**Government Debt**

As of October 31, 2022, the balance of the government's debt within the limit determined in accordance with the organic law of Georgia on Economic Freedom, and the sum of the current value of obligations undertaken within the framework of projects corresponding to the criteria of public and private cooperation, amounts to 27,455.1 million GEL.

 The above-mentioned total liability includes the state debt provided for by the Law of Georgia On Public Debt, in addition to the liabilities assumed by the National Bank of Georgia - 27,028.1 million GEL, the existing balance of loans of budgetary organisations - 42.4 million GEL and the current value of liabilities assumed within the framework of projects corresponding to the criteria of public and private cooperation. - 384.6 million GEL.

**External Government Debt**

The balance of the government's external debt, 20 149.6 million GEL, is 74% of the total government debt. A large part of the said credit resource is received from multilateral and bilateral donors/partners to finance priority infrastructure projects for the country. The government's external debt portfolio is substandard and mainly consists of long-term loans - the weighted average contractual maturity of the portfolio is 20.8 years, the weighted average maturity before paying off is approximately 9.4 years, and the weighted average interest rate on the government's external debt is 1.88%.

**Government debt structure as of October 31, 2022**

 Weighed Average:

- Interest Rate **1.88%**

- Contractual Maturity **20.8 წელი**

- Remaining Maturity **9.4 წელი**

As of October 31, 2022, 53% of the government's external debt portfolio consists of fixed-rate loans. This circumstance contributes to the protection of the Georgian government's external debt service parameters from exogenous interest rate fluctuations and ensures the maintenance of debt service costs at a low level.

