



Technical Assistance Consultant's Report

Project Number: TA 4428
September 2006

Cambodia: Strengthening National Program Budgeting for the Agriculture Sector (Financed by the Governance Cooperation Fund)

Prepared by
Cardno Agrisystems Limited
In association with CamConsult Co Ltd

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Asian Development Bank



ASIAN DEVELOPMENT BANK

**Strengthening National Program
Budgeting for the Agriculture Sector**

No 4428-CAM

Final Report

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Agrisystems

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STRENGTHENING NATIONAL PROGRAM BUDGETING FOR THE AGRICULTURE SECTOR No 4428-CAM

Final Report

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CURRENCY EQUIVALENTS

(As of 14 October 2005)

Currency Unit	=	Reil (RL)
\$1.0	=	RL 4, 200

The Cambodian economy is a “dollarized” economy and therefore it is generally accepted that the US Dollar is an official currency. However, the Royal Government’s accounting is officially the Reil, which has an official rate and an open market floating rate. The official rate is adjusted to reflect the open market rate and in recent years the two values have been very close.

ABBREVIATIONS

ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
ASDP	Agriculture Sector Development Program
AusAID	Australian Agency for International Development
DAE	Department of Agricultural Extension
DAF	Department of Accounting and Finance
DALLI	Department of Agronomy and Agricultural Land Improvement
DAHP	Department of Animal Health and Production
DIA	Department of Internal Audit
DIC	Department of International Cooperation
DOA	Department of Administration
DOF	Department of Fisheries
DP&HRD	Department of Personal and Human Resource Development
DPS	Department of Planning and Statistics
EA	Executing Agency
GDP	Gross Domestic Product
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEYS	Ministry of Education, Youth and Sports
MEF	Ministry of Economy and Finance
MRD	Ministry of Rural Development
MSBF	Ministry Strategic Budget Framework
MTEF	Medium Term Expenditure Framework
NPRS	National Poverty Reduction Strategy
PBWG	Program Budgeting Work Group
PSU	Program Support Unit
PFM	Public Financial Management Reform
RGC	Royal Government of Cambodia
TA	Technical Assistance
TL	Team Leader
TOR	Terms of Reference

NOTES

The fiscal year of the Royal Government of Cambodia ends on 31 December.
In this report, '\$' refers to US dollars.

I. Introduction

I. INTRODUCTION

A. General

1. The Technical Assistance Project (TA) provided by the Asian Development Bank (ADB) was awarded to Cardno Agrisystems UK Limited in association with CamConsult Co. Ltd. (Cambodia).
2. The executing agency is the Ministry of Agriculture, Forestry & Fisheries (MAFF), through its Department of Accounting and Finance, located at No. 200, Norodom Boulevard, Phnom Penh, Cambodia.
3. The Project provides support to the Program Budgeting Working Group (PBWG) which is chaired by the Director of the Accounting & Finance Division (DAF) within MAFF and represents Department of Planning and Statistics (DPS), DAF and Department of International Cooperation (DIC).
4. This final report of the Strengthening National Program Budgeting in the Agriculture Sector is submitted in compliance with the technical assistance (TA) contract. The report covers activities undertaken on the project since mobilization on October 14, 2005. The report has been prepared by the technical assistance team responsible for coordinating the implementation of the project.
5. The Final Report is laid out as below:
 - ✓ Chapter 2: Executive Summary
 - ✓ Chapter 3: Background to the Project
 - ✓ Chapter 4: TA contributions to the ASDP objective.
 - ✓ Chapter 5: Project Framework
 - ✓ Chapter 6: Performance Against Plans
 - ✓ Chapter 7: Detailed Review of Outputs Achieved
 - ✓ Chapter 8: Detailed Review of Inputs Undertaken
 - ✓ Chapter 9: Other Matters Relating to Implementation
 - ✓ Chapter 10: Conclusion, recommendations, and follow-up actions
 - ✓ Chapter 11: Constraints to Sustainability

B. Scope of Work

6. The Asian Development Bank (ADB) agreed to provide advisory technical assistance (TA) to strengthening MAFF's capacity in program budgeting in the agriculture sector at both central and local levels, thereby improving the delivery of pro-poor public services in a sustainable manner in accordance with the national development plans and policies for reducing poverty by utilizing a more efficient system in the allocation of resources. To this end, the ADB recruited Agrisystems Ltd, together with its partner firm, CamConsult Ltd to administer this contract and to provide the required services to the Government. The total TA contract value was \$296,800.

7. During the tripartite meeting to discuss the Inception report the expected outputs were amended for this project to include:

- Output 1: Accounting & Financial Management Manual
- Output 2: Monitoring & Evaluation Manual
- Output 3: Accounting & Finance Training Manual
- Output 4: Increased Program Budgeting Awareness

8. However, due to the nature of the Technical Assistance and its mandate under the Terms of Reference (presented in **Appendix A**) to strengthen MAFF's capacity in program budgeting and its close working relationship with the Program Budgeting Workgroup (PBWG) the TA from time to time produced outputs beyond the scope of the TOR, but did not engage in any major activity which impaired the ability of the TA to produce the four (4) outputs agreed and referenced above.

9. *The overriding goal of the TA Team was to have a substantial and continued interaction with the overall Program Budgeting Work Group to assist MAFF in obtaining the 14th 2nd Tranche condition of the ABB Loan No 2022 "MAFF shall have established internal planning, program budgeting and expenditure management systems in order to utilize the medium term expenditure framework". Refer **Appendix B**. This Tranche is now deemed to have been achieved with the acceptance of the three manuals mentioned above which describe the designed systems integrated with the guidelines, processes and procedures specified by MEF, and which have been supported by the awareness program and targeted training.*

C. Acknowledgements

10. During the implementation of the Project the Team members wish to acknowledge the support, encouragement and assistance received from the Department of Accounting and Finance located in the Ministry of Agriculture, Forestry and Fisheries and many of the participating agencies involved, particularly those at the provincial levels. Special mention should go to the Program Budgeting Work Group (PBWG) who assisted team members in organizing workshops and travel to the provincial areas. We also wish to acknowledge the support and guidance provided by the donor ADB from its Headquarters in Manila and the Cambodian Resident Mission.

II. Executive Summary

II. EXECUTIVE SUMMARY

A. Background to the Project (Chapter 3)

11. During discussions on the country strategy and program of the Asian Development Bank (ADB) for Cambodia in 2004, the Government indicated the need for Technical Assistance (TA) to strengthen the capacity for program budgeting in the agriculture sector. In response to this request, ADB had further discussions on the TA with key stakeholders, the relevant government agencies, and external funding agencies. In September 2004, understanding was reached on the objectives, scope, and implementation arrangements for the TA.

12. Cambodia is predominantly agrarian, with agriculture representing 35% of GDP, and at least 84% of the population living in rural areas¹. About 36% of the country's population is estimated to live below the poverty line, with about 90% of the poor living in rural areas².

13. The Government fully recognizes that sustainable agricultural growth is essential to facilitate economic growth and reduce poverty. In the Second Socioeconomic Development Plan (SEDP II: 2001-2005), the government restates its aim to transform agriculture into a driving force to achieve its pro-poor policy objectives. This theme is reiterated in the Government's Rectangular Strategy³ and is achieving high prominence in national meetings and workshops aimed at gaining consensus in forming the National Strategic Development Plan promoted by the Ministry of Planning⁴. The agricultural sector's profile indicates a total cropped area of about 2.6 million hectares (ha), 90% is planted with rice (2.3 million ha in 2000), which is the primary staple food, providing about 70% of nutritional intake on average, with per capita consumption needs estimated at 151 kilograms (kg) of white rice. Agriculture is important to reduce rural poverty and improve the capacity for human development. Within the agriculture sector, crops and fisheries are the most important sub-sectors with 46% and 32% of agricultural GDP in 2001, respectively, followed by livestock (16%) and forestry (6%). Forestry's contribution to GDP has substantially declined in recent years due to the issue of illegal logging and subsequent suspension of logging activities. A more detailed sector analysis was conducted for Loans 2022/2023-CAM: Agriculture Sector Development Program (ASDP) of the Asian Development Bank (ADB)⁵.

14. Despite the Government's stated pro-poor policy objectives, the annual programming and budgeting exercises in the agriculture sector, which are highly concentrated at the central level, have not adequately reflected those objectives⁶. Sector expenditures usually follow historical patterns and often include ad hoc initiatives, which are not systematically linked to the medium term development plans of the government. In fact expenditure in terms of the government budget show a 2% share of expenditure in the agriculture sector compared to 18% and 14% on education and health. Budgeting for 2006 demonstrates this historical budgeting methodology in that the Ministry of Economy and Finance issued a directive to the Ministry of Agriculture, Forestry and Fisheries (MAFF) Department of Accounting and Finance instructing the 2006 budget be prepared on the basis of the 2005

¹ CIA World Fact Book, 1 January 2005

² UN ESCAP/CDPF Regional Workshop, Lanzhou, Gansu Province, China, October 2004

³ The Government's development strategy, as reflected in the Rectangular Strategy, draws on the SEDP II and the NPRS and is a synthesis of the priorities of these documents. The third "rectangle" refers to economic growth and the first of the four strategic "growth rectangles" is: agricultural productivity, diversification, and competitiveness.

⁴ National Workshop, 28 & 29 July 2005

⁵ ADB. 2003. Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance to the Kingdom of Cambodia for the Agriculture Sector Development Program. Manila. (Loans 2022/2023-CAM [SF]). Appendix 1.

⁶ Terms of Reference TA 4428-CAM: Strengthening National Program Budgeting for the Agriculture Sector

budget, plus a 15% increase in Chapter 10 (Wages and Allowances) and a 7% decrease in Chapter 11 (Operational Expenditure).

15. The initiative of MAFF for medium-term program budgeting has not been fully integrated with MAFF's annual programming and budgeting exercises despite being designated a pilot ministry by MEF in 2003.

16. ADB has recognized the need for program budgeting and has made planning, program budgeting and expenditure management the fourteenth (14) 2nd tranche condition of its ASDP Loan which states: *MAFF shall have established internal planning, program budgeting and expenditure management systems in order to utilize the medium term expenditure framework (MTEF)*. This TA has been established to enhance the progress within MAFF so that this Tranche condition is achieved.

B. TA Contributions to the ASDP Objective (Chapter 4)

17. The TA has assisted MAFF in establishing two important "timelines". The first, which is included in the Accounting and Financial Management Manual⁷, is an annual budget calendar presented in both Table form and Figure form. This timetable is to be adopted by MAFF as the planning platform for internal planning with the emphasis on program budgeting with deadlines for presentation and completion of certain documents and exercises in the budget formulation. The second timeline is the planning and program selection timeline, which is included in the Monitoring and Evaluation Manual⁸, which fits easily and conveniently with the first timeline. Both of these timelines have been compared to the MEF⁹ budget timeline so that the outputs from MAFF will coincide with the inputs to the budget process that are expected by MEF.

18. The TA in conjunction with the Program Budgeting Work Group (PBWG), the Department of Planning and Statistics and the Department of Accounting and Finance has established a system for internal planning and program budgeting which flows to the Accounting and Financial Management system and the MTEF/MSBF formulation.

19. The MTEF/MSBF formulation stage is described fully in the Accounting and Financial Management Manual in Chapter 2: Budget Management. This system describes the concept behind program budgeting and provides a resource for MAFF as a guidance for putting together the MTEF/MSBF. It takes account of all the guidelines and Technical Papers produced by MEF.

20. In addition to assisting the reader with the designing and institutionalizing of the MTEF/MSBF the manual describes the system, incorporating the new chart of accounts designed by MAFF and the TA Team, in Chapters 6 to 111 for expenditure management.

21. In designing the system which was based on the MEF draft Chart of Accounts, adjusted to fulfill the requirements of MAFF, it was discovered that some anomalies existed between the Chart of Accounts and actual operations of the ministry. For example there were no codes allotted to training expenses, costs or expenditure – this have been rectified in MAFF's chart of accounts.

⁷ Accounting and Financial Management Manual, July 2006, Pages 27 to 33.

⁸ Monitoring and Evaluation Manual, July 2006, Chapter 3, section 3.3, paragraphs 61 to 62, and Figure 6.

⁹ The first timeline has been formulated for MAFF to dovetail with the timeline shown and described in MEF "Action Plan for Institutionalization of the Medium Term Expenditure Framework" dated December 2005, Annex A.

22. The design of MAFF's Chart of Accounts fully captures the switch to program budgeting and even where the MEF has opted for an initial MSBF instead of a full blown MTEF it can accommodate both the current operations and program budgeting.

C. Project Framework (Chapter 5)

Table 1: Summarized Project Framework

<i>Goal</i>	<i>Purposes (Objectives)</i>	<i>Outputs</i>	<i>Summarized Activities</i>
Improve financial accountability in the agriculture sector	Strengthen MAFF's institutional capacity for planning and program budgeting	1. Procedural documents prepared for institutionalizing the MTEF process	Submission of the final technical reports
		2. Knowledge and skills of MAFF staff improved in planning and multiyear program budgeting	Workshops, seminars and consultation meetings at central, provincial, and district levels Provision of awareness building and training programs, and in country visits
		3. Appropriate information and monitoring system for public financial management institutionalized for effective delivery of pro-poor agriculture support services	Provision of technical and managerial support for effective information and monitoring systems

The full version is set out Annex B in the TOR. **The project framework has been used as the basis for project implementation, evaluation and reporting of this TA.**

23. During the tripartite meeting in January 2006 the output expectations were more clearly defined to be:

- Output 1: Accounting & Financial Management Manual
- Output 2: Monitoring & Evaluation Manual
- Output 3: Accounting & Finance Training Manual
- Output 4: Increased Program Budgeting Awareness

D. Performance against Plans (Chapter 6)

24. This Chapter highlights a delay in inputs just after the inception phase and a further extension to the break between Phase 1 and Phase 2 which means that the actual time lapsed of the TA will be extended. An additional time has been requested by the RGC/MAFF to enhance the translation of the manuals resulting in a further extension to the end of October, 2006. The most contributing factor to this was delays in progress by MEF, where a failure to produce guidelines for MTEF, PFM and a Chart of Accounts in a timely manner, and to schedule, has effected the timing of this TA. There is no impact on the budget.

E. Detailed Review of Outputs Achieved (Chapter 7)

25. This Chapter reviews the outputs and identifies the recommendations from each of the studies required to produce the outputs. The Accounting and Financial Management Manual covers a wide range of accounting issues and combines policy, accounting, procedures and guidelines in a "one-stop" document that is very "operational" and user friendly. There are recommendations for sustainability and computerization of the accounting system – virtually restating a recommendation from ADB TA 4228-CAM from 2005.

26. The Monitoring and Evaluation Manual outlines a simple system that incorporates planning, monitoring and evaluation leading and dovetailing into the MTEF/MSBF system outlined in the Accounting and Financial Management Manual.

27. The Training Manual incorporates designed and delivered training sessions tailored to a system of "training of trainers", this reflects an intensive training period over September 2006 in particular. The manual goes on to outline a system for establishing training by contracting either internal or external training providers to assist MAFF in training its accounting and planning staff. The manual has been simplified from its earlier version and is focused not only on accounting and finance but also on planning, monitoring and evaluation.

28. For increased Program Budgeting Awareness the TA has held seven (7) workshops in the provinces covering 24 provinces and major towns, made presentations to Technical Working Groups throughout MAFF and have worked with line departments. In addition the TA has maintained a close working relationship with the Program Budgeting Work Group including a series of 10 work shops during September alone. Attendance at all workshops held by the TA has been on average 97 percent of invitees.

F. Detailed Review of Inputs Undertaken (Chapter 8)

29. Chapter 8 presents the ADB formatted monthly inputs of consultants.

30. There were two (2) International Consultants used on the project (i) a Fiscal Management Adviser and Team Leader with an input of seven months, and (ii) Information and Monitoring Systems with an input of one month. Three Domestic Consultants were used on the project (i) a Financial Management Specialist 7-months, (ii) Information and Monitoring Specialist 4-months, and (iii) a Communications and Training Specialist 5-months.

31. International Consultant inputs were used in their entirety. It was envisaged that the Domestic FMS Consultant would be the Deputy Team Leader, however the original person was replaced and it took some time to find an appropriate replacement, therefore the CTS Consultant was allocated more time.

32. It is estimated that at the end of October when the project is to finish that 23.62 person months of the allocated 24.00 months will have been used. There are no home office time allotments.

G. Other Matters Relating to Implementation (Chapter 9)

33. TA Team has had almost constant dialogue with outside agencies to ensure MAFF's system complies with other initiatives throughout government. These communications are mentioned in relevant sections of the DFR.

34. However, this "harmonization" with the wider reform community has had an obvious impact on the implementation of this TA.

35. The protracted negotiations between MEF and MAFF regarding the level and timing of ASDP Loan disbursements impacted on the mobilization of the TA Consultants in January 2006.

36. In addition, the delay in outputs from the MEF regarding the new Chart of Accounts and associated guidelines meant an enforced longer than planned mid-term break in the project. The Manuals relied heavily on the new Chart of Accounts in an effort to streamline the procedures and processes for putting together the MSBF/MTEF system.

37. The delayed guidelines on MTEF from MEF, including proposed formats, did not help the finalization of system design and this has delayed the outputs slightly.

38. It may be noted that the Interim Report and Draft Final Report were slightly behind schedule. The scheduling of reports was overlooked as a consequence of the input delays and should have been revised at the time of delays. The Final Report is submitted on time.

H. Conclusion, Recommendations and Follow up Actions (Chapter 10)

39. ADB TA 4428-CAM: Strengthening National Program Budgeting in the Agriculture Sector relates to the fourteenth (14) tranche condition which states: *MAFF shall have established internal planning, program budgeting and expenditure management systems in order to utilize the medium term expenditure framework (MTEF).*

40. To all intents and purpose the recent workshop held on July 25, 2006 to disseminate the Monitoring and Evaluation system signaled the adoption of the internal planning and program budgeting formats. Prior to and after the workshop the Program Budgeting Work Group had the opportunity to review the system and contributed positively to adjustments.

41. The M&E system is the start of the planning and program budgeting cycle and leads into the annual budgeting process – this is detailed in the Accounting and Financial Management Manual. The accounting manual outlines in great detail the policies, accounting methods, procedures and guidelines to ensure that MAFF will adopt positive and correct expenditure management practices in the program budgeting implementation. It is worth noting that after the cessation of the project the PBWG intend to hold a 3 days work shop in Sihanokville from October 19 to 21 to disseminate the Planning, Monitoring and Evaluation manual in an effort to get the system institutionalized.

42. To ensure sustainability of the program budgeting system MAFF will undoubtedly need some more Technical Assistance both in streamlining its existing procedures and implementing a computerized system for accounting.

43. The TA recommendations are listed in Chapter 10 and cover such issues at institutionalization, streamlining, computerization, M&E Training, Physical Inputs required for Training, creation of a Central Learning Network (CLN), MAFF involvement in Provincial Budget Formulation, Capacity Planning at Provincial Level and Provincial Infrastructure.

44. Chapters 10 then goes on to highlight follow up actions.

III. Background to the Project

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A. Agriculture Sector in Cambodia

45. Cambodia is predominantly agrarian, with agriculture representing 35% of GDP, and at least 84% of the population living in rural areas¹⁰. About 36% of the country's population is estimated to live below the poverty line, with about 90% of the poor living in rural areas¹¹.

46. The Government fully recognizes that sustainable agricultural growth is essential to facilitate economic growth and reduce poverty. In the Second Socioeconomic Development Plan (SEDP II: 2001-2005), the government restates its aim to transform agriculture into a driving force to achieve its pro-poor policy objectives. This theme is reiterated in the Government's Rectangular Strategy¹² and is achieving high prominence in national meetings and workshops aimed at gaining consensus in forming the National Strategic Development Plan promoted by the Ministry of Planning¹³. The agricultural sector's profile indicates a total cropped area of about 2.6 million hectares (ha), 90% is planted with rice (2.3 million ha in 2000), which is the primary staple food, providing about 70% of nutritional intake on average, with per capita consumption needs estimated at 151 kilograms (kg) of white rice. Agriculture is important to reduce rural poverty and improve the capacity for human development. Within the agriculture sector, crops and fisheries are the most important sub-sectors with 46% and 32% of agricultural GDP in 2001, respectively, followed by livestock (16%) and forestry (6%). Forestry's contribution to GDP has substantially declined in recent years due to the issue of illegal logging and subsequent suspension of logging activities. A more detailed sector analysis was conducted for Loans 2022/2023-CAM: Agriculture Sector Development Program (ASDP) of the Asian Development Bank (ADB)¹⁴.

