

Chapter 9

Public Administrative Reforms

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“This [public administrative] reform is a comprehensive reform that not only has an impact on local and national level authorities, but also this reform will affect all government structures and institutions. Moreover, the reform requires the highest political commitments and the change in behaviors in order to attain new approach to formulate new management practice and human resource allocation with efficiency, transparency and high accountability with new ideas and within good governance framework.” **Samdech Prime Minister Hun Sen**, Remarks at the National Workshop on the Strategic Framework for Decentralization and Deconcentration Reforms Sihanoukville, 01 April 2005

“We are pleased to note that public administration reform along with fighting corruption and legal and judicial reform are placed at the heart of the Royal Government’s “Rectangular Strategy”. Progress in public administration and civil service reform is important for all development issues that we discuss during the CG. It is here in this reform sector that the delivery of public services, so vital for progress on Cambodia’s Millennium Development Goals, will be developed to best serve citizens.” Remarks on behalf of the Development Partners by **UN Resident Coordinator Mr Douglas Gardner** at the Consultative Group Meeting in Phnom Penh, December 6, 2004.

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Cambodia’s development goal cannot be achieved while the current public service delivery remains low. Public service should be more operational, responsive, transparent and neutral for all. The unofficial fee should no longer have a role as facilitator and service providing could be quicker. It is known that the roots of these problems are the low civil service salaries and the low staff capacity, while the education system was negatively affected by the country’s long conflicts.

The gap between income and basic cost of living induces the government’s employees to practice corruption. After the country found stability and security, the government recognized its irrational administration and expressed its firm commitment to reforming public administration in both the civilian and military sectors.

9.1. Civil Administration Reform

There has been some progress in civil administration reforms (See Box 9.1 for recent developments). About 9,000 identified irregular workers were removed from the payroll as a result of the census in 2000 and the workforce is under control. The strategy to rationalise the civil service (SRCS) underlined the government's commitment to stabilise its workforce until 2006 and redeploy them.

Box 9.1: Recent Developments in Public Administrative Reform

Civil Reforms	
Progress	Remained Issues
- NPAR phase I was complete. 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 salary by changing index value from 300 CR up to 345 CR.	- Failure to complete a set of studies to make civil service reform plan consistent with Medium Term Expenditure Framework. - By schedule, failure to recruit 1,000 PMG members by end 2002. In 2005, 1,205 PMG members and budget of US\$ 1.5 million are planned to implement. - Code of Ethic has not been approved yet.
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.	- Second phase of demobilization was suspended in 2003 due to irregular procurements related to compensation packages. The World Bank put three conditions for government. - Third condition of project's audit report was agreed to be completed in May 2005.

Sources: Selected from matrix A2.10 & A2.11 in Appendix 2.

The improved control of the workforce database induced average salaries to increase by about 44 percent in mid 2002, compared to that in 2001. As a part of pay reform, the new remuneration and classification system was introduced in 2002. The classification of civil servants is clearer and wider. The value of the index is supposed to be a tool to increase the basic salary, which is constrained by the national budget. The government

also committed itself to increasing civil servants' salaries by 10 to 15 percent per year in its third term political platform.⁵¹ In 2005, the government increased the index value by 15 percent from one index of CR 300 in 2002 to CR 345.

Capacity building is in progress. The Economic and Public Service Capacity Building Project (EPSCB) is operational and is expected to increase work effectiveness. The management framework for capacity building, which is directed to effectiveness and value for money, was recently completed. It proposes key elements of a management framework for donor-funded capacity development for the civil service.

However, some reforms have seen little or no progress (Box 9.1). The civil service reform plan, which is consistent with the Medium Term Expenditure Framework (MTEF), is not completed, although it was promised at the Tokyo CG meeting in 2001. The government is supposed to carry out a set of studies including a labor market survey, functional/operational review, employment review, establishment of a controlled pilot and pay reform scenario and option study. Only the labor market survey was done by September 2004. This plan investigated the means and ways of accelerating the pay and employment reforms; and thus improving quickly the quality of, and access to, public services.

The Priority Mission Group (PMG) program, which was scheduled to recruit 1,000 members by the end of 2002, is now in the process of selecting proposals. Awareness promotion and training for officials in lined ministries are the reasons for the delay in implementation.⁵² It is planned to have 1,205 PMG members, with a total budget of about US\$ 1.5 million, in 2005.

The code of ethics has not been approved yet. This code is expected to improve government staff behaviour with respect to public service delivery. More consultation in the government is on-going to ensure maximum effectiveness.⁵³

The main reason for delays in implementation is lack of political support from senior government officials, particularly during periods of political deadlock. Prerequisite conditions of implementation, such as the capacity to carry out the new policy, were not well defined; thus it induced

⁵¹ In Rectangular strategy

⁵² Based on interviews with government officials.