**The Structure of the External Government Debt - as of October 31, 2022**

| **Creditors** | **Currency**  |  **Debt Stock (thousand) in USD**  |  **Debt Stock (thousand) in GEL**  | **Interest Rate**  | Interest Rate for the Given Date | Weighed Iterest Rate  |
| --- | --- | --- | --- | --- | --- | --- |
| ***External Government Debt***  |  ***7,259,040***  |  ***20,149,642***  |  |  |  |
| **Multilateral Creditors**  |  **5,319,529**  |  **14,765,950**  |  |  |  |
| International Development Association (WB - IDA) | SDR |  477,654  |  1,325,871  | Fixed | 0.75% | 0.049% |
|  204,635  |  568,027  | Fixed | 2.00% | 0.056% |
|  7,626  |  21,168  | Fixed | 2.15% | 0.002% |
| International Bank for Reconstruction and Development (WB - IBRD) | EUR |  89,459  |  248,319  | Fixed | 1.39% | 0.017% |
|  5,309  |  14,736  | Fixed | 3.05% | 0.002% |
|  4,413  |  12,248  | Fixed | 4.00% | 0.002% |
|  6,109  |  16,958  | Fixed | 4.52% | 0.004% |
|  238,785  |  662,818  | Euribor+VS | 1.85% | 0.061% |
| USD |  896,924  |  2,489,682  |  Ref.Rate+VS  | 3.78% | 0.467% |
| International Fund for Agricultural Development (IFAD) | SDR |  15,131  |  42,002  | Fixed | 0.75% | 0.002% |
|  9,018  |  25,032  | Fixed | 2.00% | 0.002% |
|  2,783  |  7,725.69  | (Ref.Rate + IBRD VS)/2 | 1.29% | 0.000% |
| EUR |  7,260  |  20,151  | Euribor+VS | 2.75% | 0.003% |
| International Monetary Fund (IMF EFF, MOF) | SDR |  188,644  |  523,638  | SDR Rate of Charge | 3.48% | 0.091% |
| European Union (EU) | EUR |  94,428  |  262,114  | Fixed | 0.13% | 0.002% |
|  9,940  |  27,591  | Fixed | 0.52% | 0.001% |
|  12,922  |  35,868  | Fixed | 1.16% | 0.002% |
|  14,910  |  41,387  | Fixed | 1.25% | 0.003% |
| European Bank for Reconstruction and Development (EBRD) | EUR |  220,078  |  610,892  | Euribor+ 1% | 1.88% | 0.057% |
| Asian Development Bank (ADB) | SDR |  50,534  |  140,272  | Fixed | 1.00% | 0.007% |
|  237,231  |  658,505  | 1.50% | 0.049% |
|  21,046  |  58,420  | 1.60% | 0.005% |
|  174,261  |  483,713  | 2.00% | 0.048% |
|   |  91,747  |  254,670  | 0.24% | 0.003% |
|   |  70,533  |  195,786  | 0.33% | 0.003% |
|   |  169,795  |  471,318  | 0.39% | 0.009% |
| EUR |  42,161  |  117,030  | 0.64% | 0.004% |
|  568,788  |  1,578,842  | Euribor+FS | 1.59% | 0.125% |
| USD |  388,933  |  1,079,601  | Ref.Rate+FS | 3.44% | 0.184% |
| Asian Infrastructure Development Bank (AIIB) | USD |  52,199  |  144,895  | Ref.Rate+VS | 5.24% | 0.038% |
| EUR |  44,729  |  124,159  | Euribor+VS | 2.45% | 0.015% |
|  83,968  |  233,079  | 1.70% | 0.020% |
| Council of Europe Development Bank (CEB) | EUR |  7,744  |  21,495  | Fixed | 1.78% | 0.002% |
|  896  |  2,487  | Euribor+VS | 0.24% | 0.000% |
| European Investment Bank (EIB) | EUR |  84,489  |  234,524  | Fixed | 0.33% | 0.004% |
|  28,329  |  78,634  | 0.49% | 0.002% |
|  44,729  |  124,159  | 0.55% | 0.003% |
|  19,880  |  55,182  | 0.59% | 0.002% |
|  3,640  |  10,105  | 0.73% | 0.000% |
|  7,886  |  21,891  | 0.86% | 0.001% |
|  19,880  |  55,182  | 0.87% | 0.002% |
|  49,699  |  137,955  | 0.96% | 0.007% |
|  994  |  2,759  | 1.00% | 0.000% |
|  9,940  |  27,591  | 1.65% | 0.002% |
|  19,623  |  54,470  | 1.69% | 0.005% |
|  19,880  |  55,182  | 1.94% | 0.005% |
|  84,489  |  234,524  | 2.04% | 0.024% |
|  6,127  |  17,009  | 2.98% | 0.003% |
|  9,940  |  27,591  | 3.19% | 0.004% |
|  397,462  |  1,103,274  | Euribor+FS | 1.12% | 0.062% |
| Nordic Environment Finance Corporation (NEFCO) | EUR |  1,951  |  5,417  | Euribor+VS | 2.76% | 0.001% |
| **Bilateral Creditors** |  |  **1,438,311**  |  **3,992,463**  |  |  |  |
| Austria | EUR |  13,820  |  38,360  | Fixed | 1.00% | 0.002% |
| Azerbaijan  | USD |  3,240  |  8,994  | Fixed | 3.00% | 0.001% |
| Turkmenistan | USD |  211  |  586  | Fixed | 4.00% | 0.000% |
| Turkey | USD |  6,309  |  17,512  | Fixed | 3.25% | 0.003% |
| Iran  | USD |  2,363  |  6,560  | Fixed | 3.00% | 0.001% |
| Russia | USD |  25,436  |  70,605  | Fixed | 4.00% | 0.014% |
| Armenia | USD |  2,858  |  7,934  | Fixed | 3.00% | 0.001% |
| Kazakhstan  | USD |  3,524  |  9,783  | Fixed | 4.00% | 0.002% |
| Germany (KfW) | EUR |  117,836  |  327,091  |  Euribor+FS  | 0.56% | 0.009% |
|  86,145  |  239,122  | Fixed | 0.65% | 0.008% |
|  97,245  |  269,933  | Fixed | 0.75% | 0.010% |
|  178,917  |  496,638  | Fixed | 0.88% | 0.022% |
|  24,142  |  67,013  | Fixed | 1.65% | 0.005% |
|  38,129  |  105,839  | Fixed | 2.00% | 0.011% |
|  14,845  |  41,208  | Fixed | 2.20% | 0.004% |
|  7,783  |  21,604  | Fixed | 4.20% | 0.005% |
|  12,425  |  34,489  | Fixed | 5.70% | 0.010% |
|  4,520  |  12,546  | Fixed | 6.68% | 0.004% |
| Japan | JPY |  18,701  |  51,910  | Fixed | 0.01% | 0.000% |
|  94,178  |  261,419  | Fixed | 0.65% | 0.008% |
|  537  |  1,492  | Fixed | 1.30% | 0.000% |
|  19,086  |  52,980  | Fixed | 1.40% | 0.004% |
|  9,680  |  26,869  | Fixed | 2.30% | 0.003% |
| Kuwait  | KWD |  6,737  |  18,701  | Fixed | 2.50% | 0.002% |
|  5,142  |  14,273  | Fixed | 3.00% | 0.002% |
| Kingdom of Netherlands  | EUR |  66  |  184  | Fixed | 4.20% | 0.000% |
| USA | USD |  4,739  |  13,156  | Fixed | 2.00% | 0.001% |
|  2,293  |  6,365  | Fixed | 2.25% | 0.001% |
|  4,594  |  12,753  | Fixed | 2.50% | 0.002% |
| France  | EUR |  12,857  |  35,687  | Fixed | 0.17% | 0.000% |
|  188,857  |  524,229  | Fixed | 0.42% | 0.011% |
|  149,098  |  413,865  | Fixed | 0.73% | 0.015% |
|  16,199  |  44,966  | Fixed | 1.10% | 0.002% |
|  4,523  |  12,556  | Fixed | 1.27% | 0.001% |
|  4,744  |  13,168  | Fixed | 1.41% | 0.001% |
|  29,820  |  82,773  | Fixed | 3.20% | 0.013% |
|  154,067  |  427,660  | Euribor + FS | 1.37% | 0.029% |
|  59,639  |  165,546  | Euribor + FS | 2.46% | 0.020% |
|  13,004  |  36,097  | Euribor + FS | 2.91% | 0.005% |
| **Securities**  |   |  **500,000**  |  **1,387,900**  |  |  |  |
| Eurobond  | USD |  500,000  |  1,387,900  | Fixed | 2.750% | 0.189% |
| **Guaranteed Credits**  |   |  **1,199**  |  **3,329**  |  |  |  |
| Germany (KfW) | EUR |  1,199  |  3,329  | Fixed | 0.75% | 0.000% |
|   | **Weighted Average Interest Rate** | **1.88%** |

