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To: Members of the Executive Board

From: The Secretary

Subject: States of the Former Soviet Union - Recent Developments
and Fund Relations

As mentioned at this morning's Board meeting (EBM/92/94), there is attached for the Executive Directors information on: I - Recent Developments in the States of the Former Soviet Union other than Russia, and II - Fund Relations with States of the Former Soviet Union.

Mr. Kapur (ext. 38732) or Ms. Primorac (ext. 34789) is available to answer technical or factual questions relating to this paper.

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Department Heads

INTERNATIONAL MONETARY FUND

States of the Former Soviet Union--Recent Developments
and Fund Relations

Prepared by the European II Department

July 24, 1992

I. Recent Developments in the States of the Former
Soviet Union Other than Russia

Armenia

Armenia's economy experienced a disastrous start in 1992, largely reflecting the economic blockade vis-à-vis Azerbaijan--stemming from the Nagorno-Karabakh conflict--which led to acute energy shortages. As a result, real GDP is estimated to have declined by some 40 percent in the first quarter. Even assuming some subsequent recovery, output is expected to shrink by at least 30 percent in 1992. Prices rose by over 400 percent during early 1992, real wages contracted dramatically, and unemployment rose sharply. In the face of a major revenue shortfall, expenditures have had to be cut to the bare minimum, despite which the overall fiscal deficit is projected at around 15 percent of GDP in 1992. A shortage of ruble banknotes forced the pursuit of tight monetary policies in the early part of 1992, and has encouraged the authorities to consider the introduction of a national currency. Interrepublican and foreign trade has decreased to a fraction of previous levels.

Despite the extremely difficult economic situation, the authorities have made a strong effort to move forward with economic reforms particularly on the structural side. However, proposed measures in several key areas continue to be under discussion in Parliament, which has become increasingly preoccupied with the Karabakh conflict, where fighting has escalated sharply in recent months.

Azerbaijan

Overall economic conditions and the reform process have been adversely affected by the ongoing regional conflict vis-à-vis Armenia and associated domestic political uncertainties. Following elections, the former leader of the main opposition party, Mr. Elchibei, took office as President in June.

Real GDP is likely to fall by at least 20 percent during 1992, while inflation, after surging in January, has abated in subsequent months. A large fiscal deficit is in prospect and, despite substantial energy resources, the balance of payments is likely to be under continuing heavy pressure. The President has announced that Azerbaijan will introduce its

own currency, the Manat, on August 15. The new currency will circulate initially in parallel with the ruble. The foreign exchange and trade system continues to function primarily under the laws and regulations of the former U.S.S.R. Regarding economic reforms, while considerable progress has been made in the area of price liberalization, in other structural areas such as privatization and demonopolization, draft legislation is still reportedly being considered by Parliament.

Belarus

With output having recovered somewhat in recent months, officials are now looking--perhaps optimistically--for a fall in real GDP in 1992 of no more than 10 percent. Unemployment remains negligible, but involuntary leave without pay is becoming widespread. Prices continue to be adjusted in small steps, but the extent of liberalization lags behind that in neighboring states. Real wages fell by half over the first four months of the year but, as a result of a very sharp increase late last year, are only marginally lower than on average in 1991 and may well be poised to rise sharply.

Financial policy has remained reasonably well disciplined but is under strain. The budget was kept in small surplus during January-April, primarily through the ad hoc deferral of expenditures, which is seen as unsustainable; total bank credit to enterprises increased by 175 percent, but pressures have been mounting to monetize inter-enterprise arrears. To address the shortage of banknotes, Belarus has introduced multi-use coupons as a parallel currency; remaining in the ruble area, and stabilizing the ruble, continue, however, to be the authorities' first preference, and negotiations with Russia on the modalities are taking place currently. External policies remain in some disarray: in particular, a sizable foreign exchange tax has essentially closed off the repatriation of foreign exchange; there is no functioning foreign exchange market; and unification of the exchange rate in line with that in Russia is seen as posing major budgetary difficulties. Systemic change is slow, reflecting a perceived need for controlled and gradual change.

