

**ASIAN DEVELOPMENT BANK**

**TPA:CAM 2003-28**

**TECHNICAL ASSISTANCE PERFORMANCE AUDIT REPORT**  
**ON**  
**SELECTED TECHNICAL ASSISTANCE**  
**FOR**  
**DEVELOPMENT PLANNING AND NATIONAL STATISTICS**  
**IN**  
**CAMBODIA**

**September 2003**

## CURRENCY EQUIVALENTS

Currency Unit – riel (KR)

			TA Approval	TA Completion	TA Operations Evaluation (Feb 2003)
TA 1694-CAM	KR1.00 =	\$0.00143	\$0.00026	\$0.00026	\$0.00026
	\$1.00 =	KR700	KR3,835	KR3,835	KR3,835
TA 2261-CAM	KR1.00 =	\$0.00040	\$0.00026	\$0.00026	
	\$1.00 =	KR2,500	KR3,790	KR3,790	
TA 2488-CAM	KR1.00 =	\$0.00040	\$0.00030	\$0.00030	
	\$1.00 =	KR2,500	KR3,379	KR3,379	
TA 2976-CAM	KR1.00 =	\$0.00029	\$0.00026	\$0.00026	
	\$1.00 =	KR3,450	KR3,835	KR3,835	

## ABBREVIATIONS

ADB	–	Asian Development Bank
CDC	–	Council for the Development of Cambodia
CPI	–	consumer price index
IMF	–	International Monetary Fund
MEF	–	Ministry of Economy and Finance
MOF	–	Ministry of Finance
MOP	–	Ministry of Planning
MTEF	–	medium-term expenditure framework
NBC	–	National Bank of Cambodia
NIS	–	National Institute of Statistics
NPRDC	–	National Program to Rehabilitate and Develop Cambodia
NPRS	–	National Poverty Reduction Strategy
OEM	–	Operations Evaluation Mission
PIP	–	Public Investment Program
PNSO	–	Philippines National Statistics Office
PRSP	–	Poverty Reduction Strategy Paper
SEDP	–	Socioeconomic Development Plan
SIDA	–	Swedish International Development Cooperation Agency
SWAp	–	sectorwide approach
TA	–	technical assistance
TCR	–	technical assistance completion report
TPAR	–	technical assistance performance audit report
UNDP	–	United Nations Development Programme
UNTAC	–	United Nations Transitional Authority for Cambodia

## NOTES

- (i) The fiscal year (FY) of the Government ends on 30 June.
- (ii) In this report, "\$" refers to US dollars.

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## BASIC TECHNICAL ASSISTANCE DATA

### TA 1694-CAM: Strengthening Macroeconomic Management

<b>Cost (\$'000)<sup>1</sup></b>	<b>Estimated</b>	<b>Actual<sup>2</sup></b>
Foreign Exchange	3,452.5	3,761.2
Local Currency	402.7	158.3
<b>Total<sup>3</sup></b>	<b>3,855.2</b>	<b>3,919.5</b>

<b>Number of Person-Months</b> (consultants)	152.0	307.0
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**Executing Agency** Asian Development Bank

**Implementing Agencies** Ministry of Planning, Ministry of Finance, and National Bank of Cambodia

<b>Milestones</b>	<b>Date</b>
President's/Board Approval	21 Apr 1992
Signing of TA Agreement	22 Jun 1992
Fielding of Consultants	23 Aug 1992
TA Completion: Expected	31 Dec 1993
Actual <sup>4</sup>	31 Oct 2001
TCR Circulation	—

<b>Missions</b>	<b>Number</b>	<b>Date</b>
<b>Type</b>		
Consultation	2	27 Jan–8 Feb 1992 11–15 May 1992
Inception	2	28–31 Aug 1992 7–15 Oct 1992
Review <sup>5</sup>	7	26–30 Mar 1993 29 Jun–2 Jul 1993 12–20 Oct 1993 5–11 Apr 1994 4–23 May 1994 12–19 Jul 1994 5–8 Apr 1995
Operations Evaluation <sup>6</sup>	1	10–27 Feb 2003

— = no TCR has been circulated as yet, TA = technical assistance, TCR = technical assistance completion report.

<sup>1</sup> Financed by the Asian Development Bank (ADB).

<sup>2</sup> Operations Evaluation Mission (OEM) estimates.

<sup>3</sup> This TA was cofinanced by the United Nations Development Programme (UNDP). While the ADB-approved TA amount was \$2,415,000, UNDP's was \$1,440,200. In addition, two supplementary amounts were approved: (i) \$48,922 on 11 March 1994; and (ii) \$62,785 on 31 July 1995.

<sup>4</sup> This marked the completion of phase 3 of the second Socioeconomic Development Plan 2001–2005, which was funded under TA 1694-CAM and TA 2976-CAM.

<sup>5</sup> In conjunction with the country consultation mission and fact-finding and review missions for other TAs.

<sup>6</sup> The OEM comprised W. Kolkma (Evaluation Specialist/Mission Leader) and C. Edmonds (Economist, Economics and Research Department; 17–21 February 2003).

### TA 2261-CAM: Statistical System Development

<b>Cost (\$'000)<sup>1</sup></b>	<b>Estimated</b>	<b>Actual<sup>2</sup></b>
Foreign Exchange	1,020.0	920.0
Local Currency	180.0	146.9
<b>Total</b>	<b>1,200.0</b>	<b>1,066.9</b>

<b>Number of Person-Months</b> (consultants)	117.0	136.4
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**Executing Agency** National Institute of Statistics

<b>Milestones</b>	<b>Date</b>
President's/Board Approval	22 Dec 1994
Signing of TA Agreement	24 Feb 1995
Fielding of Consultants	1 April 1995
TA Completion: Expected	30 Jun 1997
Actual	Apr 1999
TCR Circulation	25 Nov 1999

<b>Missions</b>	<b>Number</b>	<b>Date</b>
<b>Type</b>		
Pre-Fact-Finding <sup>3</sup>	1	5–11 Apr 1994
Fact-Finding	1	25–29 Jul 1994
Inception	1	8–13 May 1995
Review	5	7–10 May 1996
		11–14 Feb 1997
		1–5 Sep 1997
		10–13 Feb 1998
		26 Jan–2 Feb 1999
Completion Review <sup>4</sup>	1	1–5 Dec 1997
Operations Evaluation <sup>5</sup>	1	10–27 Feb 2003

TA = technical assistance, TCR = technical assistance completion report.

<sup>1</sup> Financed by the Asian Development Bank (ADB).

<sup>2</sup> Operations Evaluation Mission (OEM) estimates.

<sup>3</sup> In conjunction with the review of TA 1694-CAM.

<sup>4</sup> During the mission, the Government requested that the savings under the TA be utilized to finance activities that would help build confidence in the National Institute of Statistics and ensure continued flow of data to the Government and ADB.

<sup>5</sup> The OEM comprised W. Kolkma (Evaluation Specialist/Mission Leader) and C. Edmonds (Economist, Economics and Research Department; 17–21 February 2003).

### TA 2488-CAM: Strengthening Capacity in Development Planning

<b>Cost (\$'000)<sup>1</sup></b>	<b>Estimated</b>	<b>Actual<sup>2</sup></b>
Foreign Exchange	822.0	774.7
Local Currency	28.0	55.6
<b>Total</b>	<b>850.0</b>	<b>830.3</b>

<b>Number of Person-Months</b> (consultants)	27.0	26.4
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**Executing Agency** Ministry of Planning

<b>Milestones</b>	<b>Date</b>
President's/Board Approval	19 Dec 1995
Signing of TA Agreement	4 Jan 1996
Fielding of Consultants	20 Jan 1996
TA Completion: Expected	30 Jun 1997
Actual	Oct 1997
TCR Circulation	—

<b>Missions Type<sup>3</sup></b>	<b>Number</b>	<b>Date</b>
Fact-Finding	1	5–14 Jul 1995
Midterm Review	1	11–14 Sep 1996
Review	1	18–19 Sep 1997
Operations Evaluation <sup>4</sup>	1	10–27 Feb 2003

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— = no TCR has been circulated as yet, TA = technical assistance, TCR = technical assistance completion report.

<sup>1</sup> Financed by the Asian Development Bank.

<sup>2</sup> Operations Evaluation Mission (OEM) estimates.

<sup>3</sup> Based on back-to-office reports that were available on file.

<sup>4</sup> The OEM comprised W. Kolkma (Evaluation Specialist/Mission Leader) and C. Edmonds (Economist, Economics and Research Department; 17–21 February 2003).

## TA 2976-CAM: Capacity Building in Development Planning (Phase II)

Cost (\$'000) <sup>1</sup>	Estimated	Actual <sup>2</sup>
Foreign Exchange	882.0	828.9
Local Currency	28.0	21.0
<b>Total</b>	<b>910.0</b>	<b>849.9</b>

<b>Number of Person-Months</b> (consultants)	46.0	50.0
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**Executing Agency** Ministry of Planning

Milestones	Date
President's/Board Approval	31 Dec 1997
Signing of TA Agreement	12 Mar 1998
Fielding of Consultants	11 Jan 1999
TA Completion: Expected	30 Sep 1999
Actual <sup>3</sup>	31 Oct 2001
TCR Circulation	—

Missions Type <sup>4</sup>	Number	Date
Fact-Finding	1	22–26 Sep 1997
Review <sup>5</sup>	1	16–30 Jul 2001
Operations Evaluation <sup>6</sup>	1	10–27 Feb 2003

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— = no TCR has been circulated as yet, TA = technical assistance, TCR = technical assistance completion report.

<sup>1</sup> Financed by the Asian Development Bank (ADB).

<sup>2</sup> Operations Evaluation Mission (OEM) estimates.

<sup>3</sup> This marked the completion of phase 3 of the second Socioeconomic Development Plan 2001–2005, which was funded under TA 1694-CAM and TA 2976-CAM.

<sup>4</sup> Based on back-to-office reports that were available on file.

<sup>5</sup> The purpose of the Mission was to discuss and finalize with the Government the scope of further ADB support for the finalization of the second Socioeconomic Development Plan.

<sup>6</sup> The OEM comprised W. Kolkma (Evaluation Specialist/Mission Leader) and C. Edmonds (Economist, Economics and Research Department; 17–21 February 2003).

## EXECUTIVE SUMMARY

The Asian Development Bank's (ADB) program in Cambodia restarted in 1992 after some 20 years, with the approval of a special rehabilitation loan and two large technical assistance (TA) grants. The early TAs focused on revival of planning and implementation capacities, in particular in macroeconomic management, agriculture, and transport. ADB has since widened its program, and up to 2002, a further 80 TAs and 24 loans had been approved. The early TAs were based on the Peace Accord of 1991, which drew attention to the need for restoration of basic public management capacities.

The TA on macroeconomic management still ranks as ADB's fourth largest TA ever. Due to severe economic problems in 1990–1992, the achievement of macroeconomic stability was regarded as essential to help political stability, as well as development of the country after the landmark elections of 1993. ADB judged that such stability was best served by addressing, together, the institutional roles and capacities of the Ministry of Planning (MOP), the Ministry of Finance (MOF), and the National Bank of Cambodia (NBC), and in addition by generating basic statistics. MOP and NBC had to be redirected completely from the previous practices used under the command economy. Within MOP, a statistics organization had to be set up almost from scratch. A much stronger MOF needed to be built up. It is in this context that the first TA that ADB approved for Cambodia since the 1970s was a \$3.885 million umbrella TA attempting to establish modern capacity in development planning, statistics, public finance, and banking. A series of substantial TAs in the same areas followed, some of which are still ongoing. This report evaluates the following TAs approved between 1992 and 1997, totaling \$6.8 million:

- (i) TA 1694-CAM: *Strengthening Macroeconomic Management*;
- (ii) TA 2261-CAM: *Statistical System Development*;
- (iii) TA 2488-CAM: *Strengthening Capacity in Development Planning*; and
- (iv) TA 2976-CAM: *Capacity Building in Development Planning (Phase II)*.

The TAs have had mixed results. They are summarized below for each of the four components mentioned. This is then followed by a brief rating of the success of each TA. Lessons and recommendations are in the main text.

**Development Planning.** Development planning was the main focus of three of the four TAs. They imparted basic economic skills to staff of MOP and to other government staff through training courses, workshops, and study tours. A main thrust of the TAs, however, consisted of operational work by consultants substituting for limited local capacity in MOP, in order to prepare the main development planning documents for the country. The National Program to Rehabilitate and Develop Cambodia 1994–1995, produced in 1994 with help from ADB, was the first major planning document that could be presented to the international community for funding. The Socioeconomic Development Plan (SEDP) 1996–2000, released in 1996, was the first 5-year plan in the country; SEDP II 2001–2005 was also prepared with ADB assistance. In addition, a main output of the three planning TAs was the establishment of a 3-year rolling Public Investment Program (PIP) process. This can be seen as the first attempt to coordinate and put a medium-term perspective into public investment projects in the country. Later, this was followed by other ADB TAs, not reviewed here, expanding the perspective to develop an overall medium-term expenditure framework.

TAs 1694, 2488, and 2976 provided useful outputs in development planning. However, it is questionable whether they also fully achieved the institutional outcomes aimed for. This resulted largely from the fact that MOP lost a number of its previous functions after a new government was installed in 1993. Some functions in which it used to have a monopoly, now

were shared with others. Because the position of MOP remained fluid over the years, the TAs in development planning have never fully come to grips with this. Due to the quickly expanding number of foreign-aided projects, the initiative on public investment has shifted from MOP to a diffuse group of stakeholders including external funding agencies, Ministry of Economy and Finance (MEF), Council for the Development of Cambodia, Ministry of Foreign Affairs, Office of the Council of Ministers, and line ministries. Although the PIP improved coordination in a situation of chaotic provision of foreign aid, the earlier clipping of MOP's functions deprived it from being able to steer public investment from an overall perspective. In this context, the focus of ADB TA on medium-term plans and the PIP could be seen as an attempt at restoring this holistic function of MOP, or at least strengthening some of the dwindled functions. But the TA was not very successful, in that project planning in the country remained fragmented. In 2000, seven new national councils were created, all dealing with aspects of planning. The systemic constraints have proved very hard to overcome, and thus the institutional position of MOP has remained precarious. The PIP with its budget ceilings may have instilled some discipline in the project planning process within line ministries and enabled more sensible aid mobilization, but its potential is not fully attained as its sponsor has little power to enforce it. The last 5-year plan has been overtaken by the new National Poverty Reduction Strategy (NPRS). Little MOP in-house capacity to produce the 5-year development plan next time round has been created.

**National Statistics.** Whereas the institutional position of MOP has been tenuous for the whole of the period reviewed, that of its National Institute of Statistics (NIS) has become stronger over the years. ADB has played a crucial role in this, especially in the early years. Capacity has been built up, although insufficiently to operate on its own without further technical support and support for operational costs of regular and survey-related data collection. In the latter, it is, however, not very different from many other agencies in the Government. Meanwhile, the impending adoption of a new Statistics Law, prepared in large part through ADB TA, will help in further strengthening NIS. Recent salary increases for senior staff, and likely developments in government-funded salary supplements for priority mission groups, may help stabilize NIS as well.

From providing a wide range of assistance in the early years, ADB's TA has narrowed to focus on economic statistics, i.e., production of consumer price statistics, labor surveys, and national accounts. This was appropriate, given the increasing support from other external agencies in social statistics and household expenditure surveys. In spite of the institution building, the future of economic statistics is uncertain without further external support.

**Public Finance.** In public finance, the efforts of the TAs have been much more modest. TA 1694 was supposed to have had a sizable component in developing public finance capacity. The assistance provided was channeled through the International Monetary Fund (IMF) and remained much smaller than anticipated. Other development partners took care of the capacity building undertaken in MEF in public expenditure management, and ADB's support was confined to tax and customs administration. Due to the acceptance by the Government of a tax reform strategy in early 1994 and implementation of many of its recommendations by the Tax Department, revenues increased from 4-5% to 8-9% of gross domestic product in the mid-1990s, but then stagnated until recently when it climbed to around 11%. More comprehensive and better coordinated TA by a number of external agencies such as ADB might have had more impact on public expenditure management and fiscal management over the years.

**Money and Banking.** Assistance under TA 1694 to NBC was channeled through IMF and remained much smaller than planned. Components included training in computers and accounting, as well as a contribution to some important banking laws for the country such as the Central Bank Law, and later the Law on Banking and Financial Institutions.

**TA Rating.** For TA 1694, the development planning component was rated successful in spite of the development of a rather unfavorable institutional context, mainly because of its production of important initial reconstruction plans at a crucial juncture and its medium-term plans and programs. The component on national statistics was rated highly successful, as it quickly restored some initial statistical capacity while also producing much needed high-quality statistics. The component on money and banking was also rated successful, in spite of having remained relatively small. The public finance component was rated partly successful due to the lack of integration of the work done in MOP. The components each produced outputs and outcomes, but synergistic effects from combining them in one TA were not achieved. Overall, discounting for the fact that the TA was overambitious, it was still rated successful.

TA 2261 was successful in consolidating NIS' capacity, while focusing on economic statistics. The TA did not succeed though in regularizing government budgets for operational costs of surveys and some continuous data collection.

TA 2488 continued the PIP process in MOP and line ministries started under TA 1694, and improved it. The PIP database is still maintained and an official document is produced every year. The exercise has proved sustainable, and without a PIP process, it is likely that there would have been a more haphazard process for the identification and prioritization of new public investments than is currently the case. This is because of the line ministries' propensity for proposing new projects in the absence of budget ceilings and because of insufficient coordination between international organizations that fund projects. The situation, however, is by no means ideal. There are certain problems with the prioritization exercise. The quality of project proposals made by line ministries is often low, with little capacity or incentive to reflect realistic recurrent budget implications. There is duplication of effort because the Council for the Development of Cambodia does a part of the exercise all over again as part of the aid mobilization process. Lastly, the PIP document no longer includes the macroeconomic and fiscal framework in which the selection of projects ideally needs to be grounded. Due to these drawbacks, the TA is rated borderline successful only.

The scope of TA 2976 called for a wide range of activities in budgeting, planning, and monitoring of public investment, and was perhaps overambitious given the institutional context. Once more the focus became the PIP, training, and later the preparation of a medium-term plan: SEDP II. Since the PIP was already introduced, and much training had also been done, the question is how much added value the TA had. Any further progress in the areas mentioned would have depended on institutional changes, which were not made. The intended linking of the PIP with more robust monitoring and evaluation systems and with budget systems in MEF, therefore, failed. Assistance to SEDP II salvaged a draft produced earlier by TA 1694 consultants without much guidance from MOP. But partly for reasons beyond its control, the status of SEDP II has eroded due to the subsequent attention to the poverty reduction strategy paper and later the NPRS. Provisions for adequate monitoring of SEDP II have not been made, as with the PIP. Thus, TA 2976 has not been able to prevent the progressive fragmentation of the planning function in the country. The TA is rated partly successful.

