



Ministry of Finance of Georgia State Treasury



CASH AND DEBT MANAGEMENT PRACTICES IN GEORGIA TREASURY SERVICE

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2012



CASH AND DEBT MANAGEMENT PRACTICES



1997

- The Ministry of Finance of Georgia started issuing securities.

2005

- Issuing of securities was stopped due to the high average weighted interest rate recorded at auctions.

2009

- As the financial markets developed, the Ministry of Finance of Georgia renewed issuing of government securities.



CASH AND DEBT MANAGEMENT PRACTICES



The main objectives of issuing government securities are:

- Development of the country's financial market;
- Ensuring liquidity of the budget system.

2009-2010

- Short-term treasury obligations (6 and 12 months maturity period)

2011

- **5 year** treasury bonds were issued

2010

- The first **2 year** coupon bonds were issued

2012

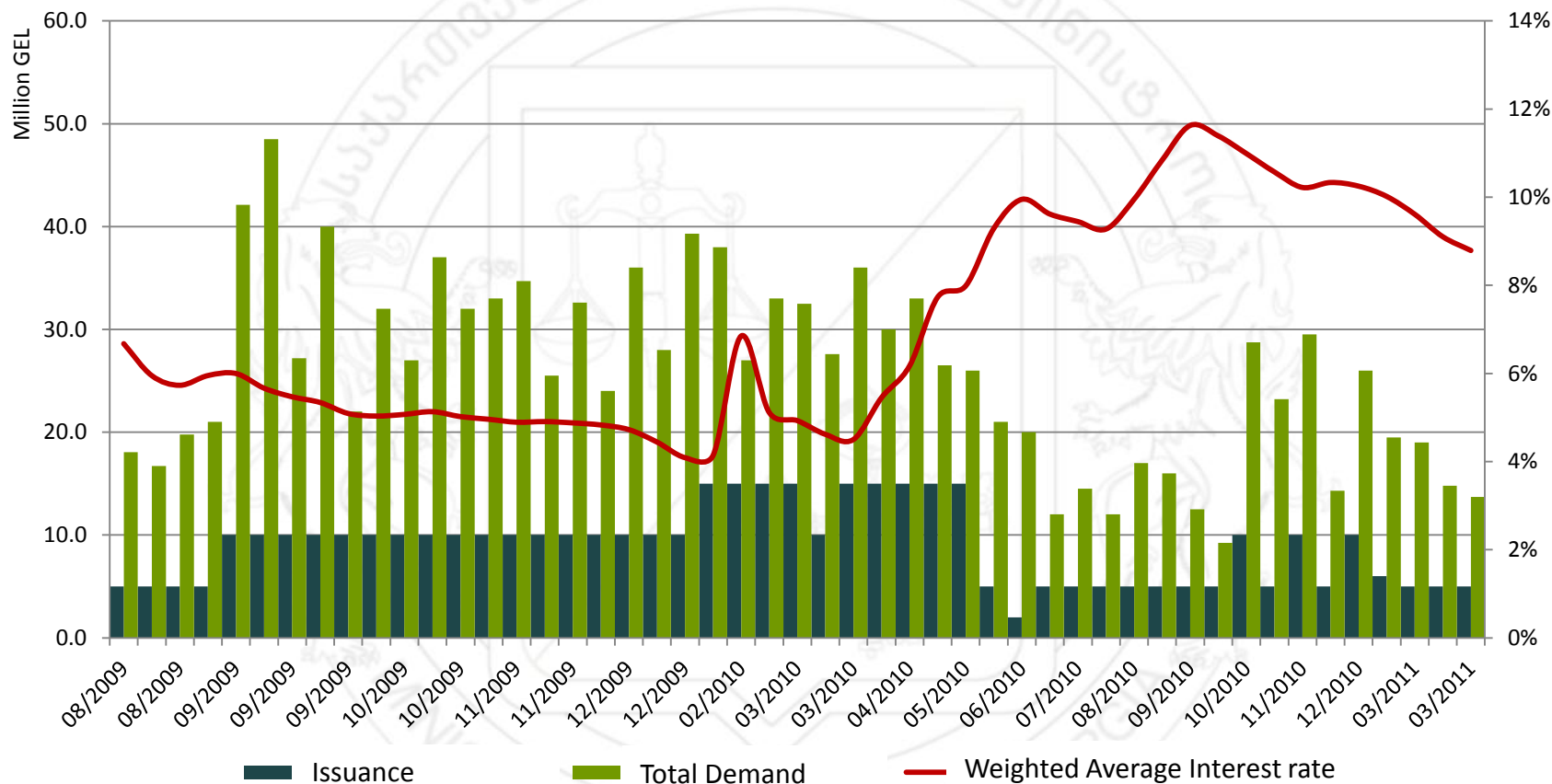
- It is planned to issue **10 year** treasury bonds



