

Anti-Corruption Strategies and Implementation

Cambodia – Country Paper

September 2010

1. Introduction

Cambodia is a poor country just emerging from 30 years of turmoil and internal armed conflicts. During the genocidal regime of the Khmer Rouge, Cambodian people were decimated and government institutions destroyed. Successive governments have striven to rebuild the capacity of the people and of institutions. The pace quickened with the 1991 Paris Peace Agreement when Cambodia and the international community committed to work together for the tranquility and development of Cambodia and its people. The first priority was the promulgation of a new Constitution for the Kingdom that enshrines the values of a free society, a pluralist democracy and a market economy.

Peace, stability and security have been restored in all parts of the Kingdom just ten years ago. The Royal Government more recently has focused in particular on the development of the foundation to accelerate the pace of its reforms. Many institutions of critical importance have been established while others have been strengthened. Reforms have been broadened and deepened in every sector: administrative reform and legal and judicial reform; democratization and local governance; public financial management reform; and natural resources management reform.

The Royal Government of Cambodia is committed to nurture long lasting peace and public order; to integrate Cambodia into the regional community and the world; to further its development; and to enhance the capacity of its people and institutions. Although significant achievements have been made, the progress is still slow and the sustainability of development is not yet assured. This is a major concern of the Royal Government as so much is at stake. Cambodia is at a challenging crossroad that will determine its future, which Cambodians spent considerable time to arrive at. What is achieved must be owned, practical, sustainable, and coherent amongst the core institutions of the State.

The policy of RGC for this mandate is to accelerate State Reform by strengthening good governance and improving the provision of public services. The Rectangular Strategy for Growth, Employment, Equity and Efficiency provides the blue print for the reform agenda. The public administration must become an effective provider of public services that meet people's needs. The objective is to strengthen state institutions; enhance governance; and develop capacity to reduce poverty.

The needs are daunting and the means are scarce. Yet, Cambodia has made important progress in a mere ten years to put itself firmly on the path to fulfill its potential. The road ahead will be challenging and the Royal Government will use all means to accelerate the pace of reforms. The timing and sequencing of actions as well as resources will determine the pace and, ultimately, the success.

2. The situation

The Royal Government entered the fourth mandate of the National Assembly fully committed to the cause of poverty reduction and sustainable development. The actions in set firm and strong foundations for years to come. The Rectangular Strategy focuses on a few pillars:

At the center of the strategy, the scaffolding of it all, is good governance: the fight against corruption, legal and judicial reform, public administration reform including decentralization and deconcentration, and, the reform of the armed forces. Although the Strategy identifies four core governance reforms, it stresses that the quest for good governance is the responsibility of all ministries/institutions. Good governance is the responsibility of each ministry.

The strategy identifies four growth strategies to ensure sustainable development and social justice:

- 1. Agriculture Productivity, Diversification and Competitiveness* including access to markets, land policy reform and mines clearance, fisheries and forestry reforms.
- 2. Continued Rehabilitation and Construction of Physical Infrastructures* including the continued restoration of transport infrastructure, the management of water resources and irrigation, the development of energy and power grids, and, the development of information and communication technology
- 3. Private Sector Growth and Employment* including attracting private investments, the strengthening of the financial sector, promoting SME's, creating jobs and improving working conditions, and establishing social safety nets
- 4. Capacity Building and Human Resource Development* including enhanced quality of education, improvements in health services, fostering gender equity, and, a rational population policy

Samdech Hun Sen, Prime Minister of the Kingdom of Cambodia often insists that reforms are a necessity; there is no choice but to reform. The reform of the State shall deepen and its scope widen. Behavior will change, the capacity of institutions and people will be developed and Cambodian resources will mobilize towards priority needs.

Reforming the State is a political venture made of a myriad of inter-dependent actions. It is a long arduous process that involves a complex array of activities that must mutually reinforce one another. This is particularly true in areas such as the fight against corruption, the administrative

reform, the reform of the legal and judicial sector and the reform of the armed forces that rightly are at the heart of the Rectangular Strategy.

