



Republic of Serbia
THE MINISTRY OF
FINANCE AND ECONOMY
Treasury Administration

Republic of Serbia – THE MINISTRY OF FINANCE AND ECONOMY, Treasury Administration

Active Cash Management



Republic of Serbia

General Info

- A SEE country, with landlocked position, spreading on the territory of the Balkans and Central Europe (Autonomous Province of Vojvodina)
- Transition routes: Corridor X, Corridor XI, Corridor VII
- As a Danube region country, Serbia has a connection with the North and Black Sea
- Market economy, highly depended on foreign trade



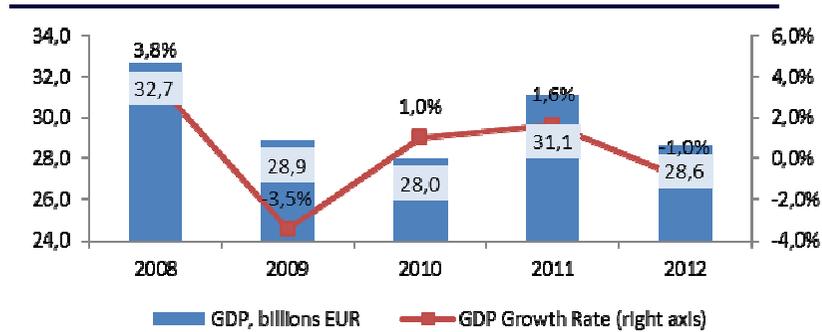
Area	88.361 km ²
Population	7.120.666
GDP, 2011 (in billion of EUR)	31,1
GDP 2011 per capita (in EUR)	4.288



