**Chapter IV**

**Total Balance of the State Budget of Georgia and**

**Changes in Financial Assets and Liabilities**

 Taking into consideration the indicators of the state budget for the 12 months of 2022, the total balance in the reporting period was determined in the amount of (-2 001 511.0) thousand GEL.

**Changes in financial assets of the state budget of Georgia[[1]](#footnote-1)**

1. Within the reporting period, the change in financial assets was determined in the amount of 711 384.6 thousand GEL.

2. Increase in financial assets amounted to 855 613.5 thousand GEL.

 *Thousand GEL*

|  |  |  |
| --- | --- | --- |
| **Increase in financial assets** | **Amended Plan 2022** | **Actual 2022** |
| 768,623.8 | 855,613.5 |
| Currency and deposits\*  | 263,027.0 | 366,177.0 |
| Loans | 493,406.0 | 477,347.0 |
| Assets and other capital | 12,190.8 | 12,089.5 |

\*Note: 366 177.0 thousand GEL in currency and deposits represents the accumulation of the balance within the reporting period. Due to the fact that as of 1 January 2022, the balance on the state budget accounts amounted to 881 405.1 thousand GEL, the amount of free working capital on 1 January 2023 was determined at 1 247 582.0 thousand GEL (including 594 298.0 thousand GEL placed as term deposits in commercial banks (in accordance with the Decree N845 of the Government of Georgia dated 22 May 2020)).

3. Decrease in financial assets amounted to 144 228.9 thousand GEL.

 *Thousand GEL*

|  |  |  |
| --- | --- | --- |
| **Decrease in financial assets** | **Amended Plan 2022** | **Actual 2022** |
| 150,000.0 | 144,228.9 |
| Loans | 150,000.0 | 143,235.6 |
| Assets and other capital | 0.0 | 993.3 |

**Changes in liabilities of the state budget of Georgia**

1. Within the reporting period, the change in the liabilities of the state budget of Georgia was determined in the amount of 2 712 895.6 thousand GEL.
2. Within the reporting period, the increase in liabilities was determined in the amount of 3 731 879.7 thousand GEL, including the following:
* 1 346 339.8 thousand GEL - Net increase due to issuance of domestic securities.
* 1 568 639.6 thousand GEL - Preferential investment credits received from international financial organizations and governments of other states.
* 816 900.2 thousand GEL – Budget support credits.

*Thousand GEL*

|  |  |  |
| --- | --- | --- |
| **Increase in liabilities** | **Amended Plan 2022** | **Actual 2022** |
| 3,641,637.0 | 3,731,879.7 |
| Domestic | 1,300,000.0 | 1,346,339.8 |
| Securities other than stocks\* | 1,300,000.0 | 1,346,339.8 |
| External | 2,341,637.0 | 2,385,539.9 |
| Loans | 2,341,637.0 | 2,385,539.9 |

\*Note: By the end of 2022, the increase in treasury securities amounted to 1 346.3 million GEL, which is 46.3 million GEL higher than the rate determined by the budget of the same year (1 300.0 million GEL). Based on the market development goals, in order to maintain the predictability and transparency of the issuance plan, despite the excessive inflows, the initially planned treasury securities issuance volumes were not reduced. The mentioned change is mainly caused by the increase in demand for treasury securities during 2022 and, accordingly, by the decrease in interest rates. Therefore, the funds received in the budget through the issuance of treasury securities exceeded the inflows defined by the plan.

*Thousand GEL*

| **Name** | **Reporting period actual** |
| --- | --- |
| **Budget support credits** | **816,900.2** |
| WB | 10,140.8 |
| AIIB | 24,747.7 |
| ADB | 441,556.7 |
| France | 262,695.0 |
| Germany | 77,760.0 |
| **Investment, preferential credits** | **1,568,639.6** |
|  WB | 344,698.5 |
|  NEFCO | 975.3 |
|  IFAD | 3,002.3 |
|  EIB | 350,438.8 |
|  EBRD | 89,055.3 |
|  CEB | 16,185.7 |
|  AIIB | 13,220.6 |
|  ADB | 710,790.8 |
|  Kuwait | 5,738.0 |
|  Germany | 34,534.2 |
| **Total credits** | **2,385,539.8** |

\*Note: Covers the 2022 financial support of the Rapid Response Project against COVID-19, i.e., 24 747.7 thousand GEL from AIIB and 10 140.8 thousand GEL from WB.

