

**GOVERNMENT DONORS COORDINATING COMMITTEE**  
**February 12, 2007**

**SPEAKING NOTES**  
**H.E. NGO HONGLY**  
**Secretary General, Council for Administrative Reform**

Excellencies, ladies and gentlemen

The objectives the Royal Government set for the reform in October 2001 as part of its Strategy to Rationalize the Civil Service 2002-2006 have been met. The main elements of a coherent and holistic strategy to further advance the reform were agreed to at a National Seminar held in August 2004. The National Program for Administrative Reform — Serving People Better highlights the course. It is articulated around four strategic thrusts: improving the delivery of public services, enhancing pay and employment, developing capacity and promoting the use of ICT. The NPAR also introduces PMGs as a mechanism to marshal resources and to enhance performance.

Where do we stand at the beginning of 2007? GAPII was approved in January 2006 and is being actively disseminated and monitored. A policy to improve the delivery of public services was approved in May 2006. New pay and classification regimes more conducive to productivity were implemented. Average salaries increased by 130% since 2002 to reach US\$ 45 per month, over two and a half times the GDP rate of growth during the period. The size and composition of the Civil Service have been stabilized. The legal framework is in place. The HRMIS and the payroll are effective. Already, PMGs cover over 1,000 civil servants in 52 projects. Much of this was achieved with little support from partners. A significant project, supported by a World Bank loan, is underway to develop capacity through training and distance learning. The CAR has undertaken of vast sensitization campaign concerning the reform that involves the National Assembly and Senate and within the Civil Service.

Yet, the Royal Government is committed to do more and to investigate ways and means to do so. We all agree that the reform of the Civil Service shall be widen and deepened and the pace of reform accelerated. The Civil Service shall rapidly become an effective provider of public services and a trusted development partner. However, the reform is about what can be done, not what should be done. It is a matter of capacity and sustainability. The CAR initiated the development of six policies and their implementation plan to deepen and widen the reform in the medium term. Concept papers relating to HRM and HRD were circulated to partners for feedback and comments. Concept papers on remuneration, employment and capacity development are well underway. It is envisaged that the policy framework and its implementation plan would be in place in the course of this year.

These reforms are fundamental and far-reaching. They will modernize the Public Service in ways that are best suited to Cambodian conditions. They will also better position the Public Service to support the Government in the major tasks associated with the development of Cambodia across all sectors. Significant, predictable and timely assistance will be required. We should now put in place mechanisms that are demand driven and flexible; and that will support such core principles as national

ownership, leadership and Cambodianization. These are principles that also are essential to sustainability and, eventually, to reduce the Civil Service dependence on assistance.

The quality and timeliness of resources deployed, including assistance to strengthen internal capacity, will largely determine success. We just heard that the resources devoted to the reform by the government do not match the seriousness of the situation. I might add that the resources devoted by our partners on the PAR TWG fall well short of their rhetoric. Only one of the members has targeted the reform as a priority. The PAR TWG agreed on the JMIs over a year ago. Resources and assistance necessary to their realization became available during the summer and we are still awaiting resources necessary to implement the strategy to phase out salary supplementation. We obtained the necessary authorizations to hire consultants to carry out the studies in September.

The course set out by the CAR is clear and has been clear for some time. Yet, some of our partners continue to ignore the NPAR and to narrowly focus their attention on a few elements of the reform that meet their own interests. They continue to advocate unsustainable and impractical reform options. They are trapped in unrealistic technical approaches that do not correspond to Cambodia's needs and reality. It is clear also that the PAR TWG has been dysfunctional for some time. It has not been able to mobilize the necessary resources in support of the government agenda and the joint indicators. It is more of a hindrance than a supporter and facilitator contrary to the principles behind their establishment.

The reform has not stalled. I would like to review where we stand in relation to the four JMIs that were agreed to.

- The phasing out of salary supplementation (JMI 1)

The CAR received answers to the questionnaire on salary supplementation practices. However, requested means to capture and analyze the data have yet to be secured despite numerous requests. Any further work to implement the approved strategy must wait for the completion of this initial step.

Work concerning the Health PMG/MBPI is on track to ensure that it meets the interests of the national government and of the ministry. I should add that it shall follow sub-decree 98 which specifies that the establishment of a PMG is a first step which could be enriched through a special salary allowance funded by donors if they so desire.

- Policies to improve pay and employment (JMI 2)

The two studies to inform decision making on these two policies are being completed. Reports will be ready for circulation in the coming weeks. Work is proceeding on developing concept papers on a medium term remuneration policy and an employment policy.

- Policy on HRM (JMI 3)

Concept papers on HRM and HRD were circulated to the PAR TWG last October for comments and feedback. We have yet to receive comments and are not waiting anymore. We will undertake inter-ministerial consultations shortly on the HRM policy. The new policy will strengthen merit based practices and introduce performance enhancing mechanisms.

- Enhancing service delivery through establishment of One Window Offices (JMI 4)

The policy on service delivery was approved by the Council of Ministers on May 5, 2006 and is being implemented. A draft policy on One Window services was prepared and is being integrated within the concept of "special operating agency" the CAR is developing as service centers based on the PMG scheme.

To conclude, please allow me to quote from a letter H.E. Sok An, Deputy Prime Minister and Chairman of the Council for Administrative Reform sent to Mr. Porter in response to a letter he had sent making essentially the same points made by the Australian Ambassador.

“Continuing misunderstanding between Bank staff and the Council for Administrative Reform is becoming increasingly counterproductive. The Council for Administrative Reform is proud of the progress made to reform the Civil Service. The targets set by the Strategy to Rationalize the Civil Service 2002 – 2006 adopted by the Royal Government in October 2001 have been met.”

In the letter the Deputy Prime Minister went on to summarize the situation concerning the study program and the PMG/MBPI scheme at the Ministry of Health.

Reforming the Civil Service is a political exercise NOT a technical one. It is the art of the possible. It is about marshaling resources and people towards a common goal. We all agree to deepen and widen the reform as it is essential to the success of the Rectangular Strategy, the NSDP and GAPII. It is essential to realize the government’s objectives of sustainable development, social justice and poverty reduction. The NPAR is a coherent and holistic strategy based on the outcome of a national seminar and subsequent inter-ministerial consultations. One cannot strengthen the Civil Service by focusing narrowly on salary. It is a strategic error and an illusion.

The CAR Secretariat needs assistance to complement and develop its capacity. It does not need instructions or assistance of substitution. We look forward to constructive partnerships based on mutual respect and accountability that uphold principles as those agreed to by a small group of development partners in September 2003 in Sihanoukville (building capacity, listening to government, aligning their strategies, realistic expectations etc.). It is time, at least in the context of the Administrative Reform, to overhaul the working group and how we work together. We look forward to working in the context of **real** constructive partnerships.

Thank you very much for your kind attention.