47. Despite the Government's stated pro-poor policy objectives, the annual programming and budgeting exercises in the agriculture sector, which are highly concentrated at the central level, have not adequately reflected those objectives¹⁵. Sector expenditures usually follow historical patterns and often include ad hoc initiatives, which are not systematically linked to the medium term development plans of the government. In fact expenditure in terms of the government budget show a 2% share of expenditure in the agriculture sector compared to 18% and 14% on education and health. Budgeting for 2006 demonstrates this methodology in that the Ministry of Economy and Finance issued a directive to the Ministry of Agriculture, Forestry and Fisheries (MAFF) Department of Accounting and Finance instructing the 2006 budget be prepared on the basis of the 2005 budget, plus a 15% increase in Chapter 10 (Wages and Allowances) and a 7% decrease in Chapter 11 (Operational Expenditure).

B. ADB Support to the Sector

48. ADB has been fairly active in supporting sector reforms for agriculture:

- ADB 1996: Program Loan for \$30 million approved on 20 June 1996. This loan included an initiative for medium-term program budgeting, but the system was

¹⁰ CIA World Fact Book, 1 January 2005

¹¹ UN ESCAP/CDPF Regional Workshop, Lanzhou, Gansu Province, China, October 2004

¹² The Government's development strategy, as reflected in the Rectangular Strategy, draws on the SEDP II and the NPRS and is a synthesis of the priorities of these documents. The third "rectangle" refers to economic growth and the first of the four strategic "growth rectangles" is: agricultural productivity, diversification, and competitiveness.

¹³ National Workshop, 28 & 29 July 2005

¹⁴ ADB. 2003. Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance to the Kingdom of Cambodia for the Agriculture Sector Development Program. Manila. (Loans 2022/2023-CAM [SF]). Appendix 1.

¹⁵ Terms of Reference TA 4428-CAM: Strengthening National Program Budgeting for the Agriculture Sector

not fully integrated with MAFF's annual programming and budgeting exercises and thus was not sustainable.

- ADB 2001: Technical Assistance to the Kingdom of Cambodia for Strengthening Public Financial Management (TA 3634-CAM for \$1.2 million, approved on 22 February 2001). Although the Technical Assistance focused on Health and Education it also held workshops in the Ministry of Economy and Finance in which MAFF staff participated. However, a review of the workshop material leads one to conclude that the content was of too high a level and was not practically beneficial for the staff of MAFF.
- ADB 2003: Program Loans for \$29.7 million of Agriculture Sector Development Program (ASDP). The first tranche of \$15 million was disbursed in December 2004 and there are conditionalities attached to the second tranche due for disbursement in late 2006 (refer **Appendix B**). The fourteenth (14) tranche condition states: *MAFF shall have established internal planning, program budgeting and expenditure management systems in order to utilize the medium term expenditure framework (MTEF).*
- In 2004/05 ADB have provided Technical Assistance to assist in the implementation of the ASDP (ADB TA No 4228-CAM) and the Terms of Reference included activities for the introduction of MTEF.

C. Public Sector Financial Reform – PFM

49. A reformed Public Financial Management (PFM) system is central to the Royal Government of Cambodia's socio-economic development plan and poverty reduction strategy according to a speech by the Honorable Prime Minister of the Royal Government of Cambodia, Mr. Hun Sen¹⁶.

50. As part of the PFM the MEF intends to issue and implement new accounting codes to replace the existing ones, for example Chapter 30 Salaries and Wages will no longer be operative. The draft Chart of Accounts from MEF has been modified to accommodate the requirements of MAFF (although the adjustments are minor) and is attached at **Appendix C**. The latest draft guidelines from MEF are, in the opinion of the Team, at best inadequate¹⁷, however the Accounting and Financial Management Manual produced by the Team for MAFF adequately describes the system¹⁸.

51. From June 22-23, 2006¹⁹ the PFM Secretariat in MEF called on all Ministries to attend a three day workshop to disseminate the PFM initiatives and key elements of the budget reform strategy through the introduction of MSBF, MTEF, new chart of accounts, new budget classification, with a particular focus on piloting program budgeting.

52. The implementation of the new accounting regime in the RGC will be supported by training and seminars conducted by the Ministry of economy and Finance across the whole

¹⁶ Public Financial Reform Program, Phnom Penh, June 30, 2004

¹⁷ The guidelines to hand are unofficial and are rather descriptions of journal entries with no substance to inform the reader as to what it is all about. It is anticipated that MEF will considerably review the guidelines before official release.

¹⁸ It is noted however that the CoA produced by IMF for MEF and the government does not seem to follow International Accounting Standards however the design of MAFF's manual has followed the format provided in the interest of maintaining harmony with the MEF accounting conventions.

¹⁹ Attended by all members of MAFF's PBWG and representatives of MAFF's Department of Accounting and Finance in the MEF Economics and Finance Institute, 22-23 June, 2006

of government – the ADB TA No 4428-CAM has supported this initiative in MAFF and the provinces.

53. The Ministry of Economy and Finance (MEF) has stated, as the third part of its strategy²⁰, that a step to achieve the reforms is the adoption of an operational Medium Term Expenditure Framework (MTEF). There are four pilot ministries; Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Education Youth and Sports (MEYS), the Ministry of Health (MOH) and the Ministry of Rural Development (MRD).

54. Whilst MEYS and MOH have prepared long-term development plans²¹, unfortunately the education plan does not address technical, vocational and higher education and the health plan focused mainly on primary health – so the plans fall short of being comprehensive sector policy plans that lay a foundation for program budgeting. MEF recognize that MAFF is making great strides towards preparing an MTEF whilst MRD have yet to commence its processing.

55. The World Bank has assisted²² the MEF to develop an implementation strategy and action plan to achieve program budgeting in the Royal Government of Cambodia.

56. The project team has met several times with Dr. Sok Saravuth, Director of Budget Department and Manager of the Reform Committee Secretariat, and Mr. Ros Seilava, Director Economic and Public Finance Policy department. It appears that the reform is constrained at present due to the existing budget law. This needs some modification to allow MEF to formally introduce program budgeting and even MTEF, however this is being addressed by the MEF²³ and is not seen as an impediment to the implementation of MTEF for the four pilot ministries for 2007 fiscal year.

Note: Since MEF have decided to proceed with an interim step to MSBF instead of a full blown MTEF in the four ministries it has expanded the pilot to include three (3) more ministries who are all engaged in PAP budgeting at this time – this makes a pilot of eight (8) ministries from January 2007. In addition, the FMIS implementation scheduled for June 2007 will now include MAFF due to representations made by the project team to the ITC unit of MEF – MAFF was originally excluded due to its physical distance from the centre of town.

57. There is a firm commitment within MAFF to have an MTEF in operation for the budget year 2007 across all departments and activities. Whilst there is a drive from the top down evidenced by Workshop addresses from His Excellency Ouk Sokhun, Under Secretary of State²⁴ and backing from the Minister H.E. Chan Saron and endorsed by H.E. Koum Saron, General Director of MAFF to disseminate the PFM and MTEF concepts and latest developments to the provincial departments of agriculture, the commitment from the bottom up is also very much in evidence. Of the many workshops held throughout MAFF both at central and provincial levels attendance of invitees has been on average 97%.

58. At the end of March MEF called for submissions under the Ministry Strategic Budget Framework (MSBF). MAFF has made the submission as requested and has modified its submission after reviewing and applying the modalities developed under the new system for planning as proposed by the TA Team in the Monitoring & Evaluation Manual.

²⁰ MEF Budget Department Technical Papers: Overall Budget Framework and Action Plan

²¹ Education for All – National Plan 2003-2015 and Health Sector Strategic Plan 2003-2007

²² Technical Assistance August 22 to September 9, 2005, Allan Gustafsson

²³ Road Map for Completing Law on Financial Systems (Budget Systems), Budget Department, Ministry of Economy & Finance, 15 March 2006, Paper #8

²⁴ Monitoring & Evaluation System for Program Budgeting Workshop, July 26, 2006

59. There is a continual review of the PFM by MAFF's PBWG, and MAFF will make submissions back to MEF on the structure of the MEF Forms 1 to 11 included with the MSBF guidelines after having tested them from a ministry perspective.

IV. TA Contributions for the ASDP Objective

IV. TA CONTRIBUTIONS TO THE ASDP OBJECTIVE

60. In 2003 ADB and the Royal Government of Cambodia agreed on a Program Loan for \$29.7 million for an Agriculture Sector Development Program (ASDP). The first tranche of \$15 million was disbursed in December 2004 and there are conditionalities attached to the second tranche due for disbursement in late 2006 (refer **Appendix B**).

61. ADB TA 4428-CAM: Strengthening National Program Budgeting in the Agriculture Sector relates to the fourteenth (14) tranche condition which states: *MAFF shall have established internal planning, program budgeting and expenditure management systems in order to utilize the medium term expenditure framework (MTEF).*

62. The TA has assisted MAFF in establishing two important “timelines”. The first, which is included in the Accounting and Financial Management Manual²⁵, is an annual budget calendar presented in both Table form and Figure form. This timetable is to be adopted by MAFF as the planning platform for internal planning with the emphasis on program budgeting with deadlines for present and completion of certain documents and exercises in the budget formulation. The second timeline is the planning and program selection timeline, which is included in the Monitoring and Evaluation Manual²⁶, “dovetails” with the first timeline. Both of these timelines have been compared to the MEF²⁷ budget timeline so that the outputs from MAFF will coincide with the inputs to the budget process that are expected by MEF.

63. The TA in conjunction with the Program Budgeting Work Group (PBWG), the Department of Planning and Statistics and the Department of Accounting and Finance has established firstly a system for internal planning and program budgeting.

64. The TA held “train the trainers” courses in September 2006 and is of the opinion that the personnel of the PBWG have a good concept of the recommended systems. The workshops were:

- September 13 Training Session 1 of 4 - AFM Manual
- September 18 Training Session 2 of 4 – Current Expenditure
- September 20 Training Session 3 of 4 – Revenue & Financial Accounts
- September 27 Training Session 4 of 4 – Capital and Third Party Accounts
- September 12 Training Session 1 of 3 Manual relevant to Planning
- September 20 Training Session 2 of 3 Manual relevant to Monitoring
- September 27 Training Session 3 of 3 Manual relevant to Evaluation
- September 27 Training Session on the Training Manual

65. The M&E manual defines and describes a complete M&E information system, including processes and procedures, for program budgeting in MAFF, with associated forms and formats to assist at both department and ministry level to perform and effective M&E

²⁵ Accounting and Financial Management Manual, July 2006, Pages 27 to 33.

²⁶ Monitoring and Evaluation Manual, July 2006, Chapter 3, section 3.3, paragraphs 61 to 62, and Figure 6.

²⁷ The first timeline has been formulated for MAFF to dovetail with the timeline shown and described in MEF “Action Plan for Institutionalization of the Medium Term Expenditure Framework” dated December 2005, Annex A.

function on its programs. The M&E system provides MAFF the mechanism to both prepare and plan its annual budget, and to introduce performance information into budget allocation decisions. It is an important component of the whole program budget process.

66. The M&E system feeds very nicely into and supports the MTEF/MSBF formulation stage. Firstly there is the planning forms that identifies the Program Profile, Sub-program Profile and the Activity Profile²⁸, secondly there is the monitoring forms that provide for Quarterly Monitoring, Site Visit Reports and Annual Monitoring, and thirdly there is Evaluation forms that will be used to assess performance and then present a case for continued allocation of resources or indeed act as a signal for a cessation of support.

67. It should be noted that the culmination of information from this M&E system is the evaluation forms which provide and correlate exactly to the MEF forms 9, 10 and 11 provided with the MTEF/MSBF Guidelines.

68. The MTEF/MSBF formulation stage is described fully in Chapter 2: Budget Management of the Accounting and Financial Management Manual. This system describes the concept behind program budgeting and provides a resource for MAFF as a guidance for putting together the MTEF/MSBF. It takes account of all the guidelines and Technical Papers produced by MEF.

69. In addition to assisting the reader with the designing and institutionalizing of the MTEF/MSBF the manual describes the system, incorporating the new chart of accounts designed by MAFF and the TA Team, in Chapters 6 to 11 for expenditure management.

70. In designing the system which was based on the MEF draft Chart of Accounts, adjusted to fulfill the requirements of MAFF it was discovered that some anomalies existed between the Chart of Accounts and actual operations of the ministry. For example there were no codes allotted to training expenses, costs or expenditure – this have been rectified in MAFF's chart of accounts.

71. The design of MAFF's Chart of Accounts fully captures the switch to program budgeting and even where the MEF has opted for an initial MSBF instead of a full blown MTEF it can accommodate both the current operations and program budgeting.

72. The designed expenditure management system not only picks up on program budgeting but presents an opportunity to identify the expenditure of external financiers in any one fiscal year thus solving one of the ministry's biggest problems. In addition, a computerization of the system would be able to accommodate project accounting – instead of using external sub-accounting systems.

73. It can be concluded therefore that the adoption of the designed systems will provide MAFF with enhanced internal planning, program budgeting and expenditure management regimes aligned to the PFM initiatives from MEF.

74. Computerization of the accounting system in MAFF based on the designed systems will not be possible under this TA. One of the conclusions and recommendations in Chapter 10 of this Draft Final Report is that further TA assistance is canvassed from external aid agencies to deepen the designed systems based on the developed manuals and awareness programs. At the date of writing it is possible that AusAid would be interested in providing a

²⁸ Each sub-program can have any number of activities that directly contribute to the sub-program's objective. Activities are the lowest level in the program structure and represent the level at which work is performed to produce outputs. An activity can represent an on-going government service, and/or may be comprised of one or more "projects". For example, an externally-financed development project may be defined as an activity of a broader sub-program.

long term financial management adviser and in addition the PFM Trust Fund, financed by World Bank, IMF and DFID could be accessed to streamline the accounting and financial management of MAFF based on the prepared manuals under the ADB TA.

A. Coordination and collaboration with PFM/MTEF/MSBF External Parties

75. The TA could not have achieved its outputs under the TOR without close collaboration and coordination with other interested parties in the reform process.

76. In addition to peripheral meetings and dialogue with interested parties there were several joint meetings whereby the TA presented the progress being made with MTEF in MAFF. Probably the most important contact was the International Monetary Fund who with the assistance of Ms. Silvana Tendilli was responsible for producing the MEF Chart of Accounts and the draft guidelines. Whilst IMF could not provide MAFF with official documentation they assisted by informing the general direction of the PFM thrust.

77. A joint meeting was held on Monday 29 May, Venue: World Bank Meeting Room 3, with the following participants: Jens Lauring-Knudsen (AusAID), Silvana Tindelli (IMF), Ly Sodeth (IMF), Vanndy Hemm (ADB), Maun Prathna (ITU), Leang Seng (ITU), Andrew Laing (WB) Terry O'Donnell - ADB Consultant (Strengthening National Program Budgeting in Agriculture Sector), Hap Chantea – ADB Consultant to discuss the progress of MTEF in MAFF. Emerging from this meeting was a network of information sharing that has been taking place since that date with individual members.

78. A meeting was held with representatives from the World Bank and the MEF's Economic and Public Finance Policy Department to discuss the impending introduction of the computerized financial management information system (FMIS) and its impact on M&E.

79. The Consultants worked with MAFF's Department of Fisheries' Program for Fisheries Management – Sustainable Development, Food Security and Equitable Access, to discuss applicability of the M&E system and to test the reporting forms.

80. On 26th July, a workshop/training program was held with 51 representatives from the various line departments of MAFF. The workshop reviewed the entire M&E system and discussed the individual forms to be used. Participants were requested to provide feedback and comments on the system for inclusion into its final version.

81. A presentation on PFM/MTEF/MSBF was made to Technical Working Group for Agriculture and Water (TWGAW), which includes AusAid, Department of Foreign Affairs and Trade (Australia), groupe-afd (France), JICA (Japan), European Community, FAO, World Bank, ADB, DFID, MFAT (New Zealand), UNDP, USAid, IFAD, Dannida and of course internal MAFF departments.

82. A presentation on PFM/MTEF/MSBF was also made to the Technical Working Group on Agriculture and Water, B2 Taskforce, including MAFF represented by: Mr. Srey Vuthy (PCMEQ, DPS), Mr. Nean Choch (AIDOC), Mr. Mak Mony (TWGAW secretariat), Mr. Jean-Marc Bouvard (advisor). MOWRAM: represented by Mr. Tuon Sophanna (GIS/MIS unit), Mr. Sébastien Balmissé (advisor). DONORS: represented by: Mr. Luc Hieu (AFD), Mr. Jens L. Knudsen (AusAid), Mr. Ram Saravanamuttu (WFP) and Invited person: Ms. Men Marina (TWG-Forestry & Environment secretariat).

V. Project Framework

V. PROJECT FRAMEWORK

A. Strengthening National Program Budgeting – Project Framework

83. Summarized project framework. The project team mobilized on October 14, 2005 with the Team Leader locating to Phnom Penh.

Table 2: Summarized Project Framework

<i>Goal</i>	<i>Purposes (Objectives)</i>	<i>Outputs</i>	<i>Summarized Activities</i>
Improve financial accountability in the agriculture sector	Strengthen MAFF's institutional capacity for planning and program budgeting	1. Procedural documents prepared for institutionalizing the MTEF process	Submission of the final technical reports
		2. Knowledge and skills of MAFF staff improved in planning and multiyear program budgeting	Workshops, seminars and consultation meetings at central, provincial, and district levels Provision of awareness building and training programs, and in country visits
		3. Appropriate information and monitoring system for public financial management institutionalized for effective delivery of pro-poor agriculture support services	Provision of technical and managerial support for effective information and monitoring systems

The full version is set in Appendix A. The project framework has been used as the basis for project implementation, evaluation and reporting of this TA.

84. During the tripartite meeting in January 2006 the output expectations were more clearly defined to be:

- Output 1: Finance & Accounting Training Manual
- Output 2: Financial Management & Accounting Manual
- Output 3: Monitoring & Evaluation Manual
- Output 4: Increased Program Budgeting Awareness

B. Goal to Purpose

Background to the Goal

85. The overall goal of the Technical Assistance is to achieve improved financial accountability in the agricultural sector in Cambodia. It should be noted that given the funds available, and the limited scope and pilot nature of the Project the emphasis is on improving systems, processes and procedures rather than achieving an accountability regime. Also

since the purposes refers to Strengthen MAFF's institutional capacity for planning and program budgeting then it can be concluded that the scope of the Project can be considered as providing a way forward.

86. The background to the Goal can be found in the 14th 2nd Tranche condition of the ABB Loan No 2022-ASDP "MAFF shall have established internal planning, program budgeting and expenditure management systems in order to utilize the medium term expenditure framework". Refer to Appendix B for Tranche Conditions for ASDP Loan.

87. Coinciding with this Tranche condition is a thrust from the Ministry of Economy and Finance (MEF) through their Public Financial Reform Program (PFM) to introduce reforms on two levels (i) the introduction of a new Chart of Accounts (CoA) and associated processes and procedures, including computerization, and (ii) the introduction of program budgeting utilizing the MTEF approach.

88. Thus an effective implementation of the purpose will enhance the ability of MAFF to achieve the Goal. Therefore if the Technical Assistance can achieve this purpose/objective then it will satisfy the Goal.

C. Purpose to Outputs – Outcomes Expected

89. The objectives – Strengthen MAFF's institutional capacity for planning and program budgeting – has three outputs, these are set out below:

Output 1 – Procedural documents prepared for institutionalizing the MTEF process

The primary aim of the first output is therefore to develop and improve documentation and formats (processes) that will become part of the standard operation procedures with a focus on PFM and MTEF reforms. The focus has to start from planning, through approval and negotiation stages, to the implementation and execution of the annual budget. Delivery of manuals covering Accounting and Financial Management (including processes and procedures for program budgeting) and Monitoring and Evaluation will demonstrate a first step and an achievement of the output.

Output 2 – Knowledge and skills of MAFF staff improved in planning and multiyear program budgeting

Imparting improved knowledge and skills in planning and multiyear program budgeting of MAFF staff is primarily based on delivery through a series of workshops. Then focus is to be on the central and provincial levels. Although emphasis was on multiyear program budgeting, the impending PFM reform meant that the Technical Assistance team expanded the scope of the workshops to include instructions and modalities of the new reforms.

Output 3 – Appropriate information and monitoring system for public financial management institutionalized for effective delivery of pro-poor agriculture support services

There are two aspects to this output (i) aligning an M&E system with the planning and implementation of program budgeting, and (ii) establishing indicators for approved programs, sub-programs and activities.

It is recognized that an alignment of an M&E system with the budgeting cycle is quite difficult when it has not been done before and therefore any study or design of system must incorporate a time frame and deadlines in the system with an interface to the financial

budgeting. Initially target indicators will focus on sub-program and activity specific indicators – therefore measuring how the sub-program and its activities are achieving its goals.

It is assumed that given the Government emphasis on alignment of programs with strategic goals which in turn are linked to policy initiatives then measurement of indicators of programs, sub-programs and activities will be a good indication²⁹ as to whether pro-poor agricultural support services are effective. The designed system therefore should not only look at monitoring and evaluation but also at the formulation of appropriate indicators.

D. The Three Outputs and Related Activities

90. The outputs and activities are set out in table form below so as to give an overview of the scope of activities to be undertaken under the Technical Assistance. The comments column provides guidance to the reader as to the points that require consideration.