Estonia

The economy has suffered from continuing trade dislocations and a decline in the terms of trade associated with the move to near world market prices for energy imports; output could fall by 28 percent in 1992. Although inflation subsided substantially by May, average wages have continued to lag prices, and real wages have contracted by about one third so far in 1992. The general government budget position deteriorated sharply in March, but emergency measures, including the reduction of selected subsidies, are estimated to have restored balance in May/June and this is expected to be sustained for the remainder of the year. The external current account was roughly in balance in the first five months of 1992,

with the lack of external financing resulting in a compression of imports. Monetary conditions have been extremely tight, with credit expanding by only 25 percent in the first half of the year. In cooperation with Fund staff, Estonia introduced its own currency on June 20, 1992 (the kroon) based on a "currency board" system. In May-June, Estonia implemented legislation expanding the number of smaller enterprises available for privatization, and passed through Parliament a bankruptcy law.

Georgia

The domestic security situation has remained volatile, as reflected in the June coup attempt and the recent abduction of a senior cabinet minister. Supporters of ex-President Gamsakhurdia continue to control parts of Western Georgia, while fighting escalated in South Ossetia prior to a recent cease fire.

Georgia's economic situation deteriorated further during the first half of 1992. Despite some recovery anticipated for the rest of the year, real GDP in 1992 could well fall by some 30 percent. Inflation during the first five months of the year exceeded 500 percent, mainly as a result of price liberalization. The budget has come under severe pressure, with the cessation of all but essential expenditures, and there are indications of emerging payments arrears on wages. External trade, both within and outside the FSU, has dwindled to a fraction of earlier years' levels. The authorities' efforts to implement financial policies have been complicated as a result of a shortage in ruble banknotes and they are reportedly considering the introduction of a national currency. The authorities have introduced some reforms (most notably, price liberalization); measures in other key areas are being prepared.

Kazakhstan

Real activity fell sharply in the early part of 1992, and GDP is now projected to decline by 22 percent in the year as a whole. Enterprises failed to adjust to an even sharper fall in demand, resulting in a sizable build-up of inventories, and a rapid accumulation of interenterprise arrears (both domestic and interrepublican). Inflation has begun to subside in recent months in the aftermath of relatively comprehensive retail-level price liberalization.

Financial policies have remained tight, but this is unlikely to be sustained during the remainder of the year. Although fiscal revenues have so far exceeded expectations, ad hoc measures have been needed to contain the deficit and pressures on expenditures have been mounting; if policies remain unchanged, there is a likelihood that a deficit of the order of 8-10 of GDP might materialize for 1992. The Government has publicly stated that it would prefer to remain in the ruble area, although there are serious coordination difficulties with the Russian authorities and a continuing

shortage of banknotes; however, the National Bank has not yet aligned its interest and exchange rates with those prevailing in Russia. Preliminary estimates indicate that Kazakhstan's external financing gaps will remain significant in 1992 and 1993; medium-term prospects have improved substantially following recent agreements on sizable foreign direct investment commitments notably in the petroleum and gas sectors. Systemic reforms (including the privatization program and the removal of the state order system) are being accelerated. The staff has made substantial progress in agreeing on the broad framework for adjustment and reform, although critical issues need to be clarified before a program can be finalized.

Kyrghyzstan

Output fell during the first half of the year by an estimated 20 percent relative to a year earlier, and is expected to decline by 25 percent for the year as a whole. While price reform is still incomplete, inflation decelerated significantly during the second quarter.

Financial policies remain relatively tight, although strains are beginning to develop. While the budget has been kept in approximate balance in the first half of the year, the deficit, on current policies, is estimated to reach 7 percent of GDP for the year as a whole. Credit to the economy has registered a substantial decline in real terms; however, state intervention in the sectoral allocation of credit persists, and interest and exchange rates continue to diverge significantly from those set in Russia. Kyrghyzstan hopes to stay in the ruble area, although the authorities are concerned about the lack of consultation by the Russian authorities, and serious difficulties over supplies of cash. Sizable external financing gaps are forecast in both 1992 and 1993. Progress on systemic change has recently slowed; however, the authorities plan to advance price liberalization, reduce subsidies, accelerate the privatization program, resume agricultural reform, and gradually phase out state orders. The staff has reached broad agreements with the authorities on the adoption of a comprehensive economic reform program although more work remains to be done before a Fund program can be finalized.

