Technical Assistance Consultant's Report

Project Number: 43309
July 2013

Kingdom of Cambodia: Supporting Strengthening and Institutional Reform for the Department of Land Transport of the Ministry of Public Works and Transport

(Financed by the Technical Assistance Special Funds)

Prepared by the MMM Group

For the Ministry of Public Works

Asian Development Bank

TA-8005-CAM: SUPPORTING STRENGTHENING AND INSTITUTIONAL REFORM AND DEVELOPMENT IN DEPARTMENT OF LAND TRANSPORT OF THE MINISTRY OF PUBLIC WORKS AND TRANSPORT

FINAL REPORT

July 2013

Prepared by **MMM Group**, Canada

In association with TANCONS Consulting, Cambodia

ACKNOWLEDGMENTS

This Final Report describes the progress and results in SUPPORTING STRENGTHENING AND INSTITUTIONAL REFORM AND DEVELOPMENT IN DEPARTMENT OF LAND TRANSPORT (DLT). It identifies the lessons learned and findings made. It makes recommendations for restructuring, reform, institutional and capacity development, as well as other important issues requiring attention and resolution.

The Technical Assistance (TA) stage started on 24 May 2012 and the Inception Phase completed on 22 June 2012. The Inception Mission concluded on 22 June 2012. The Mid-term Mission was conducted from 16 to 21 November 2012. The Mid-term Term Report (MTR) was submitted on 10 December 2012, and finalized on 8 February 2013. The Draft Final Report was submitted on 21 May, which led into the Final Mission on 31 May to 3 June.

The Draft Road Sector Management Development Program from MTR was revised each month, so as to be ready to form the core of any future support to DLT. The Consultant team greatly appreciates the interest which Japan International Cooperation Agency (JICA) has shown in this work.

The Consultant team would like to express its sincere thanks to all those who have provided their time, advice, information, documents and participation in surveys, meetings and workshops.

CURRENCY EQUIVALENTS (As of 27 June 2013)

US Dollar USD1.00	=	KHR 4100
Cambodian Riel KHR1.00	=	USD 0.00024

ABBREVIATIONS and TERMS

Note on "stages" and "phases":

The Technical Assistance (TA) was planned as Stage 1 of three stages over four years. The subsequent stages include Stage 2 - Detailed Investment Planning for a Project; and Stage 3 - Project Implementation.

The IT improvement is designed to be implemented in two stages: Stage 1 - Repair and Improve; Stage 2 - Expand, Upgrade and Interconnect.

The Road Sector Management Development Program (RSMDP) is envisioned to be implemented in three phases: Phase 1 - Reduce Constraints; Phase 2 - Internal Reforms; Phase 3 - Restructuring.

ADB		Asian Development Bank
CAMTA		The Cambodian Trucking Association
CBTA		Cross Border Transport Agreement
CD		Capacity Development
CDTA		Capacity Development Technical Assistance
CMVIC		Cambodia Motor Vehicle Inspection Center
DLO		Driver's License Office
DLT		Department of Land Transport
DRSMDP		Draft Road Sector Management Development Program
GDT		General Department of Transport
H.E.		His/Her Excellency
HI		Handicap International (an NGO)
HRM		Human Resources Management
ICT		Information and Communications Technology
ID		Cambodian National Identity Card
ITS		Information Technology Sector, a functional group in RDCO
JICA		Japan International Cooperation Agency
KTS		Kamtranship (a private company providing services to DLT)
MEF		Ministry of Economy and Finance
MOH		Ministry of Health
MOI		Ministry of Interior
MOT		Ministry of Tourism
MPWT		Ministry of Public Works and Transport
Ankrut		Sub decree (Ankrut) on Organization and Functioning of MPWT, 1998
NIDA		National Information Technology Communication Development Authority
NGO		Non-Government Organization
NRSC		National Road Safety Committee
NRSCS		National Road Safety Committee Secretariat
NTTCC		National Transit and Transport Coordinating Committee
PPTA		Project Preparation Technical Assistance
Prakas		Prakas (Proclamation by the Executive Government)
PRIP		Provincial Roads Improvement Project
RAMS		Road Asset Management System
RCVIS		Road Crash and Victim Information System
RDCO		Research and Data Collection Office of DLT
RGC		Royal Government of Cambodia
RIC		Regulation and Institutional Change (Working Group in DLT)
RSAP		Road Safety Action Plan
RSMDP		Road Sector Management Development Program
RSS		Road Safety Sector
SSI		Single Stop Inspection
SWI		Single Window Inspection
TA		Technical Assistance

TIS		Transport Information System
TUSE UPS		Transport Users' Services Entity Uninterruptable Power Supply
VIO		Vehicles Inspection Office
VIS		Vehicles Information System (same as Vehicle Information Management System)
VOLO(S)		Vehicles Operations Licensing Office (System)
VRO		Vehicles Registration Office

Contents

EXECUTIVE SUMMARY

1. The Technical Assistance (TA) started on 25 May 2012 with an Inception Phase which ran until 30 June 2012. This was followed by a Detailed Assessment Phase which went until 31 October 2012, culminating with the Mid-term Review during November 2012. The TA was designed as stage one of a three-stage restructuring and development of Department of Land Transport (DLT) with an anticipated timeline to extend over four to five years in order to align with Government objectives and priorities in accordance with the draft National Transport Policy. Subsequent stages were envisaged to consist of "Detailed Investment Planning for a Project", and "Project Implementation".

2. The highly respected Japan International Cooperation Agency (JICA), which has extensive experience in Cambodia's transport sector, has become interested in supporting stages two and three as described above. Therefore, the TA concludes stage one with assessment and design products in order to facilitate future work. The TA also leads to a Transition extension of three months during which period the most basic and urgent changes in IT equipment, connectivity, skills and management are to be implemented.

3. In accordance with the Terms of Reference (TOR), this Final Report (FR) is provided as a stand-alone single document to describe progress made in the assessments and planning and to present the main study outputs. These include the following:

    1) findings from assessments and diagnosis, problem analysis and solutions;
    2) alignment of the DLT vision and mandate with its resources, as well as feasibility of the proposed changes;
    3) formulation of management development objectives for the main functions and offices of DLT;
    4) a proposed program and strategy for change and restructuring;
    5) review of changes in laws, regulations, institutions, organization and the work plan to achieve the vision and objectives in managing land transport sector;
    6) evaluating the needs, trends, arrangements and prospects for insurance services in land transport sector;
    7) developing strategies and activities for capacity building;
    8) programming of support to meet the future needs of DLT; and
    9) a summary with recommendations.

4. The most important product is the Road Sector Management Development Program (RSMDP in Chapter 10), which captures the needs, strategies, priorities, actions and budgets for the evolution of DLT.

5. A baseline diagnosis by TA and DLT staff and leaders[1] indicated that individuals' capabilities are adequate for the basic functions and tasks. Most of these functions are routine administrative processes dealing with specific forms and data, which require verification but little or no analysis, discussion or discretionary decision-making. However,

[1] "Leaders" refers to the DLT Director, 8 Deputy Directors and 4 Chiefs of Offices, plus the General Director and the Deputy General Director in GDT who has oversight functions in land transport.

there are serious challenges in other functions such as work organization, data management and flows, internal compliance with regulations, enforcement among transport users, linkages and practical coordination with related agencies and provinces, and with the more conceptual and analytical planning, policy, regulation and strategic management of the sector. Overall, there is a low degree of connectivity and cooperation across the 'nine islands' of DLT's service functions, and too little application of supervision, work organization, monitoring and accountability,

6. The broad perceptions from the twelve months of TA are that significant internal changes are necessary to achieve the DLT mandates, and that changes would be feasible:

   a) core services can be improved in speed, coverage, compliance and accuracy;

   b) work arrangements can be improved in productivity, compliance and accuracy;

   c) performance can be improved by better supervision, equipment, information technology, new skills training, and motivation and career development;

7. However, to do so,

   a) leaders must resolve the uncertainties and incentives/disincentives which dominate the performance of revenue-raising functions, and must remove the factors which undermine cooperation and attention to non-revenue duties of DLT;

   b) leaders must accept and apply basic methods of accountability: to develop, implement and demand reports from systems for monitoring of attendance, work and results, so as to inform managers on day-to-day performance and longer term constraints and needs;

   c) leaders must develop interest, motivation, skills and methods to provide direction, supervision, modeling and personal motivation; and

   d) staff must be selected, motivated and trained in their task-specific capabilities to a level of being able to fulfill their duties with minimal errors while remaining minimally dependent on other staff members and leaders.

8. Although restructuring features in the TA planning and documents, it is not a **precondition** for making significant short term reforms or changes in the core DLT services, which depend much more on leadership, motivation, equipment, information technology, basic skills upgrading, and supervision with simple systematic monitoring. However, in the medium and long term, reform and restructuring are necessary to develop a new work culture so as to modernize the DLT in relation to its evolving mandate and users' expectations, including new processes and standards of incentive and accountability.

9. The TA recommends a three-phase development of DLT over the next 4 years:

   1. Reduce Constraints;
   2. Conduct Internal Reforms; and
   3. Conduct Restructuring.

   These are not discrete: some activities extend across all three phases.

10. There has been a focused effort in the period from November 2012 through to June 2013 for the preparation of a basic improvement program, with primary attention to **reducing constraints** in the work environment which adversely affect performance,

cooperation, attitudes and motivation of leaders and staff. Seeking to induce a process of change, the TA prioritized the following:

a) the immediate upgrading of equipment, software and connectivity (across the nine data systems which are integral to DLT services); and

b) targeted training in specific skills and management (such as for IT), supervision and quality assurance, institutional change, inter-agency cooperation, and support to Provinces' services.

11. Some positive changes after the Mid-term Mission (November 2012) included DLT's determinations to establish the Information Technology Sector (ITS), assignment of an Acting Manager for ITS, request to Ministry of Public Works and Transport (MPWT) to proceed to a formal submission for the proposed Department of Road Safety (DRS), requests to MPWT for additional staff in needy units, assignment of a Provincial Liaison Officer, the first steps in researching the needs of provinces, production of a draft report on recommended improvements in road safety management, progress of some laws and amendments, and promulgation by Government and implementation by MPWT of regulations on incentives for DLT staff. However, there was insufficient desire, commitment or momentum for practical reforms and changes.

12. To make best use of external support, DLT must be directed and/or self-directed to change its work culture, initially by means of internal **reform** of organization and operations. Offices, units, and persons must be assigned to take responsibility for the changes, and to be mentored by external experts in how to use such responsibility.

13. Internal reform must repair the large 'connectivity deficit', that is, the lack of routine cooperation and collaboration within DLT, with Provinces, and with related agencies. The priority for re-organizing in order to achieve greater connectivity should be given to the following:

1. IT Sector (ITS);
2. Research and Data Collection Office (RDCO);
3. Corporate Services;
4. Monitoring inside DLT;
5. Provincial liaison and support;
6. Secretariat for National Transit and Transport Coordinating Committee (NTTCC) in cross border transport (CBT);
7. The General Secretariat for National Road Safety Committee (NRSCS);
8. Coordination across agencies and stakeholders; and
9. The collaborative process of development and content of legal documents and advice across several Government agencies.

14. Although the TA recommended in Mid-term Report (MTR) that Phase 1 (Constraints) and some of Phase 2 (Reforms) be implemented in the first half of 2013, DLT has been unable to organize its priorities so as to enable and exploit these opportunities. It has not been successful in taking ownership and being accountable to the MPWT to realize cooperation and changes contemplated by the TA.

15. The lack of progress on core priorities 1, 2, 3 and 4, in paragraph 13 above, has delayed attention to the more practical and client-oriented work in paragraphs 5, 6, 7, 8 and 9 (see summary notes below, paragraphs 19-30). The main reasons for lack of progress can be described as follows:

a) Fear of change, innovation and initiative

b) Comfort in the present condition of low accountability, especially for those staff involved in revenue services

c) Lack of compulsion or motivation to change

d) Hesitation in this period about incentives and bonuses, and about leadership of the General Department of Transport (GDT)

e) Expecting other people to take the lead or make the changes

f) Dependency on MPWT for even the most minor inputs and approvals, thus shifting discretionary powers out of DLT

g) Difficulties and delays in reaching decisions and instructions, partly due to the lack of a nexus for information and obstacles in the transmission of leaders' instructions, such as a Corporate Services Unit or an improved Research and Data Collection Office (RDCO), and partly due to the lack of monitoring and supervision

h) A common belief and perception that leaders are too busy to invest time in understanding changes for themselves and, for the dependent staff, to implement changes and to supervise the follow-up.

16. The MTR and this Final Report detail the conditions and requirements for actions by DLT in order to ensure effectiveness of investments in people and systems, and to justify any future support of Government and donors.

17. On the assumption that external support will continue, this Final Report details a program (Chapter 10) of changes in the following: institutions, laws and regulations; organization, planning, policy development, cooperation and coordination among agencies; support to provinces; improvement in the management and performance of cross border transport and road safety sector; upgrading of equipment and skills; human resources development; supervision and monitoring of investments, modalities and their effects. The overall cost is around $5.3 million in the period 2014-2017.

18. Based on the experience gained during the TA, any future support must be tightly linked to the condition that the acceptance and maintenance of changes must be demonstrated, measured and evaluated before subsequent investments and operational support can be provided. The critical factors in all changes, and in meeting the requirements and conditions, can be summarized as follows:

a) Quality of leadership (commitment, direction, effort and supervision);

b) Motivation of staff to understand, adopt and apply the changes; and

c) Development of a business organization that focuses on results among the service functions, leading to outsourcing of basic customer services.

19. **Overview** of progress: the Road Sector Management Development Program (RSMDP) Action Plan shows that about 10% of actions have been accomplished, almost all within the IT sector, though behind schedule.

20. **IT progress** and prognosis: as the focus of most complaints of DLT staff, this component has been given the most attention by the TA. Delays in making an inventory, in

setup of ITS, in assigning a DLT Action Officer, in obtaining permissions for connections, and in attendance of ITS at the training and advising by TA specialists, have left too little time in the TA to do the procurement, deliveries, checking, installations, testing, training, handover and expert advisory support to an un-ready ITS. Therefore, the vast preparation work of the IT specialists of the TA (Chapter 5) must be packaged and passed on to a later project. A Transition extension has been approved for three months during which the most basic changes in IT equipment, connectivity, skills and management are to be implemented.

21. **RDCO**: DLT has shown no interest in upgrading RDCO to meet its statutory functions and to operate as a coordinating 'brain' within the sector. Thus, ITS is assigned in a non-performing parent unit, with serious risks to quality of supervision and to the demand for and review of outputs from ITS and RDCO.

22. **Connectivity and Coordination** in DLT and with agencies: this component is seen by most staff as being dependent on IT systems; so there has been almost no discussion with agencies and stakeholders about formalizing coordination and exchanges. One possible reason is that DLT leaders see themselves as too low in the hierarchy of agencies and units to be able to initiate and conduct inter-agency discussions, and therefore, they depend on upper-level committees to take the lead, especially if such committees have their own budgets.

23. **Corporate Services Unit (CSU)**: there is no interest in DLT about changing from the informal administration and management among the nine offices, to a more professional and accountable system, especially in programming tasks, evaluating work, monitoring, and provincial liaison. A more effective CSU should be developed in support of GDT.

24. **Provinces' services**, needs and support: DLT has treated this matter informally, such that the first research pilot studies began late April 2013.

25. **Road Safety Sector** (RSS) and NRSCS: the management of the sector is dispersed among many stakeholders, and separate funding sources enable semi-independent priorities and operations. In response to DLT's request to develop better management by means of a new Department of Road Safety under GDT, the TA prepared an analysis and action plan, which depended firstly on obtaining permission from MPWT to make a formal submission. The request to MPWT was delayed for four months. MPWT has now requested a full proposal, but this is too late for the TA to assist DLT's submission. A workshop to clarify management, priority actions and budgets in RSS was proposed in January, and implemented on 7th May.

26. **Cross Border Transport Agreement (CBTA) and National Transport and Transit Coordinating Committee (NTTCC)**: the MTR set out the needs and issues in CBT, with a program of steps and actions to clarify the operations and to prepare for international obligations. Although DLT have continued to support the work with NTTCC, there has been no structured response to TA recommendations.

27. **Human Resources Management (HRM) and Capacity Development (CD)**: training in English for managers was scheduled for July 2012, but only started in March 2013, with only three out of twelve targeted managers involved. HRM was predicated on the setting up of Corporate Services Unit, and CD was prioritized for IT and the new connectivity, therefore these two components have not advanced. Because target participants were not ready for an international study tour, this was converted to three one-

week visits to DLT by peers from ASEAN agencies. Eventually, this intention focused on Malaysian peers, but the short time frame, the busy-ness of DLT staff in April-May, uncertainties about fitting with official Cambodian holidays and elections (in Malaysia), made it impossible to conclude the formalities and specify the content and scope.

28. **Institutional Change**: there is a need to reform key institutions to become oriented to the achievement of objectives set for them by Royal Government of Cambodia (RGC). Such orientation can only evolve in a new work culture. The corporatization of the provision of transport users' services by outsourcing (contracting with businesses), or creation of a Transport User Services Entity (TUSE), would enable a reorientation of motivation, direction, accountability and performance which the government service modality (way of working) cannot sustain. The TA recommends outsourcing of the 'retail' functions under a Contracts Management Unit of GDT. The improved internal work practices and reforms in DLT must continue as the business frameworks are being designed, negotiated and implemented.

29. **Regulations and Laws**: some law reform activity has taken place in the road transport sector in recent months, and several reforms are under consideration by MPWT and the Council of Ministers. However, change is slow (an example is the lack of action over five years in the demerit point system for offences by drivers). The key institutions, particularly DLT, could become more proactive, by means of a more coherent managing of preparation, justification and review of laws and regulations, supported by research, data collection and analysis capability. A legal advisory support service should be added to GDT.

30. **Insurance**: for good governance, service to the industry and compliance, it is necessary for MPWT and MEF to work together to improve policies, regulations and operations in vehicle insurance and ancillary services. A unit for supervising insurance standards and operations should be developed under GDT.

31. **Lessons Learned**: This TA has been brief and quite small in scale and resources. It has examined issues, and proposed changes, with little earlier work in this area to draw on. It should be seen, therefore, as the *commencement* of a reform process, which includes the adoption of self-examination and explicit monitoring processes that are necessary to improve institutional environments, and to define, initiate and manage organizational change as well as human resource development. It could be expected in these circumstances that change would be slight and slow. Senior officers of DTL have been cautious in embracing change or accepting responsibility for initiating reform. To the extent that DLT has committed to reform, it has taken an unhurried approach, with no sense of urgency or specific responsibility. In view of the relatively short time for the TA, and the urgency of reform issues, this has been frustrating.

32. The TA has achieved some success as it has provided detailed assessments and work plans, and gained some acceptance of restructure proposals. However, its major achievement has been to initiate the reform process and to establish some awareness of the challenges to create improvements, rather than implement the proposed improvements successfully. Its main contributions have been in identifying the priorities and associated methodologies to be applied in realizing reforms and changes in work functions and culture. It is important that the process be continued and accelerated, and that the momentum is used to adopt change in the attitudes, motivations and priorities of those who lead the respective units and agencies.

33. The improvements required to build a modern and well-performing DLT cannot be achieved without a major change to the work culture. Therefore, the TA recommends that the Government commit to immediate steps in the following:

1. Privatizing and corporatizing the service ('retail') functions, in Registration, Drivers' Licenses, Operations Licensing (Domestic), Drivers' Demerits system, and Urban Land and Transport Management;
2. Creating a Contracts Management Unit in GDT
3. Moving the sector planning, policy, information and regulation functions to the GDT;
4. Moving to GDT the support functions of Road Safety, Cross Border Transport and Provincial Support, and building a Corporate Services Unit in GDT.

34. The next steps in finalizing the TA are as follows:

1 July	Implement the Transition Phase extension to 30 September
12 July	Submit Final Report to ADB and Government
31 July	Distribute KH Version of Final Report
1-31 July	Archiving to DVDs and Document files

1.0 INTRODUCTION

1.1 PURPOSE OF THE FINAL REPORT

35. According to the Terms of Reference, the Final Report is to describe progress made in the assessments and planning, and to present the main outputs: a) findings from assessments; b) alignment of the DLT mandate with its vision, resources, and feasibility of changes; c) formulation of sector management development objectives; d) a proposed program and strategy; e) exploration and guidance on the changes in laws, regulations, institutions, organization and coordination to make progress towards the vision and objectives; f) capacity development activities; and g) needs in future support to DLT. The most important document is the Road Sector Management Development Program (RSMDP in Chapter 10).

36. The overall strategy for improvement was presented in the Restructuring Plan of July and August 2012 (see Figure 3.1). This was intended to stimulate and guide the discussions, as to the vision, options, and ways of achieving a modern service which will be more proactive in preparing for and responsive to the needs of Government, the public, and to the interests of transport service providers and their customers. That Plan had a strong degree of consensus in DLT and MPWT, but was not taken up by the leaders.

37. Current operations required first attention, summarized as Phase One: Reducing Constraints, across nine components / working units. Delays in determinations, decision-making and approvals have resulted in little progress on Phase One changes, with consequent lack of attention to preparations for reforms and restructuring. Learning from experience in DLT and changes in the wider context of governance, the TA now recommends that the restructuring includes outsourcing of the core business service functions of DLT. The detailed assessments and plans for solutions now constitute a 'project preparation' for any future support to DLT, and this is packaged in the RSMDP in Chapter 10 of this Report.

1.2 TA BACKGROUND AND OBJECTIVES

38. The TA's primary purpose is to support the Government to strengthen its management of the road transport sector, including those cross border requirements which involve MPWT, so as to improve the safety of persons and property, efficiency and utility, environmental sensitivity and sustainability, and sub-regional connectivity.

39. ADB approved the TA 8005-CAM: Supporting Strengthening and Institutional Reform for the Department of Land Transport of the Ministry of Public Works and Transport, under Loan 2839-CAM: Provincial Roads Improvement Project (PRIP), on December 16th, 2011. The TA provides technical inputs which are not easily available in Cambodia, in areas of management, operations, capacity building, organization and regulations which contribute to improving safety, efficiency, environmental sustainability, and sub-regional connectivity of road transport. The TA amount is $500,000.

40. The outcome of the TA is a medium-term plan for improving management of the road transport sector. This includes an implementable and realistic time-bound plan for enhancing the DLT's planning, policy and strategy, and administrative skills level through development of the DLT's organizational and human resources capacity, and ways to establish efficient cooperation with enforcement agencies such as the traffic police on

national and provincial level, and with private support entities such as vehicle insurance companies, vehicle inspection and emergency services.

41. **A three stage program approach was envisaged by ADB for supporting the restructuring of DLT**. The overall objective of this TA is to complete diagnostics to identify key areas of change necessary for DLT, as the first stage of support for restructuring. The second stage is for planning concretely what investments are necessary to achieve the effective restructuring. The third stage involves implementing this investment program. The main outcome of the TA is the medium-term consolidated RSMDP. This has been achieved; however, the degree of consensus support cannot be asserted, because so many of the pre-conditions and prerequisite actions have not been taken up by DLT, and because the leaders have vague visions about the evolution of DLT.

1.3 KEY ELEMENTS AND OUTPUTS OF THE TA

42. At present, the DLT is poorly equipped to effectively undertake its tasks in terms of structure, human resources, and processes. The DLT's structure and procedures date mostly from its establishment in 1980s when the focus was on delivery of infrastructure and services in a command economy. The professional staff resources are composed of engineers and administrators who are not trained to undertake policy, planning, and regulatory tasks in a market-based environment.

43. For future responsibilities, the DLT must develop as a skilled administrator, policy adviser, regulator, advocate and service provider. This Report details the assessments and recommended solutions in the areas of most concern in achieving that result:

44. Institutional and regulation matters,

- Organization, work culture and work methods,
- Systems for administrative and information management,
- Human resources, capacities and training investments, and
- Coordination and cooperation with related agencies and private entities.

45. The main processes of the TA have been:

a) Consultations, interviews, surveys, and measurement to achieve a diagnostic assessment of capacity of DLT to deliver its responsibilities and services;

b) Consultations and problem analysis to achieve a consensus on need, scope and methods in a restructuring and capacity development plan for the DLT;

c) Consultations, options (solutions) analysis, simulations, pilot tests, and consumer (user) surveys to achieve a good degree of consensus on the need, scope and methods for new processes, procedures, regulations, and designs for automated systems to support the DLT's service delivery and road sector management;

d) Consultations, network analyses, options (solutions) analysis, simulations, pilot tests, and operator-and-consumer surveys to achieve a good degree of consensus on the structure and operating protocols, standards in cooperation and coordination of DLT management, and information sharing in road safety, licensing, and permits and management of cross border transport with other Government entities;

e) A structured process of knowledge sharing about needs and options, intended to encourage 'buy-in' to responsibilities in managing change and achieving results, through presentations and reports which involve most staff of DLT and key staff in the interdependent agencies, appraised by internal and external monitoring; and

f) Building up well-tested products concerned with feasibility and methods for implementation of the plan, a coordination framework and new processes and systems – so as to gain internal support and external cooperation, adoption and budget support.

46. The main outputs of the TA are:

a) A diagnostic assessment of the capacity of DLT to deliver its programs and services;

b) A restructuring plan and program;

c) Proposals for new and modified legislation/ regulations;

d) New processes, procedures, and automated systems for DLT's program delivery;

e) A capacity development strategy and plan;

f) A framework for coordination of DLT activities with Government entities, in road safety, licensing, registration and vehicle operating licenses (permits);

g) A framework for coordinating cross border transport activities;

h) Products related to the implementation of the proposed plan, coordination framework and new processes and systems; and

i) A consolidated Road Sector Management Development Program (RSMDP).

1.4 PROGRESS AND CONDITIONS IN THE TA

47. The overall external support was envisaged as three stages over 3 to 4 years, including assessment and a development program, detailed project design and preparation, then the investment and capacity development project. In the first two months, the TA recognized immediate and medium term needs which severely constrained DLT's interest and ability to explore solutions for a longer term development program. The TA proposed three phases for DLT, summarized as: relieve the constraints, do internal reforms, then do the restructuring of a more capable and results-oriented department. The approach was summarized in the MOU for Inception Phase, of 26 June 2012:

> 12. The Consultant also have broadly identified in this initial stages of the TA; how to work in the WGs for effective results, strategy for change in DLT, managing change in DLT, stimulus and incentives of change, main problems and constraints, how to reduce constraints, proposals and possibilities, and priorities to be resolved in DLT. Based on these key areas, the Consultant plans to build on the diagnostics of a 3-stage program (see paras 8 and 13) for restructuring process of DLT. One initial finding by the Consultant during inception consultations was high enthusiasm of DTL staff to integrate the current work flows in an IT system. This clearly is a positive approach for future effective changes, although the similar findings of the Consultants have shown that DLT staff has so far expressed less need in human resource development.
>
> 13. **Three stage program approach for restructuring DLT**. The overall objective of the CDTA is to complete diagnostics during the TA implementation to identify key areas of change necessary for DLT, as the first stage of restructuring. The second stage is deciding concretely what investments are necessary to achieve the effective restructuring. The third stage involves implementing this investment program identified in the second stage. Since ADB alone may not be able to finance the second and third stages, the Mission informed the importance of other development partner participation from the mid-term review of the CDTA onwards. Therefore, its is aimed to attract the interest of other development partners to assist the DLT restructuring during second and third stages. DTL agreed with the Mission on this approach.

48. The changes and phases were scoped in detailed discussions and testing of options among DLT leaders and staff. However, even 'home grown' changes and reforms must be maneuvered through the interests of the many stakeholders. Delays to the best intentions are inevitable. Therefore, some conditions are necessary to efficiently obtain data and to

enable decisions of good quality and consistent reliability, so as to involve the appropriate actors and to achieve changes within deadlines.

49. An essential condition applying throughout the TA is that certain data, decisions, instructions and actions *must* be the responsibility of DLT actors, for whom the TA provides assessments, options and resource estimates. This condition has not been met in many necessary actions for change and improvement.

50. The Mid Term Review (MTR) found that certain vital actions were seriously lagging, and wrote three agreements into the MOU of 19 November 2012 (see also Annex 11). However, none of the three actions had been completed by the time of the Final Review. There had been some partial and sporadic actions on each:

(i) Appoint a head of the ITS with a terms of reference in line with the reform proposals: This was started, with appointment of a Manager on 16 January, and recruitment of a Technician, and a notice on 27 January to GDT about the setup of the ITS. However, the two staff have attended at about 10% of the time for cooperation and training, the formal recognition by GDT was delayed until end of May, and no budget was assigned until 7 June. As a result, ITS is not ready to take on the tasks for Phase One.

(ii) Availability of accounting/expenditure data of DLT for the 3 years 2009 to 2011, with approved budget for 2012: despite numerous searches and requests, the TA obtained/ received only a small part of the accounts, and was therefore unable to assess whether recurrent funding is adequate for DLT functions and normal development of staff and resources.

(iii) Appointment of an officer for monitoring of weekly progress by MPWT /GDT. The Secretary of State of MPWT on 7 February appointed an Under Secretary of State to this role, which was implemented only on as a monthly review.

51. With little time and a long agenda remaining, the Final Mission strongly requested MPWT Management to either make firm commitment to complete the remaining tasks during the phase of "*Immediate Priority: reduce constraints*"; or recommend the Mission to cancel the remaining TA proceeds and activities. MPWT leaders agreed to commit to move forward with completing the "*Immediate Priority: reduce constraints*" phase. For this, TA Consultants prepared a revised action plan and a monitoring sheet for a transition extension (see Annex 11, for the MOU Annex-2).

52. The Mission informed DLT that it would consider an extension of TA closing date to 30 September 2013 to accommodate this revised action plan, which must run to a very fine critical path of procurement, installation, testing, training and applications. The Mission agreed to consider an extension for TA Consultants' contract to coincide with the TA closing date, however, with no addition of cost. Further, to support this process in its critical timing, the Mission requested a signed commitment of DLT officials to complete all required tasks on time (see Annex 11, for the MOU Annex-3).

53. In retrospect, good cooperation and progress was achieved in the first five months of research, assessments, solutions and packaging a program of short and medium term changes. But it was in months four and five, where specific actions were becoming the responsibility of DLT leaders, that the delays and uncertainties affected progress. Actions which were expected to be done in those months then became included in a revised contract and budget which evolved in the planning for a RSMDP, and which was requested

at Mid Term Mission. The subsequent approval and implementation arrangements then shifted to January-May 2013.

54. Almost all requests to DLT for determinations and actions in Quarter One 2013 were delayed into Quarter Two, most critically the ITS setup, access and connectivity permissions, design of support to provinces and the road safety workshop. Being unable to remove the constraints especially in IT and operations, the TA has been unable to make progress on the reforms and capacity development which could have been done within the existing resources of DLT. Some DLT leaders openly assert that progress could have been far more effective if the TA had provided direct incentives / allowances to the leaders and staff. Such assertions confirm the need for a change of work culture including the privatizing of core business services of DLT.

2.0 ASSESSMENT OF THE CAPACITY OF THE DLT TO DELIVER ITS PROGRAMS AND SERVICES

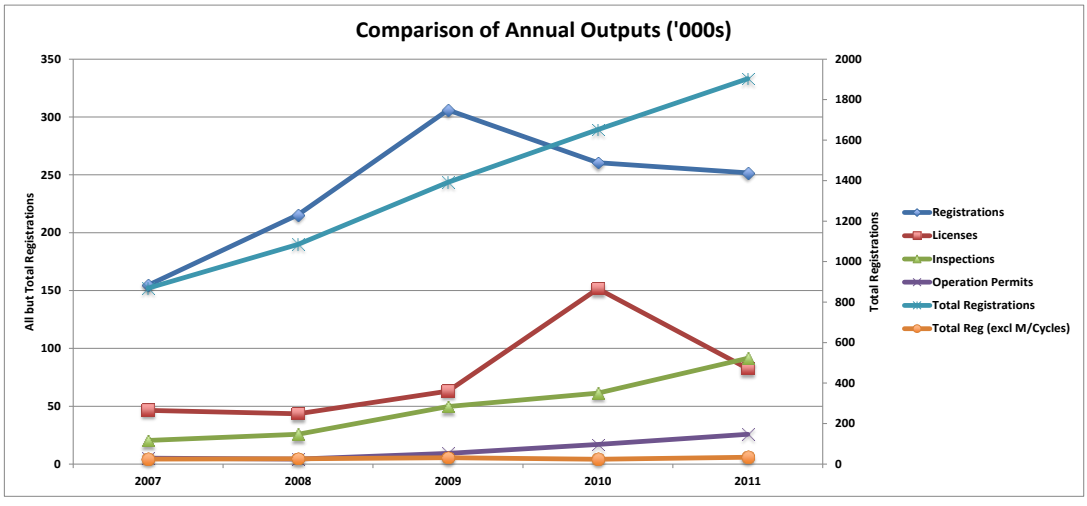
2.1 BACKGROUND TO DLT'S SITUATION AND WORK

55. The *Cambodia Traffic Law of 2007*[2] is the main guiding document for the work of DLT. To assess performance, there are few reports and reviews, and apparently no comprehensive studies. Apart from the ADB preparation documents under PRIP, there is little direct reference to DLT in reports produced in the projects of MPWT. *The Annual Report of GDT*[3] is helpful in describing the structure and responsibilities of offices, levels of staffing, and volume of services performed. The National Road Safety Committee (NRSC), through the NRSC Secretariat (NRSCS) based in DLT, reports in detail the responsibilities, tasks and required training courses among the agencies, with much emphasis on DLT roles.

56. The challenge to improve services is reflected in the growth of registrations (at about 20% per year since 2006), new Driving Licenses (12% per year), and vehicle inspections and vehicle operating licenses (15% per year). Vehicle inspections are an indicator of the trends in the total stock of vehicles. The data suggest a doubling of cars and trucks in each two or three years, and is supported by the doubling of operations permits (see Figure 2.1). This rate is much faster than the registrations, and suggests that inspection has been more widely available, enforced and/or accepted by owners.

57. Note that the number of license cards issued has grown by 300,000 in the period 2007 to 2011, while the gross increase in registrations has been 1,200,000 units. These comparisons suggest a huge growth in unlicensed drivers, and the need for more thorough processes and cross-checking in DLT's work and information, especially with the municipal and provincial licensing offices.

Figure 2.1 Comparison of the Outputs of Services of DLT



Source: Annual Report of General Department of Transport, 2011

[2] Royal Government of Cambodia 2007.*Cambodia Land Traffic Law*

[3] General Department of Transport 2011. *Annual Report 2011*

58. The trend lines in registrations and in Drivers' Licenses are very much affected by the rapid growth in motorcycles, which is typical of a newly developing economy. The increases in operating permits and inspections indicate a commercializing economy and greater involvement in domestic and international trade and tourism.

59. There have been reductions in accidents in the last two years, despite increases of 15-20% in vehicles. Since the main factors in deaths are speed, being drunk and not wearing a helmet, these reductions may indicate some success from education campaigns and better enforcement – as well as better road designs, and drivers' familiarity with traffic lights and traffic management. However, the death rates per 100,000 persons and death rates per accident remain very high (Figure 2.2).

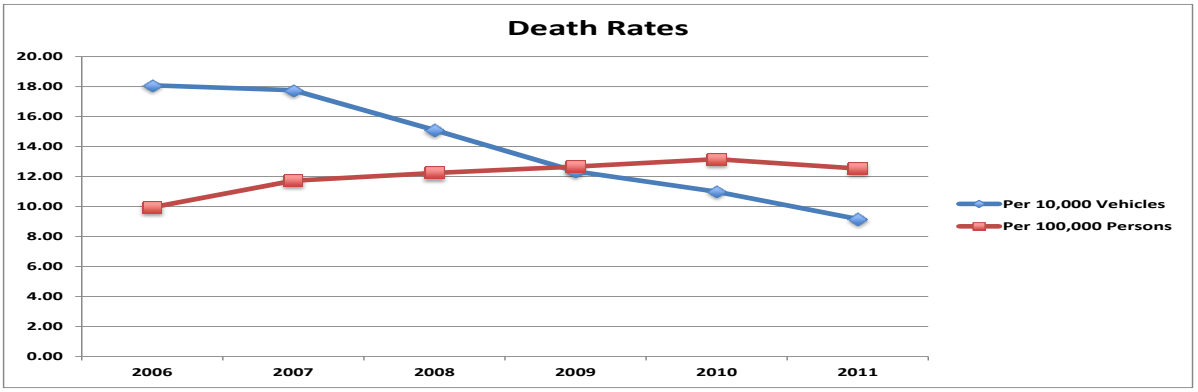
60. The challenges to DLT's performance are indicated in the findings from the pilot Business Survey of September 2012. Among the 40 companies, there are 40% of businesses whose trucks/buses are not properly registered, 30% not properly inspected, 25% lack other documents, 19% lack technical standards, and 67% lacking mechanical condition, and 15% lack import tax documents. 42% explained insurance companies provide difficult and slow services, and 33% do not want to spend money on insurance.

61. The main problems in operating businesses were: 55% on safety/accidents, 25% on narrow roads/ traffic jams; 18% on thefts of cargo / truck; 15% on bad road conditions; 15% against police's long time of holding vehicles involved in accidents; and 10% on police demanding money along the roads.

62. On the major concern of speeding controls, 53% highlight training /educating drivers on traffic law; 35% for speed control machines /cameras; 30% for on-the-spot fines; 18% for suspending licenses; and 10% for authorities to not take money from speeders.

63. In summary, rapid growth in commercial transport has not been matched by DLT's ability to check and to enforce the laws. Non-compliance as in this pilot survey implies that the force of competition and profitability reduce the concern for good governance, road safety and protection of state and community assets. There is an urgent need for DLT to develop a strategy for changing the conditions and standards of commercial operators.[4]

Figure 2.2 Rates in Relation to Population and Vehicles



Source: NRSC Action Plan 2011

[4] General Department of Transport 2011. Annual Report 2011 and Action Plan.

64. DLT has various concerns and priorities, as summarized in its Action Plan 2012:

a) To reduce the time taken in registration and providing the vehicle label;
b) To raise the vehicle inspections' technical standard;
c) To speed up the drivers' license card and operations permit letters;
d) To make a better environment by management of transportation in the city;
e) To promote a transportation plan in each city;
f) To enforce infrastructure development in the cities;
g) To reduce air¬ pollution and atmospheric damage;
h) To enforce safe working in infrastructure and public transport;
i) To improve the planning, statistics and management data and publications;
j) To set up the systems for license cards and temporary labels; and
k) To strengthen staff's capability.

65. The GDT Action Plan 2013 includes 21 items for DLT, and 22 items for Road Safety Sector. There has been no objective monitoring against these Action Plans. There is no management information system or ongoing monitoring in DLT which can provide an objective assessment of capacities and delivery of its services, or report on the eleven priorities, above. The TA has supplemented the DLT consultations with survey interviews as a basis for a diagnosis of performance and capacities: Survey of DLT staff; Survey of IT Capacities among IT users; Pilot Survey of Customers; Pilot Survey of Business Customers; and lately, Pilot Survey of Provincial Services.

2.2 SURVEY AND CONSULTATIONS ON CAPACITIES IN THE SERVICES (OFFICES)

66. With a coverage of 65% of the total DLT staff of 77, the survey explored each staff's responsibilities, how their work flows, dependencies between staff, offices and external agencies, skills and training needs, difficulties in work; and ideas about how to improve their work and their own office or department. This diagnosis survey shows a wide range of problems, gaps, needs and ideas for improvement. There are several deficiencies or weaknesses of the organization which are vital to the DLT morale/spirit and image among DLT staff and stakeholders in Government, the public and the business community. The main complaints were about:

a) Lack of finance to support the essential operations in road sector services;
b) Low salaries, old equipment, old skills, limited IT and unstable electricity in servicing clients whose businesses and equipment deploy the latest technologies and skills, and many of them with competitive salaries and career incentives;
c) Inability to provide essential data and/or guidance on policy and procedures in its obligations to other Government agencies, such as tourist sector operators, business associations, city agencies and Police; and
d) Inability to fund, plan or implement a skills-based long term training program.

67. The survey and consultations show four main streams of concerns in the 400 items/comments mentioned in interviews:

- Regulations, Institutions, Laws, Structures, Interagency relations: 6%

- Operations, working processes, organization, leading, supervising: 27%
- Human Resources Development, Training, Staff Concerns, Motivations: 31%
- Systems, Equipment, Information Technology, Electricity supply: 36%

68. The main issues raised during the Inception survey included:

a) Concerning the normal tools and documents readily available to support their work, *12% of staff do not have a Job Description, 65% do not have the Department's Vision, Mission, Strategies; 19% do not have the Department's Guideline / Office Manual; 31% do not have the relevant Laws, Rules & Regulations*; 65% do not have a Catalogue of Reports; 33% do not have Technical Guidelines (for their specific tasks); 69% do not have a Personal Computer; 61% do not have a Shared Computer; and 92% mentioned other Working Facilities being unavailable.

b) Concerning 76 responses on Negative Matters about working at DLT, 22% cited equipment and IT, 15% about slow service and methods, 13% about human resources and staff performance, 9% about electricity. The other 28 responses spread over 20 various items.

c) There were 46 answers on what functions are being well performed by DLT. Most mentioned Vehicle Inspections (24%), Operations Permits 22%, Drivers' License 20% and Registrations 13%.

d) There were 123 items on what should be changed, improved or added to DLT. Equipment and IT dominated at 46%, then technical training (including IT) at 24%, English 10%, work processes 8%, and salary and staff matters 10%.

69. In summary, the leaders and staff express most concern about the everyday operations and attitudes, and much less about institutional and organizational matters. This division of concern is quite normal, and Governments' attention to the institutional matters usually cannot proceed until there is significant change in the daily conditions, tools, work and interactions. Therefore, the TA adopted "Remove Constraints" as the summary name for Phase One.

2.3 IT CAPACITIES

70. Office tools and services are usually a cause of frustration in work effort and discontent in attitudes. Inadequate technology for information and sharing, administration, management, supervision, cooperation, production, and propagation is a large factor in under-performance and dissatisfaction. Until the deficiencies are remedied, it is impossible to assess the factor of human attitudes, skills and habits affecting performance and coordination.

