

Short introduction

**Revenues cycle:**

Oil and gas revenue:

- The fiscal terms of production contracts
  - Concessionary or production sharing agreement (PSA): a state renting an oil or gas field to an extraction firm in return for cash royalties.
    - National revenue changes overtime based on real value.
    - But the contracts maybe are regressive (fix production rates) or prograssive (real rates on profit) - let a cause to lose national income.
    - If taxation and royalties are set too high, it will be a big problem for investors.

Strategy plan for the EI revenue collections:

- Royalty: 12.5%
- Profit oil split: negotiate with multi-ministry
- Profit gas split: negotiate with multi-ministry
- Taxation: based on profit 30% for export
- Training and administrative fee: negotiate with multi-ministry
- Social economics fund: negotiate
- Signature bonus: negotiate
- Land rental: the ministry statement

***For example:*** a total net income of \$100 per barrel.

Company vs Government

- Royalty 12.5% = \$12.5 to the government
- Cost recovery, for instant 50% = \$87.50 - 50% = \$43.75 to company
- Profit oil split, 58%/42%, \$25.37 for company and \$18.37 for the government
- Taxation: 30% of \$25.37 = \$7.61 to the government
- Total balance: \$100 = \$43.75 + \$17.75 for company + \$38.48 for the government

**Income :**

- From 2013 to 2018, the oil and mining national revenue experienced a significant increase from \$2M to \$17.2M, with the median growth of around 71.2% per year.
- Looking at 2014 and 2015, revenues rapidly rose about 257% which turned up from \$2.8M to \$10M.
- In 2019, non-tax revenue of the EI sector has increased to \$23.55M, which is a growth rate about 36.91% to 2018.
- If we compare non-tax revenue in the country as a whole in 2019, it's just 3.20% of \$734.07M.
- In 2019, the taxation national revenue experienced about \$5,736.99M (22.13% of total GDP) while capital income was \$1,608.05M. At the same time, the total income was \$8,079.11M. The national expenditure was \$8,252.38M, while fixed expenditure was around \$4,905.52M and capital expenditure was \$3,346.86M. Cambodia loaned about 2.09% from its development partner.
- Challenging of income collection:
  - Financial statement in the legal document and contracting
  - The effect of revenue collected from non-tax income.
  - Lack of advanced technology to manage contracts and licenses
  - Lack of experts in revenue collection

**Revenue management and relocation**

- The Ministry of Economy and Finance: policy, action plan, monitoring and evaluation
  - Balance of payment every month: TOFE.
- The National Treasury: reserves and transfers

**Revenue management and collection policy**

- MME Vision: Natural resource for all - long-term impact on social and economic development.
- Rectangular Strategy Phase IV
- Big-data sharing planning: My analysis.
- National revenue collection Policy 2019-2023:
  - Improve revenue taxation collecting system

- Improve administrative and non-tax collection: the EI sector
- Control and evaluating

#### Development plan for the EI

- Development plan for the EI sector in 2014-2018:
  - Build institutions capacity
  - Create ecosystem of economic integration and promote services, technology, and other material for support to the EI sector
  - Find more sources from the EI sector
  - Promote sustainable development and community
- Role of the Department of Mining
  - Preparing and write policy and action plan for the development of mining
  - R&D in technologies on geology, discovering and evaluation the potential of mining
  - Develop human resources
  - Managing private investment
  - Promote sustainable development in the mining sector
  - Promote transparency on the mining investment
  - Managing non-tax revenue and export-import revenue collecting
- Role of the Department of Mining
  - Facilitate the finding and development of the oil sector both upstream and downstream.
  - Promote the use of oils
  - Coordinate with other countries
  - Protect healthy, safe, and environment.

#### **Youth Engagement**

- The importance of youth participation
- Ensure participation

## **Other informations**

Oil and gas revenue management:

- Big-push spending: All the current revenues
- Bird-in-hand: Real returns on current assets
- Sustainable income: Real returns on the sum of current assets and future revenues.
- Revenue benchmarking: A fixed share of average of revenues
  
- Macroeconomist Jeffrey Frankel from Harvard University notes that the quality of institute is the deep fundamental factor that determines which oil and gas producing nations experience good performance and which do not.
  - Effective taxation and capable
  - Manage fiscal policies and resource revenue sending
  - Anti-corruption

Some experts called Cambodia to promote transparency in the extractive industries through the join the Extractive Industries Transparency Initiative (now 56 countries members): Sharing information on:

- national resources
- contracts and licenses
- production
- revenue collection
- revenue allocation
- social and economic spending
- public benefit

Cambodia ranked 79 (score 30, while 38 for copper industry in Laos and 48 for oil industry in Vietnam) of 89 for the transparency of the mining gold development, according to the Natural Resource Government Institutes in 2017.

- Based on: value realization, revenue management and enabling environment. 133 questions were asked as followed by 12 sub-variables. A researcher and a peer-reviewer worked on Cambodia.