Trip to Kampong Chhnang Highlights MoWA’s Activities

At the invitation of Minister Ing Kantha Phavi, a team consisting of senior government officers from the Ministry of Women’s Affairs (MoWA), ambassadors and donors spent an entire day visiting Kampong Chhnang rural communities that are being assisted by the ministry under the Women’s Development Center Project (WDC), to learn about daily life and how they are benefiting from the program.

The team included World Bank Country Manager Nisha Agrawal, Philippines Ambassador Lourdes Morales, Australian Ambassador Margaret Adamson, the wives of the Malaysian and Indonesian Ambassadors, and representatives of other organizations, and was hosted by Kampong Chhnang Provincial Deputy Governor Pav Ham Phan and his colleagues.

In Trangel commune of Kampong Leng district the team traveled nearly one hour by boat and moto-dop to meet people who benefit from the training and apply those skills in their daily business. Most of the training beneficiaries in this community are involved in mat weaving and growing vegetables as their second income business after rice.

“This project is one of our main instruments for improving community development,” H.E. Ing Kantha Phavi told a group of more than 50 women and men who benefit from the training. “We provide skill training for women and we want them to become good partners with men for improving their family living conditions.”

The WDC project is being executed by MoWA with $3 million grant funding from the Asian Development Bank and the Japan Fund for Poverty Reduction (JFPR). It aims to reduce poverty by increasing access to services that support their community development.

The Women’s Affairs Center, managed by the Ministry of Women’s Affairs, has been successful in providing skill training to help women improve the family living conditions. It has already trained more than 1,000 women in the area.

Returning Senior Economist Lists Reform Program Successes

Dr. Robert Taliercio, departing World Bank Senior Country Economist for Cambodia.

The Government’s Public Financial Management (PFM) Reform Program is one of the major economic and governance initiatives that the World Bank and other development partners support. The World Bank Newsletter had the opportunity to interview Dr. Robert Taliercio, Senior Country Economist for Cambodia, about his work on Cambodia’s PFM reform over the past five years. In August 2007 he left Cambodia after 3.5 years to return to the Bank’s headquarters in Washington, DC.

Q. You have worked for Cambodia for about five years. Would you mind telling us about your work program?

Sure. As Senior Country Economist I was responsible for overall economic monitoring, leading our dialogue with the Government and other development partners (DPs) on some key policy reforms, through the first Poverty Reduction and Growth Operation (PRGO), which was approved in July 2007, and handling our engagement on economic management, focusing on public finance. A lot of my time was spent on PFM because it was regarded by DPs and Government officials as a major bottleneck to improving public sector performance. Many Bank staff felt in 2002 that one of the most pressing con-
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requirements on the public sector was PFM, whether you were talking about health, roads, agriculture, or education. So I was tasked with analyzing the situation (see the Integrated Fiduciary Assessment and Public Expenditure Review, 2003; it’s available on the website www.worldbank.org/kh) and coming up with an approach for the Bank to assist the Government to address the problems.

Q. Your mentioned PFM. What is it?

PFM refers to a government’s systems to “tax and spend.” It includes everything from raising revenue through tax (and non-tax) and customs administrations to planning, executing, reviewing, and auditing spending. It also refers to the external oversight exercised by the supreme audit institution (the National Audit Authority) and the parliament (specifically the National Assembly’s Second Commission), both of which have very important roles to play.

Q. How did you rate the PFM system when you first started to work in Cambodia?

In 2002 Cambodia’s system was very weak, even in comparative perspective. Cambodia’s system fell far short of meeting even a minimum number of international benchmarks for a sound PFM system. At the same time there had been a number of initiatives to improve the system, but they weren’t getting much traction. On the DP side, DPs were overburdening the Ministry of Economy and Finance (MEF) with uncoordinated support, giving contradictory advice, and hadn’t helped MEF take a strategic view of the problems. On the government side ownership of the reform was weak and also uncoordinated.

Q. How was the PFM Reform Program designed to address the challenges that Cambodia faces?

The major innovation (which seems obvious but is not practiced enough) was that it was designed with the Government in the lead and the DPs very actively supporting the process. MEF’s senior management and line staff were actively involved—thus resulting in a process that was both “top down” and “bottom up” at the same time. This resulted in MEF having ownership of the program. The same held for the DPs involved. The other important aspect was to take a strategic approach. Reform in low income, post-conflict countries can take time. The strategic approach entailed prioritizing problem solving and moving sequentially through priorities over time toward the new system. The first place to start was with the credibility of the budget, that is, the ability of the system to deliver resources to spending agencies in a timely and predictable fashion. The third key issue was to improve Government-DP and DP-DP coordination through a sector wide approach (SWAp).

