



PEMPAL TCOP Event in Tirana

Report On Small Group Discussions Day 2

Group 1:

**Countries: Azerbaijan, Belarus, Kazakhstan,
Kyrgyzstan, Moldova, Russia, Ukraine**



1. Cashflow management and forecasting tools

- Some countries still experience problems with STA scope – special funds of the budget institutions, local budgets, earmarked funds
- Problems with application of the STA model (zero-base method is not applied to all balances)
- Annual and monthly plans are applied everywhere, and many countries have also daily forecasts, yet for a short-term horizon (not more than a month)
- Most countries apply rolling forecast of balance on STA



2. Data sources and their use

Problems

- Quality of forecasts offered by income administrators
- Lack of responsibility on the part of budget administrators for the quality of projected required funds (there are countries where the administrators do not prepare forecasts)
- Staff engaged in forecasting requires further training



3. Liquidity management tools in the context of cash deficit

- ✓ In countries where there are reserve funds, they can be used to fund cash gaps
- ✓ Countries with no reserves need to recur to delayed (postponed) payments and apply priorities for funding
- ✓ Borrowings of special funds from budget institutions and funds from investment projects funded by the donors
- ✓ Borrowing/ onlending to budgets managed through STA to cover their temporary cash gaps
- ✓ Drawing funds from extrabudgetary public institutions



4. Efficient liquidity management tools

Not every country in the group has possibilities to apply methods of active liquidity management

- ✓ Deposit free balances (including in foreign currency)
- ✓ REPO, DEPO and SWAP operations
- ✓ Invest reserve funds (Azerbaijan, Russia, Kazakhstan)

Buffer (reserve) in countries within the group is not used, but interest is shown to learn methodology of its evaluation