Table 3: Outputs & Related Activities

Outputs	Activities	Comment
1. Procedural documents prepared for institutionalizing the MTEF process	Submission of the final technical reports	This requires a review of the current system to concentrate on credibility, adequacy, flexibility, accountability and skills deficits. It should also be noted that it is not a question of designing a system in isolation but given the government's thrust towards PFM and budget programming the TA Team must have an interaction and coordination with a wider audience than just MAFF and ensure that a designed system and its dissemination should not depart too much from the initiatives of the government as a whole.
2. Knowledge and skills of MAFF staff improved in planning and multiyear program budgeting	Workshops, seminars and consultation meetings at central, provincial, and district levels Provision of awareness building and training programs, and in country visits	The scope of this activity had to be expanded to include the ramifications of the PFM initiatives; otherwise the MAFF system would lose credibility before it was even implemented.
3. Appropriate information and monitoring system for public financial management institutionalized for effective delivery of pro-poor agriculture support services	Provision of technical and managerial support for effective information and monitoring systems	As stated in previous paragraphs in the text this exercise could not be focused on just monitoring and evaluation but has to include an element on how to establish reasonable and realistic objectives and indicators for programs, sub-programs and activities.

²⁹ Under the assumption that all programs will be linked in some way to the provision of pro-poor agricultural support services

E. Consideration of Assumptions and Risks

91. The project framework sets out the assumptions and risks at various levels. The analysis below reflects that each assumption/risk has been reviewed. Only those that warrant comment are set out in the table below, particularly if they impinge on the success or otherwise of the Project.

Table 4: Assumptions & Risks

Design Summary Item in PF	Assumption/Risk	Comment
Purpose Objective – Strengthen MAFF's institutional capacity for planning and program budgeting	Continued commitment of the Government to strengthen program budgeting	Clearly this commitment has been achieved. The TA Team participated in a dissemination workshop by MEF whereby all line ministries were in attendance on June 21, 2006
	Close coordination with other programs of ADB and other external funding agencies	There are a great number of Technical Working Groups in MAFF which provides a forum for close coordination in MAFF. The TA however has broadened this coordination to include aid agencies that are not directly involved in the Agriculture sector but are focused mainly on budgeting and financial matters; such as World Bank and IMF.
1. Procedural documents prepared for institutionalizing the MTEF process	Timely approval of the guidelines, manuals, and ministerial circulars	This was quite rightly pointed out as a risk. MAFF has been quite good in this area particularly with the activities of the Program Budgeting Work Group, however it has been constrained by the delays experienced in MEF on the PFM – many expected guidelines and drafts were delayed. The guidelines and manuals as an output of this TA have not yet been approved – there is a process where comments are invited from both ADB and Government last one month before incorporation if required in the adjusted manuals.
	Timely provision of adequate counterpart support by MAFF and the Ministry of Economy and Finance (MEF)	A valid assumption and one that MAFF has taken on board – staff have always been available to the TA team within a reasonable period.
2. Knowledge and skills of MAFF staff improved in planning and multiyear program budgeting	Close linkage and smooth networking with the existing financial monitoring system	The problem in this area has been the vast amount of information available, however translation has been a problem – this is a long drawn out process even for the most skilled translators.

Design Summary Item in PF	Assumption/Risk	Comment
	Active participation of key stakeholders in workshops and meetings	Clearly the initiatives of the government to program budgeting and PFM that the staff of MAFF have been very active participants and everyone is aware that something important is happening – attendance at workshops has been exceptional – for the M&E workshop attendance was 95% of invitees.
	Full cooperation from MAFF, MEF, and relevant training institutes	MAFF has given full cooperation where required – MEF have been slow in delivery of promised outputs and institutes have provide all requested information on time.
3. Appropriate information and monitoring system for public financial management institutionalized for effective delivery of pro-poor agriculture support services	Full cooperation from MAFF, MEF, and other relevant agencies of the Government	There was only one month allotted for the task of M&E design and this could not have been achieved without the Full cooperation from MAFF, MEF, and other relevant agencies of the Government
	Timely provision of data and information by MAFF	Data was forthcoming in a reasonable timeframe

VI. Performance Against Plans

VI. PERFORMANCE AGAINST PLANS

Table 5: Reports Prepared

Type of Report	Original Plan	Issue Date	Content	Comments
<u>Mobilization</u>	16 Oct 05	14 Oct 05		Team Leader Mobilized
<u>Inception report</u>	14 Nov 05	24 Nov 05	Covered Project details, background and justification, objectives, methods and activities, location, responsibilities, time & implementation schedules, activities and expected outputs	
<u>Interim Report</u>	27 Feb 06	18 May 06	Revised Staff Schedule (tripartite inception meeting) Revised Work Plan Detailed Tasks (ditto) Terms of Reference Tranche Conditions for ADB Loan 2022-CAM: ASDP Selection Criteria for Provinces Proposal for Donor Support to ADB Loan 2022-CAM: ASDP PFM/MTEF Awareness Workshops Costing for Donor Support Guidelines for Program Budgeting Workgroup Draft Chart of Accounts Outline of Accounting and Financial Management Manual Capacity Diagnostic PBWG Framework under ASDP Loan Agriculture Sector Strategic Development Plan	Tripartite Meeting revised work plan, project outputs and staffing schedule Inception Tripartite Meeting overlooked the need to revise Interim Report submission date despite a delay in the second phase mobilization at the request of the Bank due to lack of progress with MEF/MAFF outputs/inputs ³⁰ In addition, mobilization for the next Phase was delayed until May 20, 2006 in accordance with revised staffing schedule and work plan
<u>Draft Final Report</u>	29 May 06	31 July 06	Executive Summary Background to the Project Project Framework Performance Against Plans and Project Framework Detailed Review of Outputs Achieved Detailed Review of Inputs Undertaken in Relation to Each Output Other Matters Relating to Implementation Financial Review Staffing and Administration Post Project Recommendations.	Inception Tripartite Meeting revised submission date to July 31, 2006 [draft will be submitted electronically prior to this date, due to a tripartite review on August 4, 2006]
<u>Final Report</u>	31 July 06	30 Sept 06	As above	Inception Tripartite Meeting revised submission date to August 31, 2006 and then the DFR Tripartite meeting amended to September 30, 2006
<u>Special & Other Reports</u>			Financial Management & Accounting Manual Monitoring & Evaluation Manual Finance & Accounting Training Manual Provincial Budgeting Overview & Recommendations Assistance & Advice on submission of 5-year and 1-year work plans of PBWG – ASDP Loan Assistance to Guidelines on duties & responsibilities of the PBWG Submissions to World Bank and MEF for additional TA support – drew up TOR's for relevant positions	All draft manuals to be submitted to the Program Budgeting Work Group July 31, 2006 – Comments due back by August 31, 2006 and adjustments to be made in September 2006.

A. Staff Schedule & Work Plan

92. The project team mobilized on October 14, 2005 with the Team Leader locating to Phnom Penh. The first inputs were completed by November 14, 2006 with an anticipated

³⁰ These "inputs" refer to a protracted negotiation for release of funds from MEF to MAFF under the ASDP loan and "outputs" refer to promised guidelines on PFM and MTEF implementation and draft chart of accounts.

start of the second phase on January 1, 2006. However, input was not resumed until January 16, 2006 following a request delay in inputs from ADB due to *"a lack of momentum (by the government) despite previous efforts of MAFF with assistance under TA 4228"*. The mid-term break from March 18 to May 20 was an extended break at the request of ADB due to delays in the MEF disbursement schedule of the ADB Loan No 2022-CAM and the lack of progress from MEF in regards to guidelines and issue of the new CoA.

93. The original staffing schedule agreed with the Bank had the Domestic Consultant "Financial Management Specialist" as the Deputy Team Leader and mobilizing at the same time as the international Team Leader. However, it was subsequently revealed that the nominated specialist could not mobilize. To ensure appropriate support to the Team Leader Nom Sophearith the "Communications and Training Specialist" was mobilized to cover the Deputy Team Leader role. Whilst this assisted in the smooth operation and administration of the TA, it meant that the Output 1: Finance & Accounting Training Manual was produced out of sequence.

94. The Team finally found an excellent consultant in Mr. Hap Chanthea who was mobilized in January 2006. This candidate is at the forefront of the PFM developments in the Ministry of Economy and Finance and has provided invaluable assistance to the team activities in this regard. He obtained leave of absence for this assignment.

95. At the request of the Inception Mission of the ADB the work³¹ program was rescheduled due to delays in the Ministry of Economy and Finance in approving the disbursement schedule of the ADB Loan No 2022-CAM: Agriculture Sector Development Program and the delay in issuing the guidelines and new Chart of Accounts, which were essential to the work of the TA.

96. In addition, the mobilization of the International and Domestic "Information and Monitoring Systems Specialists" was deferred due to the longer break period. Both the International and Domestic Consultants joined the Team on July 1, 2006, the international specialist completed his input on July 31, 2006 and the Domestic specialist is available until the scheduled end of the project September 30, 2006.

B. Activities of the TA Team

1. General Activities

97. The Team has worked closely with the Department of Accounting and Finance, and with the Department of Planning and Statistics³¹.

98. The Team has had a close relationship with the members of the program Budgeting Work Group created under the ASDP Loan administration and responded to a request for guidelines by producing a draft for the PBWG consideration. It also assisted in drafting the 5-year and 1-year work plans for submission to the PSU and subsequent ASDP Loan request for accounting and finance.

99. The Team has held seven (7) awareness building workshops in the pilot provinces covering all 24 provinces/towns. Refer to **Annex C** for details of the workshops. These workshops were held in conjunction with fact-finding missions by the team to produce a diagnostic of the processes and procedures being used at provincial level for budgeting and accounting. In addition, the team has held workshops at the central level covering various topics related to MTEF/MSBF.

³¹ Note: This is a name change from the Department of Planning, Statistics and International Cooperation.

100. Dialogue with external agencies has been an important part of the team's activities because the implemented system in MAFF should as close as possible mirror the efforts from the government wide level. This has meant making presentations³², holding workshops and meetings with MEF (PFM Secretariat, ITC Unit, Economic Policy Unit and Budget Department), the World Bank, International Monetary Fund (IMF), DFID (UK), AusAid, Dannida and private sector delivery agents – such as software developers.

2. Linkages to PFM Activities

101. The Team has engaged a Domestic Consultant that has strong linkages with both the MEF and the Reform Committee Secretariat and a close working relationship and linkage was been established with the Manager of the Reform Committee Secretariat and the Economic Policy unit within the Ministry of Economy and Finance. The TA Team has the latest up to date information on the PFM initiatives which is included in the Accounting and Financial Management Manual together with the Monitoring and Evaluation Manual.

102. MEF have now distributed guidelines³³ covering the process required for converting to the new chart of accounts, the forms and formats required for the MTEF and a step by step process for establishing the 2007 budget. These guidelines were not forthcoming until July; however the TA Team has utilized the forms and formats suggested in the guidelines from MEF (with some minor modifications) for its MTEF.

103. The TA Team has some concerns with the documentation received from MEF. Firstly, the new Chart of Accounts does not appear to be structured in a format that could be described as Internationally Accepted Accounting Principles, for example the mixing of debtors and creditors in the same Class 4: Third Party Accounts – the distinction between current and term liabilities and assets is not made. There was no provision to capture training costs either as an assets or expense. Secondly, the budget forms (specifically 9, 10 & 11) circulated with the guidelines are inadequate for the task for which they were designed – the TA Team have made adjustments to the form and have tested them in a real life situation to ensure they are now user friendly – the TA Team is in the process of informing MEF and providing MAFF forms as templates that could be replicated across the whole of government.

104. The Team has kept a continued communication with the IMF and World Bank who are overseeing and assisting the MEF in the PFM reform through Technical Assistance. MEF have taken a step back and will not pursue a full blown MTEF from January 2007 in the pilot ministries (of which MAFF is one). Instead the Priority Action Programs (PAP) will be converted to a Ministry Strategic Budget Framework (MSBF) as a precursor to the MTEF.

105. The MAFF manuals have taken account of this development.

3. Accounting and Finance Activities Associated with ADB's ASDP Loan

106. Involvement of the Department of Accounting and Finance (DAF) in the ADB Loan No 2022-CAM: Agriculture Sector Development Program is viewed as an essential element of the development of accounting and finance systems throughout MAFF at both central and provincial levels. The PBWG (formed under Ministerial approval dated October 19, 2005) has submitted a five year work plan with a proposed disbursement schedule and has reviewed and enhanced the work plans for 2006/7.

³² Refer to Chapter 4 for details of the coordination and collaboration with external agencies And others concerned with PFM

³³ (i) Guidelines for the preparation of the Ministry Strategic Budget Framework, March 24, 2006 (original in Khmer but we did not receive an English language version until 2nd week of July 2006) (ii) Guidelines for the Preparation of a Pilot Program Budget, 31 May 2006.

107. This was completed and the DAF met all the deadlines set by the PSU in MAFF. It is believed but unsubstantiated at this time that funds have been made available under the loan and the PBWG can commence its procurement activities.

108. Under the loan MAFF will be provided with the accounting and finance resources to implement initiatives in parallel, and to follow on, in conjunction with TA 4428.

109. To commence activities in 2006 and to launch the project successfully the Program Budgeting Work Group has approved the following budget for 2006, out of a total committed and approved budget for the five (5) years of US\$3,205,385:

Table 6: PBWG Budget ASDP Loan

No	Category	Amount in US\$
1	Civil Works	339,902
1	Vehicles	20,000
2	Equipment	140,440
3	Consulting Services and Studies	6,103
4	Training	99,100
5	Recurrent/Operating Costs	95,280
	Total	700,825

110. During 2006 the Program Budgeting Work Group have the following aims for 2006:

- MAFF will have a formal financial accounting, budgeting, planning/monitoring-evaluation process and system as the other ministries have, i.e. Ministry of Health, Ministry of Education Youth and Sport;
- MAFF will have the computerization to operate the financial accounting, budgeting and monitoring systems;
- MAFF will have a new building office for the Department of Accounting & Finance and the Department of Internal Audit;
- MAFF will be able to increase the funding resources through the effectiveness in the use of funds;
- Creating of an effective M&E and reporting system;
- MAFF will be able to strengthen and build the capacity of staff in the financial accounting affairs, budgeting affairs, budgeting affairs and planning /monitoring-evaluation affairs as well to adapt the National Poverty Reduction Strategy and the Government Rectangular Strategy, NSDP and;
- MAFF will better provide the sustainable and broad based improvement of agricultural productivity, technology as a means to improve food security and increase rural incomes and finally increasing farm employments by implementing the PFM Reform Program through MTEF process.

111. The targets for 2006 set by the Program Budgeting Work Group are:

- MAFF will have commenced on a financial reform program in line with the government's PFM reform program by designing new formal financial accounting, budgeting, planning and monitoring systems.
- MAFF will have a computerized system to operate the new systems that can be replicated across all departments and provinces
- MAFF will have achieved a more appropriate budget allocation from the Ministry of Economy and Finance based on the introduction of MTEF in 2007

- MAFF will have commenced a sustainable training and capacity building program for its finance and accounting staff utilizing domestic and international sources of education.

112. The TA Team has had a substantial and continued interaction with the overall Program Budgeting Work Group and has assisted MAFF in obtaining the 14th 2nd Tranche condition of the ABB Loan No 2022 *"MAFF shall have established internal planning, program budgeting and expenditure management systems in order to utilize the medium term expenditure framework"*.

C. MTEF/MSBF Status in MAFF

113. Under ADB TA No 4228-CAM: Agriculture Sector Development Project the concept of MTEF has been introduced to MAFF – in more detail to six (6) pilot departments, but the TA involved all departments of MAFF where possible. In addition, all provinces have now been exposed to the concepts of MTEF and also the PFM initiatives.

114. All the departments of MAFF were involved in the dissemination of the Monitoring and Evaluation System in the July workshop.

115. It was agreed during the Inception meeting with ADB that this TA could not fulfill all the expectations of MAFF achieving a workable and implemented MTEF during the life of the project. Towards this end follow on Technical Assistance was to be sought from other donors. A submission has been sent to AusAid who expressed a possibility that it may be able to assist by providing a Financial Management Adviser for a medium term period (say two years, but this assistance is very much in the planning stage at this point in time). In addition, it was indicated by the World Bank that MAFF may be able to utilize the PFM Trust Funds set aside for "streamlining" of accounting systems in line ministries – the PBWG is following through on this aspect. Detailed TOR and costs have been prepared by the TA for the use of MAFF.

VII. Detailed Review of Outputs Achieved

VII. DETAILED REVIEW OF OUTPUTS ACHIEVED

116. The agreed outputs of the TA were:

- Output 1: Accounting & Financial Management Manual
- Output 2: Monitoring & Evaluation Manual
- Output 3: Accounting & Finance Training Manual
- Output 4: Increased Program Budgeting Awareness

117. The following sections describe each output and the recommendations arising out of the work and reflect observations of the Team in compiling these outputs.

Output 1: Accounting and Financial Management Manual

118. The Accounting and Financial Management Manual (AFMM) manual defines and describes the complete accounting and financial management information system, including processes and procedures, for program budgeting in MAFF. The accounting and financial management system provides MAFF the mechanism to both prepare and plan its annual budget and to introduce expenditure management.

119. This manual is takes into consideration new Chart of Accounts released by the Ministry of Economics and Finance at its Technical Workshop on 21-23 June 2006 and is primarily based on the draft chart of accounts provided by the International Monetary Fund (IMF) under technical assistance.

120. Although the TA has obtained a rough draft of the guidelines to the new chart of accounts³⁴ the conclusion was that they were of little benefit and therefore based on the constitution, decrees, sub-decrees and Prakas the TA Team, in conjunction with the PBWG and considerable help from the Department of Accounting and Finance, has produced a manual divided into policy, account definitions, procedures and guidelines for each accounting function that may be entered into.

121. For example the manual describes a transaction for the purchase of Office Supplies (a Class 6: Current Expenditure Account) and lets take account code 6023: Office equipment, for our example. If we refer to this account in the Manual we will find the following four (4) headings related solely to this transaction:

Policy Reference: Office Equipment September 2006	MAFF Department of Accounting & Finance meeting September 30 2006
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122. Underneath this heading will be the MAFF/Government (if there is a government policy on this account) policy which will be monitored and changed from time to time by the Continuous Improvement Group.

Account Definitions: Office Equipment September 2006	MAFF Department of Accounting & Finance meeting September 2006
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123. This section will tell the reader what accounts relate to the purchase of Office Equipment and what are the normal accounting entries required. Changes can only be made by the Department of Accounting & Finance.

³⁴ Unofficial copy obtained from Md. Silvana Tendelli, Treasury Adviser, International Monetary Fund, Ministry of Economy & Finance.

**Procedure Reference: September
2006**

**Budget Formulation Committee Meeting of
September 30, 2006**

124. Underneath this heading will be all the procedures to be following in relationship to the purchase of Office Equipment – what forms need to be used, what approvals need to be obtained.

Guidelines :

125. This section will provide guidance for the purchase of office equipment such as what is office equipment how will it be identified, what sort of thing need to be obtained prior to obtaining a letter of commitment from MEF and such like advice.

Linkage to MEF Program Budgeting and MSBF

126. The MEF target for these reforms is January 1, 2007. To the extent possible the MAFF accounting and financial management system matches the CoA and the guidelines promulgated by MEF. The outputs expected under the MEF initiative on MTEF have been scaled back to a pilot program which will convert the existing PAP³⁵ structure into a Ministry Strategic Budget Framework (MSBF). The following Figure X shows the intent of MEF.

127. Chapter 2 of the manual describes in some detail the budget management process and procedures, pages 27 to 31. It should be noted that this includes a very detailed timeline Table and Figure that dovetails with the designed Monitoring and evaluation process.

128. There has been a series of Technical papers and guidelines produced a circulated by MEF related to both the PFM and program budgeting systems. The TA has taken account of all these bulletins and has requested clarification where necessary; however the output of the AFMM closely matches the requirement of both MAFF and MEF for program budgeting under MTEF and MSBF.