The 2023 state budget provides for the utilization of long-term investment credits allocated to Georgia by international financial institutions and governments of foreign countries in the amount of 1,844,320.0 thousand GEL. Also, to mobilize 400,000.0 thousand GEL as a budget support resource:

* Funds to be received from the World Bank (WB) within the framework of the Development Policy Measure-2022 program (DPO-2022) - in the amount of 110,000.00 thousand GEL;
* Funds to be received from the French Development Agency (AFD) within the Energy Sector Reform Program (AFD)-6 - in the amount of 110,000.00 thousand GEL;
* Funds to be received from the Asian Development Bank (ADB) within the framework of the railway sector reform program - in the amount of 70,000.00 thousand GEL;
* Funds to be received from the World Bank (WB) within the framework of the human capital program of Georgia - in the amount of 28,000.00 thousand GEL;
* Funds to be received under the Climate Adapted Development Program of the Irrigation Sector:

 – from the French Development Agency (AFD) - in the amount of 41,000.00 thousand GEL;

– from the Asian Development Bank (ADB) - in the amount of 41,000.00 thousand GEL;

1,696,000.0 thousand GEL is provided in the 2023 state budget of Georgia for the service and repayment of state external obligations, of which 1,170,000.0 thousand GEL represents the repayment of the principal amount, and 526,000.0 thousand GEL is the amount of interest.