Latvia

The economic situation deteriorated further during the first half of 1992. Industrial production in June was 40 percent below the level a year earlier, and, unless foreign external assistance is forthcoming, real GDP is expected to decline by 25 percent in 1992. The external current account has remained roughly in balance, with compression of imports forced by the lack of external financing. Monthly inflation has moderated since the turn of the year to below 11 percent in June. Wage increases have started to catch up with inflation in recent months, but real wages have fallen significantly since the beginning of the year.

The fiscal situation deteriorated sharply in the second quarter of 1992 and a general government deficit of about 3 percent of GDP was recorded for the first half of the year. In response, several tax measures were proposed to produce a balanced budget for the second half of 1992. This budget was approved by Parliament on July 12. Monetary policy has been extremely tight so far this year. The refinancing rate of the Bank of Latvia was increased from 15 percent to 50 percent on June 1 and further to 80 percent on July 1, at which date the reserve requirement ratio was increased from 15 percent to 20 percent. Accordingly, the Bank of Latvia had no difficulties in maintaining parity between the ruble and the Latvian ruble after the introduction of the latter in early May 1992. From July 20, 1992, the Latvian ruble became the sole legal tender effectively signalling Latvia's departure from the ruble area. Incomes policy measures are under consideration, but have not yet been adopted. As regards structural policies, progress remains slow, except in the areas of price liberalization and social safety net. Parliament has approved several laws to speed up privatization, but little progress has been made in their implementation; the process remains impaired by the nationality issue and the question of restitution of residential property to previous owners.

Lithuania

In mid-July, Parliament passed a vote of no-confidence in the Prime Minister, and national elections to select a new Parliament have been scheduled for late October. It is unclear how this will affect economic policy.

A partial recovery in output in late 1991 was sharply reversed in the first half of 1992, and it is now expected that GDP could fall by around 25 percent in 1992 as a whole. The monthly inflation rate has settled in the range 5-10 percent in recent months, but is expected to rise substantially in the remainder of the year as the effect of higher oil prices works through. The budget position has been deteriorating steadily, moving from a surplus of over 2 1/2 percent of GDP in 1991 to approximate balance during the first half of 1992, and is expected to show a deficit of 3 percent of GDP for the year as a whole. Domestic credit grew by 146 percent during the first five months of 1992, implying a substantial cut in real terms. In conjunction with the World Bank, a number of measures have been taken, or are under consideration, to implement pro-competition and anti-monopoly policies, e.g. through continued privatization.

Moldova

Moldova's current economic situation continues to be very difficult and uncertain. In addition to the problems common to most of the FSU states, the economy is suffering from the recent escalation in hostilities in the Trans-Dniester region and the associated severe disruption of internal financial relations. The economic outlook for 1992 is bleak: economic

activity is projected to decline by at least 20 percent in 1992, and inflation to accelerate sharply.

While credit policies remained relatively restrained in the first quarter of 1992, fiscal policies were expansionary and were in part financed through the accumulation of domestic arrears. The budget came under severe pressure in the first quarter of 1992 as revenues fell far short of the budgeted levels while expenditure demands increased sharply. For the year as a whole an overall deficit of about 6 percent of GDP is in prospect. Expansionary fiscal policy, together with an adverse shift in the terms of trade, are likely to contribute to a very large trade deficit. In response to the severe shortage of ruble banknotes, the authorities introduced a multi-use coupon on June 15, 1992, and are accelerating plans to introduce a national currency, the Moldovan leu.

Very little of the economic reform program elaborated by the government that was in power until June 1992 was implemented because of an inability to reach agreement with Parliament on several key issues such as privatization and because of the escalating crisis in the Trans-Dniester region. Nevertheless, some progress was made early in 1992 in the areas of price liberalization and a move away from automatic indexation of wages.

Tajikistan

In the past few months, the political situation has been unstable in Tajikistan, with serious clashes between the Government of President Nabiyeu and opposition groups. Coupled with the severe effects of trade and other supply disruptions, terms of trade shocks, and the loss of Union transfers, the civil unrest is expected to result in output contracting by, on a conservative basis, 25 percent in 1992; the effects of the contraction will be magnified by a very high rate of population growth. Due to civil disturbances and political uncertainty, the staff has had little recent contact with the authorities. Preliminary information indicates that Government finances are under severe pressure partly due to a heavy burden imposed by food subsidies introduced earlier in the year. The momentum of reform appears to be slower than in most other states with lagging price reform and a limited program of systemic change. The authorities' policy towards ruble area participation is not known.

