

CAMBODIA: TOWARDS A PERFORMANCE-BASED CIVIL SERVICE

Significance

The Royal Government of Cambodia (RGC) has emphasized the reform of governance institutions in its Rectangular Strategy Phase IV (2018-2023), which aims to improve income levels and standards of living for Cambodians. However, the implementation of the Strategy is likely to face significant challenges.

In the current global context, the challenges include sustaining the current levels of economic growth while avoiding the 'middle-income trap', meeting the increasing demand of citizens for better quality public services and an accountable government, and making the civil service more agile and capable. To support its vision of becoming an upper-middle-income country by 2030 and high-income country by 2050, Cambodia needs to commit to an effective, sustained, and long-term program of Public Administration Reforms (PAR).

This Policy Brief shares the key PAR challenges as well as describing relevant international experiences that can be used to build the capacity of the RGC, allowing its policies to translate into more effective outcomes. Five core areas critical to promoting public administration reforms in Cambodia are:

1. **Strengthening the quality and effectiveness of public service delivery** by developing organizational performance indicators and a high-level performance reporting and monitoring system.
2. **Optimizing existing organizational structures and reforming back-office and support functions** to enhance efficiency, improve productivity, and streamline work processes across government.
3. **Developing contemporary approaches to human resource management**, including adopting merit-based recruitment and enhancing management practices to accelerate reform efforts.
4. **Continuing pay and allowance reforms** by including affordability, equity, consistency, and productivity factors in decision-making and policy frameworks.
5. **Improving data quality to support better decision-making in human resource management** by implementing an HRMIS system that provides a robust performance management system and introduces regular data collection on the motivation and attitudes of civil servants that will help in identifying reform priorities.

Background

Current Context

Cambodia has achieved robust economic growth, resulting in rising disposable household income. This growth has led to a greater demand for a better quality

of life with more efficient public services, including high quality education and medical care. As Cambodians search for better opportunities, migration from rural to

urban areas, particularly to Phnom Penh city has also led to greater demand for more efficient municipal services.

Furthermore, there is a concern about the sustainability of the current pace of economic growth. The COVID-19 pandemic is likely to reduce the government's revenue collection in the short-term. In the long-term, it poses a serious question about the preparedness of the economy for similar shocks. Cambodia will also face fierce competition from other emerging economies.

Progress in Public Administration Reform (PAR)

Cambodia's efforts in PAR have come a long way. Beginning in 1993, civil servants were integrated into a unified system of public administration with an aim to help end the civil war and restore peace. In the early 2000s, the Council for Administrative Reform was created to lead PAR. Subsequently, in 2013, the Ministry of Civil Service was established to lead PAR and improve institutional prerequisites for better service delivery, focusing on three pillars of reform: Pay and Remuneration, Human Resource (HR) Management and Development, and Quality and Effectiveness of Service Delivery.

Key Achievements

Pay and Remuneration: Salary scales were simplified and significant increases to salaries, allowances, and incentives were made to provide a living wage level.

Human Resource Management and Development: A Human Resource Management Information System (HRMIS) was developed to support HR processes and streamline payroll management. Nine of the 26 ministries and agencies completed the preparation of job descriptions. Civil servant training was improved through the strengthening of the Royal School of Administration.

Service Delivery: The efficiency of various services improved, including: a more streamlined process for driving tests, driver's license renewal and vehicle registration; improvement and expansion of the One Window Service (OWS) to cover more than 200 types of administrative services; the payment of civil servant salaries through the banking system; the piloting of school-based management to deliver higher quality

education; and the utilization of user fees to better incentivize frontline health workers.

Key Challenges

There are greater expectations for the effectiveness and efficiency of the civil service, if the ambitions of the Rectangular Strategy are to be met. There are key challenges to reforming public administration in three areas: personnel management, management practices, and ICT systems.

Personnel Management

- **Merit-based recruitment practices require improvement:** Currently recruitment is not based on specific positions with clearly defined roles and responsibilities. In addition, decisions about employment, promotion, or training are not always based on performance.
- **Workforce planning and effective deployment of civil servants needs strengthening:** Urban areas face a surplus of civil servants while rural areas often experience severe shortages. A voluntary transfer mechanism has been ineffective.
- **A more transparent remuneration policy is needed:** Fair and objective remuneration is needed to retain high-performing civil servants, attract qualified and talented applicants and ensure sustainable remuneration increases.
- **Effective sanctions for poor performance are required:** Existing performance appraisals practices do not adequately sanction poor performance. This will limit the impact of reforms intended to increase performance and productivity.

Management Practices

- **Implementation of a performance-based management approach:** a senior leaders corps that applies differentiated employment conditions and performance expectations could contribute to a performance-oriented culture among leaders.
- **The quality and training of civil service leadership:** leaders need to undertake contemporary leadership training that includes strategic planning, evidence-based decision-making, talent management, and coaching.