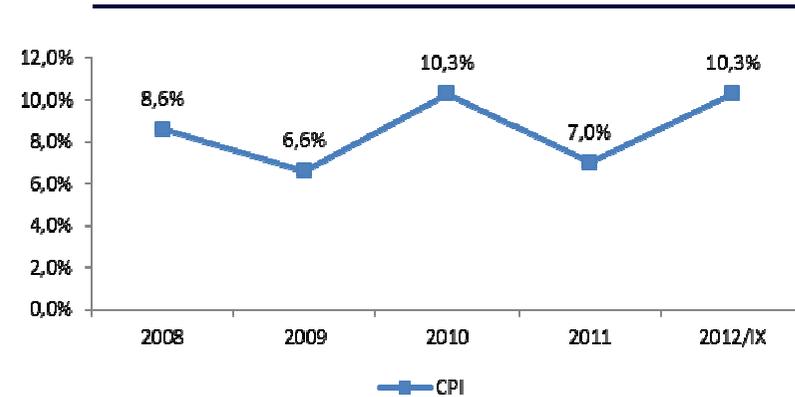


Macroeconomic Background

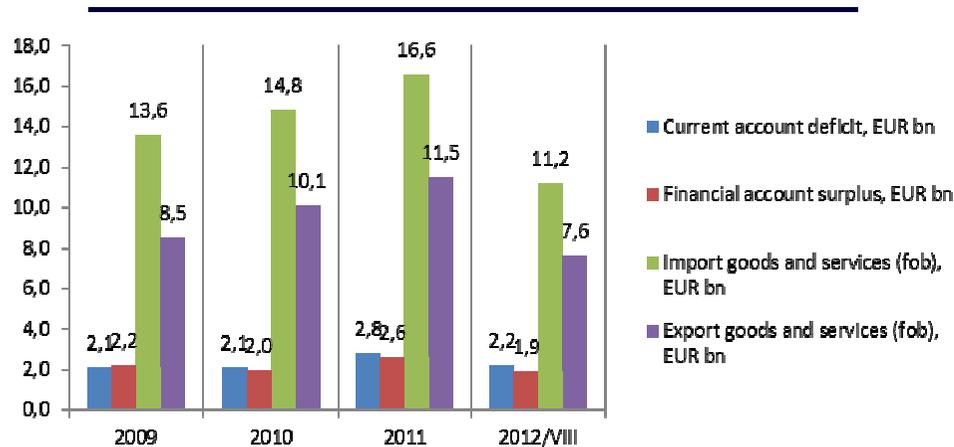
GDP Growth Rate



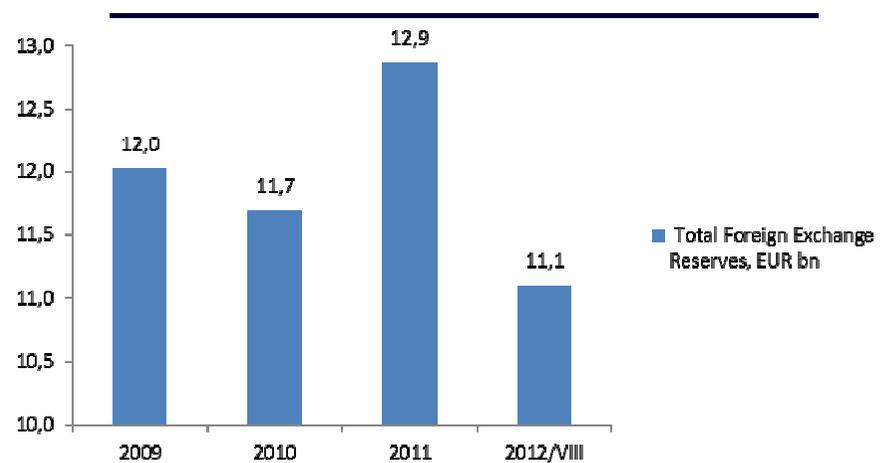
End – of – period Inflation



Balance of payment



Foreign Reserves



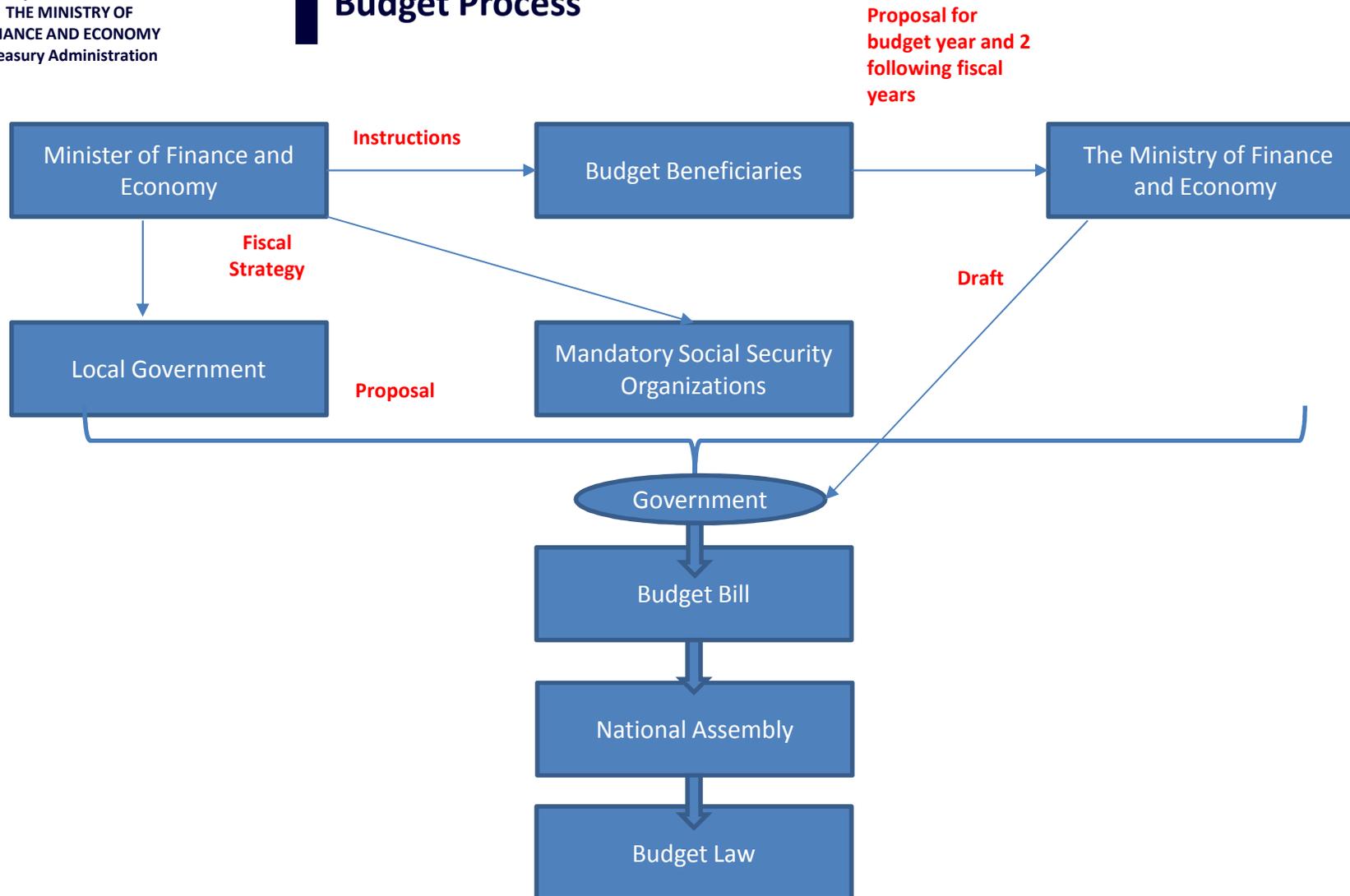


Treasury Administration

- **Treasury Administration within the Ministry of Finance and Economy, founded on 1st August, 2005**
- **Stable and transparent budget policy, modern system of public finance and increased efficiency in management and utilization of taxpayers' money**
- **Treasury Administration is in charge of:**
 - **Financial Planning**
 - **Management of public funds**
 - **Control of expenses and expenditures, approval of payments to the amount of appropriations set**
 - **Budget accounting and reporting**
 - **Public payments operations**
 - **Centralized payroll for employees of budget beneficiaries of the Republic of Serbia**
- **Number of laws and administrative procedures for the purpose of better liquidity management adopted**
- **Department for financial planning, liquidity management and business processes**



Budget Process





Financial Planning

- **Result of the approved budget– Appropriations – Authorization of budget users for spending public funds to the certain amount and for specific purposes within that fiscal year**
- **Permanent appropriation – repayment of debt and other guarantees**
- **Appropriations → Quotas – determined on monthly basis for the next three months, related to appropriation, budget execution plan for direct budget beneficiary and liquid capacity of the Budget**
- **The emphases is on the planning by the budget users themselves**
- **Preparation and submission of plans for budget execution is done through the user application FINPLAN managed by the Treasury**



