

CONSULTATIVE GROUP MEETING

SPEAKING NOTES

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Excellencies, ladies and gentlemen

First I would like to welcome you all to this important yearly meeting of government and its development partners. In light of various interventions made, I would like to take the opportunity to underline points I consider important.

For some time now we have talked about the need to change the parameters of our partnerships for the reforms to progress and be sustainable. Cambodian ownership and leadership, mutual accountability and respect are taking hold now. In every sector of reform, we are working hard with our partners to widen and deepen the reforms. But as good as our partnerships are, they can only do so much. Our actions must be anchored into Cambodia's reality, its culture, its traditions AND its capabilities. The latter is particularly important. In matters of State reforms, sustainability is the key. Cambodian institutions and officials shall have ongoing capacity to implement and sustain the course of change. They shall have the capacity to sustain results.

Our common effort, our common "joint action plans" shall be based on a few core principles. The reforms shall be cambodianized and be clearly anchored in Cambodia's reality and capabilities. They shall target the practical that is sustainable. For example, the best of law on paper that cannot be enforced is a bad law. Means to entice performance and merit in a given context may well be counter-productive in another. And so on. My point is that, like other reformers around the world, we shall focus on what is good in a given context. We shall think globally and act locally. Recent studies by scholars of international renown show that, often in matters of reforms, the good enough works better than the best. As they say in French: "le mieux est souvent l'ennemi du bien".

I would like to briefly touch on aspects of three of the reforms at the heart of the Rectangular Strategy and the NSDP.

In late January, the Royal Government approved its second Governance Action Plan. It is a compendium in Khmer of governance initiatives covering a very broad front.

The plan was developed over a period of 18 months by ministries and councils involved. It is designed primarily to single out early steps to develop the capacity of State institutions to uphold principles of good governance in support of NSDP priorities. We are preparing to disseminate widely across the country and among stakeholders. The GAP will be translated into English shortly.

The Royal Government has undertaken fundamental reforms all at the same time. It is a post war society that embraced democracy, the free market and integration into the region and the world with very little means of its own. Yet, in the last 13 years, much has been achieved to establish Cambodia as a state of law. The pace has been largely dictated by our capacity to implement. Progress has been slow given the needs but, with foundations in place, the pace is accelerating.

Please allow me to address the situation in three of the reforms at the heart of our strategy for sustainable development, social justice and poverty reduction.

The Administrative Reform program to “serve people better” is clear and practical. It builds on achievement of the Strategy to Rationalize the Civil Service the Royal Government approved in October 2001. The size of the Civil Service was stabilized at about 165,000 despite numerous demands for new staff. Average salary has increased by some 138% since 2002 with increasing funds being targeted at high priority areas much as our partners are now advocating. Average salary is now upward of US\$ 46. PMGs and now the PMG/MBPIs are implemented to support priority missions. Tools are being strengthened to manage and control the civil service better. I am proud to say that all this was achieved within the means of the National Budget and without upsetting macro-economic stability. These are concrete results.

This morning, the National Assembly adopted a law to amend the Constitution whereby requirements to form a government will be reduced from a two-third majority to a 50 + 1 majority. This is an important amendment that will not only reinforce our democracy and our institutions but it will also contribute to reforming the State and promote good governance. In particular, it will contribute significantly to the Administrative Reform as it would facilitate the further strengthening of performance and merit base systems. Because of this new provision, it will not be necessary any more to accommodate the recruitment of some 1,200 officials, a direct consequence of the two-third majority.

Policies and programs will shortly be articulated to improve the delivery of public services, to enhance pay and employment further, to develop capacity and to promote ICT within the Administration. It is a broad agenda that indeed needs prioritization and careful sequencing. The agreed to joint indicators is such a prioritization where our partners wish to collaborate. But they by no means are the only actions undertaken by the government. Our approach has to be more comprehensive.

The cornerstone is to improve the delivery of public services to make them more accessible, efficient and transparent and less bureaucratic. The objective is to serve the people with quality services where and when needed. This will involve fundamental changes in the attitude and behavior of public servants. The current paradigm will gradually change to a client focus. A new policy on service delivery is being readied for decision by the Council of Ministers in the coming weeks. At its core is the principle that government is responsible for the quality of public services but need not be the direct provider.

Service delivery reforms will impact directly on remuneration and employment within the Civil Service. The PAR agenda is to improve pay and employment as much as possible within available means. These reforms must be sustainable and respect the need for coherence among institutions. In this context, I would like to underline that the government challenge is not to attract and retain talent. The challenge is to compete with predatory practices of donors and civil society. The Administration is not in competition with the private sector, the engine of growth.

Based on achievements to date, we intend to push further the adopted pay policy of raising base salary as much as possible to cover needs outside major centers and to target policy and operational priorities that required particular attention. It is to do so while maintaining fiscal prudence, coherence among institutions and sustainability. I am pleased to note achievements concerning the phasing out of salary supplementation practices and the adoption of a strategy to phase out salary supplementation by the PAR TWG. In this context, I would urge ministries and partners to implement Sub-Decree 98 as quickly as possible as a way to marshal resources through the use of PMGs or PMG/MBPIs and to reallocate funds now spent by partners on salary supplementation.

I cannot emphasize enough the need to have a comprehensive approach to the reform. A narrow focus on remuneration is not productive. We need a global and coherent approach where remuneration is one of the factors to improve performance. At times it is not even the determinant one.

The CAR is systematically engaging ministries and its partners to widen and deepen the reform further. Ministries are routinely participating in inter-ministerial fora to set policy and programming. I am pleased to note that, with the PAR TWG, we are making very good progress to strengthen our partnerships as the reform is approaching an implementation phase that will mobilize very significant resources. I am also pleased to note the increasing interests of partners in the reform. This is a reform that is essential to the success of sectoral reforms. It is one without which little would be sustainable.