Since the Paris Accords, Cambodia has made important progress on the road to good governance. Like most things in human nature we tend to forget or quickly take for granted what only a few short years before could only be a distant dream. Our pace has steadily accelerated. Peace, stability and security were restored in all parts of the Kingdom. Core institutions of the State were rebuilt, others were strengthened.

3. The Plan of Action

The following illustrates the scope and depth of the reforms to fight corruption. This paper only focuses on the cross-sectoral reforms. The two Governance Action Plan that were completed covered a much broader array of reforms including in addition to the following reforms in the management of the economy, social development, gender equity, land policy, the management of natural resources and the reform of armed forces. A third action plan now under preparation will focus on reforming the quality and delivery of public services.

Anti-Corruption

Situation

For many years, the Royal Government combating corruption by removing root causes of corruption. Significant progress was made in many key sectors such as the management of government revenues and expenditures, the management of natural resources, land management, education and health. Existing requirements are being implemented to strengthen the enforcement of code of ethics that is being developed. The mechanism of an Inter-Ministerial task force was established to investigate and strengthen the enforcement of laws and regulations. Since the case is beyond anyone Ministry's mandate or capacity. Recently an Anti-corruption Law has been promulgated and implementation mechanisms are being structured to significantly strengthen enforcement. Checks and balance mechanisms such as the National Audit Authority (NAA) and services inspection are being strengthened. The Kingdom of Cambodia has joined the Anti-Corruption Action Plan for Asia and the Pacific sponsored by the ADB and the OECD.

Early priorities for the coming period include the streamlining and computerization of service delivery processes to improve transparency and accountability and thus to reduce opportunities for corrupt practices, facilitating the adoption of anti-corruption codes for all stakeholders (because corruption takes place when there is a briber and a bribe receiver) and establishing an office to protect the interests and rights of clients of public services. As experience shows all over the world, controlling and eliminating corrupt practices is a long-term and difficult process. Increasing risks associated with corrupt practices is only one element of a multi-faceted strategy. Laws and regulations are only as good as the mechanisms to implement them.

Strategy

Anti-corruption strategy focuses on three intertwined essential factors: Prevention, Law Enforcement and Public Support.

Prevention leads to gradually reduction of opportunity for corrupt practices through:

- The legal framework and procedures respect the principles of good governance particularly as they relate to the management of public funds and the delivery of public services;
- Clients and the general public are aware of and understand the legal framework, procedures and their rights and obligations;
- Oversight mechanisms are in place and institutions to control the implementation are empowered and operational;
- Requisite logistical support are in place and are timely;
- The effective implementation of the Anti-Corruption Law, Civil Code and Civil Procedure, Criminal Code and Criminal Procedure, and of regulations that comply with the requirements of WTO membership,
- Promoting law enforcement on Money Laundering,
- Promoting the establishment of One-Window-Services throughout the country

Law enforcement is an element of the Anti-corruption strategy with the objective of strengthening the rule of law and other factors that determine the effectiveness of the implementation of actions, including:

- Preparing Human Resource Training to enhance capacity and skills of civil servants who are responsible for law enforcement, to fulfill their job effectively
- Strengthening investigation mechanisms and having the tools to obtain sufficient evidence for fairly, predictably and effectively convicting or punishing anyone who commits corruption.
- Strengthening and monitoring the implementation of the Sub-decree on Public Procurement Management,
- Strengthening monitoring and controlling the implementation of laws, Sub-decrees and existing regulations of the RGC and of state institutions in order to assure integrity, effectiveness, transparency and accountability.
- Taking strict measures to reduce corrupt practices in any systems and procedures that provide the opportunity for corruption.
- Promoting the publication and dissemination of the Supreme Court's decisions.
- Establishing and empowering the anti-corruption unit.

Public support is an important factor inherent to the anti-corruption strategy, where public support is sought through:

- Organizing seminars at national and international levels and creating programs to disseminate the RGC principles on preventing and combating corruption to make the public aware of them, and, in particular, to ensure that civil servants understand the issue and have adequate skills and means to perform their job properly, effectively and fairly.