Turkmenistan

Despite a mild recession brought about by the loss of Union transfers and trade disruptions, Turkmenistan, with its substantial natural resources, is likely to benefit from a major terms of trade improvement. The Government is using the resulting augmented national savings to cushion the impact of economic change on the population and, as a result, Government finances are under pressure. A sizable fiscal deficit for the year is expected unless corrective action is taken. The Government has declared it

commitment to the ruble area but needs to coordinate monetary policies and harmonize exchange arrangements with Russia and other member states. The process of systemic reform has generally developed more slowly than in some other neighboring states--especially in price liberalization and privatization. Although perceived by the authorities as promising, medium-term prospects will depend crucially on tighter financial policies; structural reform, movements in gas and oil prices toward world levels, and the success of efforts to diversify the economy and attract foreign investment to the energy sector.

Ukraine

There has been a loss of direction in economic policy in recent months, including a certain disinclination to contemplate strategic issues of stabilization and reform until after Ukraine's departure from the ruble area--currently scheduled for October 1. Meanwhile, financial policies have become markedly weaker. The budget deficit slipped from 2 percent of GDP in the first quarter of the year to around 7 percent for the first five months. Given recent parliamentary approval of large-scale assistance to agriculture, the deficit could reach 20 percent of GDP for the year, in the absence of corrective measures. Growth in credit to enterprises exceeded 75 percent of GDP in the first five months, allowing firms to pay higher real wages in May than the average for 1991, despite the quadrupling of prices early in the year. All this, in the absence of a prompt tightening of policies, could presage a sharp acceleration in inflation from the recent monthly rate of 10 percent. Large falls in output, particularly in agriculture, were recorded in the first half of 1992, and it is likely that real GDP could fall by around 20 percent in the year as a whole. The external position remains murky, with the bulk of foreign currency earnings reportedly unrecorded as exporters attempt to evade punitive foreign exchange taxes. Progress on systemic change has so far been confined mostly to the legislative infrastructure; privatization is expected to begin in the fourth quarter of 1992.

Uzbekistan

Economic activity showed a sharp decline in the first quarter of the year and is expected to contract by 10-15 percent by year end. Relative to other states, however, Uzbekistan will benefit from its self-sufficiency in natural gas and from its cotton and energy-products export potential. Price liberalization has not progressed very far and inflation rates have been lower than those prevailing in neighboring states.

Financial policies have been lax so far in 1992. Increasingly large-scale subsidization of enterprises and the population will result in a sizable fiscal deficit for the year. Domestic credit has also expanded sharply, mostly financing enterprises that still face soft budget constraints. Despite considerable divergence in the exchange rate system

from that prevailing in other ruble area states, the authorities' current preference is to remain in the ruble area; however, consideration has been given to introducing a national currency. The Government is taking a gradualist--and dirigiste--approach to economic reform and the dismantling of the command economy. The state order system remains prevalent and the privatization program is moving slowly.

Table I.1. States of the Former U.S.S.R.: Recent Economic Developments

(Changes in percent, unless otherwise noted)

	<u>Real GDP</u>		<u>Consumer Prices</u>		<u>Current Account 1/</u> <u>(in percent of GDP)</u>	
	1991	1992 (Proj.)	1991	1992	1991	1992
U.S.S.R. 2/	-17.0	...	89.0	...	0.6	...
Estonia	-13.4 3/	-28.0	210.0	449.0 4/	...	-9.0
Latvia	-3.5 3/	-25.0	124.5	313.0 4/	...	...
Lithuania	-13.6 3/	-25.0	224.7	226.3 4/	8.2	-15.0
Russian Federation	-9.0	-14.0	90.4	606.6 5/	0.7	-2.8
Belarus	-3.0 6/	-18.0	80.3	335.9 7/	-2.5 8/	...
Moldova	-11.9	-20.0	110.0	704.0 7/	-0.8	-7.2
Ukraine	-11.2	-20.0	89.1	414.6 5/	-1.0	...
Armenia	-11.8 6/	-30.0	142.3	437.5 9/	-4.6	-12.9
Azerbaijan	-0.7	-20.0	87.3	205.0 9/	5.3	-3.4
Georgia	-23.0	-30.0	123.0	436.5 5/	-7.7	-18.2
Kazakhstan	-10.0	-22.0	84.0	488.0 5/	-0.8	-6.7
Kyrgyzstan	-2.0	-25.0	88.2	421.0 5/	-5.0 4/	-19.5
Tajikistan	-8.7	-25.0	102.9	...	-2.5 4/	...
Turkmenistan	-5.9	-5.0	84.6	249.0 9/	13.8	...
Uzbekistan	-0.5	-10.0	82.9	252.0 9/	-2.5	...

