

Georgia - Measuring Cash Management and Forecasting Performance

Small Groups Discussion

November 5, 2024

Tirana, Albania

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Cash Management Outcomes

Indicator	September	August	July
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, %	0	0	0

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TSA Coverage (data in billion GEL)

Indicator	September	August	July	Average
A. Cash balances in the TSA under control of the Treasury and available to meet commitments (in local currency)*	1.2	1	1	3.2
B. Total of other general government balances in the banking system (in local currency) **	5.1	5	4.9	15
C. = $A/(A+B) \times 100$ percent	19%	17%	17%	18%

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Cash Flow Forecasting (data in billion GEL)

Indicator	September	August	July	Average for 3 months
Revenue (forecast), in local currency R_F	2	1.8	2	5.8
Revenue (actual*), in local currency R_A	2.2	1.9	2	6.1
Error, revenue	9%	5%	0%	5%
Expenditure (forecast), E_F	1.9	1.7	2.3	5.9
Expenditure (actual*), E_A	1.8	1.8	2.4	6
Error, expenditure	-6%	6%	4%	2%
Net Deviation	14%	0%	-5%	3%

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- These indicators alongside other cash forecasting and management tools are used in the State Treasury of Georgia for several years;
- Other forecasting tools include past patterns, operative information from large spending organizations, State Debt Management Department, Revenue Service, etc.;
- Active cash management is implemented in the State Treasury of Georgia, which considers investing of excess liquidity in domestic commercial banks, in form of short time deposits. This is quite similar to cash buffer management;
- This kind of management helps to avoid arrears (payments that are not made on the due date as a result of the lack of liquidity);
- Incoming from size of the country and expanding TSA coverage and increasing expenditure culture of more/most/all spending organizations would be further step for better cash forecasting and management performance.