

Chapter 9

Public Administrative Reforms

A decent salary and capable human resources are the only way to promote effectiveness of public service delivery. They are also the grassroots of other public administration reforms. Passing distinct phases, the 7th CG meeting's commitments of civil administrative reform seem focused more on these two issues but results are questionable.

Decentralization and deconcentration, on the other hand, are also on a tough agenda of preparing a legal framework, action plan and legislations which allow sub-national government and commune councils to obtain more responsibilities and duties, to be more powerful and autonomous even in terms of revenue collection.

This part presents the achievements and remaining issues of public administrative reform so far. It also reviews the progress of the government's commitments during the 7th CG meeting and is ended by an analysis of impacts and some critical challenges.

9.1. Civil Administrative Reforms

It is noted that there is progress on pay reform. The average basic salary and allowance has been increased by 44 percent in mid 2002 which resulted just from a civil census and better control of the work force database.

In January 2005, the government increased the index value by 15 percent from 300 Riel to 345 Riel as a stipulated commitment of the Rectangular Strategy. The index value is a tool to define civil servants' basic salaries and civil servants have index numbers which range from 100, at minimum in category D, to 550 at maximum in category A. Furthermore, in August 2005 the government increased functional allowances of staff in middle and senior administration and priority sectors (Education and Health).

In 2005, a number of training courses and seminar awareness were conducted aiming at capacity building. The first promotion of management development program (MDP) and professional development program (PDP) which are parts of the Economic and Public Sector Capacity Building Project (EPSCB) were recently completed.

Both programs trained 155 staff from various institutions countrywide in the area of management and professional development

including development policy, governance and applied economic development.

The priority mission group (PMG) program, scheduled to be implemented since the end of 2002, has seen some progress compared to the last six months. CAR received proposals from 14 ministries among 28 ministries and agreed with 10 ministries to recruit their staff to join PMG group since May 2005. However, there are only two ministries, Ministry of Health and Ministry of Women Affairs, which sent their list of participants to CAR for auditing and approval.³⁴ The government prospers that PMG program can be implemented within 14 ministries by the end of this year, which means that it would reach 50 percent of its plan.

Benchmarks promised in the 7th CG meeting in 2004, most of them scheduled to be completed by the end of 2005, are seeing progress. As a pilot, CAR and Ministry of Economic and Finance (MEF) have agreed to establish the PMG/MBPI (Merit-Based Pay Initiative) to cover an initial 300 centrally located civil servants working on high priority PFM reform activities. The CAR and treasury also reached an agreement on the use of the private banking system to reduce cash transactions in the payment of salaries.

However, the commitment on a strategy to phase out donor-salary supplement and to redirect them in support of pay reforms in priority areas, committed by June 2005, was not met. There is requisite technical assistance to further the strategy and further need of consultation with sectoral technical working groups (TWGs).

Even though these achievements are impressive, public service delivery could not serve people much better. The salary increase for civil servants is still not adequate. Functional allowances increases only benefit marginally those in middle and senior management, which are already better off, and two priority sectors. A large number of civil servants are suffering from low salaries, which forces them to become involved in corruption and inefficient service delivery.

³⁴ This figure is as of September 16, 2005.

Table 9.1: Recent Developments in Public Administrative Reform

Civil Reforms	
Progress	Remained Issues
▪ NPAR phase I was completed. The key accomplishments include census and removal of irregulars, computerized personnel management and payroll system, and pay, employment and fiscal balance simulation. ▪ Implementation of new remuneration and classification system. ▪ In early 2005, government increased civil servant salaries by changing the index value from 300 CR up to 345 CR. In August 2005, the government increased functional allowances for middle and senior administration and priority sectors. ▪ The MOU of PMG/MBPI was signed between CAR and MEF for PFM reform program. ▪ Agreement reached between treasury and CAR on use of private banking system to reduce cash transactions in the payment of salary. ▪ Ministry of Health and Ministry of Women Affaire sent list of staff to join PMG to CAR for auditing and approval.	▪ Failure to complete a set of studies to make civil service reform plan consistent with Medium Term Expenditure Framework. The medium term civil service pay is underdeveloped. ▪ By schedule, failure to recruit 1,000 PMG members by the end 2002. In 2005, 1,205 PMG members and budget of US\$ 1.5 million are planned to implement. Most of ministries have not sent yet their lists of staff to join PMG, even their proposals. ▪ Code of Ethic has not been approved yet. ▪ Agreement between government and donor on a strategy to phase out donor funded salary supplement and redirect them in support of pay reforms in priority areas by June 2005.
Military Reforms	
Progress	Remained Issues
▪ Pilot program of 1,500 soldiers were mobilized in 2000. 15,000 ex-combatants were demobilized in late 2001. ▪ In January 2005, government completed two conditions namely repayment of US\$ 2.8 million and submission of financial report management. ▪ Third condition of project's audit report was completed in May 2005.	▪ Second phase of demobilization was suspended in 2003 due to irregular procurements related to compensation packages. ▪ Recently, the government expressed its willing to find fund support to demobilize excessive number of armed force.

Source: EIC, compiled from various government sources, interview and intentional NGOs, September 2005.

Besides technical problems with proposals which cause the delay of implementation, PMG is suffering from the ignorance of senior

government in the relevant ministries. One might say that PMG programs do not give any individual interest. Furthermore, the salaries for PMG staff will be lower than salaries planned before. They will get only US\$130, US\$87.5 and US\$47.5 for category A, B and C respectively; while they had planned US\$150, US\$100 and US\$50 in 2002 for those respective categories.³⁵

9.2. Military Reforms

The government has committed to military demobilization and embarked on a three-year plan to demobilize a total of 31,500 soldiers from the Royal Cambodian Armed Forces (RCAF). In 1999, the government removed 15,551 irregular soldiers from the payroll which resulted just from registration and data collection.

