The importance of the FRR Fund as one of the sovereign funds in Algeria.

أهمية صندوق ضبط الإيرادات كأحد الصناديق السيادية بالجزائر.

Khelifi samiya[1]

[1] Mohamed Boudiaf M'sila University, samia.khelifi@univ-msila.dz

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Abstract:

This study aims to shed light on the most important sovereign funds in the world. The Revenue Control Fund is considered as one of the sovereign funds in Algeria. It was established in 2000 after the rise in oil prices in global markets, in order to benefit from the surplus of actual oil collection revenues over the capacity in the annual financial laws. The study found that the Revenue Control Fund is one of the most important sovereign funds in Algeria, and it plays an important role in reducing debt and financing the treasury deficit, and the resources of the Revenue Control Fund are affected by several external factors, the most important of which is the fluctuations of oil prices in the oil market, considering the financed oil tax The sole of the fund and its association with a single resource makes it vulnerable to external shocks.

Keywords :*sovereign funds ; revenue control fund ; public debt reduction ; treasury deficit financing*.

Jel Classification Codes : G21.

ملخص:

تهدف هذه الدراسة إلى إلقاء الضوء على أهم الصناديق السيادية في العالم ويعد صندوق ضبط الإيرادات كأحد الصناديق السيادية بالجزائر أنشئ سنة 2000 بعد الارتفاع الذي شهدته أسعار البترول في الأسواق العالمية، من أجل الاستفادة من فوائض إيرادات الجباية البترولية الفعلية عن المقدرة في قوانين المالية السنوية و له أهمية كبير في تحقيق الأهداف المسطرة له، وتوصلت الدراسة إلى أن صندوق ضبط الإيرادات من أهم الصناديق السيادية في الجزائر يلعب دور هام في تخفيض المديونية وتمويل عجز الخزينة، وتتأثر موارد صندوق ضبط الإيرادات بعدة عوامل خارجية أهمها تقلبات أسعار البترول في الأسواق النفطية باعتبار الجباية البترولية الممول الوحيد للصندوق وارتباطه بمورد واحد يجعله عرضة للصدمات الخارجية.

كلمات مفتاحية: الصناديق السيادية ; صندوق ضبط الإيرادات ; تخفيض الدين العمومي ; تمويل عجز الخزينة.

تصنيف JEL: ***G21***.

[1] ***Corresponding author****: khelifi samiya*, samia.khelifi@univ-msila.dz

INTRODUCTION

Sovereign funds are currently witnessing great interest, and the high prices of products and raw materials in global markets have greatly contributed to their growth and development, as many countries have established bodies known as sovereign wealth funds that aim to manage the financial surpluses they have achieved and improve the performance of some economic indicators. Algeria, like other economies in oil-producing countries, has structural imbalances as a result of excessive dependence on the hydrocarbons sector, and in order to use the financial surpluses resulting from the rise in oil prices in global markets and the increase in their earnings, Algeria decided to establish a revenue control fund in the year 2000. Among the new mechanisms, which aim primarily to manage the surpluses of the actual oil collection revenues over the capacity in the annual financial laws, on the one hand, and on the other hand, it works to control the state's public revenues, mitigate the shocks to the national economy, and achieve the objectives under which it is established by the state's methods represented in Financing the public treasury and mitigating external public debt.

The problem of the study :

From this standpoint, the following main problem is raised : **How important is the FRR Revenue Control Fund as the most important sovereign fund in Algeria ?**

Study hypothesis :

The FRR Revenue Control Fund is considered the most important sovereign fund in Algeria and its success in reducing debt and financing the treasury deficit.

The importance of studying :

The importance of the study lies in highlighting the role of sovereign wealth funds in the modern business environment and the most important challenges they face. The Revenue Control Fund in Algeria is considered one of the most important sovereign funds that was established specifically to absorb oil tax surpluses that exceeded the benchmark price set in the financial laws annually, and analyze the various changes that occur to The fund's balance is through knowing its resources and uses, in order to avoid the negative effects of oil shocks and to maintain the permanence and continuity of its activity

Study Objectives : The study aims at the following :

- Highlighting the importance of sovereign funds, their role in the local economy, and their ability to manage the financial surpluses of countries.
- Clarification of the nature of the revenue control fund, its inception, development, and its effectiveness in achieving the goals for which it was established.
- Highlighting the role of the Revenue Control Fund in dealing with the problems arising from - fluctuations in oil prices and its ability to achieve financial stability for the budget and reduce debt.
- Determine the role played by the Revenue Control Fund in addressing the imbalances in the national economy and mitigating the severity of shocks.

Study Approach :

This study relied on the descriptive approach to capture the theoretical aspects related to the sovereign investment funds in general and the revenue control fund in Algeria in particular, in addition to the applied analytical approach with the aim of analyzing quantitative data by using some tables, statistics and various graphs and analyzing them in an economic way to clarify the status of the fund. Revenue control its resources and uses during the period (2000-2018).

Divisions of the study :

In order to understand the parts of the topic, this study can be divided into the following axes:

- The first axis : the theoretical framework for sovereign funds
- The second axis : the revenue control fund in Algeria
- The third axis : the importance of the FRR Revenue Control Fund as one of the sovereign funds.

1. The theoretical framework of sovereign funds

1.1 Definition of Sovereign Funds:

The sovereign wealth fund is a financial instrument developed and managed directly or indirectly by the government for investment or savings purposes, and it is financed by financial surpluses achieved in the balance of payments or the state's general budget, and its field of activity may be internal or external (Bouflih, 2010, p. 88) .

This growth in the number and size of sovereign funds is explained by: (Jalouli & Ratoul, 2018, p. 51) .

