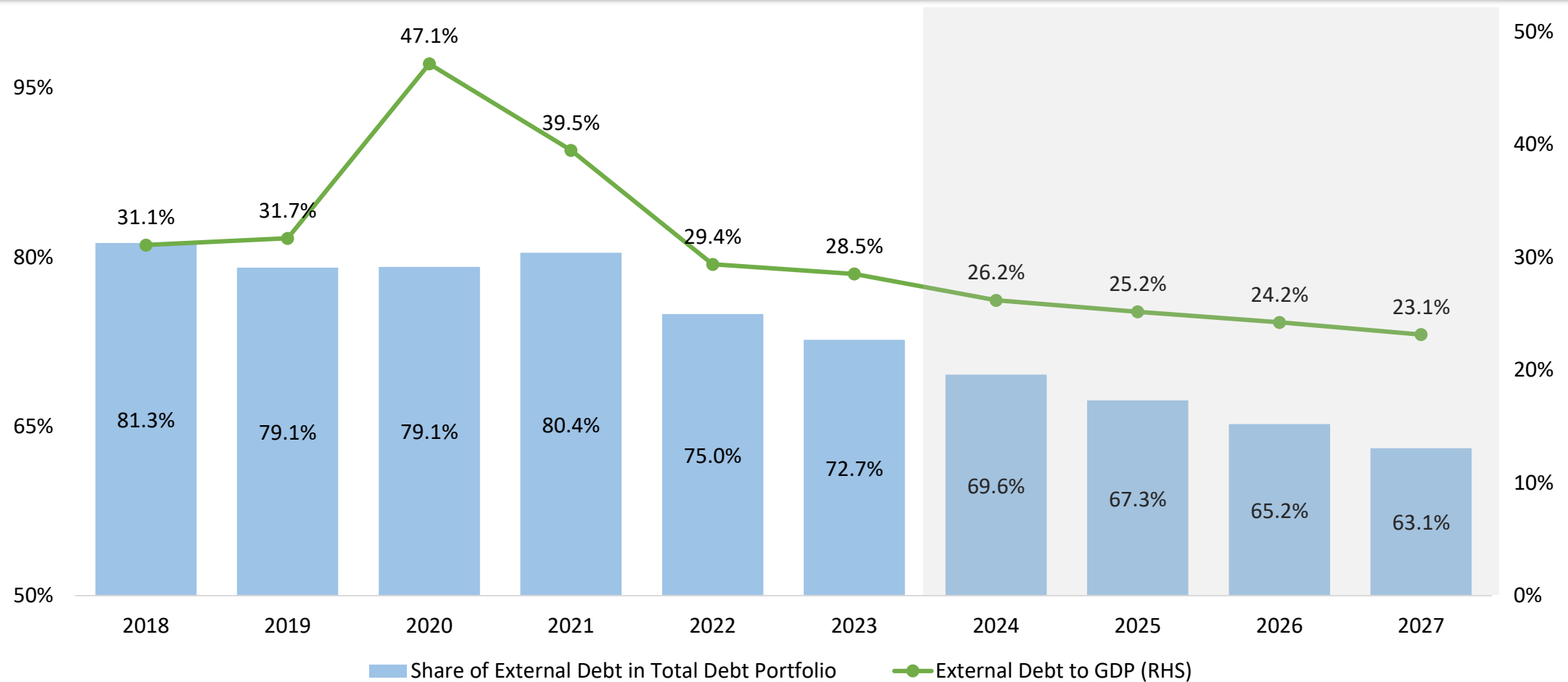


# 1. Maintaining the Government Debt to GDP Ratio at the Safe Level





## 2. Increasing GEL-denominated Debt Share in the Government Debt Portfolio





### 3. Increasing the Focus on the Development-oriented External Loans

---

#### Principles for investment loans:

- Large and complex projects;
- PIM Methodology;
- State-owned enterprises' reform :
  - In process of on-lending to state-owned enterprises, the enterprise's readiness to make reforms will be considered;
  - For fully corporatized enterprises, the government will gradually stop on-lending practices.

#### Principles for program loans:

- Significant transformational reforms;
- For the program loans an annual limit of \$ 250 million is set from 2022.



## 4. Cost and Risk Optimization of the Government Total Debt Portfolio

---

**To manage refinancing risk, it is important that:**

- The average time to maturity (ATM):
  - The government total debt portfolio should not fall below 5.5 years;
  - The domestic debt portfolio should be maintained above 3 years.
- The share of the debt maturing within 1 year should not exceed 15.0% of the total debt portfolio.

**Key parameters considered while taking a new loan are:**

- Grant element;
- Loan currency;
- Type of interest rate;
- Strengthening of the analytical measures.



## 5. Government Securities' Market Development

---

### **Increase the market liquidity:**

- Concentrate the portfolio on several strong benchmarks;
- Meet international index inclusion requirements (FTSE Frontier Emerging Markets Government Bond Index, JP Morgan GBI-EM);
- Active usage of Liability Management Operations (Buy-back, Switch).

### **Diversify investor base:**

- Investor relation strategy;
- Development of the retail securities market.



# Target Indicators



# Target Indicators

Types of Risk	Indicators	2022 (Actual)	2023 (Actual)	2027 (Target)
Refinancing Risk	Debt maturing within 1 year (% of total) for total government debt	9.1%	9.5%	Max. 15.0%
	ATM for total government debt	7.4	7.3	Min. 5.5
	ATM for government domestic debt	2.8	2.9	Min. 3.0
Interest Rate Risk	Share of fixed-interest external debt in government external debt	52.0%	50.1%	Min. 50.0%
Exchange Rate Risk	Share of government domestic debt into total government debt	25.0%	27.3%	Min. 35.0%
Solvency Risk	Government debt to GDP ratio	39.3%	39.3%	Max. 40.0%





# Target Indicators

Indicators	2022 (Actual)	2023 (Actual)	2027 (Target)
Limit on External Program Loans*	239 mln USD	113 mln USD	250 mln USD
Conversion of on-lent resources into market instruments	-	-	900 mln GEL
PIM-based investment loans*	100%	100%	100%
Participation of non-resident investors in the local market	4.1%	2.9%	20%-25%**
Compliance with international index inclusion requirements	24.9%	52.9%	100%

\*-Indicators are based on the operations carried out within a year

\*\*-Represents a long-term target indicator

**Thank You!**