Q. How do you regard the implementation over the last two years?

After the initial “investment” period from 2003-2005, implementation of the PFM Reform Program accelerated in 2006 and is now moving forward in a very deliberate and solid manner. Major reforms commenced in January 2007, include: a streamlining of budget execution procedures, the introduction of program budgeting and a new ministry strategic budget framework, and the adoption of a new chart of accounts. These follow significant reforms in 2005: the amount of customs revenue collected through the banking system increased (from zero in 2004 to nearly one third in 2006); more than three-quarters of Treasury payments to suppliers in Phnom Penh and Sihanoukville are now made by check instead of cash; the stock of old expenditure arrears has been reduced by over 40 percent; the procurement process has been streamlined, tightened, and made more competitive with the passing of a new sub-decree in late 2006; the Government is setting up internal audit departments in a dozen line ministries; and, for the first time in Cambodia, a pilot program has been launched to pay civil servants through commercial banks instead of by cash (see the Poverty Reduction and Growth Operations program document for more detail; www.worldbank.org/kh).

Q. How effective has the PFM SWAp been in supporting the Government?

I’d say it’s been highly effective. MEF is clearly in the lead with a very coordinated DP group behind it. The PFM technical working group (TWG) is working well and is underpinned by MEF’s Reform Committee, which is aided by a motivated secretariat. On the DP side the Development Partner Committee (DPC) meets monthly and is regarded as one of the most effective DP groups. The DPC is supported by a secretariat run by the Bank and also co-financed by AusAID, UK-DFID, and the European Commission (EC) through a multi-donor trust fund. The two secretariats really keep things moving on a day to day basis. And perhaps most importantly, as Senior Minister Keat Chhon had asked, DPs are “speaking with one voice.” In effect, this means that we have arrived at a point where we have mechanisms in place to ensure that we agree on solutions and approaches before going to the government.

Q. What are your recommendations for the PFM Reform Program going forward?

I just highlight these three challenges: civil service reform, line ministry engagement, and oil revenue management. In some sense the most pressing problem is civil service reform, because if civil servants don’t have the right incentives in terms of pay and employment then it will be difficult for any program to succeed. MEF has designed an innovative approach—the Merit Based Pay Initiative (MBPI)—that rewards civil servants with higher pay for better performance. There is a lot of interest in many line ministries and I hope they move quickly to implement the MBPI. The second challenge is making sure line ministries are fully engaged in the reform program in terms of both ownership and technical support. The third challenge is getting a handle on oil revenue management. All of this work is already under way and so the challenge is to deepen it and ensure that a “learning by doing” approach is adopted so that the reforms can evolve over time.

For more information please contact:
Peter Murphy
Sr. Financial Management Specialist
Email: pmurphy2@worldbank.org
Strong collaboration and renewed relationship between the Government and the World Bank was noted by both sides at the Quarterly Portfolio Performance Review meeting in Phnom Penh on September 7, 2007. It was the second review of the year, attended by executing agencies of all Bank-funded projects.

The Director of the Department of International Cooperation (DIC), at the Ministry of Economy and Finance (MEF), H.E. Chan Sothy, and World Bank Country Manager for Cambodia Nisha Agrawal jointly opened and chaired the meeting, while DIC/MEF Deputy Director H.E Pen Thirong, and World Bank Acting Operations Manager Ahsan Ali, led the technical discussions.

The main purposes of the meeting were to (i) review the progress and plan the next steps for implementing the Good Governance Frameworks (GGFs) that were developed and adopted over the last nine months for each project, (ii) identify any other project implementation issues, along with proposed remedial actions, and (iii) discuss the status of selection, terms of reference and proposed working arrangements of the International Procurement Agent (IPA) firm that will carry out procurement under Bank-financed projects in Cambodia on behalf of the executing agencies.

The meeting started with opening remarks by the representatives of the Government and the Bank noting the strengthened relationship and close cooperation between the two partners in the development of Cambodia, and recognizing the positive steps taken by the Government in trying to address issues of governance following the challenges faced during 2006. The Bank reaffirmed its commitment of support to Cambodia and the recent visit of the Bank’s new President, Robert Zoellick, was also an indication of this commitment.