- The increase in oil prices, starting in the 1990s, at an unprecedented rate.
- The slowdown in global growth and its repercussions on the trading account of LOMA and its main Asian trading partners.
- Increasing specializations of reserves and transfers of budgetary surpluses in favor of these funds.
- The emergence of new sovereign funds (Taiwan, Brazil, China, Japan ...).

The sovereign funds of Asian origin tend to invest in their local markets or geographical areas close to them, while the Middle Eastern sovereign funds prefer investments in the United Kingdom or the United Kingdom due to the absence of investment support and opportunities in their local markets, but they have recently started to move towards the markets. Asian, as the traditional image of Middle Eastern sovereign funds' investments in investments in American and then European public debt securities as having combined interest, even if it is low, but it is of low risk. In large corporations and companies with high financial benefits.

Table No. (01): The most important major sovereign funds and the estimation of their assets amount.

Date created	The state	Fund name	The volume is $ 1 billion	The source of the returns
The most important oldsovereignfunds				
1953	Kuwait	Kuwait Investment Authority	213	Oil
1974	Singapore	Temasek	110	Trade
1976	United State	Alaska Permanent Fund	39	Oil
1976	Canada	AHSTF	17	Oil
1976	Arab Emirates	Abu Dhabi Investment Authority	875	Oil
1981	Singapore	Singapore State Investment Corporation	300	Budget surplus
undefined	Saudi Arab	Public holding companies	290	Oil
1983	Brunei	Brunei Investment Agency	35	Oil
1990	Norway	Government Pension Fund	322	Oil
1997	China	SAFE	311	Exchange reserve
1993	Malaysia	Khazanah Nasional BHD	18	Oil
Sovereign funds developed since 2000				
2000	Qatar	Qatar Investment Authority	50	Oil
2000	Iran	Oil Investment Fund	12	Oil
2000	Kazakhstan	Kazakhstan National Fund (KNF)	18	Oil&Gas
2000	Algeria	Resource Control Fund	43	Oil
2001	France	Pension Reserve Fund	35	Social deductions
2001	Ireland	National Pension Reserve Fund	29	Trade
2001	Taiwan	The National Taiwan Stabilization Fund	15	Foreign Currency
2002	Arab Emirates	Mbandaka International Development Company	10	Oil
2003	Russia	Stability Fund	157	Oil
2004	Australia	The Prospective Government Fund of Australia	54	Undefined
2005	Venezuela	National Development Fund	15	Oil
2005	South Korea	State investment company	30	Trade
2006	Dubai	Dubai Investment Authority	82	Oil
2007	Chilean	Economic and Social StabilityFund	10	Copper
2007	Libya	Oil Reserve Fund	40	Oil
2007	China	China Investment Corporation	200	Foreign Currency

Source: (ARTHUIS, 2006-2007)

1.2 Types of Sovereign Funds: Sovereign wealth funds are classified according to their sources of income into the following: (Qroud & bin Musa, 2019, pp. 219-220)

- **Sovereign funds with primary sources** : These are funds formed by countries exporting raw materials and mainly oil, so the problem of the frequency of exploitation of these resources, most of which is depletable, and whether it is necessary to keep a part of them in their reservoirs as a right for future generations, is posed to this bucket. Countries have the idea of funds as a solution to preserve the share of generations in these wealth, so that resources are replaced by another form of assets.
- **Sovereign funds with sources outside the raw materials :** their resources are mainly the trade balance surplus and exchange reserves, bearing in mind that this type of funds exists in non-oil countries such as Singapore and China.

- **Funds financed by privatization revenues** : Many countries have entered into programs for the privatisation of the public sector that have led to huge financial returns. The bucket uses of these revenues have varied. Revenues and a fear that they may lead to an expansion in the volume of public spending that is greater than the absorptive capacity of the economy, which leads to a state of inflation, and based on the fact that the privatized institutions are the property of all generations, all or part of their revenues are transferred to a sovereign fund, and among the most important funds based on the privatization process When creating an Australian Sovereign Fund.
- **Funds financed with budget surpluses**: Some governments resort directly to the surplus in the state's general budget to transfer this surplus to invest it in financial assets in order to achieve returns on the one hand and to direct economic data on the other hand, and when the successive realization of these surpluses and their high levels is observed, the formation of funds is resorted to. Sovereignty in order to better invest and develop it.

1.3 Classification of sovereign wealth funds

Sovereign wealth funds are divided according to the source of foreign exchange assets into (benamara & cherif taweel, 2017, p. 85):

- Commodity funds: Financed from revenues from commodity exports (petroleum, gas, other minerals such as copper phosphate ...) that are either owned by the government, that is, directly through the exploiting state institutions such as Saudi Arabia, where oil is extracted by the General Petroleum Company Aramco, or indirectly, through taxes on raw materials imposed by the government, these funds serve various purposes, including stabilizing financial revenues and saving for future generations, and sterilizing the balance of payments (which prevents the flow of foreign cash from raising the level of inflation).
- Non-commodity funds :Usually financed by direct transfers of the assets of official foreign exchange reserves, large surpluses in the balance of payments enabled non-commodity exports (exports of non-raw materials) to transfer surpluses of foreign exchange reserves to independent investment funds to achieve higher returns.

1.4 Advantages of Sovereign Wealth Funds:

Sovereign wealth funds are distinguished from other financial institutions by the following characteristics (Qaddi, 2010, p. 2) .