Our actions to reform the Administration will bring about fundamental change in the ways of the Administration. Attitude and behavior will change gradually towards a service delivery paradigm. Mechanisms to enhance performance are being introduced

and the pace will accelerate. Ongoing work on remuneration, employment and capacity will help marshal scarce resources towards areas where they will have significant early impact to make the Administration an effective provider of public services and a trusted development partner.

The **Legal & Judicial Reform** is another core reform confronting difficult challenges. There has been a profound rupture in Cambodia's society that is just being bridged. Cambodia has made important progress in a highly complex and difficult sector of reform since the Paris Accords. As always in situations where needs are so dire, progress is too slow. Yet, major achievements were made to set conditions for rapid improvements over the medium term to establish the Rule of Law.

I said earlier that a law that cannot be implemented is a bad law. Whether a law can be implemented depends on a few factors. It needs to correspond to one's values, traditions and reality. Capacity to implement fairly and effectively must be adequate. Government, the Judiciary and the public must have internalized its key precepts. The public shall be prepared to uphold it voluntarily. To give a few examples. To put in place such conditions takes time.

The example of the two core laws and their procedures illustrate well the problem. Very good work done abroad had to be cambodianized. Concepts had to be understood and expressed in Khmer. This takes time, enormous time. And each law can only be approved one at a time. Completing the core legal framework is a massive undertaking that will likely take years. This shall be a participative process involving key stakeholders. It is not simply a matter of translating texts however good they may be. Ensuring the hierarchy of laws and compatibility among them is an arduous process is time consuming in the best of circumstances.

The Royal Government has approved a comprehensive strategy to reform the sector. It has been some two years now. A project catalogue was prepared to facilitate the mobilization of resources. We are building instruments to develop enforcement capacity. The school for law professions is a most important initial step in this regard. We are developing capacity in policing. And so on. Yet, allocated resources are dwarfed by the tasks at hand.

The upcoming KR tribunal will also be promising means to acquire knowledge and experience to reform the judiciary. It will provide opportunities to experiment with international practices in the conduct of investigation and in the management of tribunals.

I can only urge you all to familiarize yourself with the L&J strategy and its project catalogue. We need all the help we can get. But we need assistance that will help us assume the leadership and ownership of the reform. We need partnerships that will, at the same time, build ongoing capacity to formulate laws and to implement them.

Early priorities abound. Please refer to documentation available from the Council for details. We could organize briefings on particulars, if need be.

In legal and judicial matters, Cambodia is at the start of a long road and it has limited capabilities. Our approach is systematic and incremental. We cannot leapfrog steps. “L’état de droit ne se décrète pas”.

Corruption is a curse that undermines our aspirations for development, social justice and poverty reduction. The **war against corruption** is another set of reforms that will take time; much like the war against terrorism. The approach must be comprehensive. As for the other two reforms, Cambodia must own and lead the change. It is not only a matter of sovereignty it is a matter of practicality. It is essential to sustainability and enforcement.

The adopted strategy is based on a three prong approach: prevention, law enforcement and mass support. The Administrative Reform and the Legal & Judicial Reform both contribute directly to reducing causes and opportunities for corruption. Sectoral reforms in land, natural resources, commerce and investment, revenue collection also contribute to the war against corruption.

Our partners rightly point to the need for a strong anti-corruption law. One that would be an effective deterrent to corrupt practices. But such a law and a commission to enforce it is only but one element of what should be a coherent policy. Again, a law however good on paper is a bad law if it cannot be implemented fairly and effectively. Meeting or surpassing international standards or best practices is not a necessary or sufficient condition of success. Experience around the world and in countries with state of the art legislation show that corruption prevail whenever prevention and enforcement fall short or too good opportunities arise.

I will not detail all the actions the Royal Government has undertaken or planned to fight corruption. The NSDP and the Governance Action Plan provide clear sense of direction. Much like the previous GAP, this GAP is about removing root causes of corruption. But assistance from the international community will be determinant particularly in early stages, to build capacity for instance. But the law is only one element of the strategy. Partners should ask themselves how best they can help Cambodia fight corruption.

You may refer to the NSDP for early priorities.

Some two years ago, Cambodia joined the Anti-Corruption Action Plan for Asia and the Pacific, an ADB — OECD supported venture. Cambodia asked for assistance to take full advantage of the opportunity. To this date, we are left on our own. Cambodia joined the WTO in part to help streamline practices and procedures relating to trade and commerce and to make them more transparent thereby reducing

opportunities for corruption. Again support is wanting. Other examples include the strengthening of audit and inspection functions and the piloting of new mechanisms such as the Citizens Bureau and the development of codes of ethics that can be implemented.

Our objective is to curb corruption to boost development, social justice and poverty reduction. To do it in a practical and sustainable way. We strive for a law that can be implemented and that could effectively help deter corrupt practices.

When the Royal Government put these three reforms at the heart of its Rectangular Strategy and the NSDP, it did so consciously and with purpose. These reforms are matter of national sovereignty. Cambodia shall undertake its journey with what it is and what it has. Thus the need to focus on the practical that is useful and sustainable. Our course of actions will be influenced by the experience and advice of our partners. Cambodia needs assistance but that assistance shall be tailored to build our capacity to pursue our objectives of sustainable development, social justice and poverty reduction. The days of assistance of substitution shall be of the past.

In closing, please allow me to note that we are making very good progress in our partnerships, they are increasingly becoming constructive. The technical working groups take their responsibilities to heart. The agreed to JMI's are useful subsets of our actions to push the reforms forward. I only hope that our relationships will continue to grow year after year for the benefit of Cambodia and its people.

Thank you for your kind attention.