Interaction with Government of Cambodia

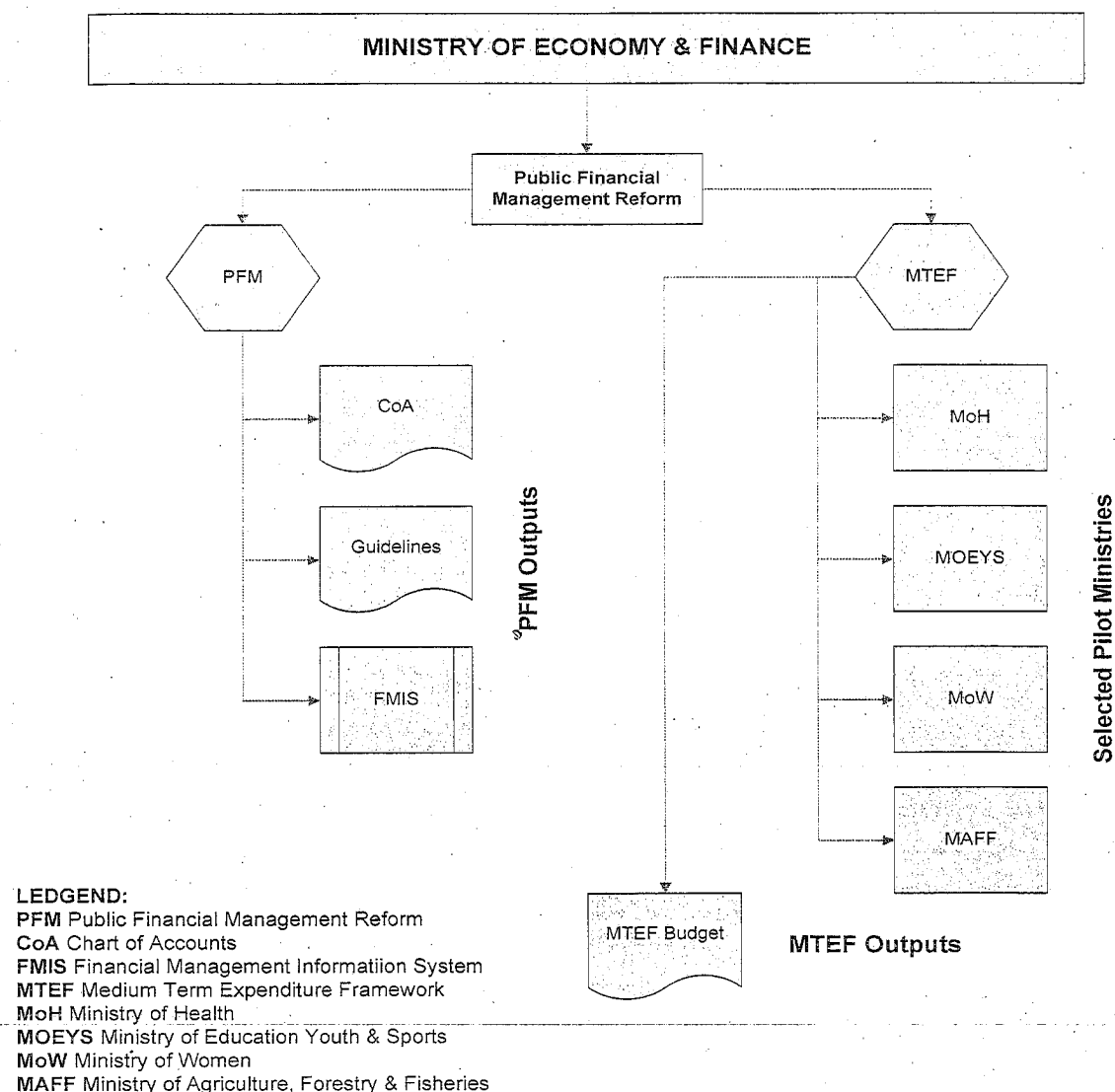
129. The TA has had considerable interaction with the concerned agencies in the PFM process. This is covered in more detail in Chapter 4 (TA Contributions to the ASDP Objective) above. Such has been the interested generated in the MAFF initiatives that the World Bank has requested that the final draft Accounting and Financial Management Manual be circulated for comments to National Treasury (NT), Department of Financial Affairs (DFA), Budget Department (BD), Department of Public Procurement (DPC), Department of Investment and Cooperation (DIC), Information and Communication Technology (ITC Unit), Reform Committee Secretariat (RCS) and the Public Financial Management Reform Committee (PFM).

Training Needs and Implementation

130. In order for the Accounting & Financial Management system to be used successfully and sustainably within MAFF, substantial training in both general accounting skills and the system itself needs to be provided to all of its staff. Computerization will of course make the system easier to use and in fact more user friendly, with the inclusion of computer input screens in the manual, but this again results in a further training need.

³⁵ Priority Action Programs (PAP)

Figure 1: MEF Reform Intentions



131. The Consulting Team conducted a survey in 6 pilot departments and 7 provincial departments within MAFF to assess existing accounting skills. In 24 provincial administrations where 226 staff work in accounting and planning offices only 31 have qualifications (and these are not necessarily related to accounting) representing 14 percent of the staff with reasonable educational levels³⁶. In contrast at the central level the department of Accounting and Finance 88 percent of staff have further educational qualifications³⁷. Furthermore, at the line department level 82 percent of staff in the planning and accounting offices are qualified to some extent.

132. The conclusions from the survey show that the central level there exists a capacity to take on further education in an accounting system and also to absorb computer skills whereas it will be a major problem in the provinces.

³⁶ Refer to Accounting & Finance Training Manual, July 2006 annex 17: Competency & Capacity Gaps, Section 3.1.1

³⁷ Refer to Accounting & Finance Training Manual, July 2006 annex 17: Competency & Capacity Gaps, Section 3.1.2

133. However, the survey results show that MAFF requires consistent and continuous accounting and computer training to all staff who are involved in program budgeting and the implementation of the new system.

Recommendations Arising

134. There are three main recommendation arising out of the design of the accounting system and the Accounting and Financial Management Manual; (i) the need to streamline existing systems using the manual and the new system as a base for further improvement, (ii) the need for an accelerated computerized system without which program budgeting will be most difficult to implement³⁸, and (iii) a need for general training in accounting, English language and computer skills and knowledge.

135. **Institutionalizing** – ADB TA No 4228-CAM recommended a Budget Formulation Group (BFG) to be staffed by both planning and accounting personnel. However, on further discussions with both the department of Planning and statistics and the Department of Accounting and Finance it has become obvious that this would not be a workable solution. As an alternative the TA has designed the system so that Monitoring and Evaluation can be handled by the Department of Planning and Statistics to a point where it fits conveniently with the budget formulation system, which can then be steered by the Department of Accounting and Finance. It is recommended to achieve institutionalization of the Accounting and Financial Management Manual that (i) Department of Accounting & Finance be responsible for establishing and approving policy and accounting matters to do with the manual, and (ii) a Budget Formulation Committee (could be based on the current structure of the PBWG) be responsible for either implementing or suggesting to the policy group changes to procedures throughout accounting and finance and program budgeting in MAFF.

136. **Streamlining** – there is a Trust Fund within MEF PFM set up specifically for this purpose. The TA has drafted a TOR of further Technical Assistance in this area and it has been forwarded to the PBWG for their use to approach the fund. Aid Agencies³⁹ have expressed interested in helping MAFF in the accounting and finance area particularly for program budgeting, but of course this needs further negotiation and dialogue with those agencies to solidify any such forthcoming support. In essence this TA has now become the catalyst for future support.

137. **Computerization** – ADB TA 4228-CAM recommended that the new system be supported by Technical Assistance for financial process re-engineering, scoping of IT requirements, procurement of software and designing the capacity building program for a computerized accounting system. The present TA reiterates this recommendation but would advise on a harmonization of the implementation and procurement with computerization efforts of the ICT Unit in MEF and the National Treasury under the PFM initiatives and the scheduled FMIS piloting. This could be facilitated through "streamlining" assistance financed by the PFM Trust Fund.

Output 2: Monitoring and Evaluation Manual

138. The M&E manual defines and describes a complete M&E information system, including processes and procedures, for program budgeting in MAFF. The M&E system

³⁸ For example in JAMAICA MTEF started in 1984 with 3 major components, human resource management, financial resource management, and line agency restructuring, however the process was not successful due to lack of data undermining the whole process, refer OECD, DAC papers on MTEF implementation.

³⁹ The World Bank and IMF feel it is essential that MAFF reforms are integrated with PFM and want to assist perhaps through the Trust Fund (meeting: Date: Monday 29 May, Venue: World Bank Meeting Room 3 Time: 10:00-12:00). Furthermore it was suggested that Ausaid could provide assistance in the form of an in-country long term technical advisor to MAFF on public financial management.

provides MAFF the mechanism to both prepare and plan its annual budget, and to introduce performance information into budget allocation decisions. It is an important component of the whole program budget process.

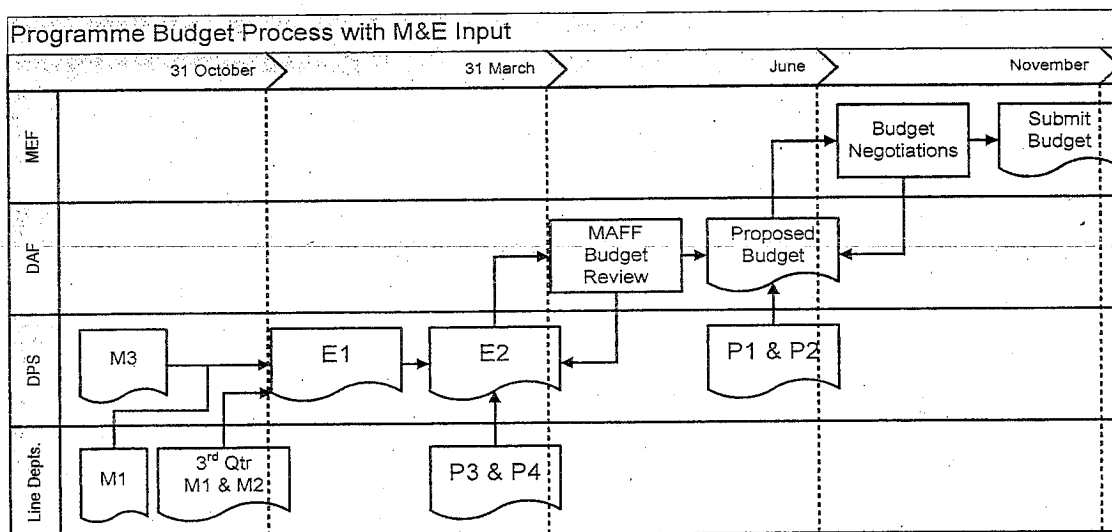
139. The M&E information system is comprised of a nine reporting forms divided into three main groups - Planning, Monitoring and Evaluation as summarized in the Table 7 below.

Table 7: MAFF M&E System

Planning Forms	Monitoring Forms	Evaluation Forms
P1 - Ministry Program Budget Summary	M1 - Quarterly Monitoring Report	E1 - Sub-Program Evaluation
P2 - Program Profile	M2 - Annual Monitoring Report	E2 - Program Evaluation Summary
P3 - Sub-Program Profile	M3 - Site Visit Report	
P4 - Activity Profile		

140. Together, the forms provide a standardized means to collect and report operational data and give the DPS the information necessary to conduct evaluations. These forms are to be used in conjunction other existing reporting mechanism (financial, progress reports) that are currently be used by MAFF and external projects. The timeline and departments responsible for providing this information is illustrated in the figure below:

Figure 2: M&E Timeline



141. The planning forms, in particular P3, & P4, assist the line departments to define their budget structure and provide detail costing at the activity level. The planning forms are designed to be hierarchical with a direct information flow from the activity level to the program level, with data being summarized at each level.

142. The main monitoring forms, M1 & M2 are submitted by the line departments quarterly and annually respectively. M1 describes progress information for each activity within the sub-program, and a review of problems encountered. M2 provides in-depth information, including a SWOT analysis, of the sub-program's progress towards achieving its objective.

The M2 report, along with cumulative M1 reports, provides the foundation for the evaluation of each sub-program.

143. The evaluation forms assist the DPS to annually review the progress reported by each sub-program and to assess the likelihood of it achieving its objective. This feedback is summarized in E2 and submitted to DAF to assist in the MAFF budgetary review process in preparation for preparing its proposed budget to MEF.

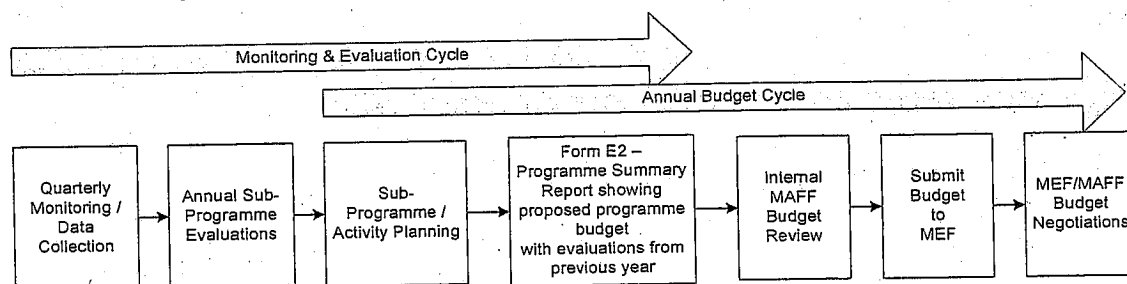
144. The Manual contains an *Instruction Guide* for each form that describes each form, explains its purpose, whom is expected to complete it, whom it is to be submitted to and what the deadline for submission is.

145. The Manual also provides guidance on the selection and use of performance indicators to measure results at the activity, sub-program and program levels, and reviews the problems related to setting annual targets.

Linkage to MEF Program Budgeting and MSBF

146. An important aim of the M&E System is to assist MAFF to produce Tables 9, 10, & 11 of the MEF's Budget Tables. Of the 11 tables requested, only these three tables request information in the Program/Sub-Program/Activity format.

Figure 3: Interaction between M&E Cycle and Budget Cycle



147. The M&E System has been designed so that the data collected from Forms P3 & P4 and E1 will provide the MAFF's DAF with information necessary to complete the MEF's Tables -- with the exception of Table 11.

148. At the time of writing, it is unclear of the proper way to use MEF's Table 11. From a practical standpoint, the column sizes on the table are too small to support the data to be entered. From an ideological standpoint - the terminology used on the Table does not correspond with any of the guidelines produced by MEF and does not match that of the MAFF's M&E System.

149. As such, a revised Table 11 has been designed that is both more compatible with MAFF's M&E System and is more user-friendly. A model of the revised Table is provided in the Monitoring and Evaluation Manual. The information contained in the revised Table should meet the intent of Table 11 and therefore it is recommended that MEF be approached about accepting the revised format instead.

Interaction with Government of Cambodia

150. The Consulting Team worked closely with the PBWG throughout the design and development of the M&E system. Weekly meetings were held with the PBWG to discuss the various versions of the M&E forms, as well as the system's timeline and work flows.

151. A meeting was held with the MEF's Budget Department to clarify the concepts and information needs for the MSBF. Comments were provided on the Budget Department's draft document "Guidelines for the preparation of a pilot program budget" that was distributed on 31 May, 2006.

152. A meeting was held with representatives from the World Bank and the MEF's Economic and Public Finance Policy Department to discuss the impending introduction of the computerized financial management information system (FMIS) and its impact on M&E.

153. The Consultants worked with MAFF's Department of Fisheries' Program for Fisheries Management – Sustainable Development, Food Security and Equitable Access, to discuss applicability of the M&E system and to test the reporting forms. An example of forms P3 & P4 for the Fisheries' program is included in the M&E Manual.

154. A draft version of the M&E Manual was submitted to the PBWG on 19th July for review and comments. Comments and suggestions were provided during the weekly meeting on Friday, 21st July, and subsequently included in the final version.

155. On 26th July, a workshop/training program was held with 51 representatives from the various line departments of MAFF. The workshop reviewed the entire M&E system and discussed the individual forms to be used. Participants were requested to provide feedback and comments on the system for inclusion into its final version.

Training Needs and Implementation

156. In order for the M&E system to be used within MAFF, substantial training in both general M&E skills and the system itself needs to be provided to all of its participants. The ability to define appropriate sub-program & activity objectives, and to develop meaningful performance indicators, are critical to the success of the system. Furthermore, participants should have a strong understanding of analytical methods such as the Logical Framework Approach (LFA) to assist in the strategic planning of activities and outputs.

157. The Consulting Team conducted a survey of 45 individuals in 6 pilot departments and 2 administrative departments (DAF & DPS) within MAFF to assess existing M&E skills. All of the individuals surveyed are expected to be key participants of the M&E system. Each person was asked if they had had training in a number of M&E-related topics, and to further define if their existing skills were either "poor" or "good".

158. The conclusions from the survey show that the level of M&E skills varies considerably from department to department. For example, *all* of those surveyed in the Department of Agronomy & Agricultural Land Improvement have had some training in M&E, while *none* of those in the Department of Animal Health and Production have had training. In general, approximately only a quarter of those surveyed suggested that they have had sufficient M&E training to perform the necessary duties required by the M&E system.

159. The survey results show that MAFF requires consistent and continuous M&E training to all staff who are involved in program budgeting and the implementation of the M&E system.

Recommendations Arising

160. The M&E system that has been designed and described in the M&E Manual requires substantial effort to become institutionalized within MAFF. Like all new systems, it needs to be tried, tested and modified. Its participants need to be trained in its concepts and use. Line departments need assistance in defining activities and outputs, developing objectives and

determining effective performance indicators. Both DAF and DPS need to be taught how to evaluate sub-programs and how to use the results in future budgeting decisions.

161. MAFF presently does not have sufficient M&E skills to undertake this training on its own and will require external assistance in this regard. The Consultants strongly recommend that additional external resources be provided to MAFF to assist in the M&E institutionalization effort that is critical to the overall success of program budgeting.

Output 3: Accounting and Finance Training Manual

Key Elements of the Manual

162. This manual provides a system for conceptualizing, creating and delivering a training program within MAFF. The Training Manual is similar to the Monitoring and Evaluation Manual which identifies a system and then provides the formats and forms to implement the system.

163. It is a generic manual whose system could be replicated in other departments and provides a process bringing the training plan right through each stage of development (i) identifying the existing competencies of the staff, (ii) explaining how to establish the desired competencies of the system, (iii) identifying the training needs from the first two processes, (iv) creating a Terms of Reference for a service provider, (v) evaluation techniques for selecting the service provider, (vi) sample contracts to be used in the service provider engagement, (vii) guidelines on how to hold the training sessions, including logistical arrangements, (viii) how to assess and evaluate the training service delivery, and (ix) guidelines for gauging the impact of the training.

164. In addition it addresses the immediate needs of MAFF in the planning and accounting fields at central and provincial levels.

Interaction with Government of Cambodia

165. In the draft manual⁴⁰ the linkage with MTEF and program budgeting is addressed in Annex 17. It describes the surveys and consultations taken within the central MAFF departments and also the provincial surveys. The TA worked closely with the Department of Accounting and Finance and the Department of Personnel and Human Resources Development within MAFF:

Training Needs and Implementation

166. At the time of writing the training Manual the consultant did not have access to the desired competencies that arose from the M&E study and the PFM/MTEF/MSBF studies. Therefore any assessment of training needs was only possible for general training purposes such as those described by MAFF staff in the survey for example Department of Accounting and Finance identified themselves:

- English Language-short term professional language and long term general English language
- Computer Skills
- Computer Accounting and Finance
- Accounting, Financial Management and Financial Analysis
- Auditing and Advanced Auditing

⁴⁰ It is most likely that this reference will change as the Program Budgeting Work Group has requested a revision of the format of the Draft Manual before acceptance as the Final Draft.

- Accounting, Budgeting and Financial Monitoring Systems
- Public Budgeting Management

167. Annex 17 addresses methodologies and solutions for improving on these skills including a Human Resource development plan and internal and external solutions that could be utilized.

Recommendations Arising

168. In accordance with the TOR the Training Consultant addressed the current physical inputs for training and identified the following recommendations for improvement:

169. There are some training facilities at the central level in individual departments – not all are covered – and there is one big conference facility for general use and a smaller conference facility which is in great demand. Both are under the control of the Department of Administrative Affairs. It is recommended that the Department of Accounting and Finance should have access to the following training facilities as commented below;

- At least two more laptop computers should be available for training and workshops.
- An LCD machine and LCD screen should be available for training and workshops.
- Additional training table and chairs should be available at the big conference room when there are a large number of training/workshop participants.
- A photocopy, scanner and printer machine should be installed at the conference room for the training and workshop courses.

170. It is recommended that MAFF create a Central Learning Network on the worldwide web for awareness building for staff members of MAFF at all levels particularly for PFM and MTEF/MSBF. Also there are tools and facilities that should be installed within DoAF as below;

- A training library room and cabinet for storing and documenting training manuals and materials (software 'MTEF network' and hardware storage).

171. A librarian or IT person should be available and working for the training or awareness building library to update and upload information and news related to accounting and financial management into the website. Also this person would be responsible to file all the documents related to accounting, finance and budget planning aspects and share all the information to all levels of MAFF, in both hard and soft copies.

Output 4: Increased Program Budgeting Awareness

172. In accordance with the scope, objectives and terms of reference for ADB TA 4428-CAM: *Strengthening National Program Budgeting for the Agriculture Sector* the TA Team and Counterparts from MAFF visited the provinces according to the following schedule:

Table 8: Workshop Schedule

27/28 February 2006	Prey Veng Province (incorporating Kampong Cham and Svay Reing)
02/03 March 2006	Kratie Province (incorporating Strung Treng, Ratanakiri and Mondulakiri)
09/10 March 2006	Siem Reap Province (incorporating Preh Vihear, Kampong Thom, Banteay Meanchey and Odar Mean Chey)
13/14 March 2006	Battambang Province (incorporating Pursat and Kampong Chhnang)
15/16 March 2006	Pailin Town
04/07 June 2006	Koh Kong Province (incorporating Kampot, Kep and Siemannouk Ville)
09 June 2006	Kampong Spieu Province (incorporating Kandel, Takeo)

173. Workshops were conducted with the objective of creating awareness of the Public Financial Management Reforms (PFM) in Cambodia and to introduce the Medium Term Expenditure Framework (MTEF). Presentations and handout were given in both English and Khmer.