- It is distinguished from central banks in terms of its objectives, as it seeks to invest and not to manage monetary and exchange policy, and its portfolio of assets is dominated by investment in stocks, while central banks, because they are obligated to maintain a certain level of liquidity to face changes in exchange rates, mainly invest in bonds, This is despite the fact that some countries, such as China and Norway, delegate the task of managing their sovereign funds to departments in central banks for the benefit of the Ministry of Finance.
- It is distinguished from public pension funds in that its resources come mainly from contributions on the one hand, and it aims to finance the pensions of future generations on the other hand.
- It is distinguished from institutions where public institutions take the form of commercial companies and are subject to this commercial law. This is not the case for sovereign funds,

which are investment funds, and the primary function of companies is the production of goods and services, while the basic function of the basic funds is to invest financial assets.

1.5The importance of sovereign funds in the economy:

The importance of sovereign funds in the economy is as follows (Azazi, pp. 288-289)

- Its ability to perform the role of reserve funds for the countries that own them by transferring part of their revenues for the benefit of the generations born after the depletion of the raw materials.
- Its permission to diversify the sources of the gross domestic product by developing new activities, as is the case for Abu Dhabi and Dubai funds, by developing real estate, tourism, entertainment and other activities related to raw materials.
- Playing a stabilizing role by absorbing the shocks resulting from the temporary decline in the prices of raw materials. The formation of a sovereign fund allows the provision of annual incomes that are not linked to the prices of raw materials, and works to cover negative economic shocks. For example, the Kuwait Future Generations Fund was able to finance the reconstruction of Kuwait after the Iraqi invasion.
- Contributing to the development of future countries for fund investments by financing basic structures. This is what prompted the President of the World Bank to suggest that these funds invest 1% of their assets in African institutions in cooperation with the bank.
- Preserving the jobs provided by companies by supporting the capital of troubled companies.
- Contributing to increasing the integration of the global economy, increasing participation and linking interests.
- Contributing to achieving more economic stability in the countries to which it belongs, by diversifying the economy by expanding non-oil activities, especially in ways that reduce dependence on imports of consumer goods and hence the effects of imported inflation.

1.6 Risks facing sovereign funds:

Any investment operation also entails risks to the sovereign funds, which are exposed to a group of risks, represented in the following (Mesyoud & Karoui, 2018, pp. 194-195)

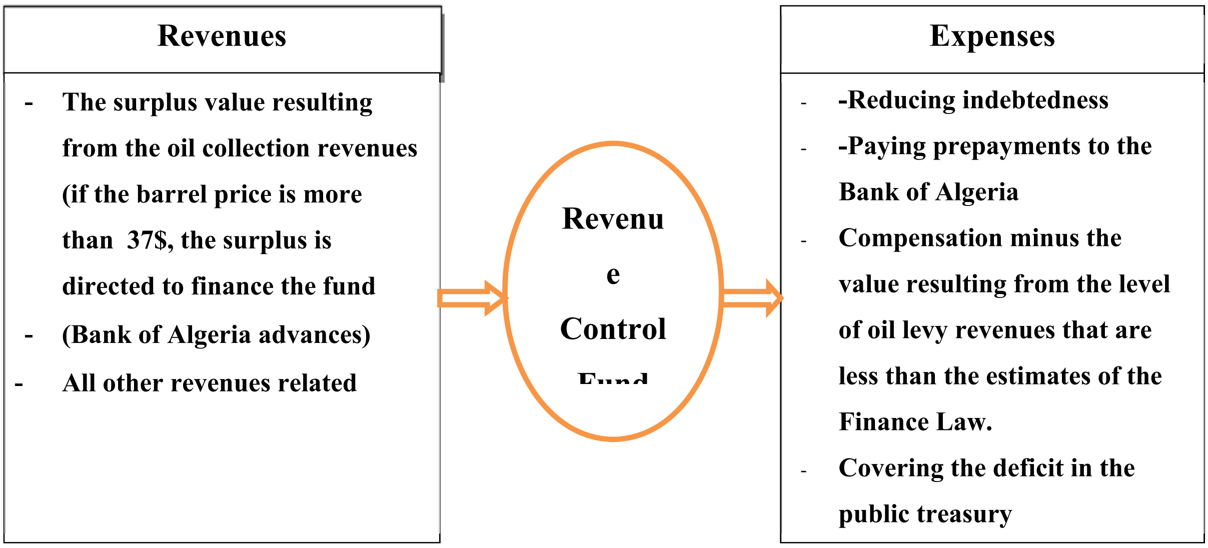
- **Credit risk :** It means the debtor's failure to fulfill payments in value at the same time. This type of risk can be reduced by diversifying the investment portfolio.
- **Interest rate risk** : it means the risk resulting from changes in interest rates prevailing in the market and includes two risks, the risk of changing the value of the asset and the risk of reinvestment.
- **Currency risk** : It refers to the change in the values of assets issued in foreign currencies as a result of changing foreign exchange rates to determine currency risk.
- **Liquidity risk :** it means the inability to transfer cash assets without loss.
- **Political risk :** It refers to losses resulting from decisions and policies taken by governments to achieve political goals.

