# HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

# CAMBODIA
Government Finance Statistics Mission

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**Prepared By**

*Irina Dubinina, Deon Tanzer, and Nadine Aboukhaled*

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**High-Level Summary Technical Assistance Report**
Statistics Department

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The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

**ABSTRACT:** A technical assistance mission from the IMF's Statistics Department visited Cambodia during April 10-21, 2023, to support the authorities in continuing to improve the compilation and dissemination of government finance statistics (GFS) and public sector debt statistics (PSDS). The mission assisted the authorities to expand the coverage of fiscal statistics to the broader perimeter of Government, compiled experimental statistical balance sheet data for the budgetary central government and investigated ways to improve the consistency and quality of GFS data. The mission also provided training on how to compile functional expenditures of government and updated the country's action plan to improve fiscal data.

# Background

**In consultation with the Ministry of Economy and Finance (MEF) of Cambodia, an in-country technical assistance mission was conducted during April 10-21, 2023.** The main objective of this mission was to assist the MEF in continuing progress on Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS) compilation and dissemination according to *the GFS Manual 2014* (*GFSM 2014*) and the *PSDS compilation guide.* The mission took place under the fourth Japanese-funded GFS implementation project (JSA4) to strengthen fiscal statistics compilation and dissemination for fiscal analysis and decision making.

**The mission mainly worked with the General Department of Policy (GDP), while meeting and/or working with the General Department of the National Treasury (GDNT), the General Department of International Cooperation and Debt Management (GDICDM) and the National Bank of Cambodia (NBC).**

# Summary of Findings

**The GDP has substantially increased staff resources to compile high frequency and annual GFS and PSDS to support surveillance and policymaking.** The team comprises five newly graduated economists who, while talented and motivated, would benefit from substantial training in fiscal statistics. The team compiles monthly budgetary central government (BCG) GFS using existing procedures derived from the national revenue and expenditure presentation. The GDP publishes monthly BCG data in the *GFSM 2014* format on the MEF website. The GFS team prepares and submits time series budget execution, preliminary past year (baseline), the budget plan and 4-year projections data in the *GFSM 2014* format including to the IMF surveillance.

**The missions reviewed the reconciliation done by the GFS Team of the Cash Flow Statement presentations under the Cambodia Public Sector Accounting Standards and the *GFSM 2014*.** The mission also provided recommendations on the split between government operational, investment, and financing activities and the calculation of resulting net change in currency and deposits.

**The mission worked with the GFS team to include the National Social Security Fund (NSSF) and other Public Administrative Establishments (PAEs) in 2021 data.** This will supplement the 2019-2020 data already submitted as part of GFS to the IMF Statistics Department. The mission recommends using PAE financial reports data in addition to the currently used (indirect) budget execution data to ensure detailed mapping to the GFS revenue and expenditure classification. In particular, the mission recommends using a direct measure of transactions in currency and deposits. Currently this is estimated as the difference between revenue and expenditure. Unfortunately, and as of today only half of the PAEs reported 2021 financial statements to the MEF, which means that the other units are estimated using (indirect) budget execution data explained above.

**The MEF GDP has compiled BCG balance sheet data covering 2015-2018 on a pilot basis and without disseminating the output.** Since 2019, Budgetary Local Government (BLG) balance sheet data are also available, with BCG and BLGs balance sheet data based on Trial balance (TB) reports compiled by the GDNT. The mission worked with the GFS team to compile BCG balance sheets for 2019-2020, while the GFS team will compile 2021 data. The integration of stocks and flows needs to be started to reconcile the change between opening and closing balance sheets with flows for the corresponding accounting period. The GDP will further discuss and validate, the quality of the source data of non-financial assets before balance sheet data can be disseminated.

**The mission investigated the coverage of monthly currency and deposits.** The trial balance source data for currency and deposits covers Treasury Single Account (TSA) data. This excludes several sets of accounts, like for externally financed projects and line ministries' supplemental accounts outside the scope of the TSA. The GDP imputes financed projects' expenditure, unallocated expenditure, and some transactions outside Treasury in associated currency and deposits accounts beyond the TSA. This requires further investigation by reconciling trial balance data with NBC list of accounts and deriving the net change in currency and deposits. The mission agreed follow-up with the NBC Statistics, Banking and Accounting departments, the GDP and the GDNT, to parse out the sets of government currency and deposits accounts used to compile NBC Financial Statistics of the Government Sector.

**The mission met with the GDICDM and the GDP to agree on steps to resume quarterly PSDS reporting to the World Bank/IMF PSDS database.** The GDICDM will provide the required debt data from the Debt Management and Financial Analysis System so that GDP can compile and disseminate QPSD data accordingly. Cambodia issued debt securities for the first time in 2022 whereby this is now also included in the Public Debt Bulletin and should also be included in PSDS.

**The mission conducted a 2-day GFS workshop covering the Classification of the Functions of Government (COFOG), macroeconomic statistics consistency, and fiscal analysis.** The workshop was attended by officials of the GDP, GDNT, NBC and the General Department of Budget. Both days concluded with discussion groups to identify key issues to (further) develop compilation and operation procedures among departments and agencies within an integrated fiscal cycle, looking at aspects of data collection, validation, compilation, analysis through to policy making.

**The mission discussed using *GFSM 2014* data for fiscal projections with the GDP fiscal forecasting team.** Current fiscal projections are based on macro-assumptions of the fiscal policy team to project tax revenue and current spending. The mission recommends fiscal forecasting team to develop projections using GFSM 2014 time series data in parallel with current fiscal projections in consultation with the GFS and fiscal policy team. These *GFSM 2014* forecasts can use the same assumptions as the aligned TOFE transactions and thereby have in-year and projected years' data consistent for surveillance.

# Summary of Recommendations

**The mission discussed a tentative and comprehensive action plan to further develop GFS and PSDS over the duration of the JSA4 project in line with the Results Based Management Framework.** This will be periodically updated to reflect progress and new insights. The mission identified three priority recommendations highlighted as key milestones in the immediate term to strengthen compilation and dissemination of GFS and PSDS for fiscal analysis and decision making.

**TABLE 1.**  Priority Recommendations

| Target Date | Priority Recommendation | Responsible Institutions |
|---|---|---|
| June 2023 | *Resume regular reporting to the Joint World Bank–IMF Quarterly PSDS database* | GDP, GDICDM, NBC, |
| December 2023 | *Reconcile currency and deposits data between the MFS publication, IPSAS and trial balance data.* | GDP, GDNT, NBC |
| March 2024 | *Disseminate main categories COFOG data to the IMF GFS annual database, initially covering 2020-2021* | GDP |