174. The TA had strong interactions with its pilot departments at the central level, in particular the Department of Fisheries due to the immediate location being in the vicinity of MAFF HQ.

175. Due to the very close working relationship with the Program Budgeting Working Group and in particular working on workshops in the provinces and good deal of skill and knowledge transfer took place.

176. Workshops and presentation were also conducted at Working Group levels including:

- Technical Working Group for Agriculture and Water (TWGAW), which includes AusAid, Department of Foreign Affairs and Trade (Australia), groupe-afd (France), JICA (Japan), European Community, FAO, World Bank, ADB, DFID, MFAT (New Zealand), UNDP, USAid, IFAD, Dannida and of course internal MAFF departments.
- Technical Working Group on Agriculture and Water, B2 Taskforce, including MAFF represented by: Srey Vuthy (PCMEQ, DPS), Nean Choch (AIDOC), Mak Mony (TWGAW secretariat), Jean-Marc Bouvard (advisor). MOWRAM: represented by Tuon Sophanna (GIS/MIS unit), Sébastien Balmisse (advisor). DONORS: represented by: Luc Hieu (AFD), Jens L. Knudsen (AusAid), Ram Saravanamuttu (WFP) and invited person: Men Marina (TWG-Forestry & Environment secretariat).

Recommendations Arising

177. MAFF should have an input to at least the budget formulation at provincial level. The rationale being that whilst MAFF has no control over the budget formulation then how can both the central level and the provincial level know that its programs are in conformity with the strategic plans for the sector, which in turn are now an interpretation of the government policy – without MAFF involvement at the provincial level there is a real risk that programs will not be linked to government overall policy for the sector.

178. There is a trend towards older staff in the provinces which may impact on the capacity of the provincial departments of agriculture to implement program budgeting and the associated computerization. MAFF and the Public Service Commission in the Council of Ministers should give some consideration to placing younger computer literate staff in provincial departments.

179. Electricity supply will be a major constraint to the implementation of any computerized system – it is recommended that this be a consideration in any rollout strategies relating to PFM or indeed program budgeting.

VIII. Detailed Review of Inputs Undertaken

VIII. DETAILED REVIEW OF INPUTS UNDERTAKEN

MONTHLY STATEMENT OF CONSULTANT INPUTS															
1. Name of Consulting Firm												Contract No. COCS/	Latest Contract Variation Number. 2		
	Agrisystems UK Limited														
2. Project Details	Project Name														
T.A. No. 442B-CAM	Strengthening National Programme Budgeting for the Agriculture Sector														
3. PERSONNEL INPUTS (in person-months)															
Field Services (in person-months) (1)															
Expert Name	Total Contract Provision	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Cummulative
International:															
Terry O'Donnell	7.00	0.57	0.43	0.03	0.53	1.00	0.77		0.40	1.00	1.00	0.27	1.00		7.00
Robert Morgenthauer	1.00										1.00				1.00
Domestic:															
Hap, Chanthea (FMS)	7.00				0.47	1.00	1.00		0.37	1.00	1.00	1.00	1.00	1.00	7.83
Kheang, Sovann (IMMS)	4.00										1.00	1.00	1.00		3.00
Nom, Sophearith (CTS)	5.00	0.32	0.86	1.00	1.00	1.00	1.00	0.60							5.78
Sok, Muniroth (CTS)													1.00		-1.00
Total Services	24.00	0.88	1.30	1.03	2.00	3.00	2.77	0.60	0.77	2.00	4.00	2.27	3.00	1.00	23.62
Home Office Services (in person-months) (2)															
Expert Name	Total Contract Provision	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Cummulative
International:															
Terry O'Donnell	0.00														0.00
Robert Morgenthauer	0.00														0.00
Domestic:															
Hap, Chanthea (FMS)	0.00														0.00
Kheang, Sovann (IMMS)	0.00														0.00
Nom, Sophearith (CTS)	0.00														0.00
Total Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

(1) Include travel time. For periods in the field of less than one person-month the basis of calculation is one calendar day = 1/30 of month (0.0333)

(2) For periods of less than one person-month in the home office the calculation is on the basis of 176 hours per month. I.e., 8 hours = 1/22 of month (0.0454)

(3) The inclusion of Muniroth was at the expense of Agrisystems UK Limited

(1) Include travel time. For periods in the field of less than one person-month the basis of calculation is one calendar day = 1/30 of month (0.0333)

(2) For periods of less than one person-month in the home office the calculation is on the basis of 175 hours per month. i.e., 8 hours = 1/22 of month (0.0454)

(3) The inclusion of Muniroth was at the expense of Agrisystems UK Limited

IX. Other Matters Relating to Implementation

IX. OTHER MATTERS RELATING TO IMPLEMENTATION

180. The whole concept of introducing and implementing the fourteenth (14) tranche condition: MAFF shall have established internal planning, program budgeting and expenditure management systems in order to utilize the medium term expenditure framework (MTEF) has to be taken in the context of the whole Public Financial Management Reform program promulgated by the Ministry of Economy and Finance and MAFF cannot realistically create a system in isolation.

181. In the interests of this aim the TA Team has had almost constant dialogue with outside agencies to ensure MAFF's system complies with other initiatives throughout government. These communications have been mentioned in previous sections of the DFR.

182. However, this "harmonization" with the wider reform community has had an obvious impact on the implementation of this TA.

183. The protracted negotiations between MEF and MAFF regarding the level and timing of ASDP Loan disbursements impacted on the mobilization of the TA Consultants in January 2006.

184. In addition, the delay in outputs from the MEF regarding the new Chart of Accounts and associated guidelines meant an enforced longer than planned mid-term break in the project. The Manuals relied heavily on the new Chart of Accounts in an effort to streamline the procedures and processes for putting together the MSBF/MTEF system.

185. The delayed guidelines on MTEF from MEF, including proposed formats, did not help the finalization of system design and this has delayed the outputs slightly.

X. Conclusions, Recommendations and Follow Ups

X. CONCLUSIONS, RECOMMENDATIONS & FOLLOW UPS

A. Conclusions

186. ADB TA 4428-CAM: Strengthening National Program Budgeting in the Agriculture Sector relates to the fourteenth (14) tranche condition which states: *MAFF shall have established internal planning, program budgeting and expenditure management systems in order to utilize the medium term expenditure framework (MTEF).*

187. To all intents and purpose the recent workshop held on July 25, 2006 to disseminate the Monitoring and Evaluation system signaled the adoption of the internal planning and program budgeting formats. Prior to and after the workshop the Program Budgeting Work Group had the opportunity to review the system and contributed positively to adjustments.

188. The M&E system is the start of the planning and program budgeting cycle and leads into the annual budgeting process – this is detailed in the Accounting and Financial Management Manual. The accounting manual outlines in great detail the policies, accounting methods, procedures and guidelines to ensure that MAFF will adopt positive and correct expenditure management practices in the program budgeting implementation.

189. To ensure sustainability of the program budgeting system MAFF will undoubtedly need some more Technical Assistance both in streamlining its existing procedures and implementing a computerized system for accounting.

B. Recommendations

190. **Institutionalizing** – ADB TA No 4228-CAM recommended a Budget Formulation Group (BFG) to be staffed by both planning and accounting personnel. However, on further discussions with both the department of Planning and statistics and the Department of Accounting and Finance it has become obvious that this would not be a workable solution. As an alternative the TA has designed the system so that Monitoring and Evaluation can be handled by the Department of Planning and Statistics to a point where it fits conveniently with the budget formulation system, which can then be steered by the Department of Accounting and Finance. It is recommended to achieve institutionalization of the Accounting and Financial Management Manual that (i) Department of Accounting & Finance be responsible for establishing and approving policy and accounting matters to do with the manual, and (ii) a Budget Formulation Committee (could be based on the current structure of the PBWG, but with a Secretary of State as the Chairman) be responsible for either implementing or suggesting to the policy group changes to procedures throughout accounting and finance and program budgeting in MAFF.

191. **Streamlining** – there is a Trust Fund within MEF PFM set up specifically for this purpose. The TA has drafted a TOR of further Technical Assistance in this area and it has been forwarded to the PBWG for their use to approach the fund. Aid Agencies¹ have expressed interest in helping MAFF in the accounting and finance area particularly for program budgeting, but of course this needs further negotiation and dialogue with those agencies to solidify any such forthcoming support. In essence the present TA has now become the catalyst for future support.

192. **Computerization** – ADB TA 4228-CAM recommended that the new system be supported by Technical Assistance for financial process re-engineering, scoping of IT

¹ The World Bank and IMF feel it is essential that MAFF reforms are integrated with PFM and want to assist perhaps through the Trust Fund (meeting: Date: Monday 29 May, Venue: World Bank Meeting Room 3 Time: 10:00-12:00). Furthermore it was suggested that Ausaid could provide assistance in the form of an in-country long term technical advisor to MAFF on public financial management.

requirements, procurement of software and designing the capacity building program for a computerized accounting system. The present TA reiterates this recommendation but would advise on a harmonization of the implementation and procurement with computerization efforts of the ICT Unit in MEF and the National Treasury under the PFM initiatives and the scheduled FMIS piloting. This could be facilitated through “streamlining” assistance financed by the PFM Trust Fund. The M&E system that has been designed and described in the M&E Manual requires substantial effort to become institutionalized within MAFF. Like all new systems, it needs to be tried, tested and modified. Its participants need to be trained in its concepts and use. Line departments need assistance in defining activities and outputs, developing objectives and determining effective performance indicators. Both DAF and DPS need to be taught how to evaluate sub-programs and how to use the results in future budgeting decisions.

193. **M&E Training** - MAFF presently does not have sufficient M&E skills to undertake this training on its own and will require external assistance in this regard. The Consultants strongly recommend that additional external resources be provided to MAFF to assist in the M&E institutionalization effort that is critical to the overall success of program budgeting.

194. **Physical Inputs required for Training** - In accordance with the TOR the Training Consultant addressed the current physical inputs for training and identified the following recommendations for improvement:

195. There are some training facilities at the central level in individual departments – not all departments are covered – and there is one big conference facility for general use and a smaller conference facility which is in great demand. Both these facilities are under the control of the Department of Administrative Affairs. It is recommended that the Department of Accounting and Finance should have access to the following training facilities as commented below;

- At least two more laptop computers should be available for training and workshops.
- An LCD machine and LCD screen should be available for training and workshops.
- Additional training table and chairs should be available at the big conference room when there are a large number of training/workshop participants.
- A photocopy, scanner and printer machine should be installed at the conference room for the training and workshop courses.

196. **Central Learning Network (CLN)** - It is recommended that MAFF create a Central Learning Network on the worldwide web for awareness building for staff members of MAFF at all levels particularly for PFM and MTEF/MSBF. Also there are tools and facilities that should be installed within DoAF as below;

- A training library room and cabinet for storing and documenting training manuals and materials (software ‘MTEF network’ and hardware storage).

197. A librarian or IT person should be available and working for the training or awareness building library to update and upload information and news related to accounting and financial management into the website. Also this person would be responsible to file all the documents related to accounting, finance and budget planning aspects and share all the information to all levels of MAFF, in both hard and soft copies.

198. **Provincial Budget Formulation** - MAFF should have an input to at least the budget formulation at provincial level. The rationale being that whilst MAFF has no control over the budget formulation then how can both the central level and the provincial level know that its programs are in conformity with the strategic plans for the sector, which in turn are now an interpretation of the government policy – without MAFF involvement at the provincial level

there is a real risk that programs will not be linked to government overall policy for the sector.

199. **Capacity Planning at Provincial Level** - There is a trend towards older staff in the provinces which may impact on the capacity of the provincial departments of agriculture to implement program budgeting and the associated computerization. MAFF and the Public Service Commission in the Council of Ministers should give some consideration to placing younger computer literate staff in provincial departments.

200. **Provincial Infrastructure** - Electricity supply will be a major constraint to the implementation of any computerized system – it is recommended that this be a consideration in any rollout strategies relating to PFM or indeed program budgeting.

C. Follow Up Actions

201. In order to institutionalize the recommendations arising out of this DFR here are certain actions that can be taken by MAFF, but there are also many over which MAFF has no control and must rely on the action of others. Follow up actions are therefore classified as Controllable and External.

202. **Institutionalizing** (Controllable) – There are two levels of action to address this issue (i) the Department of Accounting and Finance must be responsible for creating accounting policy and disseminating accounting policy from MEF to the rest of MAFF, and (ii) the present Program Budgeting Work Group needs to be converted into the Continuous Improvement Group (CIG).

203. The Accounting & Financial Management Manual includes a policy statement for every type of transaction. A group within the Department of Accounting & Finance should be responsible for reviewing this policy and ensuring that it is changed from time to time to reflect new policies coming out from MEF – perhaps they only need to meet every quarter.

204. The CIG is responsible for creating procedures that reflect the new or changed policy. In the manual there is a procedure for every type of transaction.

205. Both groups will make recommendations to the Director of the Department of Accounting and Finance who has to approve any changes to the Manual.

206. **Streamlining** (External) – MAFF needs further Technical support with streamlining its accounting processes and procedures such that it can accommodate the PFM reforms from MEF. The World Bank has suggested MAFF access the PFM Trust Fund to obtain further support.

207. Funds have been provided for ongoing streamlining work under the PFMRP. Mr. Alan Pearson is the key adviser to the MEF – Email address [atpearson@ozemail.com.au]. Any streamlining work in line ministries that are financed from the PFMRP co-financing funds (MDTF and PFMAP) would need to be consistent with MEF's streamlining approach. If MAFF are keen, then it would be useful to raise this with Mr. Pearson and RCS (Mr. Long Sophat) directly [longsophat@yahoo.com].

208. (Controllable) An alternative and contingent approach would be for MAFF to set up a group of staff members with the sole responsibility of disseminating all the manuals and policies and procedures therein to all the departments in MAFF until such time as the process is institutionalized.

209. **Computerization** (External) the PFM process includes computerization. An option for MAFF is to participate in any piloting of a Whole-of-Government FMIS and the consequential TA support. This would need clearance from MEF-ICT – Mr. Phan Phalla [phalla_phan@yahoo.com], however a linkage with this unit should be created.

210. (Controllable) An alternative and contingent approach would be for MAFF to engage local independent consultants to create the necessary software or buy software “off the shelf”. The other option is for MAFF to employ as public servants programmers or system analysts to create the software – however public service pay levels may not be conducive to such an option. However, it is recommended that in any event MAFF should obtain the “source code” thus ensuring it is not burdened with annual maintenance fees it may not be able to afford.

211. **M&E Training** (External) It has been established that there are no internal skills in this area and recommended that external assistance be sought. As AusAid are fairly active in the Department of Planning they may have resources that could be applied in this area. It is recommended that an approach be made to Mr. Jens Larring-Knudsen by MAFF in this regard [Jens.Larring-Knudsen@dfat.gov.au].

212. **Physical Inputs required for Training** (Controllable) The Department of Accounting and Finance, through the PBWG has obtained an allocation of funds under ASDP. It is recommended that a portion of these funds be used to purchase the recommended equipment. As an alternative it is recommended that these items be included in next year's budget.

213. **Central Learning Network (CLN)** (Controllable) MAFF has a website at the address <http://www.maff.gov.kh/aboutus.html> and it is recommended that the Department of Accounting and Finance in its section at <http://www.maff.gov.kh/depts/daf.html> should create a link to a newly created CLN. It may require external expertise to establish this website and it is recommended that an approach be made to one of the universities to create the website and training personnel within MAFF on how to maintain it.

214. **Provincial Budget Formulation** (External) MAFF needs to approach the Budget Department or even MEF at Minister Level to change the existing process. At it now stands MAFF has to sign off on a Mandate presented to it by MEF on the budget of the provincial departments of agriculture without having any input into the compilation of such budgets. Simply, MAFF needs to be involved in all 24 provincial budget formulations to ensure that sub-programs and activities in the sector at provincial level reflect the strategic development plan and hence the policy of the government. This requires representation to MEF and is outside of the control of MAFF. The Budget Law is currently being reviewed and MAFF should make a submission before the final draft.

215. **Capacity Planning at Provincial Level** (External) MAFF needs to approach the Public Service Secretariat at the Council of Ministers to recommend an overall policy that staffing in the provinces needs a younger profile with a departure from traditional skill sets. This is outside of MAFF's control and a policy paper from the ministry could be the catalyst for change.

216. **Provincial Infrastructure** (External) It is imperative to the success of computerization that all provinces participate. However the lack of electricity is a major constraint. Next years budget should include measures for a contingency such as the purchase of generators, however this has an impact also on the recurrent budget in buying fuel, this must be considered also.

XI. Constraints to Sustainability

XI. CONSTRAINTS TO SUSTAINABILITY

217. **Institutionalizing** – Failure to create the recommended Budget Formulation Committee from the two departments – Accounting and Finance and the Department of Planning and Statistics – could result in demarcation disputes in the planning and budget formulation process. This is why it is also advisable to have a higher level Chairperson, such as a State Secretary.

218. **Streamlining** – MEF delays in PFM reforms in producing both documents and clear guidelines with have a run-on effect for MAFF. In addition, MAFF needs further Technical support with streamlining its accounting processes and procedures such that it can accommodate the reform process from MEF. MAFF staffs have their own jobs to complete and over-loading could turn the benefits of enthusiasm generated by this project into an unwelcome burden.

219. **Computerization** - Without computerization it is difficult to capture required information for either an efficient MSBF/MTEF or the PFM reforms. The PBWG will recall a presentation on International experience where MTEF failed due to difficulties in capturing data.

Appendix A

Terms of Reference

APPENDIX A: BACKGROUND INFORMATION AND TERMS OF REFERENCE

TA 4428-CAM: STRENGTHENING NATIONAL PROGRAM BUDGETING FOR THE AGRICULTURE SECTOR

A. Background and Rationale

1. In Cambodia, agriculture accounted for about 34% of the gross domestic product in 2002, and at least 70% of the rural population directly depend on agriculture for their livelihood. It is estimated that about 90% of the country's poor live in rural areas. The Government fully recognizes that sustainable agricultural growth is essential to facilitate economic growth and reduce rural poverty. In the Second Socioeconomic Development Plan (SEDP II: 2001-2005), the Government highlights its pro-poor policy objectives and aims to transform agriculture into a driving force to achieve these objectives by promoting market-based agricultural growth and increasing production values of agricultural and agro-based commodities. The new government formed in July 2004 is expected to continue this policy.

2. Despite the Government's stated pro-poor policy objectives, the annual programming and budgeting exercises in the agriculture sector, which are highly concentrated at the central level, have not adequately reflected those objectives. The sector expenditures usually follow historical patterns and often include ad hoc initiatives, which are not systematically linked to the medium-term development plans of the Government.¹ The priority action program of the primary sector agency, the Ministry of Agriculture, Forestry and Fisheries (MAFF), has focused mainly on the traditionally high income-generating areas of forestry and fisheries, and has not been directed to the local-level agricultural support services. Under the national plan, the total budget for MAFF was KR43.3 billion (\$11.3 million) in 2003, including the provincial budget. About 24% was allocated for staff salaries. To implement any field activities, MAFF mostly depends on external funds obtained through the annual development plan process. Aside from the amounts available, dispersal of funds against plans and requirements is slow and erratic. It is reported that there are often significant delays in releasing funds, thus affecting the implementation of programs where seasonality of agricultural activities requires a quick flow of funds to avoid loss of a full year in field programs. Payment of salaries is often some months in arrears. There is substantial room for improving MAFF's capacity for financial planning, monitoring and analysis, and for strengthening the linkage between agricultural policy planning and budgeting.

3. MAFF's 5-year work program (2001-2005), amounting to about \$10.5 million with the use of program counterpart funds generated under ADB's program loan,² followed project-based budgeting to address the urgently needed activities related to agriculture and rural development, including awareness-building and training on the 2001 Land Law, and MAFF's mass-media broadcasting program on agricultural technology and the agricultural market information program. This initiative of MAFF for medium-term program budgeting has not been fully integrated with MAFF's annual programming and budgeting exercises.

4. MAFF's operational performance and expenditures are not adequately monitored from data and information generated at the provincial and district levels. The situation constrains the scope for facilitating appropriate program budgeting in agriculture and for strengthening the linkage between development objectives and annual public expenditures for the sector. The institutional capacity of MAFF's Department of Planning, Statistics and International Cooperation (DPSIC) needs to be strengthened in this aspect.

¹ World Bank and Asian Development Bank. 2003. Cambodia: Enhancing Service Delivery through Improved Resources Allocation and Institutional Reform. Washington. (Chapter 3).