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faulty planning in terms of the proposed time frame. Clearly, the government overestimated the responses of its officials to administrative reforms.

The delay of PMG implementation may occur due to technical problems with proposals that ministries are preparing. Other concerns are raised as well. All proposed candidates will be overseen by the Civil Administration Reform panel, which is responsible for selection, monitoring and evaluation. If the selection of candidates for each ministry is not transparent, more time is needed for CAR to make a re-selection by itself. Another concern would be the late budget disbursement for PMG, which would prolong the implementation. Moreover, once approved the implementation of a code of ethics will not guarantee its success when salaries do not meet the basic needs of government employees.

The government could speed up the administrative reforms by urgently addressing basic issues. It must accelerate pay increases, employment reform and capacity building. Without addressing these priorities, other pledges seem to be a long way from being met. A decent wage is the means to attract and retain talent. The medium-term civil service remuneration plan must be approved and implemented as scheduled. Given present fiscal revenue the basic service agencies including health, education and public financial management should be targeted and rewarded. The payment through the banking system ensures full and timely remuneration.

The government should make employment reforms to ensure that skills are matched to the job requirements. The PMG implementation must be accelerated to identify capable officials. The performance evaluation must be introduced to identify high performing staff for rewards and train weaker staff members. There should be a priority program for human development for specific job profiles and a capacity building approach for all civil servants. The government must also ensure that the newly-acquired skills are being used on the job.

9.2. Military Reform

After internal conflict came to an end, the government, in partnership with donors, committed to military demobilisation. It embarked on three-year plan to demobilise a total of 31,500 soldiers from the Royal Cambodian Armed Forces (RCAF). In the first phase of registration and data collection for all military personnel, 15,551 irregulars were found and removed from the payroll in 1999. In addition, 1,500 soldiers were demobilised in four provinces 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 demobilised.

As an incentive, the demobilised soldiers received ‘reintegration packages’ at the time of leaving the armed forces. These packages were only useful for the soldiers’ immediate return to their home villages and the household material and small sum of money by its nature did not last very long. Thus, it was suggested that the reintegration program should include vocational training for the long-term benefit of demobilised soldiers. The government committed to complete the demobilisation of a second group of 15,000 soldiers by the end of 2002.⁵⁴

The military demobilisation program was suspended in 2003 and the second phase of demobilization was never completed. The reason 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. The financial management report was also submitted and it was agreed to extend the deadline for meeting the third condition, relating to the project’s audit report, to the middle of May 2005, due to the existing workload of the company. However, the third mandate government (that is, the third elected government since the first post-war elections in 1993) has committed to continue the reform of the armed forces and implementation of program and policy in the White Book of National Defense.⁵⁵

9.3. Decentralisation and Deconcentration Reforms

Cambodian public administration has been characterised as a vertical structure with a low degree of coordination and coherence. This excessive concentration of decision-making and authority does not allow it to respond suitably to people’s needs. To serve people better, the government needs to be close to them so that decision-makers have knowledge of concerns about actual problems, priorities and preferences. Decentralisation and

⁵⁴ Speech of HE Sok An during CG meeting on 20-21 June 2002, available at http://www.cdc-crdb.gov.kh/cdc/council_minister.htm

⁵⁵ In Rectangular Strategy

deconcentration are an important part of the government's reforms. In the Cambodian context, political decentralisation (devolution of authority) is viewed as decentralisation which relates to commune administration and authority, while administrative decentralisation relates to governance reforms at the district and provincial level.

9.3.1. Decentralisation

The firm commitments of the government towards decentralisation reform led to enacting the Law on Administration and Management of Communes and Sangkats (LAMC), and the Commune Election Law in 2001. The LAMC regulates the roles, duties and functions of various stakeholders involved in decentralisation and gives authorisation for supporting legal documents which need to be enacted. The latter spells out relevant rules and provisions related to commune council elections. Before elections, commune council needs were assessed and nine legal texts were reviewed and approved to make commune councils more effective.

As a consequence, the commune elections were held in 2002, when 1,621 commune councils were elected. This marked a significant milestone in decentralisation in Cambodia. These councils are expected to work closely with people and to meet specific needs in each commune. The government has also issued a number of rules and regulations to support the newly-established commune councils. Training programs have also been provided to enhance the capacity of the commune councils, which have enabled them to prepare five-year development plans, three-year rolling investment plans and annual budgets.