CASH AND DEBT MANAGEMENT PRACTICES



EMISSION, DEMAND AND AVERAGE WEIGHTED INTEREST RATE OF TREASURY OBLIGATIONS WITH 6 MONTH MATURITY PERIOD (2009-2011)

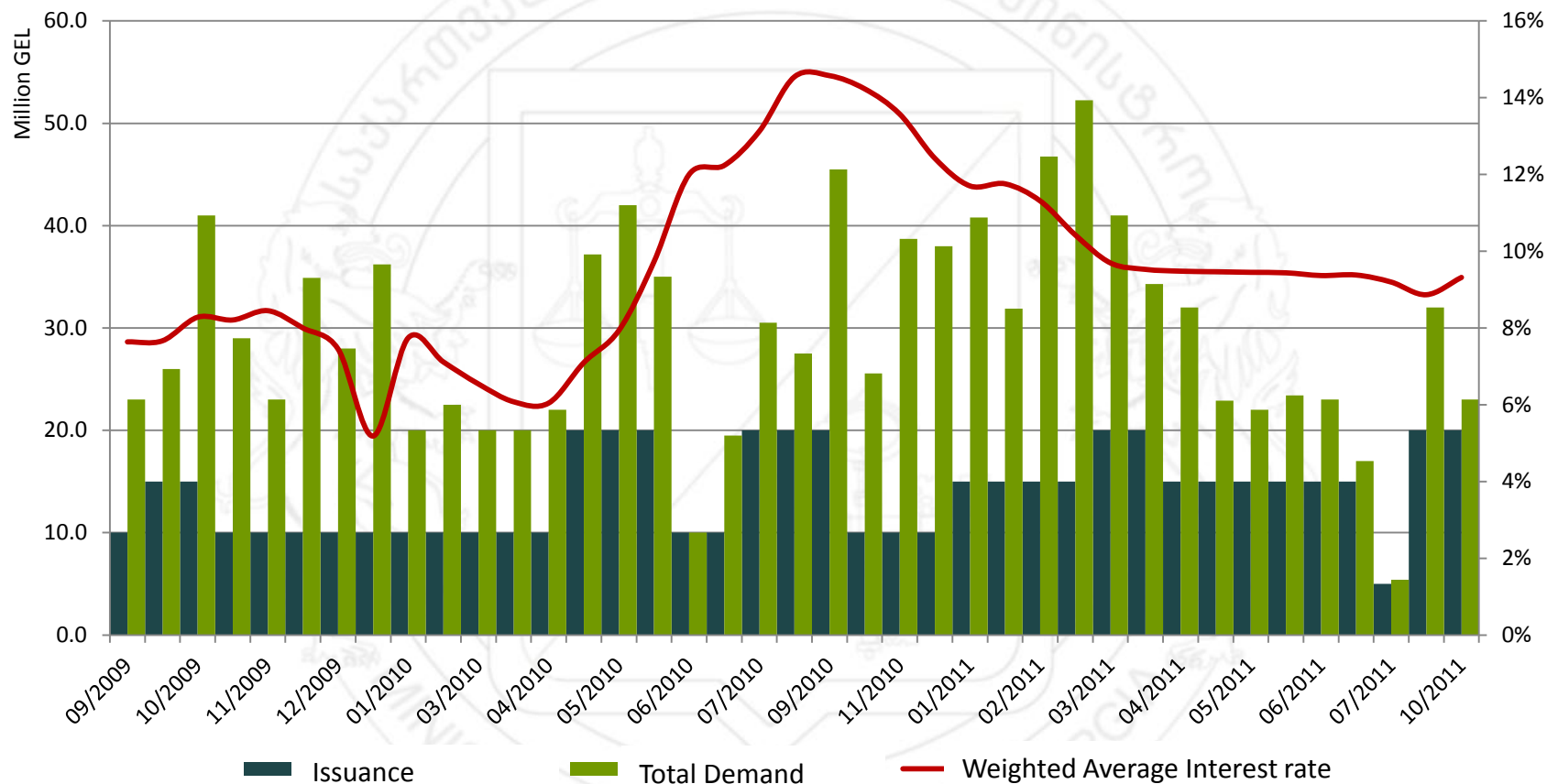




CASH AND DEBT MANAGEMENT PRACTICES



EMISSION, DEMAND AND AVERAGE WEIGHTED INTEREST RATE OF TREASURY OBLIGATIONS WITH 12 MONTH MATURITY PERIOD (2009-2011)