2. The conceptual framework of the Revenue Control Fund

2.1The concept of the revenue control fund

Through this article, the goal of this fund is to ensure the financing of public expenditures in the event of fluctuations in public revenues that often result from fluctuations in oil prices. The actual price and the reference price go to finance the fund, so that the resources of the fund will be used in controlling and balancing the budget, and it has also been decided that this fund will be used to pay off the public debt by repaying the public debt (the asset whose term has reached its use) or by prepaying the debt (Qureenai's, 2018-2019, p. 191)

Fig.1. FRR Revenue Control Fund Operations



Source : (Fuqah & Bouflih, 2017, p. 149)

2.2 Scope of work of the FRR Revenue Control Fund :

The field of work of the Revenue Fund is mainly based within the country, considering that the main function is to absorb the surpluses of oil collection and use them to finance any deficit that may occur in the future at the level of the general budget as a result of the collapse of fuel prices, i.e. controlling expenditures and balancing the budget determined by the annual financial law, bearing in mind that The fund's field of work extends outside the country through its contribution, in coordination with the Bank of Algeria, in the payment and reduction of external debt (Qajati, 2016-2017, p. 246)

2.3 Objectives and Amendments of the Revenue Control Fund :

- **Objectives of the Revenue Control Fund :**

The government seeks to achieve a set of goals, which are as follows (Makkawi & Boubaker, 2020, p. 257)

- Taking into account the absorptive capacity of the economy when using the oil levy surpluses.
- Hedging against the risks of sudden drop in oil prices in the international market.
- Providing indirect financing for public treasury deficits, given that the balance of the treasury is wider than the balance of the general budget, as the balance of the public treasury includes the balance of the state's general budget, in addition to the balances of the various operations carried out by the public treasury, especially the balances of the treasury's special accounts.

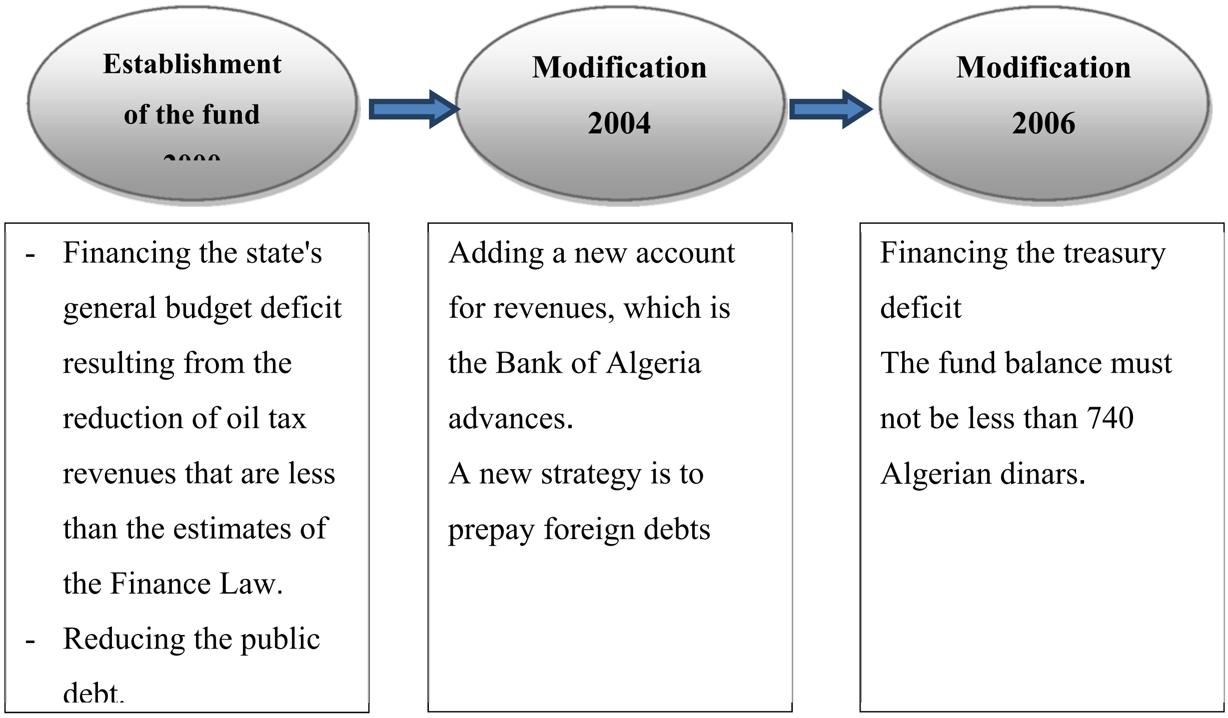
- Supporting the safety of the national economy through the confidence that it can give to investors.

- **Revenue Control Fund Adjustments :**

Some of the foundations and rules related to the Resource Control Fund have been amended through the Finance Law of 2004, 2006, and 2017 as follows (shabeb, 2018-2019, p. 192)

- The Finance Law of 2004 added another source for the resources of this fund represented in the advances of the Bank of Algeria directed to the active management of the external debt. As for the expenditures of this account, they were allocated to compensate the minus value resulting from the level of oil collection revenues below the estimates in the Finance Law, as well as limiting the public debt The name of the fund has also been changed and it has become a "revenue control fund" instead of a "resource control fund."
- The main objective of the fund has been amended according to the supplementary finance law of 2006 as follows : "Financing the treasury deficit without the fund's balance being less than 740 billion Algerian dinars," which is a minimum level that the government cannot dispose of.
- An item has been added for the uses of revenue control fund to finance the public treasury deficit according to the Finance Law of 2017 related to the abolition of the minimum reserve that cannot be disposed of.

Fig.2.The Fund's objectives and the amendments it defines.



Source : (bin Abdel Fattah & Haddadi, 2016, p. 69)

2.4- The motives for establishing a revenue control fund in Algeria

The most important motives for establishing a revenue control fund in Algeria can be summarized as follows (latrache & katef, 2018, p. 29)

- **The impact of the dependence of the Algerian economy on the hydrocarbon sector on economic growth:** The high percentage of the hydrocarbon sector's contribution to the

GDP, which during 1996-2000 exceeded 29.68%, and in the year 2000, 39.4%, confirms the increasing relative importance of this sector, which makes economic growth dependent The growth rate of the hydrocarbon sector, the fluctuations in its prices, the volume of its investments and its production.

