

Session IIIB Public Administration Reform

Delivered by H.E. Frank Marcus Mann, Ambassador of Germany

On behalf of Development Partners at the

3rd CAMBODIA DEVELOPMENT COOPERATION FORUM

Phnom Penh, June 3, 2010

Excellency Keat Chhon, Deputy Prime Minister and Minister of Economy and Finance,

Excellency Sok An, Deputy Prime Minister and Minister-in-Charge of the Council of Ministers

Excellencies, Ladies and Gentlemen,

On behalf of Development Partners to the Royal Government of Cambodia, I am pleased to deliver this statement on Public Administration Reform.

Within the Royal Government and between the Royal Government and Development Partners, public administration reform has been the topic of a very intensive dialogue, in particular over the past few months. Hence at the outset, I would like to recognize the leadership of the Council for Administrative Reform, and the hard work of Government officials and Development Partners in the Public Administration Reform Technical Working Group. As a result of this work, we, Development Partners, are pleased to endorse today the proposed joint monitoring indicator on public administration reform and to emphasize our commitment to support the Royal Government to build the strength, responsiveness, professionalism, efficiency, and transparency of the administration.

The Government's National Public Administration Reform (NPAR) is a cornerstone of the updated NSDP, and, I believe, rightly so. The Government has formulated its overarching objective as "serving people better" and intends to achieve this through making public service more transparent, more effective and responsive, and more efficient: this is an appropriate and ambitious vision. From maternal mortality to sound land management, from a targeted social safety net to an enabling environment for agriculture, most of the issues that we are discussing today and tomorrow will make sustainable and visible progress only if the quality of public administration improves.

We fully support in particular the efforts to increase performance and accountability through better personnel management. Within the context of NPAR, a thorough review of the accountability and incentive mechanisms, including compensation reform, is critical. A number of initiatives are under way, such as the ongoing census of civil servants or the creation of Special Operating Agencies in the health sector. The Government, as outlined in the joint monitoring indicators, is committed to a number of other initiatives, including finalizing the Public Administration Reform Program, undertaking operational reviews, and strengthening human resource management processes. I also would like to stress the importance of the Government's commitment to approve an options paper to sequenced compensation reform before the next CDCF.

Public administration is a very complex reform. Macroeconomic stability and fiscal sustainability are paramount objectives as discussed earlier today. Unity and equity are also critical requirements, as formulated by the Royal Government. We agree with the Government that a proper sequencing and close dialogue with the implementing sector ministries is necessary to create the right incentives, and that accountability mechanisms are equally critical. Close monitoring of the impact of these changes on service delivery performance will be critical for the Government to test these changes, demonstrate their beneficial impact to its staff, and make improvements to public services visible to all Cambodian citizens.

Development Partners support the Royal Government's policy that *ad hoc* salary supplements are neither a viable nor a sustainable solution to improve public service delivery. Hence we appreciate and support the Government's leadership in designing, implementing and enforcing a single framework for harmonized payments to civil servants. Much work has been done regarding one element of this framework, the Priority Operating Costs, or POC. Development Partners fully support principles elaborated by the Royal Government for POC which include: a single grid across all schemes; one payment per civil servant; merit-based selection of appointees and transparent reporting on selection and payments; regular monitoring of performance; regular reporting; sound financial management. And we welcome and support the Government's ownership and leadership when POC schemes are being developed to support the implementation of sector or ministerial strategies to achieve the objectives set in the NSDP. Development Partners also appreciate that POC schemes will be discussed with Development Partners in the respective Technical Working Groups.

We fully concur with Government's view that POC is, and can only be, a temporary mechanism. Based on the Government's commitment to review the POC instrument ahead of the next CDCF we look forward to this review as one important element of the broader review on progress achieved in the public administrative reform agenda at the next CDCF. As I stated already on behalf of the Development Partners at the GDCC, Development Partners trust that as progress is made on public administrative reform, the temporary POC shall gradually, but also as soon as possible, end.

On the Development Partners' side, we renew our commitment to support the Royal Government in enforcing this approach as a critical enabler for the Government's broader efforts to improve public administration.

In conclusion, I would like to raise two points for dialogue today.

First, public administrative reform, as I noted, seeks to strengthen personnel management to improve the performance and accountability of each public organization. As we know, the Royal Government has also embarked on an effort to increase the financial accountability of budget entities. There will be synergies in empowering managers with more budget authority and strengthened personnel management responsibility, increasing both financial accountability and performance accountability. What is the Government's approach, in particular from the Council of Administrative Reform and the Ministry of Economy and Finance, to further increase cooperation and synergies in order to reach this

joint objective? And how can Development Partners best support the Royal Government toward this objective?

Second, we would like to acknowledge the Government's ongoing efforts to deploy the POC instrument early next month. Development Partners are committed to full and complete alignment and harmonization in that regard as well. What are the Government's planned next steps for deploying the POC instrument and how can Development Partners best support the Government?

Excellencies, Ladies and Gentlemen,

I wish to conclude our joint statement by acknowledging the role of H.E. Deputy Prime Minister Sok An, as Chairman of the Council for Administrative Reform, and that of H.E. Ngo Hongly as Secretary General of the Council for Administrative Reform: their sustained commitment to lead this important set of reforms as well as the commitment of all ministries and governmental institutions to implement those reforms will be critical to its success to improve public service delivery.

On our side, Development Partners are committed to supporting the Royal Government of Cambodia to foster successful implementation and effective monitoring of these reforms.

Thank you.