- **Effective advocacy of a change management approach to PAR:** civil servants may be reluctant to embrace change, accept new ideas, and adapt to new ways of working. Leaders will need to be strong advocates for the reforms and lead by example.

ICT Systems

- **Inadequate functionality of the HRMIS limits effective HR management functions.** There is no integration of HR databases, which also lack a safe and secure system-wide communication network for data transfers.
- **More coordination and high-level government support for ICT investment is needed.** High-level government champions can visibly demonstrate the value of ICT as an enabler of government efficiency. Current ICT systems operate in silos and lack interoperability. A government-wide long-term approach is needed to ensure better coordination, greater efficiencies, and the realization of cost savings.

Civil Service Salary Increases and Performance

One of the most significant achievements under the 2013-2018 National Program for Administration Reform was the simplification and rationalization of civil service salaries to a living wage level. Minimum salaries increased between 181 and 231 percent. Minimum social security payment (pension) rose from \$22 per month in 2014 to \$119 per month in 2018. This is evident in the wage bill, which rose from 4.4% in 2010 to 8.6% in of the GDP in 2018. While the ratio of wage bill to the GDP is not considered high in the international context, it is higher than Cambodia's wealthier regional neighbors, including Indonesia, Malaysia, the Philippines, and Thailand. This poses a challenge for future raises, which will likely crowd out resources for public investment. For a sustainable wage bill, future raises will need to be driven by a transparent remuneration policy that reflects performance and that includes measures of civil servants' productivity.

International Experiences

International experience has shown that successful public administration reform requires a focus on the following areas:

Performance Management

Performance management should be **task-oriented** (based on results and pre-determined goals, not personal traits), **participatory** (involving both the employee and supervisor in setting goals and evaluating the results), and **developmental** (focusing on improving performance and identifying how to do so).

Strengthening Meritocracy and HR Management

Meritocracy ensures that decisions about recruitment, promotion, or training are based on the concept of the "best candidate"; that is, selection is based on an individual's skills, performance, and experience. It also means that recruitment and selection processes are transparent and reviewable, and that decisions about HR management are informed by robust and reliable data.

International Experience: Meritocracy in Singapore

The meritocracy principle guides the appointments and career advancement of civil servants in the Singaporean Civil Service:

- Civil servants are recruited based on job descriptions
- Civil servants are appraised annually for their performance and future potential
- Civil servants receive market competitive remuneration, benchmarked against private sector salaries for similar abilities and responsibilities, as a way to attract high-quality and skilled applicants
- A 'clean wage' model is practiced, which contributes to the prevention of corruption. As part of this model, civil servants are not permitted to have additional jobs.

Review of Organizations for Efficiency and Service Delivery Improvement

Governments could benefit from reviewing the functioning of their organizations, typically with objectives to match the structure and functions to a set of organizational goals or performance objectives. Higher impact can be achieved if there is strong leadership of the review process including commitment to implement difficult reforms.

Prioritized areas for PAR

The next stage of PAR in Cambodia could be prioritized around **three pillars of reform**: quality of products and services (Delivery Excellence), people (Civil Servants), and organization (Effective and Efficient Organizations). In addition, there are three important **cross-cutting elements**: coordination of cross-cutting reforms and sectoral policy alignment, change management, and ICT improvement.

Three Main Pillars of Reform

Pillar 1: Delivery Excellence: Improve OWS, by integrating more ICT, improving the range and quality of services, and expanding customer reach.

Pillar 2: Service-Oriented Civil Servants

- **HR Policy and Framework:** Adopt a merit-based approach to appointments, promotions, and training. Strengthen transfers, discipline, and dismissal of civil servants.
- **Performance Management System:** Establish performance standards, appraisal, and performance accountability system.
- **HRMIS:** Build HRMIS with clear comparability requirements to support future system interface and expansion, including the incorporation of line managers.
- **Leadership Development:** Recruit civil service leaders who have the vision, capacity, and intellect to manage teams and large systems.

Pillar 3: Effective and Efficient Organization: Regularly review organizational functions and structural design to streamline internal work processes and align mandates and interests over time.

Three Cross-Cutting Elements for Reform

- ***Coordination of Reforms:*** Align all reforms including PAR, Public Financial Management Reform, Decentralization and Deconcentration Reform, Legal and Judicial Reform, and sectoral reform policies such as education and health.
- ***Change Management:*** Adopt performance-based system to enhance productivity. Embrace change rather than sticking to the traditional ways of doing things.
- ***ICT:*** Integrate ICT in public service delivery. Adopt ICT and improve interoperability among government agencies.

The World Bank

Cambodia Country Office
Exchange Square Building, Floor 10th IBRD and 11th IFC
Streets 51-61 and streets 102-106, Sangkat Wat Phnom,
Khan Daun Penh, Phnom Penh, Cambodia
www.worldbank.org/cambodia

Financial contribution from Australia and the European Union to Multi-Donor Trust Fund, which financed this study, is gratefully acknowledged.



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