- **The effect of fuels on the state's general budget** : Petroleum collection is the main resource for the state's revenues. The contribution of oil levy to the state's total public revenues during the period from 1996 to 2000 exceeded 64%, and the highest percentage was recorded in 2000, estimated at 76.86% Which confirms that the state's general budget is affected in a very direct way by the fluctuations in fuel prices in international markets, which makes the ability to continue financing and stabilizing economic development programs dependent on these fluctuations, up and down.
- **The impact of the hydrocarbons sector on the balance of payments:** given that hydrocarbon exports constitute more than 94% of total Algerian exports, and are the main source of hard currency formation in Algeria, any change in the performance of the hydrocarbon sector in Algeria and its prices will affect the balance of trade, including the balance of payments.
- **Fluctuations and instability of oil prices in international markets:** The prices of energy products are characterized by fluctuation and instability at the level of international markets due to their association with a set of supply and demand factors and geopolitical factors, which makes the rentier state, like Algeria, the recipient of various shocks resulting especially from the decline in its prices. The situation, the government found itself obliged to search for a mechanism to absorb the accumulated oil surpluses in the event of high fuel prices, and to keep them in the form of precautions directed to cover the negative shocks resulting from lower prices.
- **The popularity and spread of the phenomenon of establishing sovereign funds in most oil-producing countries:** Algeria resorted to the establishment of the Revenue Control Fund as a response to the phenomenon of establishing sovereign wealth funds in most oil-producing countries, especially the Arab Gulf states such as the United Arab Emirates, Qatar, Saudi Arabia, and Kuwait ... and the success of many of them. In ensuring the sustainability of financing the economic development process and providing a sustainable financing resource that guarantees the rights of future generations.

3. the importance of the FRR Revenue Control Fund as one of the sovereign funds

3.1 Contribution of oil collection to financing the resources of the Revenue Control Fund

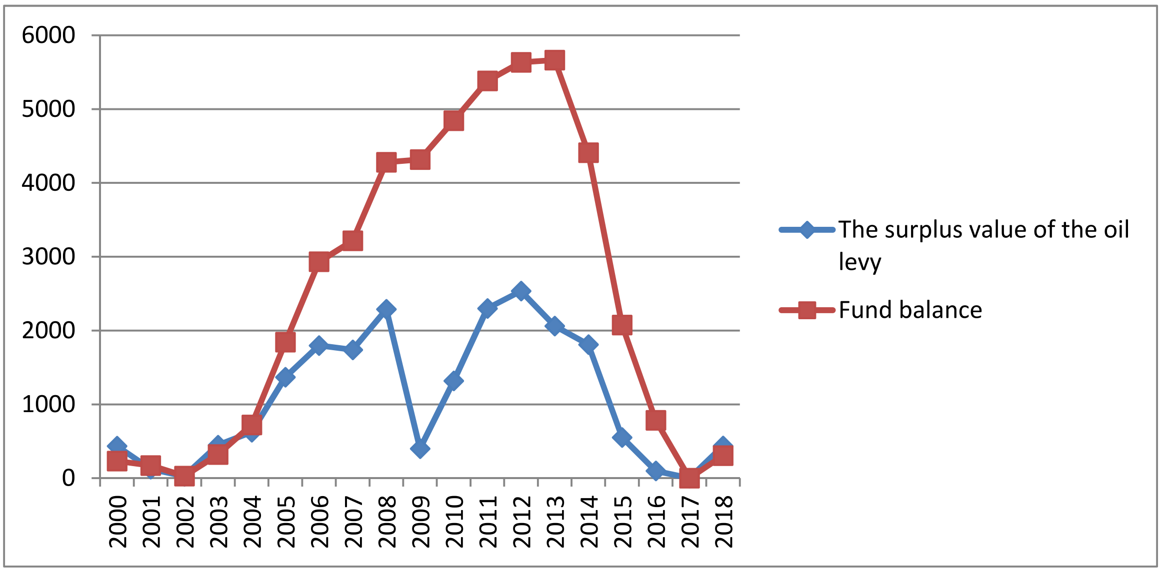
The surplus oil levy is considered one of the most important sources of financing the Revenue Control Fund resulting from exceeding the estimates of the Finance Law, and the Finance Law of 2004 added the precedents of the Bank of Algeria to manage the debt and are considered less important than the oil levy surplus.

Table 2. Contribution of oil levy to financing the FRR Revenue Control Fund (2000-2018) Unit : billion

The years	Petroleum collection according to the Finance Law	Actualoillevy	Surplus value of oillevy **	The reference price per barrel in the state budget	Fund balance
2000	720.000	1173.237	435.237	19	232.137
2001	840.600	964.464	123.864	19	171.534
2002	916.400	942.904	26.504	22	27.978
2003	836.060	1284.974	448.914	19	320.892
2004	862.200	1485.699	623.499	19	721.688
2005	899.000	2267.836	1368.836	19	1842.686
2006	916.000	2714.000	1798.000	19	2931.045
2007	973.000	2711.848	1738.848	19	3215.530
2008	1715.400	4003.599	2288.159	19	4280.073
2009	1927.000	2327.675	400.675	37	4316.465
2010	1501.700	2820.010	1318.310	37	4842.837
2011	1529.400	3829.720	2300.320	37	5381.702
2012	1519.040	4054.349	2535.309	37	5633.751
2013	1615.900	3678.131	2062.231	37	5663.511
2014	1577.730	3388.050	1810.320	37	4408.159
2015	1722.940	2275.132	552.192	37	2073.846
2016	1682.550	1781.100	98.550	37	784.458
2017	2126.987	2126.987	0	37	0
*2018	2349.694	2787.106	437.412	37	305.500

Source: Bank Algeria reports for years (2003-2005-2010-2015-2017),
General Directorate of Assessment and Policies http://www.dgpp-mf.gov.dz/, accessed 03/25/2020.