**Servicing and repayment of external obligations by 2023 (forecast)**

*Thousand GEL*

|  |  |  |  |
| --- | --- | --- | --- |
| **Creditors**  | **Repayment**  | **Interest** | **Total 2023** |
| ***Total:*** |  ***1,170,000.0***  |  ***526,000.0***  |  ***1,696,000.0***  |
| Austria |  5,160.0  |  410.0  |  5,570.0  |
| Kuwait |  3,810.0  |  1,540.0  |  5,350.0  |
| Japan |  22,490.0  |  3,450.0  |  25,940.0  |
| Germany |  203,420.0  |  28,490.0  |  231,910.0  |
| USA |  6,990.0  |  720.0  |  7,710.0  |
| Armenia |  2,720.0  |  250.0  |  2,970.0  |
| Azerbaijan |  3,090.0  |  270.0  |  3,360.0  |
| Iran |  2,250.0  |  200.0  |  2,450.0  |
| Kazakhstan |  3,360.0  |  400.0  |  3,760.0  |
| Netherlands |  63.0  |  10.0  |  73.0  |
| Russia |  32,082.0  |  4,050.0  |  36,132.0  |
| Turkey |  6,010.0  |  580.0  |  6,590.0  |
| France |  24,030.0  |  34,610.0  |  58,640.0  |
| Turkmenistan |  -  |  12,000.0  |  12,000.0  |
| IDA |  329,955.0  |  23,260.0  |  353,215.0  |
| IBRD |  62,810.0  |  173,080.0  |  235,890.0  |
| IFAD |  7,280.0  |  1,790.0  |  9,070.0  |
| EBRD |  87,690.0  |  23,050.0  |  110,740.0  |
| EIB |  38,020.0  |  49,590.0  |  87,610.0  |
| ADB |  320,230.0  |  92,360.0  |  412,590.0  |
| IMF |  -  |  20,240.0  |  20,240.0  |
| EU |  -  |  1,640.0  |  1,640.0  |
| CEB |  -  |  600.0  |  600.0  |
| AIIB |  7,650.0  |  11,840.0  |  19,490.0  |
| NEFCO |  890.0  |  320.0  |  1,210.0  |
| ევრობონდი |  -  |  41,250.0  |  41,250.0  |

**Domestic Government Debt**

During the 10 months of 2022, the Ministry of Finance of Georgia issued 6- and 12-month treasury bills and 2, 5 and 10-year treasury bonds. As of October 31, 2022, the weighted average interest rates recorded at the last auctions of treasury bills and bonds amounted to: 6-month - 10.1%, 12-month - 9.7%, 2-year - 9.4%, 5-year - 9.2%, 10-year - 9.3%.

As a result of the issuance of securities, the balance of the government's domestic debt amounted to 6,920.9 million GEL as of October 31, 2022 (uncovered amount of securities in denominations - 6,873.3 million GEL and the balance in the form of loans to budgetary organizations - 42.4 million GEL), Out of this, 6,878.4 million GEL represents the balance in the part of treasury obligations and bonds, 280.8 million GEL - in the part of "Bond for the National Bank of Georgia and open market operations", and the balance in the form of loans to budgetary organisations - 42.4 million GEL.