² ADB. 1996. Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance to the Kingdom of Cambodia for the Agriculture Sector Program. Manila. (for \$30 million, approved on 20 June 1996).

5. ADB's strategy for agriculture is to support the Government's policy objective as prescribed in SEDPII by improving (i) farmers' ability to raise productivity, diversify toward higher-value products, and connect to markets; (ii) the market environment for private agro-based enterprise growth; and (iii) the institutional capacity for competitive agricultural commercialization. To successfully implement the strategy, the Government needs to substantially improve public financial management (PFM) for the agriculture sector. With ADB assistance,³ the Government has made certain efforts to introduce multiyear budgeting or the medium-term expenditure framework (MTEF) since 2001. MAFF has been designated as one of the four priority ministries (health, education, agriculture, and rural development) where the Government intends to strengthen PFM and increase efficiency in the use of fiscal resources. A few staff of MAFF engaged in planning and budgeting received training in 2003, but introduction of MTEF has been delayed for MAFF. In conjunction with the Agriculture Sector Development Program (ASDP),⁴ ADB will provide MAFF with initial support for budget management improvement to link annual sector expenditures and national development plans and policies, and to improve the delivery of pro-poor support services in the field.

6. Through assistance under the ASDP, MAFF will initiate a program-based MTEF for agriculture, and introduce the MTEF process primarily at the central level. However, MAFF still requires capacity-building support, particularly at provincial and district levels, for strengthening program budgeting to ensure increased resources for MAFF's field activities in line with the propoor development objectives of the Government. Local-level capacity building will become increasingly important as provincial, district, and commune administrations will have an increased role in planning and budgeting for activities in the agriculture sector in line with the Government's policy for decentralization. Full understanding of the MTEF process and its implications for the policy, strategy, and budget planning exercises in the agriculture sector will be essential to implement effective program budgeting. The proposed support will increase awareness and improve institutional capacity for program budgeting particularly at the local level. It will contribute to the resolution of fiscal constraints to effective delivery of pro-poor support services in agriculture, increase transparency of the budgeting and funding mechanism for the sector, and facilitate and improve decentralized planning. The TA will also contribute to ADB's assistance strategy for good governance through PFM improvement in agriculture in coordination with the Government's overall PFM reform being implemented with the assistance of ADB and other external funding agencies.

B. Purpose and Outputs

7. The TA will contribute to strengthening MAFF's capacity in program budgeting in the agriculture sector at both central and local levels, thereby improving the delivery of pro-poor public services in a sustainable manner in accordance with the national development plans and policies for reducing rural poverty. The expected outputs will include (i) adequate procedural documents for improved program budgeting; (ii) improved awareness, knowledge, and skills of MAFF staff at various levels in planning and multiyear program budgeting; and (iii) an appropriate information and monitoring system for public expenditures established and implemented in the agriculture sector to facilitate the effective delivery of pro-poor agricultural support services.

³ ADB. 2001. Technical Assistance to the Kingdom of Cambodia for Strengthening Public Financial Management. Manila. (TA 3634-CAM, for \$1.2 million, approved on 22 February 2001). This TA focuses on the health and education sectors in addition to the Ministry of Economy and Finance. ADB will continue to assist the Government to improve budget management in collaboration with other external funding agencies.

⁴ ADB. 2003. Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance to the Kingdom of Cambodia for the Agriculture Sector Development Program. Manila. (L2022/2023-CAM and TA 4228-CAM, for \$29.7 million, approved on 26 November 2003).

C. Methodology and Key Activities

8. The TA will be implemented in close coordination with the Government's PFM reform program, which is currently being implemented with the assistance of ADB and other external funding agencies. At TA inception, an overall approach and work plan will be agreed upon with the Government based on clear understanding of the position of the new MTEF process in relation to MAFF's annual programming and budgeting exercises, and of the roles and responsibilities of the Ministry of Economy and Finance (MEF), and MAFF's Department of Accounting and Finance and DPSIC.

9. The TA will help MAFF (i) formulate necessary implementation guidelines, manuals, and ministerial circulars relating to the programming and budgeting exercises; (ii) provide awareness-building and training programs on program budgeting and the new MTEF process in collaboration with MEF for central, provincial, and district staff involved in agriculture and rural development activities; and (iii) establish an appropriate information and monitoring system on public fund flows, annual expenditures, and physical assets in consultation with key stakeholders. Special efforts will be made to encourage the participation of women staff at the local level (currently about 15% of the total staff of MAFF).

D. Cost and Financing

10. The total cost of the TA is estimated at \$300,000 equivalent, comprising \$169,000 in foreign exchange and \$131,000 equivalent in local currency. ADB will provide \$250,000 equivalent to finance the entire foreign exchange cost and part of the local currency cost, amounting to \$81,000 equivalent. The TA will be financed on a grant basis by the Governance Cooperation Fund to be administered by ADB. The balance of the local currency cost, amounting to \$50,000 equivalent, will be met by the Government of Cambodia to cover office accommodation, counterpart staff support, facilities for seminars and meetings, and other administrative expenses.

E. Implementation Arrangements

11. The Executing Agency (EA) for the TA will be MAFF. MAFF is also the EA for the ASDP and the related advisory TA to support the implementation of the policy and institutional reforms agreed upon under the ASDP. A working group will be established at MAFF to (i) facilitate interdepartmental coordination, (ii) provide necessary counterpart support for the TA, and (iii) ensure that all relevant departments are properly informed of the progress of TA implementation. DPSIC will act as the secretariat for the working group. The representatives of MEF and the Council for Agricultural and Rural Development, which is responsible for providing overall policy guidance on agriculture and rural development, will be invited to the working group discussions. The consultants recruited under the TA will work closely with the members of the working group.

12. The TA will be implemented over 9 months from April to December 2005. The TA will require (i) 8 person-months of international consulting services in the fields of fiscal management, and information and monitoring systems; and (ii) 16 person-months of domestic consulting services in financial management, information and monitoring systems, and communications and training. The consultants should have adequate experience in the agriculture sector. The international consultant for fiscal management will act as the team leader. An international consulting firm will be selected to provide international and domestic consulting services for the TA. ADB will select and engage the consultants in accordance with ADB's Guidelines on the Use of Consultants and other arrangements satisfactory to ADB for engaging domestic consultants. ADB's standard quality- and cost-based selection method will be used, and ADB will request simplified technical proposals from the short-

listed consulting firms. The consultant will purchase necessary office equipment in accordance with ADB's Guidelines for Procurement.

13. Tripartite review meetings among the Government, the consultant team, and ADB will be organized at least three times during the TA to review progress and outputs, and resolve any implementation issues. ADB will field TA review missions in conjunction with the tripartite review meetings. The consultant will prepare (i) an inception report, including a detailed work plan for the TA, to be submitted within 3 weeks of the start of the TA and to be discussed at the initial tripartite review meeting; (ii) an interim report, which compiles the outputs and activities of the TA during the first phase, to be submitted within 5 months of the TA and discussed at an interim stakeholder workshop and the interim tripartite review meeting; (iii) a draft final report, compiling all the TA outputs and activities, to be submitted at least 1 month before TA completion and discussed at the final tripartite review meeting; and (iv) a final report, to be presented at the national seminar upon completion of the TA. The final report will be translated into the Khmer language as required. Under the TA, the consultant will also prepare materials for awarenessbuilding and training programs, and technical working papers to contribute to the formulation of the guidelines for institutionalizing the new MTEF processes in the agriculture sector.

E. Outline Terms of Reference for the Consultants

1. Fiscal Management Adviser and Team Leader (international, 7 person-months)

14. Under the general supervision of the Ministry of Agriculture, Forestry and Fisheries (MAFF), the consultant will work closely with MAFF's working group for the technical assistance (TA), and will be specifically responsible for the following tasks:

- (i) Assess the status of the Government reform agenda for public financial management (PFM) in close consultation with the Ministry of Economy and Finance (MEF), MAFF, and external funding agencies involved in developing the PFM reform agenda.
- (ii) Assess MAFF's capacity at central and local levels for institutionalizing improved and decentralized budget planning and management with sound accountability mechanisms, and for promoting pro-poor service delivery.
- (iii) Clarify the status of the new process for the medium-term expenditure framework (MTEF) in the agriculture sector in relation to MAFF's annual programming and budgeting exercises, and priority action program.
- (iv) Formulate an overall approach and work plan for the TA, and establish the specific roles and responsibilities of the relevant agencies and departments in relation to the MTEF process.
- (v) Help formulate necessary guidelines and ministerial circulars for improved program budgeting and devolved fiscal management required to effectively deliver pro-poor support services, with particular attention to the local-level provision of agricultural research and extension services.
- (vi) Identify the needs for awareness-building and training programs, and specify the relevant subjects and inputs for strengthening the capacity of the staff of MAFF and other relevant agencies in institutionalizing the MTEF process and related budgeting and review exercises linked to the pro-poor development plan objectives.

- (vii) Lead the TA consultant team in organizing necessary awareness-building and training programs on the PFM reform initiatives of the Government for the relevant staff of MAFF and other line ministries involved in agriculture and rural development at the central, provincial, and district levels.
- (viii) Advise MAFF in designing an appropriate information and monitoring system for budget and public expenditures, in collaboration with information and monitoring systems specialists, considering lessons learned in other countries.
- (ix) Serve as a technical focal point for the new MTEF process in the, agriculture sector, and closely liaise with the technical working group of external funding agencies for the agriculture and water sectors.
- (x) Provide timely recommendations for resolving any issues encountered during TA implementation.
- (xi) Ensure the quality and timely submission of all consultants' reports and working papers.

2. Financial Management Specialist (domestic, 7 person-months)

15. The consultant will work with the international fiscal management adviser, and will be responsible for the following tasks:

- (i) Compile necessary data and information on the Government's PFM reform agenda and the new MTEF process to examine their status and outstanding issues for resolution by MAFF.
- (ii) Help monitor MAFF's budgeting and public expenditures at the central, provincial, and district levels to facilitate improved program budgeting and devolved fiscal management, and identify practical issues and options for resolution.
- (iii) Prepare necessary papers and materials in the Khmer language, as appropriate, for the working group meetings, training programs, and workshops, and ensure the high quality of those papers and materials.
- (iv) Organize and facilitate awareness-building and training programs under the TA, particularly those for the staff of MAFF and other line ministries at the central, provincial, and district levels.
- (v) Assist MAFF in designing and establishing an appropriate information and monitoring system for budget and public expenditures, in collaboration with the information and monitoring systems specialists, particularly at provincial and district levels.
- (vi) Identify the needs of the provincial and district staff of MAFF and other relevant agencies for awareness-building and training programs to be organized under the TA.
- (vii) Prepare technical working papers on financial management in the agriculture sector as required under the TA.

- (viii) Ensure close liaison with relevant agencies of the Government and other external funding agencies.

3. Information and Monitoring Systems Specialists (international, 1 person-month; domestic, 4 person-months)

16. The consultants will be responsible for the following tasks.:

- (i) Assess the existing information and monitoring system of MAFF for budget and public expenditures and its linkage with the annual programming, budgeting, and review exercises; examine MAFF's human and financial resources available for effective information gathering and monitoring, including staff capacity.
- (ii) Recommend, in collaboration with other consultants, cost-effective options for improving the information and monitoring system for budget, public expenditures, and physical assets at central, provincial, and district levels, including specifications of office equipment and related materials required for improved monitoring.
- (iii) Assist MAFF in establishing or strengthening its information and monitoring system, and linkages with the annual programming and budgeting exercises.
- (iv) Assist MAFF in developing and implementing means to identify and manage facilities and physical assets either created or purchased by externally funded projects to ensure that public ownership is appropriately and transparently identified.
- (v) Provide the relevant staff of MAFF with necessary training in using and maintaining the improved system, and in collecting and analyzing appropriate data and information.
- (vi) Prepare an operating manual and necessary working papers in English and Khmer for the use of the improved information and monitoring system for MAFF's public expenditures and for future training activities.

4. Communications and Training Specialist (domestic, 5 person-months)

17. The consultant's tasks will be as follows:

- (i) In collaboration with other consultants, prepare an inventory of MAFF's relevant staff at the central, provincial and district levels, and identify their training needs.
- (ii) Review the currently available training programs and materials, including programs provided by other external funding agencies and nongovernment organizations.
- (iii) In collaboration with other consultants, prepare and organize awareness-building and training programs for the staff of MAFF and other relevant agencies involved in agriculture and rural development, and prepare a user-friendly manual, in both English and Khmer languages, for evaluation of awareness-building and training programs.

- (iv) Assess and recommend other available training programs, which are appropriate for achieving the TA objectives and facilitating the PFM reform agenda for the agriculture sector.
- (v) In collaboration with other consultants and MAFF's working group members, ensure that necessary materials are available for the awareness-building and training programs to be conducted under the TA.
- (vi) Review MAFF's training facilities and make recommendations for improving them.
- (vii) Prepare training materials and working papers on program budgeting exercises as required under the TA.
- (viii) In collaboration with the information and monitoring systems specialists, design, organize, and facilitate short-term training programs on information gathering and monitoring of MAFF's budget and public expenditures, including computer literacy, electronic communications, data requirements and collection, and means of information dissemination.

Appendix B

Tranche Conditions for ADB Loan 2022-CAM: ASDP

APPENDIX B: TRANCHE CONDITIONS FOR ADB LOAN 2022-CAM: ASDP

**ADB TA No 4428-CAM: STRENGTHENING NATIONAL PROGRAM
BUDGETING FOR THE AGRICULTURE SECTOR**

Attachment 2 to Schedule 3
(page 1)

Conditions for Release of the First Tranche

1. The COM shall have approved the sub-decree for social land concessions, following stakeholder consultations.
2. The Council for Land Policy shall have established an inter-ministerial working group, which includes MLMUPC and MAFF, for the preparation of a sub-decree on the reduction of unused or excessive economic land concession.
3. The COM shall have approved a National Water Policy.
4. MEF shall have provided funds to MOWRAM for the implementation of the initial three pilot irrigation schemes for forming FWUCs under the MAFF work program.
5. The COM shall have established a divestment committee for the seven (7) SOREs and external auditors acceptable to ADB shall have completed an external audit of all seven (7) SOREs in accordance with internationally acceptable auditing standards.
6. The COM shall have established a divestment committee for AIC and KAMFIMEM, established the timetables for divestment of AIC and KAMFIMEX, and appointed external auditors acceptable to the Bank.
7. MAFF shall have established a working group on gender mainstreaming in the agriculture sector.
8. MAFF shall have established a world Trade Organization (WTO) Unit in consultation with the Ministry of Commerce.
9. MAFF shall have formulated a detailed schedule for WTO-related work activities of the WTO Unit.
10. COM shall have proposed to the National Assembly an increase in the overall recurrent budget of MAFF for 2004 by at least 5% over 2003 and shall propose that provincial level extension services receive an increase sufficient to provide adequate extension services.

Conditions for Release of the Second Tranche

Regulatory Environment

1. The COM shall have approved a sub-decree on the reduction of unused or excessive economic land concessions, following appropriate consultations with stakeholders.
2. The COM shall have approved and submitted to the National Assembly a draft Seed Law, satisfactory to the Bank.
3. COM shall have removed identified regulatory constraints to marketing processed and unprocessed rubber products.
4. COM shall have approved a sub-decree rationalizing the roles and responsibilities of MAFF's department based on the findings of MAFF's internal review.

Divestment

5. The Borrower shall have completed the divestment of all seven SOREs according to an agreed divestment plan, with appropriate social safety net measures for those adversely affected by the divestment, and satisfactory to the Bank.
6. The Borrower shall have completed the divestment of AIC and KAMFIMEX according to an agreed divestment plan, with appropriate social safety net measures for those adversely affected by the divestment, and satisfactory to the Bank.

Irrigation

7. MOWRAM shall have completed the formation of FWUCs under 11 (eleven) pilot irrigation schemes.

Support for Beneficiaries

8. MAFF shall have established and implemented a specific mechanism to provide adequate extension support for the beneficiaries of social land concessions.

Inspection Systems

9. MAFF shall have established, in collaboration with other government agencies, an effective inspection system to ensure the quality of agrochemicals traded in the market.

Research and Extension Services

10. MAFF shall have approved and commenced implementation of a master plan for agriculture research, satisfactory to the Bank.
11. MAFF shall have implemented an effective strategy, satisfactory to the Bank, for its agriculture market information services.
12. MAFF shall have institutionalized revised broadcasting programs on agricultural technology in order to disseminate this information.

Gender Issues

13. MAFF shall have approved and implemented a policy and strategy, acceptable to the Bank, for mainstreaming gender issues.

Medium Term Expenditure Framework

14. MAFF shall have established internal planning, program budgeting and expenditure management systems in order to utilize the medium term expenditure framework.

Appendix C

Draft Chart of Accounts

APPENDIX C: DRAFT CHART OF ACCOUNTS

MAFF Chart of Accounts - Active January 2007

LOCATION & COST CENTRE					ECONOMIC CLASSIFICATION			Balance	
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No	Name of Account		
CLASS 1-CAPITAL ACCOUNT									
17	0	0	0	0	0	0	10	Capital and Reserves	Credit Credit Credit Credit Credit
17	0	0	0	0	0	0	11	Carry Over of Accumulated Results	
17	0	0	0	0	0	0	12	Current Fiscal Year Result	
17	0	0	0	0	0	0	13	Capital Transfers	
17	0	0	0	0	0	0	16	Debt and Related Liabilities	
CLASS 2 -FIXED ASSET ACCOUNTS									
17	0	0	0	0	0	0	20	Intangible Fixed Assets	Debit Debit Debit Debit Debit Debit Debit Debit
17	0	0	0	0	0	0	21	Fixed Assets and Land	
17	0	0	0	0	0	0	23	Fixed assets under construction	
17	0	0	0	0	0	0	24	Transferred Assets	
17	0	0	0	0	0	0	26	Equity Participation and Joint Ventures	
17	0	0	0	0	0	0	27	Other Financials Investments	
17	0	0	0	0	0	0	28	Depreciation	
CLASS 4 - THIRD PARTY ACCOUNTS									
17	0	0	0	0	0	0	40	Suppliers & Long Term Liabilities	Credit Credit Credit Credit Credit Credit Credit Credit
17	0	0	0	0	0	0	41	Debtors	
17	0	0	0	0	0	0	42	Personnel	
17	0	0	0	0	0	0	45	Third Party Deposits with Government	
17	0	0	0	0	0	0	46	Miscellaneous Debtors and Creditors	
17	0	0	0	0	0	0	47	Transit and Suspense Accounts	
17	0	0	0	0	0	0	48	Regularization Accounts	
CLASS 5 - FINANCIAL ACCOUNTS									
17	0	0	0	0	0	0	51	Bank	Debit Debit Debit Debit
17	0	0	0	0	0	0	53	Cash Accounts	
17	0	0	0	0	0	0	54	Advance Managers & Petty Cash	
17	0	0	0	0	0	0	55	Imprest Accounts	
CLASS 6 - CURRENT EXPENDITURE ACCOUNTS									
17	0	0	0	0	0	0	60	Purchases of Supplies	Debit Debit Debit Debit Debit Debit Debit Debit
17	0	0	0	0	0	0	61	External Service Contracts	
17	0	0	0	0	0	0	62	External Service Procurement	
17	0	0	0	0	0	0	64	Internal Personnel Costs	
17	0	0	0	0	0	0	65	Subsidies and social support	
17	0	0	0	0	0	0	66	Financial Expenses	
17	0	0	0	0	0	0	68	Depreciation Charges	
17	0	0	0	0	0	0	9	Expenditure without Planning	
CLASS 7 - REVENUE ACCOUNTS									
17	0	0	0	0	0	0	70	Domestic Tax Revenue	Credit Credit Credit Credit Credit Credit Credit Credit
17	0	0	0	0	0	0	72	Property income	
17	0	0	0	0	0	0	73	Sale of goods and services	
17	0	0	0	0	0	0	74	Fines and penalties	
17	0	0	0	0	0	0	75	Subsidies-grants	
17	0	0	0	0	0	0	76	Financial Revenue	
17	0	0	0	0	0	0	77	Exceptional Revenue	

