ព្រះរាជាណាចក្រកម្ពុជា
ជាតិ សាសនា ព្រះមហាក្សត្រ

ក្រសួងសេដ្ឋកិច្ច និង ហិរញ្ញវត្ថុ

Government Finance Statistics - GFSM2014
Website Publication for September 2024
(Preliminary Data)

Content

1. Executive Summary of Government Finance Statistics

The implementation of the Budgetary Central Government (BCG) in September 2024 in the form of GFSM2014 shows that the BCG collected 1,717 billion riels in revenue, equivalent to 5.87% of the 2024 annual budget law (BL) and the BCG's expenditure reached 2,035 equivalents to 8.65% of the 2024 BL. At the same time, the BCG's budget execution in the nine months of 2024 has a deficit of 3,347 billion riels, while the implementation of the nine months of 2023 has a deficit of 2,201 billion riels.

Revenue performance, in September BCG collected 1,717 billion riels in revenue, equivalent to 5.87% of the 2024 BL, consisting of 1,516 billion riels in tax revenue, 3 billion riels in grant and 170 billion riels in other revenue. **Compared to September 2023**, BCG's revenue decreased by 1.59% in which grant decreased by 99.26% while tax revenue increased by 4.21% and other revenue increased by 11.04%.

Expenditure Execution, in September BCG's expenditure reached 2,785 billion riels, equivalent to 8.20% of the 2024 BL, consisting of 2,035 billion riels in expense and 751 billion riels in net acquisition of non-financial assets capital. **Compared to last month's performance**, BCG's expenditure increased by 42.52% in which expense increased by 46.52% and net acquisition of non-financial assets capital increased by 32.68%.

Overall Performance, based on revenue performance and expenditure execution above, BCG's budget execution in September has a deficit of 1,069 billion riels. The budget execution in the nine months of 2024 has a deficit of 3,347 billion riels, while budget execution in the nine months of 2023 had a deficit of 2,201 billion riels. The budget deficit still at a low-level, equivalent to 71.05% of planned budget law deficit. The budget deficit for the first nine months of 2024 is reflected to the use of net incurrence of liabilities 1,848 billion riels and the use of net acquisition of financial assets 1,499 billion riels. Although, the budget deficit used more net incurrence liabilities than the net acquisition of financial assets, the total liabilities for the year remained manageable and consistent with the BL.

2.Budgetary Central Government

Chart 1: Key Indicators of Government Operation

Legend:
- Revenue {2024}
- Expense {2024}
- Net Acquisition of Nonfinancial Assets {2024}
- Net acquisition of financial assets {2024}
- Net incurrence of liabilities {2024}
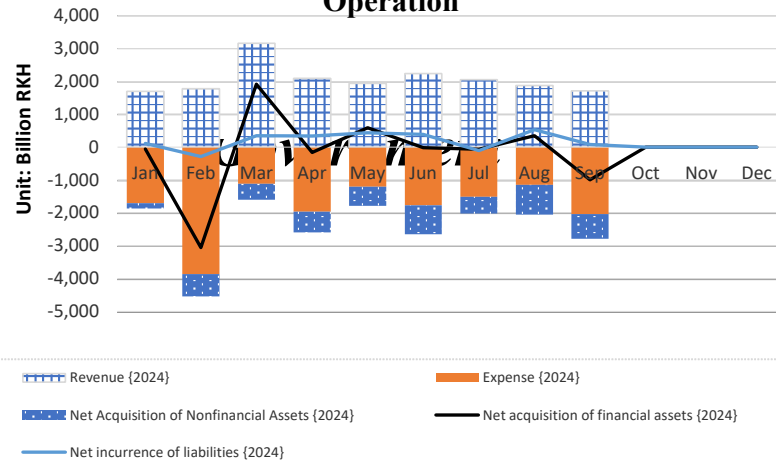
Chart 2: Revenue (Tax, Grants, and Other Revenue)

Legend:
- Tax Revenue 2024
- Grants Revenue 2024
- Other Revenue 2024
- Tax Revenue 2023
- Grants Revenue 2023
- Other Revenue 2023

Chart 3: Tax Revenue

Legend:
- Taxes on income, profits, and capital gains 2024
- Taxes on goods and services 2024
- Taxes on international trade and transactions 2024
- Taxes on income, profits, and capital gains 2023
- Taxes on goods and services 2023
- Taxes on international trade and transactions 2023