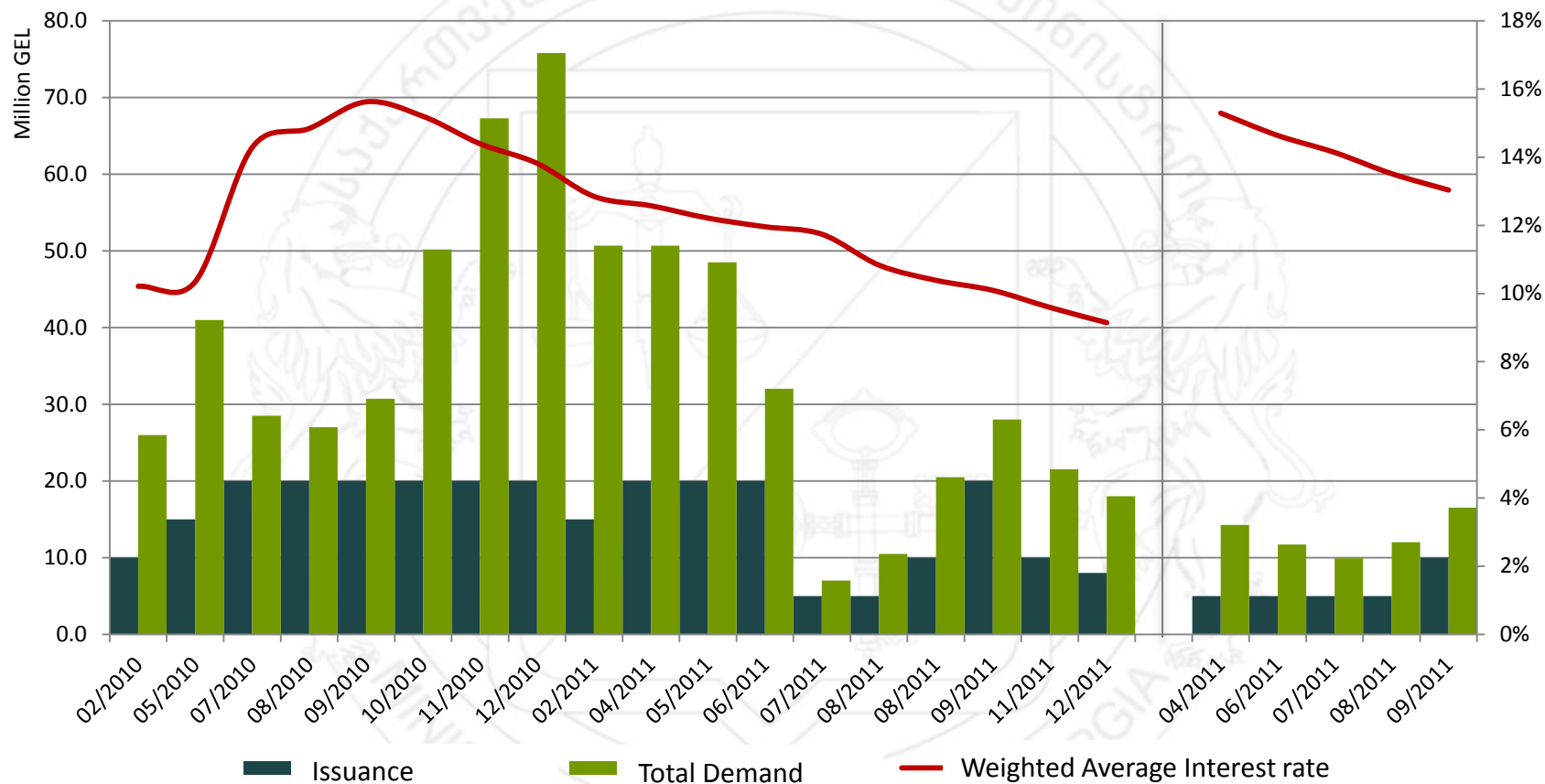




CASH AND DEBT MANAGEMENT PRACTICES



EMISSION, DEMAND AND AVERAGE WEIGHTED INTEREST RATE OF TREASURY OBLIGATIONS WITH 2 AND 5 YEAR MATURITY PERIOD (2010-2011)