STRENGTHENING NATIONAL PROGRAM BUDGETING FOR THE AGRICULTURE SECTOR – FINAL REPORT

MAFF Chart of Accounts - Active January 2007

LOCATION & COST CENTRE					ECONOMIC CLASSIFICATION		Balance	
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No	Name of Account	
						10	Capital and Reserves	
17	0	0	0	0	0	101	Introduction of Original Capital Assets	Credit
17	0	0	0	0	0	102	Introduction of Transferred Assets	Credit
17	0	0	0	0	0	104	Introduction of Existing Assets (Grant/Heritage External/Internal)	Credit
17	0	0	0	0	0	106	Surplus and Capital Reserves	Credit
17	0	0	0	0	0	107	Appropriation/Consolidated Fund Account at MEF	Credit
17	0	0	0	0	0	11	Carry Over of Accumulated Results	Credit
17	0	0	0	0	0	110	Carry over of cumulated result surplus	Credit
17	0	0	0	0	0	119	Carry over of cumulated result deficit	Credit
17	0	0	0	0	0	12	Current Fiscal Year Result	Credit
17	0	0	0	0	0	120	Current fiscal year result (deficit)	Credit
17	0	0	0	0	0	129	Current fiscal year result (surplus)	Credit
17	0	0	0	0	0	13	Capital Transfers	Credit
17	0	0	0	0	0	131	Capital Transfer Accounts in MEF - Bilateral	Credit
17	0	0	0	0	0	1311	Japan	Credit
17	0	0	0	0	0	1312	France	Credit
17	0	0	0	0	0	1313	Germany	Credit
17	0	0	0	0	0	1314	Australia	Credit
17	0	0	0	0	0	1315	United Kingdom	Credit
17	0	0	0	0	0	1316	Denmark	Credit
17	0	0	0	0	0	1318	Other	Credit
17	0	0	0	0	0	132	Capital Transfer Accounts in MEF - International Organizations	Credit
17	0	0	0	0	0	1321	World Bank	Credit
17	0	0	0	0	0	1322	Asian Development Bank	Credit
17	0	0	0	0	0	1323	International Fund for Agriculture	Credit
17	0	0	0	0	0	1324	OPEC	Credit
17	0	0	0	0	0	1328	Others	Credit
17	0	0	0	0	0	133	Support for debt amortization	Credit
17	0	0	0	0	0	139	Amortisation of Capital Subsidies Transferred to P&L	Credit
17	0	0	0	0	0	16	Debit and Related Liabilities	Credit
17	0	0	0	0	0	161	Domestic borrowing	Credit
17	0	0	0	0	0	1611	National Bank of Cambodia	Credit
17	0	0	0	0	0	1612	Other banks of Cambodia	Credit
17	0	0	0	0	0	162	Foreign borrowing	Credit
17	0	0	0	0	0	1621	Banks and International Organisations	Credit
17	0	0	0	0	0	16211	From World Bank	Credit
17	0	0	0	0	0	16212	From Asian Development Bank	Credit
17	0	0	0	0	0	16218	From others banks and international organisations	Credit
17	0	0	0	0	0	1622	From Foreign Governments	Credit
17	0	0	0	0	0	163	Security & Deposits Received & held at National/Provincial Treasury	Credit
17	0	0	0	0	0	1631	National treasury	Credit
17	0	0	0	0	0	16311	National Treasury Riels	Credit
17	0	0	0	0	0	16312	National Treasury Dollars	Credit
17	0	0	0	0	0	1632	Provincial treasury	Credit
17	0	0	0	0	0	164	Accrued interest not yet due	Credit

STRENGTHENING NATIONAL PROGRAM BUDGETING FOR THE AGRICULTURE SECTOR - FINAL REPORT

MAFF Chart of Accounts - Active January 2007

LOCATION & COST CENTRE				ECONOMIC CLASSIFICATION				Balance	
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No.	Name of Account	Debit	Credit
MAFF	Program	Sub-Program	Activity	Department	Finance	CLASS 2 - FIXED ASSET ACCOUNTS			
17	0	0	0	0	0	20	Intangible Fixed Assets		
17	0	0	0	0	0	203	Research & Development and Studies	Debit	
17	0	0	0	0	0	206	Patent Licenses and related rights	Debit	
17	0	0	0	0	0	2061	Acquired software	Debit	
17	0	0	0	0	0	2062	Produced software	Debit	
17	0	0	0	0	0	2068	Others	Debit	
17	0	0	0	0	0	208	Staff Training	Debit	
17	0	0	0	0	0	2081	Internal Courses	Debit	
17	0	0	0	0	0	2082	External Domestic Courses	Debit	
17	0	0	0	0	0	2083	External International Courses	Debit	
17	0	0	0	0	0	2084	Sabbaticals	Debit	
17	0	0	0	0	0	21	Fixed Assets and Land		
17	0	0	0	0	0	211	Land	Debit	
17	0	0	0	0	0	212	Land Improvement	Debit	
17	0	0	0	0	0	213	Structural Developments	Debit	
17	0	0	0	0	0	2131	Administration Buildings	Debit	
17	0	0	0	0	0	2132	Building Improvements	Debit	
17	0	0	0	0	0	2138	Other structures	Debit	
17	0	0	0	0	0	214	Infrastructure	Debit	
17	0	0	0	0	0	2141	Rural Roads & Bridges	Debit	
17	0	0	0	0	0	2142	Hydraulics	Debit	
17	0	0	0	0	0	215	Operational Facilities & Equipment	Debit	
17	0	0	0	0	0	2151	Buildings	Debit	
17	0	0	0	0	0	2152	Fuel Storage & Water Tanks	Debit	
17	0	0	0	0	0	2153	Maintenance Workshops	Debit	
17	0	0	0	0	0	2153	Electronic Equipment	Debit	
17	0	0	0	0	0	2153	Tools	Debit	
17	0	0	0	0	0	2153	Other Agricultural Equipment	Debit	
17	0	0	0	0	0	216	Works of Art and Collections	Debit	
17	0	0	0	0	0	217	Transferred Assets	Debit	
17	0	0	0	0	0	2171	Land	Debit	
17	0	0	0	0	0	2172	Land Improvement	Debit	
17	0	0	0	0	0	2173	Structures	Debit	
17	0	0	0	0	0	2175	Technical Installations, Materials and tools	Debit	
17	0	0	0	0	0	2178	Other Transferred Assets	Debit	
17	0	0	0	0	0	218	Administrative Assets	Debit	
17	0	0	0	0	0	2181	Motor Vehicles	Debit	
17	0	0	0	0	0	2182	Office equipment	Debit	
17	0	0	0	0	0	2183	Computer and communication equipment	Debit	
17	0	0	0	0	0	2184	Office and other Furnitures	Debit	
17	0	0	0	0	0	2188	Other Assets	Debit	
17	0	0	0	0	0	23	Fixed assets under construction		
17	0	0	0	0	0	231	Fixed Assets Under Construction	Debit	
17	0	0	0	0	0	2312	Land Improvement	Debit	
17	0	0	0	0	0	2313	Buildings	Debit	
17	0	0	0	0	0	2314	Infrastructure	Debit	
17	0	0	0	0	0	2315	Technical Installations, Materials and tools	Debit	
17	0	0	0	0	0	232	Intangible assets under development	Debit	
17	0	0	0	0	0	24	Transferred Assets		
17	0	0	0	0	0	241	Concessions	Debit	
17	0	0	0	0	0	242	Transferred assets	Debit	
17	0	0	0	0	0	26	Equity Participation and Joint Ventures		
17	0	0	0	0	0	261	Shares and Other Equity (Public or semi-public Enterprises)	Debit	
17	0	0	0	0	0	27	Other Financials Investments		
17	0	0	0	0	0	271	Shares and Bonds	Debit	
17	0	0	0	0	0	272	Loans (assets)	Debit	
17	0	0	0	0	0	273	Deposits and security deposits (Assets)	Debit	
17	0	0	0	0	0	274	Accrued interest not yet due	Debit	
17	0	0	0	0	0	28	Depreciation		
17	0	0	0	0	0	280	Depreciation - Intangible Assets	Debit	
17	0	0	0	0	0	281	Depreciation - Tangible/Fixed Assets	Credit	

STRENGTHENING NATIONAL PROGRAM BUDGETING FOR THE AGRICULTURE SECTOR – FINAL REPORT

MAFF Chart of Accounts - Active January 2007

ECONOMIC CLASSIFICATION										Balance	
LOCATION & COST CENTRE											
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No	Name of Account	CLASS 4 - THIRD PARTY ACCOUNTS			
MAFF	17	0	0	0	0	40	Suppliers & Long Term Liabilities				
	17	0	0	0	0	401	Suppliers Credit Accounts (purchases and work in progress)				
	17	0	0	0	0	4011	Suppliers accounts at National Treasury (Gross Amount)				
	17	0	0	0	0	40111	National Treasury in riel				
	17	0	0	0	0	401110	Current year				
	17	0	0	0	0	401111	Past year				
	17	0	0	0	0	40112	National Treasury in dollars				
	17	0	0	0	0	401120	Current year				
	17	0	0	0	0	401121	Past year				
	17	0	0	0	0	4012	Suppliers at Provincial treasury				
	17	0	0	0	0	40121	State budget				
	17	0	0	0	0	401210	Current year				
	17	0	0	0	0	401211	Past year				
	17	0	0	0	0	40122	Provincial budget				
	17	0	0	0	0	401220	Current year				
	17	0	0	0	0	401221	Past year				
	17	0	0	0	0	402	Long term Liabilities - Principal & Interest				
	17	0	0	0	0	4021	Principle Borrowings in Riel - National Treasury				
	17	0	0	0	0	40210	Current year - Principle				
	17	0	0	0	0	40211	Past year - Principle				
	17	0	0	0	0	4022	Interest on Principle - National Treasury Riel				
	17	0	0	0	0	40220	Current year - Interest				
	17	0	0	0	0	40221	Past year - Interest				
	17	0	0	0	0	4023	Principle Borrowings in Foreign Currency - National Treasury				
	17	0	0	0	0	40230	Current year - Principle				
	17	0	0	0	0	40231	Past year - Principle				
	17	0	0	0	0	4024	Interest on Principle - National Treasury Foreign Currency				
	17	0	0	0	0	40240	Current year - Interest				
	17	0	0	0	0	40241	Past year - Interest				
	17	0	0	0	0	404	Suppliers Fixed assets				
	17	0	0	0	0	407	Withholding Tax from Suppliers				
	17	0	0	0	0	409	Claim on suppliers due to Discounts				
	17	0	0	0	0	41	Debtors				
	17	0	0	0	0	413	Debtor - Non tax revenue				
	17	0	0	0	0	4131	Debtor - Non tax revenue National Treasury				
	17	0	0	0	0	41311	Debtor - Non tax revenue National Treasury Riel				
	17	0	0	0	0	413110	Debtor - Non tax revenue Current Year NT Riel				
	17	0	0	0	0	413111	Debtor - Non tax revenue Past Year NT Riel				
	17	0	0	0	0	41312	Debtor - Non tax revenue National Treasury Foreign Currency				
	17	0	0	0	0	413120	Debtor - Non tax revenue Current Year NT Foreign Currency				
	17	0	0	0	0	413121	Debtor - Non tax revenue Past Year NT Foreign Currency				
	17	0	0	0	0	4132	Debtor - Non tax revenue Provincial Treasury				
	17	0	0	0	0	41320	Debtor - Non tax revenue Current Year Provincial Treasury				
	17	0	0	0	0	41321	Debtor - Non tax revenue Past Year Provincial Treasury				

STRENGTHENING NATIONAL PROGRAM BUDGETING FOR THE AGRICULTURE SECTOR - FINAL REPORT

MAFF Chart of Accounts - Active January 2007

LOCATION & COST CENTRE				ECONOMIC CLASSIFICATION				Balance	
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No	Name of Account		
MAFF	Program	Sub-Program	Activity	Department	Finance	CLASS 4 - THIRD PARTY ACCOUNTS			
17	0	0	0	0	0	42	Personnel		
17	0	0	0	0	0	421	Employee compensation to be paid		Credit
17	0	0	0	0	0	4211	Employee Compensation Balance at National Treasury		Credit
17	0	0	0	0	0	42110	Employee compensation to be paid in Reil Current year NT		Credit
17	0	0	0	0	0	42111	Employee compensation to be paid in Reil Past year NT		Credit
17	0	0	0	0	0	42112	Employee Compensation Balance at Provincial Treasury		Credit
17	0	0	0	0	0	42120	Employee compensation to be paid in Reil Current year PT		Credit
17	0	0	0	0	0	42121	Employee compensation to be paid in Reil Past year PT		Credit
17	0	0	0	0	0	422	Missions and others expenses to be paid out		Credit
17	0	0	0	0	0	4221	Missions and others expenses Balance at National Treasury		Credit
17	0	0	0	0	0	42211	Riels		Credit
17	0	0	0	0	0	422110	Current year		Credit
17	0	0	0	0	0	422111	Past years		Credit
17	0	0	0	0	0	42212	Foreign Currency		Credit
17	0	0	0	0	0	422120	Current year		Credit
17	0	0	0	0	0	422121	Past years		Credit
17	0	0	0	0	0	4222	Missions and others expenses Balance at Provincial Treasury		Credit
17	0	0	0	0	0	42221	State budget		Credit
17	0	0	0	0	0	422210	Current years		Credit
17	0	0	0	0	0	422211	Past years		Credit
17	0	0	0	0	0	42222	Provincial budget		Credit
17	0	0	0	0	0	422220	Current year		Credit
17	0	0	0	0	0	422221	Past year		Credit
17	0	0	0	0	0	45	Third Party Deposits with Government		Credit
17	0	0	0	0	0	450	Private Enterprise/Company/Supplier Deposit Account		Credit
17	0	0	0	0	0	4501	Deposits at National treasury		Credit
17	0	0	0	0	0	45010	Current Year Deposits		Credit
17	0	0	0	0	0	450105	Cash Deposits		Credit
17	0	0	0	0	0	450109	Mandated Deposits		Credit
17	0	0	0	0	0	45011	Past Year Deposits		Credit
17	0	0	0	0	0	450115	Cash Deposits		Credit
17	0	0	0	0	0	450119	Mandated Deposits		Credit
17	0	0	0	0	0	4502	Deposits at Provincial Treasury		Credit
17	0	0	0	0	0	45020	Current Year Deposits		Credit
17	0	0	0	0	0	450205	Cash Deposits		Credit
17	0	0	0	0	0	450209	Mandated Deposits		Credit
17	0	0	0	0	0	45021	Past Year Deposits		Credit
17	0	0	0	0	0	450215	Cash Deposits		Credit
17	0	0	0	0	0	450219	Mandated Deposits		Credit
17	0	0	0	0	0	451	Deposit account of autonomous government agencies		Credit
17	0	0	0	0	0	4511	Deposits at National treasury		Credit
17	0	0	0	0	0	45110	Current Year Deposits		Credit
17	0	0	0	0	0	45111	Past Year Deposits		Credit
17	0	0	0	0	0	4512	Deposits at Provincial Treasury		Credit
17	0	0	0	0	0	45120	Current Year Deposits		Credit
17	0	0	0	0	0	45121	Past Year Deposits		Credit
17	0	0	0	0	0	452	Joint Venture Enterprise Deposit		Credit
17	0	0	0	0	0	453	National and international organization deposit		Credit

MAFF Chart of Accounts - Active January 2007

Cardno Agrisystems Ltd/CamConsult

STRENGTHENING NATIONAL PROGRAM BUDGETING FOR THE AGRICULTURE SECTOR - FINAL REPORT

MAFF Chart of Accounts - Active January 2007

LOCATION & COST CENTRE				ECONOMIC CLASSIFICATION				Balance
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No	Name of Account	
MAFF	Program	Sub-Program	Activity	Department	Finance	CLASS 5 - FINANCIAL ACCOUNTS		
17	0	0	0	0	0	51	Bank	Debit
17	0	0	0	0	0	510		Debit
17	0	0	0	0	0		MAFF account at the NBC	Debit
17	0	0	0	0	0	5101	Operation account at the NBC	Debit
17	0	0	0	0	0	51011	Current account at the NBC	Debit
17	0	0	0	0	0	51012	Treasury Bill held at NBC	Debit
17	0	0	0	0	0	5102	Provincial Treasury	Debit
17	0	0	0	0	0	5103	Commitments at National Treasury	Debit
17	0	0	0	0	0		Checks received awaiting settlement	Debit
17	0	0	0	0	0	5111	Checks received awaiting settlement	Debit
17	0	0	0	0	0	512	Checks issued awaiting settlement	Debit
17	0	0	0	0	0	513	NBC foreign currency accounts	Debit
17	0	0	0	0	0		Privatization	Debit
17	0	0	0	0	0	51301	Current budget	Debit
17	0	0	0	0	0	51302	Japan aid 1	Debit
17	0	0	0	0	0	51303	Japan aid 2	Debit
17	0	0	0	0	0	51304	Agriculture Development Fund	Debit
17	0	0	0	0	0	51305	Quotas auctions	Debit
17	0	0	0	0	0	51306	World Bank	Debit
17	0	0	0	0	0	51307	Asian Development Bank	Debit
17	0	0	0	0	0	51308	Security deposits (assets)	Debit
17	0	0	0	0	0	51311	MAFF NBC accounts in riels	Debit
17	0	0	0	0	0	514		Debit
17	0	0	0	0	0	5141	Japanese aid	Debit
17	0	0	0	0	0	514101	Japanese aid 1	Debit
17	0	0	0	0	0	514103	Japanese aid 2	Debit
17	0	0	0	0	0	514104	Japanese aid 3	Debit
17	0	0	0	0	0	514105	Japanese aid 4	Debit
17	0	0	0	0	0	514106	Japanese aid 5	Debit
17	0	0	0	0	0	514107	Japanese aid 6	Debit
17	0	0	0	0	0	5142	German aid	Debit
17	0	0	0	0	0	5143	French aid	Debit
17	0	0	0	0	0	5144	Australia	Debit
17	0	0	0	0	0	5145	United Kingdom	Debit
17	0	0	0	0	0	5146	Denmark	Debit
17	0	0	0	0	0	5147	Other	Debit
17	0	0	0	0	0	519	NBC advances	Debit
17	0	0	0	0	0	53	Cash Accounts	Debit
17	0	0	0	0	0	5321	With National Treasury	Debit
17	0	0	0	0	0	5322	With Provincial Treasury	Debit
17	0	0	0	0	0	54	Advance Managers & Petty Cash	Debit
17	0	0	0	0	0	543	Advance managers other than PAP	Debit
17	0	0	0	0	0	5431	With National Treasury	Debit
17	0	0	0	0	0	5432	With Provincial Treasury	Debit
17	0	0	0	0	0	5433	Petty Cash Held in MAFF	Debit
17	0	0	0	0	0	544	Advance managers PAP	Debit
17	0	0	0	0	0	5441 NT		Debit
17	0	0	0	0	0	5442 PT		Debit
17	0	0	0	0	0	55	Imprest Accounts	Debit
17	0	0	0	0	0	551	Special / Imprest Accounts	Debit
17	0	0	0	0	0	552	Second Generation Special / Imprest Accounts	Debit
17	0	0	0	0	0	553	Counterpart Funds / Project Bank Accounts	Debit
17	0	0	0	0	0	554	Retrospective Financing Account	Debit

STRENGTHENING NATIONAL PROGRAM BUDGETING FOR THE AGRICULTURE SECTOR – FINAL REPORT

MAFF Chart of Accounts - Active January 2007

ECONOMIC CLASSIFICATION										Balance		
LOCATION & COST CENTRE												
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No.	Name of Account					
MAFF	Program	Sub-Program	Activity	Department	Finance	CLASS 6 - CURRENT EXPENDITURE ACCOUNTS						
17	0	0	0	0	0	60	Purchases of Supplies					
17	0	0	0	0	0	601						
17	0	0	0	0	0	6011	Operations & Maintenance				Debit	
17	0	0	0	0	0	6012	Cleaning Materials & Equipment				Debit	
17	0	0	0	0	0	6013	Building Maintenance				Debit	
17	0	0	0	0	0	6014	Rural Road Maintenance				Debit	
17	0	0	0	0	0	6015	Equipment Maintenance				Debit	
17	0	0	0	0	0	6016	Oil and other lubricants				Debit	
17	0	0	0	0	0	6016	Motor Vehicle Expenses				Debit	
17	0	0	0	0	0	60161	Petrol & Oil				Debit	
17	0	0	0	0	0	60162	Motor Vehicle Repairs & Maintenance				Debit	
17	0	0	0	0	0	60163	Motor Vehicle Parts				Debit	
17	0	0	0	0	0	602						
17	0	0	0	0	0	6021	Office Supplies				Debit	
17	0	0	0	0	0	6022	Office Stationery				Debit	
17	0	0	0	0	0	6023	Books and Documentation				Debit	
17	0	0	0	0	0	6024	Office Equipment				Debit	
17	0	0	0	0	0	6028	Printing				Debit	
17	0	0	0	0	0	603						
17	0	0	0	0	0	6031	Other office supplies				Debit	
17	0	0	0	0	0	6032	Food & Agricultural Products				Debit	
17	0	0	0	0	0	6033	Food & Agricultural Products Human Consumption				Debit	
17	0	0	0	0	0	6034	Food & Agricultural Products Animal Consumption				Debit	
17	0	0	0	0	0	6035	Seeds and plants				Debit	
17	0	0	0	0	0	6038	Phytosanitary products & fertilizers				Debit	
17	0	0	0	0	0	604						
17	0	0	0	0	0	6041	Veterinary products				Debit	
17	0	0	0	0	0	6042	Other products				Debit	
17	0	0	0	0	0	6043	Clothing & Uniforms				Debit	
17	0	0	0	0	0	6048	Uniforms				Debit	
17	0	0	0	0	0	605	Safety Garments & Equipment				Debit	
17	0	0	0	0	0	6051	Medals & Insignia				Debit	
17	0	0	0	0	0	6052	Others				Debit	
17	0	0	0	0	0	606						
17	0	0	0	0	0	6061	Small tools, materials, furniture and equipment				Debit	
17	0	0	0	0	0	6062	Materials and Equipment				Debit	
17	0	0	0	0	0	6068	Furniture				Debit	
17	0	0	0	0	0	607	Tools				Debit	
17	0	0	0	0	0	608	Others				Debit	
17	0	0	0	0	0	609	Water and energy				Debit	
17	0	0	0	0	0	610	Electricity				Debit	
17	0	0	0	0	0	611	Water and Energy				Debit	
17	0	0	0	0	0	612	Others				Debit	
17	0	0	0	0	0	613	Sanitary and health products				Debit	
17	0	0	0	0	0	614	Other supplies				Debit	