Chart 4: Total Expenditure
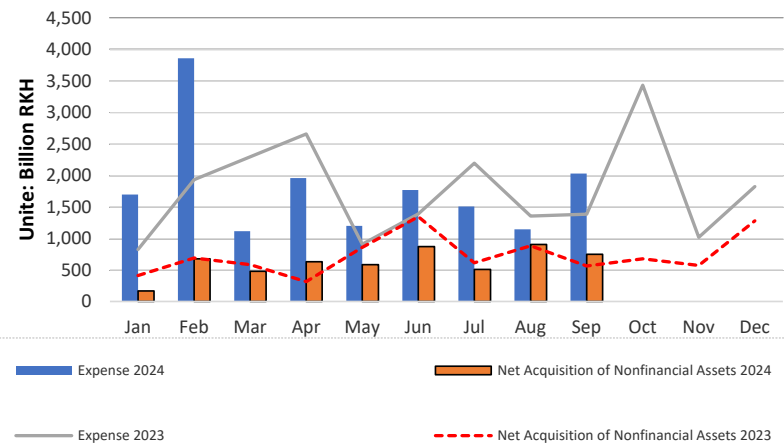
Legend:
- Expense 2024
- Net Acquisition of Nonfinancial Assets 2024
- Expense 2023
- Net Acquisition of Nonfinancial Assets 2023

2.Budgetary Central Government
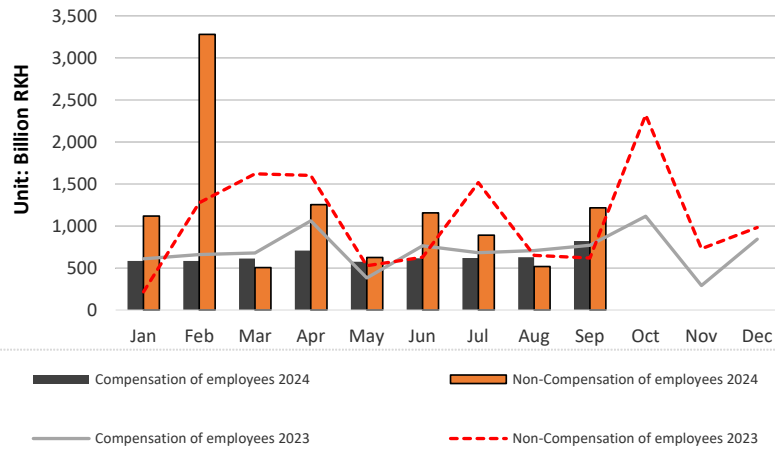
Chart 5: Expenses