## I. BACKGROUND

### A. Rationale

1. Technical assistance (TA) immediately became an important feature of the Asian Development Bank (ADB) program in Cambodia after the October 1991 Peace Accord in Paris.<sup>1</sup> Much of this TA was related to the restoration of basic capacities and functions of the Government. Under the Khmer Rouge regime that fell in 1979, a generation of intellectuals and professionals had been killed or had fled while many government functions had been dismantled. Under Vietnamese tutelage during most of the 1980s, the Government established a command economy, which was marred by continuing hostilities with the Khmer Rouge, as well as by political rivalries between the communist party and the royalist party. The human resources base in public administration remained very low. The country was isolated from the international community, support being provided mainly by the Soviet Union, until its breakup in the late 1980s.

2. In the early 1990s, the international community started its rapprochement with the authorities. Due to the postconflict situation that existed at the time, a United Nations Transitional Authority in Cambodia (UNTAC) was set up in February 1992. Elections were held under its supervision in May 1993. The Constitution of September 1993 established the Kingdom of Cambodia as a multiparty democracy and a market economy. Aid came pouring in, along with many new perspectives, and among those were conditions regarding public sector reform and governance. Central agencies such as the Ministry of Planning (MOP), Ministry of Finance (MOF), and National Bank of Cambodia (NBC) needed an overhaul. To help macroeconomic management, the organization of statistics needed to be revamped entirely. It is in this context that ADB's first TA since the 1970s was a \$3.855 million umbrella TA (TA 1694-CAM)<sup>2</sup> attempting to establish modern capacity in development planning, public finance, banking, and statistics. Notwithstanding the large size, a series of other TAs followed, indicating the large need in these areas. While ADB advisory work in planning and statistics is still ongoing<sup>3</sup> and several related TAs are also ongoing,<sup>4</sup> this technical assistance performance audit report (TPAR) evaluates the following TAs:

- (i) TA 1694-CAM: *Strengthening Macroeconomic Management*,
- (ii) TA 2261-CAM: *Statistical System Development*,<sup>5</sup>
- (iii) TA 2488-CAM: *Strengthening Capacity in Development Planning*,<sup>6</sup> and
- (iv) TA 2976-CAM: *Capacity Building in Development Planning (Phase II)* (substantially completed).<sup>7</sup>

3. Ten years have passed since the resumption of TA to Cambodia. After 5 years of relative stability, new elections were held at the end of July 2003. This TPAR provides an opportunity to evaluate to what extent a number of ADB TAs, together budgeted at \$6.815 million, have helped in transforming the planning and statistics capabilities in the country.

<sup>1</sup> Some 82 TAs (and 23 loans) have been assigned to this country since 1992.

<sup>2</sup> ADB. 1992. *Technical Assistance to Cambodia for Strengthening Macroeconomic Management*. Manila.

<sup>3</sup> ADB. 2001. *Technical Assistance to Cambodia for Strengthening Public Financial Management (TA Cluster)*. Manila; and ADB. 1999. *Technical Assistance to Cambodia for Statistical System Development (Phase III)*. Manila.

<sup>4</sup> E.g., TA 3721-CAM (ADB. 2001. *Technical Assistance to Cambodia for Institutional Support for National Economic Policy Management*. Manila); and TA 3769-CAM (ADB. 2001. *Technical Assistance to Cambodia for Capacity Building for Banking and Financial Management*. Manila).

<sup>5</sup> ADB. 1994. *Technical Assistance to Cambodia for Statistical System Development*. Manila.

<sup>6</sup> ADB. 1995. *Technical Assistance to Cambodia for Strengthening Capacity in Development Planning*. Manila.

<sup>7</sup> ADB. 1997. *Technical Assistance to Cambodia for Capacity Building in Development Planning (Phase II)*. Manila.

## B. Objectives and Scope of the Technical Assistance

4. The objectives of the four TAs were broadly to strengthen Cambodia's capacity to manage a more market-based economy, particularly by increasing its capacity to generate timely and relevant statistics, formulate and implement economic plans and policies, program public investment, and coordinate external assistance. TA 1694, larger than the other three combined, had four components: one with MOP; one with MOF, which in mid-1993 changed to the Ministry of Economy and Finance (MEF); one with NBC; and one with the Department of Statistics of MOP—this later became the National Institute of Statistics (NIS). The focus of the subsequent TAs was MOP and its NIS; their objectives concentrated on capacity building in development planning and economic statistics. The objectives were not supported by logical frameworks, which may have contributed to the lack of linkage specified between the various institutions involved and the resulting, rather wandering implementation process.<sup>8</sup> The TAs' scope included much formal and on-the-job training, preparation of plans, conduct of statistical surveys (in NIS), setting up of institutional arrangements for coordination and management, technical advice, workshops and seminars, study tours, and provision of computer-related equipment, office furniture, vehicles, and even some funds for renovation of dilapidated buildings. As with most TA provided by external funding agencies in Cambodia, some of the TA budgets had in practice to be set aside for operational costs, for instance for costs of field surveys or printing jobs, as well as for salary supplements and special allowances for counterpart government staff (who are paid very low wages).

## C. Technical Assistance Completion Reports

5. ADB prepared a technical assistance completion report (TCR) only for TA 2261.<sup>9</sup> For TAs 1694 and 2488, some achievements have been briefly reported in the proposals for follow-up TA. For TA 2976, no prior assessment by ADB is available.

6. TA 1694 undertook its activities mainly between end-1992 and early 1996 but, with surplus funds, some more activities were undertaken in 2000. ADB's TA paper for TA 2976 lists as major planning-related achievements of TA 1694 two reconstruction plans in 1994 and 1995, a national 5-year plan in 1996, and a first Public Investment Program (PIP). In 2001, TA 1694 helped the Government produce a draft of the second 5-year plan. Statistics support by TA 1694 as described in the paper for TA 2261 consisted of help with the reorganization of the Department of Statistics, and with initial major outputs such as statistical yearbooks, a benchmark socioeconomic survey 1993–1994, price statistics, labor market surveys, an establishment survey, and national accounts. The results of the components of public finance and money and banking have not been reported officially, as they did not lead to a follow-on TA.

7. TA 2261's TCR reported many outputs in the field of statistics, among other things: two issues of national accounts—the socioeconomic survey 1996 and the establishment survey 1995; three issues of labor surveys—consumer price indexes (CPIs); training courses attended by at least 120 participants; and 12 NIS staff sent on foreign scholarships or apprenticeships. ADB regarded the TA as generally successful. A lesson learned was that in transition countries such as Cambodia, a TA operational strategy relying on both long-term and short-term consultants paid off. The TA has been followed up by TA 3293: *Statistical System Development (Phase III)* (footnote 3), which is ongoing.

<sup>8</sup> Such frameworks have become mandatory tools for TA design since the end-1990s.

<sup>9</sup> This is not exceptional. Of the 50 TAs in Cambodia completed for more than a year (i.e., TA numbers between 1866 and 3164), only 16 have a TCR (32%). By comparison, in Bangladesh the ratio is 42%, in Nepal 34%.

8. In ADB's proposal for TA 2976, the achievements of TA 2488 are listed as follows: (i) establishment of a transparent mechanism for PIP screening, selection, and prioritization; (ii) preparation of the 1997–1999 PIP and 1998–2000 PIP; (iii) redefinition of the role of development planning and MOP; and (iv) extensive training. The paper states that while there have been remarkable achievements, there were certain weaknesses and shortcomings in the PIP process that should be further addressed and improved. In particular, these concerned the absence of a national capacity to assess public policy and investment actions, the lack of national budget, and the absence of joint planning of capital and current expenditures.

9. The outputs of TA 2976, substantially complete since end-2001, have not so far been discussed in any published ADB document, even though the TAs described in footnotes 3 and 4 could be seen as follow-ups.

#### **D. Operations Evaluation**

10. The partial and fragmented reporting on the results of the TAs so far provides a special justification for this TPAR, which takes the approach of a cluster evaluation. An Operations Evaluation Mission (OEM) was held from 10 to 27 February 2003 by an evaluation specialist of the Operations Evaluation Department and a staff member of ADB's Development Indicators and Policy Research Division who had no prior involvement in the TAs (for the statistics components). The OEM visited relevant offices and stakeholders in Phnom Penh and in the provinces of Siem Reap and Kandal. An aide memoire with findings was discussed with a range of stakeholders. The OEM also relied on study of project files, secondary materials, a questionnaire survey among 22 senior staff of NIS, and replies to questionnaires sent to the lead consultants involved in TA implementation. A draft TPAR was sent to the executing agencies for comments, which were received and considered in preparing the final version.

11. Appendixes 1–4 review the individual TAs in detail, while concentrating on outputs. The main text will provide a summary and lead to an assessment of the success of the TAs as a cluster, followed by wider issues, lessons, and recommendations. The results and impacts will be discussed in four main clusters: development planning (medium-term plans and programs), public finance, banking, and statistics. Before this, in the next section, an assessment of various aspects of implementation performance is given.

## **II. ASSESSMENT OF IMPLEMENTATION PERFORMANCE**

### **A. Design of Technical Assistance**

12. Until October 1995, ADB had no country operational strategy for Cambodia, and the rationale for individual TAs was based on the perceptions of ADB's operational departments.<sup>10</sup> For TA 1694, the rationale was derived from the Peace Accord, which stated that it was desirable for external assistance to lay the groundwork for the preparation of medium- and long-term reconstruction plans. The design of the TA was subsequently influenced by perceptions of UNTAC and the country's Supreme National Council. Early consultations with UNTAC reinforced the perception that a comprehensive TA was vital to ensure that a newly elected government would have some capacity for macroeconomic management in a more liberalized economy after the departure of UNTAC. The United Nations Development Programme (UNDP) had prepared its own TA in macroeconomic planning, but was persuaded to combine it with assistance from ADB. The Prime Minister also played a direct role, requesting ADB particularly for assistance in money and banking, and in fiscal areas. Given ADB's experience with

<sup>10</sup> In 1994, an interim strategy was prepared, which was premised on the initial discussions on the National Program to Rehabilitate and Develop Cambodia (NPRDC) (para. 24).

economic statistics in the region, the task of strengthening Cambodian statistics was added to the ADB TA.

13. This particular history of the TA contributed to its unusually large size—the largest at that time, and the fourth largest of all of ADB’s TAs until now.<sup>11</sup> Another reason was the notion that including four sectors in one TA would allow better coordination and that this would have added value. However, without a permanent ADB presence on the ground at that time, this turned out not easy to accomplish, and in retrospect, this added value was not achieved. Major additions to the institutional set-up of the Government in 1993 (para. 36) were also an important factor in the TA’s limited synergistic effects. An institutional assessment of the new situation was not undertaken, although in 1994, ADB pointed out to the Government that superimposing new institutions was not conducive to capacity building of the existing institutions. The size and open nature of the TA, however, did enable a flexible response to emerging situations, such as new TA materializing from other external funding agencies. Due also to the fact that the TA budget was not broken down along the lines of the four components, in practice funds could be shifted to the components most in need. All in all, a smaller size of the TA would probably have been more appropriate, since in 1995, long after the intended closing date, substantial funds were still uncommitted, whereas for some of its implementing agencies, new TA was started up.

14. The other TAs reviewed in this report all flowed from TA 1694 and built on it. Its add-ons in fiscal management and banking were deleted from the subsequent TAs’ design, while the assistance for statistics and development planning was channeled through separate TAs. The TAs were generally in line with the country operational strategy, whose medium-term strategic priority was capacity building for (i) policy analysis and formulation; (ii) economic analysis and investment programming; and (iii) project planning, management, and implementation. TA 2261 focused mainly on economic statistics, while TA 2488 focused entirely on the PIP. TA 2976 appropriately endeavored to link medium-term planning to monitoring of implementation and to anchor it in national budgeting exercises, but did not involve MEF formally as (co-) implementing agency and did not post experts in MEF. This was unfortunate, given the experience with earlier TAs that this was, in fact, essential.

## **B. Engagement of Consultants**

15. The disparate nature of the activities pursued under TA 1694 is reflected by the many different kinds of contracts used. Thirty-eight contracts were signed with consultants: 9 with firms and 29 with individual consultants. Substantial funds were also used for training courses, purchase of vehicles and equipment, rent of premises, and miscellaneous local-currency-based activities or services. The subsequent TAs had much fewer contracts.

16. All consultants were recruited in accordance with ADB’s *Guidelines on the Use of Consultants*. International consultants were initially hard to recruit given the security situation in Cambodia in the early 1990s. Few domestic consultants were available and, although recruitment was attempted, they proved hard to engage.<sup>12</sup> At least three international consultants used were of Cambodian origin, and this helped in reintegrating some expatriates into their home country. Some ADB staff conducted short courses, for instance in economic analysis of projects. The employment of a substantial number of staff from the Philippines National Statistics Office (PNSO) proved beneficial and cost effective.<sup>13</sup> In fact, some planned international consulting services were converted into a major extension of the contract with

<sup>11</sup> As of January 2003, ADB had approved 3,976 TA operations.

<sup>12</sup> With the notable exception of a computer specialist used for the PIP software development.

<sup>13</sup> Forty-eight person-months were planned in TA 1694, and 56 in TA 2261. The final number used was double in both cases.

PNSO. Indicative of the large training and operational needs in the field of statistics and planning, the number of person-months used in TA 1694 doubled from 152 to 307, and in TA 2261, it increased from 117 to 136.

17. Continuity in use of some of the lead consultants across various TAs proved to be beneficial: a consultant who worked under TA 1694 later made a contribution to TA 2488; another made a contribution to TA 2976. Since the contractor for TA 2488 also won the subsequent contract for TA 2976, there was a large measure of continuity in training provided and assistance to the PIP. As mentioned above, the use of PNSO in two subsequent TAs also added value due to increasing familiarity of the consultants with Cambodia.

### **C. Organization and Management**

18. All TAs were supervised by steering committees. Usually these comprised not only MOP, but also MEF and NBC. The committee for TA 1694 did not prove very effective due to changes in mandates of the various agencies, which made the role of MOP unclear and politically charged. TA 2261 did not plan a steering committee, but one was created and worked well. A number of external agencies were involved in this steering committee, and this led to a beneficial division of the assistance: the United Nations Population Fund concentrated on population statistics; World Bank and UNDP on household expenditure surveys; and ADB on price statistics, establishment surveys, labor surveys, and national accounts. The PIP steering committee created under TA 2488 was not a TA committee but a coordination committee as part of the PIP process. Although this committee had a limited remit (it did not have project-approval functions), it worked well in the early years, combining MOP, MEF, Council for Development of Cambodia (CDC), and NBC. Later, however, its role diminished, whereas CDC started sending round its own forms for foreign-aided project preparation and monitoring.

### **D. Implementation Schedule and Financing Arrangements**

19. TA 1694 was supposed to be implemented over around 20 months, starting from mid-1992 to early 1994, but the TA started very slowly due to coordination problems with the International Monetary Fund (IMF). By mid-1993, the project started off in earnest. Due to the exhaustion of UNDP's funds, which had been mainly expended on planning and statistics in 1994, and the need for bridging to a new ADB-funded TA in statistics, UNDP provided another \$110,000 in two tranches, one at end-1994 and one in 1995.<sup>14</sup> ADB's own funds were disbursed more slowly, with assistance to MEF and NBC being phased out in mid-1995 because other external funding agencies had provided long-term advisors to these agencies. In the period 1996 to mid-1999, there was a long gap during which no new contracts were signed and other expenditures incurred, partly due to political circumstances and perhaps partly due to a change in the project officer. At the end of 1999, with the posting of a country director in the resident mission who had been previously involved in TA administration, some new contracts were started in the field of planning, and the funds were more or less exhausted by end-2001. Most funds for consulting services were spent on general planning (59.6%) and statistics (25.5%); much less on the money and banking (10.3%) and public finance (4.7%) components.

20. The other TAs were more focused and their completion date remained closer to the target. TA 2261 was extended for 2 years, but this was mainly to cover the period of preparation for master's degrees by three staff of NIS; with savings, some additional activities could be conducted, mainly by statistical assistance from PNSO, which was extended. TA 2488 was extended by 4 months. TA 2976 started a half year later than intended, but progressed on

<sup>14</sup> UNDP authorized these funds in spite of large ADB funds still being unspent. But the notion at the time was that the other components should not be affected by greater expenditure on planning and statistics.

target, and a final report was written in July 2000. Partly due to the selected consulting firm's inability to find a monitoring and evaluation specialist, substantial funds were unspent. These were then used much later to hire 3 months of additional consulting services, in order to finish phase 3 of the preparation of the second Socioeconomic Development Plan (SEDP II) by November 2001.

## **E. Supervision**

21. All TAs were administered by ADB from Manila, but TA 2976, as well as TA 1694 of which substantial funds were still remaining by the end-1990s, were helped by the close involvement of the new ADB resident mission in Phnom Penh. This facilitated the flexible use of the TA resources where opportunities for meaningful assistance arose. As mentioned, the role that TA 1694 was supposed to play in the stabilization of the economy would have benefited from daily back-up by a resident mission. Three out of four components were managed by one project officer at ADB headquarters for a number of years. Coordination with UNDP and IMF for the mobilization of consultants in the first, crucial year of TA 1694 left much to be desired, and the lack of a full team of consultants may have contributed to the shifting focus of the TA later on.

22. The TAs were generally closely supervised but there were some lapses. For TA 1694, the intensity of supervision went down after the transfer of an ADB officer with much experience in Cambodia in late 1996. In 1995 and 1996, new TAs to follow up on the statistics and planning components of TA 1694 also meant that less initiative was taken to commit the remaining funds. The political troubles from mid-1997 to the new elections in November 1998 hindered the start of new activities under this TA. Supervision of TA 2488, on the other hand, was good and its outputs were achieved with little delay. TA 2976 was hampered by the fact that there was a relatively rapid turnover of project officer staff in ADB. The partial completion of the intended outputs of this TA may in part be attributed to this.

## **III. EVALUATION OF RESULTS AND IMPACTS**

### **A. Adequacy and Quality of Reports and/or Services Provided**

#### **1. Outputs in Development Planning**

23. There were two main types of document outputs in the area of development planning: (i) medium-term development plans, and (ii) the PIP process.

24. **Medium-Term Development Plans.** Such plans produced by TA included the National Program to Rehabilitate and Develop Cambodia (NPRDC) in 1994, the blueprint for the implementation of the NPRDC in 1995, the first SEDP (1996–2000), and SEDP II. Together, these comprised the main overall medium-term planning documents of the Government, and have been approved by the National Assembly.