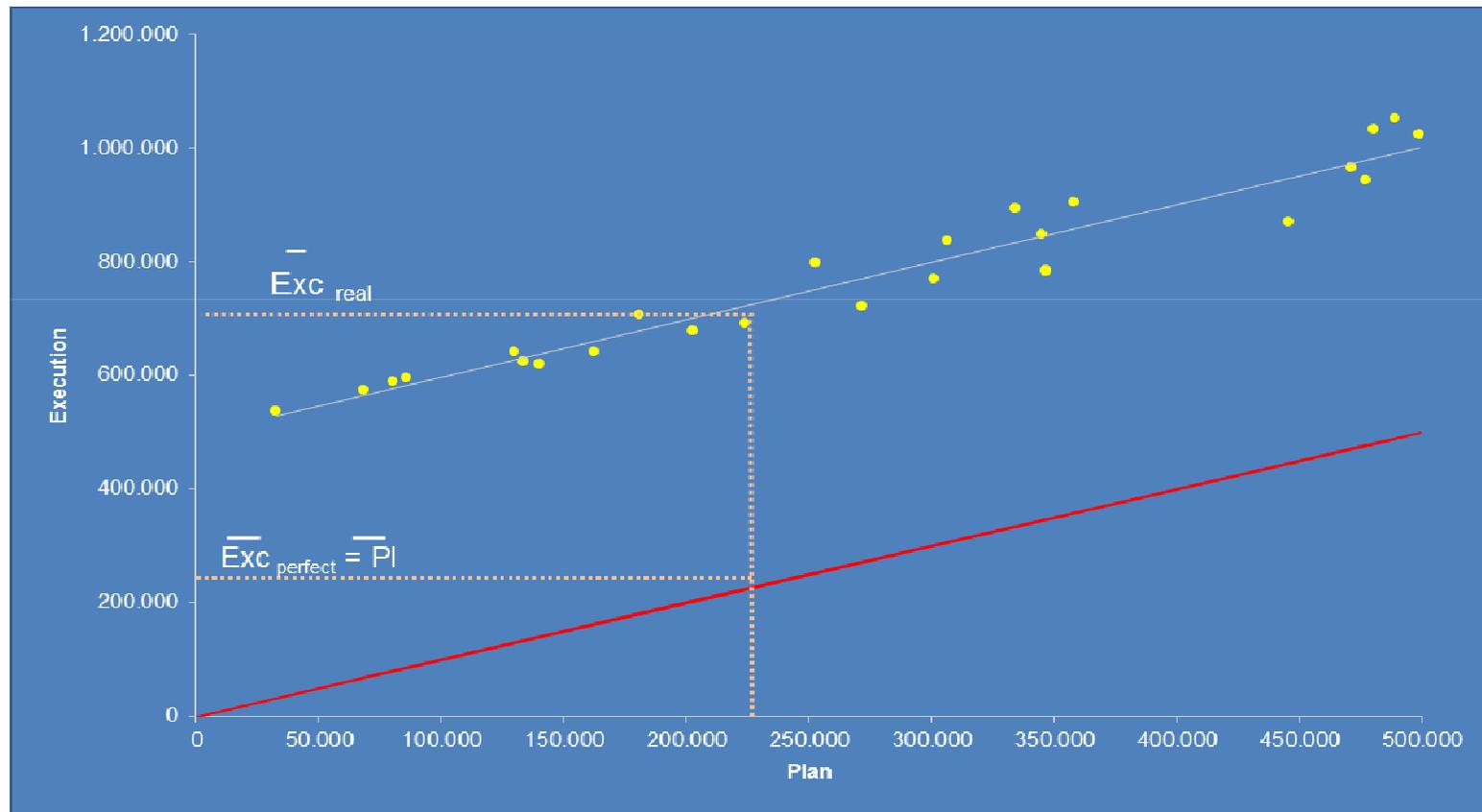
Financial Planning

- **Budget users have the option to change the quota if necessary for the following month**
- **Criteria for changing quota:**
 1. **projection of budget revenue/income for the current month**
 2. **budget execution of the user from the previous period**
 3. **evaluation of success of financial planning**
 - **Calculated on daily and weekly basis**
 - **To be used as a corrective factor for requests for changing quota for the following months**



Planning Evaluation

Correlation of plan and execution





Legislative changes

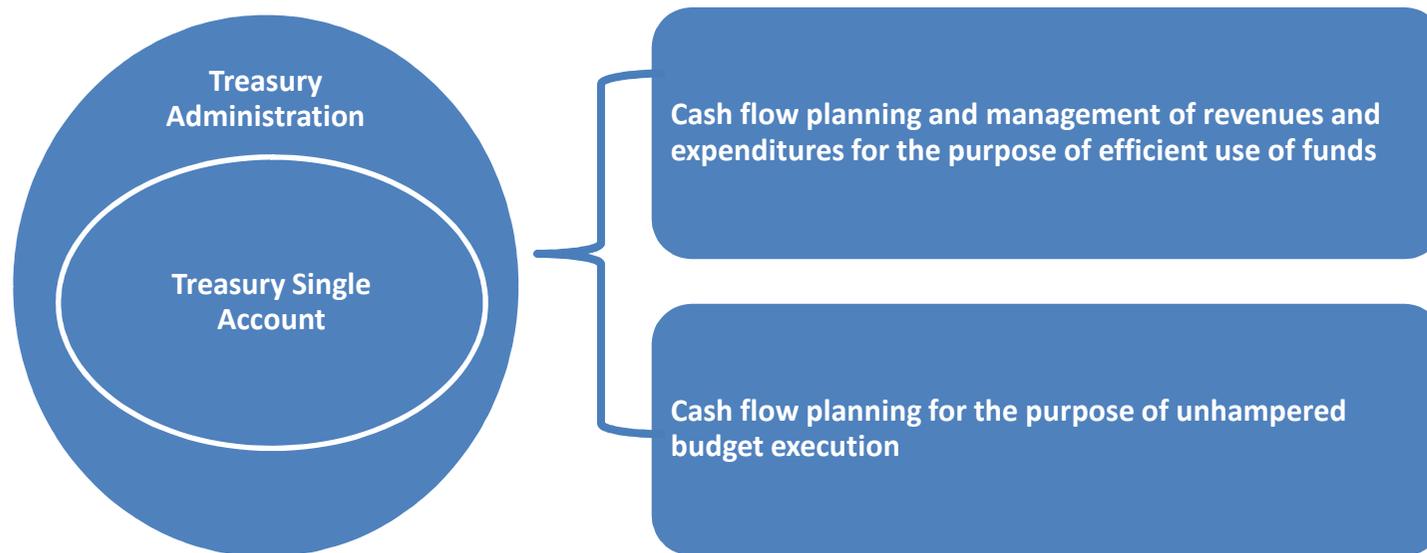
Budget system updates introduced from October 2012:

- **Own revenues (04) of direct budget beneficiaries and budget funds, became general budget revenues (01)**
- **Budget users are obliged to inform the Treasury of:**
 - **The intention to take liability**
 - **Signing of contract or other legal document to take liability**
 - **Any change concerning the amount, terms and conditions of payment**
- **Capital expenditures are presented for 3 years**



Cash Management

- With the recommendation of IMF the TSA (Treasury Single Account) was formed in 2002. – unification of all RSD funds of budget users
- After analyzing projected revenues and planned expenditures from the accounts of all budget users within the TSA, a potential state of funds available for placement is formed
- The Treasury Administration manages the funds from the TSA





Placement of funds

•The remaining funds, after execution of liabilities, can be invested by the Treasury in following ways:

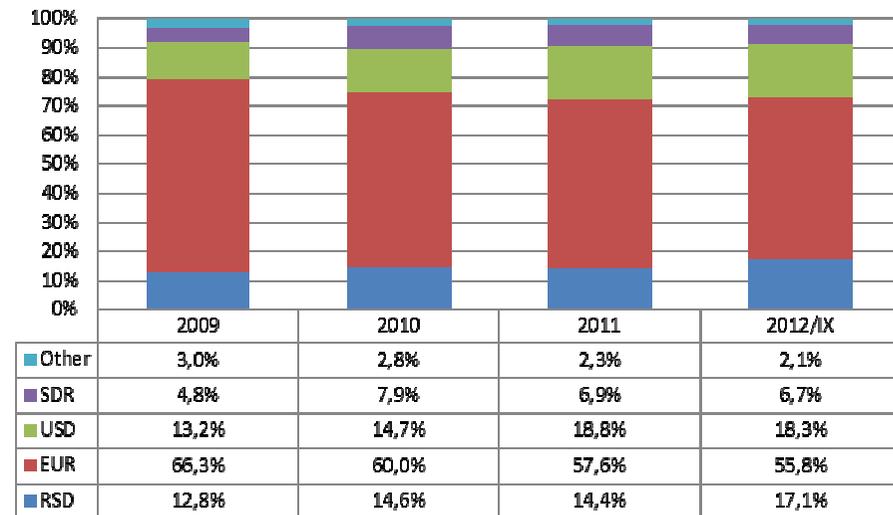
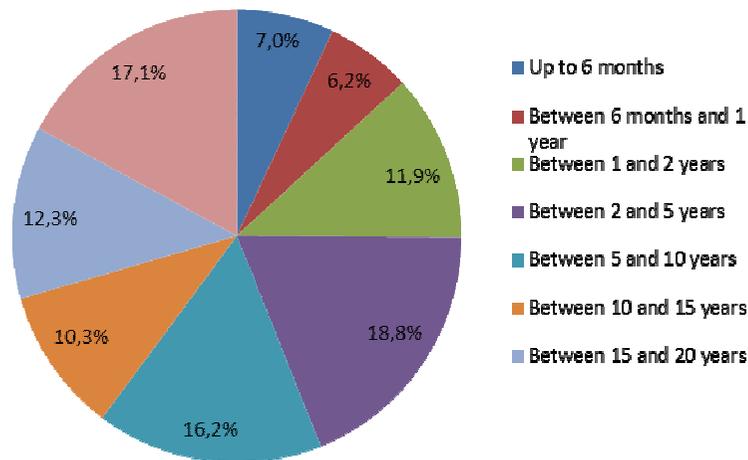
- The Securities of the Republic of Serbia
- The Securities of the National Bank of Serbia
- Placement of funds with banks that provide as pledge the securities issued by the Republic of Serbia
- Placement of funds with banks that provide other type of pledge
- The securities issued by foreign states with credit rating A, or better
- The securities issued by foreign financial institutions with credit rating AA, or better