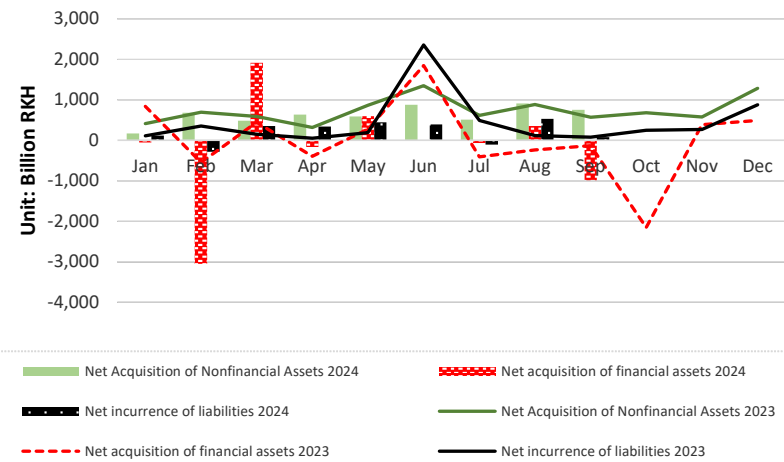## Chart 6: Transacion in Asset and Liability
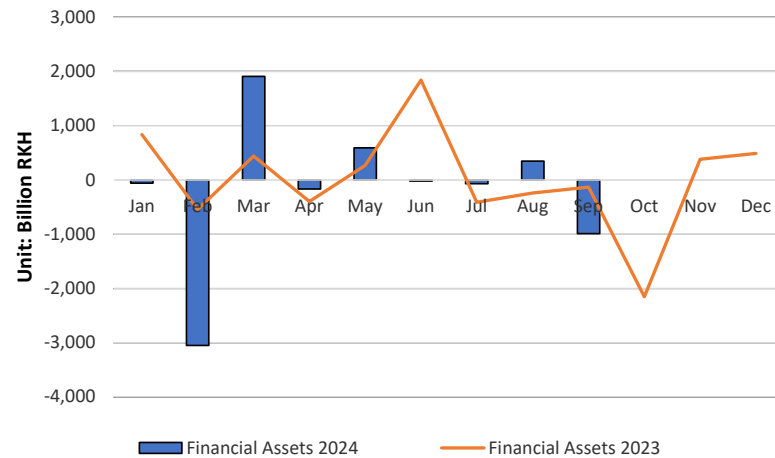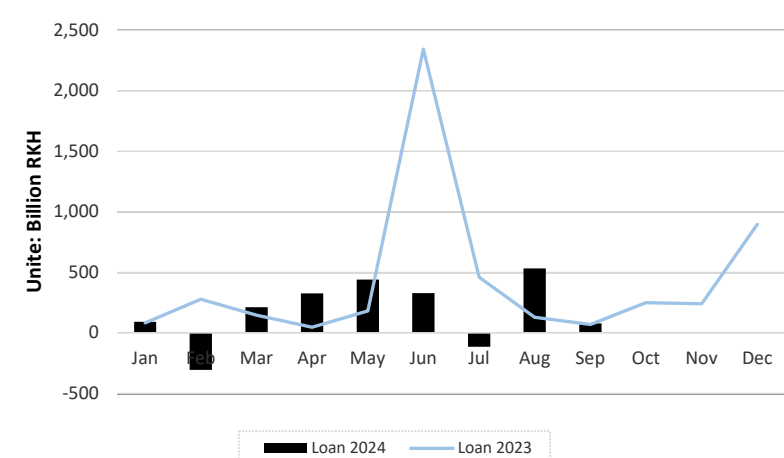

Chart 7: Financial Assets

Chart 8: Liability

3. Technical Note on "Government Finance Statistics Report"

(GFSM2014 Framework)

1. Institutional Coverage of Cambodia Government Finance Statistics

1.1. The General Government sector consists of resident institutional units that fulfill the functions of government by their primary activity, in which, have legislative, judicial, or executive authority over those units within the particular given area, to perform the principal economic functions of the government as an economic regulator, and fulfill their political responsibilities. This sector resulted from the consolidation of several governments, namely *Central Government, State Government*, *Local Government* and/or *Social Security Funds*. The presentation of administrative and legislative vary between countries depending on the government arrangements, thereby, differences in levels of governments. Correspondingly, **Cambodia Government** arrangements resulted in two subsectors of general government, *The Central Government,* and *The Local Government.*

1.2. Based on sub-decree number 0508/016 on "The system of Public Finance" law, The Central Government refers to those public entities such as line ministries, line departments and other public administrative enterprises that performs the below activities. The Central Government subsector comprises of *The Budgetary Central Government, The Extra-Budgetary Central Government, and The National Social Security Fund.* This subsector has the political authority that extends over the entire territory of the country, as well as, the authority to impose taxes on all resident institutional units and on nonresident that engage in the economic activities within the country territories. In addition, its responsibilities cover areas, for instances, providing collective services for the benefit of the country as whole, including transfers grants to support other institutional units or another level of government.

1.3. The Budgetary Central Government refers to those legislative, executive, and judicial institutional units, line ministries and line departments. However, these institutional units do not have the authority to own assets, incur liabilities, and engage in any transactions on their own rights. Consequently, the revenue and expenditure of these units are generally regulated by The Ministry of Economy and Finance.

1.4. The Extra Budgetary Central Government is established by government in charge of public administration. It refers to those public administrative enterprises that operates under the authorities, regulations, and governances of The Budgetary Central Government in which they have their own revenue resources. Based on sub-decree number 0815/872 on "Characteristics of Public Administrative Enterprises", the Public Administrative Enterprises are those legal public entities that are in charge of providing public services, for examples, administrative, social, healthcare, cultural, educational, scientific, and technical services as a non-market producer. As of the end of 2019, there are 29 public administrative enterprises in Cambodia.