25. The documents were prepared at the time with only very modest participation by MOP and line ministries. Much more participation from the side of the Government, aid agencies, nongovernment organizations, and the private sector was achieved regarding the formulation of SEDP II. Ten major workshops were held in the course of its preparation. The focus of the plan was poverty reduction through rural and agricultural development. However, some of the primacy of the document has been taken away due to the attention for the preparation of the interim Poverty Reduction Strategy Paper (I-PRSP) at around the same time,<sup>15</sup> and

<sup>15</sup> ADB TA 2976 also made some contribution to the preparation of the I-PRSP.

subsequently the PRSP through MEF. Only after intervention from the Prime Minister, who decided that the preparation of medium-term development plans was the mandate of MOP, was the preparation of the National Poverty Reduction Strategy (NPRS) shifted to MOP. It was also decided that SEDP was to be regarded as the strategy document, with the NPRS a more implementation-oriented tactical document. Duplication, overlap, as well as some differences in focus could not, however, be avoided.

26. **The PIP Process.** The need for the establishment of a medium-term PIP process was apparent early during the implementation of TA 1694, but due to the confusion regarding the role of MOP in the period after the formation of the Government, concrete assistance on this function did not materialize until early 1995. By May 1994, some training had taken place in public investment planning, although even then there were delays in the training program, due to uncertainties regarding the roles of CDC, MEF, and MOP. The need for a PIP framework was, however, well understood by the Government, and ADB was requested to provide support to develop it. PIP capacity was subsequently developed over a period of 5 years, with help from TAs 1694, 2488, and 2976. The latter two TAs in fact mainly revolved around assistance to the PIP.

27. PIP assistance under TA 1694 commenced in April 1995, including the establishment of a PIP unit in MOP. By end-October, the consultants and the PIP unit had produced a draft PIP 1996–1998 for submission to the Government and National Assembly. This was the first document in Cambodia listing all ongoing, committed, and prioritized newly proposed projects in the public sector with their overall cost, proposed annual budget, and required budgets in 2 subsequent years. The document also attempted to estimate the foreign and local fund requirement, as well as the recurrent cost requirement upon completion of the projects.

28. TA 2488 continued training in the PIP and developed screening and prioritization criteria. These criteria were applied to the investment proposals to arrive at a PIP within the available resource envelope. The following criteria were employed: (i) consistency with national and sector goals and policies, (ii) urban/rural location, (iii) implementation capacity, (iv) financial and economic benefits, (v) national budget implications, (vi) environmental impact, and (vii) impact on poverty. TA 2488 helped with the preparation of PIP 1997–1999 and 1998–2000. Each half year, the PIP was updated. However, due to the political problems in those years, there was a relapse with the ending of the TA in October 1997.

29. There were significant staff transfers and continuing problems with the acceptance of the PIPs prepared in spite of the formal approvals by the Council of Ministers. This manifested itself in many projects introduced at the PIP stage, and some projects approved without the PIP. Partly for these reasons, TA 2976, which started more than a year later, quickly found itself focusing again on operational work, i.e., reviving the PIP and improving its quality. The manual made under TA 2488 was updated and enhanced, and new criteria and ranking systems were developed. The last PIP prepared with ADB TA was that for 2000–2002. Since then, each year the PIP unit prepares a new PIP on its own, albeit without the macroeconomic and sector analysis as provided before, in the Khmer language. The PIP is offered to MEF for budget calculations and to CDC for further processing as part of external agency-government negotiations.

## 2. Outputs in National Statistics

30. ADB TA started in mid-1992 and initially covered the full range of statistics. One of the first outputs was a statistical yearbook 1982–1991. The TA then helped in producing a large number of specialized statistical outputs, primarily four rounds of socioeconomic surveys in 1993–1994 (4 x 1,250 households) and later the (larger) socioeconomic survey in 1996 (2 x

4,500 households). The findings of these first surveys are still regarded as somewhat better than the surveys held by NIS later through other funding agency support, and have helped in producing national accounts (expenditure side). The TA also assisted in the conduct of establishment surveys in 1993 and 1995, and helped organize and conduct annual labor surveys. Later funding and assistance for socioeconomic surveys was taken over by UNDP, Swedish International Development Cooperation Agency (SIDA), and World Bank, while ADB continued to focus on capacity building for labor surveys, CPI, and national accounts. Much of the current reputation of NIS within the Government is built upon its CPI and national accounts. While national accounts were produced by various institutions in the early years, after 1998, NIS became the only official source of national accounts. MEF, for instance, discontinued its own data collection for CPI and national accounts. The CPI was based on measurements in Phnom Penh for many years but has recently expanded to include measurements in five provincial towns.

### **3. Outputs in Public Finance**

31. Outputs in the area of public finance in MOF were planned only by TA 1694 among the four TAs reviewed here. Although a wide range of outputs in all areas of public finance was intended, actual outputs were mainly achieved in the area of revenue generation, not recurrent expenditure (as would have been expedient given the simultaneous work done in MOP in terms of development expenditure). Advice on public expenditure management was already being provided by World Bank and IMF advisors.<sup>16</sup> A strategy for pursuing tax reform was accepted by March 1994 and proved important in setting out the course of tax administration reform for the next decade. Another main output was in the area of customs administration (airport, ports), where training and advice was provided, and for instance a proposal was prepared for the Japan International Cooperation Agency to computerize the customs department. Furthermore, ADB provided assistance in funding six operational staff for 6 months each to familiarize themselves with desktop computers and produce computer-based outputs. By mid-1994, advisors financed by sources other than ADB had become the main source of assistance, and TA 1694's assistance was scaled down. With the World Bank active in public investment budgeting in MEF, the Government requested ADB to focus on the PIP in MOP. By end-1995, UNDP/IMF started up a major TA (\$5 million) for fiscal and monetary management in MEF and NBC.

### **4. Outputs in Money and Banking**

32. Outputs here were again planned only by TA 1694, which produced the following: (i) a proposal for the reorganization of NBC's accounting procedures; (ii) some advice of short-term consultants in monetary policy, banking supervision, establishment of capacity in research, and balance-of-payment data; (iii) assistance in the drafting of a Central Bank Law, which was adopted in 1996; and (iv) preparatory work for the drafting of the Law on Banking and Financial Institutions (only adopted in 1999). These products were important for progressing toward a market-oriented economy. All outputs were the product of teamwork with consultants provided by other agencies such as IMF, SIDA, and the United States Agency for International Development. The assistance to NBC was phased out when more assistance came on stream through other funding agencies, in particular a project already referred to on financial management by end-1995, with a large component in NBC. The TA was instrumental in directing attention to a range of specific areas in need of assistance, such as the creation of

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<sup>16</sup> This led, for instance, to the approval of a new budget law by end-1993, which concentrated spending powers in the hands of MEF, and later the design of an MEF public investment budget system. In spite of efforts made by TA 1694 and later 2488, the PIP could not be made compatible with this French-style system, which was under development for a number of years and which MEF ultimately did not use.

audit capacity. New ADB TAs<sup>17</sup> initially focused attention on training of NBC through the establishment of a training center, and were then widened to include the drawing up of a financial sector blueprint for the Government and a Financial Sector Program Loan.<sup>18</sup> IMF and World Bank have followed up with an extensive commercial banking sector reform program.

## **B. Training/Transfer of Technology**

33. Training under the TAs was extensive and included both on-the-job training and training courses in Cambodia by institutes as well as by consultants and even ADB staff, workshops, seminars, and some study tours. The TAs also provided computer training and English language courses. MOP was the main beneficiary of the training programs. The focus of the training was macroeconomic planning skills in market-based economies, as well as PIP and project cycle management skills. The training seemed to be guided by the assumption that MOP still had a large role to play in macroeconomic management in the country, and in project cycle management. This had been the case before 1993, when TA 1694 was started. After the new Government had decided on new roles for various ministries, this was in fact no longer fully the case. Much of the macroeconomic planning role had shifted to MEF, and aid coordination went to the newly created CDC. Given that MOF did not always nominate staff, some of the training provided was, therefore, less effective; some of the training provided seemed also to be of too high a level for the staff (remaining) in MOP. Increasingly, the training courses, therefore, invited participants from a variety of other government agencies, which improved the effectiveness of the training component somewhat.

34. The training programs being only partially successful, the advisory work of TA 1694 regarding medium-term planning and to a lesser extent TA 2976 had limited effects on capacity building. This work was in fact mostly done in isolation from staff of MOP, and seems to have generated little interest from their side, which was symptomatic of the limited role perceived by staff of MOP's role in project cycle management and macroeconomic management. TA 2488 and TA 2976 efforts at establishing a PIP process were more convincing in terms of capacity building, and their legacy is a functioning PIP department.

35. Apart from the training programs, in the early years there were study tours to planning organizations in Indonesia, Philippines, and Thailand. First-hand experience with such agencies in market economies proved helpful in defending the continuation of MOP in the face of opposition in Cabinet. In addition, there was some miscellaneous support from TA 1694 budget for ad hoc needs in the area of planning and governance. For instance, the TA financed a national symposium on Democracy, Good Governance, and Transparency in the Asian Context in 2000, as a first step of the Government to prepare a governance action plan.

## **C. Institution Building**

### **1. Ministry of Planning**

36. The institutional position of MOP has remained tenuous over the whole of the period of implementation. A year into the implementation of TA 1694, MOP's comprehensive central planning functions were radically curtailed by the new Government installed in mid-1993. Macroeconomic management functions went to MOF, which for this reason was renamed MEF. Aid coordination was shifted to the Cambodia Reconstruction and Development Board within

<sup>17</sup> ADB. 1995. *Technical Assistance to Cambodia for Institutional Strengthening of the Centre for Banking Studies and State-Owned Banks' Staff Training*. Manila; and ADB. 1997. *Technical Assistance to Cambodia for Enhancing Banking Skills*. Manila.

<sup>18</sup> ADB. 2001. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Cambodia for the Financial Sector Program (Subprogram I)*. Manila.

CDC, which had the two prime ministers as chairmen and the minister of finance as vice chairman.<sup>19</sup> Project preparation and appraisal functions were largely left to line ministries, with no serious involvement by any central agency. Project approval functions were also left to the line ministries, with MEF providing routine concurrence with earlier external agency and line ministry decisions to start up new projects. Private investment coordination functions, previously with MOP, were shifted to CDC's Cambodia Investment Board. Central monitoring functions for public investment, while formally remaining the mandate of MOP, were gradually vested also in a range of other bodies. Regional or spatial planning functions, lastly, seem to be nonexistent in MOP outside the context of special projects. Due to the fast-expanding number of foreign-funded development projects, the initiative on the PIP has shifted to a diffuse group of stakeholders including funding agencies, MEF, CDC, Ministry of Foreign Affairs, Office of the Council of Ministers, and line ministries. Due to the absence of a national committee that approves development projects, and for which MOP could play the role of secretariat, there is also little incentive for MOP to involve itself deeply. The clipping of its functions deprived MOP of the ability to appraise or coordinate public investment from a holistic perspective, whereas the new CDC has been similarly constrained due to the lack of a number of functions in the project cycle (and CDC's small size). In this context, the institution-building efforts undertaken by the TA were mainly confined to medium-term planning and the PIP. In the latter, it has been more successful institutionally than in the former. Medium-term planning can be expected to continue to have to rely on TA. Both processes have, however, remained rather sterile affairs with organizations other than MOP also involved, and in the absence of daily experience within MOP with project appraisal, approval, monitoring, and external agency coordination. From this perspective, it is not surprising that the various TAs' attempts to develop MOP's capacity in macroeconomic planning, monitoring and evaluation, and sector reviews, have not caught on.

## **2. National Institute of Statistics**

37. In contrast with MOP, the institutional position of NIS has become stronger and more stable over the years. ADB has played a large role in this, especially in the early years. The organization has expanded greatly, and capacity has been built up. Meanwhile, the impending adoption of a new Statistics Law, prepared in large part through ADB TA, will help in further consolidating NIS. Recent salary increases for senior staff, and likely developments in government-funded salary supplements for priority mission groups,<sup>20</sup> will hopefully help in making the organization less reliant on foreign funds for operational activities and salary supplements of staff.

### **D. Outcomes and Impact of the Technical Assistance**

38. The main aims of the TA as a cluster were to strengthen capacity in macroeconomic management, planning, and statistics. These aims were only partly achieved. Basic capacity in national statistics was created, but in MOP, capacity could only be built up in the PIP. Outside MOP, where the main macroeconomic management takes place, there were only minor capacity-building effects from the TAs reviewed. The outcomes of the main components of the TAs can be summarized as follows.

<sup>19</sup> It was assumed that this arrangement would bring the two main parties closer together, but in practice this did not work out, leading to an administratively difficult situation for both MOP and CDC.

<sup>20</sup> Priority mission groups help ministries and councils accelerate their reform agenda through mobilization of a highly motivated cadre of civil servants offered a decent salary who can rise above current civil service performance standards to implement key development programs with greater energy, skill, and dedication.

## 1. Medium-Term Planning

39. The medium-term plans produced have been broadly regarded as useful in the context of providing help to the Government's ongoing external agency coordination, policy making, and the PIP. The rehabilitation plans in the early years have in particular played a useful role in mobilizing aid for the reconstruction and development of Cambodia. SEDP 1996–2000 was another initially well received document, although some now lament that it was not poverty-oriented enough and did not plan a good monitoring system.

40. The preparation process for SEDP II 2001–2005 through workshops has undoubtedly helped in creating further consensus on the need for addressing poverty reduction more directly. Since SEDP II is still ongoing, it is difficult to assess its final impact. SEDP was, however, evaluated by the Government itself in SEDP II. SEDP II concludes that the achievement of the first SEDP growth targets was prevented largely by the disruption caused by the 1997 domestic political crisis, and, to a lesser extent, the regional financial crisis. The Plan was also deemed to have been too directive. The lesson was drawn that higher rates of economic growth must be achieved and sustained, but also that the Plan was to be an instrument for establishing a desirable and feasible development path, and for presenting the Government's policies aimed at encouraging development-promoting responses from the private sector and civil society. Of interest to this TPAR was that it was learned that the Plan did not control the annual budget and that public investment projects were in large part undertaken on the basis of what funding was available from funding agencies. The PIP and the annual budget were seen to be prepared on parallel tracks, with MEF and MOP holding separate discussions with line ministries on the recurrent and capital budgets, respectively. In addition, CDC had a separate process for foreign-funded projects. All of this meant that aid flows, the PIP, and the budget had been insufficiently integrated over the period.

## 2. Public Investment Programming

41. The impact of the PIP on the Government's efficiency and effectiveness should be judged against an alternative of no PIP or no annual plan for public investment projects. The PIP created was first of all a mechanism for determining the annual budgetary ceilings on funds available for investment projects for each line ministry. Without such ceilings, and without an overview of the carryover financial needs of ongoing and new projects, the process of project preparation by line ministries becomes much more hazardous, usually leading to wish lists—then portfolios—of projects far in excess of what the country can pay for or sustain. The PIP, thus, has instilled a modicum of discipline in the public investment planning and implementation processes, and is a step forward in macroeconomic management. Currently, provincial PIPs are prepared by many provinces as well. The PIP process in Cambodia, however, has some drawbacks, part of which can only be addressed if the institutional context changes. The PIP has to operate within the context of a highly centralized system of public finance, which was adopted with the Organic Budget Law in December 1993. Under the so-called unified budget, all spending authority lies with MEF; MOP does not have spending authority over the amount set aside for public investment each year.<sup>21</sup> Under the system, proposals for capital investments originate from line ministry agreements with individual funding agencies about funding for specific projects in their respective sector, not from the PIP. The PIP even accommodates to this basic system, by ranking all projects that have been committed by funding agencies as in the PIP by definition; CDC subsequently includes such further projects that were approved at a

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<sup>21</sup> Provincial governments do not have revenue-expenditure decision-making authority either. They merely act as agents or implementing bodies of the central Government. Prior to the budgetary reforms, the provinces were empowered to collect revenues and the center depended on the transfers from the provinces to meet its expenditure requirements.

later stage. In other words, the PIP has limitations in terms of prioritizing development funds among different possible purposes. Given that around 90% of the funds for projects are from international aid agencies, and given that the budget ceiling does not specify by ministry how much of the funds can be supplied by the Government, the ceiling does not work optimally.<sup>22</sup> On the other hand, under the present institutional arrangement, MEF does not put much effort into specifying in advance how much of its internal revenues are available for investment through the PIP or for the recurrent budget once the projects are completed. In the hands of CDC, the PIP has become a means of aid mobilization, rather than an integral part of macro-budget planning. This may be exactly the reason why the Government and funding agencies are now focusing more on the medium-term expenditure framework (MTEF) and sectorwide approach (SWAp).<sup>23</sup>

### **3. Public Finance and Tax**

42. TA 1694 has made an early contribution, mainly in the area of tax reform and customs revenue collection, which increased government revenues from 5–6% to around 9% of gross domestic product in 1994–1996. After this, the ratio stagnated at this level to around 2000, due to such factors as the late signing of the law on taxation, the delay in issuing implementing regulations, and the July 1997 events. Only after 2000 did the ratio resume its upward trend to around 11.5% in 2002—which is still low by international standards.<sup>24</sup> Revenue mobilization has remained a critical problem, owing especially to a plethora of tax exemptions. Progress in this area is threatened by insufficient accountability and transparency in economic management.

### **4. Statistics**

43. The impact of the TAs has been very positive, as they provided Cambodia with much of the economic statistics needed to develop its policies, attract external aid and foreign private investment flows, and share routine economic data with the world community.

### **E. Sustainability**

44. The focus of the TAs in MOP on training, medium-term plans, and the PIP was perhaps an appropriate attempt at restoring MOP's holistic function in terms of public investment, or at least strengthening some of its functions. Most countries of the world have retained planning organizations of some sort, and in many of Cambodia's neighbors, they are strongly entrenched. The TAs have only been partly successful in making MOP stronger in the context of continued fragmentation of planning. This fragmentation started at around half way through the intended implementation phase of TA 1694 with the truncation of MOP. ADB's later TAs have perhaps insufficiently understood the difficulty of improving truncated parts of an organization that previously had many more functions. In the last few years, a new level of complexity has been reached with the creation of seven new national councils, all of which may have implications for development planning.<sup>25</sup> Only one of these—the Council for Social Development—is chaired by MOP, and even in this council there is no clarity regarding its authority and the function of MOP. Meanwhile, the PIP's main use seems to have become that its list of projects is made an appendix to the CDC documentation for the annual consultative group meeting (after being heavily edited to this end by CDC). Its role in the budgeting process,

<sup>22</sup> In the last few years, the funds pledged from international agencies have exceeded those requested through the PIP.

<sup>23</sup> In fact, TA 2976 and even TA 2488 had already tried to introduce the MTEF approach, but probably due to the peripheral role of MOP, this did not work out until another ADB TA started work on this in MOF in 2001 (footnote 3).

<sup>24</sup> Twenty percent is the regional average aimed for.