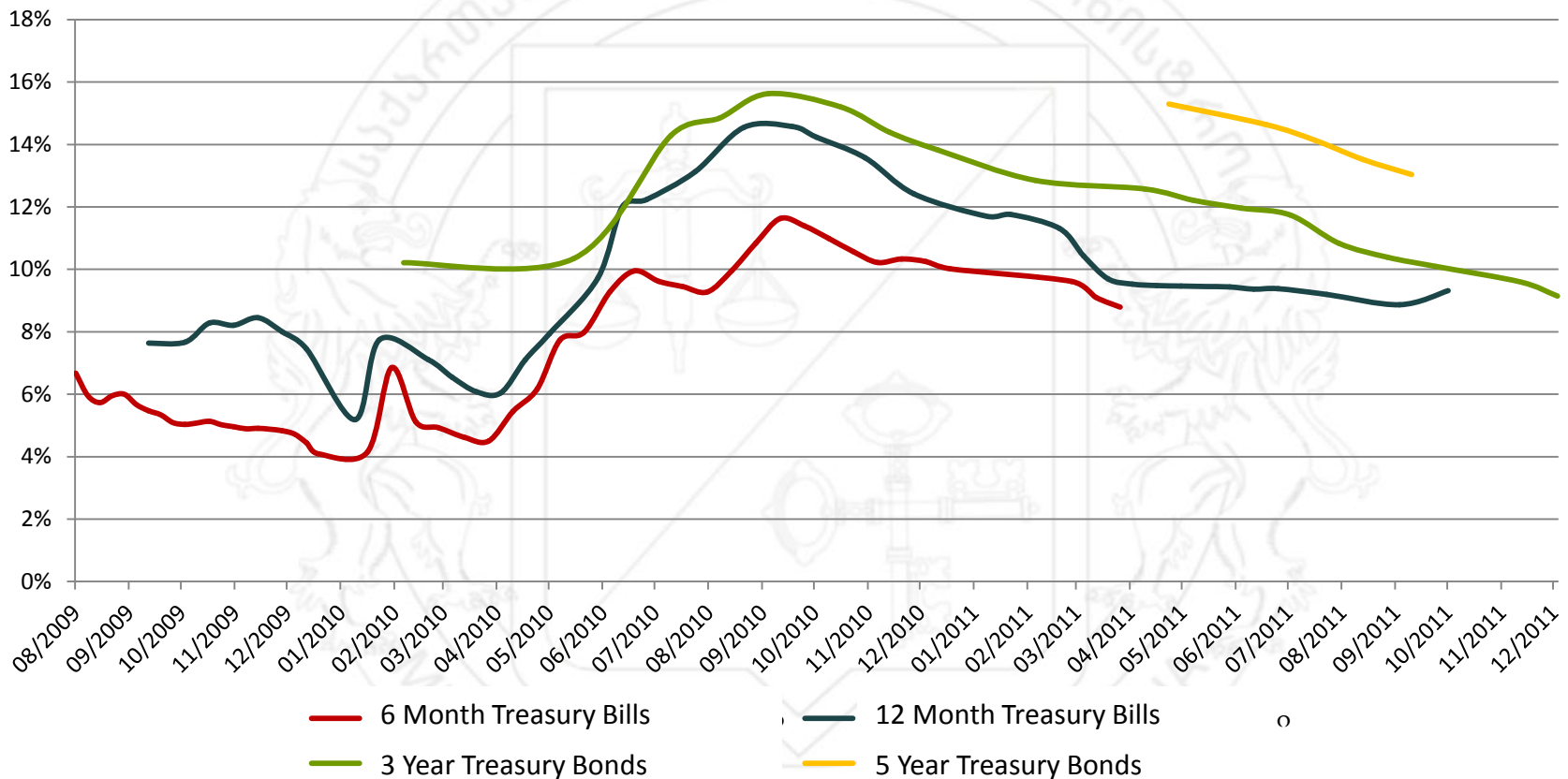




CASH AND DEBT MANAGEMENT PRACTICES



AVERAGE WEIGHTED INTEREST RATE OF TREASURY OBLIGATIONS AND BONDS (2009-2011)





