PEMPAL TREASURY COMMUNITY OF PRACTICE (TCOP)

Cash Management Thematic Group

Videoconference on the Role of the Cash Coordination Committees

Videoconference, September 25, 2025

Introduction

1. On September 25, 2025, the PEMPAL Treasury community of practice held a videoconference on *the Role of the Cash Coordination Committee.* The objective was to discuss the international experience in establishing coordination structures between cash and debt management functions, and practical approaches employed by PEMPAL countries. The event was attended by over 50 participants, including 45 treasury officials from 16 PEMPAL countries (Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Croatia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyzstan, North Macedonia, Moldova, Romania, Serbia, Tajikistan, and Uzbekistan), and interested World Bank staff. The meeting was facilitated by the World Bank resource team comprising Fabienne Mroczka (TCOP Resource Team Leader), Mike Williams (TCOP Thematic Advisor), Galina Kuznetsova and Elena Dobrolyubova (TCOP Resource Team Members), and Mingul Seitkazieva (PEMPAL Secretariat).

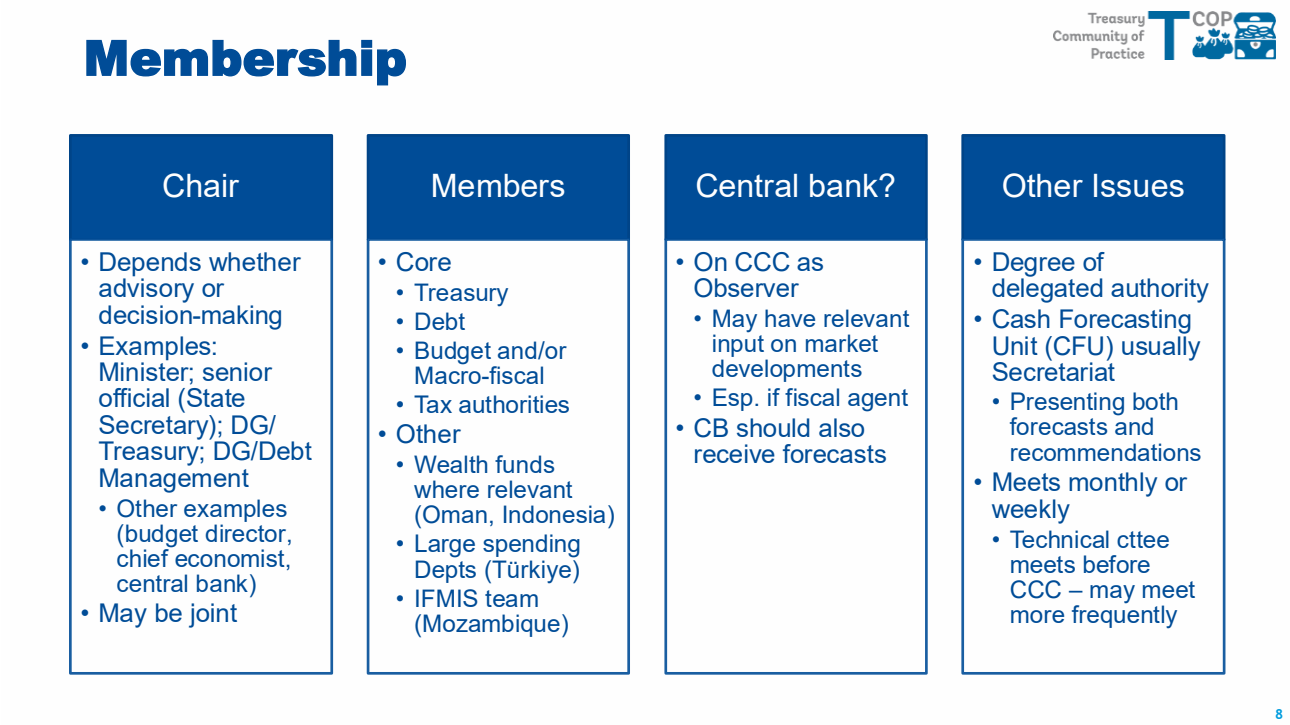
2. **Fabienne Mroczka** welcomed the participants and introduced the meeting objectives and the agenda. She noted that the agenda is largely based on the most recent TCOP knowledge product authored by Mike Williams and discussions during the previous TCOP events**.**