1.5. The National Social Security Fund is established by government to serve the operations of one or more social security schemes. This government unit could be classified according to the administrative and legislative arrangements of the government. Some countries presented NSSF under *The General Government Sector* while some combined it as a

respective subsector of *The Central Government.* In Cambodia context, NSSF operated as one of *The Central Government's* subsector, and is controlled and regulated by The Ministry of Labor and Vocational Training.

1.6. The Local Government refers to those institutional units whose fiscal, legislative, and executive authority extends over the geographical areas of the country. The scope of authority is much less than *The Central Government,* while they may or may not be entitled to levy taxes on resident institutional units in their serving administrative areas. The Local Government has their own revenue sources, however, they heavily relied and depended on transfers *(Grants)* from *The Central Government.* In fact, Cambodia's Local Government is lawfully divided into three levels, which includes Municipal/ Provincial Level *(LG1)*, City/Khan/District Level *(LG2)*, and Commune/Sangkat Level *(LG3),* while only LG1 is permitted to mobilize taxes in their own perspective provinces.

2. Statement of Government Operation

2.1. The Statement of Operations presents details of transactions in revenue and expense, as well as the net investment in nonfinancial assets, the net acquisition of financial assets, and the net incurrence of liabilities. Revenue is defined as the increase in net worth resulting from transactions, and expense as the decrease in net worth resulting from transactions. The net investment in nonfinancial assets equals the acquisitions minus disposals of fixed assets, minus consumption of fixed capital, plus changes in inventories, plus the net acquisition (acquisitions minus disposals) of valuables and nonproduced assets.

2.2. Two important analytic balances are derived in the Statement of Operations. Revenue minus expense equals the net operating balance, reflecting the total change in net worth due to transactions. The subsequent deduction of the net investment in nonfinancial assets results in net lending (+) / net borrowing (–), which is also equal to the net result of transactions in financial assets and liabilities.

2.3. The net operating balance is a summary measure of the sustainability of the reporting sector or subsector's operations. It is comparable to the national accounts concept of saving plus net capital transfers receivable. The net operating balance as defined here excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. The component of the change in net worth that is due to transactions can largely be attributed directly to government policies since governments have direct control over the decisions that lead to the interaction with other units by mutual agreement. The same cannot always be said for the other components of the total change in net worth. For example, changes in the market prices or events that impact on the volume of assets or liabilities are not in the direct control of government. Still, these risks need to be monitored so that governments can manage them proactively to minimize their potential fiscal impact.

2.4. Net lending (+) / net borrowing (–) is a summary measure indicating the extent to which government is either putting financial resources at the disposal of other sectors in the economy or abroad, or utilizing the financial resources generated by other sectors in the economy or from abroad. It may therefore be viewed as an indicator of the financial impact of government activity on the rest of the economy and the rest of the world.

2.5. The gross operating balance as presented in the Statement of Operations differs from the net operating balance in that it does not include consumption of fixed capital as an expense. Consumption of fixed capital can be difficult to measure in practice and a satisfactory estimate may not be available. If so, the gross operating balance may be more practical for analysis than the net operating balance. The net operating balance is, however, preferred in principle because it captures all costs of operations during the reporting period.

2.6. Expenditure is the sum of expense and the net investment in nonfinancial assets and is presented as an additional aggregate in the Statement of Operations. This aggregate is not influenced by the level of consumption of fixed capital and is therefore suitable for international comparisons between countries even if they cannot reliably measure consumption of fixed capital.

2.7. Revenue is an increase in net worth resulting from a transaction. The major types of revenue are taxes (11), social contributions (12), grants (13), and other revenue (14). The disposal of a nonfinancial asset by sale or barter is not revenue because it has no effect on net worth. Rather, it changes the composition of the balance sheet by exchanging one asset (the nonfinancial asset) for another (the proceeds of the sale). Similarly, amounts receivable from loan repayments and loan disbursements are not revenue.