CASH AND DEBT MANAGEMENT PRACTICES



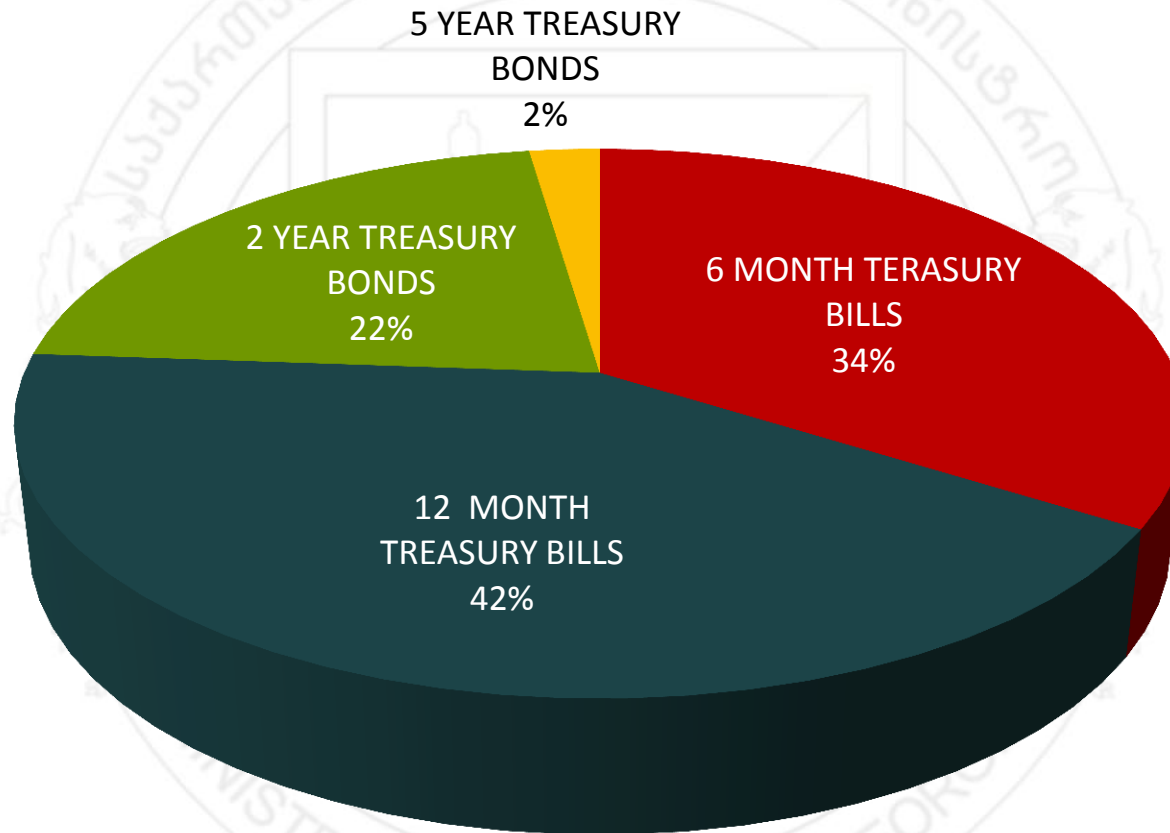
- The portfolio maturity period is increased stage by stage;
- The following factors demonstrate growing demand for securities issued by the Ministry of Finance of Georgia:
 - Increased number of applications at auctions;
 - Participation of nonbanking investors in the recent auctions.