71. Detailed studies of each DLT office were conducted. The main issues and constraints are:

a) DLT do not have a dedicated division for Information and Communication Technology (ICT) or IT. Some offices are fortunate to have staff with a strong IT interest and capacity, while others are not so fortunate.

b) DLT have no software development division (to develop or maintain existing software). Two offices of DLT have developed their own software.

c) Most software has been developed outside the DLT and in all cases the development component of these contracts has now ceased. Both NIDA (National Information Technology Communication Development Authority), developer of the Vehicle Information System (VIS), and the NGO Handicap International, developer of

the Road Crash and Victims Information System (RCVIS), occasionally provide assistance.

d) When errors/faults occur, DLT must call on the developers, with limited expectations of support.

e) DLT has no website or intranet by which data can be shared or published.

f) Transfer of data (such as from province to central DLT) is by transfer of documents and summaries, and in a few instances, by phone or email.

g) Most of the equipment running the DLT systems is old (2005 or earlier), most of it is second-hand, and was obtained by the staff themselves from processing fees, or provided and maintained by a related private company. DLT has contracts with two companies, for making Drivers' Licenses, and for performing Vehicle Inspections.

h) Local data servers are down or 'broken'. The license issuing system stores data on the Kamtranship server. The vehicle operations licensing offices (national and cross border) are the only ones with control over their own data.

72. DLT has 9 computer applications in operation, plus two companies who use their own applications. DLT has no IT capability and no budget for hardware or software maintenance. Third-party developers have developed each system. Even with a significant and long-term focus on capacity development, it is not within DLT's capacity to oversee or manage any IT development related to this project. Sustainability must be provided through third-party agents for many years to come.

2.4 ROAD SAFETY SECTOR (RSS) PERFORMANCE

73. The *RCVIS Annual Report 2010*[5] provides details by which the TA can appreciate Government and public concerns about road safety, and the factors which can be influenced by DLT actions. Over the last 6 years, the number of fatalities has doubled (while population has increased by 8% and the number of vehicles by 187%). The estimated annual cost of accidents is $279 million, growing at more than 10% per year.

74. Under-reporting is 'very high' - 20% of road fatalities and 85% of injuries were not reported to RCVIS. Of all fatalities, 67% were motorbike riders, among whom only 15% wore a helmet. Speeding accounted for 50% of fatalities, drunk driving 16%, and overtaking 8%.

75. The Government has been organizing for the management of road safety affairs. The NRSC has the statutory function is to enhance cooperation between MPWT and other stakeholders for the purpose of reducing traffic accidents. It has a separate budget annexed to MPWT, and from other sources ("partners of Road Traffic Safety") for use for the purpose of traffic accident reduction. In addition, Provincial Road Safety Committees (PRSC) have been created in all 24 provinces.

76. The NRSC sets the national policies and agenda. Its Secretariat is based in DLT, and involves 18 DLT staff from various offices in various roles, thus giving them mixed accountabilities and lines of reporting. The NRSCS role is distinctly different from other offices in DLT, in being un-related to taking in revenue and providing direct services to customers.

[5] National Road Safety Committee and Handicap International Belgium. 2012. *The Cambodia Road Crash and Victim Information System*

77. The National Road Safety Policy (NRSP), and NRSC Action Plan 2011–2020 (NRSAP), have been prepared, but have not yet been approved by the Council of Ministers. With no clear work plan, and inadequate funding for management and development, the management of road safety sector, especially across the diverse provinces, is uncertain and incomplete.

78. The NRSAP is summarized with 7 Pillars (see Annex 3). These are: Road Safety Management and data dissemination; Infrastructure; Safety of Vehicles; Safe Road User Behavior; Post-Crash Care; Traffic Law Legislation and Enforcement; and Driver Training, Testing and Licensing. Some of these matters can be addressed by internal actions of DLT, such as in Vehicle Inspection, Driving Schools' standards, and Licensing, but there is no cross-office work plan or budget, no cross-office training plan, and no safety-driven attention to improved outcomes. The workshop on managing road safety sector, 7th May 2013, provided more clarity on activities in 2013, but provided no guidance on monitoring and evaluation, nor on the sector management as it involves DLT.

79. DLT staff believe that motivation and organization will be boosted by RGC approval of the NRSP and NRSAP, but the timing is not known. There is an urgent need to rationalize and clarify the management of the road safety sector, and to upgrade the organization and skills of the assigned staff. Establishment of a Department appears to be the first requirement, so as to determine lines of responsibilities and funding.

2.5 CROSS-BORDER TRANSPORT (CBT)

80. CBT is administered by the multi-ministry National Transport and Transit Coordinating Committee (NTTCC), supported by a secretariat including staff of DLT. Under the six-country Cross Border Transport Agreement (CBTA), there are several challenges for RGC, some of which place some new demands on DLT. Issues and implications of legal and regulatory matters in CBT are examined in detail in Chapter 4, concerning the future duties and organization of CBT. Current implementation issues associated with the CBTA should be examined. A preliminary issue is whether Cambodia has properly ratified all the documents (Annexes and Protocols) in the CBTA.

81. As a first step, it is necessary and urgent to review and reach agreement on an action plan for 2013, amongst all the responsible agencies and ministries, and coordinated with international obligations and events. The DLT and the TA can then determine definitively the human resources needs, supporting equipment and additional budgets.

2.6 PROVINCIAL OFFICES IN DLT FUNCTIONS

82. DLT has the State responsibility to ensure the quality and compliance of Province services in land transport sector, but there is very little practical interaction. Ten provinces are linked to DLT's database, but the reliability is low and there is virtually no use of the information provided. A pilot survey was conducted in two Provinces in April-May of 2013 to test how to gather useful information on the situation and needs in provinces.

83. The relationships between DLT and provincial offices are not close, The leaders and staff of Provincial Department of Public Works and Transport (PDPWT) did not mention about their relations with DLT, or requiring any support from DLT, because they see their connection only to GDT. They focus on their daily tasks at customer operations level, and did not mention about management tasks such as planning and monitoring, leading and controlling. Their data papers are stored in the office, only 22% report that they store the

data on computer, because they do not trust the old equipment and connections, they have no backup server, and no virus checkers. They report that they have been sending data to DLT for years, but have no feedback or enquiries.

84. Provincial leaders and staff reported that they rely on memory for doing their tasks in customer services, and have no guidelines or job descriptions, work plans or flowcharts. At the time of the surveys, they were adapting to the new Prakas regulations on incentives for revenue-receiving units, which for them, is a far greater concern than institutional change. In the proposed Transition extension, a high priority is to supply and operate some new equipment in certain provinces, to provide basic training, and to measure the effects and results.

85. **In summary for Chapter 2**: at present, DLT knows its functions, and executes its services to users with a suboptimal performance. So far, DLT appears to be passive and reactive in its expression and pursuit of institutional objectives, standards of service and policy support to Government. Even if DLT could achieve improved awareness of organizational objectives, its capacity to work towards those objectives is limited by:

a) Structural constraints (the arrangement of duties across RGC and MPWT),

b) Institutional uncertainties (regulations, exercise of authorities, relationships),

c) Resource constraints (tools, staff capacities, budgets, training), and

d) Limited motivation and incentives amongst the leaders and staff to work towards achievement of State and public objectives and professionalizing of their work.

86. The implications for an improvement strategy include the creation of positive attitudes (through reduction of institutional uncertainties and material constraints), the organization of work and tools for greater connectivity and cooperation, the stimulating of management to take a leading role in relationships with other agencies, the building of modern skills and policy functions, and the commercializing of the service functions of DLT.

3.0 REFORMING AND RESTRUCTURING PLAN FOR THE DLT

3.1 INTRODUCTION

87. Organizational restructuring always takes time, great attention to detail, and persistent negotiation with interests and stakeholders. Changing ways of doing things and adopting newer technologies and systems needs a great degree of adaptation of people's attitudes and behavior, and of the office culture. Since all this impacts the professional lives of staff and officials of the organization undergoing restructuring, a humane and personal approach is necessary to achieve the desired results. The TA team thus applied an empathetic approach to understand the organizational feelings, aspirations and desires.

88. No restructuring plan can be put in place without the involvement and ownership of the organization being restructured. The TA team continuously sought opinions from the Working Groups, staff and senior officials of the DLT and related agencies.

89. The time-frame for a medium-term plan or long-term plan for restructuring cannot be fixed, as it is a direct product of the organization's self-awareness, capacity gaps, willingness and pressure to change, goal setting, business planning, Government's dynamics, compromise across interest groups, and donors' priorities.

90. The TA proposed an initial restructuring plan (Figure 3.1) which is closely linked to factors identified through the prior and ongoing analysis of situations, assessment of requirements and practical interpretation and application of developmental objectives of the Government, the public, business entities, the MPWT and in the DLT itself. "Restructuring" includes reforms within DLT, changes in the units, offices and secretariats, and institutional relationships with entities outside DLT, especially the Ministry of Interior (MOI), Provinces and business and community groups.

91. The restructuring plan is **sequential**, meaning that small steps lead on to other steps and cumulatively to major changes and reforms, and that the speed of change can be modulated at any time. The restructuring plan gradually addresses the issues of authority, networking within the organization, span of control, delegation arrangements and competencies of managers and main staff of each office.

92. The comprehensive planning document is the RSMDP, set out in Chapter 10, with schedules for detailed actions, and a simple monitoring plan. Modern public services identify a "citizen charter" or formal commitment to functions and standards, with targets, business plans, delivery standards, quality management systems and monitoring and control procedures. Such tools and conventions are not applied at DLT. The TA was unable to encourage DLT leaders and staff to accept such needs and define their roles and priorities in service delivery, planning recommendations and policy advice, mainly because they were comfortable and unchallenged in their 'retail' service functions.

3.2 WHICH WAY AHEAD?

93. DLT is an organization in need of structural change. Weakness in institutional structures, combined with lack of incentives, produce weakness in administrative capacity in service delivery, enforcement and in policy development. The optimal model for delivery of transport user services, as shown in most developing countries, is a statutory authority. That is a legal entity established by legislation, with defined and transparent objectives,

and the capacity, incentives and resources to work effectively toward achieving those objectives. The benefits to the State, the community and the transport industry derive from the shift from passive, reactive and protected Government administration to a commercially-oriented unit with business discipline and accountable objectives and standards.

94. The creation of a statutory authority or business unit would represent a significant change from present arrangements, and can be achieved only by enactment of legislation. A reform of this magnitude requires a substantial lead time *after* DLT commits to the reform. The lead time is required for the development, advocacy, approval, enactment and implementation of the new legislation and its guidelines, and for the preparation of competent and motivated human resources.

95. However, reform within DLT cannot wait for the establishment of a statutory authority or business unit. Other reforms in the RSMDP are aimed at enabling improvements in delivery of services to the public and the industry, as well as in capacity to develop and implement policy (a function which would remain with and be greatly upgraded by DLT after establishment of any statutory authority or business unit). The internal reforms operate as intermediate steps toward the longer term restructure, and can create momentum towards major reforms and a new work culture, by means of better understanding, attitudes, motivation and working relationships.

96. The TA has worked with DLT to try to build a consensus around specific proposed institutional structures, with reforms to occur over three phases, the third of which includes a proposed business unit (Transport Users' Services Establishment: TUSE) ***or***, a Contracts Management Unit (CMU) under GDT to manage outsourced contracts. In view of the lead time in establishing such an entity, work by DLT and GDT towards establishment should continue in 2013, with those steps being enacted while other reforms and changes are implemented in DLT, Road Safety Sector (RSS) and CBT.

3.3 THE NATURE OF CORPORATIZATION AND A CORPORATE ENTITY

97. DLT is a Department located under MPWT. It has some administrative independence, but no legal status: it is not a legal entity and has no power to enter into contracts in its own right. Its staff are Government staff, and its income is obtained as budget allocation (supplemented by informal support from other sources, such as provision of IT support by one of its contractors). It does have recognition under Sub-Decree No. 14 on Organizing and the Functioning of the Ministry of Public Works and Transport (Article 19), but this Sub-Decree does little more than list its functions, without conferring legal status or organizational objectives.

98. Much of DLT's activity is in discharging statutory duties imposed on *MPWT*, including driver licensing, vehicle registration and industry regulation. Contrary to public perception, Article 47 of the Land Transport (LT) Law provides that vehicle owners must apply to MPWT (not to *DLT*) to register their vehicles and obtain registration plates and vehicle identification cards. The LT Law provides for there to be a National Committee of Road Safety Committee[6] but says nothing about DLT's role in RSS.

[6] Constituted under Article 52 of the LT Law.

99. A statutory authority or business unit is fundamentally different from a department or administrative office. It has clear, transparent and formal delegation of objectives, functions, powers, work targets and staff performance mechanisms.

100. The TUSE would be would be a legal entity, either created by new legislation, or created under existing legislation.

a) It would have the powers to enter into contracts and employ staff.

b) It would be directed by legislation to establish an appropriate management structure by delegating powers and accountabilities to executive and management levels within the organization, and to work effectively, efficiently and economically, with benchmark results.

c) It would have power to own and control assets, possibly with provision for it to charge and retain fees for services which it provides, subject to pricing controls (this would give it an incentive to provide services efficiently).

d) TUSE would have a formal and transparent relationship with MPWT.

101. The new entity would be empowered to pursue its organizational objectives subject only to those restrictions which are considered to be necessary for State management (such as reporting, financial controls and response to formal directives issued by MPWT). It would be told what to achieve, but not how to perform. This approach will encourage strategic thinking, better positioning it to align its culture and its behavior with objectives set by Government.

3.4 REFORMS AND RESTRUCTURING

102. A strategy for short and medium term changes (Figure 3.1) was formulated in close consultations in the DLT and across the sector. The strategy is summarized as:

- Phase 1: Reduce Constraints
- Phase 2: Internal Reforms
- Phase 3: Sequential Restructuring

103. **Restructure 1: 2012-13.** This reform was intended to be implemented during this TA, to enable and benefit from the "Reduce Constraints" strategy, and to prepare for improved organization and external relationships. It includes creation of an ITS within Research and Data Collection Office (RDCO); addition of a planning and policy unit inside RDCO; creation of a Corporate Services office, to include Human Resources, Monitoring, Provincial Liaison, and the piloting of support to Provincial services; preparation for management of the demerit points system, by setting up a pilot database and links; and support to NTTCC Secretariat in its organization and data collection.

104. **Restructure 2: 2014.** In this restructuring, a Department of Road Safety (DRS) will be created under GDT. This will require negotiation with the various interests in the NRSC and the community, the drafting of a detailed proposal and design, and the making of a Ministerial sub-decree. It is also recommended that DLT adapts its recruitment towards persons with business, economics and policy skills.

105. **Restructure 3: 2015-17.** Depending on progress on internal reforms and DLT performance, the service functions of DLT would be assigned to a new legal entity, provisionally to be called the Transport Users' Services Entity (TUSE). At the same time, DLT would create an Office of Research and Advice in Transport Industry Policy and

Regulation, with special attention to CBT obligations and policies; and the information and management systems would be combined into a Transport Information System (TIS).

106. The proposal to establish a corporate business entity such as TUSE is a major reform. If it is to be achieved, much preliminary work must be done, including negotiation with various agencies, enactment of legislation (detailed in Section 4.11, below), creation of a new organization (including appointments and establishment of an organizational structure) and creation of new external relationships. This work would depend very much on the changes in attitudes, motivation, cooperation and working environment achieved in Phase 1 and Phase 2 of the RSMDP strategy. Based on experience of DLT operations and attitudes, the TA now recommends a more direct route to corporatizing, by means of contracting out its core business services (see Figure 3.2).

3.5 BENEFITS FROM A RESTRUCTURED DLT

107. The following are some examples of how the behavior of a corporate, business-oriented TUSE can align to organizational objectives and obligations

3.5.1 Driver Licensing and the Road Safety Objective

108. A component of the driver licensing function of TUSE will be the administration of testing of drivers, both novice drivers and, in the future, drivers who have been sanctioned under the demerit point system. If TUSE is responsive to its road safety objective, it will ensure that drivers are tested for both their ability to drive safely and for the prospects of them doing so. This is particularly important for young drivers as they are typically at high risk: novice young drivers are at very high risk. If license testing is conducted by a responsive organization with a road safety objective, the testing is more likely to be based on current research and data, and aligned with Government priorities in this area, consistently with the National Road Safety Policy, for example, by testing a driver's knowledge of the effect of alcohol on driving capability rather than simply a testing of his or her knowledge of road laws.

109. A further issue of prioritization arises from the proposed demerit points system (under which persistently bad drivers suffer sanctions – further detail about this is set out below). At an early meeting of the RIC Working Group senior DLT officers indicated that implementation of this reform is a low priority, as compared with improving compliance with the requirement that drivers be licensed: an organization with a road safety objective would be better able to prioritize between competing resource demands (it might or might not reach the same conclusion).

3.5.2 Vehicle Registration and the Objective of Reducing Criminal Activity

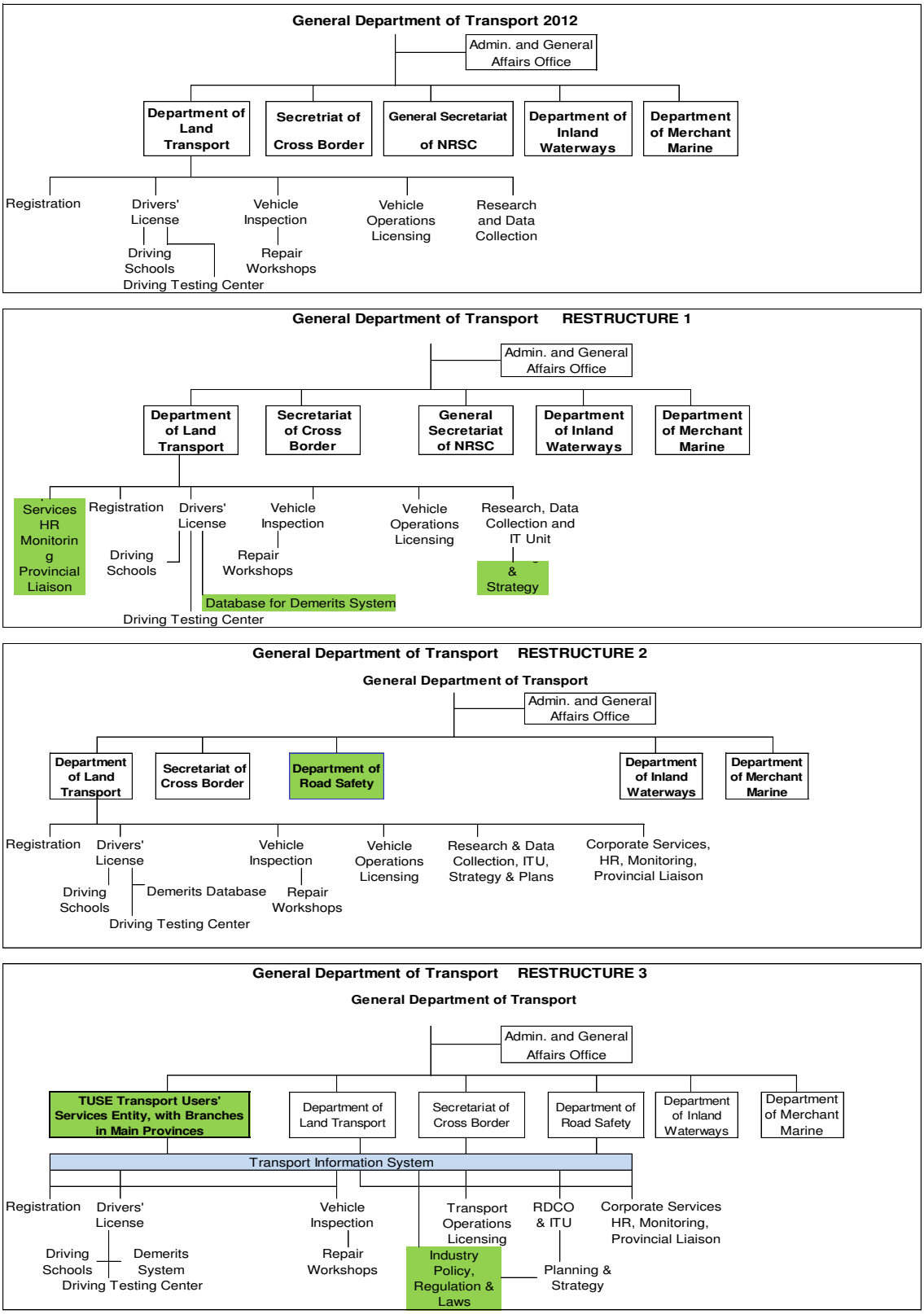
110. A problem of vehicle registration which has developed over time is the lack of "cleansing" of the vehicle registration database. This issue is further analyzed below. Poor quality records are likely to create problems in several respects, one of which is that they can facilitate criminal activity such as changing the identity of a stolen vehicle and concealment of the identity of vehicles used in the course of committing crimes. An organization with objectives which include reduction of criminal activity should, if well managed, prioritize action which will reduce criminal activity.

3.5.3 Management Structure and the Objective of Allocating Management Responsibility to Appropriate Levels

111. There is a tendency in DLT for officers to retain information themselves rather than making it available throughout the organization: this is not necessarily a criticism of those officers, who are responding to environment in which they work (that environment includes limited IT resources). There is little evidence of decision-making responsibility being delegated to lower levels in the organization: one consequence of this is that decisions are made at too high a level in the organization, using valuable senior resources and disempowering middle and junior officers. An organization which has the flexibility to set its own management structure, and which has an objective of allocating management responsibility to appropriate levels, is less likely to have these problems.

112. Initially the new corporate entity would have functions relating to service provision. Subsequently its functions could be expanded, for example to include administering the contracts of transport service providers or providing and maintaining road infrastructure, or spreading new technology to decentralized units as a business service. Generally, the broader the mandate of the new entity, the less likely it is that road sector issues will fail to be addressed because no single agency has “ownership” of the issue. An example is enforcement of vehicle mass limits: overweight vehicles are both a safety hazard and a cause of damage to roads. An entity with responsibility for both road traffic and road infrastructure would have a strong incentive to address this issue, possibly by assisting in law enforcement in coordination with the Police.

Figure 3.1 Initial Proposal (2012) to Restructure Offices and Units in DLT



3.6 DIRECT OUTSOURCING: A MORE EFFECTIVE OPTION

3.6.1 Outsourcing

113. The TUSE option was raised and discussed and appraised in 2012 and appeared to have a good degree of consensus in DLT. Concerns related to such an option were prominent in early 2013 as the new rules on revenue sharing and revenue management (related to anti-corruption laws) were implemented in DLT and GDT. The interest in further changes decreased among DLT leaders.

114. Also in 2013, the lack of action and/or interest in even minor reforms became apparent, as did the slowness and complexity of making changes in laws and regulations, and the negative effects of an insular and unconnected work culture. The probability that a TUSE would not be advocated nor realized for many years grew stronger in the TA's estimations. A change in the leadership of GDT and indications that the Government would support organizational changes in GDT, were also taken into account by the TA and partners. It had become apparent in 2012 and early 2013 that the directing and supervising functions would be more effective at the higher level of the government hierarchy – that is, in GDT – and that GDT requires strengthening as a modern directorate.

115. The TA explored the history and performance of the two existing service contractors of GDT/DLT (KTS and CIMVIC), and the familiarity of DLT staff with this model. As a result, the TA recommends a 'short cut' to changing the organization and work culture, by contracting out its distinctive business services to private enterprises, as shown in Figure 3.2, and supporting that strategy with new and improved service units for GDT.

3.6.2 Organising for Outsourcing

116. The first part of this recommended restructuring is to bring corporate information (RDCO, ITS) and corporate services (CSU) as direct support units for GDT, to enable better organization and more effective management and supervision of DLT and other Departments, and relations with Provinces.

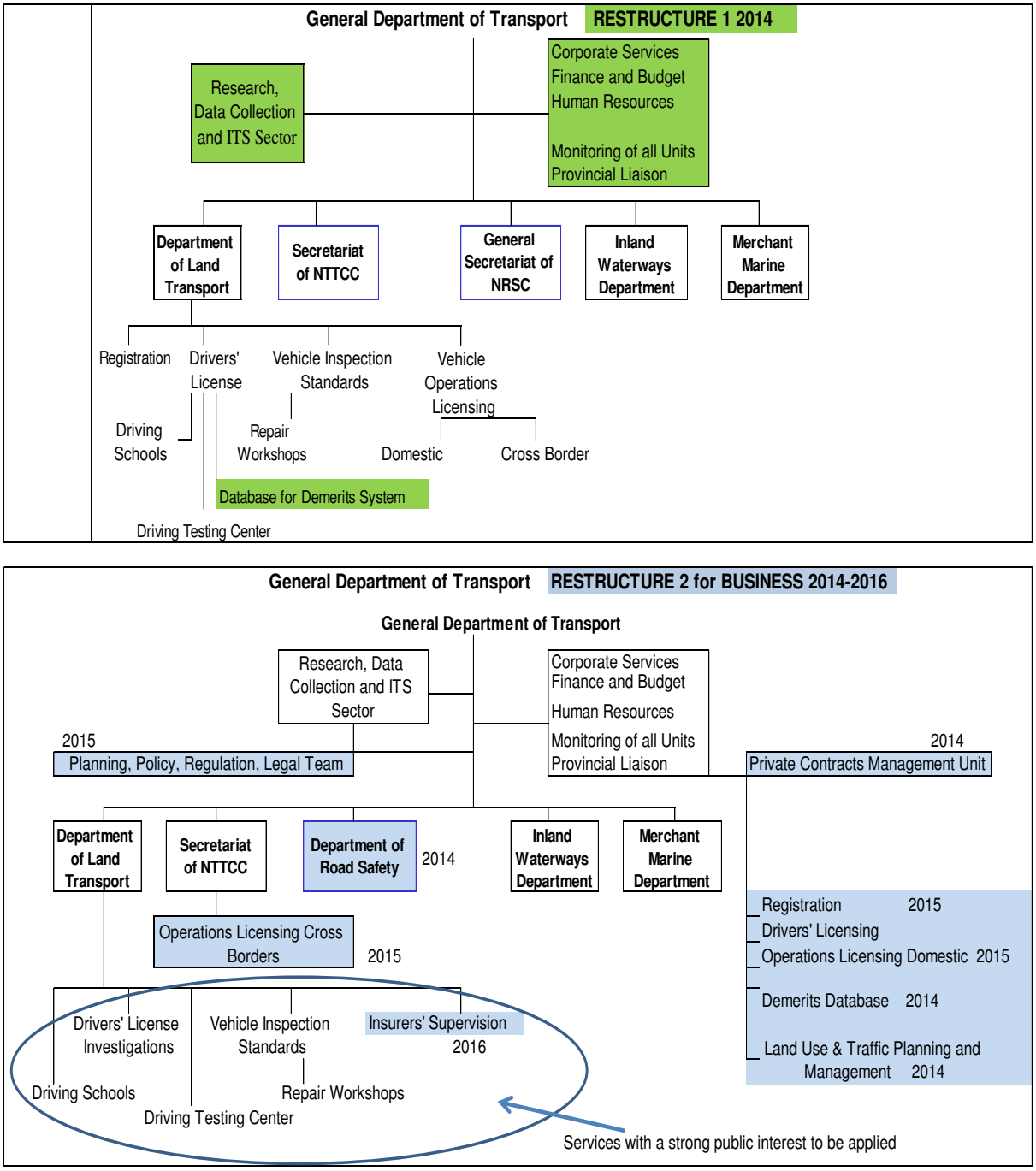
117. The next part is to create in GDT a special unit for managing business contracts (CMU), including contracts in waterways, merchant marine and possibly RSS and CBT.

118. At the same time, road safety can be progressed to a Department of Road Safety (DRS), while other offices continue their HRM and systems development in preparation for transition to a private contractor.

119. The presently inactive demerits database and assessment system, and the land use and traffic planning and management, can be contracted out as a low-risk testing of the outsourcing model as applied by GDT through CMU.

120. The business units would follow in the next year (registration, drivers' licensing, and operations licensing for domestic services). However, the services with a strong public interest element (Figure 3.2) would stay as part of the government staff operations in supervision, investigations of anomalies and fraud, protection of standards and policies, and independent driver testing.

Figure 3.2 Restructuring with Contracting of Business Services



121. Those services which are currently provided by Provinces would be progressively prepared by GDT and MPWT, in cooperation with Province authorities, to become 'branch office' functions of the selected business contractors.

122. In all procurement, there would be a favorable weighting (say, 10%) to the bidder(s) who commit to initially recruiting a proportion of their staff from the existing DLT staff who are qualified. DLT would prepare its entire staff to compete for new positions if they wish, and GDT would arrange for independent testing of their skills, knowledge and attitudes (as required for their roles in the new business units.)

3.7 INTERNAL MANAGEMENT OF DLT – DEVELOPMENT OF THE RDCO

3.7.1 Background

123. A current weakness of DLT is its lack of resources in central administration (the Director's sole assistant is also his driver). This impedes its ability to carry out its functions, to be fully aware of the context of its operations and to fully understand its own operations. For this reason, the Research and Data Collection Office is of considerable importance. It is centrally located within DLT, and currently performs limited central administration functions. It is headed by the Deputy Director DLT, and although it lacks staff and other resources it is well positioned to be developed as a means of overcoming those weaknesses.

124. The legal instrument which specifies the organization and structure of DLT is the Prakas on the Organization and Functioning of the Department of Land Transport (Prakas No. 190PRK.SK.BP dated 5 April 1999) (DLT Prakas). It provides for DLT to comprise five offices – the Vehicle Registration Office, the Traffic Education and Driver License Office, the Vehicle Technical Inspection Office, the Road Transportation Business Office and the Statistics, Research and Information Office. The Statistics, Research and Information Office is conferred with the following functions:

a) To manage data in relation to all types of vehicle and create transportation indicators;

b) To analyze economics data and principles and road transport economics;

c) To conduct studies of legislation, technical standards and international agreements, international conventions relating to local and cross border road transport, road safety, traffic signs and technical inspection work;

d) To establish contact with relevant agencies to ensure the effectiveness of law enforcement and other provisions.

125. The Prakas specifies that the office is to comprise two sections: a statistics section and a research and information section. Each is to be headed by a manager and deputy manager to act as assistant.

126. The RDCO performs only a small fraction of the specified functions. It collects data from DLT offices, collates it and submits it to GDT. The office retains the data which it has collected and collated, and therefore is a repository of data. These are essentially clerical functions – they are important, but they do not involve analysis. The Consultants have reviewed the reporting relationships with a provincial office (Kampong Chhnang[7]). Information is sent by the Kampong Chhnang office frequently but irregularly – typically, three or four times each month. It is sent as an Excel spreadsheet, and also as scanned documents. The information deals with driver licensing and vehicle registration:

a) Driver tests and licensing: information is provided about the number of tests conducted, including the pass/fail rate. Driver license data submitted includes information about the name, sex, date of birth and address of the license holder and the license category, issue date and expiry date;

b) Vehicle registration. The data provided includes vehicle make and model, engine number and chassis number, owner name and address and registration issue date

[7] Information relating to Kampong Chhnang was collected by site visit on 22 April 2013.

and expiry. Vehicle inspections are not conducted at the Kampong Chhnang office – instead, the applicant provides a vehicle registration certificate.

127. It can be seen that even this fairly limited amount of information is underutilized. It could, and should, be the subject of analysis to assist in policy development and work planning. For example, the data could be analyzed to provide information about:

a) **Work flow**: the number and nature of transactions could be analyzed and compared with corresponding data, or established DLT standards, to produce recommendations about the ability of individual offices to deal with workflow. If, for example, a law reform occurred (such as the planned introduction of a demerit point system or an increase in enforcement of driver license requirements) the implications of those changes on the ability of DLT offices could be projected and the cost/benefit implications better understood;

b) **Road safety information**: information relevant to road safety policy includes the number, age and gender of driver license applicants and the pass/fail rate (including the age and gender of those who pass and fail).

3.7.2 Current Constraints of RDCO

128. RCDO does not have the structure or staffing specified in the DLT Prakas for the Statistics, Research and Information Office. It comprises only one section, not two. It has an allocation of 7 staff, but currently has only one staff member in full time attendance. This staff member is a Deputy Director, which appropriately reflects the importance of the position. However, with the severely limited resources available to him he has little ability to carry out the full range of functions specified in the DLT Prakas: his activities are largely limited to collation (but not analysis) of data for submission to GDT and participation in DLT activities (such as meetings) in his capacity as a Deputy Director. The Office collects information in the form of spreadsheets and scanned documents which are e-mailed to it, but it does not have connection to databases maintained in DLT or elsewhere, and its database is not accessible by others in DLT. These limitations affect the status, performance and activities of RDCO in several ways, which include:

a) Limited sharing of information – RDCO has access only to the limited information which is provided to it for the purpose of preparing monthly reports to GDT. Other information within the organization cannot be directly accessed. An example of information which could, without difficulty, be made available to RDCO is financial data, such as the amount of revenue collected by DLT from vehicle registrations. This data is calculated by DTL offices and provided direct to the Ministry of Economy and Finance, but it is not provided to RDCO and, further, RDCO has no means of directly accessing that data. Conversely, other offices within RDCO cannot access data held by RDCO. At present that data is limited, but nevertheless potentially useful to others areas of DLT. If RDCO, in the future, performs more functions, the inaccessibility of its data will become a more significant limitation;

b) Inability to contribute to policy development – DLT has a range of functions which have important policy implications, such as industry regulation and road safety. It should be proactive in these areas, developing proposals and providing analysis of them. A current issue (arising from the work of this TA) is the proposal for establishment of a Department of Road Safety. This proposal was recently referred to DLT for analysis, as requested by MPWT, to include comparative analysis, identifying approaches taken by other countries. That research and analysis task was not referred to RDCO: if it had been, RDCO would have had severely constrained ability to respond to it.

3.7.3 Expansion of the RDCO

129. This TA proposed the staged development of RDCO so that it would occupy a central position in DLT and effectively perform the functions that were allocated to the Statistics, Research and Information Office in the DLT Prakas, as well as additional functions.

130. As in Restructure 1 proposed by the TA, an "IT Sector" (ITS) has been established by the MPWT under RDCO. The IT function is consistent with RDCO's position as a central office with a detailed understanding of what DLT does, how it does it, what its objectives and functions are, and what developments to its functions are planned. MPWT has approved a Prakas to provide formal recognition of ITS and to specify its functions, including installation of information technology, training and conferring with agencies with a view to sharing of data.

131. If RDCO, with the ITS, is to fully take up the challenge of data sharing, it will be necessary to address several important data sharing needs, which include information about cross-border movements, and data relating to offences and convictions (particularly as there is a need to implement the demerit point system). Financial information about DLT operations, which currently is sent by DLT offices direct to the Ministry of Economy and Finance (MEF), should be available to RDCO in a form which enables it to be analyzed, so that RDCO can better analyze DLT operations and through this analysis DLT can better know and manage its own operations.

132. The establishment of the ITS helps to address a clear, and recognized[8], weakness of RDCO – lack of IT equipment. Further, the ITS will be of direct assistance to DLT in providing IT resources and support throughout the organization, and facilitating access to data within the organization. For RDCO, however, it will provide only limited benefit if its other two needs are not addressed – additional staff and staff training.

133. In the acquisition and training of staff, a key skill requirement which should be recognized is economic analysis. Three important reasons for this are:

a) **Better knowledge of DLT operations:** DLT is responsible for a high volume of transactions and for the collection of substantial amounts of revenue. It is likely that small changes to DLT operations will produce large costs and benefits due to the impact of those changes on each of the many transactions. DLT should have available to it data, and analysis of that data, so that it can make changes which are beneficial.

b) **Industry regulation:** DLT is responsible for administration of legislation which affects industry generally (vehicle registration and driver licensing), and the road transport industry specifically (goods transport, passenger transport, cross-border transport, as well as driving schools). It is important that DLT understand the regulatory options available to government and their impacts on industry and its stakeholders.

c) **Regulatory impact analysis:** a related, but distinct, issue is regulatory impact analysis. In many countries legislative proposals (and even retention of existing regulatory requirements) must be justified by analysis of the impact (including costs and benefits) of the regulation and analysis of regulatory alternatives. In Cambodia

[8] The RDCO manager (and a Deputy Director, DLT), at a TA workshop, 26 April 2013, identified deficiencies of RDCO as lack of human resources, lack of budget, lack of equipment, absence of clear job descriptions and management (training).

consideration is being given to introduction of this system[9]. Presently DLT is poorly equipped to conduct analysis of this type, or even to contribute data necessary for the preparation of regulatory impact analysis.

134. The limited data currently available to RDCO is inadequate for it to accomplish its research and analysis functions. It is apparent, however, that better use could be made of even that limited data. Data from the Kampong Chhnang provincial office[10] is illustrative. It appears that in 2012 the office issued 1,200 driver licenses but renewed only 120 licenses. Driver licenses have a short duration, of 5 or 3 years, according to the class[11]. Information of this type, which is currently available to RDCO, should be the subject of analysis, including questions such as:

a) If (as it appears) the health certification requirement for renewal of driver licenses operates as a disincentive to renew driver licenses, whether that requirement should be modified, for example by applying it only to drivers over a specified age or only where DLT or another agency has reason to believe that there may be health issues for a particular driver. In considering this question, the cost to drivers, the medical profession and to DLT should be taken into consideration;

b) Whether the duration of driver licenses should be extended, so that there are fewer unlicensed drivers;

c) Whether the law is being enforced in that province;

d) Whether the Kampong Chhnang figures are representative of Cambodia generally;

e) Whether there is a correlation between unlicensed driving and accident rates.

135. Although it is desirable that the data available to RDCO should be improved, it is apparent that the appointment of suitably qualified staff, and provision of suitable training, would provide immediate benefits to DLT. These would include better analysis of existing data, a research capability (for example, analysis of the legislation of other countries) and an ability to initiate policy and administrative reforms rather than to only react to change initiated elsewhere.

136. However, RDCO is not able to retain staff because it does not generate or manage revenue. An employee working full time in a revenue unit gains about 50% - 100% more income than a colleague working full time in RDCO. DLT has been unable to rectify this anomaly; so the better solution is to professionalise the RDCO as a service unit in GDT (see Figure 3.2).

3.8 MANAGEMENT OF ROAD SAFETY SECTOR

3.8.1 Creation of a Department of Road Safety

137. Under Restructure 2 proposed by the TA, a Department of Road Safety (DRS) is to be established. Discussions have taken place between GDT and MPWT in relation to the proposal: in those discussions MPWT asked to be provided with clear and strong reasons for the proposal, including consideration of the approach taken in other countries.

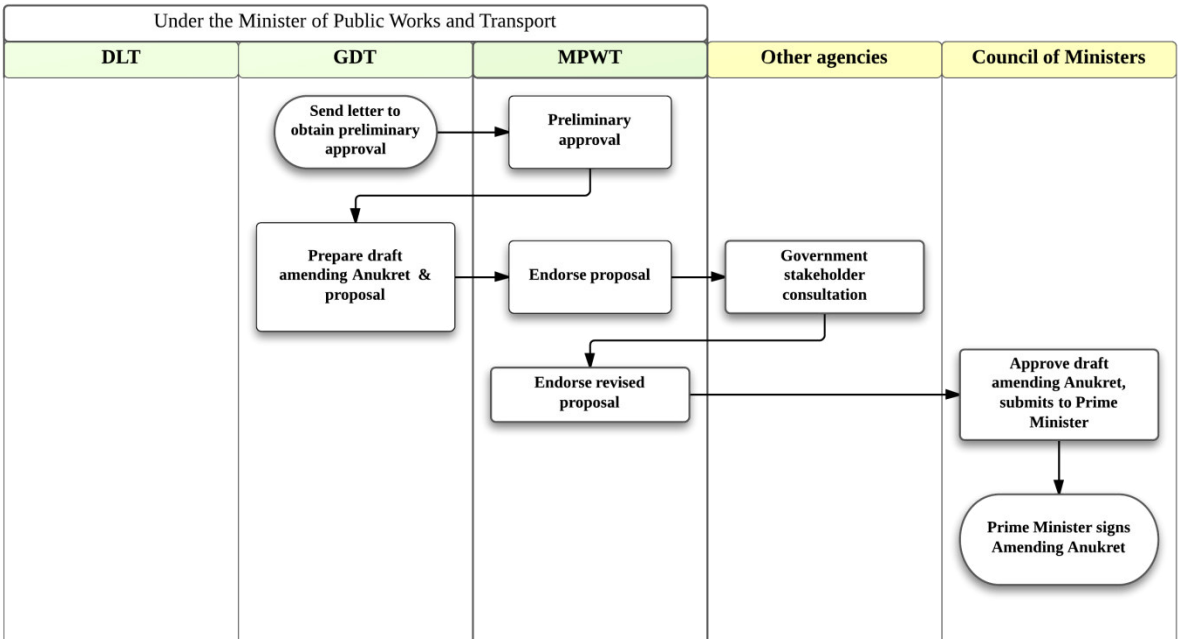
[9] Under ADB Grant No.0224-CAM (SF). An Office of Regulatory Impact Assessment has been established in the offices of the Cambodia Economic, Social and Cultural Council ECOSOCC to administer the Regulatory Impact Analysis Project. Information about this is provided on the ECOSOCC website (http://www.ecosocc.gov.kh).

[10] Site visit, examination of documents and interviews on 22 April 2013.

[11] For drivers over the age of 65 years the duration is 2 years: Article 42 of the Traffic Law.