2.8. Expense is a decrease in net worth resulting from a transaction. The major types of expense are compensation of employees (21), use of goods and services (22), consumption of fixed capital (23), interest (24), subsidies (25), grants (26), social benefits (27), and other expense (28). In addition, expense can be classified according to the functions of government, such as health or social protection. The acquisition of a nonfinancial asset by purchase or barter is not an expense because it has no effect on net worth. Rather, it changes the composition of the balance sheet by acquiring one asset (the nonfinancial asset) against the disposal/reduction in another asset or by incurring a liability (the payable for the asset). Similarly, amounts payable on loans extended and repayments on loans incurred are not classified as expense.

2.9. The third section of the Statement of Operations records financing transactions, which are transactions that change a government's holdings of financial assets and liabilities. Transactions in financial assets can be classified in multiple ways; for ease of presentation, classification of financial assets according to whether the counterpart liability was incurred by a resident (indicated by "domestic" in the table) or a nonresident (indicated by "external") and similarly for the classification of liabilities.

2.10. There are additional classifications of transactions in financial assets and liabilities in GFS. The first classification is based on the type of financial instruments involved in the transactions. The instruments are: monetary gold and SDRs; currency and deposits; debt securities; loans; equity and investment fund shares or units; insurance, pension, and standardized guarantee schemes; financial derivatives and employee stock options; and other accounts receivable/payable. The second classification is based on the sector of the counterparty of the transactions in financial instruments. That is, transactions in liabilities are classified according to the sector of the institutional unit conducting the counterpart transaction in financial assets, such as financial corporations, nonfinancial corporations, households, and nonprofit institutions serving households.

2.11. Another possible classification of transactions in financial assets and liabilities is whether they were acquired or disposed of for the purpose of public policy or liquidity management. This distinction is not included in the Statement of Operations, but is used to define the overall fiscal balance.

2.12. Public policy-related assets or liabilities may be acquired for a variety of reasons, such as fostering new industries, assisting ailing government corporations, or helping particular businesses suffering economic adversity. Such transactions can take a variety of forms, including loans, equity securities, and debt securities. Given that there is oft en a concessional element to such transactions, it is useful to identify them in a separate category so that for some analyses the fiscal impact of these policy-related transactions in assets could be assessed separately

2.13. All other transactions in financial assets are assumed to be for liquidity management or other purposes. That is, the assets are acquired to earn a market rate of return while keeping sufficient funds on hand to finance day-to-day operations, or to meet the long-term needs of society, such as through a special purpose government fund.

3. Methodology Comment on "GFSM1986 (or TOFE) to GFSM2014 Derivation Table"

3.1. The evolution of international statistical compilation methodology initiated in the early 1970s with a draft of A Manual on Government Finance Statistics, consequently, GFSM1986 was published. The GFSM1986 or TOFE provided various guidelines for the statistical compilation process, however, could not fulfilled the demands of various types of events and was not directly aligned with other macroeconomic statistics. Later, taken the importance of "Statistical framework to support fiscal analysis" into account, GFSM2001 was introduced with the updated and revised guidelines that were harmonized with the corresponding standards of other internationally recognized macroeconomic statistical framework to the extent possible, and consistent with the goal of supporting fiscal analysis.

3.2. The latest update of A Manual on Government Finance Statistics is GFSM2014, which provided the updated internationally recognized guidelines for compiling statistics required for fiscal analysis. GFSM2014 are harmonized with the updated in other macroeconomic statistical manuals and guides, overarching *The System of National Accounts 2008 (2008SNA),* the sixth edition of *The Balance of Payments and International Investment Position Manual (BPM6),* and *The Monetary and Financial Statistics Manual (MFSM).*

3.3. Through the evolution of the revised manuals, with the aims to address the significant importance of international economic developments and events in the recent years, GFSM2014 has made changes to improve the recordings, methodological treatments of various types of events, by taken factors into considerations, such as incorporating the development of International Public Sector Accounting Standards (IPSAS), and making efforts to harmonized statistical reporting and financial reporting. All of these have led to different classifications and treatments of data between the revised manuals.

3.4. As mentioned in Point **2.7,** *Revenue* is an increase in net worth resulting from a transaction. Based on GSM2014 definition, Revenue transactions have counterpart entries, either in an increase of assets or in a decrease of liabilities, thereby, **increasing** net worth. On the other hands, the definition of *Expense* is a decrease in net worth resulting from a transaction. As

defined in GFSM2014, Expenditure resulting from *Expenses* (Code 2) accumulated with *Net Acquisition of Non-financial Assets* (Code 31), have counterpart entries contrary to Revenue, either in a decrease of assets or in an increase of liabilities, therefore, **decreasing** net worth.