<sup>25</sup> These include the Council for Social Development, Supreme National Economic Council, and Council for the Support of Commune Development.

for instance in determining the need for counterpart funds and for recurring budgets after completion, is minor. The last 5-year development plan, although fulfilling a constitutional requirement, has been overtaken as a practical document for funding agencies by the new NPRS. As mentioned, most importantly, macroeconomic management capacity needed to inform the next few such plans has not been created in MOP, mainly because such management is in practice conducted elsewhere. Lastly, frameworks such as development plans and the PIPs no longer have center stage in the ongoing government-external agency discourse, such as the governance action plan, the MTEF, SWAps in various sectors, the strategy to reform the civil service, priority action programs,<sup>26</sup> priority mission groups, decentralization, and the creation of commune councils.

45. Sustainability of the achievement in NIS is also tenuous, if for different reasons. In NIS, the problem is that funds for data collection are still mainly supplied by external aid agencies, and that staff salaries are extremely low. As with all government agencies, the salaries provided are roughly less than \$1 a day equivalent. Consequently, most NIS staff have had to look for additional income outside NIS. In practice, many of the NIS staff work on a temporary basis, and all external agency-funded projects in NIS routinely pay government staff for work. (This is the case with most TA in all sectors.)

#### **IV. OVERALL ASSESSMENT**

46. The four TAs are assessed using OED's standard criteria to derive the overall ratings.<sup>27</sup> The ratings reflect not only the quality of TA design and administration by ADB and the quality of implementation by the executing agencies and consultants, but also the influence of less controllable factors such as political events. More detailed assessments are made in Appendixes 1–4.

##### **1. Relevance**

47. TAs 1694 and 2261 were approved in the absence of an ADB country strategy, but can be seen as following from the 1991 Peace Accord. TAs 2488 and 2976 were in line with ADB's country strategy. TA 1694 is assessed as highly relevant at the time for the reconstruction and normalization process; TA 2261 was highly relevant in sustaining the excellent progress being made by NIS. TA 2488 was relevant at the time, to sustain advances made with the PIP under TA 1694 when the country needed more medium-term programming (section II.A). In the absence of institutional changes within the three main government organizations dealing with public investment planning and external agency funding, TA 2976 has turned out less relevant. Had the TA been shared with MEF or CDC, the chances of linkage of the PIP with the budget process would have been greater (paras. 36 and 41).

##### **2. Efficacy**

48. TA 1694 had some effect on macroeconomic management, although not to the extent it foresaw given that progress was least in terms of public expenditure management and coordination of external assistance (paras. 31 and 38). But investment plans were made, statistics were produced, revenue generation was improved, and the banking system was changed. TA 2261 was effective in achieving its objectives. Three of its four components are, therefore, assessed as effective, with the fourth component on statistics assessed as highly

<sup>26</sup> The priority action programs move budgeting a major step toward the standard industrial-country model of advance payment, postaudit, and program-based budgeting.

<sup>27</sup> ADB uses five criteria to assess the success of its TAs: relevance, efficacy, efficiency, sustainability, and institutional development and other impacts. Four scores are possible on each criterion (e.g., highly efficacious, efficacious, less efficacious, and inefficacious).

effective. TA 2488 was effective in institutionalizing the PIP in MOP and teaching the line ministries some discipline in their preparation for new projects, but less so in its co-objective of redefining the role of development planning (para. 36 and Appendix 2). TA 2976 was less effective in such objectives as its efforts to strengthen linkages of the PIP with the budget cycle, establishing monitoring and evaluation systems, and public expenditure reviews. Overall outcomes and impacts have been discussed in section III.D. For more discussions of issues of efficacy, see also section V.A.

### **3. Efficiency**

49. TA 1694 could have run more efficiently with a smaller allocation. Its planning and statistics components were efficient, but the public finance and banking components were run less efficiently. TA 2261 was highly efficiently managed due to involvement of the same consultants as in TA 1694's statistics component, and good supervision from ADB. TA 2488 was efficiently managed, although the software development component was heavily underestimated and required further support in TA 2976. TA 2976 was less efficient; project officers were changed, which contributed to the loss of focus of the TA. Furthermore, the monitoring and evaluation component was canceled apparently for no other reason than that the consulting firm could not find a suitable (new) candidate.

### **4. Sustainability**

50. TA 1694's planning component consisted mainly of work on training, plans, and the PIP, the sustainability of all of which is fleeting in the absence of a solidly entrenched MOP. The PIP work subsequently done through TAs 2488 and 2976 suffers from the same ailment. Even though the PIP unit is still preparing a PIP, there is duplication with the work of other organizations. A number of institutional changes that would optimize the PIP have not taken place. The preparation of the medium-term plans in the past did not lead to much capacity building within MOP. All TA components in MOP, MEF, and NBC are assessed as less than sustainable for these reasons. Although the Government is still unable to fully fund the operations of NIS, the TA components are rated successful. This rating is also given due to the impending approval of the Statistics Law.

### **5. Institutional Development and Other Impacts**

51. Beyond the intended impacts of the TAs on the implementing agencies, which are already captured under para. 48, the statistics components have had the most lasting impacts. A functioning organization was built up from scratch. There may have been some positive impact of the development planning TAs on overall economic planning, in that they instilled some discipline and belief in the merits of a longer-term perspective. They ultimately helped in leading to current MTEF activities in MEF and some line ministries. The institutional impacts beyond MOP are not all that clear and may in part have been counterproductive in that they obviated or delayed more profound institutional changes. Overall, the statistics components had significant impact, but the other TAs or components of TAs had little institutional impact.

## 6. Overall Rating

52. Based on OED's weighing system,<sup>28</sup> the overall ratings for the TAs are as follows:

Technical Assistance	Rating <sup>a</sup>
TA 1694-CAM	Successful
TA 2261-CAM	Successful
TA 2488-CAM	Successful
TA 2976-CAM	Partly Successful

CAM = Cambodia, TA = technical assistance.

<sup>a</sup> Using a four-category rating system (highly successful, successful, partly successful, and unsuccessful).

## 7. Assessment of ADB and Government Performance

53. ADB's anticipation of the major macroeconomic management needs of the country after the Peace Accord was appropriate, although a major midterm review immediately after the formation of the new Government should have been conducted to adjust its scope. Later TAs in development planning attempted to establish linkages with parallel macroeconomic management activities going on in MEF but met with little success. In retrospect, the need for institutional assessment of changed roles of all relevant macroeconomic management agencies, as well as for a more central role for the monitoring and evaluation of plans and PIP, has been underestimated. This notwithstanding, ADB made a credible attempt in a very important but difficult area of public management. For this reason, ADB's performance is rated satisfactory.

54. Political compromises influenced institutional changes that were not always conducive to capacity building. MOP has institutionalized the PIP and medium-term planning, but the relation with budgeting in MEF and aid coordination in CDC is not resolved. A more proactive approach, such as achieved with respect to the national statistics TA, would have benefited the appropriateness and use of the, in principle, high-quality technical support provided. The Government's performance is rated satisfactory.

## V. CONCLUSIONS

### A. Key Issues

55. After the 1993 elections and the transition to a market-based economy, many politicians and officers came to see MOP as an anachronism, and this was reflected in the truncation of its original functions and the marginalization of the ministry in the first years especially. Partly through the TA, MOP has slowly won back some functions and respect, but progress is hampered by many systemic factors that need resolution beyond the level of MOP itself.

56. Progress with the medium-term national planning process, as well as the PIP and its integration in the MTEFs, seems dependent on institutional changes that may need to be made, particularly in relation to the role of CDC, MEF, and some of the national councils created in the last few years. The current fragmentation of the planning (and budgeting) function needs to be reversed. Civil service reforms in the area of salary raises for director-level staff have already been implemented, but the conversion to performance management-oriented systems, such as

<sup>28</sup> This is based on ADB. 2000. *Guidelines for the Preparation of Project Performance Audit Reports*. Manila, Table 1. Available: <http://www.adb.org/Documents/Guidelines/PPAR/default.asp?p=evaltool>

priority mission groups that provide salary incentives for essential operational staff, is going slowly. This needs to be pursued vigorously for further capacity building to succeed.

57. Most countries in the region have strong planning organizations, and this TPAR judges that there is reason for support to MOP, albeit with a new function definition. The Government may consider establishing systems for central project appraisal, approval, and monitoring and evaluation, and making MOP the secretariat for these. This becomes more necessary as the country's revenues increase and more funds can be spent on public investment. If more projects are funded or cofunded by government revenues, then it is imperative that there is a good national process for project approval and monitoring, or otherwise a thin spreading and unpredictable use of such funds with many contenders may lead to disproportionate delays in the completion of projects.

58. The role of the various newly created councils in terms of development planning needs to crystallize, particularly the Council for Social Development, for which MOP is the secretariat. The decentralization initiative, now channeled through the Council for the Support of Commune Councils, needs to be strengthened. The provincial planning departments will have an important role in this. MOP needs to reestablish a working relationship with its provincial counterparts.

59. External agency coordination is improving but some assistance still bypasses the budget and involves direct funding of project contractors. This reflects lack of confidence in line ministries' capacity to identify, design, and implement projects. This leads to a fractionalized public sector effort with little central organization and control and with a number of adverse side effects such as (i) absence of government ownership of many projects; (ii) piecemeal efforts by aid agencies toward sector issues and institution building; (iii) weak coordination among external agency programs; (iv) proliferation of different procurement, disbursement, auditing, and progress monitoring activities among agencies; and (v) creation of special project units, staffed by international consultants or staff, or by nationals with topped up salaries, with adverse impacts on institution building.

## **B. Lessons Learned**

60. Approving almost \$4 million for a TA with four major components in a fluid situation with likely governmental changes after a landmark election and rapidly changing external agency involvement asks much from supervision from ADB, especially in cases where there is no resident mission. The implementation of such TA also needs to take into account that postconflict situations attract fewer consultants. A smaller TA, with fewer components, may be easier to implement in such situations.

61. In transition economies and postconflict situations where local capacity is very limited and certain essential government outputs need to be rapidly produced, it may be useful to employ separate TAs for substitution of local capacity with external capacity to produce these outputs on the one hand, and for training to produce local capacity on the other. If the two are combined, a risk is run that capacity substitution will quickly have the upper hand since it yields the quickest returns. In addition, a pattern may set in regarding the funding of operational activities by external agencies, to which the Government may become accustomed. In Cambodia, this has led to habitual provision by TAs of salary supplements, allowances for attending training courses, vehicles, and allowances for field trips.

62. If a ministry undergoes major organizational and functional changes, a thorough institutional assessment should be included to review the need for ongoing and new support. Support for such assessment from the government side is essential.

### C. Follow-Up Actions and Recommendations

63. An institutional assessment of the public investment planning function would be beneficial to determine the options available to the Government to improve this function. The focus should be on the prevalent and desired system for project appraisal and approval, but cover the whole project cycle. The assessment should also take into account the implications of the MTEF process in MEF, and the adoption of the SWAp budget improvement strategies. The Government may decide to undertake such an assessment after the July 2003 elections, to be completed by end-2003. ADB should broach this at the highest level of Government over the second half of 2003, and if there is good response, consider funding this.

64. The PIP should become an integral part of macro-budget planning (MTEF) rather than simply a means of aid mobilization as it is now. This should be immediately promoted by the ongoing ADB TA in MEF (footnote 3). The institutional assessment recommended should look into this as well.

65. MOP should this year look into a monitoring mechanism for the PIP, relying on field visits, a reporting system, and regular review meetings. Monitoring should not be entirely left to individual line ministries and international agencies. The poverty monitoring mechanism currently under creation within MOP should take this on board.

66. New avenues may exist for mobilizing MOP even under the present conditions. Now that the process of decentralization of development programs to provincial levels has taken off and has been given new levels of accountability since the commune elections of February 2002, there may be a new role for MOP in liaison with the Ministry of Interior. The provincial and district planning and statistics offices in many provinces have already been trained through the *Seila* experiment as funded by some international agencies.<sup>29</sup> In various provinces, processes and databases have been established through the Planning Departments that can form the basis for new programs to reach the poorest villages with small but high-impact interventions defined by these communes themselves. The provincial 5-year plans and provincial investment development programs are beginning to form a good basis for such processes, and need to be continued and strengthened. MOP could also usefully expand its role in spatial planning, through village, commune, district, and provincial databases, and linking these up with geographic information systems. In many countries, planning bodies have distinct advisory and regulatory functions in the context of land use planning and regional planning. ADB should consider supporting the strengthening of MOP in this regard after an institutional assessment has been conducted.

67. For NIS, the OEM determined that some capacity building through external TA is still required for national accounts. Although each year the national accounts are improving, there is still a long way to go. ADB should continue its support for capacity building in economic statistics by early next year, if there is a commitment of the Government to gradually increase its funding for surveys.<sup>30</sup>

68. The practice of external agencies to fund salary supplements and operational expenses through their TAs and projects should be gradually replaced by regular financial support to priority mission groups (footnote 20). ADB should work actively toward this goal next year.

<sup>29</sup> *Seila* means foundation stone in Khmer and refers to a government and UNDP initiative started in 1995 to deconcentrate certain public sector functions to a growing number of provinces.

<sup>30</sup> Specific areas requested by NIS are collection of provincial prices, producer prices indexes, preparation of the establishment population frame, establishment population surveys, agriculture surveys, and a contribution to the preparation of the agriculture and economic census.

## TA 1694-CAM: STRENGTHENING MACROECONOMIC MANAGEMENT<sup>1</sup>

### A. Background

#### 1. Rationale

1. The provision of technical assistance (TA) was one of the priorities in the Asian Development Bank (ADB) program in Cambodia in the early 1990s. With extremely limited capacities in public administration after the Khmer Rouge regime of the 1970s, persisting conflict, and the legacy of having been a centrally planned economy over much of the 1980s, there was felt to be a great need for such assistance both to build capacity and to help the transition process toward a market-based economy, which had set in since end-1980s. Due to flooding and severe economic problems in 1990–1992,<sup>2</sup> the achievement of macroeconomic stability was regarded as essential. In this context, a fact-finding mission from ADB and the International Monetary Fund (IMF) at end-1991 judged that this was best served by jointly addressing the anachronistic institutional roles and capacities of the Ministry of Planning (MOP) and its Department of Statistics, Ministry of Finance (MOF), and National Bank of Cambodia (NBC), and in addition by generating basic statistics. It is in this context that the first ADB-approved TA for Cambodia since the 1970s was one of the largest that ADB ever designed, a \$3.855 million umbrella TA to improve macroeconomic management.

#### 2. Objectives and Scope of the Technical Assistance

2. The main objective of TA 1694 was to strengthen Cambodia's capacity to manage the economy effectively and support the economic reform process. The TA was expected to lay the groundwork for Cambodia's reconstruction and development by increasing its capacity to generate timely and relevant statistics, formulate and implement economic plans and policies, program public investment, and coordinate external assistance. There were four components: (i) economic planning and policy analysis, (ii) money and banking, (iii) public finance, and (iv) statistics. In all areas, both long- and short-term experts were planned to be involved over a period of around 20 months; budgets for training courses and equipment purchase were also provided. The TA's scope was to include all possible modalities of assistance, including on-the-job training, technical advice by short-term specialists, study tours, training courses in country and elsewhere, and sizable amounts for equipment, vehicles, and even renovation of office buildings.

#### 3. Technical Assistance Completion Report

3. TA 1694 had undertaken most of its activities between 1992 and 1996, but with surplus funds, the drafting of the second Socioeconomic Development Plan (SEDP II) was produced in 2000–2001. This still left some \$47,000 of the budget, but the TA is substantially complete, with the last set of activities having taken place some 8 years later than the intended closing date. A TA completion report has not so far been produced by the ADB operations department.<sup>3</sup> This appendix will evaluate the components of development planning, public finance, and money and

<sup>1</sup> ADB. 1992. *Technical Assistance to Cambodia for Strengthening Macroeconomic Management*. Manila.

<sup>2</sup> These problems manifested themselves, for instance, in an inflation rate that averaged 140% per annum during 1990–1992.

<sup>3</sup> This must be seen as in part due to the circumstance that the various TA components were implemented by two different divisions in ADB. Apart from this, most of the contracts were completed by end-1995, but in the period 1999–2001, several more contracts were started. The original staff assigned to administer the TA is no longer available to write the TA completion report.

banking. The statistics component is reviewed in Appendix 4 jointly with TA 2261-CAM: *Statistics System Development*, which was a follow-up.

## **B. Assessment of Implementation Performance**

### **1. Design of the Technical Assistance**

4. Being the first activity of ADB after a gap of 20 years, the TA was prepared in the absence of a country strategy for Cambodia.<sup>4</sup> The TA can, however, be seen as an outcome of the Peace Accord of October 1991, which had specified that it was desirable to lay the groundwork for the preparation of medium- and long-term reconstruction plans. Also based on ADB's first economic report on Cambodia of December 1991, which highlighted the precarious economic situation of the country, it was recognized that a stable macroeconomic setting was necessary to undertake the reconstruction. A multisector, umbrella-type TA was deemed most suitable. The preparation of the TA, furthermore, coincided with the preparation by ADB of a summary document on the economic and social situation in Cambodia,<sup>5</sup> in close cooperation with other funding agencies such as the United Nations Development Programme (UNDP), IMF, and World Bank. With ADB at the time lacking a resident mission, UNDP and IMF were to be involved closely for local coordination and consultant selection. Indicative of the crucial importance attributed to the umbrella TA by a variety of funding agencies, UNDP was to contribute a very sizable \$1.440 million, adding significantly to its total size of \$3.967 million.<sup>6</sup>

5. The TA was very ambitious, even if the size of the TA was large for ADB in monetary terms. The very wide-ranging terms of reference (TORs) for the team leader/senior macroeconomist reflected this.<sup>7</sup> The TORs of the other three long-term advisors were similarly wide ranging. The TOR for the senior fiscal economist included the provision of advice as to strengthening tax and customs administration but some other areas were worked out in more detail; however, eventually this was the main area that was addressed.

6. A split into two or three separate TAs with more modest designs would probably have contributed to a more focused implementation process. The wide-ranging scope of the TA in combination with the change in nature of MOP after the formation of a new Government in 1993 will have contributed to some of the problems experienced with consultants and TA implementation in general. This is also the case for the unclear position of the lead consultants vis-à-vis the Government. In the absence of day-to-day communication with ADB, the lead consultants did not have the authority to speak with ADB's voice or indeed that of the

<sup>4</sup> The first country operational strategy study of ADB was released in October 1995.

<sup>5</sup> ADB, IMF, UNDP, World Bank. 1992. *Cambodia: Socio-Economic Situation and Immediate Needs*. Manila.

<sup>6</sup> The Government committed \$0.112 million.