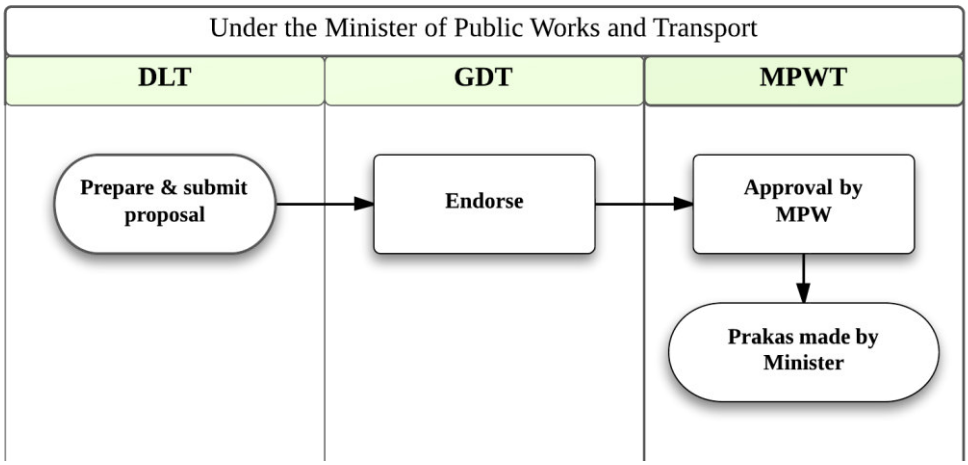
138. The structure of MPWT and the Departments under it are prescribed in the MPWT Ankrut. If the proposal is to be implemented, it will be necessary to amend the MPWT Ankrut to recognise the new Department. This will require the approval of the Council of Ministers and the Prime Minister, as shown in Figure 3.3.

Figure 3.3: The Process for Making or Amending an Ankrut



139. In addition, it would also be desirable to make a Prakas dealing with the organization and functioning of the new Department (Figure 3.4). This Prakas would be similar in structure to the DLT Prakas. A Prakas is made by the responsible Minister, on the advice of the Ministry, and does not require the approval of the Council of Ministers.

Figure 3.4 The Process for Making or Amending a Prakas



3.8.2 The National Road Safety Policy

140. The National Road Safety Policy, not yet approved by the Council of Ministers, has implications for DLT in two respects:

a) The ongoing need to develop and refine policy under it;

b) Implementation of NRSP, including decision on priorities and resource allocation.

141. The NRSP specifies reform to regulatory requirements such as strengthening the enforcement of road traffic laws and creation of a supporting legal framework (preparation of legal instruments, amendment to laws and preparation of decisions of the NRSP). Although not expressly mentioned, implementation of road safety initiatives which have already been legislated, such as the demerit points system, should be regarded as a component of implementation of the NRSP.

142. These present and approaching tasks require clearer strategic and operational management, hence the proposals for a DRS. However, it is important that road safety not becomes compartmentalized: it is a "whole of Government" responsibility, and the objective of enhancing road safety should influence everything DLT does. For example, there should be a relationship between novice driver training and road safety objectives, so that priority issues such as elimination of drink-driving are supported by education of novice drivers about the effect of alcohol on driving ability. If a corporate entity is created, it should have a statutory objective of reducing road trauma, and it should report to Government on its progress in achieving this objective.

143. The Action Plan (Annex 3) has identified, but not adequately prioritized, the changes required in resources, methods and performance. Road safety should be examined regularly on each risky section of a road in order to ensure against deterioration in safety. Road Safety Audits are a good measure to carry out such periodical reviews. These not only help in DLT's understanding of its own shortcomings, but also of road user behavior. Road safety programs can thus be adjusted to meet changing behaviors.

144. Consultation with road user associations will be extremely helpful in the review process. Accident prevention and monitoring black spots is another way of strengthening road safety. Developing guidelines, manuals of instructions and education kits will go a long way in capacity development. With changing vehicle specifications and efficiencies, regulations regarding licensing also undergo modifications. Such activities, and consistent applications, are better managed through a single responsible entity, hence the need for a DRS.

145. **In summary Chapter 3**: reforms across all functions, and re-organization of some offices/units, are required to enable and create a modern and responsive DLT. The road sector management development strategy (RSMDP) includes three phases throughout 2013-16, beginning with immediate small changes and reforms within the powers of DLT, and leading to major changes in business orientation, outsourcing, road safety management, cross border transport management, stricter licensing, and policy development. The whole sequence depends crucially on the attitudes and motivations of leaders and staff of DLT, hence the early effort to reduce the constraints under which they are working, and to change the connectivity and work organization so as to eventually achieve a fundamental change in work culture.

4.0 LAWS, REGULATIONS, SUBDECREES AND PROCEDURES IN DEVELOPING THE FUTURE DLT

4.1 BACKGROUND

146. Some law reform activity has taken place in the road transport sector in recent times, providing a structured context for regulatory and service provision activities. However, not all of this has been implemented: for example, legislation for a demerit point system has been in effect for many years, but there is little awareness of this in DLT and implementation is not imminent. Of greater concern, however, is the quality of implementation of other provisions. In some areas, legislation is 'in force' and some implementation occurs, but without a clear understanding of its objectives, cost, benefits or effectiveness. Examples include:

a) Industry regulation – MPWT, and DLT operating under MPWT, have a range of powers over industry, including goods and passenger transport and driver training schools. These responsibilities, conferred by the Road Traffic Act, are supplemented by the CBTA in respect of international vehicle movements. In the medium term, it appears likely that Cambodia will implement requirements for regulatory impact analysis, which imposes on regulatory agencies the additional responsibility of identifying, quantifying and justifying the costs and benefits of regulations and regulatory alternatives. Presently DLT is poorly equipped to address such issues.

b) Driver licensing – important road safety policy issues center on vehicle drivers, including their training and testing. The Road Traffic Act provides for driver testing and for regulation of driving schools: however, the effective performance of these functions requires knowledge of current circumstances, awareness of alternatives, investigation of costs and benefits and prioritization. It appears, for example, that the rate of renewal of category "A" (motor cycle) driver licenses is low. There is little apparent institutional awareness of this, or consideration of its implications. DLT should be proposing law reform in this area, such as modification of the requirement for production of medical health certificates by young drivers, or extension of the duration of licenses.

c) Vehicle registration – DLT is performing the vehicle registration function: however, there are deficiencies which need to be addressed, by changes to administration and by law reform initiatives. At present, there is little pressure or incentive for owners to cancel the registration of vehicles which are no longer in use. It is questionable whether there is benefit to examination of new vehicles at the time of initial registration, other than for vehicle identification purposes. In these areas there are law reforms in progress (to enable drivers to de-register vehicles and to require vehicle dealers to undertake vehicle registration activities). However, these reforms are minor and are not likely to be implemented in the near future.

147. Many of these law reform issues are related to institutional structure and institutional capacity. The key institutions, particularly DLT, should initiate law reform proposals and not just react to them. For this, they should be working to achieve reform objectives (particularly, road safety objectives and the objectives of reducing cost and improving service), supported by research and data collection and analysis capability. However, the dominant concerns and capacities of DLT are in the 'retail' customer service functions.

4.2 TYPES OF LEGAL INSTRUMENT

148. In the Cambodian legal system, several forms of legal instrument can be made under the Constitution. Those of relevance to this report are[12]:

a) **Law:** A law is adopted by the National Assembly and the Senate and promulgated by the King or acting Head of State;

b) **Sub-Decree:** (*Anukret*). A sub-decree is made by Executive Government. It is usually prepared by the line Ministry, approved by the Council of Ministers, and signed by the Prime Minister[13]; An example of an Anukret is the 1998 Sub-Decree *Organization and Functioning of MPWT*;

c) **Proclamation:** (*Prakas*). A proclamation is made by Executive Government, at the Ministry level. It prepared by the line Ministry and signed by the Minister[14]. In some circumstances, where a proclamation relates to issues of relevance to two Ministers, a joint proclamation (Joint Prakas) is made.

d) **Decision:** (*Sech Kdei Samrach*). This is an executive regulation made by the Prime Minister or line Minister. There is also provision for a Decision to be made by the Constitutional Council, which is considered to be binding, with supremacy over other laws[15];

e) **Circular**: (*Sarachor*). This is an administrative instruction, made by the Prime Minister or line Minister. It is used to clarify administrative issues relating to ministries.

149. The laws operate in a hierarchical structure. An example of its operation is Article 50.3 of the Traffic Law. This provides authority for a sub-decree to be made dealing with management of good and passenger r transportation. The Traffic Law, adopted by the National Assembly and the Senate, authorizes the Executive Government to make a sub-decree. The sub-decree does not require approval by the National Assembly and the Senate: however, it must not be inconsistent with the Traffic Law.

4.3 RECENT LEGAL CHANGES

150. **Joint Prakas on Public Service Delivery by MPWT:** This Proclamation (Prakas) was made jointly by the Minister of Economy and Finance and the Minister of Public Works and Transport in December 2012. It deals with delivery of services and collection of revenue by MPWT. It provides for:

a) MPWT to publicly post, especially in service areas, service standards, including fees, application forms, and service delivery procedures (Article 2);

b) MPWT to establish a complaint system, particularly to handle complaints of non-standard practices, overcharging or delay in provision of services (Article 2);

c) Collection of revenue and payment to the national budget (Article 3);

[12] Kong Phallack, "Overview of the Cambodian Legal and Judicial System" (2012), pages 9 – 10. The list also includes Royal Decrees and Bylaws (these are not summarized here).

[13] Law on the Organization and Functions of the Council of Ministers 1994, Article 13.

[14] Law on the Organization and Functions of the Council of Ministers 1994, Articles 28 and 29.

[15] Law on the Organization and Functions of the Council of Ministers 1994, Article 13, and also Sub-Decrees on Organization and Functions of Ministries.

d) MPWT is to identify a specific location and assign on-duty officials, to provide a one-window service, to ensure that services are provided to customers in a timely fashion (Article 6);

e) MPWT must produce report on monthly and annual revenue collection to the Ministry of Economy and Finance (reporting deadlines are the 10th of the following month in respect of monthly collection, and 15th January in respect of annual revenue collection (Article 7).

4.4 JOINT PRAKAS ON PROVISION OF INCENTIVES TO MPWT

151. This Proclamation (Prakas) was made jointly by the Minister of Economy and Finance and the MPWT in December 2012. It provides for:

a) An "incentive bonus" is paid by the Ministry of Economy and Finance to MPWT
b) The bonus pool is divided into two parts – one for central administration, and one for municipal/provincial administration, based on the division of service-provision duties (Article 2);
c) The size of the pool payment is determined as a proportion of revenue collected by MPWT: 29% of revenue collected is allocated to MPWT (Article 4).

152. The income stream allocated to MPWT is split into smaller streams, one of which goes to GDT. This is entirely used for "incentive" payments which are additional to base salary. It goes into two pools. Pool #1 (70% of the income stream) is paid to all GDT staff based on grade (not performance). Pool #2 (30% of the income stream) is paid only to DLT staff who have dealings with the public, such as staff responsible for registration of vehicles.

153. This system has the effect of augmenting salaries, with some staff (those who deal with the public) receiving a larger amount from the pool than other people of the same grade who do not deal with the public. Allocation is not based on individual performance, so, there is little or no incentive for improved individual performance. There is some incentive for GDT as a whole to maximize revenue collection, that is, to maximize the income stream available for "incentive" payments.

154. The policy underlying these recent Prakas is that corrupt or improper practices are less likely to develop if incentive payments are made to staff that have direct interface with the public. However, within DLT, the exclusion of some staff from access to 30% of the pool operates as a disincentive to work in some areas such as ITS, RDCO, Monitoring and Provincial Liaison.

4.5 LAW REFORM ACTIVITY IN PROGRESS

155. A Working Group on Drafting Traffic Law Amendments has been established within GDT. It membership includes the GD and DGD of GDT, representatives of other agencies (MOI, Central Public Department, MOJ and MEF) and the Director and Deputy Director of DLT. The two DLT representatives are also members of the Technical Working Group on Road Transport Reform established by Ministerial Decision to work with the TA.

156. A draft Road Transport Contracts Act is currently under consideration. It has recently been returned by the Council of Ministers to MPWT for amendment to its explanatory notes – at the request of GDT, the TA has provided advice about the required amendments.

157. In addition, amendments to the Road Traffic Law have also been prepared and are under consideration by the Council of Ministers. A summary of these amendments is set

out in Annex 1. The implementation of the proposed reforms will require preparation of implementing Prakas as well as administrative reforms. The required Prakas are identified in Annex 1. The principal administrative reforms which will be required are:

a) Creation of single licenses, to replace the current multiple licenses. Under a transitional provision, a person who holds a non-conforming license will be required to obtain a new license document within one year;

b) Responsibility for vehicle transfers registration is to be assigned to vehicle dealers: suitable procedures will need to be established for this;

c) A vehicle owner will have the right to delete the vehicle from the data base if the vehicle is no longer in use. Steps towards cleansing of the vehicle database are welcome: however, administrative procedures to facilitate this will need to be established. It is not clear that there will be any meaningful incentives for vehicle owners to take this action;

d) New provision is to be made for the issuing of infringement notices by traffic police. For this to occur, a joint Prakas (made by MOI, MEF and MPWT) will be required. Before this can occur, however, it will be necessary to establish necessary administrative procedures, including procedures for communication between police and DLT (this will be essential if the infringement notice procedure is to be linked to the demerit point system).

4.6 LAW REFORM REQUIRED TO ENHANCE INSTITUTIONAL CAPABILITY

4.6.1 Driver Licensing

158. Identification and Implementation of Strategic Objectives

159. The core purpose of driver licensing is to achieve road safety objectives. If an agency such as TUSE is created, the constituting statute should specify road safety as an organizational objective. If the outsourcing option is adopted, the strategic functions would remain the responsibility of the DLT Drivers' License Office (DLO). The road safety objective would affect administration of the driver licensing system mainly in the exercise of the organization's discretions, particularly in devising tests of driver competence and supervision of driving schools.

160. Under the LT Law there are 5 types (A B C D E) of driving license. The system is graduated in that, in higher license categories, a precondition to obtaining the license is the holding of a license in a lower category[16]. A reform included in proposed amendments to the Road Traffic Act will unify these 5 categories into a single license: this is a worthwhile reform, consistent with the concept of graduated licenses. If well implemented, it should improve the quality of records kept by DLT and it may improve compliance levels as each driver will have only one license to keep current.

161. An issue for further consideration and analysis is whether testing is related solely to road safety considerations. In particular, consideration should be given to the requirement for a Type C license for goods vehicles and a Type D license for a passenger vehicle. If the distinction is based on considerations other than road safety (for example, the ability to provide good customer services or the exclusion of persons with criminal records on the basis that they are more likely to commit offences such as theft or assault) this should be reconsidered in the context of DLT's industry regulation functions. (Article 53 of the LT Law

[16] Article 41 of the Land Transport Law.

deals with some issues which are specific to commercial passenger vehicle operations, for example ensuring that the number of passengers carried does not exceed the number of seats, which would better be dealt with under an industry regulation scheme).

162. Demerit Points

163. A system of demerit points has been established by legislation (Article 43 of the LT Law). All drivers will initially have a "score card" of 12 points, from which will be deducted a specified number of points for each traffic offence. For example, 1 point will be deducted for failure to wear a seat belt and 6 points will be deducted for driving with an excessive level of blood alcohol. Article 44 of the LT Law establishes a system under which driver licenses are cancelled when the "score" falls to 0. There is provision for reinstatement of points and re-licensing following cancellation. Article 44 further provides that the procedure for issuing "score cards" is to be determined by a Prakas (regulation of the MPWT).

164. At the time of enactment of the legislation, a 5 year period was allowed for its implementation. That period has expired, but little or no progress has been made towards its implementation. Some DLT leaders believe that the current amendments will allow for ***another*** five years for implementation. The reform is an important one which has the potential to produce improvements in driver behavior and thereby to reduce road deaths and injuries.

165. Actions to implement demerit point reforms include:

a) Creation of a database, either stand alone or incorporated into the DLT driver license database, in which each driver's "score card" is maintained;

b) Inclusion in the database of "flags" for action by DLT, and the administrative ability to act on those flags. This should include cancellation of the driver license of each person whose "score card" has reached 0 points. For the system to be fully effective (and as a matter of good administration) the system should include provision for warning notices (advising drivers that their point score is low, for example, has fallen to 4 points, and that there is provision for the driver to "top up" points by attending at a training course;

c) Establishment of training courses. Article 44 of the LT Law provides for persons to attend training courses to add points to their "score cards" or to be relicensed following cancellation under the new system. In the first of those cases, the obligation is to take a training class organized by MPWT for two days – in effect; this requires MPWT to establish training courses which have two days' duration. The need for these courses, however, will not be large initially, as demand will come from persons who have lost points under the system or whose license has been cancelled under the system;

d) The making of regulations by MPWT. This should not occur until administrative systems and procedures have been devised.

e) Cancellation or suspension of licenses when the "trigger" event occurs is a critically important feature of the system: if this issue is not dealt with effectively this important reform will fail to achieve its potential and could create uncertainty and lack of confidence in the licensing system. There will need to be certainty about whether the "trigger" event is the commission of a relevant offence or the conviction for the offence (if the latter, drivers will have incentive to delay the determination of court proceedings until after a new "score card" is issued).

f) TA strongly recommends that the demerits system be designed and implemented as an outsourced service contract, to be administered by CMU of GDT. This method

will enhance the accountability, transparency and compliance of the system, which in some other countries, is open to personal and political favours and bribery.

4.6.2 Administrative issues confronting DLT include:

166. Obtaining data: this is a time-critical action. If there is a delay in transmitting or recording information about a conviction so that the information is recorded after a driver has been given a new "clean" 12 point score card (Article 44), there will be uncertainty about the validity of the new score card. This problem will be particularly acute if the conviction, if recorded on the initial score card, would result in license cancellation: depending on administration of the system, the driver would be recorded as having a "clean" score card, a "score card" with one deduction or as having had his or her license cancelled. The appropriate source or sources of data will need to be identified (possibly including the police or the courts, or both) and protocols established for its transfer.

167. Notification of cancellation: it is important that each driver knows about the status of his or her license, and preferably be warned when the point balance is low. Similarly, the police should have access to current records of driver licenses in which any license cancellation under the demerit point system is recorded. It can be predicted that drivers who are intercepted driving on cancelled licenses will assert that they were not notified of the cancellation. Drivers who are not notified could potentially drive for a lengthy period without knowing of the cancellation: if this occurs, some of the potential effectiveness of the reforms will be lost.

168. The TA proposes that MPWT procures a contract with a private company to assist in the design of the system and to operate it for ten years, subject to performance review each two years. MPWT, GDT and DLT lack the expertise and drive to implement; whereas a competent business enterprise would have the incentive to make the system work to the standards required in the policy and laws.

4.7 REGISTRATION OF VEHICLES

169. Regulation and effective legislation for managing the vehicles on the road depend very much on good data. The quality of the registration database is important for at least 4 reasons:

1. Law enforcement: law enforcement activity is facilitated if the police and other enforcement officers can obtain data such as the identity of an owner and whether road taxes have been paid by accessing the registration database;
2. Statistical records: planning, including the planning of expensive infrastructure, is facilitated by good vehicle registration data;
3. Owner liability: if records are of sufficient quality, it will be possible to introduce a system of owner-liability offences based on photographic records of the movements of the vehicle (for example, speeding and failing to stop at a red light). This should include (in the future) vehicles registered in other countries; and
4. Improved administration: if good quality records are maintained, it will be possible to introduce consumer-friendly reforms such as sending out reminder notices and pre-populated forms. This will improve quality of records by encouraging better behavior by members of the public, for example by notifying DLT of changes of ownership.

170. An issue raised by DLT during consultation is the belief that many vehicles which are recorded in the database as being registered are out of use, possibly having been scrapped. A vehicle, once registered, remains on the register unless removed. There are periodic requirements for payment of road use taxes and for vehicle inspections: however, failure to undertake these processes does not affect the vehicle's status as a registered vehicle. The draft Road Traffic Amendment Law, currently under consideration by the Council of Ministers, includes provision for vehicle owners to delete vehicles from the registration data base. This is a desirable reform, although it is not apparent whether there will be any incentive for vehicle owners to make use of the provision.

171. **Immediate action to improve the quality of the data:** There appears to be a simple solution to this problem: to remove from the register a vehicle which has not been inspected for a specified period of time. The period of time specified for this purpose could initially be quite long, reflecting the practice of accepting vehicle inspections in the usual way even if a considerable period of time has lapsed between inspections. A period of 5 years would possibly be appropriate.

172. This reform may require legislative amendment, and a procedure for cancellation would need to be established. The process of removal might be quite simple; the deletion of vehicles which have no record of inspection within the past 5 years. However, it may require process protections in case of error. One process protection would be to send a warning letter to the last known address of the most recently recorded owner of the vehicle.

173. **Prevention of fraud by recovery of registration plates:** The immediate action described above would assist to reduce fraud by removing from the database the status as "registered" of a vehicle with a specific registration number where that vehicle is no longer in use. If a vehicle using that registration number is subsequently intercepted enforcement action could then be taken (including retrieval of the registration plates).

174. Another initiative which would assist to reduce fraud would be take action to recover the registration plates upon the cancellation of the vehicle's registration (not only when police action detects that an unregistered vehicle is carrying registration plates). It would be possible to make a law under which it is an offence not to return the registration plates when registration is cancelled. However, there is little benefit in making a law for which there is likely to be low compliance. Other possible, more targeted approaches, would be to:

1. Require insurers to notify DLTA when a vehicle is "written off";
2. Require metal scrap yards to notify DLT when a vehicle is scrapped, and to return the registration plates;
3. Provide financial incentive for owners to return registration plates when a vehicle is no longer to be used on roads, possibly by charging a refundable bond at the time of issuing registration plates;
4. Improved administration, including notification to owners when a vehicle inspection certificate loses validity or when annual taxes in respect of the vehicle are not paid; and
5. Change to an annual system, so that registration lapses if not renewed each year.

175. The draft Road Traffic Amendment Law, currently under consideration by the Council of Ministers, includes provision for vehicle owners to delete vehicles from the registration data base. This is a desirable reform, although it is not apparent whether there will be any incentive for vehicle owners to make use of the provision.

176. The DLT and Provincial staff are capable enough, but the public duty incentive is not strong enough to motivate government staff to resolve these issues and to pursue compliance. Therefore, the TA proposes that the registration functions be contracted out to a business entity, controlled by a scope of services based exactly on the laws, and supervised by the CMU of GDT. An oversight unit would remain in DLT to resolve any disputes and to liaise with Police and Prosecutions, if required.

4.8 INDUSTRY REGULATION

177. The functions conferred on DLT include a number of functions which, to at least some extent, are industry regulation functions, including:

1. Assessing whether a person should hold a driving license for a commercial vehicle (particularly, license categories C and D);
2. Licensing of driving schools and driving instructors (Article 46 of the LT Law);
3. Licensing of vehicle repairers (Article 49 of the LT Law);
4. Licensing of commercial transport operators (Article 50 of the LT Law).

178. There is a need to view industry regulation as a function distinct from vehicle regulation. The principle objective of vehicle regulation is road safety; to ensure that vehicles used on the roads are safe (there are other objectives, such as to ensure that vehicles do not cause damage to road infrastructure). Industry regulation should be directed to other objectives, such as eliminating unfair business practices and removal of unsuitable persons from participation in the industry.

179. This approach is consistent with the draft Road Transport Policy, which provides for deregulation to be the hallmark of the policy, with the application of a minimum degree of supervision, coordination and economic regulation when necessary (Clause 3.1 (iv)). To similar effect, Article 23 of the CBTA provides for a free market for transport operations at Step 2 of the implementation of that Article.

180. A consequence of the draft Road Transport Policy and the CBTA is that those who regulate the transport industry will need to be able to identify not only what they do, but why they do it, and it should be consistent with free market principles.

181. The TA proposes that an office of planning and policy be strengthened in the GDT to provide multi-modal research and advice, and to complement the work of the cross border NTTCC. The office would also consult, research and advise on development and management of the industry, including owners, operators, employees, training and HRM, performance and technology standards, ancillary services, insurance and crime.

4.9 INDUSTRY SELF-REGULATION AND ACCREDITATION

182. Clause 3.1 of the Draft Road Transport Policy provides that the road transport industry will be encouraged to be as self-regulating as possible. For this to occur, DLT should, in consultation, work to develop a system of accreditation, so that industry participants (business operators and drivers) must be obtain and maintain accredited.

Features of this system should include ongoing training requirements for industry participants and cancellation of accreditation in specified circumstances, subject to process protections.

183. The accreditation system should comply with Cambodia's obligations under the CBTA, in particular Article 5 of Annex 9 to the CBTA, which requires each participating country to verify that transport operators who engage in international transport have ability for sound economic management, supply of quality service, fair competition and safe operation of the transport enterprise. Transport operators are to be proficient in specified fields; legal matters relevant to the road transport business, transport operations management, conditions and requirements on access to the market, technical matters relating to operations and road safety. Although these requirements are specified in respect of international transport operations they should be applied for the purposes of any industry accreditation system.

184. In addition, consideration should be given to the elimination of driver fatigue, particularly for long distance commercial drivers. This is an issue related to industry regulation and accreditation standards: if a driver is found to have exceeded prescribed driving periods (such as more than eight hours without a substantial break) penalties should apply not only to the driver but also to those who have some culpability, such as the consignor and the transport operator (this is a "chain of responsibility" concept, in which several people, with varying responsibility, are held accountable for regulatory breaches).

4.10 REGULATION OF CROSS-BORDER TRANSPORT BY ROAD

185. The CBTA requires actions in the regulation of road traffic and road transport operations in Cambodia:

1. Each contracting party is to establish a National Transport Facilitation Committee (Article 28). Representatives of NTFCs are together to form a Joint Committee (Article 29);
2. Host countries are authorized to temporarily or permanently deny access to its territory to a person, driver, transport operator or vehicle that has breached (or been used to breach) the agreement or national laws;
3. Contracting parties are to make available a brochure in English comprehensively setting out national laws, procedures and technical information relating to cross-border transport (Article 32);
4. In the case of traffic accident, the host country is to provide assistance, including providing notification to the home country (Article 33);
5. The parties are to promote multimodal transport operations, including application of a uniform multi-modal transport liability regime under Annex 13a, minimum qualifications for multi-modal transport operators under Annex 13b and a special container customs regime under Annex 14 (Article 34);
6. Documentation and procedures are to be simplified and kept to a minimum, with English translation of documents used for cross-border traffic, harmonization of codes and alignment of documents to United Nations style formats (Article 35);
7. The parties are to bring national legislation into conformity with CBTA (Article 37).

8. There are significant implementation issues for industry regulation, particularly with respect to the two two-step processes provided for under the CBTA, which will allow free access to the Cambodian transport market:

9. Transit rights: restricted access rights currently apply, including limitations on permissible routes. At Stage 2 of the transitional process established under Article 19 of the CBTA, cabotage (intra-national carriage of goods and people by foreign vehicles) is to be allowed. At that time, the nature and quality of industry regulation, and regulation as it applies to foreign vehicle operation, will come under closer scrutiny by the service operators; and

10. Establishment of a free market: The agreed two-stage process (Article 23 of the CBTA) requires participatory planning.

186. A number of cross-border vehicle movements occur between Cambodia and the three countries with which it shares land borders, Thailand, Lao and Viet Nam. These include the movement of commercial goods vehicles and commercial passenger vehicles, consistently with the CBTA. Which are currently limited in number, but certain to increase with the progressive implementation of the CBTA. For Cambodia, the challenges include:

a) **Sharing and interpretation of data:** if accurate records are to be kept of road traffic (particular passenger distance travelled, goods tonnage and routes), information about border crossings will need to be obtained and interpreted; and
b) **Implementation** of the CBTA: although the agreement is now in force, several of its provisions are to be progressively implemented. These include bringing traffic laws and road signage into compliance with annexes to the agreement and implementation of "steps" which have been agreed in relation to commercial transport operations.
c) **Further agreements:** an issue which has been identified is transit traffic, for example travelling between Thailand and Viet Nam. The third meeting of the Joint Committee established under the CBTA identified[17], among future actions which should occur, trilateral agreements/arrangements among Cambodia, Lao PDR and Viet Nam.

4.11 LAWS AND REGULATIONS CONCERNING A TRANSPORT USERS' SERVICES ENTITY

187. This Section reports the process and issues which have been explored by the TA and partners in considering the restructuring as in Figure 3.1. That model reflected the desire and insistence of DLT leaders to retain a corporatized business ***entity*** under the direct control of GDT, and to avoid such units coming under the laws and processes of government ***enterprises***. The matters are retained here in case the Government decides to pursue the TUSE model.

188. The TA recommendations have evolved to restructuring as in Figure 3.2, whereby a Contract Management Unit (CMU) will be set up in GDT, and will manage contracts with businesses to provide the core customer services of DLT. The legal power to do so is already available to GDT; the major administrative changes would be in preparing and applying Prakas for the changed/reduced functions of GDT and DLT offices, and for the changed flows of funds between the various Government units.

[17] Source, Greater Mekong Subregion Cross-Border Transport Facilitation Agreement: Instruments and Drafting History. ADB 2011, page 275.

4.11.1 The Nature of a Legal Identity for TUSE

189. TUSE would be a legal entity, overseen by a Board, with objectives, functions and powers, and a statutory responsibility, to deliver services in the road transport sector. An unresolved issue is: whether it would also have industry vehicle operating licensing functions. In the current (2012) proposal, it would not. In the outsourcing model, domestic vehicles licensing would be contracted out.

190. TUSE would not have policy development functions; in Restructure 3, (Figure 3.1 and Figure 3.2), the core policy areas would be the Industry Regulation & Policy and the Planning & Strategy Units of GDT.

191. TUSE would have power to enter into contracts, employ staff and to charge fees for its services (although fee levels would be subject to Government approvals) in order to perform its functions. It would be able to decide how best to achieve its objectives, for example, by delivering services directly (using its staff and offices) or through agents (engaged by contract). It would report to its owner, the RGC, periodically on its performance.

192. TUSE's organizational structure would be an issue for TUSE itself to develop and should not be controlled by Ministerial decrees or sub-decrees: however, preliminary work would still be necessary, including formal delegation of decision-making authority within the organization.

4.11.2 Creation of TUSE, if this Option is Adopted

193. For transparency and accountability, other countries have created a legal entity such as TUSE as a corporation by a law. Under this option, it would be a statutory authority, incorporated by the law rather than a corporation registered under a law. The central features of a law creating a statutory authority would be establishment of objectives, functions and powers.

194. Objectives: These are aspirational statements, the core objective being "provision of effective and efficient registration and licensing services to transport users in Cambodia". Other objectives would be to ensure that transport user services are available to people in regional areas of Cambodia, to improve road safety, to reduce criminal activity associated with theft and misuse of vehicles, to maintain accurate data in relation to vehicles and drivers to improve legal compliance the equitable collection of revenue from road users. TUSE would also have internal organizational objectives, including the establishment of an appropriate management structure and delegation of decision-making powers to appropriate levels within the organization;

195. Functions: TUSE's functions would include provision of services related to road transport in Cambodia, including vehicle registration, driver licensing, and possibly operations licensing, including provision of services relating to road transport pursuant to agreements with Government agencies (for example, registration of boats);

196. Powers: TUSE would have power to perform its functions, including power to enter into contracts, to sue and be sued to own assets and to charge fees for its services.

197. Examples of authorities established in Cambodia are the APSARA Authority, the National Petroleum Authority, the Preah Vihear Authority and the Land Dispute Settlement Authority. An authority based on these examples would not be part of the administrative

structure of MPWT under the MPWT Ankrut. Instead, it would be set up by Royal Decree from the King. The functioning of an authority created in this way would be under the control of the Council of Ministers as it would not be under MPWT.

198. Another option would be to establish a public enterprise consistently with the Law on General Statutes of Public Enterprises. Examples of entities established in this way are the Phnom Penh Autonomous Port and the Sihanoukville Autonomous Port. These entities have acquired legal capacity to act with administrative and financial autonomy. Under the Law on General Statutes of Public Enterprises, an entity can be established in one of these forms:

1. Public Enterprise with economic characteristics;
2. State Company;
3. State Mixed Company in which the State directly holds at least 51% of the capital or the voting right.
4. Company with State participation of less than 51% of the capital.

199. If TUSE is established in one of the above forms, it may be placed under the technical supervision of MPWT and the financial supervision of MEF. However, this arrangement is strongly opposed by GDT and DLT leaders.

4.11.3 Other issues associated with creation of TUSE

200. Under either approach, transitional issues will need to be addressed. The commencement date for the new legal entity would be a day on which TUSE comes into existence. The transition period would be a period during which DLT staff currently working in those user services would be required to choose whether to move to the new organization or to remain with DLT. Some reasons why they might choose to move are: specialist skills, better career path, and improved remuneration and working environment.

201. **Delivery of services:** It would be for TUSE to decide how best to go about performing its functions and trying to achieve its objectives. Its contracting power would enable it to choose whether to deliver services directly by employing staff and operating offices or by entering into service contracts with the private sector (or other agencies) so that they deliver services as agents for TUSE.

202. **Relationship with GDT:** TUSE would have a formal relationship with GDT. It should be required to report at least annually on how well it has performed its functions and on its progress toward achieving its objectives. The Royal Government of Cambodia, as owner, would be entitled to information about its performance, and it would be able to set and modify its objectives; however, it would be for TUSE to decide how best to go about performing its functions and achieving its objectives.

203. **Financial issues:** TUSE should be empowered to charge fees for its services. As the services would largely be monopoly services (such as registration and licensing) the amount of the fees would be controlled by the RGC by means of *Prakas*. Money collected by TUSE additional to its fees would be remitted to the relevant RGC agency. During the initial period, and subsequently, if fees are set at a low level (or if subsidized services are to be provided to remote areas), TUSE would also be provided with funding by the RGC.

204. ***In summary Chapter 4:*** practical applications of the Traffic Law, in the context of rapidly increasing demands of users, new expectations and requirements of the

Government, new technology and diversified services and markets, have shown the need for several amendments, deletions and additions. These are in progress through Government. Similarly, the Government is dealing with a Roads Act and a Road Transport Contracts Act. Several more detailed changes, in the form of sub-decrees, are required to enable changes in organization of some units, with particular attention to cross border affairs, road safety affairs, license penalties (demerits) and vehicle registration procedures. These are required for better clarity and efficiency now, and they are also the necessary bases for preparing business units for the outsourcing of contracts.

5.0 NEW PROCESSES, TECHNOLOGY, AND AUTOMATED SYSTEMS TO SUPPORT THE DLT'S PROGRAM DELIVERY

5.1 BACKGROUND

205. Being responsible for the issuing of a) national and foreign drivers' licenses, b) new registrations, transfer of registrations, and change of registration of vehicles, c) national transport operation permits, d) international or cross-border operational licenses, e) driving school testing and e) vehicle safety inspections, the DLT is heavily dependent on reliable IT systems and procedures. These systems (refer **Table 5**) have been compiled over the last 10 years from external foreign consultancies, local company development and internal DLT development.

206. Early in the TA, the majority of DLT staff were assessed through surveys, interviews and workshops. This assessment revealed issues that directly and indirectly impacted DLT's ability to execute their responsibilities in a professional and efficient manner.

207. Three primary factors were observed: a) reliability of hardware, computers, software, electricity, network and software connectivity and intra-office interfaces); b) users' knowledge and experience of the software being used; and c) the current hierarchical management structure. Country culture and the nature of the DLT structure led to long approval processes with many chief officers, managers, deputy directors and directors needing to sign off on document approvals. This in turn directly affected the approval time and the issuing of documents.

208. DLT contracts some of their primary activities to external companies, namely: a) vehicle safety inspections (to CMVIC – Cambodia Motor Vehicle Inspection Center); production of licenses, car registration cards and number plates (to Kamtranship (KTS)), and driver testing (to KTS). Not only do these external interfaces lengthen document production time but significantly complicate the potential for integration within the DLT and the reaching of consensus for management change. It was observed that the companies generally operated in a significantly more professional manner than the DLT.

209. A further complication is that the majority of the DLT software was developed by a contractor based in Korea, and is now being managed by the National Information and Communications Technology Development Authority (NIDA). Since the contract for development has long since ceased, NIDA now concentrated on provision of server and data backup, and solving technical issues with networks. Little or no development had been done for at least 6 years. Certain officials within the MPWT had indicated they would like to distance the Ministry and the Department from reliance on NIDA.

5.2 PRIMARY IT OUTPUTS OF THE TA

210. The primary activities and outputs of the TA with regard to IT were:

1. Consultations, options (solutions) analysis, simulations, pilot tests and consumer (user) surveys to achieve a good degree of consensus on the need, scope and methods for new processes, procedures, regulations, and designs for automated systems to support the DLT's service delivery and road sector management;

2. Consultations, network analyses, options (solutions) analysis, simulations, pilot tests and operator-and-consumer surveys to achieve a good degree of consensus on the structure and operating protocols and standards in cooperation and coordination of DLT management activities and information sharing in the areas of road safety, licensing and permits and management of cross border transport with other Government entities.

5.2.1 IT – Initial Rapid Assessment

211. The Inception Phase diagnosis survey showed a wide range of problems, gaps, needs and ideas for improvement. It was clear that internal operational matters were hugely important in the daily tasks and motivations of the staff, and that ***great improvement in performance is possible through their own management supported by investment in basic equipment*** (overhaul, replacement, extensions and additions).

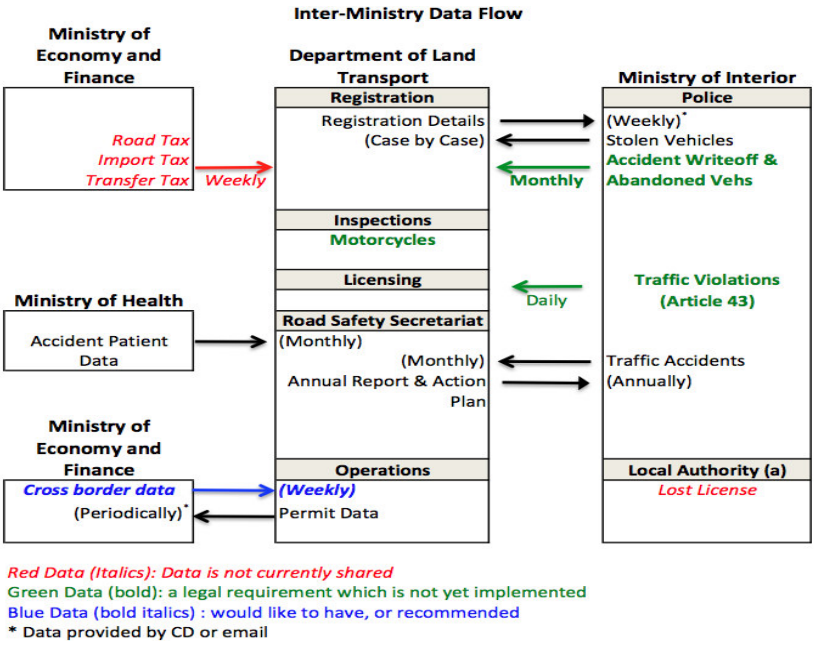
212. According to the interviewees, there were several deficiencies or weaknesses of the organization that were vital to the DLT morale/spirit and image among DLT staff and among stakeholders in the Government, the public and the business community. These include:

1. Inability to manage fake plaques (number plates) and licenses
2. Inability to manage duplicate plaques, licenses and names
3. Uncertainties in data due to applications and submissions by middlemen agents
4. Old equipment, old skills, limited IT and unstable electricity
5. Inability to provide essential data to other Government agencies
6. Inability to fund, plan or implement a skills-based long term training program.

213. The IT Working Group and the IT team of the TA used this information and the team's own investigations to prepare a) the "Anatomy of the DLT", a collection of forty diagrams of structures and processes (see Annex 9); b) a detailed work and action plan for the TA; c) data systems reviews; and d) summaries and working papers. These have been documented and presented separately at Inception Phase and Mid Term Review, and formed the basis for the IT Improvement Plan of Phase One of the RSMDP.

214. **Figure 5.1** presents a view of existing and desirable cooperation and data flows between Ministries. While the interfaces presented are fewer than what might be considered optimal, achievement of the communication linkages would far exceed the current levels of cooperation.

Figure 5.1: Inter-Ministry Data Flow

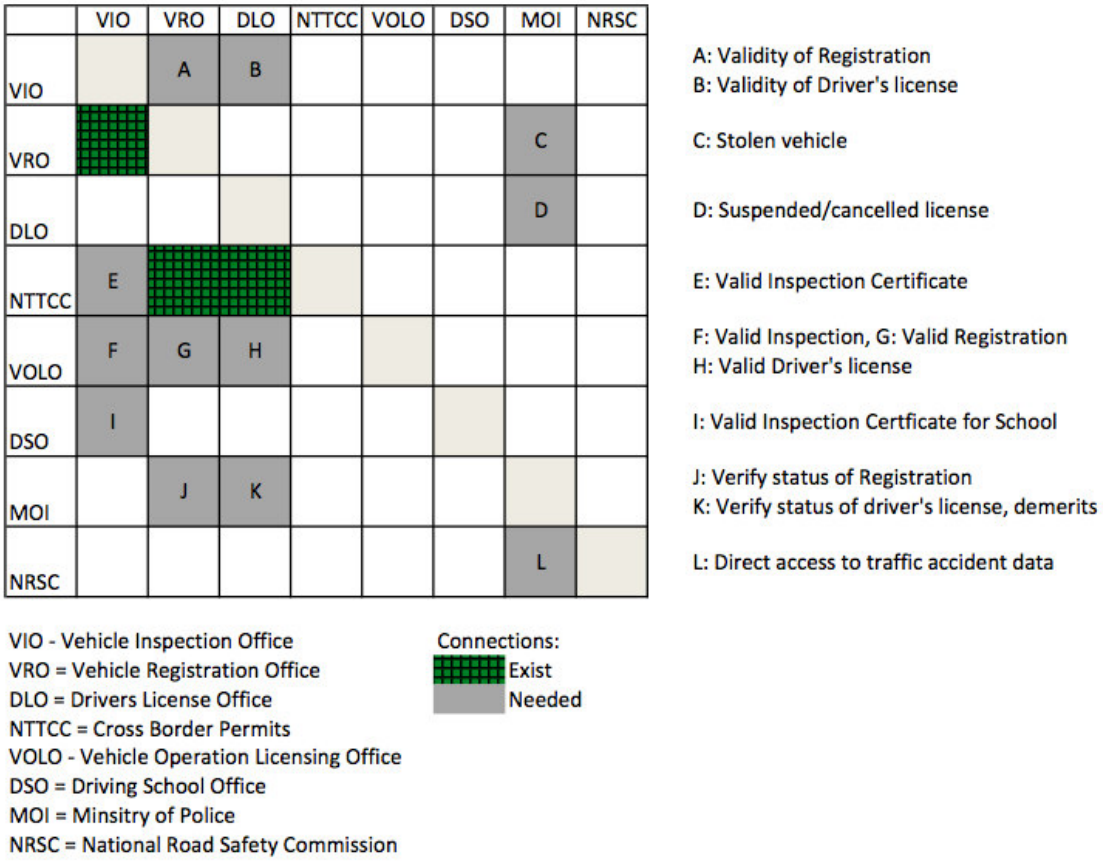


Source: TA Consultant [file IT System Summary 20121010 Glen]

215. The TA and DLT together identified the structures of offices and functions and flows in their business processes ("Anatomy of DLT"). The data flow and approval chains documented therein, highlight many opportunities for speeding up services and turn around for license and permit requests, by allocating more authority for decision making to front office staff.