CASH AND DEBT MANAGEMENT PRACTICES



THE SHARE OF SECURITIES OF DIFFERENT MATURITY IN THE TOTAL EMISSION (2009-2011)

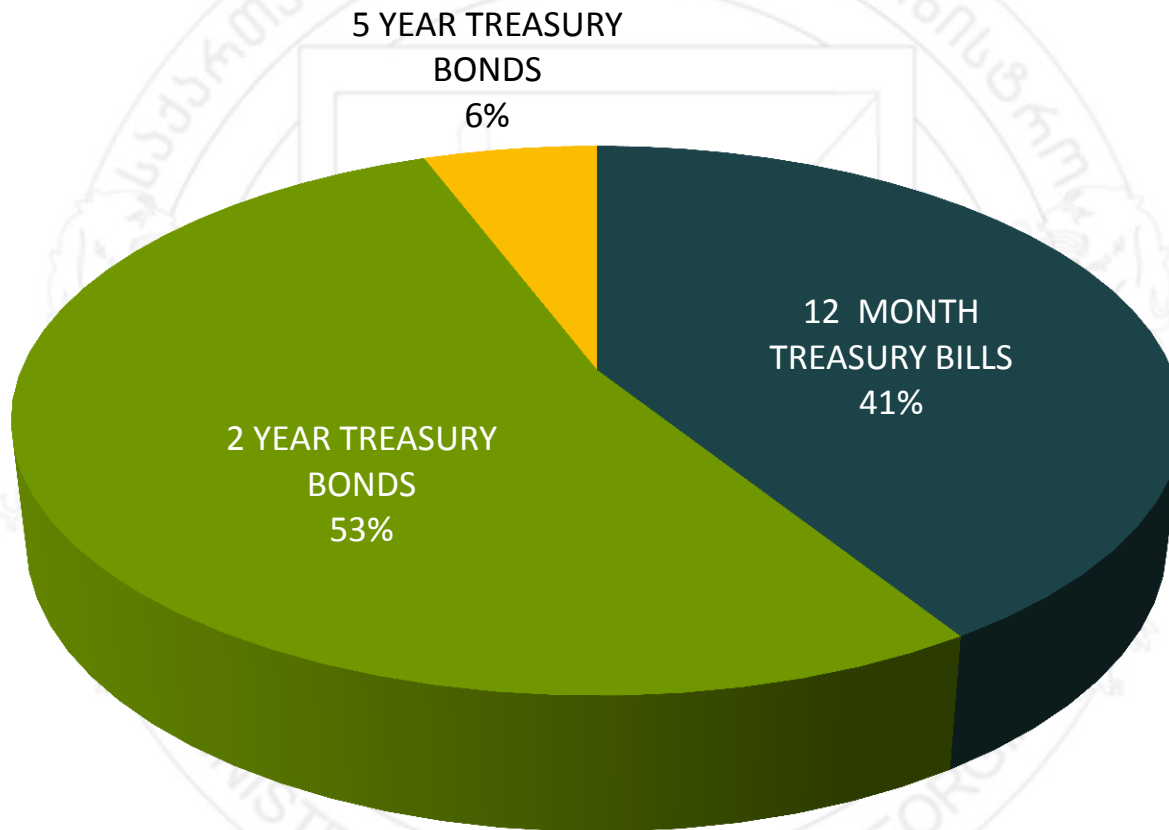




CASH AND DEBT MANAGEMENT PRACTICES



THE SHARE OF SECURITIES OF DIFFERENT MATURITY IN PAYABLE OBLIGATIONS (AS OF THE END OF 2011)





CASH AND DEBT MANAGEMENT PRACTICES



- In **2008**, Georgia for the first time issued euro bonds for the international market:
 - Eurobonds of USD 500 million par value
 - 5 year maturity period;
 - Coupon rate - 7.5%.



CASH AND DEBT MANAGEMENT PRACTICES



- In **2011**, in order to increase the maturity period of the portfolio and for refinancing purposes, Georgia issued:
 - Eurobonds of USD 500 million par value;
 - 10 year maturity period;
 - Coupon rate - 6.875%.



CASH AND DEBT MANAGEMENT PRACTICES



- Besides the government securities, the internal debt also includes the following two categories:
 - The debt of the Government of Georgia to the National Bank of Georgia
 - So called „**Historical Debts**“
 - Obligations created as a result of the disintegration of the Soviet Union;
 - Other obligations.



CASH AND DEBT MANAGEMENT PRACTICES



- Cash resource management tools used by Georgia:
 - Development of monthly cash disbursement plans;
 - Allocation of available cash resources in different financial instruments.



CASH AND DEBT MANAGEMENT PRACTICES



- The Treasury Service is reviewing the possibility of reducing the foreign debt share through mobilization of internal resources, by issuing government securities denominated in GEL.
- For this purpose, similar experience of different countries is being studied and it is planned to invite foreign experts.



CASH AND DEBT MANAGEMENT PRACTICES



Thank you for Attention!

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