Source: Staff estimates.

1/ Current account in convertible and non-convertible currencies, including interrepublican trade. The aggregates are the ratio of the combined current account to aggregate GDP/NMP.

2/ Reliable, comparable economic data for the republics of the former U.S.S.R. are not generally available; the estimates in this table should be interpreted as indicative of broad orders of magnitude.

3/ Preliminary.

4/ End-June 1992 relative to end-December 1991.

5/ End-May 1992 compared to end-December 1991.

6/ Net material product.

7/ End-April 1992 compared to end-December 1991.

8/ Trade balance as a percent of NMP/GDP.

9/ End-March 1992 related to end-December 1991.

Table I.2. Economic Policy Indicators for States of the Former U.S.S.R.

	Fiscal Balance			Most Recent VAT Rate <u>4/</u> 1992 (percent)
	1991 <u>1/</u>	1992 <u>2/</u>	1992 <u>3/</u>	
	(In percent of GDP)			
Armenia	-0.8	...	-14.3	28
Azerbaijan	-13.6	-8.5	-16.4	28 <u>5/</u>
Belarus	2.2	-6.0	...	28
Estonia	4.1	1.9	1.7	10
Georgia	-3.1	-1.3	-11.8 <u>6/</u>	28
Kazakhstan	-8.0	-4.0	-10.1	28
Kyrgyzstan	3.3	...	-7.0	28
Latvia	6.9	...	-1.8	10-14 <u>7/</u>
Lithuania	2.8	-2.4	-3.0	18 <u>8/</u>
Moldova	--	-2.8	-5.8 <u>9/</u>	15-28
Russian Federation	-20.0 <u>10/</u>	...	-11.3	15-28 <u>11/</u>
Tajikistan	3.4	...	...	25
Turkmenistan	3.2	-4.6	-14.0	28
Ukraine	-16.9	-7.1	-25.0	28
Uzbekistan	-3.1	-11.5	...	30

1/ Staff estimates.

2/ Official budget projections.

3/ Fund staff projection on the basis of current policies.

4/ Rates generally applied to non-exempt items.

5/ Excludes a number of food items.

6/ Including unrecorded expenditure and interest due on foreign debt.

7/ 10 percent on manufacturing and wholesale, 12 percent at retail, and 14 percent at health resorts. New VAT rates have been approved by the Parliament to enter into force on October 1, 1992; 6 percent on food and 12 percent for all other items, exports are exempted.

8/ Effective July 1, 1992.

9/ Excludes Trans-Dniester region.

10/ Notional balance for 1991 includes Russia's assumed share of the union budget.

11/ 15 percent for food items, medicine and children's clothing and 28 percent for other goods.

Table I.2 (concluded). Economic Policy Indicators for States of the Former U.S.S.R.

	Domestic Credit Growth		Reserve Requirement	Central Bank Refinancing Rate	Commercial Exchange Rate
	1991 <u>2/</u>	1992	May-June 1992	May-June 1992	(rubles per U.S. dollar in May-June 1992)
	(Percentage change)		(In percent)		
Armenia	38.2	17.4 <u>12/</u>	0-10	20-22	85
Azerbaijan	73.8	73.9 <u>13/</u>	10-15	12.0	1.7
Belarus	87.4	144.7 <u>14/</u>	0-20	20.0	...
Estonia	...	24.6 <u>15/</u>	10	... <u>16/</u>	... <u>17/</u>
Georgia	41.2	69.2 <u>14/</u>	15	20.0	110
Kazakhstan	117.6	42.0 <u>12/</u>	15	65.0 <u>18/</u>	126.0
Kyrgyzstan	105.5	21.4 <u>13/</u>	0-15	80.0 <u>18/</u>	126.0
Latvia	90.6	309.1 <u>19/</u>	20 <u>8/</u>	80.0 <u>8/</u>	132.6
Lithuania	60.4	146.0 <u>12/</u>	10	21.9 <u>20/</u>	135.0 <u>21/</u>
Moldova	84.6 <u>22/</u>	48.0 <u>23/</u>	20 <u>24/</u>	20.0	120.0 <u>25/</u>
Russian Federation	93.1	121.6 <u>26/</u>	20	80.0	151.0 <u>27/</u>
Tajikistan	94.5	...	0-15	...	...
Turkmenistan	232.0	...	...	...	...
Ukraine	135.9	463.2 <u>12/</u>	15	30.0	130
Uzbekistan	99.3	...	...	...	...

