Measuring Cash Management and Forecasting Performance: Self-Assessment Results Group 1

Countries: Albania, Armenia, Georgia, Hungary, Kosovo, North Macedonia

1. Cash Management Outcomes

Indicator: value range	Armenia	Georgia	Hungary	Kosovo	N. Macedonia
Percentage of the total amount (by value) of monthly payments due that are not made on the due date (as a result of the lack of liquidity)	0	0	0	0	0
Ratio of outstanding advances or other borrowing from the central bank to total monthly expenditure, %	0	0	0	0	0

Notes/comments: Hungary did have arrears in the 1990s but no longer pre- EU accession

North Macedonia thinks this indicator is not relevant to them

2. TSA Coverage

Indicator: average values	Armenia	Georgia	Hungary	Kosovo	North Macedonia
A. Cash balances in the TSA under control of the Treasury and available to meet commitments (in local currency)*	491.4	3.2	2494	669,609,374	4,384,718.4
B. Total of other general government balances in the banking system (in local currency) **	?	15	3875	916,166,667	35,974,916.0
C. = A/(A+B) x 100 percent	>100%	18%	38.5%	42.23%	10.86%

Notes/comments:

☐ *Armenia – coverage of TSA has grown since 2000 and it is extensive. 2018 municipalities are now covered. Kindergartens can include their funds but only three have done this. There are some other funds on the process of being moved to TSA. Stabilisation Fund is not fungible.*

☐ *Georgia – the other funds are placed in commercial banks as short-term deposits – investments. But these are callable within 24hrs. However a significant part of the balances are not fungible.*

☐ *Hungary – the 60% not available is within municipalities and SoEs (although Soes if commercially viable are outside of general government.*

☐ *Kosovo A range of other funds are quarantined in the commercial banks*

☐ *In general we can conclude that expanding coverage of TSA and fungibility could further reduce borrowing costs*

3. Cash Forecasting Accuracy

Indicator (average values)	Armenia	Georgia	Hungary	Kosovo	North Macedonia
Error, revenue	2.3%	5%	2.2%	5.6%	7.4%
Error, expenditure	1.6%	2%	5.1%	3.1%	9.7%
Net Deviation	4.1%	3%	4.4%	2.76%	2.93%

Notes/comments:

☐ *Georgia – commented that they have relatively small deviations*

☐ *Kosovo notes some challenges with ensuring uniform data for assessing this information over time*

Overall comments and recommendations

- ☐ Do these indicators adequately capture the range of cash management activities? Armenia, Kosovo, and NMacedonia likes the proposed indicators and would like to explore further application. Perhaps we need to ensure the definitions are properly ddfined

- ☐ Have you used them or anything similar in the past? Do you use them/similar indicators now?
    - ☐ *Armenia - no legislation covering KPIs, however we do measure performance from a management perspective three times a day and to senior management (budget execution and cash management). Staff performance is also evaluated as civil servants (6 monthly).*
    - ☐ Georgia has been using these types of indicators for some years
    - ☐ *N Macedonia sees this as a future requirement once they have new FMIS in place*

- ☐ Based on your experience, what improvements or other indicators would you suggest?
    - ☐ Kosovo - Common approach to cash buffer
    - ☐ Issues with FX variations and impact on servicing future debt flows

- ☐ Do you have any other comments/suggestions for measuring cash management and forecasting performance? Armenia would like to see the best practice from other countries. Georgia noted that this type of focus supports in avoiding arrears. They are expanding coverage to state-owned schools and SoEs which are not commercially viable

THANK YOU!