

PEM-PAL

STRENGTHENING AND MEASURING TREASURY PERFORMANCE IN CASH MANAGEMENT AND FORECASTING

REPUBLIC OF NORTH MACEDONIA



Public Expenditure Management
Peer Assisted Learning

Indicator 1: Cash Management Outcomes

Indicator	Month 1 (July)	Month 2 (August)	Month 3 (September)
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
Ratio of outstanding advances or other borrowing from the central bank to total monthly expenditure, %	/	/	/

- This indicator is irrelevant for North Macedonia.
- We generally maintain liquidity at a high level
- With the previous announcements from the public debt sector, we are making liquidity compliance, if we have low liquidity, we know in advance how much we need to borrow through NBRM.

Indicator 2: TSA Coverage

Indicator	End Month 1 (July)	End Month 2 (August)	End Month 3 (September)	Average
A. Cash balances in the TSA under control of the Treasury and available to meet commitments (in local currency)*	5,036,432,049	4,020,329,587	4,097,394,063	4,384,718,566
B. Total of other general government balances in the banking system (in local currency) **	36,826,300,697	36,063,966,293	35,034,481,014	35,974,916,001
C. = $A/(A+B) \times 100$ percent	12.03 %	10.02%	10.47%	10.86%

- This indicator is relevant for North Macedonia, as it is the main mechanism to monitor cash flow on various intervals (daily, monthly, quarterly) in TSA.
- This indicator is highly relevant and important for comparative purposes.
- As indicator should have comparison of cash balance with different source of funding (donations, loans)

Indicator 3. Cash Flow Forecasting

Indicator	Month 1 (July)	Month 2 (August)	Month 3 (September)	Average of 3 Months
Revenue (forecast), in local currency R_F	15,902	12,702	14,525	14,376
Revenue (actual*), in local currency R_A	18,176	13,289	15,359	15,608
Error, revenue $E_R = \frac{ R_A - R_F }{R_A} \times 100\%$	12.5%	4.4%	5.4%	7.4%
Expenditure (forecast), E_F	14,316	13,317	13,801	13,811
Expenditure (actual*), E_A	14,770	15,820	15,385	15,325
Error, expenditure $E_E = \frac{ E_A - E_F }{E_A} \times 100\%$	3.07%	15.8%	10.2%	9.7%
Net Deviation $E_b = \frac{[(R_A - R_F) - (E_A - E_F)]}{R_A} \times 100\%$	10%	-14.4%	-4.8%	-2.93%

- This indicator is relevant for measuring cash flows in North Macedonia
- In three months, actual revenues and expenditures increased in relation to the projected ones.
- This indicator is used for liquidity needs in North Macedonia, as it is the main mechanism to monitor cash flow on various intervals (daily, monthly, quarterly) in TSA.

4. Overall Comments and Recommendations

- These indicators adequately influence the preparation of liquidity management projections
- Of three aforementioned indicators of high relevance in our country are second and third indicator
- By introducing the new reforms through the IFMIS system, we will have a more sophisticated way and method of preparing and measuring liquidity management.

Thank you for your attention