Fig.3 The evolution of oil collection and the balance of the FRR Revenue Control Fund (2000-2018).



Source: based on the data of Table 2

** Surplus of the value of the oil levy = the value of the actual collected oil levy - the oil levy in accordance with the Finance Law

Through the table and the curve, we note that the oil collection is the only one that contributed to financing the Revenue Control Fund, as this fund was financed from its inception in 2000 to 2018 with an amount of 20235.268 billion DZD.

The surplus in the value of the oil levy in the year of its establishment amounted to 435.237 billion DA, then the surplus decreased to 123.864 billion DA, 26.504 billion DA in the years 2001 and 2002 due to the decrease in oil collection revenues in 2001 due to the decline in oil prices in the international markets and the adoption of a reference price estimated at 22 dollars per barrel in 2002 instead of It was 19 dollars a barrel in 2001.

The resources directed to the fund increased during the period (2003-2008) through the increase in oil collection revenues, as it reached in 2003 the amount of 448.914 billion DZD, and in the year 2008 the amount of 2,288.159 billion DZD, and it is considered the largest value contributed by the oil levy since the establishment of this fund. Oil in the global markets due to the economic crisis that affected the global economy in general and the countries with large oil consumption, which affected the surplus of oil levy, as its value reached 400.675 billion DZD in 2009 and then increased in the years 2011 and 2012, where this contribution amounted to 2300.320 billion DA and 2535.309 respectively. Billion DZD,

These oil tax surpluses began to gradually decrease until they reached their lowest value in 2016, where this value reached 98,550. In 2017, the fund's balance was zero due to the abolition of a threshold associated with the compulsory minimum balance of this fund, which was previously set at 740 billion AD for the partial absorption of the treasury deficit as a result of the decline of the fund's resources and the exhaustion of its entire balance to cover the budget deficit.

In 2018, the Revenue Control Fund witnessed an improvement due to the improvement in oil prices in the global markets, with a balancé of 305,500 million dinars.

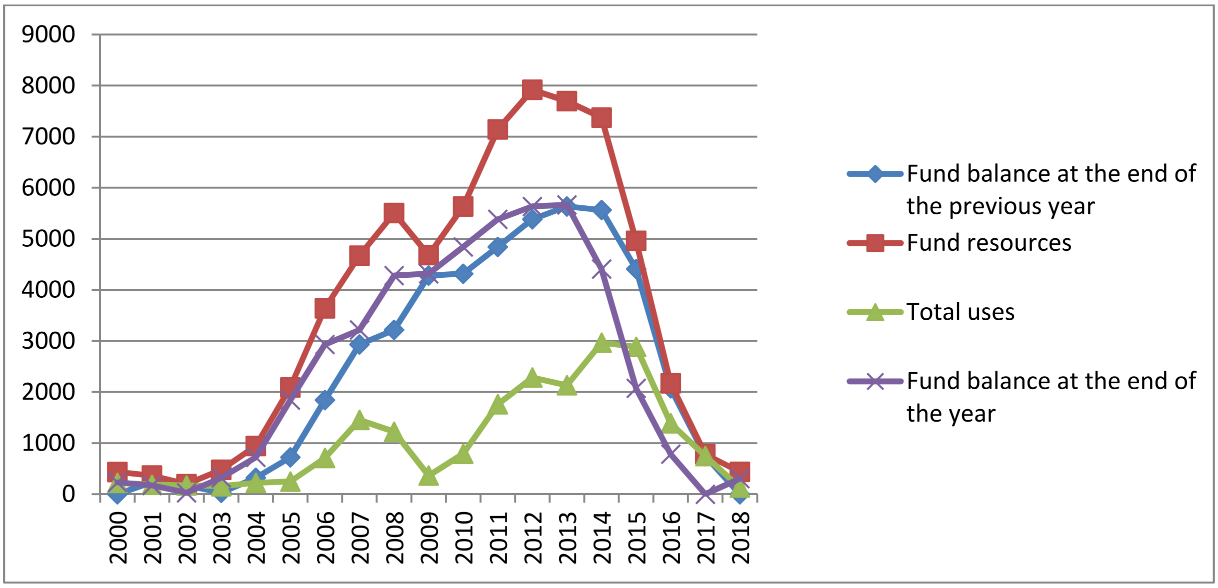
3.2 Evolution of the status of the FRR Revenue Control Fund

Table 3. Development of the Status of the Revenue Control Fund during the period (2000-2018) Unit : One billion dinars

