Talk Points
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Excellency Senior Minister, Ministers, Secretary of State, Under Secretary of State, Excellencies, Distinguish guests of honor and development partners

This afternoon, we have a very short time available to us to cover a lot of matters. It is why I would like to go straight to some important points covering the Legal and Judicial Reform, the issue of anti-corruption and issues relating to the Administrative Reform. But first, I would like to make a few general points.

A recent report by the World Bank on sharing growth states that there is no consensus on how best to allocate resources between investments in infrastructures and current expenditures. Cost benefit analysis is of little help. Allocating resources is a political decision that can only be anchored in a country's reality. As reforming is essentially a political venture, it is imperative that government leads and owns the reforms.

We all readily agree to the need of reforms particularly in the areas at the core of the Rectangular Strategy: improving governance. The government approach has been and is very clear: the NSDP and GAP II provide the road map. The approach covers a broad front of self reinforcing measures. There is no panacea and we will go step by step, as the Prime Minister often says we will leapfrog, balancing needs, resources, time, risks and capacity.

Difficulties with partners stem from a different interpretation, perception of Cambodia's reality and what to do about reforms. We see the glass half full; our friends see it half empty. Our approach to reform is a participative one involving all ministries and partners wishing to be involved; it is based on consensus and step-by-step implementation. Every attempt has been made to engage partners but with little success.

Government is progressing well with the implementation of GAP II. Progress may seems slow for those with unrealistic expectations or with too simplistic solutions. I would like to report briefly, first on the **Legal and Judiciary Reform.** I would like to start with the progress so far as reported by the Council for Legal and Judicial Reform

- Rapid progress is being made to enacting 8 core laws
    - Civil procedure Code is enacted, implementation will start in July;
    - The Penal Procedure Code will be adopted next month;
    - The Civil Code will be considered by the National Assembly and Senate shortly;
    - The Penal Code will follow;
    - Consultations are ongoing with the Judiciary on:
        - The Statute for Judges and Prosecutors;

        - The organization of the Court;
        - The Law on the Amendment of the Supreme Council of the Magistracy
    - The Anti-corruption Law will follow in the foot steps of the Penal Code
- The pilot court was established in the Province of Kandal
- The Special Tribunal for the Khmer Rouge is finally taking off diverting precious resources of the Justice sector;
- Capacity development is ongoing with the Royal Academy of Judicial Professions and a strengthening of the Ministry of Justice.

I would like to also briefly report on the last meeting of the Council where members were informed that big progress is being made to reduce the number of backlog cases and land dispute cases. We were also informed of a number of requests by the Court concerning the transportation of prisoners, the issue of warrants, increasing the number of court rooms and a number of issues concerning the functioning of the Court, for example. We are also discussing how to increase the number of law students; the establishment of the Commercial Tribunal with the Ministry of Commerce drafting the required Decree and we are actively preparing for implementation; how to improve training; the use of bailiff; how to improve the dissemination of court decisions; the Ministry of Justice is actively studying alternative conflict resolution mechanisms. These are all issues being discussed seriously. As you can see, we are actively implementing the Action Plan of the Legal and Judicial Reform.

I would like now to outline achievements in **Anti-corruption.**

In addition to work underway in the Administrative Reform, the Legal and Judicial Reform and sectoral reforms (Land, Forestry, Finance…), which address root causes of corruption, we have made good complementary progress.

- Land dispute resolution mechanisms are being strengthened with the establishment of the National Authority for Land Dispute Resolution;
- Already, as a result, 217,000 hectares of State lands have been repossessed;
- Some 50 officials have been disciplined including governors and other high officials
- The adoption of the Code of Ethics for judges, prosecutors and clerks
- The capacity of the Anti-Corruption Unit to investigate is being strengthened and is very active;
- Good progress is being made on preparing the implementation of the Anti-corruption Law. Despite the law still being in preparation for submission to the National Assembly, the Ministry is also preparing a strategic paper for the implementation of the law.

At issue is a too narrow focus on the anti-corruption law. The government strategy is triangular: **prevention**, **enforcement** and **participation** (mass support). This three points strategy is being actively implemented. We have prepared a television broadcasting concerning prevention and are preparing to launch booklets to disseminate information on preventing the illegal occupation of land and how to resolve conflicts. Recently, we dispatched inspection teams to different provinces to initiate the implementation of Government Order No 1 (concerning illegal occupation of land) and Government Order No 2 (concerning the use of chainsaws).