Moreover, commune councils have their own funds to manage local affairs through the Commune/Sangkat Fund (CSF). The CSF is transferred mainly from national and donor funding. This fund helps with administrative costs and development. The government is aware of the linkage between the commune fund and the development of the councils; and thus has gradually increased its funding. The government's contribution to the CSF accounted for about 1.5 percent, 2 percent and 2.5 percent of its total current revenue in 2002, 2003 and 2004 respectively. The government committed to increase this percentage from 2005-2007 by 0.02 percent per year.⁵⁶

⁵⁶ Speech by HE SAR Kheng at closing ceremony of Seila National Workshop on Preparation of the 2005 Annual Workplan and Budget, Siem Reap, August 30 – September 1, 2004.

Box 9.2: Recent Developments in Decentralization and Deconcentration

Decentralization	
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.	▪ 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 is 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
Deconcentration	
▪ Implementation of Priority Action Program (PAP) and Education Quality Improvement Project (EQUIP). ▪ A pilot of One-Window Service (OWS) was created in Srok Battambang and Srok Siemreap.	▪ Organic law on provincial and district government has not been passed yet. ▪ Policy and program for deconcentration has been drafted but not yet implemented.

Sources: Selected from matrix A2.12 & A2.13 in Appendix 2.

Even though there is ongoing progress on decentralisation, its current pace appears to be slow (See Box 9.2 for recent developments). A number of rules and regulations in support of decentralisation reforms, as mandated by the LAMC, have not been passed yet. Commune councils have few service delivery functions devolved to them and most public services are still with provincial line ministries. According to the LAMC, the commune councils have the authority to levy and collect local taxes. But the implementation of this is pending and the necessary legal instruments have yet to be put in place, including enabling legislation. Thus commune councils control few resources, which lead to a low level of implementation of services and investments. They depend on grants from central government. In 2003, the government experienced a cash shortage and was unable to disburse funds to the CSF on time, which may have led to a distrust of central government in local government circles.

The slow progress in this fiscal decentralisation is due to several reasons including double taxation, weak capacity at all levels, and the

unwillingness of the government to act. Moreover, the decentralisation policy is also unclear. There is no guidance on the interpretation of the law or directives on how the law is to be further developed, amended or mainstreamed. Thus the decentralisation process relies solely on provisions within the government's constitution relating to administration in Cambodia, the Law on Election of Commune Councils and the Law on Administration and Management of the Communes.⁵⁷ An additional obstacle is the incoherence of its rules and regulations with those of deconcentration.

The government must address fiscal constraints so that selected communes have autonomous and sustainable means of providing services. The fiscal decentralisation known as the legal framework on local revenue for the communes, as stipulated by the commune law, should be adopted. This enables them to serve better the priority needs of local people. The decentralisation and de-concentration strategic framework must be urgently developed in a harmonised and coherent manner. It must be developed in full consultation with stakeholders and it must provide clear guidance on how decentralisation should proceed. The capacity building program for the commune council must be upgraded on a variety of subject matters in a more effective way. It should be based on deep assessment of effectiveness and past training experiences. The training program should include the next government's agenda of decentralisation; for instance, a capacity building program on local tax collection by commune councils.

9.3.2. Deconcentration

There has been little progress on deconcentration (See Box 9.2 for recent developments). Ministries have issued a number of decisions to devolve certain powers to lower levels. Some pilot projects have been implemented, such as the Priority Action Program (PAP) and Education Quality Improvement Project (EQUIP). A pilot of the One-Window Service (OWS) was created in Srok Battambang and Srok Siem Reap. It has pooled resources to offer a one-stop service, thereby facilitating access, efficiency and transparency. From these two districts, lessons learned and experience will be drawn for developing its policy and program. However, the organic law on provincial and district government has not been passed. This law defines the roles and responsibilities of provincial and district administration, and has a great impact on the process of deconcentration.

⁵⁷ Robert B. Oberndorf, JD (May 2004), Law Harmonization in Relation to Decentralisation Process in Cambodia, CDRI (Working paper 31).

No clear guideline policy for deconcentration has been adopted by the government. Thus, the process of deconcentration seems to rely heavily on the commitments of line ministries, thereby slowing the process down. Meanwhile, the central offices of line ministries in Phnom Penh are reluctant to delegate responsibilities and decision-making to provincial and district administrations.

The government should adopt and implement the organic law on provincial and district administration as an urgent matter. This law could address a number of complex interrelated issues and conflict interests. The government should also pay attention to jurisdictional overlaps in various line ministries before the delegation of responsibilities and decision-making. These overlaps can not provide better services to local people and they also create more bureaucracy and corruption. In addition, capacity building to strengthen the institutions should be improved so that they can effectively undertake delegated duties.