- Participating in joint international efforts to develop partnership and to support mechanisms for strengthening good governance such as the Anti-Corruption Action Plan for Asia and the Pacific.
- Encouraging the entire community to participate and to provide recommendations for effectively preventing corruption.

The Administrative Reform

Situation

The Royal Government of Cambodia recognizes that state institutions play a crucial role in the effective management of development and poverty reduction. The Administration must be effective, competent, transparent and responsive to the people's needs. The National Program for Administrative Reform (NPAR) seeks to transform the administration into a dynamic force to implement the Rectangular Strategy.

The reform of the Administration has made significant progress. The Royal Government unified the Civil Service, promulgated a legal framework, established and strengthened institutions and management processes. It introduced new classification and remuneration regimes that promote career progression and allowances were introduced to recognize functions and reward performance. Systems and processes to manage and develop human resources and better control the establishment were strengthened. Key functionalities of the Human Resource Management Information Systems (HRMIS) were operationalized. Since 1998, average salaries more than quadruple.

Strategy

The reform is about improving public services and marshaling resources toward those services that are critical to poverty reduction and good governance. The *National Program for Administrative Reform – Serving People Better* is articulated around the following:

The goal is to serve people better for the wellbeing of the people and the prosperity of the Nation.

The target is to transform the Public Administration into an effective provider of public services through making the Administration (institution) **transparent, responsive, and effective** and through improving the values of **motivation, loyalty, professionalism, and culture of service** for civil servants (individuals).

Priorities include the following:

- improve the quality and delivery of public services;
- change the attitude and behavior of public officials from administrators to service providers;
- develop human and institutional capacity to implement and to sustain;

- improve performance and accountability using innovative instruments in a controlled manner;
- manage human resources based on principles of performance, merit and equity;
- continue increasing compensation of civil servants and enhancing career perspectives; and,
- enhancing cadre management and redeployment.

Legal and Judicial Reform

Situation

Important progress has been made in reforming the country's legal and judicial sector including measures to improve access to justice, a modernized legal framework, an independent judiciary and a coordinated well functioning legal and judicial sector. Achievements include:

- Measures undertaken to protect the individual rights and freedom
- A legislative framework to meet the requirement of a liberal democratic society and a market economy
- Measures to provide better access to legal and judicial information
- Measures to enhance the quality of legal processes and related services
- Measures to strengthen the judicial powers:
- Measures to expedite cases resolutions including alternative dispute resolution mechanisms
- Measures to make sector institutions fulfill their mandates

Strategy

The Royal Government of Cambodia adopted a strategy based on seven strategic objectives. These strategic objectives in turn are based on the four basic concepts outlined in the Constitution of Cambodia, (i) the rights of the individual, (ii) the liberal democracy, (iii) the separation of state powers, and (iv) the rule of laws, and they are in line with the National Poverty Reduction Strategy and the policy priority to improve the delivery of legal and judicial services as a key condition to sustainable development and social justice.

The strategic objectives are:

- 1) Improvement of the protection of fundamental rights and personal freedoms;
- 2) Modernization of the legislative framework;
- 3) Provision of better access to legal and judicial information;
- 4) Enhancement of the quality of legal processes and related services;
- 5) Strengthening of judicial services, i.e. judicial power and prosecutorial services;
- 6) Introduction of alternative dispute resolution mechanisms; and
- 7) Strengthening of legal and judicial sector institutions to fulfill their mandates.

Decentralization and De-concentration

Situation

There has been quick progress in Decentralization, De-concentration and Local Governance. The management infrastructure and the main elements of the Legal Framework are in place and are supported with effective partnership arrangements. Roles and responsibilities among various administrative levels are being clarified and the capacity of commune councils is being strengthened. Financing mechanisms and ongoing administrative support are in place. The important issue now is to fully empower relevant institutions to act in domains within their jurisdiction through the completion of the legal framework, the strengthening of support mechanisms and the facilitation of broad-base participation.