In four provinces, 1,500 soldiers were demobilized as a pilot project in 2000. In late 2001, the government implemented full-scale demobilization throughout the country and another 15,000 ex-combatants were demobilized. As an incentive, demobilized soldiers received a reintegration package when leaving the armed forces.

The demobilization was suspended in 2003 and its second phase, a group of 15,000 which was scheduled by the end of 2002, was never met. This was due to evidence of irregular procurement related to the compensation package, which was found by the World Bank.

Three conditions were put to the government: namely, the repayment of US\$2.8 million, the submission of a financial management report and the submission of the project's audit report. In January 2005, the government decided to repay the Bank US\$2.8 million related to a misprocured contract for motorbikes and the financial management report was also submitted. In May 2005, the government completed one third of the project's audit report.³⁶

Obviously, the government's commitment in the Rectangular Strategy to continue armed force reform and demobilization has not seen any progress. However, the government recently expressed at the National Assembly that it is seeking funding support to demobilize the excessive numbers of armed forces and warns of a number of current ghost soldiers on the payroll.

³⁵ With exchange rate: \$1=4,000 Riels

³⁶ Based on interview with government official, September 15, 2005.

9.3. Decentralization and Deconcentration Reforms

Decentralization and Deconcentration (D&D) is a way to place the government close to the people to better understand the needs, preferences and priorities of each specific location. The government has agreed that D&D contribute to transparency, local participation, cost reduction and quality of projects, and sustainability.

Decentralization has seen some progress. The law on administration and management of communes and sangkats (LAMC) and the commune election law were adopted in 2001. The first commune elections were held in 2002 and 1,621 commune councils were elected. They have their own funds, so-called “Commune/Sangkat Fund (CSF)” to manage administrative costs and development.

The capacity of commune councils has been strengthened through training programs and, as a result, they are able to prepare five-year development plans, three-year rolling investment plans and an annual budget.

Table 9.2: Recent Developments in Decentralization and Deconcentration

Decentralization & Deconcentration	
Progress	Remained Issues
▪ Enacting Law on Administration and Management of Commune (LAMC) and Commune Election Law. Commune election was held in 2002. ▪ Training program to enhance capacity of commune councils. Commune councils are able to prepare five-year development plan, three-year rolling investment plan and annual budget. ▪ Commune councils has own funds to manage local affairs. ▪ A pilot of One-Window Service (OWS) was created in Srok Battambang and Srok Siemreap. ▪ D&D National Strategic Framework was approved by Council of Ministers on 17 June 2005.	▪ Process of fiscal decentralization is slow and commune councils do not have yet authority to collect local taxes. ▪ A number of rules and regulations as mandated by LAMC are not passed yet in support of decentralization reforms. ▪ Few service delivery functions are devolved to commune councils and most public services are under control of provincial line ministries. ▪ Organic law on provincial and district government has not been passed yet. ▪ No action plan prepared to implement D&D strategic framework.

Source: EIC, compiled from various government sources, interviews and intentional NGOs, September 2005.

The government also recognizes the capability and effectiveness of commune councils to some extent. Projects undertaken by commune councils obtained 20 percent of cost reduction and better quality than ones undertaken by central government such as ministries or provincial departments.³⁷ This is due to the transparency of project procurements which reduce rent-seeking fees.

Also, it clearly demonstrated its commitment to increase commune council revenues. It increased its contribution to CSF from 1.5 percent of current revenue in 2002 to 2 percent and 2.5 percent in 2003 and 2004 respectively. The government committed to increase this percentage from 2005-2007 by 0.02 percent per annum.

Nevertheless, there has been little progress on the deconcentration side. Ministries have issued a number of decisions to devolve certain powers to lower levels. A pilot of one-window service (OWS); which offers a one-stop-service for facilitating access, efficiency and transparency; was created in Srok Battambang and Srok Siem Reap. The government is preparing to include the staff of these two districts into PMG.

During the 7th CG meeting in December 2004, the government committed to two achievements namely the national strategic framework on D&D; and the first draft of the D&D organic law on the management of provincial & district, municipalities and capitals. The D&D strategic framework was approved by the Council of Ministers on 17 June 2005, but there is no action plan yet to implement this strategic framework. This causes difficulties for donors to allocate their support funds. On the other hand, the government has just established an inter-ministerial committee to formulate an organic law on the sub-national governance system.

Furthermore, the commune councils have not yet been delegated official duties and have few services to serve people while most public services are under the control of ministerial and provincial lines.

Likewise, there is no clear guideline policy for deconcentration and its process seems to rely heavily on the commitments of line ministries which are reluctant to delegate responsibility and decision-making to provincial and district administration.

Commune councils have limited funds which result in a low level of services and investment implementations. Currently, they get funds from government, which experienced a cash shortage in 2003, and a small contribution from local people. The fiscal decentralization, which is defined in LAMC to give authority to commune council to levy and collect

³⁷ Based on interview with senior government official, September 16, 2005.

local taxes, seems unforeseeable. This is due to several reasons including double taxation, weak capacity at all levels and the government's unwillingness to act.

It is a must to speed up the putting in place of an action plan to implement the national D&D strategic framework. This strategic framework is the basic policy for the sub-national governance system. It enables to establish any regulations delegating duties and responsibilities at a sub-national government.