



**Eivind Tandberg**  
IMF PFM Advisor  
South East  
Europe

Phone: +386 1 369 6186  
Fax: +386 1 369 6244

[etandberg@imf.org](mailto:etandberg@imf.org)

# Cash management

Key issues and approaches

Based on FAD  
PFM guidance note  
under preparation

[http://www.cef-see.org/intro\\_imf06.htm](http://www.cef-see.org/intro_imf06.htm)



# Outline of presentation



**Eivind Tandberg**  
IMF PFM Advisor  
South East  
Europe

Phone: +386 1 369 6186  
Fax: +386 1 369 6244

[etandberg@imf.org](mailto:etandberg@imf.org)

- ❑ Cash management objectives
- ❑ Key features effective cash management
- ❑ Challenges for transition economies
- ❑ Sequencing



# Objectives



**Eivind Tandberg**  
IMF PFM Advisor  
South East  
Europe

Phone: +386 1 369 6186  
Fax: +386 1 369 6244

[etandberg@imf.org](mailto:etandberg@imf.org)

- ❑ Ensure that adequate cash is available, even under fiscal shocks
- ❑ Minimize net borrowing costs
  - ❑ Maximize returns on temporary surpluses
- ❑ Effective coordination with debt management strategy, fiscal and monetary policy



# Effective cash management



**Eivind Tandberg**  
IMF PFM Advisor  
South East  
Europe

Phone: +386 1 369 6186  
Fax: +386 1 369 6244

[etandberg@imf.org](mailto:etandberg@imf.org)

- Political and administrative recognition
- Appropriate institutional arrangements
- Treasury single account
- Accurate cash planning and forecasting
  - Coverage clearly defined
  - Realistic revenue projections



# Effective cash management



**Eivind Tandberg**  
IMF PFM Advisor  
South East  
Europe

Phone: +386 1 369 6186  
Fax: +386 1 369 6244

[etandberg@imf.org](mailto:etandberg@imf.org)

- ❑ Adequate transaction processing and accounting framework
- ❑ Information sharing between the agencies involved
- ❑ Integration of debt and cash management
- ❑ Modern banking, payment and settlement systems
- ❑ Access to financial markets



# Challenges



**Eivind Tandberg**  
IMF PFM Advisor  
South East  
Europe

Phone: +386 1 369 6186  
Fax: +386 1 369 6244

[etandberg@imf.org](mailto:etandberg@imf.org)

- ❑ Multiple bank accounts
  - ❑ Fragmentation of balances
- ❑ Inefficient payment modes
  - ❑ Cash payments still used
- ❑ Inadequate cash planning
  - ❑ Unreliable forecasting
  - ❑ Focus on expenditure control
- ❑ Un-coordinated cash and debt management



# Challenges



**Eivind Tandberg**  
IMF PFM Advisor  
South East  
Europe

Phone: +386 1 369 6186  
Fax: +386 1 369 6244

[etandberg@imf.org](mailto:etandberg@imf.org)

- ❑ Incomplete cash flow information
  - ❑ Weak back-office functions
- ❑ Arrears undermines credibility
- ❑ Human capacity constraints
- ❑ Inadequate infrastructure
  - ❑ Financial markets
  - ❑ Banking systems
  - ❑ Information technology



# Sequencing of reforms



**Eivind Tandberg**  
IMF PFM Advisor  
South East  
Europe

Phone: +386 1 369 6186  
Fax: +386 1 369 6244

[etandberg@imf.org](mailto:etandberg@imf.org)

- ❑ Improve basics
  - ❑ Institutional support, realistic budget, TSA, reliable accounting
- ❑ Cash planning
  - ❑ CM unit and committee, information exchange, skills, monthly plans
- ❑ Basic cash management
  - ❑ Weekly plan, speed up/smooth payments, periodic placements
- ❑ Active cash management
  - ❑ Daily plan, active placements