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MAFF Chart of Accounts - Active January 2007

LOCATION & COST CENTRE				ECONOMIC CLASSIFICATION			Balance
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No	
MAFF	Program	Sub-Program	Activity	Department	Finance	CLASS 6 - CURRENT EXPENDITURE ACCOUNTS	
17	0	0	0	0	0	61	Debit
17	0	0	0	0	0	611	Debit
17	0	0	0	0	0	6111	Debit
17	0	0	0	0	0	6112	Debit
17	0	0	0	0	0	612	Debit
17	0	0	0	0	0	613	Debit
17	0	0	0	0	0	614	Debit
17	0	0	0	0	0	615	Debit
17	0	0	0	0	0	6151	Debit
17	0	0	0	0	0	6152	Debit
17	0	0	0	0	0	6153	Debit
17	0	0	0	0	0	6154	Debit
17	0	0	0	0	0	6155	Debit
17	0	0	0	0	0	6156	Debit
17	0	0	0	0	0	6157	Debit
17	0	0	0	0	0	6158	Debit
17	0	0	0	0	0	617	Debit
17	0	0	0	0	0	6171	Debit
17	0	0	0	0	0	6172	Debit
17	0	0	0	0	0	6173	Debit
17	0	0	0	0	0	618	Debit
17	0	0	0	0	0	62	Debit
17	0	0	0	0	0	621	Debit
17	0	0	0	0	0	6211	Debit
17	0	0	0	0	0	6212	Debit
17	0	0	0	0	0	622	Debit
17	0	0	0	0	0	6221	Debit
17	0	0	0	0	0	6222	Debit
17	0	0	0	0	0	6223	Debit
17	0	0	0	0	0	6224	Debit
17	0	0	0	0	0	6225	Debit
17	0	0	0	0	0	6226	Debit
17	0	0	0	0	0	6227	Debit
17	0	0	0	0	0	623	Debit
17	0	0	0	0	0	624	Debit
17	0	0	0	0	0	6241	Debit
17	0	0	0	0	0	6242	Debit
17	0	0	0	0	0	6243	Debit
17	0	0	0	0	0	625	Debit
17	0	0	0	0	0	6251	Debit
17	0	0	0	0	0	6252	Debit
17	0	0	0	0	0	6253	Debit
17	0	0	0	0	0	626	Debit
17	0	0	0	0	0	6261	Debit
17	0	0	0	0	0	6262	Debit
17	0	0	0	0	0	627	Debit
17	0	0	0	0	0	628	Debit

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MAFF Chart of Accounts - Active January 2007

ECONOMIC CLASSIFICATION									
LOCATION & COST CENTRE					EXPENDITURE ACCOUNTS				
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No	Name of Account	Balance	
MAFF	Program	Sub-Program	Activity	Department	Finance	CLASS 6 - CURRENT EXPENDITURE ACCOUNTS			
17	0	0	0	0	0	64	Internal Personnel Costs	Debit	
17	0	0	0	0	0	641	6414 Compensation Allowance Public Office	Debit	
17	0	0	0	0	0		6416 Minister, Secretaries of State and Under Secretaries	Debit	
17	0	0	0	0	0		6417 Advisors	Debit	
17	0	0	0	0	0		6418 Administrators	Debit	
17	0	0	0	0	0		6419 Assistants to advisors	Debit	
17	0	0	0	0	0		6421 Refunds	Debit	
17	0	0	0	0	0	642	6421 Compensation of permanent employees	Debit	
17	0	0	0	0	0		6422 Basic remuneration	Debit	
17	0	0	0	0	0		6423 Posting allowance	Debit	
17	0	0	0	0	0		6424 Overtime	Debit	
17	0	0	0	0	0		6425 Education incentive bonus	Debit	
17	0	0	0	0	0		6426 Specific allowances	Debit	
17	0	0	0	0	0		6427 Remote area allowance	Debit	
17	0	0	0	0	0		6428 Responsibility allowance	Debit	
17	0	0	0	0	0		6429 Hardship allowance (heavy and toxic work)	Debit	
17	0	0	0	0	0	643	6429 Refunds	Debit	
17	0	0	0	0	0		6431 Other indemnities & allowances	Debit	
17	0	0	0	0	0		6432 Special bonus	Debit	
17	0	0	0	0	0		6433 Examination allowance	Debit	
17	0	0	0	0	0		6438 Rewards	Debit	
17	0	0	0	0	0		6439 Others	Debit	
17	0	0	0	0	0	644	6439 Refunds	Debit	
17	0	0	0	0	0		6441 Compensation of contracted and temporary staff	Debit	
17	0	0	0	0	0		6442 Base remuneration - contract staff	Debit	
17	0	0	0	0	0		6443 Allowances - contract staff	Debit	
17	0	0	0	0	0		6444 Base remuneration - temporary staff	Debit	
17	0	0	0	0	0		6449 Allowances - temporary staff	Debit	
17	0	0	0	0	0	645	6449 Refunds	Debit	
17	0	0	0	0	0		6451 Allowances and social transfers	Debit	
17	0	0	0	0	0		6452 Family	Debit	
17	0	0	0	0	0		6453 Health	Debit	
17	0	0	0	0	0		6454 Death and invalidity	Debit	
17	0	0	0	0	0		6455 Retirement	Debit	
17	0	0	0	0	0		6456 Separation	Debit	
17	0	0	0	0	0		6457 Work accidents	Debit	
17	0	0	0	0	0		6458 Birth allowances	Debit	
17	0	0	0	0	0		6459 Orphans	Debit	
17	0	0	0	0	0	646	6459 Refunds	Debit	
17	0	0	0	0	0		6461 Training	Debit	
17	0	0	0	0	0		6462 Internal Courses	Debit	
17	0	0	0	0	0		6463 External Domestic Courses	Debit	
17	0	0	0	0	0		6464 External International Courses	Debit	
17	0	0	0	0	0		Sabbaticles	Debit	

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LOCATION & COST CENTRE				ECONOMIC CLASSIFICATION		Balance	
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No.	Name of Account
MAFF	Program	Sub-Program	Activity	Department	Finance	CLASS 6 - CURRENT EXPENDITURE ACCOUNTS	
17	0	0	0	0	0	65	Subsidies and social support
17	0	0	0	0	0	651	MAFF Subsidies to regional and local authorities
17	0	0	0	0	0	6511	Provinces and municipalities
17	0	0	0	0	0	6512	Districts
17	0	0	0	0	0	6513	Communes
17	0	0	0	0	0	652	Subsidies to national and public entities
17	0	0	0	0	0	653	Subsidies to administrative institution
17	0	0	0	0	0	654	Subsidies to public and joint venture Enterprises
17	0	0	0	0	0	6541	Nonfinancial
17	0	0	0	0	0	6542	Financial
17	0	0	0	0	0	655	Subsidies to private enterprises
17	0	0	0	0	0	6551	Nonfinancial
17	0	0	0	0	0	6552	Financial
17	0	0	0	0	0	656	Contribution to international organizations
17	0	0	0	0	0	657	Social assistance
17	0	0	0	0	0	6571	Assistance of hospitalization
17	0	0	0	0	0	6572	Medicaments
17	0	0	0	0	0	6573	Food and supplies
17	0	0	0	0	0	6574	Natural disasters
17	0	0	0	0	0	6575	Research Stipend
17	0	0	0	0	0	6576	University scholarships
17	0	0	0	0	0	6577	Other scholarships
17	0	0	0	0	0	6578	Scholarships for studies abroad
17	0	0	0	0	0	658	Subsidies to cultural and social entities
17	0	0	0	0	0	66	Financial Expenses
17	0	0	0	0	0	661	Interest on Domestic Debt
17	0	0	0	0	0	6611	National Bank of Cambodia
17	0	0	0	0	0	6612	Private Banks
17	0	0	0	0	0	6613	Treasury Bills
17	0	0	0	0	0	6614	Bonds
17	0	0	0	0	0	662	Interest on External Debt
17	0	0	0	0	0	6621	International Organisations
17	0	0	0	0	0	6622	Foreign Governments & Related Entities
17	0	0	0	0	0	666	Foreign Exchange Losses
17	0	0	0	0	0	668	Other Financial Expenses
17	0	0	0	0	0	671	Write offs
17	0	0	0	0	0	675	Accounting Value of Disposed Assets
17	0	0	0	0	0	678	Other Exceptional Expenses
17	0	0	0	0	0	68	Depreciation Charges
17	0	0	0	0	0	681	Depreciation Charges Intangible Assets
17	0	0	0	0	0	682	Depreciation Charges Tangible Assets
17	0	0	0	0	0	9	Expenditure without Planning
17	0	0	0	0	0	91	Expenditure of Reservers
17	0	0	0	0	0	92	Opflter Expense

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MAFF Chart of Accounts - Active January 2007

LOCATION & COST CENTRE										ECONOMIC CLASSIFICATION		Balance
MAFF	Program	Sub-Program	Activity	Department	Finance	A/C No	Name of Account	CLASS 7 - REVENUE ACCOUNTS				
MAFF	Program	Sub-Program	Activity	Department	Finance	70	Domestic Tax Revenue			Credit		
17	0	0	0	0	0	72	Property income			Credit		
17	0	0	0	0	0		Concessions			Credit		
17	0	0	0	0	0		7201 Fishing concessions			Credit		
17	0	0	0	0	0		7202 Forest concessions			Credit		
17	0	0	0	0	0		7205 Rental income from unimproved land			Credit		
17	0	0	0	0	0		Revenue from public enterprises			Credit		
17	0	0	0	0	0	73	Sale of goods and services			Credit		
17	0	0	0	0	0		Market establishments			Credit		
17	0	0	0	0	0		7308 Other revenue			Credit		
17	0	0	0	0	0		Nonmarket establishments			Credit		
17	0	0	0	0	0		7311 Sale of used material and furniture			Credit		
17	0	0	0	0	0		7312 Sale of documents & printed material			Credit		
17	0	0	0	0	0		7313 Revenue from transportation activity			Credit		
17	0	0	0	0	0		7314 Revenue from price stabilization activities			Credit		
17	0	0	0	0	0		7316 Sale of abandoned equipment, animals & merchandise			Credit		
17	0	0	0	0	0		Administration Revenue & Fees			Credit		
17	0	0	0	0	0		7324 Commercial signs fee			Credit		
17	0	0	0	0	0		7328 Quality and standards inspection fee			Credit		
17	0	0	0	0	0		Rental income from invested assets			Credit		
17	0	0	0	0	0		7331 Rental income from public enterprises (central)			Credit		
17	0	0	0	0	0		7332 Rental income from public enterprises (provincial)			Credit		
17	0	0	0	0	0		7333 Rental income from transportation equipment			Credit		
17	0	0	0	0	0		7334 Rental income from buildings			Credit		
17	0	0	0	0	0	74	Fines and penalties			Credit		
17	0	0	0	0	0	75	Subsidies-grants			Credit		
17	0	0	0	0	0		751			Credit		
17	0	0	0	0	0		752			Credit		
17	0	0	0	0	0		753			Credit		
17	0	0	0	0	0	76	Financial Revenue			Credit		
17	0	0	0	0	0		Subsidies & Grants - Foreign Governments			Credit		
17	0	0	0	0	0		Subsidies & Grants - International Organisations			Credit		
17	0	0	0	0	0		Gifts and bequests			Credit		
17	0	0	0	0	0		Interest on Loans			Credit		
17	0	0	0	0	0		Exchange Rate Profits			Credit		
17	0	0	0	0	0		Other Financial Revenue			Credit		
17	0	0	0	0	0	77	Exceptional Revenue			Credit		
17	0	0	0	0	0		From Operating Activities			Credit		
17	0	0	0	0	0		Privatisation of Public Enterprises			Credit		
17	0	0	0	0	0		Cancelled Payment Orders			Credit		
17	0	0	0	0	0		Profit on Disposal of Fixed Assets			Credit		
17	0	0	0	0	0		Transfer of investment subsidies to profit and loss account			Credit		
17	0	0	0	0	0		Other exceptional revenue			Credit		

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Department	CODE
Minister	0 0 1
Secretary of State	0 0 2
Under Secretary of State	0 0 3
Cabinet of Minister/Advisors	0 0 4
General Directorate	0 0 5
General Inspectorate	0 0 6
General Directorate of Rubber Plantation (GDRP)	0 0 7
Department of Administrative Affairs (DAA)	0 0 8
Department of Planning and Statistics (DPS)	0 0 9
Department of International Cooperation (DIC)	0 1 0
Department of Personnel and HRD (DP)	0 1 1
Department of Agriculture Extension (DAE)	0 1 2
Department of Agronomy and Agricultural Land Improvement (DAALI)	0 1 3
Department of Animal Health and Production (DAHP)	0 1 4
Department of Forestry and Wildlife (DFW)	0 1 5
Department of Fisheries (DF)	0 1 6
Department of Agricultural Machinery (DAM)	0 1 7
Department of Agricultural Inputs Company (DAIC)	0 1 8
Department of Agro-Industry (DAI)	0 1 9
Department of Accounting and Finance (DAF)	0 2 0
Department of Internal Audit (DIA)	0 2 1
Agricultural Information and Documentation Center (AID)	0 2 2
Department of Marketing and Cooperation (DMC)	0 2 3
Royal University of Agriculture (RUA)	0 2 4
Cambodia Agriculture Research & Development Institute (CARDI)	0 2 5
Prek Leap National School of Agriculture	0 2 6
Kampong Cham National School of Agriculture	0 2 7
Cambodia Rubber Research Institute	0 2 8
Chup Rubber Plantation Company	0 2 9
Krek Rubber Plantation Company	0 3 0
Memut Rubber Plantation Company	0 3 1
Snoul Rubber Plantation Company	0 3 2
Chamkar Andong Rubber Plantation Company	0 3 3
Beungket Rubber Plantation Company	0 3 4
Peam Cheing Rubber Plantation Company	0 3 5
Cassava Powder Producer	0 3 6
C J Corporation Cambodia. Co.Ltd	0 3 7
Leang Hour Hong Imports and Exports	0 3 8
Ratana Visal Development Co., LTD	0 3 9
Cambodia Eversky	0 4 0
Talam Plantation Holding Snd. Bhd	0 4 1
The Green Rich Co., Ltd	0 4 2
Kimsville Corp.	0 4 3
AGRO STAR	0 4 4
Mong Reththy Investment Cambodia Pil Palm Co., Ltd	0 4 5
Mong Reththy invested capital of Cassava Cambodia	0 4 6
Cambodia Haining Group Co., Ltd	0 4 7
Developed Agro-Industry Ok Khun	0 4 8
China Cambodia State Farm International	0 4 9
Henam (Cambodia) Economic & Trade Development Zone	0 5 0

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Department	CODE
Khem Len Imports and Exports	0 5 1
Phea Pimex Co., Ltd	0 5 2
Cambo Victor Investing and Developing Co., Ltd	0 5 3
China National Corporation for Oversea Economic Cooperation Laodstar Development Co., Ltd	0 5 4
Friendship Man Sarun and Rama Khmer	0 5 5
T T Y	0 5 6
Green Sea Agricultural Co., Ltd	0 5 7
Family association Heng Sarath	0 5 8
Golden Land Development Co., LTD	0 5 9
Vnnma Import Export Co. Ltd .	0 6 0
Gailai Company Limited	0 6 1
First Bio-tech Agricultural (Cambodia) Co Ltd	0 6 2
World Tristar Entertainment Co Ltd	0 6 3
An Mady Group	0 6 4
G.G. World Group (Cambodia) Development Ltd	0 6 5
Sopheak Nika Investment Agro-Industrial Plants Co Ltd.	0 6 6
Sal Sophea Peanich Co Ltd	0 6 7
Meang Ly Heng Investment	0 6 8
Wuzhishan L S Group Co Ltd	0 6 9
Grand Land Agricultural Development (Cambodia) Co Ltd	0 7 0
Sive Heng Onesmen	0 7 1
Phoudy Onesmen Group	0 7 2
Sok Heng Co Ltd	0 7 3
Men Sarun Import & Export	0 7 4
Global Agricultural Development (Cambodia) Co Ltd	0 7 5
Asia Agriculture Development (Cambodia) Co Ltd	0 7 6
Green Island Agricultural Development (Cambodia) Ltd	0 7 7
H.M.H Co., ltd	0 7 8
Mena Reathy Co Ltd	0 7 9
Samroung Rubber Industry PTT Ltd	0 8 0
Oryung Construction (ACM) Co Ltd	0 8 1
SE Kong Development	0 8 2
Heng Development	0 8 3
Real Green Co., Ltd	0 8 4

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Programme	Sub-Programme	CODE		CODE	
		Programme	Sub-Programme	Programme	Sub-Programme
1. Agricultural Productivity and diversification Improvement		0	1		
	1- Irrigation system improvement and water management of stations and agricultural development center.			0	1
	2- Land improvement management and soil classification for contributing to crop zoning and land use planning.			0	2
	3- Management and agricultural intervention to natural disaster.			0	3
	4- Agricultural plant protection and crops productivity by integrated farming system.			0	4
	5- Agricultural statistics improvement.			0	5
	6- Sanitary controls and phyto sanitary and animal disease spread controls.			0	6
	7- Promote controllability and management of agricultural materials.			0	7
	8- Strengthen supporting and agricultural machinery management			0	8
	9- Promote investment and rubber product development and household rubber plantation.			0	9
	10- Strengthen and improve of agricultural research.			0	10
	11- Strengthen and promote agricultural extension.			0	11
	12- Agricultural Development Community (Agriculture Collective).			0	12
2. Promote Market Access for Agricultural Products	13. Strengthen and promote private investment concerned agricultural productivity.			0	13
		0	2		
	1- Improve knowledge of processing products and technology after harvesting.			0	1
	2- Strengthen mechanism control and sanitation measure implementation and phyto sanitary of agricultural products.			0	2
	3- Promote and accession of agricultural market system and market access development.			0	3
	4- Uphold the safety of agricultural products and international market standard.			0	4
		0	3		
	1- Uphold development and strengthen institutions.			0	1
	2- Uphold development and strengthen legislative Framework.			0	2
	3- Uphold human resources development.			0	3
		0	4		
	1- Strengthen management and Fishery community establishment.			0	1
	2- Reform fishing lot.			0	2
3. Strengthen Institutions, Legislative Framework and Human Resources Development	3- Promote Aquaculture development.			0	3
	4- Strengthen law and public awareness improvement an important of inland fisheries and inundated forest.			0	4
	5- Conservation research and fish productivity improvement.			0	5
		0	5		
	1- Promote contribution of forest area into socio-economic development and poverty reduction by strengthening management and forestry community establishment.			0	1
	2- Improve reforestation and restoration of degraded forest.			0	2
	3- Forest classification, determine the forest border and forest inventory.			0	3
	4- Promote public awareness of forest advantage and forest policy extension.			0	4
	5- Strengthen effectiveness of management forest resources conservation and wildlife.			0	5
	6- Strengthen measure of forest law, particularly, anarchy of forest area, deforestations and forest land grabbing.			0	6
	7. Strengthen and promote private investment on forest area development and market access and Non Forest Timber Product.			0	7
		0	5		
5. Sustainable Forestry and Wild life Resources Management					
	1- Promote contribution of forest area into socio-economic development and poverty reduction by strengthening management and forestry community establishment.			0	1
	2- Improve reforestation and restoration of degraded forest.			0	2
	3- Forest classification, determine the forest border and forest inventory.			0	3
	4- Promote public awareness of forest advantage and forest policy extension.			0	4
	5- Strengthen effectiveness of management forest resources conservation and wildlife.			0	5
	6- Strengthen measure of forest law, particularly, anarchy of forest area, deforestations and forest land grabbing.			0	6
	7. Strengthen and promote private investment on forest area development and market access and Non Forest Timber Product.			0	7
		0	5		
	1- Promote contribution of forest area into socio-economic development and poverty reduction by strengthening management and forestry community establishment.			0	1
	2- Improve reforestation and restoration of degraded forest.			0	2
	3- Forest classification, determine the forest border and forest inventory.			0	3
	4- Promote public awareness of forest advantage and forest policy extension.			0	4
	5- Strengthen effectiveness of management forest resources conservation and wildlife.			0	5