<sup>7</sup> For instance, the senior macroeconomist was to do the following tasks all within 20 months, and without many short-term consultants or counterpart staff to help him: (i) preparing then implementing a training plan for MOP in its adaptation to tasks for a market-based economy, including organizing study tours and on-the-job training; (ii) providing policy advice on the legal framework for commercial activities, trade policy and export promotion, foreign investment promotion, public investment programming, aid coordination, and restructuring of state enterprises (based on prior work of short-term consultants on this); (iii) assist MOP in estimating resource requirements and capital investment needs; (iv) make recommendations on export expansion; (v) make recommendations on foreign investment policies and guidelines; (vi) recommend plans for the restructuring and divestiture of state enterprises; (vii) review the interface between planning and budget and make recommendations on strengthening linkages; and (viii) provide advice on how MOP can be restructured in order to make it more responsive to the requirements of a market-oriented economy. These tasks were additional to the project management work in the context of supervising other consultants under the component, and the coordination work for the other components.

multilateral community. The TA did not channel all macroeconomic advice as intended: World Bank, IMF, UNDP, and some bilateral agencies organized their own TA.

## 2. Engagement of Consultants

7. TA 1694 used a wide variety of contracting arrangements, ranging from employing former United Nations volunteers (UNVs) to contracting a National Statistics Office (NSO) in the region, use of local and international training institutes, use of ADB staff as trainers providing courses, to consulting firms and individually recruited long- and short-term consultants. In one or two cases, ADB was able to contract a Cambodian national residing abroad. However, ADB's intention to simultaneously employ four long-term consultants, one in each implementing agency, did not materialize. The consultant for MOP, who started in August 1992, was supposed to coordinate with the other long-term consultants, but the intended main consultant for the Ministry of Economy and Finance (MEF) was not appointed at all and the consultant for NBC did not start until 1994. Due to an unsatisfactory working relation with MOP, the first lead consultant/team leader was dismissed after 10 months,<sup>8</sup> and another lead consultant was hired after a gap of some 6 months, at end-1993. At that time, a long-term consultant for MEF had not been selected by IMF, for the reason that IMF and World Bank already had their own consultant in MEF, while a long-term consultant for NBC was just under recruitment.

8. The main consultant for the statistics component was recruited in time (August 1992) and successfully completed his tenure, even adding another 8 months, until end-1994. But this consultant had little function in coordinating for macroeconomic management. Of interest was also the extensive use of eight "statistical assistants" from the Philippines NSO (96 person-months in total), and also two ex-UNVs with statistics experience from Sri Lanka. These were generally mid-level career government staff on leave of absence or on contract from their own statistics offices, helping out with various aspects of training and with surveys held by the then Department of Statistics in MOP. As was noted also for similar arrangements in Nepal,<sup>9</sup> the use of such statisticians from other Asian countries, which could be employed for long periods at moderate costs,<sup>10</sup> proved useful for capacity building where technical skills such as statistical methods are not easily absorbed through short-term training.

9. Due to the lack of local training institutes, little such training was conducted apart from some training by the Cambodia Development Resource Institute (CDRI). English language training and computer training figured prominently among the training provided. Over time, the Government wanted more influence over the selection of consultants. This led to a reduction in emphasis on international consultants, and an expansion in the use of statistical assistants.

## 3. Organization and Management

10. TA 1694 was set up with a steering committee comprising representatives of ADB, Cambodia's Supreme National Council (and later Cambodia's elected government), CDRI, IMF, UNDP, and United Nations Transitional Authority for Cambodia. The four long-term advisors were also to be on the steering committee. However, the steering committee did not meet often, and coordination between the main advisors also proved difficult, as for instance the advisor in NBC was hired through IMF and answered to IMF. The monitoring of the public finance and

<sup>8</sup> It is conceivable that the new reduced function of MOP after the elections of May 1993 led to confusion and that this was also a reason for the deteriorated relationship.

<sup>9</sup> ADB. 2002. *Technical Assistance Performance Audit Report on Selected Technical Assistance for Agricultural Planning and Statistics in Nepal*. Manila.

<sup>10</sup> An average cost of \$3,500 per month including travel and administration.

banking consultants remained a problem throughout. MOP's position among other central agencies was very disputed politically at the time, which led to its own coordination difficulties.

11. The World Bank, IMF, and even UNDP were perhaps too much involved in setting up their own programs to expeditiously coordinate the TA, or to find consultants for ADB. Even ADB's review missions for the TA at the time were lumbered with many other tasks.

#### 4. Implementation Schedule and Financing Arrangements

12. ADB was to act as executing agency for the part of the TA financed by UNDP. In practice, UNDP, with its presence on the ground, acted sometimes as though it was the executing agency for ADB. On the banking and public finance components, IMF would be associated; this was a loose arrangement, which in practice led to considerable delays in the deployment of consultants. Overall, although ADB supervision improved considerably by end-1993, it was hampered by the fact that it had no resident mission on the ground. Such a mission would have been better placed to coordinate the four components on a day-to-day basis. The situation also led to delays in approvals for expenditure and recruitment of consultants.

13. TA 1694 originally had very much an emergency character, and was seen in many ways as complementary to ADB's special rehabilitation loan<sup>11</sup> although there was no formal connection. But this emergency character was lost fairly early on, due to such factors as (i) the delay in the start up; (ii) the changed roles of MOP, MEF, and NBC after the new government was established; and (iii) the difficulties in coordinating among ADB, UNDP, and IMF at a time when there was funding agency congestion in the country. The supposed central role of coordinating the return to macroeconomic stability evaporated. The TA, intended to be fully implemented from April 1992 to end-1993, started only in August 1992 due to delays in its approval and subsequent recruitment of staff. The 20 months implementation period should have ended by April 1994, but with over \$2 million not yet spent by that time, the TA was extended first until end-1994, then new activities were still undertaken in 1995 with substantial unspent funds in some components. TA 1694 activities, mainly in MOP, spilled over into 1996, then came to a virtual halt in spite of some funds remaining, probably due to the shift of the responsibility for TA administration to another ADB officer. The political instability in 1997 and a large part of 1998 did not contribute to these last funds being spent expeditiously, and only in 1999, with the return of the earlier ADB officer as country director, were new activities started up. The TA was deemed completed by October 2001.

14. UNDP's share of the TA cost was committed by end-1994; ADB's share by then still had a balance of some \$1.5 million. Supplementary approvals that increased UNDP's share for the statistics component with around \$111,707 were made in November 1994 and July 1995. Up to mid-1995, of the ADB share, some \$189,000 was spent on equipment (computers and peripherals, air conditioners, generators, etc.); and only \$15,000 on training abroad (of \$320,000 planned). Around \$135,000 was spent on local training and local surveys. At end-1999, when the TA was "resumed," some \$769,000 was still left from ADB's funds. This was spent on consultancies in MOP and the Prime Minister's Office, a symposium, equipment, furniture, and renovation of offices, among others in the Office of the Council of Ministers. Revised costs were \$3.97 million. Confirmed disbursements amounted to \$3.92 million. The Government's actual contribution is unknown and cannot easily be estimated. The budget was not specified for the four components, although it was understood that the components should

<sup>11</sup> ADB. 1992. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Cambodia for the Special Rehabilitation Assistance Project*. Manila.

be roughly of equal size. The final expenditure on consultancy used in the four components is as follows:

### Summary of Consultants' Person-Months and Costs

Nature of Work	Person-Month		Cost	
	No.	% Share	No.	% Share
General Planning	89.2	29.1	1,861,118.7	59.6
Money and Banking	27.3	8.9	320,687.2	10.3
Public Finance	8.2	2.7	146,063.7	4.7
Statistics	182.3	59.4	796,386.3	25.5
<b>Total</b>	<b>307.0</b>	<b>100.0</b>	<b>3,124,255.9</b>	<b>100.0</b>

Source: Asian Development Bank's Technical Assistance Information System.

## 5. Supervision

15. The TA was administered by a variety of ADB officers over the year, within two divisions: one for statistics and one for other components. Two inception missions and seven review missions took place in 1992 and (mainly) 1994. At least four of these were in the area of statistics. For the optimal functioning of the TA, perhaps even more supervision would have been required, including more efficient procurement and administration within ADB.<sup>12</sup> The missions were also concerned with administering or processing other TA, or in providing economic advice to the Government. On the public finance and banking side, little ADB supervision took place due to the arrangement with IMF. In 1994 and 1995, with a new ADB officer in charge, the situation improved, and new activities were initiated mainly in MOP, such as the preparation of a first 5-year plan for the country in conditions of a market-based economy and preponderant external aid. A midterm review, planned for July 1994, was never held. By April 1995, the successful statistics component had branched into a new statistics development TA, whereas the Public Investment Program (PIP) activities started under TA 1694 had spawned a new TA in this field in MOP. Activities in MEF had come to an end or had been taken over by other funding agencies. In NBC, activities were also continued with IMF support, and ADB focused its assistance on formal training rather than on-the-job training and technical advice: a new TA helped set up NBC's Center for Banking Studies.<sup>13</sup> TA 1694 had some funds remaining, but it was felt at the time that there were limits to the shifting of funds between the components. New ideas on activities in MEF were not, however, developed at the time. The ADB officer was transferred in 1996, and a new officer did not provide the same intensive supervision. In 1999, the ADB officer-in-charge during 1994 and 1995 became involved again, and then the last funds could be meaningfully assigned. By 2000, a new officer took over, allocating most of the remaining funds to another unforeseen job. By end-2001, the TA's activities were substantially complete, in spite of the fact that some \$43,000 was still unspent. The TA account has, however, not been closed, nor has a TA completion report been completed, indicative of how the funds of this flexibly managed TA have been put to use in the last few years.

<sup>12</sup> However, during other missions to Cambodia, the TA may have been addressed as well.

<sup>13</sup> ADB. 1995. *Technical Assistance to Cambodia for Institutional Strengthening of the Centre for Banking Studies and State-Owned Banks' Staff Training*. Manila.

## C. Evaluation of Outputs

### 1. Outputs

#### a. Adequacy and Quality of Reports and/or Services Provided

16. **Development Planning/Public Investment Program.** Four major medium-term plan documents were produced with assistance of the TA: (i) the National Program to Rehabilitate and Develop Cambodia (NPRDC) in 1994 for 1994–1995, (ii) a subsequent implementation plan for the NPRDC in 1995, (iii) SEDP (1996–2001) in 1996, and (iv) a draft SEDP II (2001–2005) in 2001. The first three documents were drafted by the same consultants and, therefore, internally have a high degree of consistency. They were prepared without much contribution by MOP staff. In fact, MOP had lost much of its status that it had wielded in the years before; it had come to be seen by other ministries as a remnant of the central planning days. Its functions had become unclear. The drive to make the most of the plans, in the absence of linkages with project approval or monitoring processes, could not be mustered. Cooperation from other ministries also left a lot to be desired, and most of them did not contribute full chapters. The documents on the rehabilitation of Cambodia were requested by funding agencies and after their approval by the Government offered to the International Committee on Reconstruction of Cambodia. They thereby played a useful role in directing external agency funding for projects and programs. The effect of the documents on subsequent government programs is more unclear. It is, however, generally acknowledged that the preparation of the NPRDC, as the first detailed development plan after the elections, forced the new Government to think about its priorities.

17. Several consultants were involved in the preparation of SEDP in 1995 (in total, 11 person-months), three funded by the TA, and further consultants were funded by the International Labour Organization and the United Nations Educational, Scientific and Cultural Organization. As with the earlier documents, there was little direct contribution from the side of any of MOP's departments and, therefore also, no on-the-job training took place. There was also a small workshop in MOP afterwards, but very few comments were made in all, other than from the minister himself. A translation into Khmer was not made. The Plan was, however, of decent quality, focusing on poverty reduction, and was well received locally and by the international community.

18. A major output was produced in the first PIP (1996–1998), approved by April 1996.<sup>14</sup> This was a product in which MOP had been involved much more. It had become clear particularly during the preparation of medium-term plans such as NPRDC, that there was a need for establishing a linkage between plans and projects, through prioritized programs. The World Bank had been involved in public investment management in MEF, but the Government deemed it a task for MOP and asked ADB to assist in its development. The TA (19 person-months) commenced in April 1995, helping the establishment of a PIP unit in MOP. This would eventually develop into a PIP department under the General Planning Directorate with some 40 staff. By end-October 1995, the consultants and 10 counterparts in the unit had produced a draft PIP for submission to the Government and National Assembly. This PIP was the first attempt at streamlining and prioritizing the chaotic project approval and planning process. The need for training and further integration of the exercise into the regular planning, budgeting, and

<sup>14</sup> TA 2488-CAM (ADB, 1995. *Technical Assistance to Cambodia for Strengthening Capacity in Development Planning*. Manila.) devoted considerable time to getting it approved by the Government.

aid coordination process in the country led ADB to later design a TA devoted to this—TA 2488 (Appendix 2).

19. A smaller activity that was started at end-November 1999 and completed 4 months later was assistance by a consultant to the Prime Minister's Office. The Prime Minister had asked ADB for the provision of specialized economic policy advice to the newly created Supreme National Economic Council. The output produced was a draft proposal for TA support for this council. This subsequently became an ADB project. Another activity financed out of remaining TA funds was the National Symposium on Democracy, Good Governance and Transparency in the Context of ASEAN, Phnom Penh, 14–16 March 2000. This became a basis for the subsequent governance action plan of the Government.

20. The preparation of SEDP II (2001–2006) was intended to take place in two phases, the first funded by TA 2976, the second by TA 1694. The first phase would design mechanisms and make preparations, as well as a review of SEDP, the second would prepare the Plan itself. The second phase was implemented in 6 months, and again did not involve large contributions from the side of MOP. However, the Plan was prepared in a much more consultative and participatory process than the first. A series of 10 national workshops were held. A draft was produced by May 2001, but was not regarded as satisfactory either by the Cabinet or by ADB. It involved too little prioritization between and within sectors, and, like the previous plan, was rather output oriented. A third phase was deemed necessary, which was funded through TA 2976, to edit the document as a set of appendixes, and to add a concise 50 page main document focusing on the vision of the Plan, its objectives, strategies, and policies. (More discussion of this Plan is in the main text and Appendix 3.)

21. **Ministry of Finance.** A main output was in the area of tax reform: the ADB-funded advisor, in collaboration with two long-term IMF advisors, developed a document called *Cambodia: Strategy for Pursuing Tax Reform*. It was completed and accepted by March 1994. The report is the first strategy document on tax collection after the 1993 elections and proposed basic reforms in salary tax, introduction of value-added tax, reform of excise tax, reduction of profit tax, and major proposals regarding customs administration, as well as a regime for major taxpayers. The Tax Department has confirmed that the strategy document was important in setting out the course of tax administration reform. It regards that 70–80% of the proposals made at the time have been implemented, although occasionally slower than intended due to political events in 1997 up to the elections in 1998. The report, however, does not address some serious problems that were for instance noted later by the World Bank's Public Expenditure Review of 1999, regarding the generous tax exemptions granted under the Law on Investment, ad hoc tax and customs duty exemptions, and very weak capture of forestry revenue.

22. Another main output was in the area of customs administration (airport, ports). Recommendations provided by an ADB short-term consultant in 1993 and also in the document referred to above contributed to rapidly increasing customs revenue in the early years, and this was one of the reasons why in the years 1992–1994 the overall tax revenue expanded from around 5–9% of gross domestic product (but stagnated at this level until 2001). The TA's lead consultant reported in mid-1994 that the overriding priority for further assistance was in customs enforcement and administration rather than tax policy advice, which IMF had indicated it would be providing.

23. Further technical outputs were not, however, produced by the TA. This was undoubtedly due to the fact that UNDP/IMF started up a major TA (\$5 million) for fiscal and monetary management in MEF and NBC, by end-1995.<sup>15</sup>

24. **National Bank of Cambodia.** ADB organized consulting services in mid-1993 for a period of 4 months to produce a proposal for the reorganization of NBC's accounting procedures. Other short-term services were employed by early 1994 in the areas of monetary policy, banking supervision, establishment of capacity in research, and in balance-of-payments data. A Central Bank Law was drafted at the same time through other short-term consulting services, with assistance from the ADB's resident long-term banking advisor. The law was adopted in 1996 and still provides a satisfactory legal framework for the central bank and for commercial banks in the country. The long-term advisor also conducted preparatory activities for the drafting of the Law on Banking and Financial Institutions. The ratification of this law was, however, delayed for a long period due to the disruption of the political process in 1997 and early 1998. The law was enacted finally in November 1999. The long-term consultant does not seem to have produced other main document outputs, although he was appointed also to give advice on organization/structuring of NBC functions. He was in fact working in a team of IMF consultants in which he was not the principal advisor. His performance is regarded as satisfactory by NBC. The consultant is known in NBC as employed by IMF; that he was funded by the ADB TA is not known.

#### **b. Training/Transfer of Technology**

25. First training activities in the Planning Directorate of MOP included short-term consultants invited from overseas to give seminar-type lectures. An ADB staff member provided a 3-week training course, focusing on economic analysis of projects. A former Cambodian national with experience in France provided courses on macroeconomic planning and investment evaluation over a period of 3 months, in light of the preparation of a PIP. Some 50 staff of MOP were invited, and later the course was repeated for staff of other ministries. Due to the changing role of MOP after the elections, some of this training was not well attended. There were also indications that some of the training was pitched at too high level for staff mostly with very modest educational backgrounds. More appropriate was training given in English and in computer skills. When the TA started, the Ministry had only one microcomputer. The TA purchased a sizable quantity of computers and accessories and staff had to be trained in their use. The training program as a whole was, however, hampered by coordination problems with headquarters, as well as little real demand from both inside MOP and outside.

26. The PIP unit was started in mid-1995 and some 19 person-months of international consulting services were hired to start up the design for an initial PIP (1996–1998). Given that the unit was quickly staffed, this was probably the only case where on-the-job training was provided to properly assigned counterpart staff, while working on the main outputs. The work also included the design of a computer database, the first and only such case in the TA.

27. Training in MOF took place in 1994 and was confined to computer training and operational support for six staff handling a personal computer, mainly in secretarial areas. Computer equipment was provided as well.

28. Training in NBC took place through a few courses given by short-term consultants, and through some on-the-job training by the long-term consultant. The main training took place in

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<sup>15</sup> The TA would have 98 person-months of consulting services for NBC and 136 for MEF.

the context of the transition of the old more commercially oriented bank to the new central bank, and the newly proposed banking laws.

## **2. Institution Building**

29. The main institutional effects of the TA for MOP were first of all connected to a number of study tours held by senior staff including the Minister of Planning, to central planning agencies in surrounding countries such as Indonesia, Philippines, and Thailand. Other trips made also contributed to educating the Minister of Planning about the role of planning institutions in market-based economies. These thereby helped to successfully "defend" the role of the ministry in a market-based economy, a role that was questioned by many of his colleagues especially in the early years of the elected Government.

30. The TA did not initiate advice on institution building in MOP. An institutional assessment was not conducted, which is somewhat surprising given the shift in the role and function of the Ministry after the formation of the coalition government in 1993 (see also the main text). The nature of such an assessment, to be conducted in the context of a very fragile coalition, was perhaps considered too political at the time. De facto, the TA's emphasis on medium-term planning and the PIP helped in retaining at least a few of the normal planning functions for the Ministry. Due to underemployment of many of the Ministry's staff—with the total number of staff already reduced from 600 to 400 in spite of opposite developments in many other ministries—the Ministry became involved in the management of a number of disparate external agency-funded projects, among which figured for instance ADB's *Special Rehabilitation Assistance Project* (footnote 11). These activities helped the Ministry to keep active at a time that it was effectively locked out of much of the loop of the central agencies. It also helped in supplementing salaries and providing staff with training opportunities. The ad hoc projects helped in keeping staff with MOP but did not help in sorting out its more permanent functions.