Enforcement is important but causes and opportunities for corruption have to be reduced. A broad base consensus on the law and its modalities will facilitate implementation and much consultation has taken place. However, coherence and harmony among the laws is essential. For example, it is essential that the Penal Code, for prosecution purposes, and the Penal Procedures,

for investigation purposes, be in place. Harmony among the code, its procedures and the law is essential to implementation. When the Code and the Procedures are approved, the law will adapted and will proceed.

We look forward to resolving the outstanding issues in the law relating to the authorities of the Anti Corruption Board and its independence and to asset declaration, the primary focus of some of our partners. However, the issue is more about harmony between the laws. While the law has still to be adopted, we have proceeded to strengthening the Anti-corruption Unit and taken a lot of action.

Now I come to the **Administrative Reform.** I would like to mention some achievements:

- Average salaries have increased by 163% since 2002 to the average of US $51.3 per months;
- The legal framework is in place and the integration of civil servants into the new regime will be completed before the end of the year;
- The size and composition of the Civil Service is managed and controlled with the strengthening of Human Resources Management processes and the Human Resources Management Information System in support of performance;
- The policy on Public Service Delivery is being implemented with the introduction of innovative alternative service delivery mechanisms such as Special Operating Agencies to provide an environment conducive to performance and enhance service delivery;
- Attitudes, behavior and competencies are being adapted to needs, civil servants are becoming service provider;
- There is a broad consensus among ministries on the need to reform the Civil Service, a policy framework is under development

The CAR Secretariat and ministries are articulating a policy framework to deepen and widen the reform to increase performance. Remuneration is the main issue of disagreement with partners. However, reforming the Civil Service requires a coherent multi-faceted approach, such as that of the National Program for Administrative Reform: improving service delivery, enhancing pay and employment, developing capacity and promoting ICT. The approved Service Delivery Policy and its booklet in Khmer, English and French provide the context.

Remuneration is foremost a revenue issue. Salaries must be sustainable and fiscal balance must be maintained. We all know the difficulties in raising revenues. As we say, we cannot sell the bear skin until the bear is killed. Coherence among State institutions is imperative. Our approach to remuneration targets **all** civil servants and particularly those on the front line.

We had set out, at the beginning of the mandate, to increase basic salaries by 10 to 15% a year. We have done much better as we have seen. Now the Prime Minister has already clearly announced a core element of the medium-term policy. Base salary will increase by 20% a year. Yet, this is not all that is being done. The allowance system will continue to complement base salary to improve support to priority operational requirements. The pension system is also being reformed.

Costs implications for the Civil Service alone are staggering. For example,

- Average salaries at US$100/m would cost US$ 204M (1/3 of current revenues);
- Minimum salary at US$ 100/m (average at US$ 234/m) would cost US$ 477M (2/3 of current revenues)

- Average salary at current level of US$ 51.3/m costs US$ 104M (1/6 of current revenues) and already hard pressed because of competing demands)

These numbers do not factor in costs implications for defense, security and pensions.

Impressive efforts are being made to increase salary and revenues permitting, more will be done, should anticipated developments in rubber, tourism, bauxite, oil and gas and manufacturing materialize. Government revenues will increase sufficiently to provide sufficient room to increase remuneration in a fiscally prudent way and that respect coherence among institutions. The perspective for salary is very positive.

A set of **targeted allowance** will continue to complement increases in base salary (functional, PMGs...). This morning, the Prime Minister has asked that we find ways for MBPI to complement the PMG program of the Government and for the two programs to work together. I think this is a very important issue.

The government approach to reforms will continue to be prudent covering a wide front of mutually reinforcing initiatives – step by step focusing on what **CAN** be done, not what **SHOULD** be done and setting realistic and sustainable targets. Pacing is foremost a matter of capacity and available resources.

We have amply demonstrated our desire for constructive dialogue and partnerships based on mutual respect and accountability; but, dialogue is a two way street. In the case of Administrative Reform, we deplore that the TWG has become dysfunctional. We look forward to enter into a constructive dialogue with partners. Already, inter-ministerial dialogue is strong and our actions reflect a broad base consensus.

Thank you very much for your attention.