The Role of the Cash Coordination Committee

3. **Mike Williams** summarized the findings of the recent TCOP Note on *The Role of the Cash Coordination Committee*. He thanked all TCOP members for contributing to the thematic survey and sharing further comments on the draft note. He pointed out that coordinating cash and debt management functions becomes more important as more countries move to more active cash management. The governance structures for ensuring such coordination vary, but in the absence of an integrated debt management office, coordination structures (such as a high-level public debt committee or a cash coordination committee (CCC, also named a liquidity committee or a cash management committee) may be used.

4. The main purpose of CCCs is to review cash forecasts and agree on actions necessary to ensure cash availability or meet the cash buffer target. CCC members usually include the treasury, debt, and budget/macro-fiscal departments of the Ministry of Finance, and the tax administration. Representatives of wealth funds or large spending units may also be included in CCCs. Central Bank representatives may attend CCC meetings as observers. CCCs meet regularly (typically, at least once a month) (Fig.).

Figure: Composition of Cash Coordination Committees



Source: Presentation by Mike Williams, TCOP Thematic Advisor

5. The TCOP thematic survey conducted in April-June 2025 revealed eight PEMPAL countries that use CCCs. The institutional arrangements vary. Georgia and Serbia have established a working level committee that has many of the characteristics of a more formal CCC. There is a high-level Liquidity Committee in Croatia; and two-tier structures in Romania, Hungary and Türkiye, although what this means in practice also reflects the institutional integration of many debt and cash management functions in these countries. In Albania, CCC is complemented by a cash flow forecasting working group. In Moldova, CCC arrangements flow from the Memorandum of Understanding (MoU) between the MoF and the central bank.

6. Mike went on to draw attention to the main risks associated with more active cash management. He emphasized that while liquidity and market risks are usually not very significant, decisions to invest idle cash in deposits at commercial banks (especially when such deposits are not collaterized) may result in higher credit risk exposure. Operational risk[1] is the most problematic since it is difficult to measure and has many sources. Managing risks in cash management calls for a risk management framework and may deserve further discussion at the future TCOP events.

7. **Elena Dobrolyubova** thanked Mike for a comprehensive overview and inquired whether establishing a CCC could help reduce risks in cash management. **Mike** confirmed that improved

[1] Defined as "the risk of loss (financial or nonfinancial) resulting from inadequate or failed internal processes, people and systems, or from external events that impact a company's ability to operate its on-going business processes" *(Basel II)*.

coordination between cash and debt management functions should encourage better focus on risk, thereby helping to reduce risk exposure. **András** made a comment that, in the case of good cash management practices, Ministers should not be involved in the cash forecast discussions. **Mike** noted that the practices of delegation of authority vary by country, but the approach outlined by András was the one taken, for example, in the UK.

Cash Coordination Committees in PEMPAL Countries

8. **András Réz**, Advisor to the Vice President of the Hungarian State Treasury, explained the system of CCCs in Hungary. The CCCs reflected the separation of responsibilities between the cash forecasting function (performed by the treasury) and the cash management function (performed by the Debt Management Agency, ÁKK). In Hungary, there are two CCCs:

a. **Liquidity Committee –** a high-level committee established by the Act on Public Finance and chaired by the State Secretary of the Ministry for National Economy (responsible for public finance). It meets monthly and includes heads of tax, budget, and macroeconomic departments of the Ministry and representatives of the Hungarian State Treasury. ÁKK representatives are permanent invitees. The Committee discusses the budget deficit and cash forecast, and macroeconomic developments; it evaluates capital market trends; and it may advise on cash management operations or initiate specific, non-standard cash management operations (borrowing from SOEs, cash rationing), and

b. **Committee on TSA and Deficit** – an informal expert-level committee between the Debt Agency, the Ministry for National Economy, and the Hungarian State Treasury. It meets bi-weekly or monthly (via a VC) to discuss budget deficit and cash forecast, to evaluate capital market demand, and to discuss cash management operations.