31. NBC's institution building was conducted by a team of IMF advisors, of which the ADB-funded advisor was one. All in all, much advice on the reorganization, transformation, and new legal framework of NBC was provided over the period. The same cannot be said of the advice to MEF, where such advice was left entirely to IMF, Swedish International Development Cooperation Agency, World Bank, and later UNDP advisors.

## **3. Performance of Consultants**

32. From the files, there is little reason to suspect that any of the consultants hired for the TA were less than professional. Barring one or two cases, complaints about consultants were not recorded during the Operations Evaluation Mission (OEM). One consultant was replaced by ADB after complaints by the Government. If some of the outputs were substandard or less than effective, this was due more to the overall context in which the TA had to perform, including the lack of effective coordination between ADB, IMF, and UNDP, than to underperforming consultants.

## **D. Overall Assessment**

33. TA 1694's development planning component is deemed successful by this TA performance audit report, mainly because of its production of important initial reconstruction and public investment plans for the country, and catalytic role in channeling funding agency assistance to the country. The component on national statistics is regarded as highly successful, as it quickly restored some initial statistical capacity while also producing much

needed statistics with a relatively high quality socioeconomic survey, a first establishment survey, consumer price index, and national accounts. The component on money and banking is also regarded as successful, in spite of having been less visible and submerged in larger funding agency efforts to change NBC. The public finance component is regarded here as partly successful. This was supposed to be a central component, but for one reason or other, the functioning was peripheral within the context of the overall TA focusing on macroeconomic management. Overall, ADB made a speedy and thereby credible effort at a very difficult time for Cambodia. In some areas, it did not work out very well, but the situation was in a high state of flux and ADB steered with a large measure of flexibility. The TA is regarded as successful by the OEM.

## **E. Conclusions**

### **1. Key Issues**

34. The clipping of MOP's functions in 1993 deprived it from being able to approve or coordinate public investment from a holistic perspective, whereas other central agencies have been similarly constrained due the lack of a number of functions in the project cycle. In this context, the increasing focus of TA 1694 (and subsequent TA) on medium-term development plans and the PIP could be seen as an attempt at restoring this holistic function, or at least strengthening some of the dwindled functions. Essentially, the Government needs to reconsider the perceived essential functions of MOP, also in the light of the distribution of planning functions across a range of central, and now also provincial, agencies.

### **2. Lessons Learned**

35. The TA has had to cope with two potentially conflicting objectives: to quickly provide plans and statistics that would stabilize the economy and improve the country's economic management, while at the same time building human capacity almost from scratch. Next to this, the TA was loaded with a very wide range of subjects in four different implementing agencies. The TA had to perform in a context of changing institutional positions of all its implementing agencies, and on top of this in a highly fluid funding agency situation, with many of them vying to provide assistance to MEF, NBC, and also, later, National Institute of Statistics. Such a situation evidently requires a very flexible process-oriented TA capable of coordinating adequately and adjusting as soon as new assistance by others comes on stream. Such flexibility was there but would have been helped further if ADB had had permanent staff on the ground. ADB's resident mission in Cambodia was established in 1997, long after most of the TA activities were completed. In dispensing important macroeconomic advice to the Government, a permanent presence of ADB's own staff to complement consultants is undoubtedly very important.

36. Given the landmark elections announced for May 1993 and the establishment of a new Government afterwards, the planned midterm review should have perhaps been held around that time (it was never held). This might have led the TA on a different, more institution-building course, at least for the components in MOP and MEF.

37. The nature of the TA was in practice more about substitution for local capacity in generating certain essential outputs, than about building capacity. The dominance of components in the TA substituting for local capacity rather than just training/capacity building, also meant occasional confusion—and ultimately a pattern setting in—regarding the funding of operational activities, such as the various surveys and the preparation of medium-term plans.

Ministry staff came to see such external funding as necessary for the conduct of any of its activities, including the provision of salary supplements and allowances for attending training courses, and furthermore use of vehicles, allowances for field trips, etc. TA in a postconflict situation needs to reflect well on the different approaches to be taken for substitution activities and (formal) training activities.

### **3. Follow-Up Actions and Recommendations**

38. Recommendations on MOP are provided in Appendix 3, the last of ADB's TAs to MOP. Recommendations on statistics development are provided in Appendix 4. Given the long time passed since the TA assisted MEF and NBC, no recommendations are offered on the components of public finance and money and banking.

## TA 2488-CAM: STRENGTHENING CAPACITY IN DEVELOPMENT PLANNING<sup>1</sup>

### A. Background

#### 1. Rationale

1. TA 2488's predecessor, TA 1694,<sup>2</sup> had started work on investment planning procedures in the Ministry of Planning (MOP) by early 1995 (Appendix 1). A Public Investment Program (PIP) unit had been established, and a draft PIP for Cambodia for 1996–1998 was in the making when an Asian Development Bank (ADB) mission in July 1995 reached an understanding with the Government on new advisory technical assistance (TA) in this field. The TA was deemed necessary since in the production of the first PIP certain weaknesses remained apparent in the quality of the project data and the understanding of the counterpart and ministry staff. The PIP unit was deemed by ADB to be the Government's principal instrument for planning the overall level of public investment and for helping to determine investment priorities. Its technical functions would include assessing the quality of the investments proposed by the ministries, maintaining and updating a database of public investment proposals, and producing a draft PIP for consideration by the Government. Additional assistance was thought required (i) in ranking and appraisal of projects at the line ministry level to improve the quality of project data, (ii) in relation to the investigation of alternative programs by the PIP unit and the steering committee so the program remained current and contributed to decisions over budget levels and counterpart funding, and (iii) in relation to the coordination and approval process so that ministries and central government agencies continued to prioritize investment proposals.

#### 2. Objectives and Scope of the Technical Assistance

2. The broad aim of TA 2488 was to assist the Government (mainly MOP) in establishing and maintaining planning activities for developing and choosing priority policies and projects, and in particular to strengthen the human resources capabilities in existing activities. The specific objectives of the TA were to (i) sustain and improve the Government's capacity to prioritize investment proposals under budgetary and absorptive capacity constraints through the operations of the PIP unit; (ii) assist in institutionalizing the submission and approval mechanisms for the PIP in MOP, line ministries, and central agencies; (iii) assist MOP and the Government in the preparation of the second PIP for 1997–1999 and identify priority projects for aid group meetings; and (iv) assist in redefining the role of development planning in the context of a more limited role for the public sector.

3. For this, a long-term advisor was to be placed for a total of 12 person-months over an 18-month period in the PIP unit in MOP, whereas another advisor was to help for 8 months. In addition, four short-term consultants were to be involved in assisting line ministries in the field of PIP preparation. A workshop and study tour for six senior officials were also planned.

#### 3. Technical Assistance Completion Report

4. As with TA 1694, ADB did not prepare a TA completion report, but reported some of the achievements briefly in the follow up proposal for TA 2976: (i) establishment of a transparent mechanism for PIP screening, selection, and prioritization; (ii) preparation of the 1997–1999 PIP and 1998–2000 PIP; (iii) redefinition of the role of development planning and MOP; and (iv) extensive training. The TA paper states that while there have been remarkable achievements, certain weaknesses and shortcomings in the PIP process had persisted that

<sup>1</sup> ADB. 1995. *Technical Assistance to Cambodia for Strengthening Capacity in Development Planning*. Manila.

<sup>2</sup> ADB. 1992. *Technical Assistance to Cambodia for Strengthening Macroeconomic Management*. Manila.

should be further addressed and improved. In particular, these concerned the absence of a national capacity to assess public policy and investment actions, the lack of national budget, and the absence of joint planning of capital and current expenditures.

## **B. Assessment of Implementation Performance**

### **1. Design of the Technical Assistance**

5. The design of the TA was adequate, because it included an attempt to restore an important function that planning agencies have in developing countries: to provide advice to project approval authorities regarding the relative quality of investments proposed by line ministries. In Cambodia, this function had in practice been taken away from it in 1993 when the Council for the Development of Cambodia (CDC) was created and vested with coordination of foreign-aided projects, which make up around 90% of all public investment projects in the country. The problem remained that the project approval authorities were a diffuse group, not organized in a national committee to which MOP could be the secretariat. In fact, many new projects included in the PIP each year are already approved outside its steering committee—by external funding agencies and individual line ministries. A further, minor design flaw was that the computer software produced for the PIP was deemed completed. In fact, a local consultant systems specialist had to be involved over the entire period of the TA to improve the software.

### **2. Engagement of Consultants**

6. The company contracted for the TA was engaged in accordance with ADB's *Guidelines on the Use of Consultants*. The contract of the lead consultant was extended from 12 to 16.2 person-months. The services of a PIP unit specialist could be reduced from 8 to 5 months; whereas an unforeseen public expenditure management specialist was recruited for 1 month, and a local computer PIP systems specialist for 22.2 person-months. A different company was hired from the one involved in the previous phase of support for the PIP, although one of its consultants was hired for a brief period. This worked out well.

### **3. Organization and Management**

7. MOP maintained coordination with other central and line ministries through a PIP steering committee, consisting of representatives from MOP, CDC, Ministry of Economy and Finance (MEF), and National Bank of Cambodia. This worked well.

### **4. Implementation Schedule and Financing Arrangements**

8. TA 2488 was supposed to be implemented from January 1996 to June 1997. The TA was in fact completed some 4 months later, in October 1997, with a saving of around \$20,000. The follow on TA 2976 started more than a year later by January 1999.

### **5. Supervision**

9. Supervision was adequate, with one project officer in charge over the course of the project. Two review missions were held, one of which was to attend a midterm review, in September 1996. During a country consultation mission, the project was visited by the two officers responsible for preparing the TA.

## **C. Evaluation of Outputs**

### **1. Outputs**

#### **a. Adequacy and Quality of Reports and/or Services Provided**

10. The TA, first of all, helped in updating the 1996–1998 PIP prepared under TA 1694 for the July 1996 consultative group meeting. This covered ongoing projects missed during the PIP preparation, including updates in the funding status of projects, and an information cut-off date for updating the PIP. A related output involved getting government approval for the 1996–1998 PIP on 6 April 1996, as well as for the Socioeconomic Development Plan 1996–2000 on the same date, also prepared under TA 1694.

11. Further main outputs produced were the draft PIP 1997–1999 in August 1996, the final version in October 1996, and an updated PIP in April 1997 for the subsequent consultative group meeting in June 1997. A draft final PIP 1998–2000 was also prepared, endorsed by the Government in October 1997, and sent on to MEF in the context of the preparation of the national budget for 1998. A feature of the preparation of the PIP 1998–2000 was the return by line ministries of updated sector policy action matrices as well as updated PIP portfolio returns.

12. The PIP reports provide three chapters: one on the macroeconomic policy framework, one on sector strategies and policies, and one on the PIP. The latter is a list of public investment projects with needed resources for 3 years, and ranked into a number of categories: ongoing, committed by funding agencies, and three for projects not yet approved or committed: pipeline high priority, pipeline medium priority, and pipeline low priority. TA 2488 amended the earlier approach chosen by TA 1694: medium-term macro and sector policy actions were linked to complementary public investment priorities. The revised approach also included a distinction between a "core" PIP, and a PIP "reserve list" (projects rated as pipeline medium and low priority). A project information sheet is generated containing minimum preliminary information provided by agencies so that ranking of individual project proposals is based on simple criteria to rank projects between sectors. In order to establish how many projects can be included in the PIP, the domestic budget and aid pledges are monitored. A PIP unit operations manual was prepared, and instruction in it given.

13. Some additional advice was provided by the lead consultant on operational matters of MOP and, furthermore, regarding Cambodia's Greater Mekong Subregion Country Perspective Report. In addition, the TA helped with the preparation for a new TA proposal aimed at sustaining and expanding the planning process.

#### **b. Training/Transfer of Technology**

14. Four sector specialists provided training to selected line ministries in public investment planning. Training materials were prepared on sector basis, and a 3-week training program held for six line ministries. Common areas included training in project preparation, costing, screening, and prioritization. The number of participants for each of the four courses was limited to 25 and included MOP staff. The opening and closing ceremonies were covered by television and press. Counterpart staff with MOP translated all training materials.

15. A 2-day workshop on the PIP was held for 40 participants from line ministries. Twenty-five selected staff of MOP were trained through a 1-month input from a strategic planning and public expenditure management specialist. On-the-job and formal training was also provided by the long-term advisor on a weekly basis, mainly with the staff of the PIP unit—10 in all. The local

computer systems specialist provided further training. A PIP unit manual was completed, including all PIP operations, documentation/collection/checking, and collating of data from ministries, processing steps and procedures, and presentation of PIP documents. There was also a private sector investment evaluation course during 2 working weeks and for around 20 line ministry staff. The intended 2-week study tour for six senior officials to Indonesia and Malaysia was not implemented. Two staff were sent on foreign master's degree training.

16. A user-friendly and networked computer software program was designed to maintain the PIP database. The hardware for this, as well as the software, was found in good order, including the PIP databases set up. Much more information was entered and maintained in the PIP database than was used for printing of the PIP. The information was obviously kept for purposes of monitoring and evaluating of projects, but this function was still not performed by MOP at the time of the Operations Evaluation Mission (OEM). The PIP unit complained that many of their project information sheet returns from line ministries did not contain good information.

## **2. Institution Building**

17. The TA helped in the conversion of the PIP unit to a Public Investment Department in MOP. The Government Subdecree 55 (SD.ES of 18 September 1997) set out the responsibilities and tasks of the directorates and departments of MOP, including the new Public Investment Department (i.e., preparation of the PIP and its monitoring and evaluation). This also led to increases in the staff contingent.

18. The TA played a part in the integration of the PIP in the planning and budgetary process of the Government, and in the strengthening of MOP in the institutional context. The training program, the required coordination between ministries for the production of the annual PIP, and lastly the PIP steering committee, all contributed to MOP re-occupying a place in the planning process. In various ministries, mechanisms were established for the purpose of coordinating PIP proposals across and within departments and setting priorities prior to presenting PIP submissions to MOP. The TA played a role in putting a medium-term perspective in the previously annual budgeting process, which facilitates forward planning. Thus, it should be seen as helping to provide discipline to the planning process, so that not too many projects are started up for the Government to provide counterpart funds for, or to sustain.

19. A circular jointly signed by the ministers of MOP and MEF was issued on 16 May 1997 and stated that no project can be funded by the national budget unless it was processed in accordance with PIP procedures. A subdecree was issued in September 1997, endorsing the strategic approach and ensuring the consistency between the PIP and the national budget. The role of monitoring the PIP was assigned to MOP.

20. There were, however, also limits to this institutionalization: MOP nor any other ministry or coordinating body was assigned project approval functions in the context of the PIP. Financial resources for the monitoring of the PIP were not made available, in spite of the fact that in 1997 a new department was created in every ministry, that of the inspector general. Until the present, this department has, however, not been staffed to deal with other functions than to do internal inspections, of which it has done very few. Neither was an evaluation department created, or any type of monitoring and evaluation section. Due also to the role of CDC and the Office of the

Council of Ministers in editing the PIP for consultative group meetings, and especially also for midterm funding agency meetings, the status of the "approved" PIP remains tenuous.<sup>3</sup>

### 3. Performance of Consultants

21. The OEM established that the consultants were well regarded by MOP. The OEM evaluates the performance of the consultants as satisfactory.

#### D. Overall Assessment

22. TA 2488 continued the PIP process in MOP and line ministries started under TA 1694, and improved it. TA 2976 would continue to refine the process up to end-2000. For the last 2 years, an official document is produced by the PIP unit on its own and the project database is maintained. The exercise has, therefore, so far proved sustainable. The situation is far from ideal. There are certain problems with the prioritization exercise: due to the lack of a national project approval system, all committed foreign-funded projects are by definition regarded as part of the PIP. There is also significant duplication because CDC does a large part of the exercise all over again as part of the external agency coordination process. Currently, with the medium-term expenditure planning process in MEF, the momentum is shifting in a different direction. The TA conducted much training in economic analysis and project analysis, which was successful mainly because many staff from line ministries were invited; MOP itself was not very active in these areas in practice. Monitoring and evaluation objectives of the TA were not addressed in the implementation process, and had to be shifted to follow-on TA 2976. Although there are many drawbacks, the TA is still rated as—marginally—successful, due to the fact that the PIP must have instilled some discipline in the project portfolio management process in Cambodia.

#### E. Conclusions

23. The PIP strengthened macroeconomic planning but a main problem is the absence of a national process for the approval of projects. This may be in large part due to the circumstance that the country hardly funds its own public investments. Public investments are mainly funded through external aid agencies. The Government may be reluctant to seriously question decisions taken by such agencies. Yet, externally-funded projects imply economic choices and commit government resources, for instance in terms of staff to manage the projects and run the facilities later. This means that there should be a formal approval process. At the moment, Cambodia has an aid coordination process, with CDC in charge.

24. The diffuse institutional process leads to MOP preparing a PIP that is approved by the Government, but a CDC that subsequently updates and expands the PIP so that it becomes more geared to what the external agencies want to see. If one agency were to prepare the PIP, this process would be much more efficient. The CDC follow-up process, for instance, provides an opportunity for line ministries to try to introduce new project proposals into the PIP presented to funding agencies, thereby undermining the discipline of the prioritization process.

25. We refer to the next appendix for lessons learned and recommendations on the PIP.

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<sup>3</sup> The final report of the consultant reflects this: "The challenge is to move the planning reforms forward to the establishment of regular monitoring and evaluation and sector performance review, so that the results thus obtained can be utilized to ensure that the linkage of expenditure allocations to strategic outcomes is maintained and further enhanced. Further improvements to the PIP preparation can only be achieved by expansion and further reform of the planning process, so that the results of evaluation and performance analyses can feedback into the selection of future policy and expenditure priorities."

## TA 2976-CAM: CAPACITY BUILDING IN DEVELOPMENT PLANNING (PHASE II)<sup>1</sup>

### A. Background

#### 1. Rationale

1. The Asian Development Bank (ADB) was asked to provide assistance in building capacity in the Ministry of Planning (MOP), and in particular in preparing an annual and medium-term public investment program (PIP). A technical assistance (TA) fact-finding mission visited Cambodia toward the end of TA 2488 (Appendix 2), and reached an understanding on the new TA. The findings and lessons of TA 2488 were taken into account, and the aims of the new TA were considerably more wide ranging than those of TA 2488.

