

Georgia

This annex refers to the rating action release of 17 April 2020

Annex I: Summary of core variable scorecard (CVS) and qualitative scorecard (QS)1

Growth potential of the economy Economic policy framework Macro-economic stability and sustainability Fiscal policy framework Debt sustainability Market access and funding sources Current account vulnerability External debt sustainability Vulnerability to short-term external shocks Perceived willingness to pay Recent events and policy decisions Geopolitical risk Banking sector performance Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)		Implied rating of core variable scorecard (CVS)	bb				
Solution Section Secti	Weight	Qualitative scorecard (QS)					
Macro-economic stability and sustainability Fiscal policy framework Debt sustainability Market access and funding sources Current account vulnerability 15% External debt sustainability Vulnerability to short-term external shocks Perceived willingness to pay Necent events and policy decisions Geopolitical risk Banking sector performance Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)		Growth potential of the economy	Strong				
Fiscal policy framework 30% Debt sustainability Market access and funding sources Current account vulnerability 15% External debt sustainability Vulnerability to short-term external shocks Perceived willingness to pay 10% Recent events and policy decisions Geopolitical risk Banking sector performance 10% Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)		Economic policy framework	Neutral				
30% Debt sustainability Market access and funding sources Current account vulnerability 15% External debt sustainability Vulnerability to short-term external shocks Perceived willingness to pay 10% Recent events and policy decisions Geopolitical risk Banking sector performance 10% Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)		Macro-economic stability and sustainability	Neutral				
Market access and funding sources Current account vulnerability 15% External debt sustainability Vulnerability to short-term external shocks Perceived willingness to pay 10% Recent events and policy decisions Geopolitical risk Banking sector performance 10% Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)	30%	Fiscal policy framework	Neutral				
Current account vulnerability 15% External debt sustainability Vulnerability to short-term external shocks Perceived willingness to pay Now Recent events and policy decisions Geopolitical risk Banking sector performance 10% Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)		Debt sustainability	Neutral				
15% External debt sustainability Vulnerability to short-term external shocks Perceived willingness to pay 10% Recent events and policy decisions Geopolitical risk Banking sector performance 10% Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)		Market access and funding sources	Neutral				
Vulnerability to short-term external shocks Perceived willingness to pay Now Recent events and policy decisions Geopolitical risk Banking sector performance Now Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)	15%	Current account vulnerability	Weak				
Perceived willingness to pay 10% Recent events and policy decisions Geopolitical risk Banking sector performance 10% Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)		External debt sustainability	Neutral				
10% Recent events and policy decisions Geopolitical risk Banking sector performance 10% Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)		Vulnerability to short-term external shocks	Weak				
Geopolitical risk Banking sector performance 10% Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)	10%	Perceived willingness to pay	Neutral				
Banking sector performance 10% Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)		Recent events and policy decisions	Neutral				
10% Banking sector oversight and governance Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)		Geopolitical risk	Weak				
Financial imbalances and financial fragility QS adjustment (notches) Additional considerations (notches)	10%	Banking sector performance	Neutral				
QS adjustment (notches) Additional considerations (notches)		Banking sector oversight and governance	Neutral				
Additional considerations (notches)		Financial imbalances and financial fragility	Weak				
		QS adjustment (notches)	0				
Final ration		Additional considerations (notches)	0				
Final rating		Final rating	BB NEG				

Annex II: Selected indicators

	2015	2016	2017	2018	2019	2020F
GDP per capita (USD, '000s)	3.7	3.8	4.1	4.4	4.4	-
Real GDP, % change	3.1	2.9	4.8	4.9	5.0	-3.0
CPI, % change	4.0	2.1	6.0	2.6	4.8	-
General government balance, % of GDP	-1.0	-1.3	-0.8	-0.7	-2.7	-7.0
Central government debt, % of GDP	38.7	42.2	41.1	40.4	41.3	50.0
Current account balance, % of GDP	-11.9	-12.4	-8.0	-6.8	-5.1	-
Gross external debt, % of GDP	102.2	105.0	106.5	101.2	105.4	-

Source: National Statistical Office, Central Bank of Georgia, Haver, Scope Ratings GmbH

Annex III: Economic development and default indicators

IMF Development Classification²

EMDE

¹ The weighting and explanation of all rating factors are described in Scope's 'Public Finance Sovereign Ratings' methodology, available on www.scoperatings.com
² AE = advanced economy; EMDE = emerging market and developing economy