216. During the TA preparations, the DLT requested additional basic interfaces as shown below in **Figure 5.2**. The reasons for requesting access to each office are listed on the right of the figure. The hatched (green) boxes indicate where the interface already exists, albeit at the simplistic level of running the other office's software to allow manual checking of data.

Figure 5.2: DLT Office and MOI Interfaces



5.3 CREATION OF AN INFORMATION TECHNOLOGY SECTOR (ITS)

217. The best implementation strategy for the TA recommendations and for long term operation of the DLT is to create an Information Technology Sector, thereby centralizing and improving the efficiency of current and future systems and providing a mechanism by which the TA recommendations can be implemented with clear DLT ownership and commitment. The DLT accepted this concept and named it the Information Technology Sector (ITS). A draft scope of ITS roles and responsibilities was prepared, refined and agreed with the DLT. The ITS and its scope and staffing were formalized by the MPWT in May 2013.

218. Core Functions: The ITS was created to centralize and focus IT skills within the DLT and provide coordinated and well-managed IT development. The ITS would a) provide a point of contact for DLT users, and b) improve coordination and use and the progressive development of IT systems and services, and c) become the primary manager for all Stage 1 and 2 recommendations[18] and developments. To function properly, the ITS needs full authorization to perform the prescribed duties, and be equipped with necessary equipment, communications, landline phone, software and appropriate training.

[18] Stages and Phases: The IT improvement is designed as two stages (One, to repair and improve; Two, to expand, upgrade and interconnect). The TA also was planned as Stage One of three stages over 4 years, including Two, Detailed Planning for a Project; and Three, Project Implementation. The RSMDP is presented in three Phases: One, Reduce Constraints; Two, Internal Reforms; Three, Restructuring.

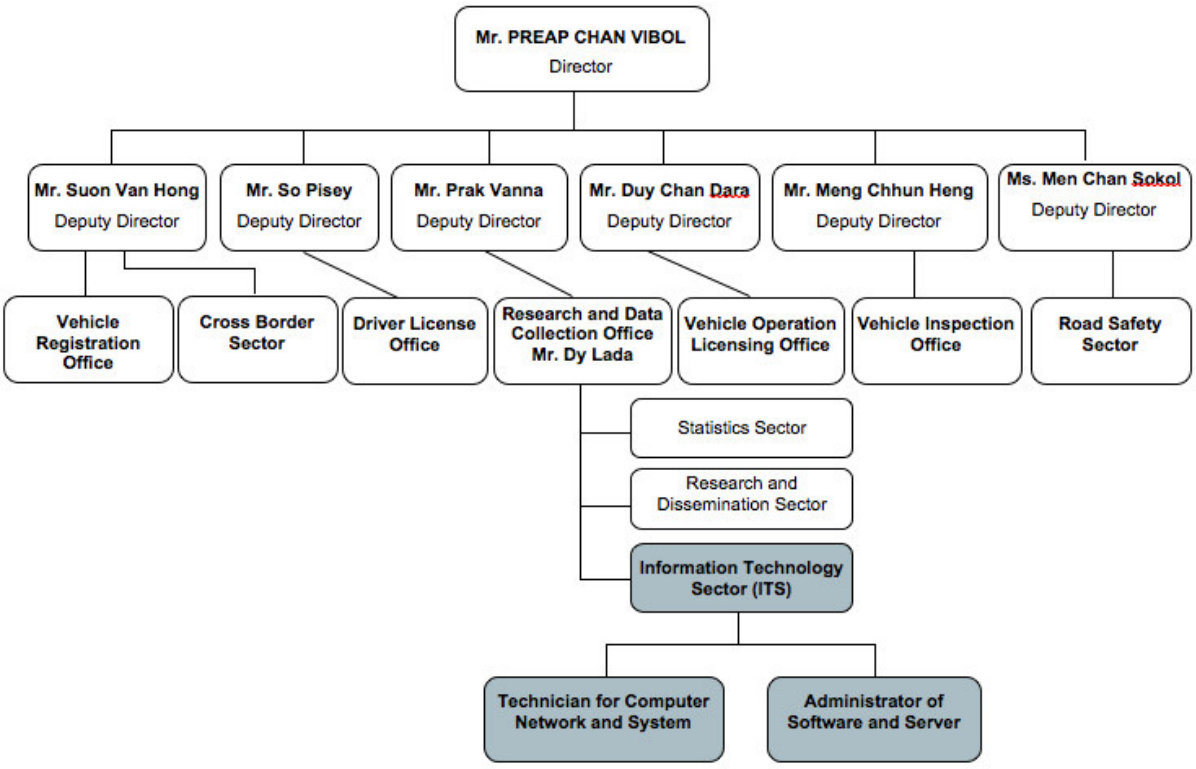
219. The essential responsibilities of the ITS are to:

1. Manage all hardware and software in all offices of DLT including inventory, operating budgets, purchase requests, installation, software development, user authentication (permission) and maintenance.
2. Provide technical (help desk) support to all offices of DLT.
3. Assist DLT offices to budget and manage requests for consumables and maintenance of equipment.
4. Be provided appropriate levels of authority for implementing ITS services. These authority levels are to be agreed with higher managers and will provide sufficient autonomy to perform typical daily functions e.g. a Director should not need to sign off on a purchase request for a new print cartridge or to outsource a computer technical service etc.
5. Liaison with external IT service providers for IT services such as hardware supplies, software, anti-virus programs, training, server management etc. (in the event that internal resources are not capable of performing these services).
6. Perform training needs evaluations for DLT staff and propose training plans and appropriate budgets to the Director of DLT.
7. Provide or organize training to users for all systems being used in DLT offices, and for other requested programs as approved by the chief of office and the Director.
8. Liaise with related agencies for coordinating data sharing and system development
9. Design a framework for data sharing with related agencies. Periodically update modes and content of sharing as needed.
10. Produce regular periodic and special IT Status reports to DLT and GDT.
11. Perform necessary analysis among users to improve IT use and understanding, and determine IT needs, perhaps on a bi-annual basis.
12. Prepare an IT improvement strategy to meet DLT's needs and new technologies.
13. Actively manage and drive implementation of all TA IT recommendations for Stage 1 and the planning and preparation for Stage 2.
14. Encourage the development of DLT as a recognized leader in IT functionality and use within the MPWT.

220. An eight-step plan was prepared and implemented. The plan included defining the number of staff to be appointed, defining their roles and responsibilities and how their appointment should be managed. The ITS positions could be filled from among existing DLT staff or sourced externally, with the key points being a) internally identified staff must agree to the move and not be coerced into the position, b) they should be appropriately skilled and qualified, and c) freed entirely from their previous responsibilities. Two ITS staff positions were identified as being necessary: an IT manager and an IT Technician. The DLT chose to fill these two positions from among existing staff. DLT proposed the ITS management structure shown in **Figure 5.3**. This structure is flawed in that: i) the ITS is too

far down the management chain and thus has too many 'managers' above it; and ii) it is located within a recently created office (RDCO) that is struggling to achieve recognition and acceptance among the remainder of the DLT. The multiple levels of management would only confuse the ITS staff regarding whom to contact when seeking approval for ITS activities and expenditures.

Figure 5.3: ITS Organization and Reporting Structure as Proposed by DLT



221. The ITS positions were declared in November 2012, but the ITS staff started working – reluctantly - with the TA in March 2013, with the objective of training and understanding to take over ITS responsibility in May. Though the positions were designated as full time, the staff's availability has been 10% (Manager) and 5% (Technician), due to ongoing commitments to their previous roles and a strong reluctance to be with the TA and away from colleagues and the revenue-taking customer functions. The TA then strongly recommended that the ITS staff should be recruited externally, and that organizationally the ITS be at a higher level e.g. GDT. The MPWT indicated that this would happen in the following months.

222. The ITS staff were given responsibility for organizing the training courses which were planned to start in April 2013, assisting with the preparation of IT equipment purchases, organizing connection to backup electricity generation supply, and finalizing a NIDA support contract. The ITS has begun to understand its position and functions as a service unit, beginning with maps of its scope and partners (see Figures 5.4, 5.5).

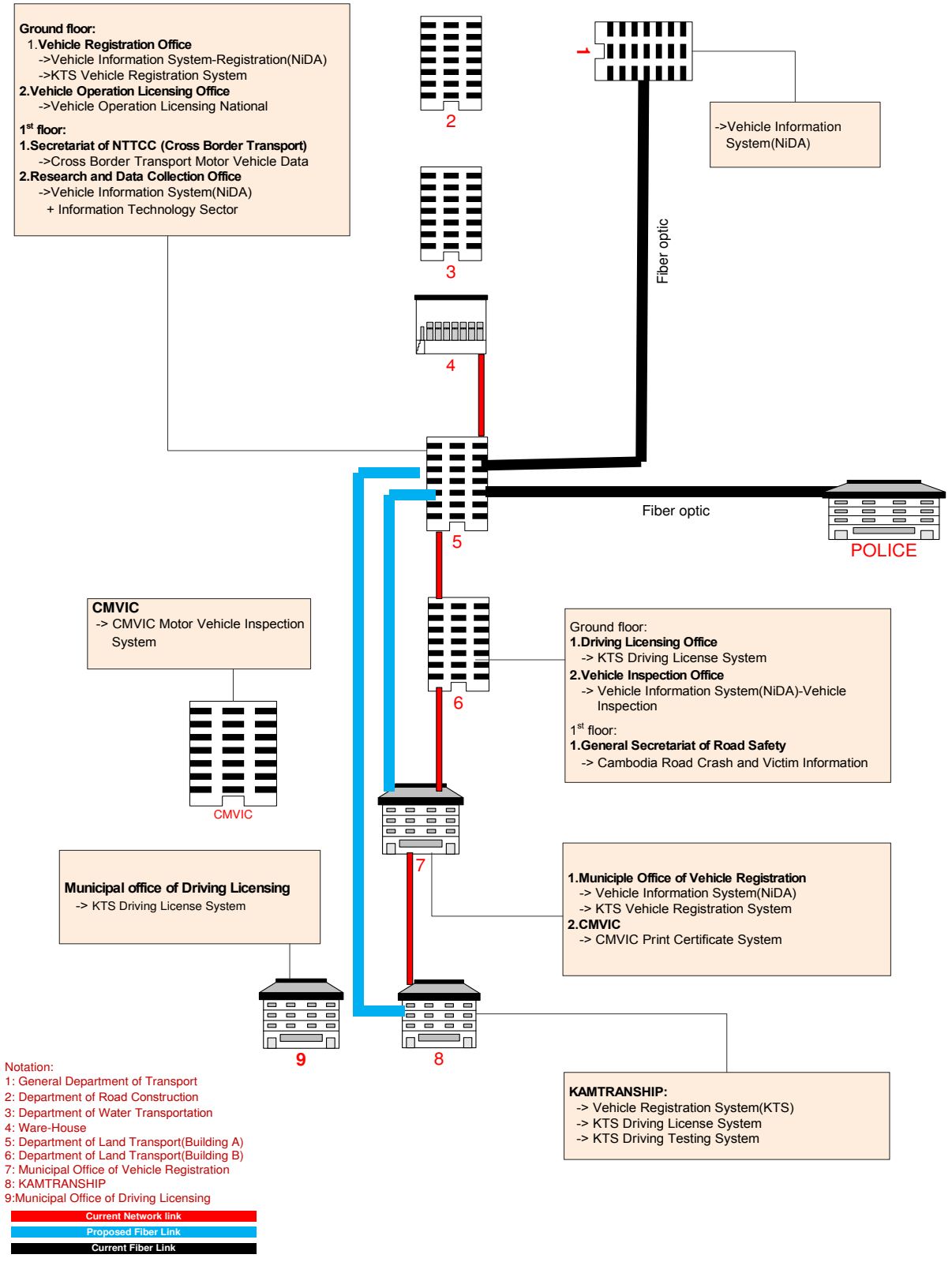
223. **Key Recommendations:** The TA believes that a dedicated ITS will serve the DLT well, and is especially essential in the light of future IT and software developments. The

ITS must be equipped with necessary equipment (some of which has been purchased under the TA), and a suitable operating budget and well-publicized authority levels. It is necessary to recruit dedicated and committed staff. The TA Specialists were not convinced that the ITS would continue in any form after the completion of the TA. These factors should be assessed again if future support is being considered.

224. TA Consultants prepared an Action Plan to complete the detailed activities for the urgent initial repair and upgrading of connections of information systems. All activities were expected to be completed by May 2013, with upgraded IT system in place and with all relevant IT officials and database users in DLT trained. However, due to the serious lack of commitment of DLT, this Action Plan suffered a 3-month delay.

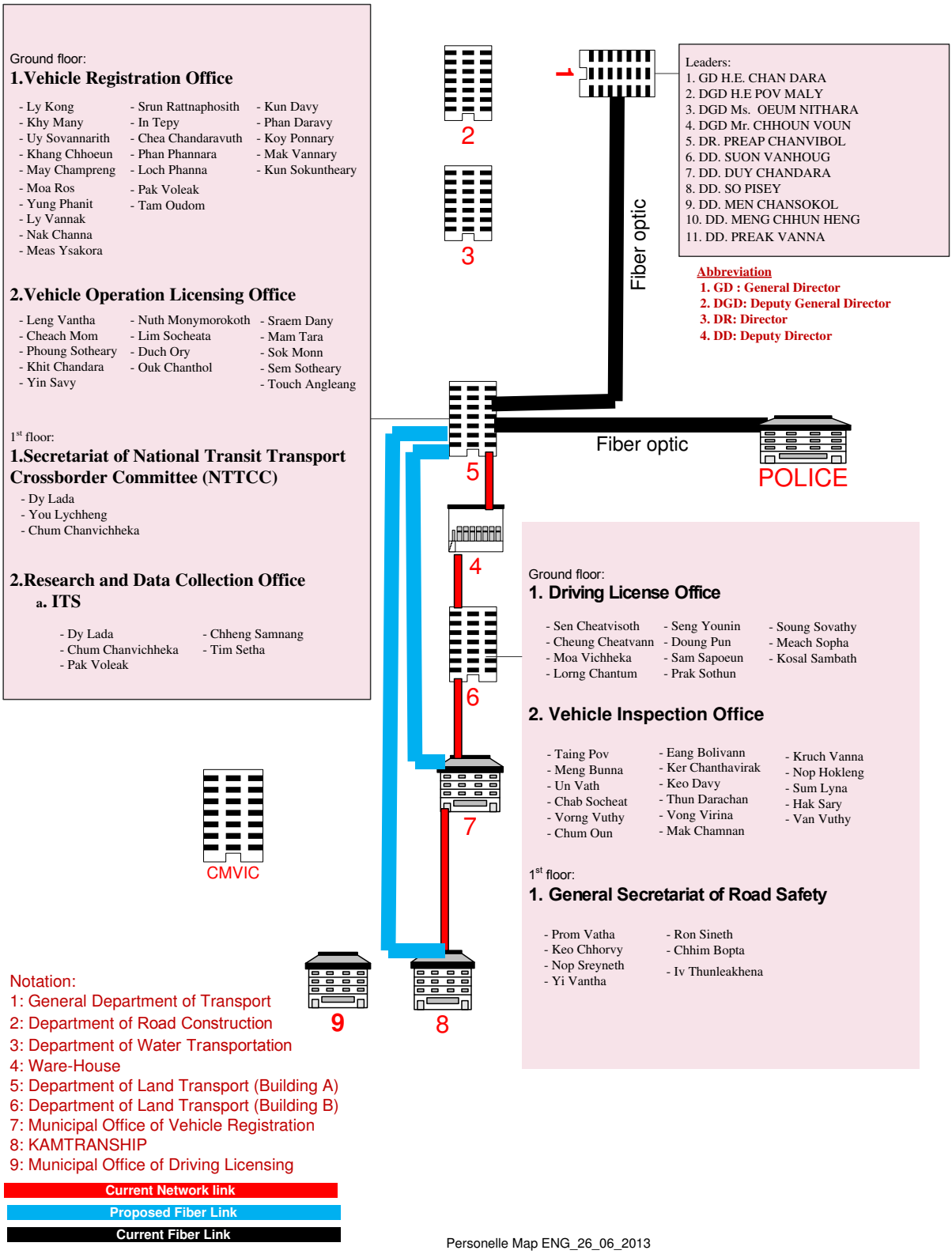
225. Therefore, the Final Mission of ADB in early June 2013 strongly requested MPWT leaders to either make firm commitment to complete the IT tasks in the *Immediate Priority: reduce constraints* phase, or recommend the Mission to cancel the remaining TA funds and activities. MPWT leaders agreed to commit to complete the IT and related management tasks. For this, TA Consultants prepared a revised Action Plan for this Transition extension (see Annex 11, MOU and its Annex-2).

Figure 5.4 ITS Service Area and Data Systems



Database Map EN 130626

Figure 5.5 ITS Service Area and DLT Customers



Personelle Map ENG_26_06_2013

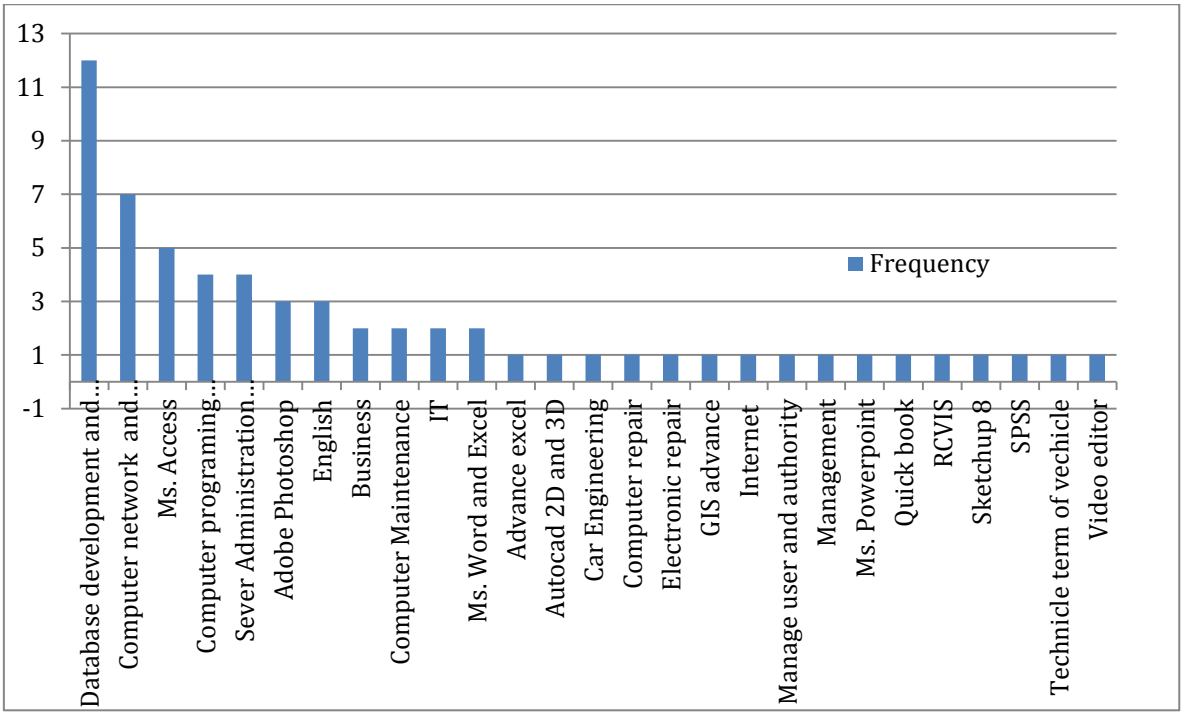
5.4 IT CAPACITY OBSERVATIONS[19]

226. In September 2012, the Consultant performed an IT capacity review by interviewing 40 DLT and agency staff. The findings were fully documented in *Report of Findings of HR and Capacity in IT*. The key observations were:

a) All interviewees had at least a Bachelor degree or were pursuing them (5%). 10% had Master level qualifications.
b) Eight staff had IT degrees, but of these only one was a DLT staff member (the others being agency staff from CMVIC or KTS)
c) Most of the tasks performed by the interviewees were non-complex, low-level activities which most staff were comfortable in performing
d) KTS and CMVIC staff members remained at the office each day longer than government employees, were higher trained on average, and had a deeper level of knowledge of the systems they used.

227. There was a general level of knowledge of a wide variety of standard IT applications. The interviewees indicated they would like more training and nominated the following (**Figure 5.6**) as their key areas of interest. Nine interviewees indicated they needed no further training of any kind, and of them, 7 were 38 years of age or older.

Figure 5.6: Training Course Requests



[19] IT Capacity Development – TA report dated October 2012

228. The top five training requests, which represented 50% of all requests, interestingly related to data base development and management, and network operation. This was indicative of a developmental environment where the systems were not fully integrated, operational or functional and the users were experiencing: a) a need for continual program 'repairs', b) functional lack in the applications that required further programming or development, and c) a lack of user-friendliness or frequent hardware problems, such that tasks that should work smoothly did not always work and the staff wished they 'understood' more so they could 'resolve' the issue.

229. The need for training in database development and Microsoft Access (in which 4 of the current systems are written) would not be necessary if the Phase Two redevelopment of the system proceeds. A parallel increase in middle and upper management IT skills was also recommended. The main training however would be in the operation and maintenance of the newly developed or procured DLT System. Though upper management should receive training - which they themselves asserted - when confronted with the opportunity, they often reported that they were 'too busy' to attend. It is not clear how this blockage can be resolved.

5.5 IT TRAINING PLAN

230. The training plan prepared in October 2012 comprised two distinct streams. Since the development of the TIS would take more than 12 months and development was at least 12 months in the future, the initial training focus aimed at increasing the general skills of the users.

5.5.1 Stream 1: General IT Skill Development

231. The proposed TIS will be a browser-based web-enabled system operating over wireless and cable networks. The capacity survey showed that less than 70% of the DLT staff interviewed had experience in general use of the Internet, Microsoft Office software and email. Since these aspects are key components of the TIS, these IT basics formed the core of the Stream 1 training. The TIS when developed should attract higher levels of involvement by middle and upper managers and thus managers should also receive this basic training.

232. The ITS should be well established and should take the lead in all IT-related training. The ITS staff would arrange and attend all IT training and will ideally build sufficient expertise to become trainers themselves by the end of the first year. The ITS should target being capable of providing the majority of the ongoing and annual training needed to maintain the skill sets of DLT after the first year.

233. NIDA is a registered provider of IT training and was proposed and approved as the key training provider. They were selected due to their knowledge of the most common DLT software and their training experience and qualification. A training outline was prepared (refer Table 5.1).

234. In addition to the short-term IT training outlined above a refresher course should be conducted 6 months after the initial course, or prior to the completion of the TIS. The content of the refresher course should be updated through interviews with staff in order that training will focus on specific difficulties still being experienced.

235. The DLT training should be an opportunity for DLT managers to meet staff and discuss the DLT's current and proposed operations and structure. Managers would present

the roles and responsibilities of each office, the tools available to each office to perform those functions, the interfaces between offices and relationships with other Ministries. Managers should prepare job descriptions for DLT staff that do not have job descriptions. In fact, managers should provide staff members a copy of their formal job description.

Table 5.1 Basic Training for Information and Communications Skills

Topic	Persons		Duration (Days)	Person Months	Location	Timing	Provider
Short-term IT Training							
1. Internet, email, computer skills	50	25	3	2.5	Phnom Penh	2013	NIDA
		25	3	2.5	Phnom Penh	2013	NIDA
2. Microsoft Office	30	15	5	2.5	Phnom Penh	2013	NIDA
		15	5	2.5	Phnom Penh	2013	NIDA
3. Computer Network Basics	30	15	2	1	Phnom Penh	2013	NIDA
		15	2	1	Phnom Penh	2013	NIDA
4. Microsoft Access	20	10	3	1	Phnom Penh	2013	NIDA
		10	3	1	Phnom Penh	2013	NIDA
5. Vehicle Registration, Inspection and Licensing	30	15	1	.5	Phnom Penh	2012	NIDA
		15	1	.5	Phnom Penh	2012	NIDA
DLT Operations					Phnom Penh		
6. DLT Structure, Function, Management, Proposed TUSA	60	20	.5	.3	Phnom Penh	2012	DLT
		20	.5	.3	Phnom Penh	2012	DLT
		20	.5	.3	Phnom Penh	2012	DLT
Total	**220**			**16**			

5.5.2 Stream 2: DLT Transport Information System[20]

236. As the TIS software specification is only in draft form, detailing the exact content of training was not possible. The TA recommends that the appointed developers organize and deliver the training, and that this requirement should be included in the TIS development contract. An outline training program for Stream 2 is shown in Table 5.2.

[20] IT Development Stage 2 – TA report dated September 2012

Table 5.2 Training for Information and Communications Systems Management

Topic	Persons		Days	Person Months	Location	Timing	Provider
Initial TIS Training							
1. System Fundamentals	50	25	2	1.7	P. Penh	2014	Contractor
		25	2	1.7	P. Penh	2014	Contractor
2. Sub-system training (9)	60	60	10	20	P. Penh	2014	Contractor
3. System Maintenance	10	15	2	1	P. Penh	2014	Contractor
4. Manager Functions	15	15	3	1.5	P. Penh	2014	Contractor
Ongoing Refresher Courses					P. Penh	2014	
5. Structure, Function, Management of TUSE	60	20	2	1.3	P. Penh	2014	DLT
		20	2	1.3	P. Penh	2014	DLT
		20	2	1.3	P. Penh	2014	DLT
Total	**195**			**29.8**			

5.5.3 TA Implemented Training Courses

237. The National IT specialist had developed a detailed Stream 1 training plan (Figure 5.7) by February 2013. This totaled 688 hours of training. By March it was evident this program could not be implemented in the remaining TA time, and it was reduced in size and content. The key reasons for the reduction were remaining time of TA, late approvals for training and equipment purchase needed for training, lack of activity by the DLT in many TA areas (which caused the late approvals by the ADB), and general lack of interest among DLT managers. Due to almost daily power outages in March during the lunch period (when most of the training was planned to be held), appropriate electricity backup had to be arranged. KTS connected the training room to their generator.

238. The final Stream 1 training was eventually reduced to less than 150 hours, as shown in **Figure 5.9**). Even with the reduced plan the DLT staff were being stretched as many people would have to attend both lunchtime and afternoon for courses which they had requested. The TA Consultant was informed that many would tire of this and end up not attending.

239. The training still to be completed in the Transition extension will be carefully monitored and evaluated for future reference, noting: a) quality of trainers b) commitment from DLT on attendance and general level of interest, c) relevance to trainees of the material being presented, and d) review and preparation of follow up training courses.

Figure 5.7: Complete Stream 1 Training Program

No.	Topic	Location	Provider	No. of Participants	Schedules (Hours per Week)																				Total Days	Total Hours
					Jan					Feb				Mar				April				May					
					1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21		
1	Internet	DLT	NiDA	34								4													2	4
2	email	DLT	NiDA	32								6													3	6
3	Computer skills (anti-virus, install software, window update, shortcut key ...)	DLT	NiDA	31								4													2	4
4	Microsoft Word and Khmer Unicode	DLT	NiDA	26									20	12											8	32
5	Microsoft Powerpoint	DLT	NiDA	5										4	6										5	10
6	Microsoft Excel Basic	DLT	NiDA	19											4	10									7	14
7	Microsoft Excel Advance	DLT	NiDA	11													10	10							10	20
8	Microsoft Access Basic	DLT	NiDA	10															10	10					10	20
9	Microsoft Access Advance	DLT	NiDA	7																	10	10			10	20
10	Computer Network	DLT	NiDA	9								20													10	20
11	Computer Network Management	DLT	NiDA	11									20												10	20
12	SPSS	DLT	Mr. Vorng	6											10	10	10								15	30
13	Adob Photoshop	DLT	NiDA	4								10	10	10											10	30
14	GIS Advance	DLT	Mr. Sreang	5								20	20	20											10	60
15	Vehicle Information System-Registration	DLT	NiDA	12															8						4	8
16	Vehicle Information System-Inspection	DLT	NiDA	19															8						4	8
17	Vehicle Transport Operation Permit	DLT	VOLO	22															4						2	4
18	Driving License System	DLT	KTS	15															4						2	4
19	Vehicle Registration System of KTS	DLT	KTS	9															4						2	4
20	SQL Server	DLT	NiDA	6										20	20	20									15	60
21	Oracle	DLT	NiDA	4													20	20	20						15	60
22	Server Administration	DLT	NiDA	4																	20	20	20		15	60
23	Web Programing (PHP)	DLT	NiDA	6											20	20	20								15	60
24	Software Development (Vb.net)	DLT	NiDA	5														20	20	20					15	60
25	Computer Repair	DLT	NiDA	6								10	10	10											15	30
26	Quickbook	DLT	IT center	2														10	10						10	20
27	Video Editor	DLT	IT center	6																	10	10			10	20
																								Total:	236	688

Figure 5.8: Final Stream 1 Training (April-May)

Code	Topic	Training Time	April																		
			Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Mon	Tues
			13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Participants			x	x	x	x	x	15	15	x	x	17	17	16	16	16	x	x	13	13
CS	Computer skills	8:00-12:00	x	x	x	x	x			x	x					QB	x	x	QB	QB
Int	Internet	12:00-1:00	x	x	x	x	x	CS-1	CS-1	x	x	Int-1	Int-1	Email-1	Email-1	Email-1	x	x	MWKH-1	MWKH-1
Email	Email	1:00-2:00	x	x	x	x	x	CS-2	CS-2	x	x	Int-2	Int-2	Email-2	Email-2	Email-2	x	x	MWKH-1	MWKH-1
MWKH	Microsoft Word and Khmer Unicode		x	x	x	x	x			x	x						x	x		
MPP	Microsoft Powerpoint		x	x	x	x	x			x	x						x	x		
MEB	Microsoft Excel Basic	3:30-4:30	x	x	x	x	x			x	x	MWKH-2	MWKH-2	MWKH-2	MWKH-2	MWKH-2	x	x	MWKH-2	MWKH-2
MAB	Microsoft Access Basic	4:30-5:30	x	x	x	x	x			x	x	MWKH-2	MWKH-2	MWKH-2	MWKH-2	MWKH-2	x	x	MWKH-2	MWKH-2
CN	Computer Network	4:00-6:00	x	x	x	x	x			x	x						x	x		
CNM	Computer Network Management		x	x	x	x	x			x	x							x		
SA	Server Administration		x	x	x	x	x			x	x						x	x		
QB	Quickbook		x	x	x	x	x			x	x						x	x		

MAY																													
Wed	Thur	Fri	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Mon	Tues	Wed	Thur	Fri
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
x	13	13	x	x	13	13	13	13	10	x	x	x	x	x	10	10	x	x	10	10	10	10	x	x	x		x	10	10	10
x	QB	QB	x	x						x	x	x	x	x			x	x					x	x	x		x			
x	MWKH-1	MWKH-1	x	x	MWKH-1	MWKH-1	MWKH-1	MWKH-1	MEB-1	x	x	x	x	x	MEB-1	MEB-1	x	x	MEB-1	MEB-1	MEB-1	MEB-1	x	x	x		x	CN	CN	CN
x	MWKH-1	MWKH-1	x	x	MWKH-1	MWKH-1	MWKH-1	MWKH-1	MEB-1	x	x	x	x	x	MEB-1	MEB-1	x	x	MEB-1	MEB-1	MEB-1	MEB-1	x	x	x		x	CN	CN	CN
x			x	x						x	x	x	x	x			x	x					x	x	x		x			
x			x	x						x	x	x	x	x			x	x					x	x	x		x			
x	MWKH-2	MEB-2	x	x	MEB-2	MEB-2	MEB-2	MEB-2	MEB-2	x	x	x	x	x	MEB-2	MAB-1	x	x	MAB-1	MAB-1	MAB-1	MAB-1	x	x	x		x	MAB-1	MAB-1	MAB-1
x	MWKH-2	MEB-2	x	x	MEB-2	MEB-2	MEB-2	MEB-2	MEB-2	x	x	x	x	x	MEB-2	MAB-1	x	x	MAB-1	MAB-1	MAB-1	MAB-1	x	x	x		x	MAB-1	MAB-1	MAB-1
x			x	x						x	x	x	x	x			x	x					x	x	x		x			
x			x	x						x	x	x	x	x			x	x					x	x	x		x			
x			x	x						x	x	x	x	x			x	x					x	x	x		x			
x			x	x						x	x	x	x	x			x	x					x	x	x		x			

Figure 5.9: Final Stream 1 Training (June)

Code	Topic	Training Time	JUNE												
			Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Mon	Tues	Wed	Thur
			1	2	3	4	5	6	7	8	9	10	11	12	13
Participants			x	x	x	11	11	5	5	x	x	5	5	5	
CS	Computer skills	8:00-12:00	x	x	x					x	x				
Int	Internet	12:00-1:00	x	x	x	CNM	CNM	SA	SA	x	x	SA	SA	SA	
Email	Email	1:00-2:00	x	x	x	CNM	CNM	SA	SA	x	x	SA	SA	SA	
MWKH	Microsoft Word and Khmer Unicode		x	x	x					x	x				
MPP	Microsoft Powerpoint		x	x	x					x	x				
MEB	Microsoft Excel Basic	3:30-4:30	x	x	x	MAB-1	MAB-1			x	x				
MAB	Microsoft Access Basic	4:30-5:30	x	x	x	MAB-1	MAB-1			x	x				
CN	Computer Network	4:00-6:00	x	x	x			MPP	MPP	x	x	MPP	MPP	MPP	
CNM	Computer Network Management		x	x	x					x	x				
SA	Server Administration		x	x	x					x	x				
QB	Quickbook		x	x	x					x	x				

5.6 STAGE 1 DEVELOPMENT OF IT SYSTEMS

240. The Stage 1 development activities proposed in September 2012 included all activities that had the potential for implementation during the TA. Some activities proposed for Stage 1 have been moved to Stage 2. The reasons are: a) slowness and reluctance of decision making within the DLT, b) the unpreparedness of the DLT to receive the outputs these activities would have produced, and c) the lack of remaining time within the TA.

241. Activities thus deferred to Stage 2 include: a) the establishment of a trial Driver Demerit system b) the implementation of trial border gate processing software, c) a partial rollout of DLT systems to the provinces, and d) improvement of inter-Ministry communications. These are described in more detail following.

1. **Creation of a GDT website:** This website was planned to be an information dissemination tool for the public. It was to contain general information about the functions of the GDT and the DLT, traffic law, and *how-to-do* sections on registering a vehicle, transferring registration, applying for a license etc. The DLT were not ready to implement such a website as there were likely to be many approvals to obtain, and web content to be developed and approved, by the various DLT offices.
2. **Traffic Violations and Demerits:** A pilot system was proposed and a specification prepared in September 2012. Being a cross ministry project, the development time required to define an approach and reach consensus on how it would be implemented across ministries was found to be prohibitive for the TA.
3. **Inter-Ministry Communications:** This activity related to sharing data between ministries and suffered from the same issues as for the demerits system. A further complication is that this task was even less defined than the demerit requirement and hence requires much more cooperation and time to specify and develop potential improvements.
4. **Improving Slow Processing Times:** This related to improving the approval chains within and between DLT offices. This activity was listed in the GDT annual work plan for 2013, and touches on powers of control which are in flux under a new General Director: hence the TA recommended deferring this or leaving it to GDT and DLT to resolve.
5. **Connecting Provincial Offices:** Once established, this would require a great deal of management, supervision, support and funding. This would be an obvious activity for the ITS. Due to time constraints and the relative infancy of the ITS, there was no practical way to ensure any advances in this area would be sustained. The DLT was and is simply not yet ready to handle devolving any further activities at this point.
6. The Stage 1 activities planned for the Transition Action Plan include: a) improvement of IT hardware, software and connectivity within the DLT, b) improvement of electricity supply, and c) implementation of initial IT training. A draft specification was prepared for the traffic violation demerits system, and a draft specification and a prototype Microsoft Access system were prepared for Cross Border Gate operations. Neither of these can be trialed in the time remaining in the Transition extension.

5.6.1 Procurement of IT Equipment for Stage 1

242. An IT procurement list was prepared and finally approved by the Client and the ADB in April 2013 (Annex 6). The items primarily satisfy the issues of: i) slowness of computers (11 new computers to be purchased), ii) the lack of connectivity within DLT (routers, switches and cabling), iii) unreliability of electricity (20 UPS have been purchased and key offices connected to Company generators), and iv) lack of backup server (to be used within DLT). The list was discussed with NIDA to ensure that purchased equipment was compatible with NIDA's current backbone and network. NIDA were contracted to install the majority of the equipment. The 11 new computers would initially be used for the IT training.

5.6.2 Prototype NTTCC System

243. During September 2012 the development of a prototype web-based Cross Border processing system was proposed. The Stage 1 Development report provided an outline of the table structure required. During February-March 2013, this system was developed to an elementary level. Discussions during March with the NTTCC staff in DLT clarified the relationships between Cross Border booklets, Cross Border permits, registered vehicles and gate movements. The NTTCC staff indicated that there were no NTTCC officials at a border gate; rather, there was a) a border gate head that does not interact with vehicles or drivers, b) customs officers who deal with goods shipments, and c) immigration officers who deal with passengers. This raised the question of who would actually operate any system that was developed. This was not resolved by the time of TA completion.

244. The NTTCC system could only function successfully if all related departments and ministries were convinced of the system and agreed to complete all the required data. This would prove difficult since most of the data that NTTCC required was not directly related to current Customs or Immigration activities.

245. The prototype system was developed using Microsoft Access 2010. A feature of Access 2010 allows the publishing of the developed database to a website host. Website host sites provide hosting plans where the cost per month is based on the number of users, size of database etc. Though the TA could have initially met the monthly costs of a trial, after June these costs would have had to be met by DLT. If and when the system expands and the database size and number of transactions increases, the ongoing monthly hosting costs could become prohibitive to the DLT. As a comparison, provision of budget for ongoing subscriptions to virus software and Internet services has already proven difficult or impossible for the DLT.

246. Though the NTTCC prototype system was not completed, enough was developed to facilitate further development by local IT providers such that the system might fully meet the NTTCC requirements. Access to Vehicle Registration data, Driver License data, Cross Border (CB) license and permit data would be required to complete the system. The prototype database would need to be populated for all CB licenses issued by Cambodia, Laos, Viet Nam and Thailand. The NTTCC would be redeveloped and fully integrated into the Stage 2 Developed TIS, if that proceeds.

5.6.3 Network Establishment and Software Installation

247. NIDA is to be contracted to perform the majority of the networking installation within DLT. There are three aspects of this task: a) installing the primary connections between NIDA and DLT with fiber optic cable, routers and switches, and installing the server, b)

connecting the various DLT, CMVIC and KTS networks with switches as necessary, and c) installing all software, as agreed in the Working Group Meeting on 6th March 2013. This work was to be contracted to NIDA on an hourly basis. The ITS and National IT expert supported and worked with the NIDA team. This was designed to enable the ITS to gain practical knowledge of their new network.

248. NIDA will connect the internal DLT networks with each other and with the primary NIDA network. NIDA will provide 7 additional Internet access logins for DLT via the NIDA network. This avoids the need for sourcing and paying for external Internet providers.

249. The final NIDA involvement is related to installing NIDA software in new office locations and establishing appropriate access permissions and authority levels (see Figure 5.10). The ITS manager and the TA's National IT Specialist (NITS) are scheduled to assist NIDA. The software and authority levels proposed for each user are shown below. Some DLT software must be upgraded to add a login process that would govern the level of activity the user could perform. The VOLN and Cross Border systems currently have no login process and thus any new users would have full read/write access to the database. The NITS with the assistance of NIDA will modify these systems to add a login process.

