

# Measuring Cash Management and Forecasting Performance: Self-Assessment Results

## Group 2

Countries: Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Uzbekistan

# 1. Cash Management Outcomes

Indicator: value range	Azerbaijan	Kazakhstan	Kyrgyzstan	Moldova	Tajikistan	Uzbekistan
Percentage of the total amount (by value) of monthly payments due that are <u>not made</u> on the due date (as a result of the lack of liquidity)	0	10.7%-14.7%	No separate statistics	0	0.01%	0.002 **
Ratio of outstanding advances or other borrowing from the central bank to total monthly expenditure, %	0	0	0	0	0	0

## Comments:

- ❑ *No payment arrears (Azerbaijan, Moldova)*
- ❑ *No borrowings from Central Bank - **all***
- ❑ *Kazakhstan: the reason for late payments is a time gap in the timing of payments (beginning of the month) and the timing of revenue inflows (end of the month).*
- ❑ *Kyrgyzstan: sometimes payments are not made on due date*
- ❑ *Moldova: timing of payments (about 90% day-to-day) + “30-day rule”*
- ❑ *Tajikistan: when deriving the indicator, rejections due to technical reasons should be excluded. There are risks of arrears data manipulation. Payment is due within 15 days, but there may be delays with registration of payment orders.*
- ❑ *Uzbekistan: \*\* annual data (for PEFA). No records of payment arrears, but the indicator may be useful.*

## 2. TSA Coverage



Indicator: average values	Azerbaijan	Kazakhstan	Kyrgyzstan	Moldova	Tajikistan	Uzbekistan
1.Cash balances in the TSA under control of the Treasury and available to meet commitments (in local currency)*	3520.67	2239.5	27020.66	3107.4		427 640,30
2.Total of other general government balances in the banking system (in local currency) **	2922.17	51464.3	11099,96	5589.5		18 848,70
3.= A/(A+B) x 100 percent	54.65%	4.17%	70.88	36-50%	Less that 60% (tbc)	<b>95,6%</b>

### Comments:

- ❑ *Minor fluctuations in the TSA coverage (Azerbaijan). Kyrgyzstan: more significant fluctuations (profit, dividends)*
- ❑ *What is **outside** the TSA?*
  - ❑ *Azerbaijan: Nakhchivan Republic, Health Insurance Fund, Oil Fund*
  - ❑ *Kazakhstan: National Fund, Pension Fund, Social Insurance Fund, Health Insurance Fund*
  - ❑ *Kyrgyzstan: does not cover the SSF, Health Insurance Fund (Social Fund also temporarily places its balances)*
  - ❑ *Moldova: Pension Fund, Health Insurance Funds not included. The issue of accounting for extra-budgetary institutions' funds which can be used by the Treasury for cash management. It is planned to expand the TSA to local budgets (+38% of the total amount of funds).*
  - ❑ *Tajikistan: only international project funds outside the TSA, Pension Fund, local budgets.*
  - ❑ *Uzbekistan: Fund for Reconstruction and Development is outside the TSA. Annualized data based on expenditure data.*

### 3. Cash Forecasting



Indicator (3-month average)	Azerbaijan	Kazakhstan	Kyrgyzstan	Moldova	Tajikistan	Uzbekistan
Error, revenue	4.9%	1.28%	19.4	4.3	1.68	10%
Error, expenditure	2.5%	7.5%	5.7	8.5	9.12	13%
<b>Net deviation</b>	-0.5%	8.8%	24.8	13.4	8.25	12%

Comments:

- ❑ **Azerbaijan:** revenue errors due to fluctuations in oil and gas revenues (due to oil and gas prices). Month-to-month fluctuations (including error above 5%) are due to the fact that during the year the forecast is revised only when the budget is amended (once a year).
- ❑ **Kazakhstan:** revenue and expenditure forecasts are adjusted, expenditures have a larger margin of error, however expenditures are often lagging.
- ❑ **Kyrgyzstan:** one-off payments (profit of the National Bank) significantly affect the accuracy of revenue forecasts.
- ❑ **Moldova:** significant volatility of expenditure error (carry forward of transfers between months). Annual forecast is regularly updated + monthly forecast (approved in the previous month).
- ❑ **Tajikistan:** a cash management tool has been developed as part of the cash management module (under implementation). The forecast becomes more relevant towards the end of the year (but the forecast is produced on a monthly basis for each day of the year)
- ❑ **Uzbekistan:** gas import payments (impact on the accuracy of the expenditure forecast). Forecast is refined monthly.

# General Comments and Recommendations



- ❑ Have you used them or anything similar in the past? Do you use them/similar indicators now?
  - ❑ No, but they are relevant.
- ❑ Do you have any other comments/suggestions for measuring cash management and forecasting performance?
  - ❑ Develop (desired) threshold values for the indicators
  - ❑ Take into account payment deadlines
  - ❑ It is important to define the cash buffer target (e.g. minimum balance and optimal balance on the TSA) and to invest surplus balances (optimizing the use of funds)
  - ❑ A common methodology should be developed.
- ❑ PEMPAL's involvement in the development of indicators is important.

**THANK YOU!**