Strategy

Improving local governance is a critical tool to meeting poverty reduction objectives. Decentralization is at the core of the Royal Government democratization and development basics. The objective of the RGC is to bring the State closer to the people by empowering communities to assume ownership of local development efforts. Decentralization and De-concentration go hand in hand to make the provision of public services more responsive and to citizens' needs and more effective.

Efforts focus on a number of activities:

- 1) Develop the legal framework and define role and responsibility,
- 2) Enhance the capacity of the inter-ministerial committee to strengthen the implementation of Decentralization and De-concentration policy
- 3) Develop long-term strategies and plans to allow sub-national administration to marshal resources and coordinate better efforts,
- 4) Develop the capacity of support mechanisms through strengthening the capacity at the provincial/municipal and district levels and, generally, improving communications,
- 5) Fine-tune communal boundaries including the publishing of Commune/Sangkat map, and
- 6) Secure sustainable sources of funds to support commune/sangkat priorities.

Public Finance Reform

Situation

The Royal Government has long recognized the fundamental importance of improving its public financial management policies and systems and necessary measures have been set out and

implemented since the 1980s, especially in the area of revenue mobilization and budget expenditure management. The reform is focusing on: (i) macroeconomic policy framework management, (ii) improving budget system, (iii) modernizing tax system, (iv) improving public accounting system, (v) developing audit system, (vi) privatizing public enterprises, and (vii) strengthening state property management.

Significant progress was made in every one of these areas of focus. In summary, the envisioned public financial management system of Cambodia is a system that fulfills a set of desired characteristics consistent with best practices and standards. The overall system will have sub-systems that relate to operations, monitoring and evaluation.

Strategy

The strategy is to install much higher standards of management and accountability in the mobilization of all government current and capital resources and effectiveness and efficiency in the use of resources in their application to the operation of the Government's NPRS and other priority programs. The long-term objective is to transform the RGC's Public Financial Management (PFM) system into a system recognized as in compliance with the generally accepted international standards.

The PFM reform program builds upon four sequenced and prioritized platforms:

1. A more credible budget;
2. Effective financial accountability;
3. The RGC policy agenda becomes fully affordable and prioritized;
4. RGC managers become fully accountable for program performance.

The reform program is progressing in four stages: **Stage 1**: short term action plans including all necessary activities and means for achieving Platform One, plus activities with long lead times and necessary for later Platforms; **Stage 2 and 3**: medium term, planned for towards the end of Stage 1, when Platform One objectives are within sight, and **Stage 4**: long term while getting to achieving the vision.

4. Conclusion

The RGC considers good governance as prerequisite to ensure sustainable development, equity, and social justice. Indeed, Good Governance requires wide participation from all stakeholders, widely shared information, accountability, and transparency, equal rights before the law and respect for the rules of law. In sum, good governance is the requirement of the Cambodian society at present and in the future.

The RGC has strengthened good governance through public administration reform, legal and judicial reform, capacity building and public sector efficiency, including fighting corruption in many other areas such as the accelerated implementation of the Public Financial Management

Reform Program and Public Administration Reform including decentralization and de-concentration.

The Royal Government has vigorously combated corruption through the introduction of successive Governance Action Plans and the adoption and implementation of a number of measures such as Law on Public Financial System, Law on Customs, Sub-decree on Public Procurement, Government circular on the Management of Non-tax Revenues, and the Code of Conduct and Ethics for Customs Officials. At the same time, the control mechanism of the National Audit Authority and the Department of Inspection, were strengthened. Internal Audit mechanisms were established in all ministries/institutions. Recently, an effective Anti-Corruption Law was promulgated as an indispensable legal instrument to fight corruption. The Anti-Corruption body is being strengthened and administrative. Legal sanctions have been taken against officials found indulging in corrupt practices.

The RGC war against corruption covers a very wide range of coherent actions.

Angkor was built stone by stone with a clear vision and determination. Strong solidarity among the Cambodian people and international development partners will be vital to continue to conduct the reforms in all sectors successfully.