12/ End-May 1992 relative to end-December 1991.

13/ End-March 1992 relative to end-December 1991.

14/ End-April 1992 relative to end-December 1991.

15/ June 20, 1992 relative to December 31, 1991.

16/ 67 percent in June 1992. After the introduction of the kroon, under a currency board arrangement, refinancing rate is no longer applicable.

17/ In June 1992 the exchange rate was rub 115 per U.S. dollar and since introduction of the kroon in July the exchange rate was EKR 8=DM 1.

18/ Effective July 1, 1992.

19/ End-June 1992 relative to end-June 1991.

20/ Average rate for lending by Bank of Lithuania to state enterprises in January 1992.

21/ Bank of Lithuania buying rate.

22/ Excludes Dniester Bank.

23/ End-March 1992 relative to end-December 1991, excludes Dniester Bank.

24/ Excludes Savings Bank, which is not subject to reserve requirements.

25/ Rate quoted by Vneshekonombank (Moldova).

26/ This increase is based on statistical adjustments made to reflect the gradual assumption by Russia of union-level responsibilities. Without these adjustments, credit in Russia grew by 140 percent in the first eleven months of 1991. For more information see p.25 of SM/92/59 (3/13/92).

27/ The exchange rate on June 21, 1992.

Table I.3. Status of Currencies in States of Former Soviet Union.

	National Currency	Parallel Currency	Remaining in the Ruble Area
Armenia			Subject to a satisfactory outcome in ruble area negotiations.
Azerbaijan		Plans for introduction of <u>manat</u> , to circulate alongside ruble at 1 manat = 10 rubles.	Uncertain.
Belarus		Coupons circulating at par with rubles.	Subject to a satisfactory outcome in ruble area negotiations.
Estonia	<u>Kroon</u> introduced June 20.		
Georgia <u>l</u> /			
Kazakhstan			Subject to a satisfactory outcome in ruble area negotiations.
Kyrghyzstan			Subject to a satisfactory outcome in ruble area negotiations.

Table I.3 (concluded). Status of Currencies in States of the Former Soviet Union

	National Currency	Parallel Currency	Remaining in the Ruble Area
Latvia	Latvian <u>ruble</u> became sole legal tender on July 20.		
Lithuania	To be introduced as soon as possible.		
Moldova	Decision to introduce Moldovan <u>leu</u> taken in principle; timing uncertain.	Coupons circulating at par with rubles.	
Tajikistan <u>2/</u>			
Turkmenistan			Subject to a satisfactory outcome in ruble area negotiations.
Ukraine	Coupons to become sole legal tender on October 1; to be replaced by <u>hryvnia</u> in early 1993.	Coupons circulating at par (officially) with rubles.	
Uzbekistan			Subject to a satisfactory outcome in ruble area negotiations.

1/ According to unconfirmed press reports, Georgian authorities are considering the introduction of a national monetary unit in September. The staff is seeking clarification.

2/ The lack of recent contacts with the Tajik authorities (resulting from escalating civil disturbances) has not enabled the staff to ascertain the Government's views on continued participation in the ruble area.