Figure 5.10 Example of Permissions and Access to Systems

User Name	Vehicle Information System-Registration Module	Vehicle Information System-Inspection Module	Vehicle Operation Licensing National	Cross-Border Transport Motor Vehicle Data	KTS Driving License System	KTS Vehicle Registration System	Foreigner Theory Driving Licensing Testing System	Cambodia Road Crash and Victim Information	CMVIC Motor Vehicle Inspection System	CMVIC Print Certificate System
Preap Chanvibol	Read Only	Read Only	Read Only	Read Only	Read Only	Read Only		Read Only	Read Only	Read Only
Suon Vanhong	System Administrator	System Administrator	Read Only	Read Only	Read Only	Read Only		Read Only	Read Only	Read Only
Meng Chhunheng	Read Only	Read Only	Read Only	Read Only	Read Only	Read Only		Read Only	Read Only	Read Only
Men Chansokol	Read Only	Read Only	Read Only	Read Only	Read Only	Read Only		Read Only	Read Only	Read Only
Chhuon Voun	Read Only	Read Only	Read Only	Read Only	Read Only	Read Only		Read Only	Read Only	Read Only
So Pisey	Read Only	Read Only	Read Only	Read Only	Read Only	Read Only	System Administrator	Read Only	Read Only	Read Only
Duy Chandara	Read Only	Read Only	System Administrator	Read Only	Read Only	Read Only		Read Only	Read Only	Read Only
Prak Vanna	System Administrator	System Administrator	System Administrator	System Administrator	Read Only	Read Only		Read Only	Read Only	Read Only
Chum Chan Vichheka	Read Only	Read Only	Read Only	Read Only	Read Only	Read Only			Read Only	Read Only
Pak Voleak	System Administrator	System Administrator	System Administrator	System Administrator	Read Only	Read Only			Read Only	Read Only
Sen Cheat Visoth					Read Only					
Mao Vichhika					Read Only					
Taing Poev	Read Only	Read Only	Read Only	Read Only	Read Only	Read Only			Read Only	Read Only
Leng Vantha	Read Only	Read Only	Read Only		Read Only					
Uy Sovannarith	Read Only	Read Only			Read Only	Read Only				
Dy Lada	System Administrator	System Administrator	System Administrator	System Administrator	Read Only	Read Only			Read Only	Read Only

Note:

Read Only	Existed Permission
Read Only	New Permission

*Although ITM has system administrator permission, all changes on data and systems must get approval from leaders.

250. **Summary:** There has been much valuable analysis of needs, planning, solutions and specifications accomplished during the TA, but delays have prevented their implementation during the contract period. The biggest obstacles to progress were:

1. Unwillingness to change thinking patterns and habits
2. Fear of taking ownership for decisions
3. Fear that change may result in lost positions or reduced power and control
4. Lack of commitment by DLT to the TA objectives
5. Inability or slowness in making decisions
6. Diverting responsibility to others whenever possible.

5.7 STAGE 2 DEVELOPMENT

251. In late 2012, the TA recommended a full development of the current systems. This was recommended due to: a) age of systems, b) lack of integration between systems, c) multiple platforms in use and d) lack of centralized maintenance. (See Table 5.3)

252. The TA had hoped that the ITS as owners/managers and the DLT staff as main users would have been fully competent in all of the Stage 1 developments by the time of TA completion. This would have provided the TA with more confidence in the DLT's interest, commitment and capability to handle the more complex Stage 2 proposal.

253. Despite this, the DLT still needs to move toward a fully integrated suite of programs that will fulfill all their requirements for the next decade or more. The following sections describe the scope of the redevelopment of the DLT systems. A full description of the development proposal can be found in the *IT Development Stage 2* report (October 2012).

254. All activities designed for Stage 1, such as GDT website development, Demerits system etc., will be included under the full redevelopment of the TIS and will not be separate activities during that development (see next Section).

Table 5.3 IT System Summary as at 2012

IT System	Vehicle Information System	Vehicle Operation Licensing National	Vehicle Operation Licensing Cross Border	Driver's License	Driver's License	Cambodia Road Crash and Victim Information	CMVIC
Functions:	Vehicle registration (motorcycle/vehicle) and inspections	Store data of vehicle operation licensing and print permit certificate	Store Cross Border vehicle operation licensing and print permit	License issuing and driver testing (National)	Driving testing (Foreigners)	Stores and analyses road crash data from all over the country	Stores vehicle inspection details. Prints Inspection certificate
Developer:	NIDA	Mr. Duy Chandara (Dep Dir DLT)	Mr. Dy Lada (Dep. Director DLT)	Kamtranship (KTS)	Private individual	Handicap International (HI) - (NGO)	CMVIC
Comments:	Development Contract is complete. Minor maintenance and fix technical problems	Maintenance (backup is 1 time per year)	Written in house, No changes seen to be necessary. Needs border traffic/destination data	MS Access (DLT) Episuit (KTS)	Web-based	HI provide analysis and tech support. Full control to NRSC in 2013	Runs on network, separate from DLT inspection office
Software:	Visual Basic 6	MS Access	MS Access	MS Access | Episuit	HTML, PHP	C# 2010, Nhibernate, SPSS	MS Access
Database:	UniSQL	MS Access (2003)	MS Access (2003)	Oracle	MySQL	SQL Server 2008 R2	MS Access
System Age	2005	2009	Unknown	Unknown	2012	2004	Unknown
Primary User:	Vehicle Registration and Inspection Office	Vehicle Operation Licensing Office	NTTCC	Kamtranship	Drive test applicants	MOI (Police), NRSC	CMVIC
Locations Used:	Registration office and Inspection office	Vehicle operation licensing Office (DLT)	Vehicle operation licensing Office (DLT)	DLT and Municipality office	Mr. So Pisey	MOI, NRSC	Phnom Penh Inspection office, 2 provinces
References:	All Articles are from Trafflic Law 2007: Article 47 and 48 (Municipality and DLT are separate!)	Article 52	Article 50	ISBN: 978-0-938964-79-7 978-0-938964-73-5 (License Checking Guides) Article 45 Foreigners Art. 40-42 Nationals			

TTCC - National Transit and Transport Coordinating Committee, KTS – Kamtranship, NRSC - National Road Safety Committee, CMVIC - Cambodia Motor Vehicle Inspection Company, MOI - Ministry of Interior, NIDA - National Information Communication Technology Development Authority

Source: TA Consultant

5.7.1 Project Scope

255. The DLT intends to completely replace their current IT applications, and upgrade their ICT infrastructure in line with departmental restructuring. The scope of the project is the development of a DLT Transport Information System (TIS) with associated sub-systems, which will provide all the current functions of the DLT in an integrated and contemporary manner. The TIS would be implemented on an appropriate ICT structure with appropriate communications, data storage and backup features, and can include all outsourced business functions. The key DLT functions to be provided are:

1. Vehicle inspection management of inspections, issue of inspection reports and Inspection certificates
2. Vehicle registration of new vehicles, transfer of ownership, re-registration following vehicle alteration, vehicle de-registration, a stolen vehicle register, printing of registration plates and cards
3. Driver's license issue and renewals for nationals and foreigners. Includes recording of driver testing (theory and practical), issue of license cards, tracking of traffic violations and demerits points and loss or suspension of licenses.
4. Driving School management operations including: i) driving school registration, ii) driving school operational licensing, and iii) driving school branch operational licensing.
5. Cross border license processing and permit printing for: i) passenger transport operation, ii) goods transport operation, and iii) non-commercial vehicles.
6. Vehicle operation licensing for intra-province and cross-province transport operations.
7. Web-based interface to be used within DLT and MOI and a number of DLT functions presented in a public DLT website.
8. Management level reporting, data collation, statistics and printing.
9. Ministry of Interior functions related to: i) issue of demerit marks for traffic violations, ii) suspended licenses, iii) lost or stolen vehicles, iv) written-off vehicles, and v) traffic accident and fatalities recording, vi) online retrieval of vehicle or license details.
10. Functionality will be expandable to Municipality and Provinces in a staged manner.
11. A suitable hardware, software, networking and Internet platform will be established.

256. A total of 9 sub-systems have been proposed: Vehicle Inspection, Vehicle Registration, Driver's License, Driving School, Vehicle Operation Licensing, Cross Border Transport, Management Information, Public Web Interface, and Road Safety. Each sub-system, whether inside Government or contracted out, will permit issue of renewal notices, fines, and cancellations and suspensions, via the media of email, text message to mobile phone or by mail. Certain transport functions will be allowed for in the future e.g. paying online fees and fines, change of address or contact details and others to be determined.

5.7.2 System Overview

257. System requirements for the new Transport Information System reflect the needs of a diverse group of stakeholders, including: General Department of Transport, Department of Land Transport, Ministry of Interior (Police), Ministry of Public Works and Transport.

258. These stakeholders each have specific requirements, which have been blended to provide a common platform from which DLT transactions can be accomplished efficiently from within DLT agency offices and on the Internet by authorized municipal and provincial DLT agencies.

259. The following general system characteristics have framed development of the system specifications described within the document:

Modular / Relational / Open Design

The new system shall be designed in a modular fashion, built upon a relational SQL database engine. The new system shall use a development environment characterized by use of an object oriented programming language and shall be compatible with the .NET technology framework. Such design considerations shall provide system scalability, and a compatibility with non-proprietary software and hardware tools.

Web-Based

The new system shall be web browser based providing a consistent, shared, common user interface and navigation toolset. This approach shall provide a consistent look and feel for all system functions and for all users, both agency and public.

Zero-Footprint

The new system shall employ a zero-footprint network architecture, taking advantage of its web-based design characteristics to allow for system portability and access.

Hosted by DLT

The new system shall be physically hosted within DLT facilities, with DLT providing physical database administrative and security / firewall functions.

Common Customer Database

The new system shall employ a common customer database capable of storing customer data for use in all DLT processing.

Modern System-to-System Capability

The new system shall support modern system-to-system architecture standards in order to provide non-proprietary sharing of DLT data with other systems from other Ministries.

Vendor Supported & Maintained

The new system shall be supported and maintained by the vendor in order to insure all business rules and processing functions remain in compliance with third party systems, procedures and specifications.

5.7.3 Alternative Development Approaches

260. Two alternatives are possible: a) a total rewrite of all DLT systems to produce a seamless system with interfaces, or potential interfaces to other Ministries e.g. MOI, and b) improve/upgrade the existing systems. Both approaches require concurrent improvement to existing ICT infrastructure.

261. **Alternative A - New Development:** Although there are minimal ongoing issues with, and minimal need for further development of each system, the following points lean toward a total rewrite:

1. The intent of the TA is to restructure the DLT into a highly organized, efficient and modern agency. A new efficient system supports this.
2. The largest system (VIS for inspection and registration) is almost 10 years of age. Computer systems have typically outlived their viability by this age.
3. The relationship with the private companies is not ideal in that even for inspections, several different non-integrated systems are used with re-entry of data required. Streamlining of interfaces is necessary.
4. There is a general feeling that a new approach is sought, rather than patching up old systems
5. There is no overall Management Information System that ties the systems together for upper and middle management reporting.
6. There is no public face to the DLT systems. Most similar organizations around the world have websites that permit users to perform many tasks online as well as find relevant information.
7. With 6 offices (before expanding integration with other Ministries) and at least 9 reported IT applications in 5 development languages, a complete rewrite is the recommended approach.

262. **Alternative B – Upgrading:** This is perhaps the easier and cheaper alternative and may adequate for now. However, in the near future, the system will need upgrading. Many of the current requirements could be implemented quickly though the implementation approach might be considered coarse e.g. If Registration office needs to validate a driver's license number, that office could start the licensing software and enter the license number to verify it is in the licensing system. The better approach is to have the registration system automatically and internally reference the license databases to check its validity without the user having to leave the application. The second method requires a greater depth of programming to achieve.

263. Whichever alternative is selected, a web application should be developed as a MIS level for reporting and statistics and to provide the public access to DLT operations, guidelines, and publications as a minimum, as permitted at that time and by regulation.

264. It is recommended that Alternative A be chosen, together with a major upgrade of the ICT infrastructure.

5.7.4 Commercial-off-the-shelf Systems (COTS)

265. Normally when procuring new systems, the suitability of COTS systems should be assessed. The worldwide trend in addressing application implementation is to use packages available in the market. The benefits of this approach to that of development of a custom-built DLT system are tabled below.

Table 5.4 Comparison of Commercial or Customized Systems

COTS	Custom-Developed Systems
• Robust, field tested software	• Can be customized according to specific requirements
• Avoids reinventing the wheel for the same application	• Can incorporate niche domain needs
• Easier migration to integrated solutions	• Can transfer specialized domain knowledge already built into any existing legacy systems
• Best suited for enterprise-wide applications	• Can exploit any established skill sets in custom software development
• Acts as a change agent for business process reengineering	• More suited for division-wide or fragmented applications

266. A starting consideration is whether or not there are any COTS systems for DLT to consider. This is not completely clear. There are many sophisticated card-printing systems (hardware and software) available; however they do not provide all the requirements of DLT. A search is ongoing for valid COTS applications and it is proposed to let potential bidders/developers determine whether an existing COTS system might be suitable for DLT. In order to be able to properly decide on whether COTS software is better than a custom built application under given circumstances, certain rules of thumb can be used, as follows:

1. If the COTS software addresses more than 70% of the business and technical requirements, it is advisable to consider the COTS software approach. Otherwise, a custom built solution would be cost effective and more appropriate considering all other factors.
2. If the organization does not have an IT department or need to enhance it to build the custom solution, then a COTS application may be more appropriate.
3. If a generic application with customization is acceptable for the enterprise level integration, then COTS software may be acceptable. If it is not acceptable, then definitely specific requirements need to be defined.
4. If the scope of the system bridges large and complex business units, then COTS software may be applicable.
5. If a comparison of the costs of the Customized COTS software vs. Customized software is high, then the customized software solution may be considered
6. If the customization of the COTS takes longer than 6-8 months, then the Customized solution should be considered.
7. If the ownership of the system source code is important, leveraging most of the future deployments without the expensive licenses and shifts most of the advantages to the client, then the Customized Solution should be considered.

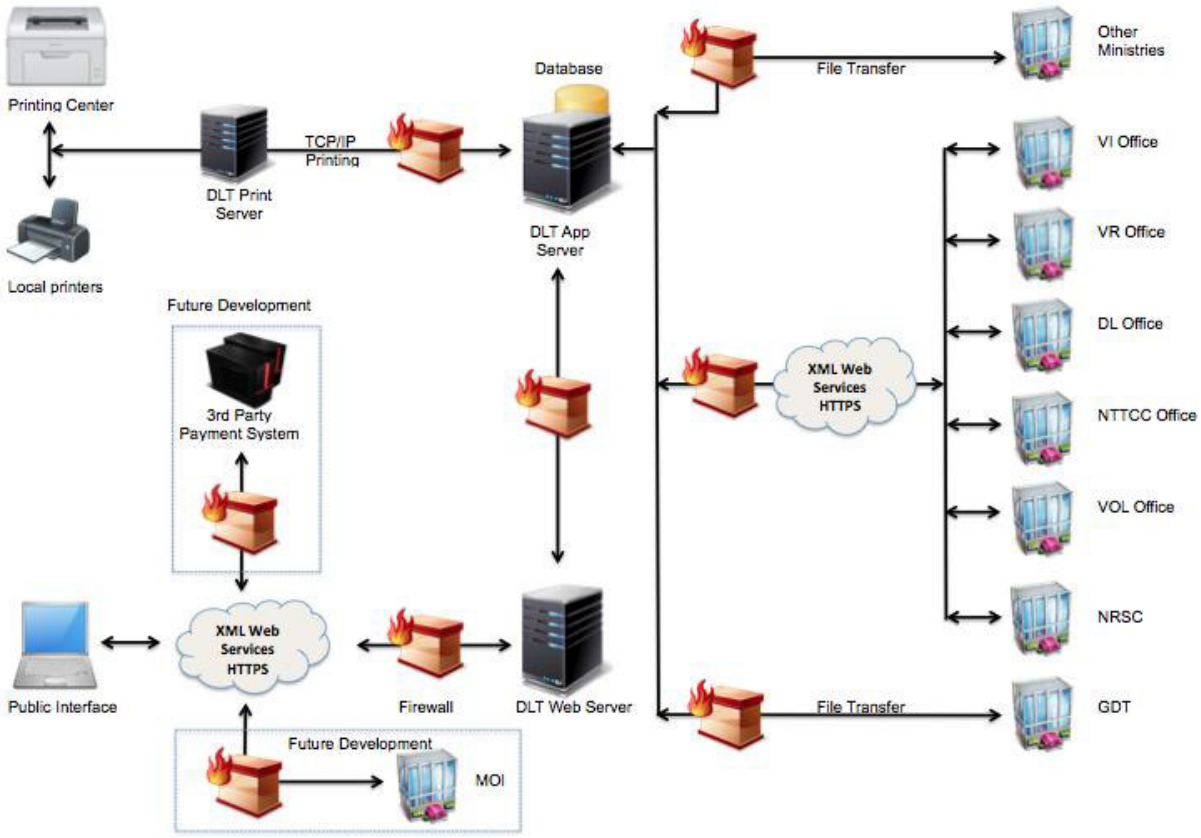
5.7.5 System Architecture

267. A provisional architecture layout is presented in Figure 5.11. The Vendor should determine appropriate connectivity, server connections, routers, switches, print servers,

web servers etc. based on the design and functionality of their proposed system. The system should allow for future rollout to Provinces and the Municipality without any changes being required in the DLT office. Connections to other Ministries initially will be through public web access and delivery of reports by flat file email or webmail delivery.

268. Live connectivity to the Police staff will be a medium-term target to allow mobile phone or laptop access searches for licenses and registration details.

Figure 5.11: Indicative ICT Structure



5.8 FINAL RECOMMENDATIONS

269. The purpose of the TA was to determine immediate improvements to the DLT systems, DLT operations and environment and DLT organizational structure. To a limited degree these have been achieved. A medium term vision for the DLT has been prepared and the TA has addressed the legal requirements for a new organization.

270. From an IT standpoint, the uptake of the TA offerings has been disappointing. The greatest hindrance to change has been the fear of change and the huge effort required to implement even small recommendations. While TA reviews indicated the DLT's frustrations with poor condition of computer equipment, unreliable electricity supply, and skill levels, the DLT has shown little interest in utilizing the TA recommendations despite them being 'free of charge'.

271. There is no doubt that the DLT systems need to be updated and replaced but such a system would not be ready for at least 2 years, given funding preparation time and development time. The Stage 1 developments had they been adopted, could have significantly reduced the major reported frustrations and provided a useful platform of skills, expertise and management reforms, from which to move to the Stage 2 system.

272. Future funding of Stage 2 or similar developments need to be carefully managed to ensure that the DLT is capable of adapting and managing the changes and developments. Strict conditions should be agreed so that achievement, use and maintenance of changes are required before going to the next changes, equipment, training or advisory support. Close attention should be given to the ***depth*** of adoption of systems and of competencies, to reduce the risks of thin capacity gathered to pass a milestone or threshold of support but which might rapidly be eroded or dispersed by staffing changes.

6.0 CAPACITY DEVELOPMENT PLAN FOR THE DLT

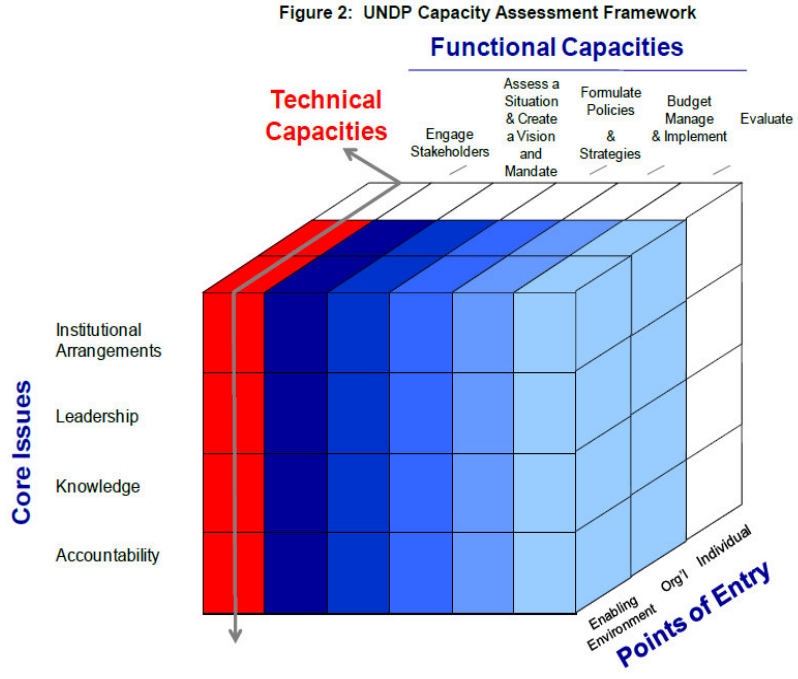
6.1 SITUATION AND CONSTRAINTS

273. From detailed assessments, the TA has identified priorities with an emphasis on immediate operational needs, in accordance with the Phase One strategy of "Relieve Constraints." Thus the planned training is mainly in information and communication, and applications of the new systems and software (see Tables 5.1, 5.2; Figures 5.7, 5.8, 5.9; and Table 6.1).

274. The training needs in organizational development which could be addressed by this TA were limited to raising awareness and motivation among leaders and managers, as in Table 6.1. This limited approach was due mainly to the urgency of overcoming real workplace constraints and frustrations which are partly the cause of low motivation and low interest in mid-term or long-term reform and restructuring.

275. The potential for organizational development is indicated in the well-practiced 'cube of capacity development' from UNDP sources. Core Issues concern the overall culture and purpose of an organization. Functional Capacities are the skills and competencies for doing the tasks and duties of an organization. Points of Entry are the ways to approach analysis and solutions for changing an organization.

Figure 6.1 Capacity Assessment Approaches



Source: UNDP Practice Note on Capacity Assessment and Capacity Development, 2008

276. In the case of DLT, the TA CD has been limited to the issue of Knowledge, to the Technical Capacities, to the Individual level (those who do the customer service tasks) and to the Enabling Environment (to reduce constraints of hardware, software and systems' designs, and to clarify laws and regulations). The TA has provided much advice on

Institutional Arrangements at the Organizational level, and has attempted to stimulate concern about the functional capacities (engage Stakeholders, Assess and Create a Vision for change, and Formulate strategies.)

277. Other essential elements of capacity development (Leadership, Accountability, Budget Management, and Evaluation) have not been explored, although it is clear from the TA activities and progress reviews that monitoring for evaluation, and the consistent demonstration of leadership, are urgently needed in DLT. The following functional capacities relevant to DLT indicate the matters to be designed into any future CD program.

278. These five capacities have been lacking in DLT mainly because DLT was set up, and has persisted, as a customer service organization with very immediate, specific and basic needs and skills. Although DLT carries a high level and diverse mandate for managing the road transport sector (such as traffic management, land use, regulations, laws, policies and trends analysis), almost none of these capacities has been demanded nor developed. For example, the GDT Action Plan for 2013 includes 21 line items for DLT, but none has a specific time line or target result to guide the implementers and the supervisors. Within the TA work, there has been no interest by DLT to develop the RDCO as the centre of information and intelligence, and the provider of analysis and policy options. The fundamental constraint to professionalizing DLT is that the leaders prefer the work culture of low connectivity, low interaction and low interdependency.

279. Connectivity is the immediate constraint within DLT, but also with its related agencies and industry enterprises. For engaging stakeholders, assessing situations and formulating programs, there is immediate need to understand and analyses the field of organizations and interests already linked to DLT by data needs, regulations, contracts, services and inter-agency committees.

Figure 6.2 Functional Capacities Required for DLT

- ***Capacity to engage stakeholders***
  This category relates to the capacity to engage and build consensus among all stakeholders. It pertains to all relevant public and societal agents, as well as external partners. It includes the capacity to:
  - Identify, motivate and mobilize stakeholders;
  - Create partnerships and networks;
  - Promote engagement of civil society and the private sector;
  - Manage large group processes and open dialogue;
  - Mediate divergent interests;
  - Establish collaborative mechanisms.

- ***Capacity to assess a situation and define a vision and mandate***
  This category refers to the capacity to fully understand an operating environment and develop and articulate a vision or goal informed by the objectives to be achieved. It includes the capacity to:
  - Access, gather and disaggregate data and information;
  - Analyze and synthesize data and information;
  - Articulate capacity assets and needs;
  - Translate information into a vision and/or a mandate.

- ***Capacity to formulate policies and strategies***
  This category includes the capacity to:
  - Explore different perspectives;
  - Set objectives;
  - Elaborate sectoral and cross-sectoral policies;
  - Manage priority-setting mechanisms.

- ***Capacity to budget, manage and implement***
  This category includes the capacity to:
  - Formulate, plan and manage projects and programmes, including the capacity to prepare a budget and to estimate capacity development costs;
  - Manage human and financial resources and procurement;
  - Set indicators for monitoring and monitor progress.

- ***Capacity to evaluate***
  This category pertains to the evaluation of progress to ensure performance, learning and accountability. It includes the capacity to:
  - Measure results and collect feedback to adjust policies;
  - Codify lessons and promote learning;
  - Ensure accountability to all relevant stakeholders.

Source: UNDP Practice Note on Capacity Assessment and Capacity Development, 2008. See also UNDP Capacity Assessment Methodology User's Guide, 2007; and ADB Practical Guide to Capacity Assessment in a Sector Context, November 2011.

6.2 COORDINATION AMONG STAKEHOLDERS IN LAND TRANSPORT SECTOR

280. Figure 6.3 presents the structure of interactions within DLT and with other units of government, industry and community. The next step is to detail the links with information about the items of flows along each link, the volume (quantity) of flows, the means of transmission, the frequency, the transformations of data at the nodes (units), and the persons responsible for making things happen at nodes and along links. This tool has not been taken up by DLT, perhaps because it requires a kind of objectivity in perceiving the DLT organization which is new to most staff, and which gives a degree of exposure which is unusual in the working culture. However, the newly established ITS has made a first draft of what is moving, or according to regulations, should be moving, between sector units (see Figure 6.4).

281. There is reluctance among DLT leaders to do the engagement and coordination as implied in these diagrams, perhaps because 'engagement' requires a step by step negotiation to decide and to implement 'protocols' among agencies, about who does what to make the inter-agency actions happen, and who has responsibility to make the interactions well-informed, well-prepared and effective. In this work culture, such negotiation is loaded with sensitivities about confidence, trust, competition, relative status, hierarchy, control, power relationships, and the risks of error and discomfort which are perceived, by most staff, as being 'high' and 'severe'.

282. The small steps provided by TA, such as workshops and working groups, have not been enough to build adequate engagement and better cooperation in cross-agency assessment, decisions, planning, implementation and follow-up. One reason seems to be that DLT is one or two levels too low in the Government hierarchy to feel empowered enough to initiate and lead the interactions, so perhaps a first part of a solution is for GDT to take the leads, and later delegate to DLT. Thus the TA proposes the strengthening of planning, data management, information and liaison as a service inside GDT. One of the key reasons is that structural proximity to the GD leaders will raise the type and frequency of data and reports demanded by GDT, MPWT and other agencies; and that demand will exert a positive force on motivation and capacity development.

283. A second part of a solution is to focus CD support on the DLT staff who are most involved in the existing inter-agency committees, as in NTTCC for CBT, NRSC for Road Safety, the legal team supporting the Council of Ministers, the MPWT team for managing road sector, and provincial liaison. The skills and practices required include the envisaging of process, interpretation of statutory duties to programmed actions, making work plans, timeframes and delegations, defining objectives and outputs, and setting up methods of supervision, monitoring, evaluating and reporting.

284. However, from TA experience, the relevant staff are not concerned, not motivated and not compelled to lift their performance and take leadership in their respective duties, nor do they have the time to invest in learning, refreshing or practicing new techniques. The TA recommends that any future support be managed at GDT level, with clear directions, work plans and explicit monitoring by GDT level, thus providing some hierarchical compulsion and supervision.

Figure 6.3 Main Lines of Interaction and Data Sharing by DLT Offices

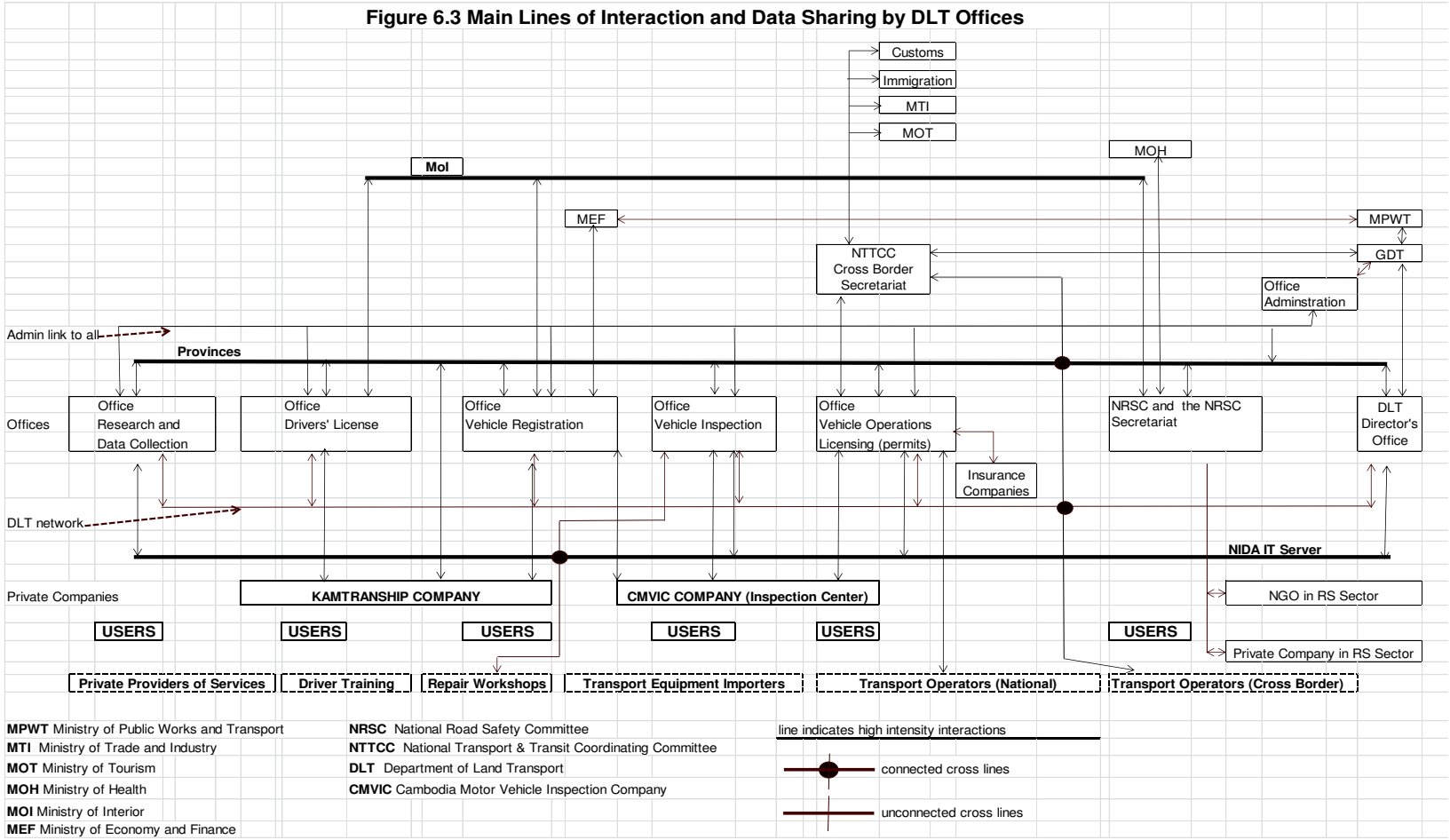
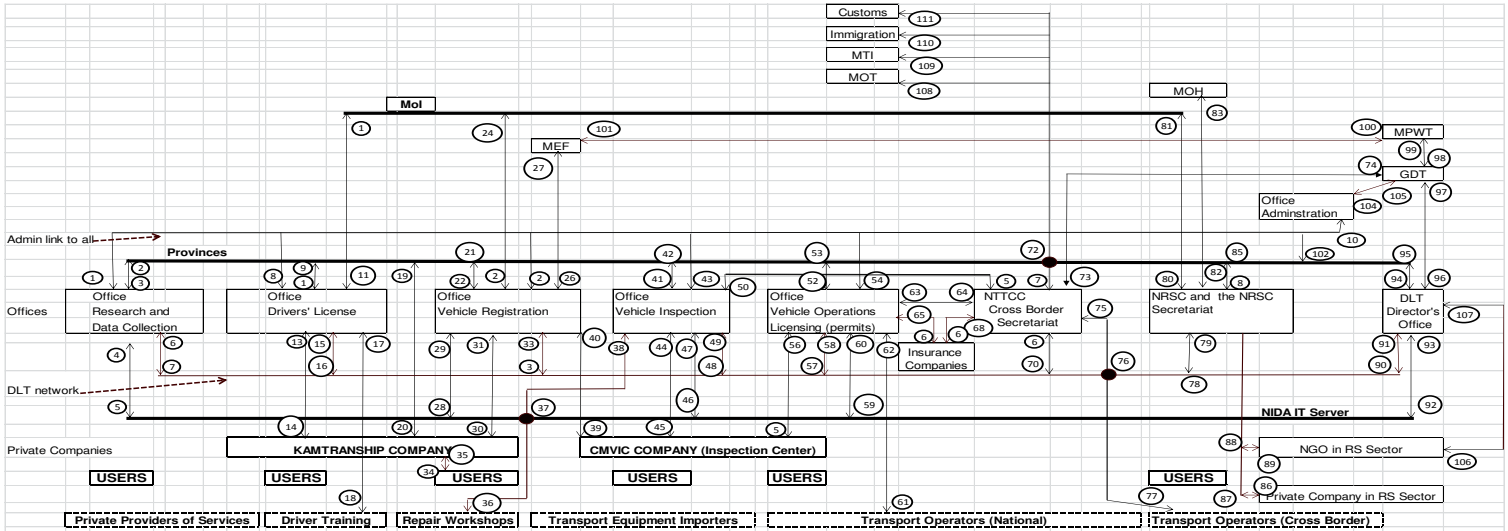


Figure 6.4 Flows of Information (Draft June 2013)



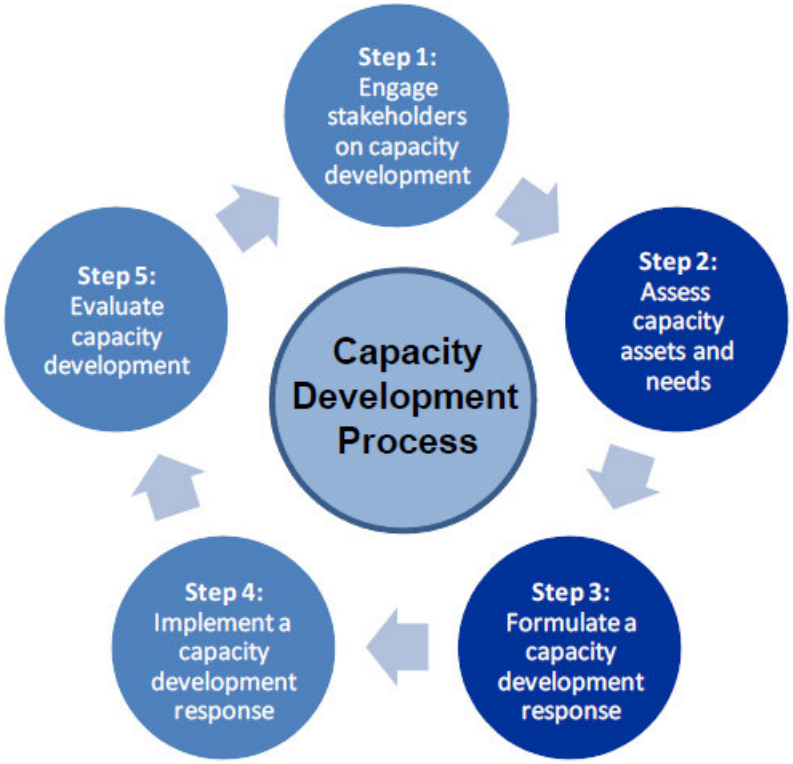
1	Monthly, Annual Statistic Data	21	share data and transfer owner	41	Inspection vehicle reporting	61	Issue letter to national operation transport	81	Request to collect road crash data,Statistics
2	Monthly, Annual Statistic Data by sc	22	Registration data in hard, soft	42	Share data	62	Request for national transport operation	82	Road crash data in hard copy
3	Monthly, Annual Statistic Data by sc	23	Checking owner info. When crime	43	Get application form and submit revenue	63	Permit cross border transport	83	Request to collect road crash data, Annual r
4	Monthly, Annual Statistic Data	24	Owner vehicle information, Monthly	44	Inspecton vehicle report of each vehicle	64	ferring data report cross border data operati	84	Report
5	Creat own sever	25	Get application form	45	Application form	65	issue insurance for vehicle to operation	85	Annual report, budget training
6	Monthly, Annual Statistic Data	26	Import Tax stamp, Transfer Tax st	46	Update information and store data	66	request for insurance information	86	Cooperation Education
7	Share data to all office	27	Import Tax and Transfer Tax paym	47	Monthly report on inspection	67	insurance for vehicle to operation for coss bo	87	Cooperation Education
8	Get application form and Submit rev	28	Store data	48	Monthly Report, Request Approval in BE format	68	request for insurance information	88	Cooperation Education
9	Technical support on driving license	29	Monthly data	49	Inspection data approval	69	approval	89	Cooperation Education
10	Report of driving license	30	Registration data in excel format	50	Request inspection vehicle for CBT request	70	Report cross border data	90	Manage and approval
11	Checking alias card, crime	31	Vehicle Registration Card	51	Ferring data Inspection cross border transport infor	71	Vehicle Import and Transfer Tax	91	Monthly, Annual report, data to approve
12	Monthly report	32	Approval request, Report of regist	52	Monthly report	72	CBT License information	92	Get data
13	License Card	33	Approval	53	Technical Advise	73	approval	93	Technical Support Infrequently
14	Data	34	Provide Driving Test	54	Application form, Blank Permit paper and submit re	74	report the new register for CB	94	Monthly, Annual report
15	Approval	35	Do Driving Test	55	Request vehicle to inspection	75	Request for CB Operation	95	Technical Advise
16	License data information	36	Manage and Provide Operation Lic	56	Inspection report	76	Report	96	Approval and advise
17	Request for driving test report	37	Store data	57	Monthly report, Submit operation information	77	Permit cross border transport letter	97	Request for approval, Monthly and Annual re
18	Driving test result	38	Request for Operation License	58	approval	78	Monthly report, crash report , Training data,	98	Request
19	Driver License Card, Vehicle Regist	39	Should no have link here	59	Store data, checking operation number	79	Data training	99	Approval
20	Data to print Driver License Card	40	Should no have link here	60	Technical Support Infrequently	80	Road crash data in hard copy	100	

6.3 CAPACITY DEVELOPMENT STRATEGY (CDS)

6.3.1 Forming a Strategy

285. Taking in the various assessments, needs and feasible solutions, the DLT and TA drafted a strategy which follows a simple process (Figure 6.5), with a critical link from the evidence-based evaluation of activities, to the next cycle of engagement, with updated assessment of needs and modalities of response.

Figure 6.5 Envisaging the Capacity Development Process



Source: UNDP Practice Note on Capacity Assessment and Capacity Development, 2008

286. In any future institutional reform and restructuring project, the recommended CDS for DLT has three essential conditions:

1. the Project Director and Project Manager will be based in GDT;
2. a monthly monitoring report to MPWT will be published online;
3. component managers (Directors, Deputy Directors and Chiefs of Offices) will complete, with certification, an approved course of not less than one month, on "Leadership for Managing Change".

287. The TA operated on the **assumption that its external support would be the catalyst for internal changes.** This was only partially realized in practice, because the leaders and staff of DLT remained comfortable in their situations, and were not sufficiently motivated or compelled to make the actions and decisions to exploit opportunities of the

TA. DLT held to the expectation that external support would ***deliver changes***, which DLT would then fashion to its existing work culture, power relationships and interpersonal and inter-agency interactions. To reduce the risk in that assumption for any future support, the CDS includes weekly and monthly monitoring (see Annex 11, Monitoring of Transition Action Plan) and quarterly review, based on certain indicators of commitment and progress, which will guide decisions on the rate and kind of continuing external support in the subsequent Quarters.

6.3.2 Components of a Strategy

288. The **external factors** can be summarized as:

1. Equipment, tools, hardware, software – which must be supplemented by internal inputs, such as adaptive management and supervision, guidelines, manuals and checklists;
2. Training, mentoring, coaching, piloting - which also must be supplemented by internal inputs, such as commitment of time, uptake and application of training, receptive and adaptive management and supervision, and monitoring of changes in HR attitudes and capacities.

289. The internal factors are mainly:

1. Leadership (see text box); and
2. Management; which together must attend to:
3. Organization, structure, development and adaptation of their resources;
4. Processes, rules, laws, standards and procedures for the organization; and
5. Cooperative and coordinated relationships and sharing with related agencies.

290. The TA has again shown that the efficiency in making institutional and operational changes, the smoothness or disturbance during changes, the effectiveness of changes and the sustainability of changes depend very much on the ***quality of leadership*** of key staff in the organization.

> Leadership
>
> Leadership is the ability to influence, inspire and motivate people, organizations and societies to achieve - and go beyond - their goals. An important characteristic of good leadership is the ability to anticipate (sometimes catalyse), be responsive to and manage change to foster human development. Leadership is not synonymous with a position of authority; it can also be informal and manifest itself in many ways and at different levels. Although leadership is most commonly associated with an individual leader, from a village elder to a country's prime minister, it can equally reside within a government unit that takes the lead in implementing public administration reform, or in large social movements that bring about society-wide change.
>
> What aspects of leadership are important across these different levels? A key determinant of leadership is whether it is able to rally others around a common goal. Does it have the capacities to create a vision and manage implementation of this vision? Does it set the example for ethical conduct?

Source: UNDP 2008: Practice Note on Capacity Assessment

291. In this work culture, performing well according to constant procedures and standards is not the main factor in leadership. The apparent quality of leadership, and the opinions and respect of colleagues and staff, depend very much on the relative status and hierarchy

of the assigned leaders, and on the personal relationships which they have, or expect to have, with higher level leaders.

292. These considerations lead to a choice of emphasis in the CDS:

Option A: Technical Competencies

293. The strategic emphasis here is on building up the understanding and skills of the staff working on the DLT services and tasks, and the material conditions, so that they can perform well regardless of the trends in leadership in DLT, GDT and MPWT.

Option B: Organizational Reform

294. The strategic emphasis here is for external support to change the enabling environment, regulations and procedures, thus creating a new context and new priorities to which the DLT staff and leaders must respond.

Option C: Leaders' Empowerment

295. The strategic emphasis here is to concentrate on developing a cadre of well skilled and widely exposed leaders, who will gradually form their own visions and agenda, and select and/or train staff who will help them achieve those aims, and will provide the demands, resources, direction and supervision to make the DLT more productive.