#### 2. Objectives and Scope of the Technical Assistance

2. The objective of TA 2976 was to (i) assist the Government to maintain and expand its strategic planning capacity, (ii) strengthen the linkages between the PIP and the budget cycle, and (iii) develop human resources required to implement proposed activities. Of particular interest were three key aspects: (i) an effective monitoring and evaluation system for the Socioeconomic Development Plan (SEDP) and the PIP, (ii) a public expenditure review, and (iii) training in strategic planning and public expenditure management. The TA was to use 46 person-months of advisory services, and the executing agency was to be MOP. The TA was to be implemented over a period of 1.5 years, to be concluded in September 1999.

#### 3. Technical Assistance Completion Report

3. TA 2976 is substantially complete since October 2001, but the operations department had not yet written a TA completion report due to some remaining funds. Its outputs have not been discussed in any other ADB TA document, even though some subsequent ADB TAs could be seen as related to TA 2976, notably TAs 3634 and 3721.<sup>2</sup> There has been no follow up to TA 2976, such as there had been before with its predecessors. In this sense, the string of TAs provided to build capacity in MOP (general planning directorate) has come to an end.

### B. Assessment of Implementation Performance

#### 1. Design of the Technical Assistance

4. The design of TA 2976 is an explicit follow up and expansion of TA 2488. The TA was again supposed to strengthen the PIP process, which had already been started under predecessor TA 1694. There are, in fact, many cases of ADB supporting a capacity building process over several "serial" TAs. If a practice is accepted, such as is done by this TA performance audit report, to provide limited assistance over a limited slice of time, and then to review whether more is needed, then this design was appropriate. However, there were some other objectives (para. 2), and some of these were not achievable without some changes in the institutional context, such as the introduction of a national process for project appraisal and

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<sup>1</sup> ADB. 1997. *Technical Assistance to Cambodia for Capacity Building in Development Planning (Phase II)*. Manila.

<sup>2</sup> ADB. 2001. *Technical Assistance to Cambodia for Strengthening Public Financial Management (TA Cluster)*. Manila; and ADB. 2001. *Technical Assistance to Cambodia for Institutional Support for National Economic Policy Management*. Manila.

approval, a raised status in monitoring for MOP, and more responsibilities for MOP in financial and macroeconomic management. In that sense, the TA was not well designed.

## **2. Engagement of Consultants**

5. The TA appeared in ADB's *Business Opportunities* in December 1997. Five firms were shortlisted and invited to submit a proposal for the TA. Three proposals were submitted. The same consulting firm won the contract as had been engaged earlier for TA 2488. This had the added benefit of providing a large measure of continuity to the ongoing capacity-building process undertaken by ADB in MOP.

6. The consultant who had worked under TA 2488 returned to MOP after an interval of some 15 months. His contract was extended by over 4 months. The expected 6-month consultancy on monitoring and evaluation was dropped, due to the fact that the firm could not find an appropriate replacement candidate for an expert who was no longer available. A 3-month consultancy was added to the team leader's terms of reference after a scope change regarding the addition of preparatory work for SEDP II, and later after another scope change to finalize SEDP II. MOP has indicated its satisfaction with the consultants provided under the TA.

## **3. Organization and Management**

7. MOP was once again the executing agency; coordination with other central agencies was to be achieved through the PIP steering committee. The technical working group under the PIP steering committee would regularly meet to ensure the quality of TA progress. However, the working group never met.

## **4. Implementation Schedule and Financing Arrangements**

8. The progress of the TA suffered from a number of factors including a year of processing delay and concomitant loss of momentum between the end of TA 2488 (phase I of the assistance), and the start of TA 2976 on 17 December 1998 instead of May 1998. As per agreed terms of reference, an inception report was written by end February 1999, the interim report by early June 1999, the midterm report by 12 November 1999, and the final report by July 2000. However, with remaining funds to the tune of around \$153,000, the team leader was called in a year later for a period of 3 months, to complete phase III of the preparation of SEDP II, after phase II as conducted by TA 1694 (Appendix 1). This was after the TA's team leader had already made a 1-month contribution to this phase II, funded by TA 1694. The work on SEDP II was added to the TA through officially approved scope changes. A scope change was also added to fund a national dissemination workshop for SEDP II and a participatory poverty assessment funded by TA 1694. The TA has an undisbursed balance of \$60,105, but is deemed to have been completed by 1 December 2001.

## **5. Supervision**

9. The reconnaissance mission for the TA was held in August 1997, a month after the coup d'état events. Although the processing of most TA and loans was suspended, the mission recommended proceeding with the processing of the TA, since ADB had established a lead role in the PIP process. The President approved the processing of the new TA on grounds that phase II of the TA should be treated as part of ongoing TA.

10. Over the course of implementation, ADB changed the project officer twice. Although there was still a large measure of continuity since the ADB officer earlier involved in TAs 1694 and 2488 was posted to the resident mission, this situation may have contributed to the somewhat messy implementation process of the TA. Examples of this are the withering away of the TA's components on monitoring and evaluation and public expenditure reviews, the late approval for a new consultant, as well as the somewhat complex implementation arrangements for the SEDP II process. The latter involved unforeseen contracts funded both from TAs 1694 and 2976, with consultants of the two firms temporarily being hired to help with the ultimately three phases of this process. Probably due to the change of project officer on the one hand, and the close involvement of the resident mission on the other, only one review mission was held.

## **C. Evaluation of Outputs**

### **1. Outputs**

#### **a. Adequacy and Quality of Reports and/or Services Provided**

11. A main output was further technical enhancement of the PIP process and assistance with the preparation of the PIP 2000–2002, which was approved by the Government in December 1999. The PIP unit operations manual prepared under TA 2488 was updated and enhanced. A public investment decision matrix was introduced, which ranks investment proposals against a range of economic and non-economic criteria key to the information submitted on the public investment information sheet. An attempt was made to shift the composition of the PIP toward the rural areas consistent with the urban-rural public investment split in SEDP 1996–2000. Greater attention was also given to improving MOP's ability to provide better programming of cash flows associated with each project including recurrent costs in order to facilitate closer PIP/budget linkage.

12. Assistance was also provided with the PIP 1999–2001, although unforeseen, due to the shift of some of MOP's key staff. Since budget had not been provided by MOP for the preparation of the PIP, the TA also supported with operational budget. The absence of an updated PIP document in mid-1998 had meant a downward turn in the credibility of MOP. Even after the strengthening of its design, the PIP suffered from problems as weak project preparation especially with respect to costing of project inputs, both capital and recurrent, and the quantification of expected project benefits.

13. In order to analyze the macroeconomic implications of the PIP, macroeconomic planning models were developed for this purpose under the TA. This was undertaken in close collaboration with counterpart staff in MOP and in consultation with the Ministry of Economy and Finance (MEF) and the National Bank of Cambodia (NBC). The models were prepared based on seven spreadsheets and use national accounts as produced by the National Institute of Statistics, as well as balance-of-payments accounting frameworks. It follows the logic of the revised minimum standards model of the World Bank. A manual was written on its use.

14. The PIP monitoring element of the TA remained confined to the capture of planned and actual aid agency and government counterpart funding of completed and ongoing public investments on an annual basis. This was done through the public investment information sheet that is prepared for each project. Furthermore, a guide to monitoring and evaluation was prepared. Lack of consensus within the Government on the scope of monitoring and on which agency should coordinate the monitoring exercise led to limited output of the TA in this field, apart from processing delays and unavailability of a replacement expert.

15. Delays in mobilizing key members of the TA also meant that it was not possible to conduct the intended public expenditure review for two sectors as envisaged. Only a guide to the public expenditure review was prepared for use in MOP, and instruction in it was given.

16. The Government requested TA for SEDP II during the ADB 1999 country programming mission. The assistance was provided in two phases: phase I was executed under TA 2976, phase II under TA 1694 (Appendix 1). Phase I activities consisted of the organization of an interministerial working group for technical guidelines, (ii) review of the first SEDP, (iii) preparation of a macroeconomic framework for SEDP II, (iv) preparations of a full work plan for SEDP II, and (v) preparations for a national workshop on SEDP II (held on 18 May 2000) including a concept paper.

17. After some criticism was voiced during one of the workshops held to discuss the draft of SEDP II as prepared under TA 1694, the Government withheld its submission to the National Assembly. ADB agreed with the Government that the document's strategic nature needed to be strengthened. With funds of TA 2976, the draft SEDP II was edited, new consultations were held, and a main document added with four separate chapters on vision, objectives, strategies, and policies. The final document was approved by November 2001, and consisted of three volumes: SEDP II, Annex 1: Sectoral Analysis, and Annex II: Participatory Poverty Assessment. The main text was translated into Khmer. As the last activity of the TA, the participatory process regarding SEDP II was documented in a report in December 2001. The consultant even contributed some work to the interim Poverty Reduction Strategy Paper (PRSP), which started as an internal requirement of the International Monetary Fund but then grew into a World Bank-supported (and later ADB-supported) National Poverty Reduction Strategy parallel to SEDP II. The support was given at the request of MEF; an outline for the interim PRSP was prepared by TA 2976.

#### **b. Training/Transfer of Technology**

18. The TA continued the previous TA's practice of concentration on training and transfer of skills and knowledge to counterparts. The TA team leader provided training inputs to the PIP unit (10 staff) on the PIP methodology, management of the PIP process, and introduction to other concepts of public expenditure management including sectorwide approach and medium-term expenditure framework. Training was furthermore given in computer and database management, macroeconomic planning, public investment appraisal, and report writing in the English language.

19. The transfer in 1998 of some key technical staff to the central bank following the appointment of the Minister of Planning as its Governor depleted the quality and quantity of counterpart personnel available to the TA. For this reason, the consultant had to involve himself in more substitution activities, rather than training and facilitation. Also, a substantial amount of the PIP training implemented under TA 2488 had to be repeated. In general, much training was given, but the training component remained hampered due to the (i) lack of basic economic and quantitative expertise on the part of some staff, and (ii) variable commitment of staff due to poor pay. On the other hand, as the final report of TA 2976's consultant points out, the relative success of training is evidenced in part by the marketability of some MOP recipients of training who since have moved on to other government agencies or to the private sector and nongovernment organizations.

20. Two workshops were held prior to the SEDP II process, focusing on PIP preparation, with staff from central and line ministries. The second workshop focused on sharing with MEF,

Council for the Development of Cambodia (CDC), NBC, and MOP the structure and operations of the macroeconomic model established under the TA.

## **2. Institution Building**

21. In spite of the PIP steering committee, there remained an overlap with parallel works done by CDC and MEF. Many information flows remained ad hoc and based largely on exchange of information among foreign advisors rather than formal mechanisms within the Government. The PIP and budget have remained prepared largely on parallel tracks; discussions on the capital and recurrent budgets are held separately by MOP and MEF, with CDC, the Office of the Council of Ministers, and even the Ministry of Finance and the Prime Minister also playing a role. Although MOP is charged officially with project-monitoring functions, since 1999, CDC has issued a project monitoring form that seeks to monitor in regard to the PIP aid-financed projects both financial and physical progress (with little response from line agencies); the PIP information sheet sent by MOP asks for the same information and stores this in its computer database. The problem is currently also financial: there is a lack of funding for the running costs of the Ministry's activities.

22. MOP's continued lack of responsibility for individual project approvals and the lack of capacity building for monitoring and evaluation have been pointed out before. The public investment management system in CDC/MEF which was developed by the World Bank in the same period has not survived. It was to be based on quarterly progress reports from line ministries to MOP, and would assess the actual against planned PIP implementation as well as provide regular reports to the Government on the financial and physical progress. One development took place outside the context of the TA: in 2000, a number of new councils were created, in part as a result of government-funding agency dialogue. One of these was the Council for Social Development, chaired by the Minister of Planning and officially charged with coordination and monitoring of public investment in the social and economic sectors. This also led to a project on poverty monitoring analysis by the Swedish International Development Cooperation Agency (SIDA) and the United Nations Development Programme, which is currently preparing a monitoring system in MOP. If a wide concept of poverty is employed which takes into account all aspects of public investments (as it has done so far), then this system might hold out some promise for the gradual expansion of monitoring functions for MOP.

## **3. Performance of Consultants**

23. MOP has indicated its satisfaction with the consultants provided under the TA. This TA performance audit report concurs with the assessment for the consultants that arrived on the job, but much less satisfactory was that the firm did not find a replacement for the monitoring and evaluation expert and ADB did not insist enough. This led to serious gaps in the TA's intended outcomes.

## **D. Overall Assessment**

24. The scope of TA 2976 called for a wide range of activities and was perhaps overambitious. A focus became the PIP again, training, and later the preparation of SEDP II. Since the PIP had already been introduced before, and much training had also been provided before, the question is what added value the TA had. The linking of the PIP with more robust monitoring and evaluation systems and with budget systems (through public expenditure reviews) largely failed. The macroeconomic analysis frameworks developed for the PIP were not applied any longer after the consultant left. Assistance to SEDP II was successful and

salvaged the draft produced through TA 1694. But yet, partly for reasons beyond its control, the status of SEDP II has eroded due to the subsequent attention for the PRSP. Provisions for adequate monitoring of SEDP II have not been made, as with the PIP. Another TA, funded by SIDA, is currently focusing on poverty monitoring systems for the newly-created Council of Social Development (which has MOP as secretariat). The linkage with SEDP II and the PIP is, however, indirect; its future role is uncertain. Thus, TA 2976 has not been able to bring planning, budgeting, and monitoring closer together, and has not been able to prevent the fragmentation of the planning function in the country. The TA is here rated partly successful.

## **E. Conclusions**

### **1. Key Issues**

25. PIP has increased the Government's familiarity with rolling plans and budgets, which must be seen as beneficial. The PIP is currently institutionalized within MOP's Public Investment Department, and in CDC. However, there is a danger of regression due to MOP's continued weak institutional position. Three years after the last assistance was provided in preparing the PIP, its quality has gone down. The momentum has shifted toward medium-term expenditure frameworks, priority action programs, sectorwide approaches, and decentralization.

### **2. Lessons Learned**

26. Much thought needs to be given to the institutional position of the lead government agency for the preparation of medium-term plans and the PIPs, and for coordination mechanisms. In the case of Cambodia, where 90% of public investment is foreign funded, there is a strong case for combining the planning function with the aid coordination function in the same agency. Thought also needs to be given to the option of combining public investment planning and budgeting with overall budgeting functions in one agency. The linkage of these functions through an active, high-level public investment approval committee is another option.

### **3. Follow-Up Actions and Recommendations**

27. MOP needs to build up capacity in macroeconomic forecasting in order to formulate the medium-term macroeconomic policy framework for the PIP. MOP also needs more capacity in financial analysis, to estimate or recalculate recurrent cost implications of completed projects.

28. A national monitoring and evaluation system needs to be established, to provide a basis for quarterly and annual reviews prepared by MOP for a national committee together with recommendations for action where required. MOP needs to work toward converting its poverty monitoring system for the Council of Social Development into such a system this year.

29. There should be no updating of the PIP that requires a recalculation of the program. The approved PIP should form the basis for aid group discussions, and aid group meetings should be timed to fit with the Government's processing timetable that itself is oriented around budget preparation. This provides for approval of the PIP each year at end November. The best timing for aid group meetings is, therefore, in the first quarter of every year, so that deliberations and commitments can be based upon a recently approved PIP document. ADB should promote this idea in the next year.

## TECHNICAL ASSISTANCE ON NATIONAL STATISTICS DEVELOPMENT (TAs 1694-CAM, 2261-CAM, and 3293-CAM)

### A. Background

1. In 1992, before the Department of Statistics (DOS) in the Ministry of Planning (MOP) began to receive outside technical assistance (TA) and support, its resources were minimal. Staff in the Phnom Penh central office numbered roughly 40, there were no computers, and office facilities were very run down and lacked basic office equipment. The capacity of DOS began to improve in 1992 with TA and resources made available through the Asian Development Bank (ADB) TA 1694 (Appendix 1). In 1994, DOS was renamed the National Institute of Statistics (NIS) to reflect an upgrading of the organization's status. An October 1997 subdecree on statistical obligations and MOP approved by the Council of Ministers upgraded NIS to the level of Directorate General in MOP, and gave NIS authority to conduct statistical data collection in Cambodia while defining the institute's main tasks.

2. Despite the advances in the status and authority NIS achieved through the 1997 subdecree, there is still a recognized need to upgrade its legal status. There are ongoing efforts to establish a law to govern statistical data collection, and grant NIS legal authority to carry out its survey activities in Cambodia. The law contains no provisions addressing government financing of data collection activities. A draft law has been passed by the Council of Ministers and is currently in the process of legislative review.

3. To date, three ADB TAs have assisted Cambodia in developing its statistical capacity. TA 1694 included a component focusing on efforts to strengthen the Cambodian statistical system and improve the availability of statistics required for economic management. The broad objectives of the TA in the area of statistical capacity building were to (i) strengthen the statistical system, and (ii) make available as quickly as possible the economic statistics required to monitor and manage the economy. A budget for the component was not separately specified. As one of the four components in the \$3.885 million TA, it could avail of around \$1 million in normal circumstances.

4. On 22 December 1994, at the conclusion of TA 1694, TA 2261: *Statistical System Development* was approved. Unlike its predecessor, this TA focused solely on statistical capacity building (SCB) at NIS and provided \$1.02 million in ADB financing and envisaged a cost-sharing contribution equivalent to \$180,000 from the Government. The TA's continued efforts in SCB that were begun under TA 1694 focused on building NIS' capacity in carrying out large-scale surveys and enabling enhancement in the statistical database available in Cambodia through improved interministerial cooperation on statistical matters—particularly compilation of statistics from administrative records. The approved TA paper anticipated two major achievements: (i) establishment of a statistical system in Cambodia centered in NIS, but with statistical sections in other ministries and statistical capacity at local levels; and (ii) building a stronger NIS with better trained managers and technical personnel capable of producing timely statistics consistent with establishing international standards.

5. On 10 November 1999, ADB approved TA 3293: *Statistical System Development (Phase III)* to continue the SCB activities of the earlier two TAs, with \$1 million financed on a grant basis by ADB and an equivalent of \$200,000 to be covered by the Government. The objectives of this TA were closely related to those of the earlier TAs, but had an emphasis on expanding the data collection activities of NIS, both in number and breadth, with the intention of filling gaps in the country's statistical database and improving estimates of national accounts.

6. This appendix considers all three of the TAs together, although TA 3293 is not formally completed and cannot, therefore, be rated.

## **B. Assessment of Implementation Performance**

### **1. Design of the Technical Assistance**

7. The activities of the three TAs were clearly spelled out in the TA documents, and these generally provided practical and well-focused objectives. The progression of objectives and activities defined in the TA documents was logical and appears to have been adhered to closely. The design was careful to define interim outputs and performance milestones. The variety of activities and approaches applied in the TAs were worthwhile in seeking to enhance staff skills and data collection capacity at NIS. These activities included extended placement of external consultants to work with NIS staff in Phnom Penh, financing specific data collection activities and the production of defined publications, providing NIS staff with in-house formal and on-the-job training as well as a blend of short-term and multiyear training abroad, and purchasing material and equipment the National Statistical Office (NSO) required in order to operate (e.g., vehicles, computers, office equipment, and supplies).