II. Fund Relations with the States of the Former Soviet Union

Table II.1. Missions to States of the Former Soviet Union to
Date in 1992 1/

Armenia

January 1-20	EUII	membership
February 25-March 3	FAD	multipurpose (tax policy, expenditure policy, social safety net)
April 15-17	INS	seminar on macroeconomic and financial policies
April 20-May 4	EUII	program
May 11-21	FAD	multipurpose follow-up (social safety net)
May 29-June 6	MAE	monetary and central bank operations
July	EUII	program

Azerbaijan

February 17-March 9	FAD	multipurpose (tax policy and administration, public expenditure, social safety net)
February 24-March 9	EUII	membership
April 27-May 11	EUII	program

Belarus

January 27-February 7	STA	balance of payments
February 6-20	EUII	membership
February 12-28	FAD	multipurpose (tax policy and administration, public expenditure)
April 7-21	MAE	multipurpose (central bank functions, foreign exchange operations)
April 14-16	INS	seminar for high-level officials on macroeconomic and financial policies
May 21-June 1	EUII	program
June 23-July 9	FAD	tax administration
July 15-28	EUII	program

1/ Does not include information on missions to Russia, which are covered in the staff report on Russia.

Table II.1 (continued). Mission to States of the Former Soviet Union to Date in 1992

Estonia

January 16-30	EUII	membership
February 26-March 5	MAE	multipurpose (foreign exchange operations, banking supervision, payments system, general policy, accounting)
March 4-18	STA	multitopic (training on Fund methodology, collection of real economy, bop, budget, and money statistics)
March 17-26	FAD	multipurpose (tax policy and administration, expenditure control, social welfare expenditure)
April 3-16	EUII	membership
June 8-18	EUII	program
June 1-15	STA	monetary statistics
July 21-28	FAD	tax administration
July 20-31	STA	balance of payments
July 17-August 3	EUII	program
July 17-August 6	STA	price statistics

Georgia

March 2-9	EUII	membership
May 28-June 15	FAD	multipurpose (tax policy, tax administration, expenditure policy, social safety net)
June 8-19	MAE	monetary and central bank operations
June 14-27	EUII	program
July 14-16	INS	seminar for high-level officials on macroeconomic and financial policies

Kazakhstan

January 8-22	EUII	membership
February 13-27	STA	multitopic (training on Fund methodology; money and banking, government finance, bop, and real sector statistics)
April 7-9	INS	seminar for high-level officials on macroeconomic and financial policies

Table II.1 (continued). Mission to States of the Former Soviet Union
to Date in 1992

Kazakhstan (concluded)

April 1-14	MAE	multipurpose (monetary policy, money markets, domestic debt management, payments system, central bank accounting and internal audit)
April 13-20	EUII	program
April 20-May 7	FAD	tax administration and VAT procedures
June 19-July 3	EUII	program
July 13-17	STA	coordination of technical assistance on statistics
July 22-August 16	STA	balance of payments

Kyrgyzstan

February 3-14	EUII	membership
March 17-April 2	FAD	multipurpose (tax policy and administration, budgetary procedures, public expenditure management, social safety net)
April 14-23	MAE	multipurpose
April 13-20	EUII	program
June 18-27	EUII	program
July 22-August 4	MAE	multipurpose (accounting and internal audit, banking supervision, foreign exchange operations, payments system, monetary management, money markets, public debt management)

Latvia

January 22-February 4	EUII	membership
March 11-24	STA	multipurpose (training on Fund methodology, collection of real sector, bop, budget, and money statistics)
March 24-April 8	FAD	multipurpose (tax policy and administration, budget and expenditure management, social safety net)
March 24-April 7	MAE	multipurpose (monetary policy and analysis, accounting, payment system, foreign exchange management, central bank organization)

Table II.1 (continued). Mission to States of the Former Soviet Union
to Date in 1992

Latvia (concluded)

April 6-25	STA	price statistics
April 8-21	EUII	program
May 27-June 12	EUII	program
June 28-July 14	FAD	tax administration
July 6-21	EUII	program
July 1-14	STA	balance of payments

Lithuania

January 31-February 13	EUII	membership
March 24-April 7	STA	multitopic (bop, monetary, and fiscal statistics)
March 9-19	MAE	central bank reorganization and training
March 15-April 4	STA	price statistics
March 16-27	FAD	multipurpose (tax policy and administration (in VAT), budget and expenditure control, social safety net)
April 21-May 4	EUII	program
May 13-27	STA	balance of payments
June 15-25	MAE	multipurpose (separation of central bank, monetary statistics, other issues)
June 15-25	MAE	exchange system reform
June 15-29	STA	balance of payments
June 18-July 3	EUII	program
June 22-July 3	STA	government finance statistics
July 1-4	STA	price statistics
July 10-20	FAD	tax administration
August 24-September 4	EUII	program