Fund balance at the end of the year	Total uses	Deficit financing rate%	The public treasury deficit	Financing the public treasury deficit	Pay off the principal of the public debt	Fund resources	Fund balance at the end of the previous year	The years
232.137	221.100	/	/	0	221.100	435.237	00	2000
171.534	184.467	/	/	0	1984.467	365.001	232.137	2001
27.978	170.060	/	/	0	170.060	198.038	171.534	2002
320.892	156.000	/	/	0	156.000	476.892	27.978	2003
721.688	222.703	/	/	0	222.703	944.391	320.892	2004
1842.686	247.838	/	/	0	247.838	2090.524	721.688	2005
2931.045	709.641	% 14.14	-647.310	91.530	618.111	3640.686	1842.686	2006
3215.530	1454.363	% 41.49	-1281.954	531.952	314.455	4669.893	2931.045	2007
4280.073	1223.617	% 54.89	-1381.158	758.180	465.437	5503.690	3215.531	2008
4316.465	364.282	% 32.70	-1113.701	364.282	247.838	4680.747	4280.072	2009
4842.837	791.938	% 52.92	-1496.476	791.938	0	5634.775	4316.465	2010
5381.702	1761.455	% 71.34	-2468.847	1761.455	0	7143.153	4842.837	2011
5633.751	2283.260	% 70.33	-3246.197	2283.260	0	7917.011	5381.702	2012
5663.511	2132.471	% 96.66	-2205.954	2132.471	0	7695.982	5633.751	2013
4408.159	2965.672	% 93.05	-3185.994	2965.672	0	7373.831	5563.511	2014
2073.846	2886.505	% 90.98	-3172.340	2886.505	0	4960.351	4408.159	2015
784.458	1387.938	% 59.21	-2343.735	1387.938	0	2172.396	2073.846	2016
0	748.458	% 49.32	1590.283	748.458	0	784.458	748.458	2017
305.500	131.912	% 6.75	-1952.532	131.912	0	437.412	0	2018

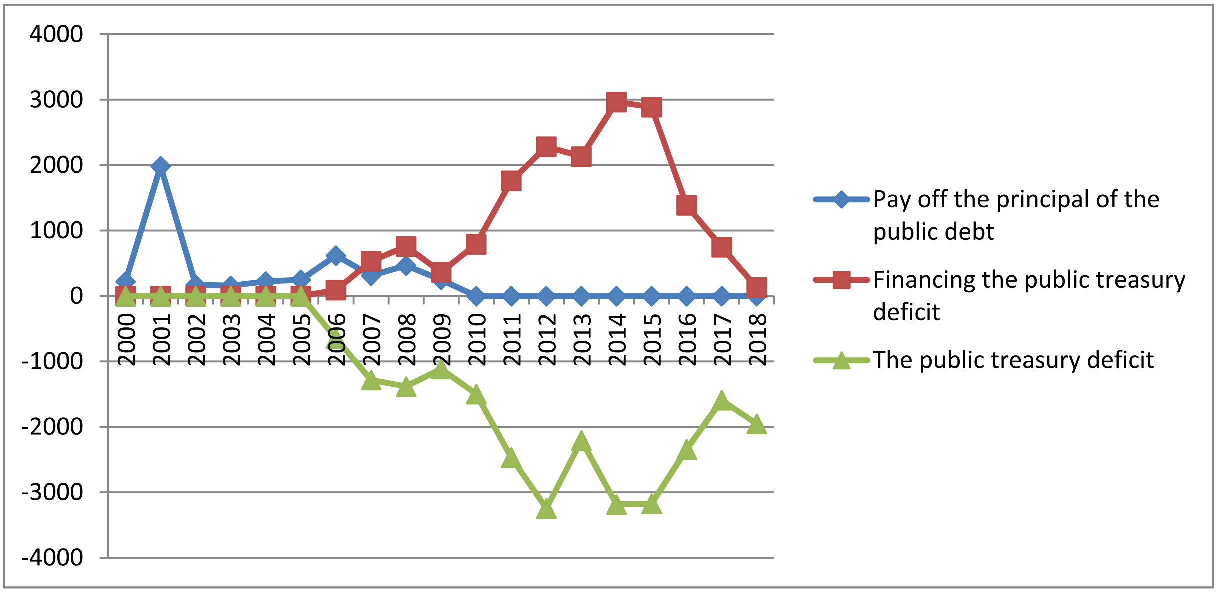
Source : General Directorate for Assessment and Policies http://www.dgpp-mf.gov.dz/, accessed 03/25/2020.

Fig.4. Evolution of the status of the Revenue Control Fund during the period (2000-2018).



Source : based on the data of Table (03)

Fig.5. The role of the Revenue Control Fund in reducing public debt and financing the treasury deficit (2000-2018)



Source : based on the data of Table (03)

- **The effective role of the Revenue Control Fund in reducing public debt**

One of the tasks of the Revenue Control Fund is to reduce public debt, both internal and external, which was actually done during the period (2000-2008), and we note through the table and the above figure that the total deductions of the fund during the period (2000-2005) were directed to repay the public debt by 100 percent. %, Which can be explained by the state's failure to use the fund's resources to finance the budget deficit due to the increase in oil prices, whose length exceeded the reference price. During this period, we note that the rate of deductions from the fund to pay off the public debt in 2000 was 221.100 billion dinars, so the

deductions rate increased in a year. 2005 : 247.838 billion DA, and the largest amount of deduction was in 2006, when it amounted to 618.111 billion DA.
The Adjustments made to the fund's objectives in 2006 (financing the budget deficit, and the fund's balance must not be less than 740 billion AD). We note the decrease in the percentage of uses directed to reduce public debt during the period (2006-2008), as the fund's objectives expanded to include financing the treasury so that the government became Financing the budget deficit to account for the public debt.

The Revenue Control Fund succeeded in reducing the internal and external public debt during the period (2000-2008), with all deductions amounting to 2600.171 billion AD.