Public Debt

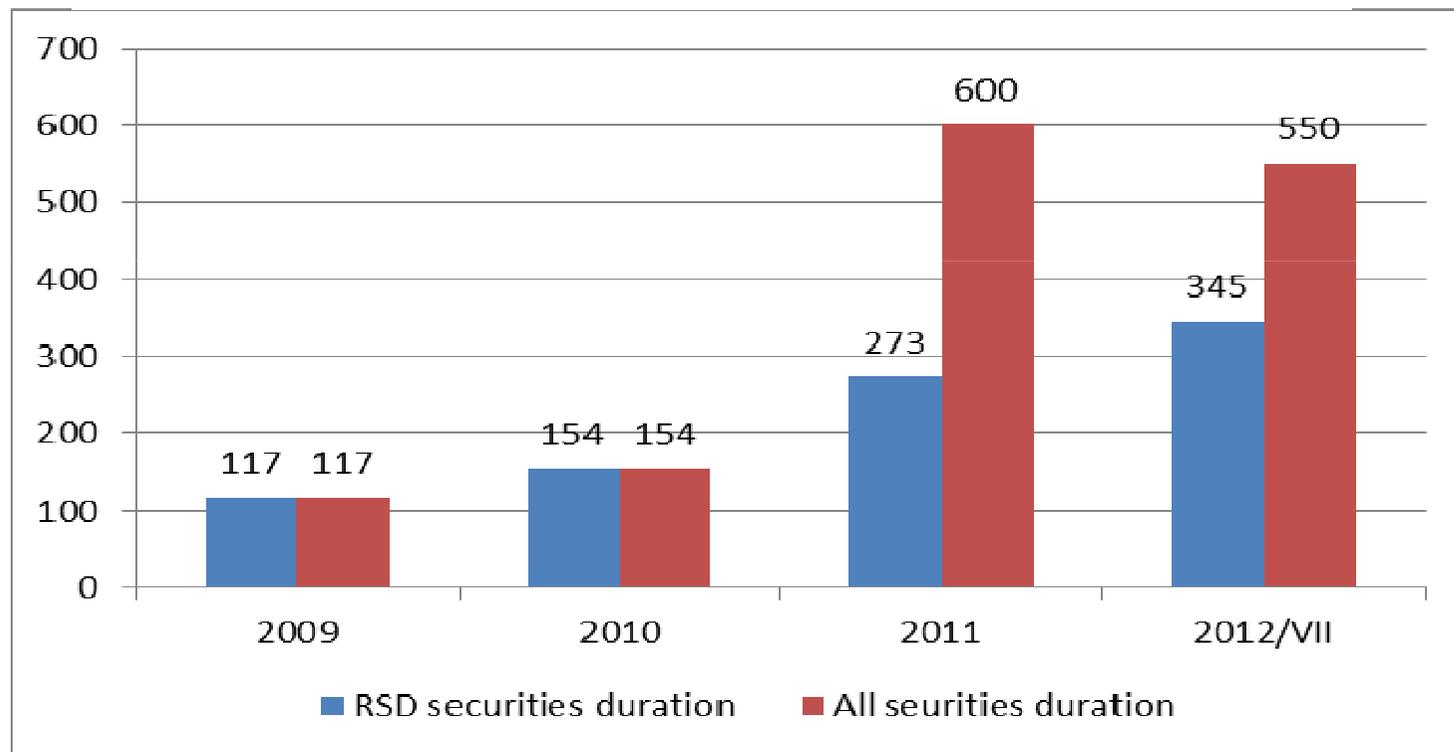
- With the purpose of more efficient liquidity management, the Treasury Administration participates actively on the financial market (in cooperation with the Public Debt Administration)
- Forming a special part within the Department for financial planning, liquidity management and business processes, with the established system for reporting and analyzing data from financial markets on a daily, weekly, monthly and quarterly basis

Public Debt Residual Maturity Structure and Currency Structure on 31st September 2012





Duration based on Govt. securities issued on domestic market between 2009-31.8.2012





Public Debt Management

- **Public Debt Management has the objective to reduce borrowing expenses for the Republic of Serbia in accordance with prudent risk level and that includes the following:**
 - **Contractual arrangements for risk management, including the reducing or eliminating the risk of changes in currency exchange rates, interest rates and other risks**
 - **Making decisions on the purchase and sale of foreign exchange**
 - **Monitoring daily balance of the Treasury Single Account**
 - **Investing and executing other transactions with public debt proceeds and other available cash of the Republic of Serbia after the regular budget execution**



Eurobond

- **Since the last year, Republic of Serbia has introduced financial innovation in borrowing – For the first time in history, a long-term Eurobond was successfully issued which improved the fiscal position of the country**
- **This year, Serbia has extended the previous Eurobond issue for the identical amount that was sold with a premium and which indicates that despite the drop of the credit rating, the investors have great confidence in the Republic of Serbia**
- **The demand was 4 times higher than the supply**

Thank you
for your attention

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