Moldova

January 21-February 5	EUII	membership
March 11-24	FAD	multitopic (tax policy, tax administration, expenditure policy, social safety net)
April 21-23	INS	seminar for high-level officials on macroeconomic and financial policies
April 27-May 6	MAE	monetary and central bank operations
May 20-June 4	EUII	program

Table II.1 (continued). Mission to States of the Former Soviet Union
to Date in 1992

Tajikistan

February 2-15	EUII	membership
February 8-27	FAD	multipurpose (tax policy and administration, budget preparation and classification, social safety net)

Turkmenistan

February 25-March 10	EUII	membership
March 30-April 15	FAD	multipurpose (expenditure management, tax reform, tax and customs administration, social safety net)
June 20-30	MAE	multipurpose (monetary regulation and operations, payments system, foreign exchange operations, central bank accounting and internal audit, prudential regulation and supervision of banks)
July 7-9	INS	seminar for high-level officials on macroeconomic and financial policies

Ukraine

January 9-23	EUII	membership
February 18-March 2	MAE	new currency
March 16-April 1	FAD	tax administration
March 25-April 6	MAE	monetary and foreign exchange operations, banking supervision
April 7-9	INS	policy seminar
April 21-May 4	STA	balance of payments
April 23-May 5	EUII	program
May 18-30	STA	prices/trade/bop statistics
June 21-July 2	EUII	program
July 9-23	FAD	social safety net
July 10-12	STA	coordination of technical assistance on statistics
July 15-28	MAE	foreign exchange operations, central bank functions
July 20-August 8	FAD	tax administration

Table II.1 (concluded). Mission to States of the Former Soviet Union
to Date in 1992

Uzbekistan

March 16-25	EUII	membership
May 19-21	EUII	staff visit in conjunction with presentation of monetary guidelines
June 1-15	MAE	multipurpose (accounting, payments systems, banking supervision, monetary policy, statistics analysis, and foreign exchange operations)
June 16-July 9	FAD	multipurpose (tax policy and administration, budget and expenditure control, social safety net)

Table II.2: Resident Representatives and Advisors
in States of the Former Soviet Union

<u>Russia</u>	- Mr. Jean Foglizzo - Senior Resident Representative (Nov. 1991) - Mr. Augusto Lopez-Claros (April) - 2 central banking advisors (August) - fiscal advisor (October)
<u>Belarus</u>	- Mr. Wim Middelkoop (October) - central banking advisor to be stationed soon
<u>Estonia</u>	- Mr. Jukka Paljarvi (April)
<u>Kazakhstan</u>	- Mr. Jorge Sol-Perez (August) - central banking advisor to be stationed soon
<u>Kyrghyzstan</u>	- Mr. Harry Trines (August)
<u>Latvia</u>	- Ms. Esther Suss (August)
<u>Lithuania</u>	- Mr. Per Hedfors (May) - central banking advisor
<u>Moldova</u>	- Mr. Michael Blackwell (August)
<u>Ukraine</u>	- Mr. Lawrence DeMilner (July) - central banking advisor

(Resident representative assignments have yet to be made for Armenia, Azerbaijan, Georgia, Tajikistan, Turkmenistan, and Uzbekistan.)

Table II.3: Status of Membership of States of the Former Soviet Union

<u>Armenia</u>	- member (signed 5/28)
<u>Azerbaijan</u>	- legislation being considered
<u>Belarus</u>	- member (signed 7/10/92)
<u>Estonia</u>	- member (signed 5/26/92)
<u>Georgia</u>	- member (signed 5/5/92)
<u>Kazakhstan</u>	- member (signed 7/15/92)
<u>Kyrgyzstan</u>	- member (signed 5/8/92)
<u>Latvia</u>	- member (signed 5/19/92)
<u>Lithuania</u>	- member (signed 4/29/92)
<u>Moldova</u>	- legislation not yet passed
<u>Russia</u>	- member (signed 6/1/92)
<u>Tajikistan</u>	- status of legislation not known
<u>Turkmenistan</u>	- status of legislation being examined by LEG
<u>Ukraine</u>	- legislation passed 6/3/92
<u>Uzbekistan</u>	- legislation passed