296. For any future support, the MPWT and GDT must make an explicit appraisal of 'best strategy', which must include an evidence-based appraisal of assumptions and risks. From its experience, the TA recommends more 'weight' or attention to Option A, so as to energize the functional staff and enable them to have more satisfaction from the job, more efficiency / productivity, hence less pressure and fewer errors.

297. The main difficulty with Option B is that its realization and effectiveness depend heavily on the existing leaders and work culture to make the changes in the organization, institutional framework and human resources. In practice, some of the necessary changes might take five years or more. However, the TA recommends the more direct and culture-changing strategy of moving the core business functions of DLT to contracted enterprises, controlled by the CMU of GDT (as in Figure 3.2).

298. Option C represents the approach of modern private enterprises, which employ highly motivated managers to create and implement responsive business entities. In government and ODA practices generally, this approach through leaders has been expensive and ineffective, mainly because:

1. The component is usually cut off too early, because leaders and managers overstate their competencies / understate their real needs;
2. Leaders and managers are in a position to take the benefits of special attention and services, without being compelled to achieve changes in their operating and improvements in the performance of their units.

299. From experience, TA recommends for any support to DLT a weighting of attention and resources in capacity assessment, capacity development and training as:

Option A: functional competencies	65%
Option B: enabling environment	25%
Option C: leadership cadre	10%

6.4 CAPACITY DEVELOPMENT PROGRAM AND CONDITIONS

300. The RSMDP (Chapter 10, below) proposes an overall strategy of:

1. Reduce Constraints,
2. Do Internal Reforms, and
3. Accomplish Gradual Restructuring.

301. Thus the early attention to **equipment**, tools, hardware, software and connectivity is intended to reduce the negative factors which physically and mentally affect the performance and the work environment. There is a very real risk that leaders and staff could take the 'windfall', and, in the absence of objective monitoring of changes, assume / pretend that things have improved.

302. But collective improvement will not be realized, even from updated IT designs and good standard equipment, unless the DLT can achieve:

1. Commitment and coordination of staff and leaders,
2. Assertive management that takes ownership of innovations and the responsibility to make them successful, and
3. Routine supervision with updated skills, guidelines and manuals.

303. **Training** is mentioned above as one of the 'external' factors, because there is negligible structured or ongoing training in DLT, so there is a need for a boost by external resources. To overcome the inertia of old systems and the attitudes and practices of the work culture, and to make time and attraction among the DLT people who believe that they are too busy to learn, external change agents, methods, knowledge, skills and measuring must be brought into DLT.

304. Because of the prevailing expectation that ***change can be delivered*** into DLT, there is a risk of passive acceptance of training, without the staff and leaders' positive adoption and exploitation of the opportunities and results. Hence the following **requirements** are **preconditions** for the next part of any CD program.

1. Careful selection of participants,
2. Careful matching of needs and training solutions, and
3. Close monitoring of the quality of training events,
4. Evaluating participants' involvement and benefits,
5. Applications of what has been gained,
6. Development of the careers of individuals
7. Measuring change in the collective capacity of the work units, and
8. Objectively determining how to improve the next CD activities.

305. More comprehensive analysis is required for guiding the design and preparation of DLT leaders and staff for Phase 3 training and coaching, which will involve major structural change, and leaders able to work as managers of outsourced contracts. The TA has completed a review of processes and tasks in each office of DLT; but future work must assess the staff available and actually working on those tasks, the staff required to

accomplish those processes with efficiency and accuracy, and the replacement, transfer or addition of staff.

306. This analysis of processes and tasks requires more evidence and detail on:

1. The current ways of decision making and use of time,
2. Possibly improved ways of decision making and
3. Ways of ensuring the implementation of decisions;
4. Authority and delegation arrangements and habits; and
5. Staff (HR) development planning and appraisal systems.

307. Once the relevant processes have been clearly identified and reviewed with each involved staff, the DLT and any future support can implement these prerequisites for accurate and effective targeting of training in management, supervision and technical quality across the core services:

1) Update diagrams of structures and processes for each office (Annex 8),
2) Detail the procedures (who does what, when, where, why and how),
3) Detail the staff (who) and equipment requirements (what),
4) Make changes to acts/codes/rules and practices,
5) Update procedural manuals,
6) Arrange for training in new operations.

308. Training and coaching for improved leadership and managing must proceed even while the further analysis is being done in Phase 3. The main reason is that competent and committed leaders and managers are required to take ownership and initiative in:

1. Internal reforms and steps towards restructuring. Immediate needs are in **organization** of ITS, RDCO, the secretariat for NTTCC, and the secretariat for NRSC (to prepare for evolution to Department of Road Safety).
2. Much closer and more consistent **cooperation** and coordination within DLT, and with related agencies.
3. Specifying work **processes** and data flows to better serve new structures and cooperation,
4. Taking responsibility to negotiate understanding and consensus amongst all the staff and stakeholders affected.
5. Preparing the staff and resources to implement and enforce the laws and amendments which are now being processed by Government entities.

309. The greater competence, ownership and involvement of leaders and managers must extend to consistent **supervision and monitoring** of staff, of commercial contractors and of services at Provinces. These basic management functions are required to exploit the opportunities from external support, but also t***o inform Government, the industry and the community that continuing support to DLT is justified by improved performance and changes achieved.***

6.5 METHODS AND IMPLEMENTATION

310. For future support, the TA proposes that an experienced Cambodian provider of training and coaching in Government service agencies be contracted to:

1. Negotiate the role with GDT and DLT
2. Update the strategy and priorities
3. Design the specific activities in the work units (offices and secretariats)
4. Negotiate the targets for improvement
5. Negotiate the means of monitoring and evaluation
6. Appraise performance and decide about a continuing role in Phase 2 and 3.

311. A Draft Training Plan is shown as Table 6.2. The staff at DLT number about 80; the number requiring immediate training is around 30; the number for the comprehensive program in Phase 3 will be around 20 in leadership and management, plus about 30 in various skills and processes. The numbers of Province staff to be added to these estimates have not been assessed; but around 50 persons seem to be a reasonable estimate.

312. There is a big challenge to elucidate the actual working time demands, plus the 'too busy' subjective responses, in order to fit the training and coaching into the typical working week. The approach to programming includes:

1. Immediately boost the staff's competence and confidence in using computer and web-based functions of DLT and technical learning programs;
2. Because of the low interest and the habits of apathy and passivity, trainers must rely on demonstrations, discussion and computer-based practice, followed by repeat demonstrations;
3. Establish a weekly cycle of training, including practical tasks to be monitored;
4. Supplement the weekly cycle with less formal coaching and mentoring, to fit the availability and interest of staff;
5. Consult leaders and managers to assess the effects of training and coaching.

313. The training provider should be required to include **industry specialists** in the demonstrations and discussions – such as counterpart officials from ASEAN transport departments, leading officials from Provinces, technicians for vehicle inspection and repairs, inspectors for driving schools, cross border operators, customs and immigration, and (traffic) police and prosecutors.

314. The main target for the specialists is to activate and challenge the **leaders** of DLT and GDT (about 15 persons). The whole strategy of improvement, and the approach and methods of the Training Plan, depend very heavily on the commitment, time, direction and supervision of the Director, the Deputy Directors and the Chiefs of Offices.

315. This leading group, with or without more external support, should be required to build up a **monitoring process** to include all offices and some Provinces, and agree on indicators of progress, impacts and success, to properly resource the monitoring, and to review the data each week. DGT should provide to MPWT a weekly summary from the

monitoring, to be sure that the investments are being effectively used by DLT. A simple process is being piloted for the Action Plan in the Transition extension period (Annex 11).

6.6 ROAD SAFETY SECTOR (RSS) CAPACITY DEVELOPMENT

6.6.1 Road Safety Sector Training

316. Road Safety Sector is significantly different from the scope, objectives, stakeholders and resources of other functions and offices in DLT, in the sense of being a communal service which cannot be purchased by any single user or actor, and whose outcomes cannot be determined by any one actor or group. Like the RDCO and the NTTCC secretariat, it does not generate revenue for DLT or RGC. Its outputs are from a varying combination of regulations, actors, resources, events and interest groups, across all levels of society. Non-state actors, and non-transport sectors such as Education and Health, have a major role in policy, priorities, resources and methods.

317. Despite the drafting of a National Policy and a National Action Plan, the directional authority from the chair of NRSC appears to become fragmented and compartmentalized as it is taken into the participating offices, provinces, the community interest groups and NGOs. Some staff believe that the main factor is the lack of a reliable budget across the RSS; some believe that the various agencies have very different levels of commitment to a common program and priorities. Both opinions lead to the solution of forming a department to take overall management on behalf of the NRSC as the directors, while still taking in the diversity of ideas, resources and methods of promoting road and vehicle safety.

318. With support from several donors and government agencies, the NRSC Secretariat has produced a summary (December 2012) of training needs and an indicative program and budget (Table 6.1). Recognizing the lack of time for action under the TA, the most needed part required for 2013 is shown in Table 6.2.

Table 6.1 Indicative Training Program (based on December 2012)

#	Training topics	Expected results	Participants, by Office	Priority 1 2 3	Kind of training	No. of Ptcpts	No. of courses	Start YYMM	Duration (days)	Jan	Feb	Mar	Apr	May	Jun	Jul-D	Expert Costs $	Venue	Logisti cs $	Materials
1	Leaders' Strategic Seminar	Guidance of DLT and partners to build on DLT's strategic plans	GD DDG MOF MPWT	1	Workshop	25	1	1302	1	1							500	Hotel …	500	MPWT Master Plan; DLT Business Plan;
2	Leaders' Strategic Seminar	Comments of related parties on draft strategic plans of DLT for revision	GD DDG MOF MPWT	2	Workshop	25	1	1304	1				1				500	Hotel …	500	MPWT Master Plan; DLT Business Plan
3	Problems Analysis for Managers	Knowledge of technique	Working Grp	3	Presentation & practice	25	1	1302	1		1						600	DLT	200	Module of Planning Manual; Case studies
4	Job and Functions Analysis	Knowledge of technique	Working Grp	3	Presentation & practice	25	1	1303	1			1					600	DLT	200	Module from HRD Manual; case studies
5	Workshop on design of organization	Agreement on principles of design, and a working example for DLT	DLT W. Grp, Dept Heads	3	Workshop	25	1	1305						1			600	Hotel …	800	Examples from SOEs and Companies
6	Experts from ASEAN	Experience from counterparts to DLT	DLT Leaders	1	Practice	7	2	1303	7	1							2,000	Visits	15000	Course at AIT
7	Computer Users	Improve capacity for staff	DLT staff	1	Training	25	1	1302	5		1							DLT	500	IT Document
8	IT Training	IT Management	DLT staff	1	Training	5	1	1303	30					1				DLT	3000	IT Document
11	Asset management	basic understanding on asset life cycle, management method, recommendation of DLT asset management	Staff from planning, project and accounting	2	Presentation	25	1	1306	1						1		2,000	DLT	500	CDs and manuals
12	**B. Finance Training**																			
14	Basic knowledge on financial management	Improve Knowledge of Finance Staff	Finance and General Affairs Office (GDT))	2	Presentation	7	1	1309	2							1	2,600	DLT	780	Finance System Manual
17	**C. Legal & Regulatory Frameworks**																			
18	Regulatory Processes and Impacts	Basic understanding of regulatory processes and ways to create legitimate impacts on it	Managers and staff of planning and personnel depts	2	Presentation	25	3	1310	2							1	2,000	DLT	500	Regulation Documents
22	**D. Institutional Program**																			
23	Technical Training on Calibration	Upgrade Quality of Inspection Standard	DLT Staff	2	Training	7	1	1312	10							1	10000	DLT/ Overseas	10000	Equipment & Documents
24	English Training	Improve Communication and Writing	DLT Staff	3	Training	40	3	1402	180								16,000	DLT		Materials & Documents
Total																	**37,400**		**32,480**	
Grand Total																	**69,880**			

Table 6.2 Road Safety Sector Training, High Priority, 2013

No.	Training Topic	Participants	Priority 1. 2. 3.	Persons	No. of Courses	When to start?	Duration
1	Road Safety Program	Road Safety Officers of DLT (RSO)	1	15	1	2013 Feb	3 days
2	Planning & Budgeting	NRSCS and Partners	1	10	1	2013 Feb	3 days
3	Road Safety Education	RSO and Partners	1	15	1	2013 March	3 days
4	Road Safety Auditing	RSO and Partners	1	15	1	2013 May	5 days
5	IT Training	Secretariat NRSC officers	2	6	1	2013 Mar-May	10 days in 2 months
6	English	Secretariat NRSC officers	2	5	2	2013 Jan-April	Course 3 mths

319. The initial part of the RSS Training Program gives most attention to the cadre of road safety officers in DLT. It has the purposes of sharing information on policies, law and regulations, an action plan, management of the sector, and field practices of DLT staff (and possibly MOI-Police). The expected outcomes of this initial training program are:

1. Understanding the purposes and priorities of the NRSAP
2. Able to negotiate and construct a budget raising plan for the NRSCS
3. Understanding the strategy and content of the education program of road safety
4. Understanding the scope and purposes of audits, and able to collect data such as: road crash report, vehicle registration, vehicle inspection, driving examination, and analyze causes of accidents

320. Able to use basic IT systems in technical and administrative matters.

6.6.2 Development of Road Safety Sector Capacities

321. It is widely assumed in DLT, GDT and MPWT that RSS will be better managed by means of a dedicated department. Annex 2 shows the step by step process for creating a Department of Road Safety (DRS). The first approach by DLT to MPWT, of seeking approval to make a submission, has been resubmitted as a request to make the Prakas by which to establish DRS. The newly appointed GD of GDT has been encouraged by MPWT to proceed (as in Figures 3.1 and 3.2, above), but the timing of approval cannot be forecast.

322. However, the need to improve capacity and coordination in RSS cannot wait for institutional reforms. Annex 3, derived from the NRSAP, shows detailed steps and description of content in the seven 'pillars' or components of RSS capacity building, and Table 6.3 below, summarizes the pillars and the wide range of issues and factors in increasing capacity and coordination of all efforts.

323. Both documents focus on the changes and roles of DLT units, not on other agencies which are also contributors to the overall development and sector outcomes. In the preparation of the draft Prakas to Government for forming a DRS, there should be more careful appraisal of delegating or out-sourcing of some pillars or parts of pillars to more specialized entities, to be controlled by the CMU of GDT. Road user behavior, education,

health care and enforcement are possible candidates for delegation. Such issues were mentioned but not explored in the workshop on road safety management, on 7th May 2013.

324. The NRSC agenda is long and detailed; however it is possible and efficient to start on those pillars and actions which are most directly ***within the powers, functions and resources of DLT***. These are in Pillar 1: Management, Pillar 2: Infrastructure Auditing, Pillar 3: Vehicle Inspection, and Pillar 7: Driver Licensing. The attention to Pillar 4: Road User Behavior, Pillar 5: Post Crash Care, and Pillar 6: Law Enforcement – each of which depend heavily on cooperation with and performance by other departments and agencies - will follow later from the strengthening, confidence and better organization of DLT staff and offices.

6.6.3 Monitoring of RSS Development

325. Such a broad and important program of HRD, negotiations and investment for the NRSAP requires high quality monitoring, including surveys, interviewing, and questionnaires about pre and post activities, and about the quality of cooperation and impacts on users, relative to the resources allocated. The system of monitoring can be set up, as a ***prerequisite*** for any subsequent external support, by the existing NRSC Secretariat at DLT, which includes 18 staff and the services of a Deputy General Director, a Director and two Deputy Directors.

326. Monitoring and evaluation must include:

1. Assessment of the impact of the RSS Training Program of DLT
2. Assessment of whether any adjustments are necessary
3. Assessment on whether the training events are well executed, well supported by leaders and well exploited by staff
4. Assessment on execution of the NRSAP
5. Assessment on the office facilities, their adequacy and exploitation.

327. Some of these functions are now the responsibility of units under GDT, but a more corporate, reformed, re-equipped, re-oriented and re-motivated DLT should take such functions into its own management, supervision, reviewing, decision making and adaptation.

328. Initially, the office can be staffed by assigned persons with relevant experience, skills and interests. The TA has proposed to work with DLT to develop job descriptions, resource needs and budgets, but the DLT has shown no interest, and continues to perform corporate functions informally.

329. **In summary, Chapter 6:** the needs for capacity building have been well established by the TA and other agencies of RGC; and the ways and means for priority interventions have been described in this Chapter, as well as in Chapters 3, 4 and 5. The draft training program is quite full, and is well beyond the uptake capacity of DLT leaders and staff in their current modes of operation, and with their belief that they are too busy to invest in capacity development.

330. The CD program can be extended over time in the proposed new project, as shown in the RSDMP, in Chapter 10. More important than time considerations, the critical factors for uptake and effectiveness of CD are:

1. The quality of leaders (to organize, priorities, motivate, supervise and adapt),
2. The attitudes of staff towards the new opportunities and expectations, and
3. The commitment and cooperation to monitor and measure the responses, to obtain objective measurements on which to decide the pace, types and quantities of any future support.

331. Training and CD can be expensive in time and money, and can often be inefficient in relation to organizational performance, most commonly because there is a disconnect between the trainees, the content of training, and the ways and time of applying new knowledge, attitudes and skills. The TA recommends that initial training concentrate on maximizing the use of more reliable and connected IT systems; and that a more comprehensive program of CD should be designed and implemented as part of the transfer of business units to outsourced contracts.

Table 6.3 Development of Road Safety Sector Capacities (in 2 pages)

Office	Elements	Actions to be taken	Comments, Purposes
Pillar 1: Road Safety Management			
Road Safety Sector	HRM	Re-enforcement on working policy	Tracking hours, action plan, and quality control
Road Safety Sector	Capacity Building	Provide training on road safety program	Be able to construct reliable road safety action plan and have a well cooperation with related institutions on road safety implementation
		English language training	To improve communication at workplace
Road Safety Sector	Funding and Resource Allocation	Keep strengthening national budget and seeking for fund raising support from transportation company, development partners, to ensure sufficient funds for action plan	To raise up action plan and to propose plan to development partners and organization both local and international
		Provide training course on fund raising for sponsors for road safety plan	Able to construct budget planning and supported funds for road safety plans
Registration, Inspection, Licensing, RDCO, RSS	Accident tracking data system	Strengthening on data collection from related ministries and offices, which related to road safety to input it on time and quality	Be able to analyze the causes and factors of road accident efficiently
		Provide computers and IT network support	Require to use new technology
		Provide training on IT system such as SPSS Access, ARG GIS, Web Development, Advance Excel	To increase productivities
		Connect fast speed internet, which cause stability in job practice	To increase productivities
Road Safety Sector	Research	Provide training on risk and traffic research accident	To understand the cost of economic that cause by traffic accident
Road Safety Sector	Monitoring and Evaluation	Strengthening on producing report and performance evaluation, 3 months and yearly.	Be able to understand current update situations, performance, and future plans
Pillar 2: Safety Infrastructure			
Road Safety Sector	Check, follow up and evaluate	Provide Road Safety evaluation and road safety auditing procedure	To observe and fix the black spot
		Conduct Road Safety Evaluation and Auditing training course	Be able to conduct road safety auditing
Pillar 3: Vehicle Inspection			
Vehicle Inspection Office	Vehicle Inspection	Strengthening vehicle inspection by applying MPWT standard	Apply Article 48 of Traffic Law on driving license effective date and vehicle technical safety auditing
			Traffic Law - Article 54 on trucking weight control and vehicle size control
			Prakas 532 BKSK/09.03.2000 on standard vehicle checking and Prakas 313 BKSK/07.03.2004 on heavy truck must equip safety barrier
		Regular check on the right measurement of inspection equipment	To improve on auditing quality and measurement
		Provide technical training on vehicle inspection	To understand and using vehicle inspection equipment in with quality method
	Data Input	Strengthening on data input vehicle inspection into computer system	Require new technology
		More computers and updated equipment with new network and technology	Require new technology

Pillar 4: Road Safety User Behavior			
Road Safety Sector	Check, follow up and evaluate	Strengthening on checking, follow up, and evaluate road safety user behavior	To understand road user risk behaviour
		Conduct training to vehicle drivers and truck drivers on Risk of speeding, drunk driving, helmet using, seatbelt wearing, and over weight limit	To educate road users with responsible road usage
Pillar 5: Post Crash Care			
Road Safety Sector	Emergency Rescue	Strengthen emergency rescue for victims, who far distance from hospital	Reduce fatality rate due to hospital distance from acciden
		Create and train volunteer rescue team	To improve volunteer rescue team knowledge
		Introduce people to know the about nearest hospital and emergency contact	Educate accident victim on energy rescue method
Pillar 6: Law Enforcement			
Road Safety Sector	Check, follow up and evaluate	Strengthening traffic law practice	Understand quality & quantity of road user after practicing
		Conduct traffic law training to traffic police officer	To have a quality practice on traffic law
Pillar 7: Driving Licensing			
Drivers' License Office	Driving Schools	Strengthening traffic law teaching method	Implement Prakas 399 on controlling driving school
		Strengthen driving license test by updating new laws and process	
		Training to driving instructors on new laws, procedures and regulations	To improve instructors teaching qualities on new laws and
	Examination Center	Strengthening quality exam process	Improve driving license quality
		Strengthen field driving exam practice, to MPWT standard	
	Driving License	Provide driving license in a short period with no any delayed	Improve customer service
	Change or update driving license	Renew driving license by re-conduct health check, especially vision	Improve driving license quality and efficiency
	Data Input	Equip with modern technologies and network system	Require updated technology

7.0 TRANSPORT SECTOR INSURANCE

7.1.1 Current situation - The insurance requirement

332. At present, Cambodian law requires that specified vehicles be insured for third party liability (that is, liability to other parties arising from a traffic accident). Under Article 36 of the Insurance Law 2000, a commercial vehicle owner/operator[21] must buy insurance from an insurance company for liability for loss or damage to third parties arising out of operation of the motor vehicle. This liability extends to passengers (Article 39).

333. Further detail is provided by Article 31 of Anukret On Insurance (No. 106, 20 October 2001), which provides that the following motor vehicles must have third party liability insurance:

1. Motor vehicles used for commercial purposes, transporting goods, passengers and tourists within the country;
2. Motor vehicles belonging to companies, enterprises and factories;
3. Motor vehicles of non-government organizations, international organizations and associations;
4. Cement mixers (including those that are towed);
5. Tricycles used for commercial purposes, transporting goods or passengers.

334. Details of this obligation are set out in the Inter-ministerial Prakas on Compulsory Motor Vehicle or Third Party Liability Insurance (No. 633, 16 October 2002)[22]. This Prakas specifies the minimum amount of insurance required – for a four wheel vehicle, this is, for personal injury or death $5,000 per person and $25,000 per occurrence; and, for property damage, $10,000. Reduced amounts apply for vehicles with fewer than 4 wheels.

335. As might be expected with a legislated insurance coverage amount, a decade after the making of the Prakas it appears that the cover is not always sufficient, particularly in relation to serious accidents. This appears to be self-evident in the case of serious personal injury, for example serious spinal injury, where the ceiling is $5,000. In a system in which court process are rarely invoked, the ceiling is likely to be operating as a ceiling on the amount of payment by way of out-of-court settlement. If so, recovery by injured persons will rise only if i) court processes are more widely invoked, the courts make larger awards and defendants (negligent drivers and their employers) pay the amounts which are ordered to be paid, or ii) the legislated ceiling rises, encouraging a higher level of out-of-court settlements by insurers.

336. The 2002 Prakas provides for circumstances in which an insurer is not liable for losses. These include (Article 5): where the driver does not have a current and appropriate driving license, where the driver has more than 0.8 grams/litre of blood alcohol, and where the claimant is a passenger in an insured motor vehicle and the owner or driver is not

[21] It is not clear whether the obligation applies to a person who *owns* the vehicle, a person who *operates* the vehicle or only to a person who *owns and operates* the vehicle.

[22] This Prakas was made by the MPWT and the Ministries of Economy and Finance, Interior, and Tourism.

insured. It is not clear how this circumstance might arise (that is, a motor vehicle being insured but its driver not being insured).

337. These provisions appear to leave significant gaps in the protection available to injured third parties and to third party owners of damaged property:

1. unlicensed drivers: the Consultants' review of data from the Kampong Chhnang office indicates a low level of license renewal. While it is possible that this pattern is isolated to the non-commercial sector, it appears that many drivers may be uninsured by reason of failure to renew their licenses, or of driving a vehicle of a category which is not authorized by their license;

2. excess blood alcohol: the exclusion applying to accidents in which the driver has excess blood alcohol may operate as a disincentive to drivers (and their employers) that might otherwise drive while under the influence of alcohol. Their exclusion, if properly administered, is likely to reduce the number of claims which insurers are required to pay, thereby reducing cost to insurers and potentially therefore the cost of insurance premiums. However, as with any limitation to liability, the immediate impact of the exclusion will be upon injured persons and the owners of damaged property, who will be required to seek recovery from the driver or the driver's employer.

338. More fundamentally, the system is a limited one. The first fundamental limitation is that it is insurance based, so that compensation is paid to injured persons only where the claimant can establish that the insured person (or the person driving the insured vehicle) is liable to make the payment. An insurance system is based on the principle that the insurer indemnifies the insured against liability: liability arises only if the insured is shown to be at fault. The system therefore is fault-based, in contrast to more comprehensive schemes operating elsewhere (for example, in Victoria, Australia) in which injured persons are compensated without the need to show fault.

339. The second fundamental limitation is that it applies only to some vehicles – commercial vehicles and those owned by specified organizations and associations. A person injured in a traffic accident caused by an uninsured driver is left to seek compensation directly from that person. Drivers in this category may often be unable to provide compensation, lacking the backing of commercial vehicle operators.

340. The third fundamental limitation, related to the indemnification principle, is that it appears to provide no compensation to an injured driver. A person cannot issue legal proceedings against himself or herself – the system indemnifies against liability to a "third party". In legal theory, it may be possible for a driver to obtain recovery against his or her own employer: however, would not seem to be possible in practice to recover under the law of negligence based on the claimant's own negligence.

7.1.2 Resolution of Claims

341. In practice, insurers generally provide indemnity to their insured (and, thereby, compensation to third parties) if an incident is covered under the policy. It is rare for a case to go to court, although, in the absence of an official case reporting system it is not possible to be certain how many do go to court. Most incidents are eventually settled, sometimes involving the police – who may look to be compensated for any "mediation services" they provide. All accidents must be reported to the police, who are required to

make a written report and to interview witnesses so as to establish probable causes of and factors in the accident / incident.

342. Some DLT leaders believe that the main cause of non-insuring is that many vehicle owners believe or perceive that claims are both too much delayed (thus taking time of the concerned parties and down-time of vehicles), and too 'unfair' in value. "Only the rich owners and fleet operators are fairly treated," is a common comment.

343. On the other side, staff of some insurers believe that over-claiming is rampant, and that mutual mistrust in 'high', and that their biggest challenge is to build trust in the police reports and the technical assessment of causes of accidents or loss, liability and damage.

7.1.3 Duties and functions of MPWT

344. The 2002 Inter-ministerial Prakas on Compulsory Motor Vehicle Insurance or Third Party Liability Insurance confers functions on MPWT:

1. To receive notification by insurers where insurance coverage is cancelled because the vehicle owner or driver has failed to pay the premium or for some other breach of the insurance obligation (Article 7: the notification is to be sent to both MPWT and MEF). In practice, it appears that few if any reports are made, possibly because notification provision of the Prakas is not well known;
2. On granting or renewing a road transport business license in respect of a vehicle to which the Prakas applies, MPWT23 must require motor vehicle owners to produce compulsory third party liability insurance documents. If this does not occur within 60 days, MPWT is required to temporarily suspend or revoke the applicable license and technical certificate until the requirement is complied with (Article 9).
3. In addition, the Prakas has implications for MPWT's road safety function. Under Article 7, insurance companies have specified duties, one of which is "to develop education programs on traffic accident prevention". This duty, if it is performed, should be coordinated with road safety initiatives of MPWT – the insurers and MPWT should work co-operatively in pursuit of shared road safety objectives.
4. Discussions with DLT staff (June 2013) indicate that the most serious obstacle to the effective operation of third party insurance is mistrust. The perception of insured persons is that insurers do not pay, or that if they do pay the payment is not timely and is not a fair amount, with only wealthy claimants obtaining pay-outs. The perception of insurers is that insured persons often mis-claim on causes and on value. In this climate, police often become involved, possibly in an inappropriate way. Further, discussions with DLT staff indicate that DLT on occasion offers to broker settlements, but with few results.
5. Further, discussion with DLT staff indicates that DLT believes that it cannot enforce the insurance requirement (which currently applies to commercial operators) due to pressure from vehicle owners.

7.1.4 International vehicle operation

345. The third party liability scheme created by the Law on Insurance applies to loss or damage occurring in Cambodia (Article 39). It does not exempt vehicles which are in

[23] The Prakas imposes the obligation on GDT or "the Provincial-Municipal Department of Public Works and Transport" of MPWT.

transit, and therefore it applies to commercial goods or passenger vehicles, wherever registered. The major feature of the scheme – compulsory third party liability insurance for commercial vehicle operators – is consistent with the requirements of the ASEAN Scheme of Compulsory Motor Vehicle Insurance. Under the ASEAN scheme, contracting parties (including Cambodia) are required to apply the Scheme to enable "transit transport operators"[24] and "road transit transport vehicles"[25] to be adequately insured against death or bodily injuries "and/or" property damages arising from road traffic accidents in the territories of other contracting parties. Under the Protocol (Protocol 5 ASEAN Scheme of Compulsory Motor Vehicle Insurance, April 2001):

1. a road transit transport vehicle must carry a "blue card" evidencing the existence of a compulsory third motor vehicle insurance policy issued by the "National Bureau" of a contracting party;
2. each contracting party must establish a "National Bureau", to be composed of licensed insurer(s) providing compulsory motor vehicle insurance. The functions of the National Bureau include investigation and settling of claims and obtaining reimbursement from the concerned insurer.
3. The CBTA also refers to insurance requirements. Under Article 16, motor vehicles travelling to the territory of another contracting party must comply with the compulsory third-party vehicle liability insurance required by that country (Article 18 of Annex 5). Under Annex 9 to the CBTA each contracting party must verify transport operators' management capability and solvency. For the purposes of assessing solvency, an element to be taken into consideration is liability insurance cover. International transport operators must carry insurance covering their contractual liability (Article 6 of Annex 9).
4. It can be seen that international agreements deal, in some detail, with commercial passenger and goods transport. The third party insurance requirements applying in Cambodia appear to have their origin in the need to achieve compliance with these agreements. It should be noted, however, that the agreements do not prevent member countries from imposing additional requirement, nor from establishing compensation schemes which are additional to those required to apply to international road transport operators.

7.2 STRUCTURE OF THE INSURANCE INDUSTRY IN CAMBODIA

346. A competitive insurance market existed in Cambodia during the period 1956 to 1963. However, at the end of 1963 the Government bought all private shares from the insurance companies, and, from 1964, a national insurer (Societe National d'Assurance) was a monopoly insurer under the Law on Monopoly of 1964. Following the Khmer Rouge period, the Ministry of Finance issued a sub-decree (24 RNK, 20 September 1990),

[24] Defined to mean "owners, drivers and/or agents of road transport vehicles who (1) have the appropriate national permit or license to operate transport services and who have a proven compliance record to the rules and procedures under the said permit or license, and (2) are duly registered as transit transport operators by the respective National Transit Transport Coordinating Committee (NTCC)."

[25] Defined to be a vehicle used for transport of goods across the territory of a contracting party as part of a journey.

establishing Cambodian National Insurance Company (Caminco), with the rank of a Department[26].

347. Over following years co-operation by Caminco with other insurers was allowed. A Joint Prakas on Civil Insurance of Vehicle Owners was adopted in 1994 – this Prakas was the predecessor of the current Joint Prakas. In 2001 the ASEAN Protocol 5 was signed. In 2001 Caminco was established as a state owned company, with another state owned company for reinsurance (Cambodian National Insurance company [Cambodia RE]) being established in 2002. In 2003, Caminco's three agents were transformed into general insurance companies and given temporary (5 year) licenses.

348. In 2013, the requirement remains (under the Insurance Law 2000) that insurance companies wishing to carry on insurance activity in Cambodia must be licensed to do so by the regulator. The regulator is the Ministry of Economy and Finance. A foreign insurer may not carry on business in Cambodia without establishing a locally incorporated company, and insurance must not be provided by a branch of a foreign insurer.

349. It can be seen that the Cambodian insurance market has been tightly regulated. The dominant position of Caminco, which was initially a Department and then, from 2001, a state owned company, may explain some provisions of the 1994 and 2002 Joint Prakas, particularly the provision for insurers to develop road safety education campaigns. An education function may have been seen as being appropriate for a Department or a government-owned entity: it may not as suitable for private insurers in a deregulated market.

350. MEF has issued ten licenses which allow for business in the transport sector. With the rapid growth in vehicle numbers and services for passengers and freight, there is now a period of intense competition, in which it seems that four major insurers are serving around 75% of the market. Caminco is still the dominant influence in the market and may propagate government policy and standards. For the future, the TA proposes that an Insurers' Supervisory Office be created in the DLT to ensure the public interest is well served.

7.3 REFORMS NEEDED

351. The current system for compensating persons injured in road accidents is the product of its history rather than a response to current needs. It was developed at a time when there was a single, Government-owned insurer (Caminco), and it is industry based. Some indicators of this history are:

1. The coverage of the compulsory insurance requirements is largely restricted to commercial passenger and good vehicles. The scheme appears largely or entirely to meet the requirements of the 2001 ASEAN Protocol in relation to international commercial goods vehicle movements. However, it has substantial limitations in its scope. It provides no compensation to persons who are injured in an accident caused by the driver of a non-commercial vehicle or to persons injured in a road accident which is not identifiably the fault of another person;
2. Compliance strategies are, in part, industry based. The 2002 Joint Prakas requires MPWT to verify that a company is insured at the time of granting or

[26] Ministry of Economy and Finance website: www.fid.mef.gov.kh/insurance.

renewing a transport business license. The "blue card" requirement for vehicles travelling internationally (under the 2001 ASEAN Protocol) provides an indication of compliance, but only for a "road transit transport vehicle";

3. The 2002 Prakas provides for insurers to develop road accident prevention programs. This provision would be suitable for a Government Department, but is not necessarily suitable for private insurers in a deregulated market.

352. Future reform in this area should include initiatives to broaden the compensation scheme (so that it provides more equitable compensation) and to structure its requirements so that they are effective, transparent and formal.

7.3.1 More equitable compensation

353. Consideration should be given to widening the scheme in two respects:

1. First, to widen the coverage to more vehicles (ideally, to all vehicles), and,
2. Secondly, to move to a no-fault system of compensation. This would be more equitable, so that, for injured persons, it is no longer a matter of chance whether compensation is payable. Under a no-fault system an injured person would be compensated if he or she can establish that an injury occurred as a result of a road accident, including an accident caused by his or her own negligence (although not necessarily to a driver who was injured at a time when his or her blood alcohol was too high).

354. A scheme such as this, although equitable, would be expensive to administer, and it is likely that compensation amounts would be low. It would, however, address the perception of insured persons and of DLT staff that under the current system payments are available only to wealthy claimants: simplification and transparency might operate to extend the coverage of the system, even though the amount of payment available would be limited, at least until the resources are available to fund larger payouts. A third party insurance system could run in parallel, ensuring that Cambodia meets its obligations under the 2001 ASEAN Protocol.

355. A less comprehensive reform would broaden the number of vehicles for which third party liability insurance is compulsory. This reform would be justified on the basis that, with the rise in the number of motor vehicles in Cambodia and a rise in the affluence of their owners, it seems anomalous there is no legal requirement for the owner of (say) a late model luxury vehicle to have third party liability insurance. It is likely that some privately-owned motor vehicles are comprehensively insured as a requirement of loans or rental from a financial institution: if so, the anomaly is all the more difficult to justify.

356. It appears that a deficiency of the current third party compensation system is lack of recourse to the court system, especially for persons who are not wealthy. Relying on police reports provides more risk to owners, especially since the insuring companies are rapidly deploying their investigators for accident assessments.

357. If a fault-based system is to be retained, an option which should be considered is to enable resolution of claims in a cheap and speedy manner. A possible means of achieving this would be to confer some functions on arbitrators, for example, to determine liability or to quantify the amount of claims (or both). This option would require further research,

including analysis of whether court-based resolution of claims occurs in practice, and if so, how effective the courts are in dealing with disputes that are litigated.

7.3.2 Effective, transparent and formal structure

358. An important issue with a compulsory scheme is compliance and enforcement. The Insurance Law 2000 and the Angkrut and Prakas made under it address this issue in two ways. First, they facilitate enforcement by the police by requiring that stickers be displayed on insured vehicles, and imposing a duty on provincial and municipal land traffic police to examine the stickers and to take enforcement action in respect of non-complying vehicles (Article 10 of the 2002 Joint Prakas).

359. Secondly, they engage MPWT in compliance activities: on granting or renewing a transport business license, MPWT is required to verify that the operator has third party insurance (Article 9 of the 2002 Joint Prakas); and insurers must notify MPWT if an insurance coverage is terminated (Article 7), apparently so that MPWT would then take action to suspend or cancel the business registration.

360. A simpler and wider system would integrate the insurance (or, if a no fault system is established, transport accident fund contribution) requirement and the vehicle registration requirement. Under this, a vehicle owner would pay the required premium or charge as a component of the vehicle registration liability. Under this system, all registered vehicles would have current coverage, thus simplifying enforcement.

361. It is questionable whether insurers should be required to develop education programs. This requirement originated at a time when Caminco was a monopoly insurer with the status of a Department of government, and when government organizations were lacking in RSS. If insurers are to be required to contribute to road safety programs, the requirement should be formalized, so that it can be applied to any insurer. This could be achieved by requiring payment of a component of road transport insurance premiums to MPWT as a contribution to the cost of implementing the government's road safety strategy.

7.3.3 Arrangements in relation to the RSMDP

362. Most of the changes in laws, regulations, administration and supervision must be done by the licensing authority that is MEF. Some of this work could be integrated with the RSMDP, especially if the relevant business units (VRO, VIO and VOLO) are outsourced and if the Insurance Supervision Unit is developed under GDT (see Figure 3.2). The essential steps towards improving and reforming the insurance services are:

1. Verify whether transport industry operators are complying with the insurance requirements of the legislation;
2. Compare standard insurance contracts with the regulatory requirements and report to MPWT and MEF on exclusions, limitations and deficiencies of the cover currently being obtained, including the amount of cover;
3. Analyze the effectiveness of transport industry insurance, including responses to accidents and incidents by the concerned parties and responsible agencies, claim management, claim resolution and equity;
4. Work toward designing and establishing an industry accreditation scheme under which operators are provided with incentive to ensure regulatory compliance, rather than to rely on a reporting system which is not currently functioning;

5. Research, consult and consider options for extension of accident compensation, including introduction of no-fault compensation funded by vehicle registration payments and the mechanisms for funding through such payments.

363. Additional resources would be required by MPWT and MEF to advance the insurance matters, such as:

1. An Insurance Economist, for one year, to analyses the structure and behaviour of the land transport industry and ancillary services, and the statistics on demand and risks so as to advise on viability of services and possible licensing options to affect market structure
2. An Insurance Institutional and Legal Specialist, for six months, to assess the regulations and licensing required to achieve market policies of government;
3. National experts from the government and private insurance providers (intermittent over 12 months), to provide support, information, interpretation of findings and validation of options
4. a National data operator (preferably from ITS, and intermittent over 12 months) to organize and provide data series required to inform the specialists.

8.0 MANAGING AND MONITORING CHANGE AND PERFORMANCE

8.1 MANAGING CHANGE ("CHANGE MANAGEMENT")

364. Organizational change is difficult and slow: the main reasons are that leaders and staff inevitably feel risks in change, and fear the uncertainty of outcomes, both in their personal calculations and in the organization's balancing of losses, risks, benefits and distribution of benefits. The most important considerations appear to be:

1. Changes in status, which is closely associated with personal and business relationships, position in the hierarchy of government, and power and control,
2. Incomes and other gains in return for the time and effort in making changes,
3. Adequacy of job-specific knowledge and other people's perceptions of one's competence.

365. These factors are very much affected by deeper cultural values, beliefs and practices, such as obedience and deference to seniors, which in practice is shown by not asking questions by which to achieve transparency and understanding, and not showing more knowledge, ideas or competency than other employees expect in the particular position or subject. In other cultures and countries, the ideology of individual rationalism and the dynamics of capitalism have forced changes, such as in competition, merit, individualism, accountability, the impersonal and anonymous market system, more open information and decision systems, and objective measurement in work organizations.

366. So every step in making changes has to be well identified and carefully negotiated, **within a recognized mode of interaction.** Conflicts often arise when the pressure to change rubs against the common modalities concerning efforts and timing in a particular work culture, and not always because of the substance of proposed changes. Since 'the accepted modality' is usually controlled and interpreted by the elite group, it may be used often to block, deflect or dilute questions and efforts for change.

367. Change has to be managed, beginning with an exploration of an organization's mandated duties, vision and objectives, problems and solutions, analysis of the steps towards solutions, the persons responsible to make those steps happen, the conditions to enable such persons, and the arrangement of interests around the subject of the change (stakeholders' analysis).

368. The TA used three Working Groups and leaders' seminars to enable and accomplish the building of working relationships and understanding of the scope and purposes of the TA assessments, the setting of solutions and the detailing of action plans. However, this arrangement for managing change has not been well taken up by DLT, so it is mostly in these last steps to action that there has been the weakest cooperation for determining the **priority** of actions, the persons **responsible**, and the ways of **supervising and monitoring – each of which requires a deliberate commitment by individual leaders and staff**.

369. This part of planning and the making of staff commitments runs against:

1. The subjective perception of 'being too busy' to make decisions or invest in changes,

2. The cultural preference for group responsibility rather than individual responsibility,
3. The cultural imperative of not looking into what another person is doing, and
4. The expectation in DLT that change would be ***delivered*** by the TA.