8. The TA documents appear to have been overly optimistic regarding the time required to build up the capabilities of NIS in a sustainable manner. While timeframes and milestones set forth in the TA documents were largely achieved, in some instances these achievements were due to the efforts of outside experts and made at the expense of goals of building statistical capacity of the managers and staff at NIS. Slow progress in developing the overall civil service system and reforming government administration counted as important factors working against the achievement of TA goals. However, it is difficult to identify measures outside those taken in the TA that could have better mitigated these difficulties.

### **2. Engagement of Consultants**

9. The TAs used a variety of arrangements for engaging consulting services for the TAs, from individual consultants to inter-organizational arrangements placing a number of statisticians from the relatively advanced statistical system in the Philippines to work with NIS. TA consultants were hired for both short- and long-term assignments with objectives ranging from assisting in the execution of specific data collection activities to improving the capacity of NIS at a general level. Drawing from ADB's network of regional experts enabled TA cost-efficient use of technical expertise, and made it possible to finance longer duration stays in Phnom Penh. It was clear that some of the consultants financed through the TAs were considered instrumental to the successes achieved in building NIS' capacity. Although some consultants worked in Cambodia for periods as long as a few years, the turnover of ADB-financed advisors was nonetheless identified as a problem limiting the SCB impact of the TAs.

### **3. Organization and Management**

10. The TAs focused their efforts in the SCB on NIS. TA 2261 made efforts to improve the SCB at other ministries in charge of statistical data collection in areas pertaining to the sector overseen by the Ministry (e.g., Ministry of Agriculture and agricultural output data, Customs Ministry and trade data), but resources made available to the ministries besides NIS were very limited. However, cooperation between NIS and the statistics division of the Ministry of Economy and Finance (MEF) and the National Bank of Cambodia (NBC), two important government institutions responsible for collecting economic statistics outside of NIS, appears

strong. The limited effort of TA 3293 to improve the SCB at provincial offices of the NIS/MOP may have been premature given the early stage of capacity development at NIS-central.

11. The TAs were generally well managed by NIS. There was also a TA steering committee.

#### **4. Implementation Schedule and Financing Arrangements**

12. TA 1694 had a defined implementation schedule of 20 months, but activities under the TA actually continued for more than 2 years, and at the end of this period it was evident that follow-up TAs would be required to achieve the SCB goals of this initial effort. TA 2261 was given a 28-month implementation schedule and activities were completed in time; three fellows sent on training abroad returned 2 years later. Reflecting the need for the SCB to provide lower level of support—in light of the accomplishments of earlier TAs—and the need to provide support for a longer duration, TA 3293 defined an implementation period of 3 years. At the stage of this evaluation, the activities are due to end in 2003 (12 months later than scheduled).

13. The consultants defined in the TA papers were generally brought into the projects in a timely manner and specified activities were carried out according to established timetables. By the end of the TAs, promised interim outputs were generally produced. In terms of disbursement of TA funds by ADB, NIS counterparts reported few problems. ADB and the United Nations Development Programme cofinanced the first TA (TA 1694) successfully, but provision of cost-sharing financing on the part of the Government was problematic for some TAs, especially TA 3293. NIS operations continued to depend significantly upon financial assistance of ADB and other multilateral or bilateral funding organizations.

#### **5. Supervision**

14. Supervision of the TAs was adequate, and annual or bi-annual site visits by the TA task officers from the Statistics Division were the norm. Communication between ADB staff overseeing TA administration, NIS staff, and consultants placed in Cambodia under the TAs was extensive. NIS was very appreciative of the supervision provided over the years, and considered ADB a vital development partner. Consultants on the TAs that could be contacted by the Operations Evaluation Mission (OEM) gave favorable reports of the timeliness and usefulness of oversight provided by ADB.

### **C. Evaluation of Outputs**

#### **1. Training/Transfer of Technology**

15. A great deal of training in statistics and areas related to skills required in the production of economic statistics was provided through the three TAs. Training and education to NIS staff took a number of forms: (i) informal on-the-job training through work with international consultants working at NIS under the TAs, (ii) formal in-house training courses, (iii) enrolment in formal education abroad, and (iv) subsidized internships abroad to work in more advanced NSOs in neighboring countries.

16. Nearly all NIS staff took part in informal on-the-job training and at least one formal in-house training course under each of the TAs. This training frequently addressed statistical issues or matters of economic methodology that were required to carry out the data collection or analysis activities defined for each TA, but it also addressed more fundamental skill areas such as basic computer skills or English. A considerable number of in-house international experts financed by development organizations besides ADB also provided on-the-job and workshop-

based training to NIS during the past decade. As per a survey of 22 senior staff conducted for this TA performance audit report, the recollection and appreciation of ADB-financed consultants appeared to be particularly favorable.

17. With financing from TAs 1694 and 2261, 20 NIS staff obtained formal training abroad in statistics and related areas. This education ranged from half-year courses to 2.5 years of study in foreign universities and statistical institutes.<sup>1</sup>

18. In addition, five NIS staff took part in apprenticeship programs lasting several months at the NSOs of Indonesia and the Philippines with funding provided by TAs 1694 and 2261.<sup>2</sup> The survey indicated before suggests these training programs were the most popular and rewarding. Overall, the TAs' provision of training and education appears to have been quite successful in building statistical capacity at NIS.

19. Based on the OEM's interaction with NIS staff, the impact of TA-financed training was evident in the English-speaking ability of senior NIS staff and in the technical expertise displayed on the few occasions when this could be demonstrated.

20. The three TAs being reviewed have been able to transfer considerable technology and basic material infrastructure needed by NIS to perform the professional function of an NSO. With financing available through the three TAs, NIS has been able to secure a modern and well-equipped office with computers, air conditioning, office equipment, conference facilities, and other modern office equipment. Approximately 20 computers were purchased under the three TAs. Given that other foreign-funded projects also provided computers, there appears to be some excess capacity due to the seasonal character of demand. The same is the case for training facilities. The TAs also provided NIS with four vehicles.

## 2. Institution Building

21. Capacity in data collection, data encoding, and data storage at NIS has improved greatly with the assistance provided by ADB and other international funding agencies. With technical and financial assistance of several funding agencies, NIS has completed a large number of national surveys and one national population census (in 1998). The complete list of surveys NIS has completed can be gleaned from the list of NIS publications (see table below). Surveys carried out pursuant to ADB TA projects have included surveys of consumer prices for Phnom Penh (for calculating the consumer price index, begun in 1993 and produced monthly thereafter, and expanded to cover five outlying provincial towns in 2001); establishment surveys (in 1993, 1995, and 2000); socioeconomic surveys (1993–1994, 1996, 1997, and 1999—the first two were funded by ADB); labor force surveys (1997 and periodically thereafter with the support of the International Labour Organization); Population Census (1998, funded by the United Nations Populations Fund [UNFPA]); and demographic and health survey (2000, with assistance of the

<sup>1</sup> Three students were sent for master's degree training in Philippine universities (computer programming, social statistics, and economic statistics); two students were sent for 6-month postgraduate training in the Netherlands (national accounts); and 11 students were sent on 10-month diploma programs in India (demography).

<sup>2</sup> Education abroad by NIS staff during the terms of TAs 1694 and 2261 was also financed by the Cambodia Development Resource Institute (1 master's degree study in economics in the Philippines), United Nations Statistical Institute for Asia and the Pacific (UNSIAP)/Japan International Cooperation Agency (21 staff took part in training at UNSIAP in Tokyo for durations ranging from a few weeks to a half year on a variety of subjects related to population census), World Bank (2 staff studied sampling and data processing at the United States Bureau of Census), United Nations Populations Fund (UNFPA) (9 staff took part in training on computers or demographic analysis in Bangkok), and International Monetary Fund (2 staff studied national account estimation in Vienna and 1 in Washington). This typifies the complex portfolio of external support for the SCB that NIS has relied upon during the past decade.

UNFPA, United Nations Children's Fund, and United States Agency for International Development. In all cases, survey data were stored in digital format. NIS has been exemplary in sharing these data and widely disseminating survey results, as well as primary data.<sup>3</sup>

### Outputs and Publications of the Cambodian National Institute of Statistics

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Consumer Price Index (Phnom Penh)	Monthly
Consumer Price Index (5 provinces, since 2002)	Quarterly
Labor Force Survey (Phnom Penh and Cambodia)	Annual
National Accounts of Cambodia	Published annually, but updated quarterly
Cambodian Statistical Yearbook	Annual
Cambodian Socioeconomic Survey	Once every few years
Cambodian Establishment Survey	2 times in the past 10 years
A Poverty Profile of Cambodia	Once every few years
Cambodian Demographic and Health Survey	Once every few years
General Population Census of Cambodia (1998)	Once each decade

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Source: National Institute of Statistics records.

22. The timely production of surveys has depended to a large degree upon the efforts of external experts. While the capacity of NIS has improved over the years, this remains the case. Foreign experts face a conflict between the goal of improving NIS capacity and the objective of improving the statistically valid data available to understand the performance of the Cambodian economy. Interviews as well as some written reports from consultants suggest that when faced with impending deadlines for the delivery of data outputs demanded by the TAs, data production and report writing usually took priority over capacity-building objectives.

23. NIS dependence on foreign-financed international experts has declined over time; however, according to NIS' own assessment, the organization is capable of producing only the consumer price index survey and estimates exclusively with resident staff. It is difficult to judge to what extent this dependence reflects NIS' dependence on external financial resources versus real need for external technical expertise. Similarly, it is unclear whether reported lack of involvement on the part of NIS staff in some activities reflects technical weakness or a lack of sufficient incentives to participate due to low salaries paid to civil servants.

24. Examining the quality of the various datasets, statistics, and publications that NIS has produced, it must be concluded that substantial improvements have been registered over the past decade, although some shortcomings remain. NIS is generally successful in achieving high response rates to the surveys it collects, with reported response rates generally in the 85–95% range. However, response rates have been much lower for selected surveys (e.g., agricultural and enterprise surveys). The accuracy and timeliness of questionnaire responses and data preparation for these surveys have sometimes been a problem, which can trace its roots to the limited statistical experience of NIS staff, the lack of confidence in their own knowledge, and heavy reliance on international experts. Skill deficiencies are particularly apparent in application of statistical techniques to correct for possible non-response bias, treatment of outliers, and general processes for data checking, validation, and correction. While NIS' performance in

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<sup>3</sup> The case of NIS cooperation with the World Food Program (WFP) is a noteworthy example of this. With technical support from World Bank researchers, WFP developed spatially disaggregated "poverty maps" using established techniques that enable income/expenditure estimates from the socioeconomic surveys to be extrapolated to the entire census. NIS made the primary data from both the datasets (socioeconomic and national census) available to researchers developing the poverty maps, and statisticians from NIS worked with the team to ensure that data were correctly interpreted and applied.

collecting primary data is satisfactory, its ability to recollect existing data available from other ministries and turn it into usable data products is weaker.

25. NIS is responsible for Cambodia's National Accounts and ADB TA has been key to enabling the country to initially produce estimates of the gross domestic product (GDP) and related figures, and to gradually improve the accuracy of these estimates. Enhancements of the estimates and compilation methods used in generating national account figures. Despite improvements registered in Cambodian National Accounts over the past decade, current figures still fall well short of compliance with international standards set out in the *System of National Accounts 1993* (SNA '93). Achieving standards set out in SNA '93 would require substantial enhancement in the databases upon which Cambodia's estimates of GDP and similar economic indicators are based.<sup>4</sup> The prognoses for improving the validity of national accounts data produced by Cambodia in the absence of additional financial support from ADB cannot be regarded as promising.

26. To date, NIS has directed five household living standard measurement or household income and expenditure surveys (called the Cambodian Socioeconomic Survey or CSES in English). ADB, United Nations Development Programme, and the Swedish International Development Cooperation Agency have largely financed these, with each organization funding different years of the surveys. Across the years, changes to the sample and questionnaire dictated by particular concerns or approaches of staff from the financing organizations have made comparability of results over time problematic. None of the surveys have applied the intensive surveying approaches recommended for estimating household consumption and income, although improvements in data collection techniques and areas covered by the questionnaires have been observed over time. Both financial and technical assistance (i.e., in sampling and questionnaire design) to enable collection of future CSES and to improve the quality of data obtained from surveys appear necessary in the future, despite the clear advances achieved from assistance provided to NIS over the past decade. NIS has already decided to shift from the recall method to the diary method for its next socioeconomic survey.

27. The production of consumer price data represents one of the clearest achievements of NIS and of past efforts to build statistical capacity in Cambodia. NIS is now capable of producing relatively timely (with about 1 month lag) and valid data on consumer prices in the capital and in five large provincial cities with little or no external TA. Despite this notable and encouraging progress, there are still a number of shortcomings in the price data available for Cambodia. Specifically, no information about changes in retail/wholesale prices or the prices of imports and exports—which in theory should be collected by the Customs and Excise Department—is available. External technical and financial support appears necessary to sustain collection of provincial price data and to any expansion of the price data collected.

28. Other major survey data collection activities completed by NIS include enterprise surveys, agricultural production survey and agricultural census, population census, demographic and health survey, statistics on education, labor force and employment figures, and indicators of natural resources and the environment. There are a number of concerns about these data related to their availability, validity, and accuracy.

<sup>4</sup> Efforts are required to enable quarterly estimates of the GDP to be produced. Particular problems with existing estimates include (i) overreliance on data regarding price levels in the economy from Phnom Penh consumer price index estimates; (ii) lack of any data on several aspects of the economy (e.g., production figures for certain sectors of the economy and some key prices in the economy such as producer prices or trade prices); (iii) use of outdated estimates of gross value added, enterprise survey data, and other administrative data collected by other government ministries (e.g., capital investments, expenditures by nongovernment organizations, foreign trade, transport data, balance of payments); and (iv) related concerns about the accuracy and statistical representativeness of some key data inputs used in the calculation of Cambodian National Accounts.

29. NIS appears to have attained substantial capacity to disseminate statistics and statistical reports. In addition to the publications listed above, NIS maintains a web site. Timeliness of statistics production and publication remains an area that could be improved, however, and NIS only reports some of the statistics it collects. Another weakness in NIS' dissemination strategy is that only the publication on the consumer price index is produced monthly, while most of the publications come out only yearly or even less frequently. This may detract from policy maker appreciation of NIS' efforts.

#### **D. Overall Assessment**

30. Success of the TAs in generating sustainable capacity should be judged from the perspective of knowledge and skill enhancement of individual staff and of the organization as an institution. Individually, the human resources of selected staff from NIS have been substantially developed, and, fortunately, NIS has thus far been successful in retaining these individuals. A main enticement for continued employment at NIS appears to be access to periodic salary supplements, and perhaps more importantly to training and education opportunities. Flexibility in scheduling work at NIS and an open management style, also seem responsible for the low turnover. Externally financed master's degree study abroad by a few selected NIS staff has been successful in generating a cadre of highly skilled government technocrats. From an organizational perspective, achievements are more questionable, as NIS continues to "compete" with several other statistics generators in Cambodia and the institute's role in government policy making has not been strongly recognized or demonstrated by government willingness to use available budgetary resources to finance NIS activities.

31. The sustainability of NIS' improved capacity is questionable given the continued dependence of NIS on external financing in the face of very limited fiscal support from the Government. The demand for NIS' services and outputs has not led to a demonstrated willingness to finance NIS' activities. However, recent initiatives to provide higher salary levels to director level staff, and further intended pay rises for essential technical staff working in priority mission groups represent significant steps forward in this regard. From another perspective, given Cambodia's overall dependence on foreign aid, it would be unfair to single out NIS for criticism on the lack of government financing of intermittent operational activities. TA 1694 is rated highly successful, due to its successful emergency character which created some basic capacity as well as essential national statistics with which Cambodian planners as well as the international community could work. TA 2261 is rated successful due to its work on expanding this capacity but not highly successful due to the financing problems mentioned.

#### **E. Conclusions**

##### **1. Key Issues**

32. The TAs evaluated have made substantial advances toward the achievement of their objectives. However, their goals cannot be considered to have been fully accomplished sustainably due to NIS' and the broader Government's continued dependence on foreign TA in carrying out statistical functions. Shortcomings can be attributed to several factors. External agencies with different priorities and teams of outside resource persons created instability in NIS' work agenda. Broader weaknesses in the civil service system (low salaries, marginal attachment to job as outside employment required to provide living salary, lack of merit-based appointments and promotions), also clearly diminished the success of ADB's efforts.

## 2. Lesson Learned

33. There is a conflict between the need to build statistical capacity and the need to quickly deliver essential statistical outputs in postconflict situations. In the Cambodian situation, this has led to an emphasis on the latter. In such situations, longer assistance to create statistical capacity than usually supported by ADB is needed.

## 3. Follow-Up Actions and Recommendations

34. ADB should continue its support to the statistical system in Cambodia, particularly in the area of generation of economic statistics.

35. A number of ministries and offices besides NIS are responsible for producing key economic and social statistics for Cambodia, but with a few exceptions these receive little direct assistance in the SCB from ADB. Extension of TA support to improve statistical capacity in such places may represent an investment that could yield high returns in terms of improving the quality and availability of economic data. A suggested modality for such TA would be to assist NIS in becoming a technical resource for statistical data collection activities in the country generally, and using NIS staff as trainers and assistants to other ministries.

36. If ADB is to pursue further TA support for NIS in the future, concerted efforts with other funding agencies will be essential to success of these efforts. As the oldest provider of support for the SCB in the Government, ADB is an obvious funding agency to lead such a concerted effort, and the annual donor coordination meeting offers the ideal venue for improving external agency coordination in financing the SCB.

37. In light of apparent seasonal excess capacity (physical and human capital) in data gathering and encoding at NIS due to work requirements that vary tremendously depending upon the data collection activities under way at any time, efforts to reduce the sporadic nature of work demands would be helpful in improving the efficiency of NIS.

38. There is a need for greater concentration and rationalization of data collection and statistical reporting responsibilities across government ministries. The proposed Statistical Law promises to improve this situation and needs to be quickly enacted.

39. Rationalization of government statistical publications would be valuable in reducing costs and duplication, and making clearer the roles of various ministries involved in statistics generation. Publication of a single monthly statistical update as the joint publication of statistical departments of MOP, MEF, and NBC could be a useful concrete step (i.e., clear attribution of the sources would be essential).

40. New ways of the SCB should be considered. This can include investment in the principal universities in Phnom Penh, encouraging expert staff from NIS to become active in teaching and research activities, and greater financing of scholarships through local universities in preference to study abroad. Financing of a visiting statistician program in neighboring countries could provide another cost-effective method, while also fostering achievement of statistics standardization across Mekong Region countries and greater regional cooperation.