9. **Maja Ivezić**, Head of Division on State Budget Cash Flow Planning, Ministry of Finance of the Republic of Croatia, shared the approach to a CCC used in Croatia. The Liquidity Committee in Croatia was established in 2008 and is a high-level committee chaired by the Minister of Finance. The Committee reviews monthly cash flow forecasts, discusses potential cash deficits and ways to cover them, and holds debates on a broad range of other issues, such as money and capital market developments, issuance and redemptions of securities, interest rates, investors, macroeconomic indicators, budget planning, state budget execution, and EU flows. Members include a State Secretary, Chief State Treasurer, and heads of the Ministry's organizational units responsible for public debt management, macroeconomic analysis, and state treasury. Representatives of other departments and organizations may be invited, depending on the meeting agenda.

10. During the question-and-answer session, several details were clarified. **Mike** noted that, in the Croatian case, it seemed that the Liquidity Committee did not take any specific decisions but rather issued recommendations or guidelines for relevant departments. **Maja** confirmed that this was the case. For instance, in the case of a potential cash deficit, the Committee would recommend that the treasury ensure the availability of sufficient cash funds. **Mike** asked why ÁKK was a permanent invitee rather than a member of the CCC. **András** clarified after the meeting that initially ÁKK was not a member of the Liquidity Committee. The Liquidity Committee was established by law; and since it was difficult to introduce legal amendments, the status of permanent invitee was introduced instead. **Jadranka Groksa**

Kardum (Croatia) inquired whether the Central Bank was a member of a CCC in Hungary, and **András** clarified that this was not the case. He noted that there were different mechanisms for coordination with the Central Bank in place, but this coordination was not directly related to cash management issues.

11. **Fabienne** thanked all presenters for their interesting presentations and welcomed suggestions from the audience on the future topics that TCOP could cover during its virtual and face-to-face events. She noted Mike's proposal to discuss risk management issues in the area of cash management and asked TCOP members to share their views on the topics that are of interest to them.

Conclusions

12. **Active cash management implies intensive coordination between cash and debt management functions.** Such coordination may take various institutional forms and often involves, or can usefully involve, Cash Coordination Committees (CCCs, also known as liquidity or cash management committees) representing formal or informal structures that help coordinate cash and debt management functions. The main purpose of CCCs is to review cash forecasts and agree on actions necessary to ensure cash availability or meet the cash buffer target. There is no one template for CCCs. Internationally, such committees operate at different levels, with different degrees of formality and with different executive powers.

13. **As PEMPAL countries increasingly move to manage cash more actively, it is essential that they consider the basis on which decisions are made and executed, and whether those with responsibility have the right information and policy perspectives.** The attempts to handle these interactions through bilateral or informal contacts across different managerial units risk error, confusion, and ambiguity. A CCC offers an alternative and preferable mechanism. So far, only eight PEMPAL countries have CCCs, and those that do not have such structures but also engage (or plan to engage) in more active cash management practices are encouraged to consider establishing one. The TCOP Note on CCCs that reviews governance, membership, and mandates of CCCs in PEMPAL countries and elsewhere may inform these efforts.

14. A CCC is a means to avoid some cash management-related risks, but **as cash management practices mature and more instruments are used, risk exposure in managing government cash increases.** TCOP will consider including discussions on managing cash management-related risks during its future learning events, subject to interest from members.