During the 12 months of 2022, 54 securities auctions were held, treasury securities were issued in the amount of 2 819 883.0 thousand GEL, of which 2,5 and 10-year treasury bonds issued in the amount of 2 284 883.0 thousand GEL fully represent the so-called Benchmark Bonds. Since 2018, the regular issuance of Benchmark Bonds has led to the greater interest of investors and the creation of a stable yield curve, which in turn, contributes to the development of the securities market. In the same period, securities in the amount of 1 493 000.0 thousand GEL were covered. Composition of the issue of securities: 8.5% were treasury bills with a maturity of 6 months; 10.5% were treasury bills with a maturity of 12 months; 32.2% were treasury bonds with a maturity of 2 years; 38.2% were treasury bonds with a maturity of 5 years and 10.6% were treasury bonds with a maturity of 10 years.

Within the reporting period, the amount obtained by issuing treasury securities amounted to 2 831 642.3 thousand GEL, and the repayment of the principal amounted to 1 485 302.6 thousand GEL. As a result of the issuance of treasury bills and treasury bonds, the increase in domestic liabilities amounted to 1 346 339.8 thousand GEL.

**Changes in domestic liabilities during the 12 months of 2022 as a result of the issuance/covering of treasury securities**

*Thousand GEL*

|  |  |  |  |
| --- | --- | --- | --- |
| Month | Amount received by issuing treasury securities | Repayment of the principal amount of treasury securities | Change in liabilities by issuing treasury securities |
| January | 220,086.2 | 15,481.2 | 204,605.0 |
| February | 194,714.4 | 29,087.5 | 165,626.9 |
| March | 190,160.3 | 148,990.4 | 41,169.8 |
| April | 220,537.7 | 525,129.6 | -304,591.9 |
| May | 189,216.9 | 23,341.9 | 165,875.0 |
| June | 191,803.9 | 32,856.9 | 158,947.0 |
| July | 242,825.4 | 35,927.1 | 206,898.3 |
| August | 225,766.7 | 146,585.5 | 79,181.3 |
| September | 222,663.0 | 33,096.1 | 189,566.8 |
| October | 252,236.4 | 47,866.2 | 204,370.2 |
| November | 342,660.9 | 400,659.5 | -57,998.6 |
| December | 338,970.7 | 46,280.7 | 292,690.0 |
| **Total** | **2,831,642.3** | **1,485,302.6** | **1,346,339.8** |

1. Decrease in liabilities was determined in the amount of 1 018 984.1 thousand GEL.

 *Thousand GEL*

| **Decrease in liabilities** | **Amended Plan 2022** | **Actual 2022** |
| --- | --- | --- |
| 1,050,618.6 | 1,018,984.1 |
| Domestic | 42,854.4 | 42,854.4 |
| Securities other than stocks | 40,000.0 | 40,000.0 |
| Loans | 2,854.4 | 2,854.4 |
| External | 1,007,764.2 | 976,129.7 |
| Loans | 1,002,500.0 | 970,865.5 |
| Other credit debts | 5,264.2 | 5,264.2 |

**Public debt of Georgia**

As of 31 December 2022, the public debt balance of Georgia amounted to 29 655 024.7 thousand GEL, including the following:

* The balance of the domestic public debt is 7 105 139.8 thousand GEL, including:
	+ One-year annually renewable bond intended for the National Bank of Georgia (“bond for NBG") – 120 846.0 thousand GEL.
	+ Bonds with different terms for open market operations ("bonds for open market") – 152 000.0 thousand GEL.
	+ Treasury bills of the Ministry of Finance – 382 501.0 thousand GEL.
	+ Treasury bonds of the Ministry of Finance – 6 449 792.8 thousand GEL.
* The balance of the external public debt is 22 549 885.0 thousand GEL.

