

# GOVERNMENT-DONOR COORDINATION COMMITTEE

## Public Administration Reform Statement on behalf of Development Partners Phnom Penh, 4<sup>th</sup> March, 2008

Excellency Chairman Senior Minister, Excellencies, Ladies and Gentlemen:

Over the last few months, the CAR, MEF and a number of Line Ministries including Health, Land, Interior, Works and Commerce have worked together with Development Partners toward the objectives set by the Prime Minister at the June 2007 CDCF, namely to: "improve cooperation with Line Ministries and Development Partners, and expand coverage of the MBPI". A National Workshop on PMG/MBPI was held in October 2007 to discuss PMG/MBPI and some follow-up work has proceeded on the generic principles of a unified PMG/MBPI scheme.

We are committed to support a harmonized, government-owned incentive system, based on meritocratic principles, with rates designed to facilitate both national and sub national incentives to improve service delivery and development outcomes. Our experience suggests such incentives, together with sound management of human resources serve to motivate key civil servants and support reform programs. We also recognise this as an important first step in the process towards a more broadly based systemic reform of the Civil Service Reform.

Furthermore, in line with the Paris declaration, the RGC and Development Partners have agreed to the elimination of Project Implementation Units and a progressive shift toward supporting sector programs, this emphasises the need for a sustainable salary incentive scheme over the medium term.

We also note that, in recent years, high levels of economic growth and increasing revenues to RGC have created the fiscal space to complement across-the-board pay increases with incentives targeted at personnel involved in key reform programmes and priorities.

In that spirit, in January 2008, Development Partners agreed to advise the Government of their continuing concerns about the distorting effects of the varied supplementation methods and practices and the need to phase out direct salary supplements and allowances, and adopt where possible, a uniform rate merit based incentive scheme, or where further development work is required, rates that comply the existing Sub Decrees 98 and 10.

We are therefore pleased that, in recent weeks, CAR and MEF have indicated their willingness to recommend a unified and sustainable incentives system for all strategic reform programs, incorporating merit based principles, and a gradually increasing RGC contribution, with which all Development Partners can align. We understand that CAR and MEF are recommending a redrafted Sub Decree 98 to the Council of Ministers for this purpose. In our view, this, together with the agreement for specific arrangements in a few ministries, would be a significant step forward towards achievement of the JMI on the phasing out of salary supplementation, and the establishment of more sustainable merit based pay initiatives in other Ministries. Should this be agreed soon, Development Partners would anticipate rapidly concluding agreements with Ministries implementing strategic programs in other sectors.

In the view of the Development Partners, the design and implementation in two new ministries of the standardized merit based incentive scheme will provide an effective signal for Development Partners to provide substantive support for the critical governance area of Public Administrative Reform.

In this context, we believe that a joint re-assessment of the current situation, covering organizational and human resource management issues, would be an appropriate way forward for agreeing on the necessary next steps and engaging in the TWG on Public Administration Reform.

Implementing this broader agenda, outlined in the other JMIs, including; i) improved pay and employment conditions; ii) implementation of a revised human resource management policy and framework and iii) enhanced service delivery through the establishment of one Window Offices is of critical importance to ensure that the public administration can deliver the necessary complementary support for achievement of the Government's development strategy and goals.