The GGFs are designed to promote transparency and accountability in project implementation. They comprise seven common elements – procurement, financial management, enhanced public disclosure, increased role of civil society, establishment complaints and remedies mechanism, code of conduct, sanctions, and one project-specific element for mitigating the risks under the structure of the particular project. GGFs have been developed and endorsed by the executing agencies for a total of nine projects while the endorsement of one project is awaiting reconfirmation. While the GGFs are already gally incorporated into five projects, amendments to the legal agreements are being made to incorporate the GGFs into another five projects. Representatives of individual projects told the meeting of progress on implementation of the GGFs. All were at various early stages with some projects more advanced than others. It was recognized that concerted effort will be required; both sides needed to work closely together over the coming months on GGF implementation and monitoring.

The Government and the Bank had agreed last year to require an International Procurement Agent (IPA) firm to carry out, on behalf of the Project Implementing Agencies, the procurement under all World-Bank-financed contracts in Cambodia with the view to make the procurement process more effective. The selection process for engaging the IPA is now at an advanced stage. During the meeting, MEF presented the Terms of Reference of the IPA, and the implementation modes and working relationship between the IPA, MEF, project implementing agencies and the World Bank were discussed to ensure smooth execution of the IPA contract.

Two other matters were discussed briefly: the ongoing study by MEF to prepare a policy and guidelines on remuneration of individual consultants, for which MEF plans to recruit an expert to analyze the data collected; and the progress on the agreed initiative for bundling multiple project audits under larger contracts to attract more competition from auditing firms, on which work was ongoing and needs to be expedited to put this new arrangement into practice from next year.

The QPPR meeting closed with a note of thanks to all the participants who took the time to attend and contribute their feedback which was noted and will be taken into account for further improvements in the projects’ performance for the benefit of Cambodia and its people.

For more information contact:
Ahsan Ali
Acting Operations Manager
aali@worldbank.org
A team from the Ministry of Women’s Affairs, embassies and donors looks at vegetable growing in Trangel commune.

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port women’s social and economic empowerment in the target provinces of Kampong Chhnang and Siem Reap. Three development objectives are: (i) providing life skills training; daycare facilities for children and training in parenting skills; formation of mutual support groups; home safety; health, nutrition and sanitation; legal literacy; advocacy for women’s rights; and, other counseling and referral needed to ensure a woman-friendly environment; (ii) developing and supporting micro- and small entrepreneurship by providing adequate information, facilitating access to credit, and enabling links to various organizations and resources; and (iii) building the capacity of institutions that promote women-friendly entrepreneurial environments.

Chhon Channa, one of Trangel trainees, told the team that now she is able to manage her revenue and expenditure for her family from her small business of mat-weaving and vegetable growing. Moreover, she learns about business mapping, which means she knows which areas need what and when.

“The training was useful,” she smiles, standing in front of the team with a microphone in her hand. “If possible, I would like to request to have a center where I can learn more about designing on silk weaving in order to have more business.”

At the end of the meeting with beneficiaries at Trangel commune, World Bank Country Manager Nisha Agrawal told the gathering she was very happy to see people, especially women, working hard to develop their community.

“We are very pleased to be here today and especially see men also in gender training. This is a partnership and not a competition between men and women,” she told the meeting. “We believe that Cambodia cannot be developed unless women and men contribute. Our support such as in health, education, roads, and so on, is trying to make sure that both women and men benefit equally.”

After the meeting the team visited villagers who do mat weaving and vegetable growing as second employment for their family after rice growing.

Standing next to her sisters as they busily weave a mat under their wooden house, a young woman named Nary said her family can make around 10 mats each week, and the mats sell for 15,000 to 50,000 riel each according to size. The profit on a mat is 5,000 or 6,000 riel.

In Cheung Kreav commune of Rolea Paea district, another target area in Kampong Chhnang, the team met villagers who were being trained about gender and entrepreneurship in the community. The team also met with villagers who were doing bamboo basket-weaving as a secondary income to support their families.

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A team from the Ministry of Women’s Affairs, embassies and donors looks at vegetable growing in Trangel commune.

World Bank Country Manager Nisha Agrawal talks to trainees at Trangel commune.