3.5. In GFSM2014, only those transactions that have effects in increasing or decreasing government net worth, or have patterns in carrying out economical values and events, are classified. Therefore, the methodological compilation and treatment of GFSM1986 and GFSM2014 are different. A key example to illustrate the differences are *Capital Revenue (Lending), Tax Refund, Privatization, Grant-Budget Support,* and *Grants* etc.

3.6. The **Capital Revenue** consists of Lending (income) that the government make from borrowing. In GFSM1986, capital revenue is recorded as revenue when the government received the borrowed loans, later, recorded as expense when the government returns the repayments. Through various revised manuals, GFSM2014 no longer recorded the capital revenue, the transactions are netted with "*Lending minus Repayments*".

3.7. The **Tax Refund** are adjustments for overestimation of taxes payable or the return of amounts to taxpayers due to overpayments. In GFSM1986, Tax refunds are generally recorded as tax revenue, then recorded as current expenses when refunding back to the taxpayers. However, in GFSM2014, Tax refund is no longer included in revenue, nor expenses, as net worth are not affected, it is generally recorded as a reduction in that category of tax by *netting the refund*.

3.8. The **Privatization** proceeds from the sale or disposal of nonfinancial assets to private owners by a government unit of the controlling equity of the public corporations or enterprises. When these entities sell some of its assets and provided part or all of the proceeds to the government, then the provision of the proceeds would be a disposal of equity of the government. By that means, GFSM1986 refers these transactions as revenue, while GFSM2014 classified them as net acquisition of nonfinancial assets (or capital expenses).

3.9. The **Grant-budget support,** and **Grants**, contributed from foreign bilateral and multilateral grants for investment expenses. To simplify, GFSM1986 treats these grants as foreign financing while GFSM2014 regards them as Revenue from non-resident government and international organizations.

4. Using Government Finance Statistics for Fiscal Analysis

4.1. A GFSM 2014-based presentation improves the identification of revenues, expense, net investments in nonfinancial assets, and financing transactions allowing a more systematic evaluation of the impact of current policies on a long-term fiscal sustainability.

4.2. Current fiscal policy is not sustainable if it significantly reduces government Net Worth. Therefore, the impact on government Net Worth becomes one of the main classification criteria for transactions. Thus, GFS revenue and expense represent transactions that increase or decrease Net Worth, respectively. Net acquisition (acquisitions minus disposals) of nonfinancial and financial assets as well as net incurrence (incurrence minus repayment)

of liabilities refer to transactions that change the composition of assets and liabilities but not Net Worth.

4.3. Government budgeting and accounting systems are based on national rules which are not aligned with macroeconomic statistics guidelines. This leads to inconsistencies in different reporting formats. In this regards, GFSM 2014-based presentation serves as a bridge to align budgeting and accounting information with macroeconomic to support interaction within and between technical specialists (economists and accountants) and policy makers in the formulation of fiscal and macroeconomic policy.

4.4. The GFS framework produces fiscal indicators from the transactions, other economic flows, stock positions, aggregates, or balancing items. Some fiscal indicators can be directly derived from GFS framework, include (1). fiscal balances, (2). other macroeconomic fiscal indicators, (3). financing indicators, and (4). Wealth and debt indicators, while other indicators required a combination of GFS with other macroeconomic data.

8.Statistical Note

STATISTICAL TABLES 2024

Methodology: **Government Finance Statistics Manual 2014 (GFSM2014)**

Units of currency / Year ending: **Millions of Riels, Fiscal year ends December 31**

Institutional Coverage:

Level 1:	Budgetary Central Government	Published and Updated on 13 September, 2024
Level 2:	Central Government	Published and Updated on 13 September, 2024
Level 3:	Three Levels of Local Government	Published and Updated on 13 September, 2024
Level 4:	General Government (Level 1 + Level 3)	Published and Updated on 13 September, 2024
Level 5:	General Government (Level 2 + Level 3)	Compiled and Disseminate as per request
Level 6:	Level 5 + Non-Financial Public Corporation	N/A
Level 7:	Level 6 + Financial Public Corporation	N/A

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