*Thousand GEL*

| **Creditor**  |  **Balance as of 31.12.2022**  |
| --- | --- |
| **Public external debt balance** | **22,549,885.0** |
| **Government external debt balance** | **21,391,992.3** |
| **From multilateral creditors** | **15,712,867.5** |
| World Bank (WB) | 5,414,857.5 |
| The International Fund for Agricultural Development (IFAD) | 99,972.6 |
| The International Monetary Fund (IMF) | 528,603.2 |
| The European Bank for Reconstruction and Development (EBRD) | 640,936.5 |
| The Asian Development Bank (ADB) | 5,599,372.0 |
| The European Investment Bank (EIB) | 2,484,897.3 |
| EU | 383,625.2 |
| The Asian Infrastructure Investment Bank (AIIB) | 529,868.7 |
| Council of Europe Development Bank (CEB) | 25,071.9 |
| The Nordic Environment Finance Corporation (NEFCO) | 5,662.6 |
| **From bilateral creditors** | **4,324,814.0** |
| Austria | 38,443.0 |
| Azerbaijan | 8,754.6 |
| Turkmenistan | 570.3 |
| Turkey | 17,046.8 |
| Iran | 6,385.7 |
| Russia | 68,728.0 |
| Armenia | 7,722.6 |
| Kazakhstan | 9,522.9 |
| Germany | 1,692,480.8 |
| Japan | 424,305.3 |
| Kuwait | 33,256.4 |
| The Netherlands | 192.1 |
| United States of America | 29,346.7 |
| France | 1,988,058.7 |
| **Other external liabilities** | **1,351,000.0** |
| Eurobonds | 1,351,000.0 |
| **Credit guarantee** | **3,310.9** |
| Germany | 3,310.9 |
| **External debt of the National Bank of Georgia**  | **1,157,892.6** |
| The International Monetary Fund (IMF) | 1,157,892.6 |
| **Public domestic debt balance** | **7,105,139.8** |
| One-year, annually renewable government bonds intended for the National Bank of Georgia | 120,846.0 |
| Government bonds with various terms for open market operations | 152,000.0 |
| Treasury bills of the Ministry of Finance of Georgia | 382,501.0 |
| Treasury bonds of the Ministry of Finance of Georgia | 6,449,792.8 |
| **Total public debt balance** | **29,655,024.7** |

**Forecast of threshold parameters stipulated by the Organic Law of Georgia on Economic Freedom**

In accordance with the paragraph 7 of the Article 2 of the Organic Law of Georgia on Economic Freedom, the projected indicators of the threshold parameters established by the first paragraph of the same Article shall be defined as follows:

1. Taking into consideration the crisis caused to the COVID-19, the deficit of the 2022 consolidated state budget was planned beyond the limit determined by the organic law - within 4.2%. Herewith, in accordance with the Law of Georgia on the Amendments to the Law of Georgia on 2022 State Budget of Georgia, the abovementioned indicator decreased to 2.7% (set limit – 3% of GDP). In the reporting period, the deficit amounted to (-1 495.5) million GEL, which represents 2.1% of the gross domestic product.
2. Within the reporting period, the government debt of Georgia amounted to 39.8% of the gross domestic product. Furthermore, since the current value of the liabilities within the framework of public-private cooperation projects (as of 1 January 2022) was determined by 0.5% of the gross domestic product, these liabilities in total amount to 40.3% of GDP (the set limit is 60% of GDP).
1. *Information regarding the on-lending from external financial resources in credit currency is placed on the website of the Ministry of Finance of Georgia: https://mof.ge/sakredito\_resursebidan\_gacemuli\_sesxebi* [↑](#footnote-ref-1)