370. The TA drafted the first Action Plan in July 2012, and progressively detailed the tasks and timing and responsibilities towards the RSMDP Action Plan (15 pages, by the end of October). More than half of the tasks were in Phase One: Reduce Constraints, and thus addressed exactly the complaints and practical difficulties in the work situation, which DLT leaders and staff had emphasized in the early assessments and interviews.

371. But the uptake of opportunities to make and manage changes across DLT was prevented by the strong preference for group action, coupled with inadequate direction, consensus-building, decision making, follow-up, supervision and monitoring by the leading cadre, and the general comfort and satisfaction of DLT staff about the present work context.

372. Three major factors combined in this period to distract the leading cadre from examining and committing to TA actions:

1. The anticipated retirement of the General Director of GDT and its effects on direction, coordination and evolving hierarchy,
2. The negotiation, determination and promulgation of decrees on money incentives to DLT staff and distribution of revenues, and the curtailment of corrupt payments, and
3. The process of advancing, protecting and explaining important laws and amendments in various government entities.

373. The TA also diagnosed the need and designed a program of support and training for office management and human resources development, with most attention to the leading cadre. However, this 'became hostage' to:

1. The TA commitment to first relieving the work context constraints;
2. The common perception that "DLT staff are too busy", and
3. The expectation that staff should receive a special 'project incentive' payment for taking up opportunities and TA-related responsibilities.

374. Thus the change management structure and practices were not strong enough to gain the necessary cooperation and timely responses from DLT. At least four other factors were needed:

1. Higher level monitoring and supervision from MPWT which would apply the power of hierarchy and fear of exposure;
2. More specific conditions and prerequisites by the TA;
3. More written recording by DLT of understandings, requests and responses by which to make an accountable record; and
4. Appointment by DLT of a permanent and competent liaison and action officer (as requested continuously by the TA) to operate between the TA team and the DLT leaders and staff.

375. These factors did result in some actions, but mostly under pressure of TA's repeated requests and reminders (such as staff assignment to ITS, and written permissions of IT owners for expanded IT connectivity). This situation indicates that change was not being actively conducted by DLT leaders and staff, and that actions were being done more for negative motives, such as avoiding accountability and blame.

376. The main lessons to take into preparing for and ensuring real commitment to the managing of change in any future support are:

1) Make an assessment of leadership and willingness to change before concluding a Project Design Document and TOR
2) Assign the functions of direction and supervision to a higher level office – in this context, assign the Project Director to the GD of GDT, and the Project Manager to DGD of GDT
3) Determine individual job descriptions of DLT leaders and staff before the Project Design is completed
4) At the inception and during implementation, make individual action plans and agreements for the monitoring, measurement and evaluation of individual performance
5) Make monthly monitoring of action plans and follow-up to be published online, and
6) Make quarterly conditions and results ('milestones') which determine decisions on the activities and funding for the subsequent quarter.

8.2 MONITORING TA PROGRESS AND IMPACTS

377. Given the lack of active cooperation in taking up opportunities and managing change, there has been no interest in DLT about monitoring, hence many gaps in the monitoring information about tasks, data, communications, inter-agency cooperation, and overall performance throughout the DLT. The TA has viewed / received almost no documents which show the design, procedures, data or results of monitoring in DLT's normal operations or those relating to the TA.

378. Although DLT staff recognize that results of monitoring ***can be*** important for informing Government, stakeholders and potential donor partners about the real situation and performance in DLT, and about matters requiring action by leaders and managers, other factors in the work environment, the lack of funds and equipment, the perception that staff are 'too busy', the general culture and personal experiences of 'un-used' results from monitoring, combine to relegate monitoring to the lowest priority. Most monitoring and reporting is by personal assessment, with little use of systematic data and verification. This situation will not change until leaders demand regularly, and act on, good quality reporting.

379. The monitoring framework for the TA and the future RSMDP is based simply on the Action Plan. An extract is shown in Figure 8.1. The indicators, based on small steps of decision making, instructions or actions, are simple and easily measured and verified.

380. This simple base should be taken into a logframe for RSMDP, if future support is provided to DLT. That will include objectives, results, activities, tasks, indicators, people, resources, inputs and expected outcomes. So the monitoring system will enable DLT and MPWT to know the status at all times as the improvements, reforms and restructuring are designed, implemented and reported, and will be able to identify individual accountabilities.

381. The TA proposes that the normal in-house monitoring of DLT be led by a person in the proposed Corporate Services Office developed in GDT; and the ongoing monitoring of RSMDP be supervised by the Project Manager in GDT, with reports to the Project Director in GDT, and to a Project Steering Committee of MPWT and relevant Ministries. A trial of monitoring is being applied in the Transition extension, as shown in Annex 11.

Figure 8.1 Monitoring Plan for RSMDP (one page extract)

Number	Actions in Reform & Restructuring	Who to do?	Factual Indicator	Who to monitor?	When to monitor?	To whom report?	Date	Result for Period, quantity or %	Result, comments	Required Action
1	**PHASE 1: REDUCE CONSTRAINTS**									
1.1	**Form an IT Unit (ITU) in RDCO**									
1.1.1	Appoint acting head of ITU									
1.1.2	Appoint one technical staff to ITU									
1.1.3	Finalise draft of Job Description of ITU Manager									
1.1.4	Finalise scope, roles, responsibilities and functions of ITU	DLT all								
1.1.5	Identify regulation, Sub Decree, prakas changes and budget changes needed to set up ITU									
1.1.6	Prepare official letter of DLT and GDT to recognise ITU functions, staffing and budget	GDT, DLT, MPWT								
1.1.7	Determine staffing arrangement to meet 1.1.4	DLT								
1.1.8	Determine staffing possibilities from DLT staff	DLT								
1.1.9	Approve Job Description of ITU Manager									
1.1.10	Do recruitment for ITUM									
1.1.11	Write Job Descriptions									
1.1.12	DLT approve Job Descriptions									
1.1.13	Do recruitment for ITU Positions	DLT, GDT								
1.1.14	Equip IT Unit based on 1.1.4 and number of staff	DLT, MPWT								
1.1.15	Demonstrate to new users of equipment and software	DLT, GDT								
1.1.16	Determine training needs based on appointed staff	ITU, DLT								
1.1.17	Arrange suitable trainers									
1.1.18	Prepare and implement initial training	DLT, NiDA?								
1.2	**Electricity, Computers, Internet**									

9.0 PRODUCTS FOR THE IMPLEMENTATION OF RSMDP, COORDINATION FRAMEWORK AND NEW PROCESSES AND SYSTEMS

382. The TA has built up a **knowledge base** of all the documents used in research, assessments, feedback of findings, meetings of working groups, leaders and missions, monthly reports and the working papers of specialists. These are being indexed regularly, to be available especially to the leading group in DLT.

383. The most important TA outputs and documents for understanding DLT's character and operations are:

1. The "Anatomy of DLT", a collection of forty diagrams of structures and processes of each office;
2. The inventory and commentary on laws, decrees and regulations concerning land transport sector;
3. The review of regulations and laws affecting the functions of each office (service);
4. The findings from surveys on DLT staff capacities and constraints, IT capacities, customers' experience and opinions, transport businesses' opinions, and Provinces' staff involved in transport user services;
5. The review of functions, transactions, data, resources and IT status and needs of each office, detailed in the IT Report, September 2012;
6. The Reports of the Leaders' Workshop, September 2012; the Road Safety Management Workshop, May 2013; and the National Seminar on Road Transport Management, June 2013;
7. The Presentations (in MS PowerPoint) for the Inception Mission, the Mid Term Report, the Draft Final Report, the Road Safety Management Workshop, and the National Seminar on Road Transport Management.

384. The central product for guiding DLT's development to a professional and business – oriented organization is the RSMDP, as in Chapter 10. The most important components in the RSMDP are:

1. The Restructuring Strategy in three Phases;
2. The Schedule of Implementation and Cost Estimates of Components and Activities of RSMDP;
3. The Phase 1 program and schedule to Reduce Constraints;
4. The detailed plans for IT systems development, in 2 stages;
5. The indicative Training Program;
6. The special activities for Road Safety Sector: setting up the DRS, RSS Capacity Development, and RSS Training Plan; and
7. The guidance on changes in laws and regulations to fit the current and probable future functions and organization of DLT.

385. Each of these documents is a 'work in progress', and their future uptake depends very much on generating momentum by implementing the IT Improvement Plan, Stage 1 in the Transition extension period. The assumption is that as workplace constraints are reduced through basic equipment, connectivity and training, then DLT leaders will give more attention to improving skills, quality control, management of people and systems, to the specialized functions in policy and planning, regulation and laws, and to supporting transport sector services conducted by the Provinces. The critical elements in all the consultations and documents are:

1) The quality and consistency of leadership and supervision,
2) The attitudes and motivations of the key staff, and
3) An early determination by GDT and MPWT to prepare the DLT business units for outsourcing of contracts, which would be a challenging stimulation to staff learning and performance.

10.0 ROAD SECTOR MANAGEMENT DEVELOPMENT PROGRAM (RSMDP)

10.1 OBJECTIVE

386. The RSMDP is designed to support the Government, mainly through the DLT, to strengthen its management of the road transport sector, including cross border transport requirements involving MPWT, so as to improve the safety of persons and property, efficiency and utility, environmental conditions, institutional sustainability and sub-regional connectivity.

387. Detailed assessments and validating consultations have confirmed a wide range of growing demands on the DLT, and a wide range of needs in performance, organization, coordination and reform. This RSMDP has the purpose of rationally and comprehensively organizing the changes and interventions required to form efficient, self-motivating and accountable management over the next four years.

10.2 RSMDP STRATEGY, STRUCTURE AND CHANGES

388. The strategy which has been formulated in close consultations in the DLT and across the sector, dictates the structure of RSMDP. The strategy can be summarized as:

Phase 1: Constraints

Phase 2: Reforms

Phase 3: Restructuring

389. Constraints are many in the DLT and across the sector, and have a profound effect on attitudes, performance, results and public image of the services and entities involved. The first concerted effort is to reduce the constraints, using current TA support and funds as the catalyst, and so prepare the DLT for longer term internal reorganization and reforms. The main components of Phase 1 are:

1.1 Form an IT Sector to take responsibility for reducing constraints

390. The ITS must initiate and coordinate across ten entities in DLT and nine related programs and databases; and it must ensure proper standards in programs, functions and hardware, and gain the timely cooperation of a wide range of staff.

1.2 Improve Electricity, Computers, Internet

391. The ITS, TA team and leaders of offices will combine to upgrade the essential tools of a modern service office.

1.3 Increase Connectivity

392. Leaders of offices will be enabled and encouraged to connect databases and front-desk computers in the existing services and programs of DLT, in order to verify related information from customers and users and to mutually improve the quality of data and the speed of services to community and Government entities.

1.4 Connecting Provinces with license/permit issuing capabilities to DLT

393. This requires reliable internet connections and the sharing of databases, to improve the quality of data and the speed of services to community and Government entities. This will be continued in component 2.7, to all provinces.

394. Reforms, in the sense of reorganizing functions, methods and resources, are required and are possible within the existing powers of DLT and GDT. Such reforms are necessary to gain and retain the benefits of the Phase 1 (Reducing Constraints) work and investments in capacity, reliability, coordination, connectivity and sharing. The main components of Phase 2 are:

2.1 Develop RDCO and expand to a Planning and Strategy Unit under the GDT

395. The RDCO is the designated home for the ITS. There are several tasks to be done in defining its functions, authorities, links, operations and outputs, so that it can become the centre for management and sharing of information. It should be located in GDT to provide good quality information and planning and policy advice at the higher level. It is logical to design and recruit in the short term with a longer vision of the evolution of planning and policy functions (see also Component 3.5).

2.2 Strengthen the NRSCS

396. Road safety affairs have been well studied and prescribed over the last five years, and now have a national strategy and a national action plan for guidance and programming. There are several tasks to clarify and establish good management of road safety, and to priorities and schedule for planning, budgeting, training and field level execution.

2.3 Strengthen the Secretariat for NTTCC in CBT under GDT

397. There are rapidly increasing demands on the National Transit and Transport Coordinating Committee, which is serviced by an informal 'secretariat' within DLT. Again the need is to sort out priorities, modalities, staff commitments, funding and training.

2.4 Create a Corporate Services Office, to include Human Resources, Monitoring, Provincial Liaison and Inter-agency Relations, under the GDT

398. The need here is to rationalize and professionalize normal administration and management, which are currently loosely arranged across six offices. The office, at the higher level of the GDT, will also strengthen the attention to liaison and support with province services and related agencies at national and provincial levels.

2.5 Prepare Drivers' Licensing Office for Management of Demerits and for outsourcing under the CMU of GDT (see 2.10)

399. The laws have been in effect for more than five years; it is now time for DLT to support Government policy and community interests by setting up and operating the processes and systems. A contractor should be procured under GDT to share in the development of the system, and its implementation and operation for a long period (up to 10 years, subject to bi-annual reviews).

2.6 Human Resources and Capacity Development

400. Enabling the internal reforms also requires major improvements in staff capacity, and in the management and development of human resources. The immediate priorities are in IT, monitoring and supervision, managing change and providing support to technical services. An important stimulus should be provided by the advice and comments of visits by international peers / service leaders, most probably from Thailand, Malaysia and Vietnam. A national service provider should be contracted, for implementing training and advice / coaching of DLT leaders.

2.7 Connecting Provinces (continuation of 1.4, above)

2.8 Set up a Contracts Management Unit under GDT (as shown in Figure 3.2)

401. To change the work culture and improve performance of State functions, the business units of DLT should be prepared for outsourcing of the 'retail' or customer service functions. The contract documents are to be designed and prepared by DLT, GDT, MPWT and related agencies, procured through MPWT procedures, and implemented by a CMU.

402. Specialist training, manuals and equipment will be required to build the capacities and independence of the CMU. Its work can be gradually increased, from the relatively basic database for demerits system, urban land use and traffic planning, through to Drivers' Licenses, Registration and Operating Licensing.

2.9 Improve Inter-Ministry Communications

403. The TA and leaders of offices will determine which data and information must be shared regularly, and the modalities for achieving, monitoring and sustaining the sharing. Most of these cases can be achieved by a willingness to act, and require no changes in rules and procedures. The need and pressure to do so can be increased if this function is executed by the unit under GDT.

2.10 Research and Develop Advice and Instruments for Insurance Sector and its supervision, under the GDT

404. For better governance and compliance in land transport and ancillary services, DLT, GDT and MPWT should research and advise Government on improvements in the sector, and work with MEF to achieve the changes in policies and operations and compliance.

Restructuring in Phase Three includes changes in laws, regulations, organization, and management information, relations with other agencies and provinces, policy development, and modalities of providing services to transport users. Main components of Phase 3 are:

3.1 Department of Road Safety

405. Cohesive management of RSS and accountability to the many stakeholders and interests require the formalizing of institutional arrangements and administration in the form of a department under GDT. The Program includes advice on organization, HR, change management, support to field activities and essential modern equipment.

3.2 Provincial Support through Corporate Services Unit of GDT

406. Mainly because of the uncertainties in RGC surrounding delegated / decentralized functions, residual national responsibilities under the laws, and budget allocations for shared duties, there has been inadequate DLT performance in provincial liaison, support, supervision and technical guidance. The deficits in provincial services are commonly assumed to be 'very large', but there is no systematic assessment at present. The TA and DLT have piloted some investigations during Components 1.4, 2.4 and 2.6, from which to assess the technical, management, training and equipment needs. In cooperation with Provinces, DLT will gradually prepare province based services for outsourcing under branch offices of the outsourced contractor(s) under the CMU of GDT.

3.3 Development of Transport Information System (TIS) in RDCO under GDT

407. If the Phase 1 of reducing constraints and the Phase 2 of internal reforms make progress as designed, then there will be the need and the capacity to develop an integrated, modern and accessible information system for sector management and for the

guidance of providers, users and the public. TIS will integrate nine IT systems (plus new needs) and connect across all interest groups and involved entities. For sustainability, TIS will be gradually designed and implemented by a national service provider / IT specialist group, and supported by specially recruited long term staff. Over three years, TIS will require about $500,000 of setup advice and equipment, plus about $100,000 of dedicated training and skills upgrading. However, progress and expenditure can be modulated according to the demonstrated gains in DLT's management and in the sector's use of TIS's products and services.

3.4 Transport Users' Services Entity (if required by MPWT)

408. A corporate identity will be developed to provide more efficiency, motivation and accountability in the provision of the basic services of licensing, registering, permitting, managing and supporting enforcement. The TA recommends that this strategy be implemented by means of a CMU under GDT, to administer private contracts. Another option, though more complicated to establish, is that a TUSE would be institutionalized as an 'establishment' or an 'enterprise', and be governed by a Board administered by GDT. The most suitable legal formula would be determined in consultations during Phase 1 and 2, but the completion of legal steps could take a few years. The shift from DLT to TUSE would require significant support in change management and HR management, (assuming easy passage through the negotiations within Government, and the legal steps).

3.5 DLT to create an "Office of Research and Advice in Transport Industry Policy and Regulation" in support of a strengthened GDT

409. Evolution of the road sector industries, commercial markets, public concerns and international obligations require more suitable and reliable advice to Government agencies and all stakeholders. An important consideration will be the regulation / self-regulation of transport providers and related services (such as logistics, insurance, warehousing, security, and compliance). So a shift of the basic services to outsourced contracts under CMU, or to a TUSE, will allow the DLT to shift more towards research, policy, advice, regulation and enforcement.

3.6 Human Resources and Capacity Development, ongoing

410. Although DLT is a relatively small entity (about 80 regular staff), it is complicated because of the range of legal duties and public services, the number of interacting agencies at national and province levels, and the diversity of interest groups and stakeholders. Sustained capacity development and coaching of managers will be required during and after the creation of a commercial entity. This would include international exposure ($100,000) and contracted providers within Cambodia (up to $200,000) for consistent support in management, supervision and technical quality control, especially at provincial agencies.

3.7 Outsourcing of Contracts under the Supervision of CMU of GDT

411. This component contains five steps during 2014 of preparing business units for better integration across the sector and for outsourcing to business enterprises in 2015 and 2016. The rate of progress will depend on the development of capacity in CMU, the public response to the new arrangements, and present stakeholders' willingness to make the changes and ensure the quality of the new opportunities.

10.3 INDICATIVE COSTS FOR RSMDP

412. For the three Phases, the estimated cost is around $5,300,000 spread over 4.5 years (see Figure 10.1).

413. A very broad estimate of sustained technical assistance (in addition to locally-contracted service providers of about $500,000) is $3,300,000: made up of $2,100,000 of International specialists; and $700,000 of National specialists.

414. The DLT must prepare its Budget for 2014 and following years, to provide for the additional costs to the Government in making the changes and in sustaining the staff and operating costs.

415. ***Conditions will be included in the Program design for actions to be completed and evaluated before decisions are made to implement and fund subsequent quarters*** of the Program. Action Plans of all involved partners will be monitored internally and externally ***to ensure that funds and activities do result in improved performance and substantial impacts*** on road transport management. The shift of business functions to contracts under a strong CMU will enable better monitoring and compliance, and the evaluating of results in relation to Government policies and community needs.

Figure 10.1 Road Sector Management Development Program 2014-2017 page 1 of 2

Number	Actions in Transforming Road Sector Management	Months of Activities and Inputs	Equipment Training
		2014 (1 2 3 4 5 6 7 8 9 # # #) · 2015 (1 2 3 4 5 6 7 8 9 # # #) · 2016 (1 2 3 4 5 6 7 8 9 # # 12) · 2017 (1 2 3 4 5 6 7 8 9 # 11 12)	000 USD
	PREPARATION PHASE		
Prep. 1	Review all progress and status	1 1	
Prep. 2	Independent Attitudes Survey in DLT GDT	1 1 1	
Prep. 3	Determination of Vision, Objectives, Targets	1 1	
Prep. 4	Consultancy to Determine Modalities	1 1	
Prep. 5	Draft and approve an Implementation Plan	1	
1	**PHASE 1: REDUCE CONSTRAINTS**		
1.1	Adapt and develop IT Sector (ITS) in RDCO	1 1 1 1 1 1 1 1 1 1 1 1	30
1.2	Electricity, Computers, Internet - ITS do update	1 1 1	10
1.3	Connectivity: ITS do Status update	1 1 1 1	10
1.4	ITS Update Connections of Provinces with DLT [see also 2.7]	1 1 1 1	150
2	**PHASE 2: INTERNAL REFORMS**		
2.1	Develop RDCO under GDT and expand to a Road Transport Sector Planning and Strategy Unit	1 1 1 1 1 · 1 1 1 · 1 1 1 · 1 1 1	60
2.2	2.2 Strengthen Secretariat for National Road Safety Committee (NRSCS) [also 3.1 below]	1 1 1 1 1 1 1 1 1 1	40
2.3	Strengthen the Secretariat of NTTCC for Cross Border Transport (CBT) under GDT	1 1 1 · 1 1 1 · 1 1 1 · 1 1 1	200
2.4	Create a Corporate Services Office under GDT, to include HR, Monitoring, Provincial Liaison and Inter-agency Relations	1 1 1 1 1 1 · 1 1 · 1 1 · 1 1 · 1 1	80
2.5	Prepare Drivers' License Office for Management of Demerits, and for outsourcing to business under CMU of GDT (see 2.10)	1 1 1 1 · 1 1 1 · 1 1 1 · 1 1 1	40
2.6	Human Resources, Capacity Development, short & medium term	1 1 1 1 1 1 1 1 1 1 1 1 · 1 1 1 1 1 1	200
2.7	Connecting Provinces with license/permit issuing capabilities to DLT [see also 1.4]	1 1 1 1 1 1 · 1 1 1 · 1 1 1	220
2.8	Set up a Contracts Management Unit in GDT (CMU, as shown in Figure 3.2 of TA Final Report)	1 1 1 1 1 1 1 1 1 1 1 1 · 1 1	50
2.9	Improve Inter-Ministry Communications	1 1 1 · 1 · 1 · 1 · 1 1 1 · 1 · 1	20
2.10	Research and Develop Advice and instruments for Insurance Sector and its supervision, under GDT	1 1 1 1 1 1 1 · 1 1 1 1 1 1 · 1 1 1 · 1 1 1	50

Figure 10.1 Road Sector Management Development Program 2014-2017 page 2 of 2

3	**PHASE 3: RESTRUCTURING**																																																		
3.1	**Department of Road Safety Set Up (DRS) under GDT**				1	1	1	1	1	1	1	1	1	1																																				230
3.2	**Provincial Liaison and Support expanded under GDT, and with progressive outsourcing to branch offices of contractors under CMU, in step with 3.7**		1	1	1	1	1	1	1	1	1	1	1	1							1	1	1									1	1	1										1	1	1					200
3.3	**Development of Transport Information System TIS in support of RDCO under GDT**													1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1					400
3.4	**Transport Users' Services Entity (TUSE): IF REQUIRED BY MPWT, contrary to outsourcing model of 2.8 and 3.7 recommended by TA**																									1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1		100
3.5	**DLT to create an "Office of Research and Advice in Transport Industry Policy and Regulation" under GDT (see Figure 3.2)**																1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1								20
3.6	**HR and Capacity Development, longer term**																									1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1							100
3.6.10	**Legal Research and Advice support in all components (expert costs in summary below), part of Policy and Planning under GDT, and available to support MPWT needs**										1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1																			100
3.7	**Outsourcing of contracts for DLT business units, to be managed by CMU of GDT**																																																		
3.7.1	Preparing and procuring for design and management of demerits system		1	1	1	1	1	1	1	1	1	1	1	1	1																																				
3.7.2	Preparing and procuring for implementing land use and traffic planning and management							1	1	1	1	1	1	1	1																																				
3.7.3	Preparing and procuring for management of Drivers' Licenses				1	1	1	1	1	1	1	1	1	1	1																																				
3.7.4	Preparing and procuring for management of Vehicle Registration				1	1	1	1	1	1	1	1	1	1	1																																				
3.7.5	Preparing and procuring for management of domestic Vehicle Operations Licensing (permits)				1	1	1	1	1	1	1	1	1	1	1																																				
Specialists	TA INTERNATIONAL months	1	1	1	2	2	2	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	2	2	2	2	2	3	2	2	2	2	1	**1**	**114**	
	TA NATIONAL months	2	2	2	2	2	2	2	2	2	3	3	3	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	3	3	3	3	3	2	2	2	2	2	2	2	2	2	2	2	2	**2**	**140**	
$																																																			
22	TA INTERNATIONAL Costs at	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	66	66	#	#	#	#	#	#	#	#	#	#	22	22	**2002**	
6	TA NATIONAL	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	18	12	#	#	#	#	#	#	#	#	#	#	12	12	**696**	
9	OPERATING COSTS	5	5	5	5	5	5	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	**300**	
	EQUIPMENT, Vehicles and Training Estimates per component																																																		**2310**
	TOTAL	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	#	93	87	#	#	#	#	#	#	#	#	#	#	43	43	**2998**	***5308***

11. CONCLUSIONS AND RECOMMENDATIONS

416. The Technical Assistance (TA) is the first major opportunity for institutional change in DLT. Institutions are, of course, composed and driven by fallible human judgments and variable sentiments. The Terms of Reference were based on a perception among Government leaders that significant reform and restructuring are required for DLT to perform effectively in its State duties and services to transport users and providers. However, amongst DLT leaders and staff, there is very little interest in change, reform or restructuring. They generally appear to be comfortable in administering the 'retail' customer service functions with revenue, and to be uninterested in the sector management responsibilities such as planning, coordination, information and policy development.

417. Part of this apparent non-interest is due to the income supplements available from the basic retail functions, partly due to the lack of demand from the GDT and MPWT for outputs (advice, research findings, information papers), and partly due to the lack of interaction by DLT with other agencies, enterprises, Provinces and stakeholders in the sector.

418. These factors combine to result in very low connectivity among the 'nine islands' of DLT functions: that is, interaction among the administrative offices and business units of DLT and its two private contractors. The work culture has a strong element of 'do and let do', such that staff in one unit do not 'look into' the work of another unit. There is also some evidence of employment of friends, cutting across employment by merit or qualifications.

419. The poor state of equipment, information technology, human resource management and essential skills is both a result and a cause of the low interest in connectivity, coordination and cooperation. Relieving the constraints in everyday work, and improving the material connectivity have been the primary concern of the support efforts of the TA.

420. However, there has been inadequate cooperation and leadership in appreciating or taking up the opportunities of the TA. The most common reason is that leaders believe that they are too busy to invest time and effort in change, even in self-improvement for their assigned duties, and too busy to do the reflection and evaluation which could follow from simple monitoring of work plans. This 'too busy' assertion might be a cover for a fear of change or of the perceived risks of being involved with change. There is strong aversion to any task which requires an approach to senior officials, and there is reluctance to write opinions or requests. There is some evidence that people feel that 'knowing more is a burden', because that condition can raise the bosses' expectations and demands without any increase in income or status.

421. However, since most leaders applied this 'reason' for not taking up low-pressure coaching in English language, for not contributing to design of action plans in their own units/offices, for not cooperating in improving their own support services, and so on, it seems that most are in fact too busy in pursuit of income earning from DLT activities and outside activities.

422. Because of the material constraints, the fears and uncertainties, the perceived risks and the lack of time, most DLT people expected the TA team to ***deliver*** change. This expectation almost nullified the requirements of commitment, creative ownership, individual responsibility and accountability which imbue the TOR and reform efforts in many other

agencies. There was generally good cooperation in the early stages of the TA (June-September 2012), when the work was to assess the situation, competencies and needs. There was declining cooperation from October 2012, as the work shifted to analysis of problems and solutions, forming objectives and targets, and seeking decisions and actions to move on some small reforms.

423. Most DLT leaders and staff regarded themselves as recipient customers of TA outputs, whose role was then to decide whether to use, take up, follow up, reject or ignore the findings, ideas, proposals and recommendations.

424. Clearly, the lack of drive from the office of the GDT was an important factor in the conditions experienced by the DLT. Another factor was the slow progress of changes in laws and regulations which would affect some DLT operations and decisions; and another was the lead up and promulgation of a Prakas on sharing the flows of revenue through DLT customer services. However, the impact of these factors shows that the overall work culture is not dynamic and not able to adapt to challenges.

425. Thus the TA has gradually moved its recommendations towards a change to business unit organization intended to achieve a change in work culture, improved service to customers, and better management of the sector in line with the demands of a modern and competitive land transport sector.

426. The situations, needs, strategies and priorities among components have been detailed in Chapters 3-9 above, while the comprehensive Road Sector Management Development Program (RSMDP) of Chapter 10 presents a realistic action plan. Almost none of the RSMDP can be done reliably and sustainably without a fundamental shift in work culture and leadership.

427. Therefore, the TA strongly recommends that the MPWT on behalf of Government commits the GDT and DLT to prepare for the outsourcing of core 'retail' functions to business enterprises, under control of a Contracts Management Unit (CMU) to be developed in GDT. These preparations include basic HRM and work organization, equipment, resources, connectivity and coordination, compliance, monitoring, supervision, evaluation, publication and education. All of these improvements should be done over the next few years regardless of the structure and incentives of the responsible entities (whether departmental, outsourced units, or corporatized as an entity).

428. However, comfort without connectivity or compulsion, is regressive, not adaptive. From the experience of the TA, it is highly probable that none of these preparatory changes will be done unless the relatively isolated, comfortable and repetitive monopolies of the DLT business units are transformed by contracting out (possibly with some of the same staff) to private enterprises, controlled by scopes and targets and standards administered by CMU of GDT. The main challenges for the leaders in DLT, GDT and MPWT are to objectively appraise the options, determine the future organisation and legal instruments, and drive through a concerted program of change.

429. If there is ***further external support*** to DLT and GDT, then:

Conditions must be applied early, including:

1. DLT and GDT leaders must resolve the uncertainties and incentives/ disincentives which dominate the performance of revenue-raising functions, and remove the factors which undermine cooperation and attention to non-revenue duties of DLT;
2. Leaders must accept and apply basic methods of accountability: to develop, apply and demand reports from systems for monitoring of attendance, work and results, so as to inform managers on the day-to-day performance and the longer term constraints and needs;
3. Leaders must develop their interest, motivation, skills and methods to provide direction, supervision, modeling and personal motivation;
4. The reform strategy must firstly build up the support services and competencies to the GDT;
5. HRM strategy must ensure that staff will be selected, motivated and trained in their task-specific capabilities to the level of being able to fulfill their duties with minimal errors and with minimal dependency on other staff and leaders;
6. The high-level commitment to development of a business organization and a results orientation among the customer service functions, leading to outsourcing of basic customer services in 2015-16.

ANNEXES

ANNEX 1. TRAFFIC LAW CHANGES IN PROCESS, MAY 2013

Part 1 The Amendment Articles to strengthen Traffic Law practice are:

a) Article 8: Point 4 – Motorcycle can transport only 2 passengers, 1 is adult and 1 child. The motorcycle driver, passenger and child passenger as well have to wear national standard safety helmet. The tricycle driver and also the motorcycle tuk tuk driver also require wearing national standard safety helmet.

b) Article 16: Driving speeds are set due to different safety conditions such as for vehicles that drive on country side roads, drive on national roads, drive within town and provinces and for high speed driving roads.

c) Article 27: Point D – Vehicle day light usage: Vehicle day light is used in day time. Any vehicle can use this day light in order to create better visibility while trafficking.

d) Article 39: For international driving license has to get along with the International Agreement of road traffic at Viriyen City 1949. The procedure of issuing international driving license is under the declaration ministers at Ministry of Public Works and Transport.

e) Article 40: 1. The driver can hold only 1 type of driving license. The driving license has indicated specific type of vehicle, that driver has right to drive on. Every driving license has also attached with scores.

f) 2. Handicapped people has right to drive under special driving condition for only handicap.

g) Article 41: Every driving license holders are eligible to drive until the age 65 (sixty five years old). For over 65 years old driver can still drive only after they have to redo their health check and have to renew their driving license every 2 years.

h) The expiry date of driving license type A, B, C, D, and E are:

i) Driving license type A and B has 10 (ten) years expiry date. And require doing health check every 5 years.

j) Driving license type C, D, and E has 5 (five) years expiry date. And require doing health check every 30 (thirty) months.

k) Article 43: Scoring condition:

l) In case, the driving points is gone, the driving license equal to unusable or equal to expiry. If drivers would like to renew driving license, unless they have to retake the driving class and driving exam after 6 (six) months' time, count from the unusable driving license date.

m) In case, the driving points is gone by the drivers cause traffic injuries, working handicap within or over 8 (eight) days, permanent handicap, or death, the drivers can renew driving license after 5 (five) years, count from the unusable driving license date.

n) Article 55: The maximum length of vehicle that has remorque container is not over than 18.50 (eighteen point fifty) meter. The vehicle remorque or semi-remorque that has not indicated within above law shall request the approval from Minister of Ministry Public Works and Transport.

o) Article 57: In order to reduce accident rate, protect people life, protect public and private asset, ensure public orders and traffic safety of Kingdom of Cambodia, Government has created National Road Safety Committee for coordinating and collaboration between ministry and related institutions in order to achieve this mission. National Road Safety Committee is established under sub-degree.

p) Article 70: Traffic police responsible for traffic fine punishment, shall issue fine invoice. The invoice form and the income from traffic fine punishment is limited with the public declaration of MOI, MEF and MPWT.

q) Article 71: Individual who disagree with traffic police on patrol check of traffic crime can sue to the director of Individual Organization within the 15 (fifteen) days the longest. Individual who still disagree with the judgment or decision of director of Individual Organization can sue the case to first instant court within 15 (fifteen) days after the decision or judgment of director of Individual Organization.

r) Article 83: For individual who hold fake driving license, fake vehicle recognition document, fake vehicle plate, and other fake document will be punished with 2 (two) to 5 (five) years imprisonment and also punish from 4,000,000 (four million) to 10,000,000 (ten million) riels.

Part 2. New Additional Articles (9)

a) Article 47: Every vehicle dealers or sellers has responsible to fill requesting form of vehicle registration form and vehicle plate number for customer before sell out or give to customer.

b) For every buying, selling, gifting or other transactions, which that change in ownership shall refill and request the ownership transition form no later than 90 days.

c) Vehicles' owner have right to delete their vehicle from vehicle list for their no use vehicle.

d) The procedure of vehicle registration, vehicle plate numbers requesting, vehicle ownership transition, and vehicle deletion shall be under the Prakas of minister of Public Works and Transport.

e) Article 49: Vehicle owner is require to responsible for vehicle insurance, which this obligation has to comprise with insurance law and process of insurance once the vehicle traffic is on the roads.

f) Article 58: In order to practice traffic law effectively and efficiency, Government shall create national committee to check and observe over the law practice, who come from related ministry or related institutions.

g) The national committee lead on traffic law practice is created under sub-decree.

h) Article 67: Traffic police officers have right to lock vehicle tires that park in No Parking zone or transport that vehicle, which cause traffic disorder or accident to Traffic Police Office in case the vehicle owner do not accept the fine punishment or in absence of vehicle owner.

i) To transport vehicle to keep at Traffic Police Office also practice to any vehicle accident problem that cannot be solved. The vehicle owner shall bare the responsible of vehicle transportation and keeping fee, which has set by Minister of Interior and Minister of Economy and Finance Ministry.

j) Article 68: Traffic Police Officers who freeze the vehicle that has insurance, which traffic accident cause only in property damage, the police officer shall release back the vehicle after receiving the letter of responsible from Insurance Company. That is comprised by the insurance law.

k) Article 89: Eligible person shall a must to declare their responsibility to supreme law which has set in Article 42 (Criminal responsible of eligible person) of supreme law as set in Article 86, Article 87, and Article 88.

l) Article 94: For every judicial norm that is created for practicing land traffic law that under the declaration of Royal Decree No. NS/RKM/0207/007 date 08 Feb 2007 has its practice power forever till the new amendment or deletion except law that contrast from the law moral.

m) Article 95: The individual who hold the right driving license that was set by land traffic law and the Prakas of Royal Decree NS/RKM/0207/007 on 8 Feb 2007 can continue using it still its expiry date.

n) For the individual who hold the unrightfully driving license that was set by land traffic law and the Prakas of Royal Decree NS/RKM/0207/007 on 8 Feb 2007 has to change the form within 1 (one) year after this law is put into practice.

Part 3. The Deleted Articles

Articles that are deleted from draft law and input to sub-decree on identity of traffic offenses has 4 articles:

a) Overloading the limited maximum weight on the axles of the vehicles and overloading the limited maximum weight of the vehicles.

b) Article that set the 4 steps of minor penalties.

c) Article that set for vehicle dealer stores

d) Article on other offenses, which are not provided, warning will be given.

Part 4. Additional Laws and Rules to Be Proposed To Government

No.	Type of Form	Description on	Requirement of	Comment
1	Prakas	High speed for high speed traffic lane	Land traffic law, Article 16, point 3 – The high speed for driving to be set by Prakas of MPWT.	Fast speed limit for vehicle that has prior right in fast speeding or in any emergency case
2	Prakas	Road usage for other purposes have a limited approval	Article 32, Point 2- Road use for other purposes to get approval from the combined Prakas of MOI and MPWT	Approval only for special occasion only
3	Prakas	For international driving license accord with the International Agreement, Viriyen City 1949.	Article 39, The procedure of issuing international driving license is under the Prakas of MPWT.	Require coordination process to follow the international driving license standard of the MPWT.
4	Prakas	Handicap people also have right to drive, yet with special handicap driving right only	Article 40- Point 2, 2- The issuing process of driving license for handicap is under the MPWT.	Require to set the specific conditions in issuing driving license for handicap drivers.
5	Sub-Decree	Vehicle transportation business enterprise management on trucking, transporting, and cross borders in any forms.	Article 51- Vehicle transport enterprise management on trucking, transporting, and cross borders is set by sub-decree	Require specific management requirement on transporting business.
6	Sub-Decree	National Committee lead on law auditing practice	Article 58- National committee lead on law auditing	Require standard procedure on fine and

			practice is established by sub-decree	punishment.
7	Combine Prakas	The vehicle transportation fee charge to police office that cause by traffic accident	Article 67- To transport vehicle to keep at Traffic Police Office. The vehicle owner shall be responsible for fees of vehicle transportation and keeping, set by MOI and MEF	Require standard procedure on fine and punishment.
8	Combine Prakas	Traffic police responsible for traffic fine punishment, shall issue fine invoice	The invoice form and the income from traffic fine punishment is set by combine Prakas between MOI, MEF and MPWT.	Require standard procedure on fine and punishment.
9	Sub-Decree	Individual whose vehicle has no vehicle identification document nor vehicle plate number shall receive a periodical fine punishment.	Article 85 - Individual whose vehicle has no vehicle identification document nor shall vehicle plate number receive a periodical fine punishment, which is set by sub-decree.	Strengthening on law practice by educating the road user to understand about traffic law and to obey and practice it rightfully.

Part 5. Analysis of proposed Road Traffic Law reforms, by topic

Proposed reform	Implementation action required	Comment
Vehicle and pedestrian behaviour		
Passengers on a motor cycle There is to be a restriction on the number of passengers on a motor cycle (not more than 1 passenger, or 2 passengers if one is an adult and one is a child) (article 9).	No additional legal instruments required.	This is a new requirement. It should be publicized and enforced.
Helmets Riders of motor cycles,	Establish national standards for safety helmets.	There is an existing requirement that drivers of

tricycles and motor cycle tuk tuks must wear national standard safety helmets (article 9).		these vehicles wear safety helmets. This is to be extended to all riders, and it is now to be required that the helmets be of national standard. The new requirements should be publicized and enforced.
Vehicle speed Speed limits to vary according to location (article 17)	This does not require implementation action by DLT, although it does have road safety implications.	This is a road safety issue.
Vehicle lights It is to be possible to use vehicle lights during the day (not only at night) (Article 28).	No additional legal instrument required.	This reform should be publicized.
Driver Licenses		
International driving permit The Act is to be amended to enable international driving permits to be issued (Article 40).	A Prakas will be required setting out the procedure for issuing international driving permits.	-
Categories of driving license A person is to hold only one type of driving license, specifying the types of vehicle which the person is authorized to drive.	Combined driving licenses will need to be issued to drivers who currently hold multiple licenses. Under a transitional provision (Article 95) a person who holds a non-conforming driving license will be required to obtain a new license document within 1 year.	This is a rationalization of the existing Article, which provides for multiple driving licenses. Driving licenses will need to be in accordance with this new provision.
Demerit point administration The draft Law will make amendments to the Traffic Law in relation to the demerit point system (articles 41 to 44).	The demerit point system is not yet implemented. Implementation should now be based on the law as amended.	
Handicapped drivers There is to be provision for handicapped persons to be authorized to drive specially fitted vehicles (article 40).	A Prakas will be required to implement this reform.	-
Motor vehicles and vehicle registration		
Vehicle length (container vehicles) The maximum permitted length of a vehicle which has a container trailer is increased	No implementation action required.	-

from 18 meters to 18.5 meters (article 54).		
Vehicle transfer procedures Vehicle dealers will be responsible for completion of vehicle registration and vehicle plate applications, before the vehicle is provided to the purchaser (article 47). Information about vehicle transactions must be lodged within 90 days.	A Prakas will be required, dealing with the procedure for vehicle registration, vehicle registration plates, transfer of ownership and deletion of vehicles from the database.	The making of the Prakas will provide opportunity to revise the regulatory requirements applying to vehicle transfers. This amendment in relation to deletion of vehicles from the database addresses the issue of integrity of DLT vehicle registration data. However, it is not clear how the procedure will operation or whether it will be effective.
Cleansing of the registration database A vehicle owner is to have the right to delete the vehicle from the database if the vehicle is no longer in use.		
Vehicle insurance Provisions are included relating to vehicle insurance (article 49).	The effect of these amendments should be reviewed.	
Road Safety Committee		
National Road Safety Committee (article 58)	The effect of these amendments should be reviewed.	
Industry regulation		
Enterprise management Under article 51 vehicle transport enterprise management on trucking, transport and cross-border movement is set by sub-decree	A Sub decree will be required.	
Auditing Under Article 58 a National Committee on auditing practice is to be established by sub decree.	A Sub decree will be required.	
Law Enforcement		

Infringement notice Traffic police may issue a traffic infringement notice. (article 70)	This provision will require that an implementing sub-decree be made. This is to be a Combined Prakas of MOI, MEF and MPWT.	For DLT, procedures associated with infringement notices will require that a notification procedure be established. This will be necessary for the effective implementation of the demerit point system.
Wheel locks Traffic police will be empowered to place wheel locks on illegally parked vehicles (article 67).	A Joint Sub-Decree will be required, to be made by MOI, MEF and MPWT, setting out forms and fees.	
Vehicle impounding New provisions will be inserted to enable the police to impound vehicles involved in collisions (article 68).	These reforms do not require implementation action by DLT.	
Use of roads for other purposes There is to be provision for approval to be given for road usage for other purposes (article 32).	This will require a Joint Sub decree of MOI and MPWT.	
No vehicle identification documents A penalty is to apply if a vehicle has no vehicle identification document or registration plate (article 85).	An implementing Sub Decree will be required.	