- **The role of the Revenue Control Fund in financing the public treasury deficit :**

We note from the previous table and figure that from the establishment of the Revenue Control Fund in 2000 until 2005, the government did not use its resources to cover the deficit, but rather internal borrowing was used, as an amount of 91.530 billion DZD was deducted from the Fund to finance the budget deficit in 2006, which was estimated at 647.310 billion DA. And a coverage rate of 14.14%, and this is consistent with the rules and objectives set for the fund, and this can be explained as follows (bin Abdel Fattah & Haddadi, 2016, p. 70)

- The government's desire to preserve the fund's resources and use them only to finance any deficit that occurs due to the collapse of oil prices below the reference price of \$ 37 per barrel after the reference price was \$ 19 per barrel, which means the government's keenness to avoid any negative shock that may include the general budget.
- Maintaining price stability and thus lower inflation rates, considering that financing the budget deficit using the resources of the Fund leads to an increase in the volume of cash in circulation, and thus an increase in the general level of prices.

As for the year 2007, the value of deductions from the fund amounted to 1454.363 billion AD. During the year 2007, the fund knew three transfers to three parties. It was estimated at 531.952 billion DZD, then, starting from 2009, the resources of the Revenue Control Fund were directed to finance the public treasury by 100%, and due to the large deficit in the public treasury, estimated at 3185.944 billion DZD due to the drop in oil prices as a result of the oil crisis that emerged in June 2014, recording 100.23 A barrel of dollars per barrel, and these prices continued to decline in 2015, when they fell to \$ 53.06 a barrel, and the reason is due to the decrease in global demand for oil due to the slow growth of the global economy, and that the revenue control fund was not affected by the crisis due to a set of factors as follows (Bouflih, 2010, p. 88)

- The fund's limited scope of work compared to other sovereign funds.
- The circumstances of the global financial and economic crisis and its failure to continue for a long period of time.
- The gradual improvement in oil prices by the end of 2009 despite the record low recorded at the beginning of the year, and not exceeding the minimum price specified by the government.
- Following a cautious policy in managing the assets of the fund based on reducing deductions directed to cover the general budget deficit, in addition to refraining from using the fund's assets to pay off the public debt.

In 2016, the deductions decreased to 1387.938 billion DA as a result of the decrease in the deficit from 3172.340 billion DA in 2015 to 2343.735 billion DZD in 2016. Of all these deductions, the fund still contained financial assets of 784.458 billion AD as a minimum balance in 2016.

As for the year 2017, the deductions decreased to 784.458 billion DA as a result of the decrease in the deficit to 1590.283 billion DZD in 2017 and the percentage of deficit coverage reached 49.32%, and the reason is due to the depletion of the Fund's resources, as its balance reached 0 billion DZD in 2017 due to the abolition of the minimum ceiling that must be kept. 2018 The Revenue Control Fund witnessed a recovery due to the increase in oil prices in the global markets, with a balancé of 305.500 billion AD, and deductions amounting to 131.912 billion AD to cover the treasury deficit estimated at 1952.532 billion AD, at a rate of 6.75%.

Conclusion:

Sovereign funds have an important role in the national economy as it is one of the most important investment mechanisms developed to have the ability to employ rentier resources and achieve economic balance for the countries that own these funds, whose objectives differ from one country to another, and the revenue control fund from sovereign funds and the most important savings mechanisms in Algeria that work to absorb surpluses. Petroleum collection has great importance for achieving financial balance and mitigating the severity of financial crises as a result of the drop in oil prices in global markets, and achieving the goals set for it, represented in paying the external debt and financing the public treasury deficit.

The study concluded the following results :

- The Revenue Control Fund acts as a savings mechanism to absorb the surplus of oil levy in the event of high oil prices in the oil market and direct it to finance and cover the general budget deficit, adjust the financial balances of the public treasury and reduce the debt to its lowest levels.
- The dependence of the resources of the Revenue Control Fund on a single source is the oil levy surpluses resulting from the difference between oil prices in international markets and the annual reference price set in financial laws, which makes it vulnerable to fluctuations in oil prices in global markets, and these resources have known a decrease due to the decline in oil prices. As a result of its exposure to oil shocks and its use as an alternative tool to address the public budget deficit.
- The Revenue Control Fund is one of the special allocation accounts that the state relies on in order to collect surpluses of oil levy, and it is one of the most important resources of the fund. The fund has played an important role in financing economic development programs and achieving pre-set goals, and it is an effective tool to control the budget and contribute to achieving Algerian economic stability.
- The Fund's uses were to reduce the size of the debt to low levels, starting from the year 2000-2008, thus improving the levels of internal and external debt.
- In light of the expansionary policy pursued by Algeria, starting in 2001, the Revenue Control Fund contributed to financing the public treasury deficit from 2006 to 2018.
- The decline in oil prices due to the oil crisis that emerged in June 2014, Algeria made massive withdrawals that eroded the balance of the Revenue Control Fund and canceled the minimum ceiling of 740 billion dinars, as it reached a zero balance in 2017.

- Algeria resorted to unconventional financing in 2018 due to the absence of alternative financing sources for the fund, and its effectiveness depends on the continuity of its financing and the guidance in its management by developing a long-term strategy.
- Moving towards a strategy of economic diversification instead of relying on one source, which is the oil tax revenues and their instability due to the fluctuations facing oil prices, and thus affecting the resources of the revenue control fund and the stability of development programs in Algeria.

Through the above, a set of recommendations can be presented, namely :

- Public expenditures should be rationalized, especially operating expenditures, and revenues should be diversified in order to address the budget deficit.
- Searching for alternative sources and resources to finance the Revenue Control Fund other than the hydrocarbons sector, to ensure its continuity and sustainability.
- Subject the Revenue Control Fund to oversight and disclose the development of its resources and uses.
- Encouraging local and foreign investment and reforming the tax system.
- Not relying on the resources of the Revenue Control Fund to finance the budget deficit and reduce the public debt as unsustainable evidence.
- Directing the fund's assets towards productive investments that generate significant returns in order to revive the national economy.

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