**The outstanding volume of securities in denominations by term and type and the balance of debt in the form of loans of budgetary organisations**

**As of October 31, 2022**

*Thousand GEL*

|  |  |
| --- | --- |
| **Total** | **6 915 754,3** |
| **Treasury Securities**  | **6 592 502,0** |
| Treasury bills with a maturity of 6 months | 120 000,0 |
| Treasury bills with a maturity of 12 months | 295 000,0 |
| Treasury bonds with maturity of 2 years | 1 380 000,0 |
| 5-year treasury bonds | 3 401 934,0 |
| 10-year treasury bonds | 1 395 568,0 |
| **Other Securities**  | **280 846,0** |
| Bond for National Bank of Georgia  | 120 846,0 |
| Bonds for open market operations | 160 000,0 |
| **Debt balance in the form of loans of budgetary organisations** | **42 406.3** |

The state budget of 2023 provides for the estimated amount received from the issuance of treasury bills and treasury bonds in the amount of 3,100,000.0 thousand GEL and the expected decrease in domestic liabilities in the amount of 1,700,000.0 thousand GEL. Accordingly, as of the end of 2023, the forecast rate of net growth of domestic liabilities amounts to 1,400,000.0 thousand GEL (3,100,000.0 - 1,700,000.0).

The state budget of 2023 also provides for repayment of the principal amount of state bonds (debt to NBG) - in the amount of 40,000.0 thousand GEL, in accordance with the agreement of March 20, 2006 On Making Amendnents to the Agreement on Measures to Repay the Debt of the Government of Georgia to the National Bank of Georgia, dated May 15, 2006

675,000.0 thousand GEL is provided by the 2023 state budget of Georgia for servicing the interest of state domestic obligations.

The external and domestic debt parameters determined by the State Budget Law of 2023 ensure the sustainability of the public debt in the medium term.

**Projected Ceiling of Government Debt by the End of 2023**

 ***Thousand GEL***

| **Creditors** |  Projected Balance  |
| --- | --- |
| 31.12.2023 |
| **Total external debt ceiling of the government** | **22,084,808** |
| **From Multilateral Creditors**  | **16,382,318** |
| Asian Development Bank (ADB) | 5,886,135 |
| Asian Infrastructure Investment Bank (AIIB) | 552,044 |
| European Bank for Reconstruction and Development (EBRD) | 651,913 |
| European Investment Bank (EIB) | 2,703,078 |
| European Union (EU) | 375,326 |
| World Bank (WB) | 5,540,162 |
| International Fund for Agricultural Development (IFAD) | 106,081 |
| International Monetary Fund (IMF) | 521,179 |
| Council of Europe Development Bank (CEB) | 40,429 |
| Nordic Environment Finance Corporation (NEFCO) | 5,970 |
| **From Bilateral Creditors**  | **4,345,183** |
| Armenia | 5,328 |
| Azerbaijan | 6,040 |
| Austria | 32,845 |
| France | 2,110,310 |
| Germany | 1,660,402 |
| Iran | 4,406 |
| Japan | 382,245 |
| Kazakhstan | 6,570 |
| Kuwait | 60,066 |
| Kingdom of the Netherlands | 129 |
| Russia | 41,286 |
| Turkey | 11,761 |
| Turkmenistan | 572 |
| United States of America | 23,222 |
| **Other Foreign Liabilities**  | **1,354,400** |
| Eurobond  | 1,354,400 |
| **Credits taken under State Guarantee** | **2,907** |
| Germany | 2,907 |
| Domestic debt ceiling of the government | **8,453,800** |
| A one-year annually renewable government bond intended for the National Bank | 80,846 |
| Government bonds of various maturities for open market operations | 152,000.0 |
| Treasury obligations of the Ministry of Finance | 481,642.0 |
| Treasury bonds of the Ministry of Finance | 7,704,311.9 |
|  Debt in the form of a loan of budgetary organisations | 35,000.0 |
| Total government debt ceiling | **30,538,608** |

*The exchange rate of November 27, 2022 is used in the table:1 EUR = 2.8220 GEL; 1 SDR = 3.5454 GEL; 100 JPY = 1.9457 GEL; 1 KWD = 8.8091 GEL; 1 USD = 2.7088 GEL*.