ANNEX 2. DEPARTMENT OF ROAD SAFETY: PROCESS TO CREATE DRS

No.	Objective	Proposed by	Type of Proposal	Propose Through	Propose Process	Propose to	Approved by
Step 1							
1	Propose to create department of road safety	GDT With the report of TA (as reference document)	Proposal Type	Secretary of State in charge of Land Transport	General Administration Department of MPWT	Minister of MPWT	Minister of MPWT
2	Propose to create Working Group for create Department of Road Safety	GDT With the report of TA (as reference document) and the approval on the requested letter above	Proposal Type	Secretary of State in charge of Land Transport	General Administration Department of MPWT	Minister of MPWT	Minister of MPWT
3	Working group meeting on setting up organization structure, positions, responsibilities of department of road safety according to the note of drafting sub degree of creating department of road safety						
4	Propose to create department of road safety	Minister of MPWT	Proposal Type		Council Ministers	Prime Minister	
	Propose to create department of road safety		Sub-Decree				Prime Minister
Step 2							
1	Propose to assign department director of road safety	GDT	Proposal Type	Secretary of State in charge of Land Transport	HR Department of MPWT General Administration Department of MPWT Under Secretary of State in charge ofHRD of MPWT Minister advisors	Minister of MPWT	Minister of MPWT
2	Ministry, leadership team meeting on assigning director of road safety department based on meeting note of drafting sub degree on proposing to assign director of road safety department.						
3	Propose to assign department director of road safety	Minister of MPWT	Proposal Type		Secretariate of Public Service Council Ministers	Prime Minister	
	Propose to assign department director of road safety		Sub-Decree			Prime Minister	Prime Minister
Step 3							
1	Propose to assign deputy director of department road safety	DRS	Proposal Type	GDT Secretary of State in charge of Land Transport	HR Department of MPWT General Administration Department of MPWT Under Secretary of State in charge ofHRD of MPWT Minister advisors	Minister of MPWT	Minister of MPWT
2	Ministry, leadership team meeting on assigning deputy director of road safety department based on meeting note of drafting Declaration on proposing to assign deputy director of road safety department						
2	Propose to assign deputy director of department road safety	Minister of MPWT	Proposal Type			Secretariate of Public Service	Secretariate of Public Service
3	Propose to assign deputy director of department road safety		Declaration				Minister of MPWT
Step 4							
1	Propose to assign chief office and deputy chief office of department road safety	DRS	Proposal Type	GDT Secretary of State in charge of Land Transport	Human Resource Department of MPWT General Administration Department of MPWT Under Secretary of State in charge of human resource department of MPWT	Minister of MPWT	Minister of MPWT
2	Propose to assign chief office and deputy chief office of department road safety	Minister of MPWT	Proposal Type			Secretariate of Public Service	Secretariate of Public Service
3	Propose to assign chief office and deputy chief office of department road safety		Declaration				Minister of MPWT
Step 5							
1	Propose to recruite specialize officer to service under department of road safety	DRS	Proposal Type	GDT Secretary of State in charge of Land Transport	HR Department of MPWT General Administration Department of MPWT Under Secretary of State in charge ofHRD of MPWT Minister advisors	Minister of MPWT	Minister of MPWT
2	Propose to recruite specialize officer to service under department of road safety	Minister of MPWT	Proposal Type			Secretariate of Public Service	Secretariate of Public Service
Step 6							
1	Office equipment and facilities purchasing proposal	DRS	Proposal Type	GDT Secretary of State in charge of Land Transport	Finance & Accounting Department of MPWT General Administration Department of MPWT	Minister of MPWT	Minister of MPWT
2	Office equipment and facilities purchasing proposal	Minister of MPWT	Proposal Type			DPM & Minister of Economy and Finance	Deputy Prime Minister & Minister of Ministry of Economy and Finance
Step 7 Strengthening Road Safety Department							
1	Propose to have capacity building program for Officers in Road Safety Department.	DRS	Proposal Type	GDT Secretary of State in charge of Land Transport	HRD of MPWT General Administration Department of MPWT Under Secretary of State in charge of HRD of MPWT	Minister of MPWT	Minister of MPWT
2	Propose to have capacity building program for Officers in Road Safety Department.	Minister of MPWT	Proposal Type			DPM & Minister of Economy and Finance	Deputy Prime Minister & Minister of Ministry of Economy and Finance
	Strengthening officer's working capacity shall practice within proposal method						

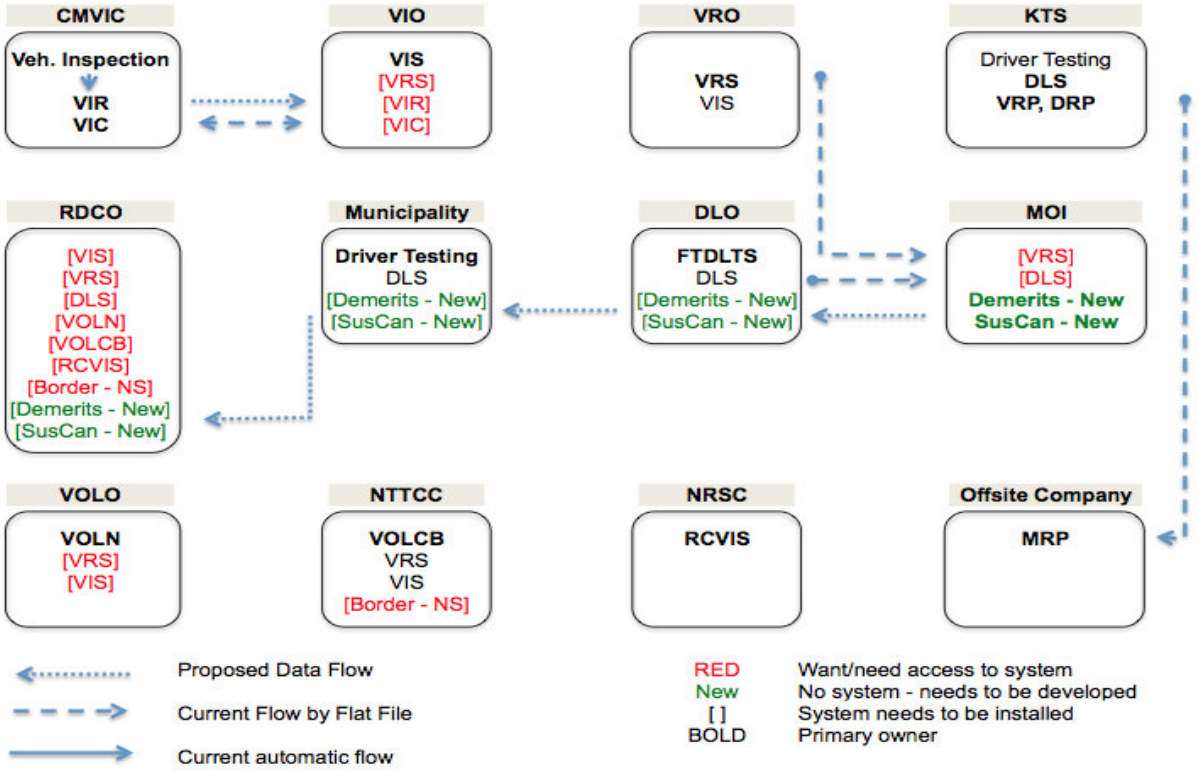
ANNEX 3. ROAD SAFETY SECTOR DEVELOPMENT & CAPACITY BUILDING (IN 3 PAGES)

Office	Elements	Ations Taken	Actions to be taken	Comment	Responsible
Pillar 1: Road Safety Management					
Road Safety Sector	Human resource management	Work discipline	Re-enforcement on working policy	Tracking hours, action plan, and quality control	Chief of Road Safety Sector
Road Safety Sector	Capacity Building	Current action plans	Provide training on road safety programe	Be able to construct reliable road safety action plan and have a well coporation with related institutions on road safety implementation	Chief of Road Safety Sector, specialize officers, and TA human resource specialist
			English language training	To improve communication at workplace	Chief of Road Safety Sector, and TA human resource specialist
Road Safety Sector	Funding and Resource Allocation	Conduct yearly planning and ensure sufficient fund and resource in implementing road safety practice	Keep strengthening national budget and seeking for fund raising support from transportation company, development partners, to ensure sufficient fund to practice efficiently on action plan	To raise up action plan and to propose plan to development partners and organization both local and international	Chief of Road Safety Sector, specialize officers
			Provide training course on fund raising in order to sponsor every road safety plan of DLT	Be able to construct budget planning and supported fund to implement road safety plans	Chief of Road Safety Sector, specialize officers, and TA human resource specialist
Vehicle registration office	Accident tracking data system	Data collection	Strengthening on data collection from related ministries and offices, which related to road safety to input it on time and quality	Be able to analyze the causes and factors of road accident efficiently	Chief of Road Safety Sector and Specialize officers
Vehicle inspection office		Input accidents data	Provide computers and IT newtwork support	Require to use new technology	Chief of Road Safety Sector and Specialize officers
Driving license Sector		Using out of date computers and equipment	Provide training on IT system such as SPSS Acess, ARG GIS, Web Development, Advance Excel	To increase productivities	Chief of Road Safety Sector, specialize officers, and TA human resource specialist
Research and Data collection office		Slow speed internet	Connect fast speed internet, which cause stability in job practice	To increase productivities	Chief of Road Safety Sector, specialize officers, and TA IT specialist
Road Safety Sector	Research	Conduct risk research and economic cost, evaluate all related prior activities	Provide training on risk and traffic research accident	To understand the cost of economic that cause by traffic accident	Chief of Road Safety Sector, specialize officers, and TA human resource specialist
Road Safety Sector	Monitoring and Evaluation	Conduct performance evaluation on road safety every 3 months and yearly	Strenthening on producing valid report and performance evaluation every 3 months and yearly.	Be able to understand current update situations, performance, and future plans	Chief of Road Safety Sector, specialize officers

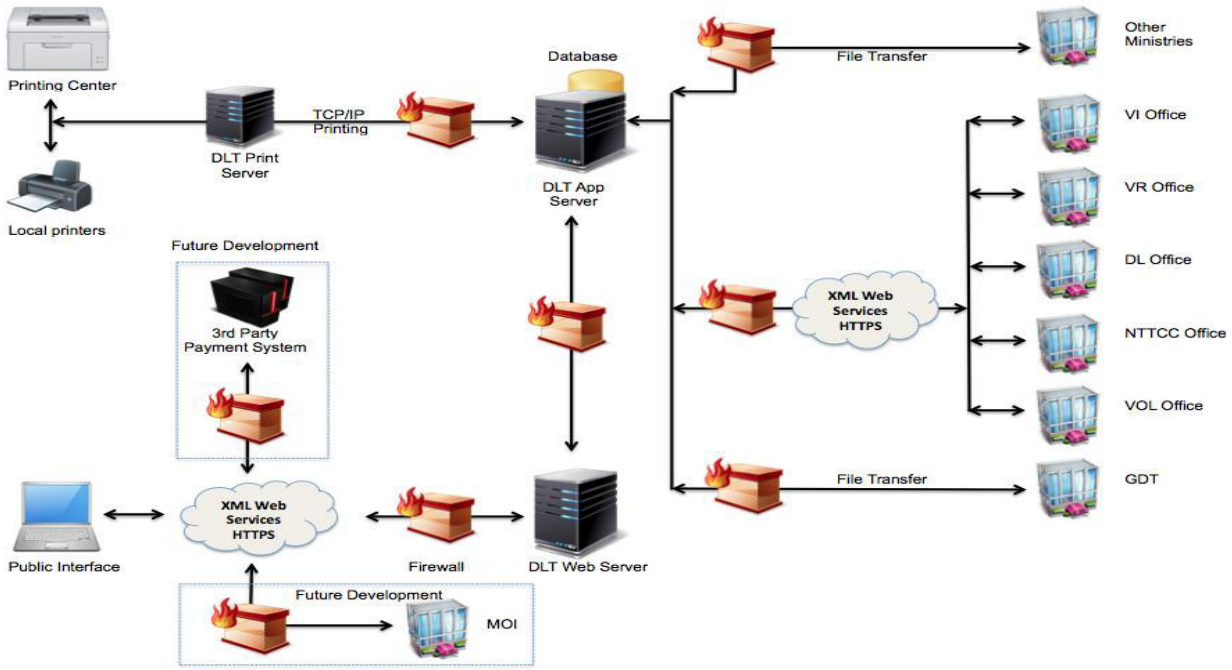
Office	Elements	Ations Taken	Actions to be taken	Comment	Responsible
Pillar 2: Safety Infrastructure					
Road Safety Sector	Check, follow up and evaluate	Evaluate black spot	Provide Road Safety evaluation and road safety auditing procedure	To observe and fix the black spot	Chief of Road Safety Sector, specialize officers
			Conduct Road Safety Evaluation and Auditing training course	Be able to conduct road safety auditing	Chief of Road Safety Sector, specialize officers, and TA human resource specialist
Pillar 3: Vehicle Inspection					
Vehicle inspection office	Vehicle Inspection	Vehicle condition inspection	Strenthening vehicle inspection by applying MPWT standard	Shall practice Article 48 of Traffic Law on driving license effective date and vehicle technical safety auditing	Chief office and officers of Vehicle Inspection Office
				Traffic Law - Article 54 on trucking weight control and vehicle size control	
				Prakas 532 BKSK/09.03.2000 on standard technical vehicle checking and Prakas 313 BKSK/07.03.2004 on heavy trucking vehicle must equip safety barrier	
		Check on the right use of inspection equipment	Regular check on the right measurement of inspection equipment	To improve on auditing quality and measurment	Chief office and officers of Vehicle Inspection Office
			Provide technicle training on vehicle inspection	To understand and using vehicle inspection equipment in with quality method	Chief office and officers of Vehicle Inspection Office, and TA human resource specialist
	Data Input	Input vehicle inspection data	Strenghtening on data input vehicle inspection into computer system	Require new technology	Chief office and officers of Vehicle Inspection Office
		Out of date technology and equipment	Provide more computers and updated equipment by connecting new network and technology	Require new technology	Chief office and officers of Vehicle Inspection Office
Pillar 4: Road Safety User Behavior					
Road Safety Sector	Check, follow up and evaluate	Check, follow up and evaluate road user behavior	Strenghtening on checking, follow up, and evaluate road safety user behavior	To understand road user risk behaviour	Chief of Road Safety Sector, specialize officers, and TA human resource specialist
			Conduct training to vehicle drivers and truck drivers on Risk of speeding, drunk driving, helmet using, seatbelt wearing, and over weight limit	To educate road users with responsible road usage	Senior management of DLT and Specialized officers, and TA human resource specialist

Office	Elements	Ations Taken	Actions to be taken	Comment	Responsible
Pillar 5: Post Crash Care					
Road Safety Sector	Emergency Rescue	Victim rescue method with long distances hospital	Strenthening on emergency rescue for traffic accident victims, who far distance from hospital	To reduce fatality rate due to the hospital distance is far from the accident taken place	Chief of Road Safety Sector, specialized officers
			Create and train volunteer rescue team	To improve volunteer rescue team knowledge. The media by all DLT training courses.	Chief of Road Safety Sector, specialized officers and education & advertising campaign officers
			Introduce people to know the about nearest hospital and nearest emergency contact	Educate accident victim on emergy rescue method . The media by all DLT training courses.	Chief of Road Safety Sector, specialized officers and education & advertising campaign officers
Pillar 6: Law Enforcement					
Road Safety Sector	Check, follow up and evaluate	Review current practice of traffic law practice	Strengtening traffic law practice	To understand quality and quantity of road user after practicing traffic law	Chief of Road Safety Sector, specialized officers
			Conduct traffic law training to traffic police officer	To have a quality practice on traffic law	DLT leadership team and specialized officers, and TA human resource specialist
Pillar 7: Driving Licensing					
Driving license office	Driving School	Review on teaching method at driving school	Strengtening traffic law teaching method	Implement PRAKAS 399 on controlling driving school	Chief office of Driving license office, specialized officer and instructors at driving school
		Review on driving license test	Strengthening on driving license test by putting and updating new laws and process		
			Provide training to driving instructors on new laws, procedures and regulations	To improve instructors teaching qualities on new traffice laws, procedures and regulations	DLT leadership team and specialized officers, and TA human resource specialist
	Examination Center	Inspection on theory examination	Strengthening quality exam process	Improve driving license quality	Chief office of Driving license office, specialized officer
		Inspection on real driving exam	Strengthening field driving exam practice which it must apply to MPWT standard		
	Driving License	Prepare and understand the process of permitted to hold driving license	Provide driving license in a short period with no any delayed	Improve customer service	Chief office of Driving license office, specialized officer
	Change or update driving license	Change or update the expiry driving license	Renew the driving license by re-conduct health check espcially focus on vision part	Improve driving license quality and efficiency	Chief office of Driving license office, specialized officer
	Data Input	Input all driving license into data management	Equip with modern technologies and network system	Require updated technology	Chief office of Driving license office, specialized officer

ANNEX 4. CONNECTIONS IN SYSTEMS AND DATABASES, PRESENT AND DESIRABLE



ANNEX 5. CONNECTIVITY IN THE PLANNED TRANSPORT INFORMATION SYSTEM (TIS)



ANNEX 6. EQUIPMENT REQUIRED FOR STAGE 1 OF IT IMPROVEMENT

No.	Equipment	Product Code	QTY	Unit Price	Estimate Price
1	Sever	Dell(TM) PowerEdge(TM) T110 II Server Intel Xeon Processor E3-1240v2, 3.40 GHz, 8MB Cache, Turbo, 4C/8T, 69W 16GB Memory (4X4GB), 1333MHz, Dual Ranked UDIMMs for 1 Processor 2 x 2TB 3.5-inch 7.2K RPM SATA II Hard Drive - Non Hot plug 3 year warranty	1	1,900	1,900
2	Server's Monitor	Monitor Dell 18.5" IN1930	1	100	100
3	Computer	DELL Inspiron 660MT Wireless Intel Core i5 (3.0Ghz, 6MB Cache), 4GB DDR3, 500GB SATA, DVD+RW, 18.5" Monitor, Widow 7 Professional License. 3 year warranty	11	745	8,195
4	Switch 8 Ports	HP V1405-8G (JD781A) 10/100/1000	1	77	77
5	Switch 16 Ports	HP V1405-16G (JD844A) 10/100/1000	2	250	500
6	Switch 24 Ports	HP 1810-24G v2 Switch (J9803A) 10/100/1000	1	320	320
7	Router	Mikrotik Router Board RB/1200 10/100/1000 RouterOS Level 6 license	1	500	500
8	Ethernet Cable	UTM AMP Cat6	4	80	320
9	RJ45 Connector	RJ45 AMP Cat6	2	45	90
10	Network Card	Prolink 1000TX	5	15	75
11	USB Wireless	TL-WN723N 150Mbps Mini Wireless N USB Adapter	5	15	75
12	UPS	UPS Prolink Pro 1200VA	20	60	1,200
13	Printer	HP LaserJet LJ P1606DN (CE749A) Spare Printer Toner	2	440	880
14	Cable Trunk	Cable Trunk	250	4	1,000
15	Fiber Optic Cable 4 core	Fiber Optic Cable 4 core, Size: 1310nm (9.2 + 0.4µm) 1550nm (10.5 + 1.0 µm) 10.3 x 17.9 Nom.mm 4c 10.8 x 18.4 Nom.mm Capacity: TEC-OPTIC-7271A	450	1	495
16	Optical Distribution Frame	GPZ01-124P, Specification:1.ideal for FTTH / FTTx networks 2.works with up to 4 cores optical cable and SC adapters 3.indoor use The mini optical fiber terminal box is ideal for FTTH / FTTx networks, it works with up to 4 cores optical cable and SC adapters.	4	35	140
17	Media Converters	TP-Link Network MC112CS WDM Fast Ethernet Media Converter 10/100M 20km Retail (845973030421) Network Adapter	4	150	600
18	Optical Fiber	Æ2/Æ3/Æ0.9, 2m/3m/5m, SC-SC-SM, FC-	4	25	100

	Patch cords	FC, SC-FC, SC-LC,LC-LC-SM/MM			
19	Optical Closures	FOC-SS 24C (Ribbon:12, 36, 72,144C), Capacity :TEC-OPTIC-7271A, 13.6"x7.3"x5.1" (345x187x130mm)	1	150	150
20	Service Splice	Diameter: 45mm	8	1	8
21	Wall mounting tools	2.8cm x 10cm	3	3	9
22	Photocopy Machine and Spare Toner	Konica Minolta 164 and Spare Toner	1	1,000	1,000
23	Network Cable	Network Cable Crimping tools and cable tester	1	50	50
	Crimping tools				
24	Cable Tester	Cable Tester	1	50	50
25	Electrical Conduit to protect cable outside building	Electrical Conduit to protect cable outside building	2	10	20
26	Cable Boot for RJ45	Cable Boot for RJ45	1	8	8
27	Cable Tie 20cm	Cable Tie 20cm	10	2	20
28	Cable Tie with label	Cable Tie with label	1	5	5
29	Concrete Drill	Concrete Drill	1	200	200
30	Stair/Ladder	Stair/Ladder	1	100	100
31	Digital Multimeter	Digital Multimeter	1	40	40
32	Power Board	5 socket, switched power board with surge protector	10	15	150
33	Outlet Socket	Outlet Socket	23	5	115
34	Double sided tape	Double sided tape	20	1	20
35	Electrical tape	Electrical tape	10	1	10
36	Microsoft Office 2013	Microsoft Office Pro Plus 2013 SNGL OLP NL	11	400	4,400
37	Server Software	Windows Server 2012 Standard SNGL OLP NL 2Proc	1	900	900
38	Server Software	WinSvrCAL 2012 SNGL OLP NL UsrCAL	3	40	120
39	Server Software	Access 2013 Sngl OLP NL	1	220	220
40	Antivirus software	Kaspersky Internet Security 2013 or Avira Internet Security	59	15	885
41	Antivirus software for server	SERV/01/012/00003: Avira Antivirus Server Security (3 users for 1 year)	1	150	150
				Total	25,192

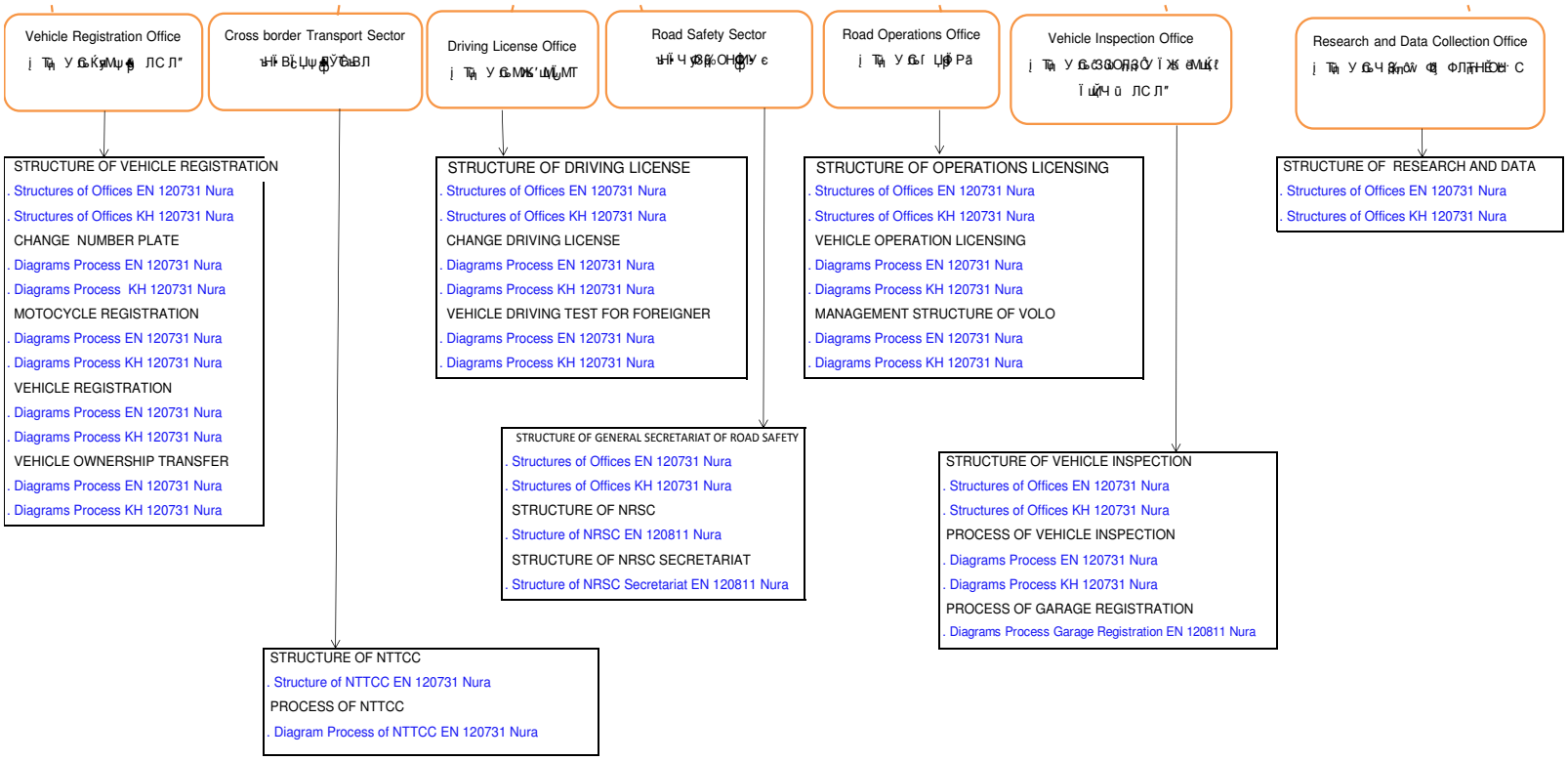
ANNEX 7. PERSONNEL INPUTS, MAY 2012 TO JUNE 2013

Month, from 24th day of May	May		1 June				2 July					3 August				4 September				5 October					6 Novembe			7 December
Number of week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
date of Monday	*28*	*4*	*11*	*18*	*25*	*2*	*9*	*16*	*23*	*30*	*6*	*13*	*20*	*27*	*3*	*10*	*17*	*24*	*1*	*8*	*15*	*22*	*29*	*5*	*12*	*19*	*26*	*3*
ACTUAL DAYS ON TA																												
International Coordinator TOWNSEND	8	7	8	7	8	0	0	5	7	7	8	8	8	7	7		3	3		7	4	3	3	5	7	7	7	1
International IT STRINGER							7	6							2	3	2	3		7	7	7	2					4
International Regulations DUNCAN							7	7	7						4	7	7	7										
National IT KIM LANG		7	7	6	3	7	5	7	7	7	7	7	7	7	7	4	5	4						2	3	3	2	3
National Road Safety MAM SOVANN	7	7	7	7	7	7	7	7	6										7	7	7	7						
National HRCDS LEE RADY /OUN Pisey		7	7	5																								
National Legal Adviser Tayseng Ly																7	4	4	3	3	2	1		3	3	1	4	

Month, from 24th day of May						8 January				9 February				10 March				11 April					12 May				13 June				Inputs	
Number of week	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	**days**	**wks**	**mths**
date of Monday	*10*	*17*	*24*	*31*	*7*	*14*	*21*	*28*	*4*	*11*	*18*	*25*	*4*	*11*	*18*	*25*	*1*	*8*	*15*	*22*	*29*	*6*	*13*	*20*	*27*	*3*	*10*	*17*	*24*			
ACTUAL DAYS ON TA																																
International Coordinator TOWNSEND	7	7			2	6	7		4	7	7	7	3	4	7	7	3	7	5	3	2	7	8	7	8	7	8	7	8	300	42.9	***10.0***
International IT STRINGER													2.5	7	7	3			5			2	2			5	4	2		89.5	12.8	***3.0***
International Regulations DUNCAN																	4	7	7	7		7	7	7	7	7	7	7		120	17.1	***4.0***
																																17.0
National IT KIM LANG	4	4	4		4	4	4	4	3	3	3	3	3	3	3	3	3	4	3	4		4	4	4	3	3	3	3	3	210	30	***7.0***
National Road Safety MAM SOVANN																														90	12.9	***3.0***
National HRCDS LEE RADY /OUN Pisey																														19	2.71	***0.6***
National Legal Adviser Tayseng Ly		7					6	4			5	5		5	5			6	3	6		4	5	4	6	6	6	2		120	17.1	***4.0***
																																15

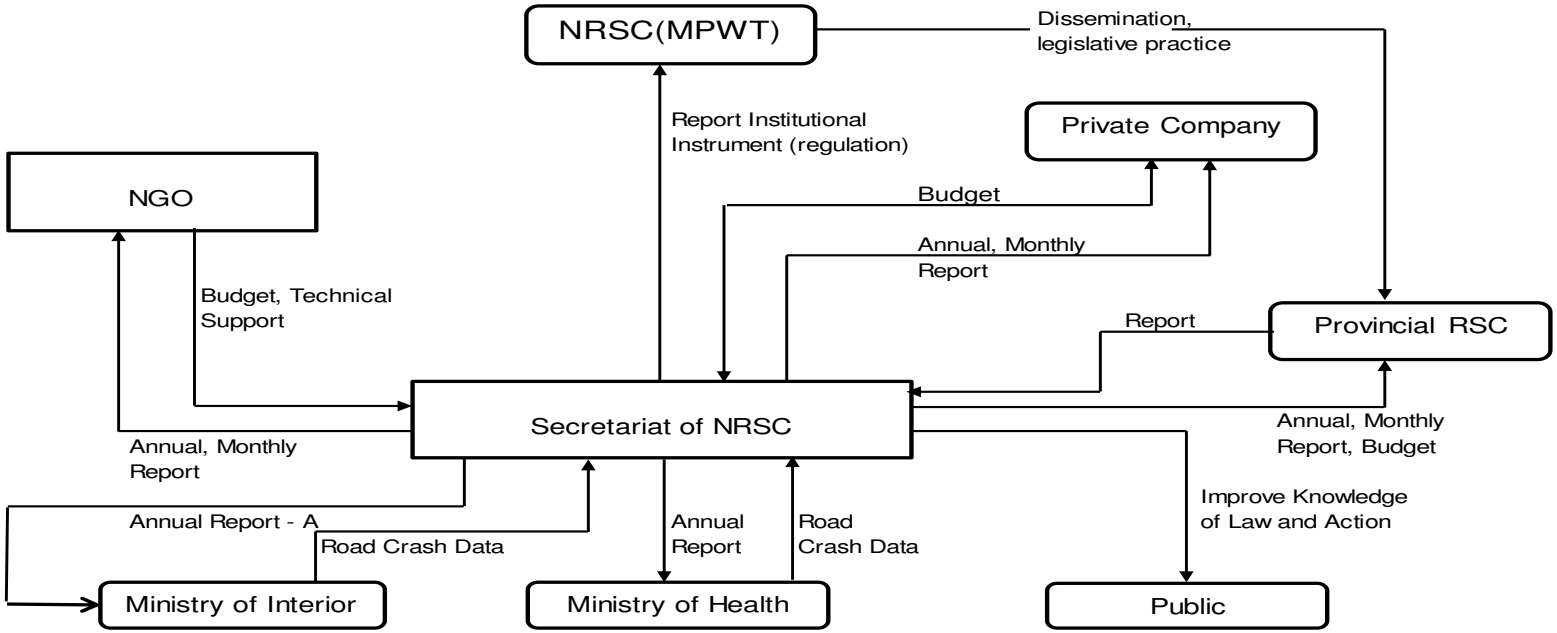
ANNEX 8. STRUCTURE AND PROCESS DIAGRAMS: INDEX

DIAGRAMS SUMMARY BY DIAGRAM TITLE AND FILE NAME



ANNEX 9. ROAD SAFETY ORGANIZATION (EXAMPLE OF DIAGRAMS FOR EACH OFFICE)

Structure and Links of Road Safety Secretariat



A Statistics of road crash, cause of road crash and report of road safety future plan and enforcement

ANNEX 10. DOCUMENTS AND REFERENCES (IN ORDER OF YEAR)

Royal Government of Cambodia 1998. *ANUKRET No.14/ANK/BK Organization and Functioning of MPWT*

Royal Government of Cambodia 2005. *Sub degree No.77/ 06-June-2005 National Road Safety Committee*

National ICT Development Authority 2005. *User Manual of Vehicle Registration* (NIDA)

Royal Government of Cambodia 2007. *Cambodia Land Traffic Law*

UNDP Capacity Assessment Methodology User's Guide, 2007

UNDP Practice Note on Capacity Assessment and Capacity Development, 2008

Royal Government of Cambodia 2010. *Sarachor on instruction (001/ស*) *to implement sub-degree 77*

National Road Safety Committee 2010. *Draft of National Road Safety Policy*

General Department of Transport 2011. *Annual Report 2011; also 2012*

National Road Safety Committee 2011. *Draft of Road Safety Action Plan 2011-2020*

Royal Government of Cambodia 2011. *Sekdeysreach No. 22/11/ 20 April 2011*

Department of Highways, Bihar, India 2011. *Institutional Assessment Tool*, (sample)

ADB Practical Guide to Capacity Assessment in a Sector Context, November 2011

National Road Safety Committee and Handicap International Belgium. 2012. *The Cambodia Road Crash and Victim Information System*

General Department of Transport 2012. *DLT Organization Structure*

ADB 2012. *Inception Mission, MOU between ADB and GDT, June 2012*

ADB 2012. *Mid Term Mission, MOU between ADB and GDT, November 2012*

Ministry of Public Works and Transport 2012. *Organization Structure of Leadership of MPWT*

General Department of Transport 2012. *Structure of General Department of Transport (GDT)*

DOCUMENTS AND REFERENCES in ROAD SAFETY SECTOR

a) Royal Government of Cambodia 2005. Sub degree No.77/ 06-June-2005 National Road Safety Committee (NRSC)

b) Royal Government of Cambodia 2007. Cambodia Land Traffic Law

c) NRSC Draft of National Road Safety Policy 2011-2020

d) NRSC Draft of Road Safety Action Plan 2011-2020

e) Cambodia Road Crash and Victim Information System, Annual Report 2011 (KH)

f) Draft of New Land Traffic Law (KH)

ANNEX 11 REVIEW MISSIONS AND MEMORANDA OF UNDERSTANDING (MOU)

11.1 Inception Mission

ASIAN DEVELOPMENT BANK

TA 8005-CAM: SUPPORTING STRENGTHENING AND INSTRITUTIONAL REFORM FOR THE DEPARTMENT OF LAND TRANSPORT OF THE MINISTRY OF PUBLIC WORKS AND TRANSPORT

INCEPTION MISSION

19 TO 21 JUNE 2012

MEMORANDUM OF UNDERSTANDING

I. Introduction

1. An ADB Mission[27] undertook the inception mission (the Mission) of the captioned technical assistance (the TA) with the Executing Agency (EA) for the TA, Ministry of Public Works and Transport (MPWT) from 19 to 21 June 2012. Annex-1 lists the key persons met by the Mission.

2. The Mission had discussions with the MPWT, TA consultants (the Consultant), and Ministry of Economy and Finance (MEF). This Memorandum of Understanding (MOU) provides a summary of the Mission's findings and discussions, on which all parties agreed at the wrap-up meeting, held on 21 June 2012. The MOU is subject to approval by higher authorities of ADB, and the Government.

3. The Mission expresses its appreciation to MPWT, MEF, and the Consultant for their generous assistance and hospitality.

II. Background and Relevant Facts

4. Asian Development Bank (ADB) approved the piggy-backed capacity development TA (CDTA), TA 8005-CAM: Supporting Strengthening and Institutional Reform for the Department of Land Transport of the Ministry of Public Works and Transport, under Loan 2839-CAM: Provincial Roads Improvement Project (PRIP) on 16 December 2011. The CDTA is to support the Government of Cambodia to strengthen management of the road transport sector. The CDTA will provide specific technical inputs which are not easily available in Cambodia, and will be focused on areas that contribute to improving the safety, efficiency, environmental sustainability, and sub-regional interconnectivity of the road transport sector. The CDTA amount is $500,000. MEF confirmed its no-objection to the ADB's letter to MEF dated 12 January 2012 seeking no objection for acceptance to the

[27] Consisting of Shihiru Date, Senior Transport Specialist/Mission Leader from Transport and Communications Division, Southeast Asia Department, Asian Development Bank (ADB).

CDTA. The Department of Land Transport (DLT) within MPWT is the implementing agency. The TA is expected to be completed on 21 May 2013.

5. The expected outcome of the TA is a medium-term plan for improving management of the road transport sector in Cambodia by preparing an implementable and realistic time-bound plan for enhancing the DLT's planning, policy, and administrative skills level through development of the DLT's organizational and human resources capacity, and establishing efficient cooperation with enforcement agencies such as the traffic police on national and provincial level, and with private support sectors such as vehicle insurance companies and emergency services.

6. Major outputs of the CDTA are: (i) A diagnostic assessment of the capacity of the DLT to deliver its programs and services; (ii) A restructuring and capacity development plan for the DLT; (iii) New processes, procedures, regulations, and designs for automated systems to support the DLT's program delivery; (iv) A framework for coordination of DLT activities in the areas of road safety, licensing and permits and management of cross border transport with other Government entities; (v) Presentations and reports that will focus discussion on the development of a restructuring and capacity development plan, a coordination framework and new processes and systems; and (v) Products related to feasibility and methods for implementation of the proposed plan, coordination framework and new processes and systems.

7. The CDTA requires consulting services for approximately 12 months, through about 16 person-months of international consulting services and about 20 person-months of services by national consultants. ADB completed the recruitment of the Consultant, MMM Group Ltd of Canada, in May 2012 as they mobilized on 23 May 2012.

III. Findings

8. The Consultant has initiated their work smoothly. They seemed to have clearly grasped the expected outcome of the CDTA to deliver a medium-term plan for improving management of the road transport sector in Cambodia. Since this CDTA output is the diagnostic stage of a planned three-stage program (see paras 12 and 13) for improvement of the road transport sector in Cambodia, it is essential to set the CDTA in the right direction to achieve success in the two subsequent phases.

9. **Inception Phase**. For this, the Consultant has divided their work program into three phases of: Inception Phase, Analyze and Plan Phase, and Support, Train, Improve, and Report Phase. The expected work in each phase is as shown below:

i. Inception Phase: set the directions right for the entire CDTA.

ii. Analyze and Plan Phase: a) analyze and assess the DLT in terms of current and future responsibilities, organizational structure, laws and regulations, and constraints on ability to deliver public service responsibilities; and b) design a Road Sector Management Development Program to: restructure operations, and expand capacity to deliver services; also, improve coordination with agencies for data and compliance: road safety, registration, inspection, licenses and permits, and cross border transport.

iii. Support, Train, Improve, and Report Phase: assist DLT to implement approved plans, processes, procedures and systems, to implement training and evaluate its effects, and learn and improve the design for a Management Development Program.

10. The Consultant has selected a participatory approach to achieve the outputs through a three-working group (WG) set up. These three WGs are: Systems and Information Technology WG (SIT-WG), Capacity Development and Training WG (CDT-WG), and Regulations Institutional Change WG (RIC-WG). All WGs are interconnected with coordination among all stakeholders indispensable for the objective of the CDTA. This WG set up is shown in **Annex-2**.

11. The tasks of the three WGs are, diagnosis of the situation in DLT, analysis of coordination with relevant agencies, capacity and constraints assessments, technology assessment of inputs and needs, recommendations for change, planning agenda for workshops, and disseminating knowledge, ideas and documents across the sector.

12. The Consultant also have broadly identified in this initial stages of the TA; how to work in the WGs for effective results, strategy for change in DLT, managing change in DLT, stimulus and incentives of change, main problems and constraints, how to reduce constraints, proposals and possibilities, and priorities to be resolved in DLT. Based on these key areas, the Consultant plans to build on the diagnostics of a 3-stage program (see paras 8 and 13) for restructuring process of DLT. One initial finding by the Consultant during inception consultations was high enthusiasm of DTL staff to integrate the current work flows in an IT system. This clearly is a positive approach for future effective changes, although the similar findings of the Consultants have shown that DLT staff has less interest in human resource development.

13. **Three stage program approach for restructuring DTL**. The overall objective of the CDTA is to complete diagnostics during the TA implementation to identify key areas of change necessary for DLT, as the first stage of restructuring. The second stage is deciding concretely what investments are necessary to achieve the effective restructuring. The third stage involves implementing this investment program identified in the second stage. Since ADB alone may not be able to finance the second and third stages, the Mission informed the importance of other development partner participation from the mid-term review of the CDTA onwards. Therefore, it is aimed to attract the interest of other development partners to assist the DLT restructuring during second and third stages. DTL agreed with the Mission on this approach.

14. **Implementing Agency**. Though the implementation of the CDTA is under the responsibility of DLT in reality, during the design stages of the PRIP it was envisaged that the Project Management Unit 3 (PMU3), which implements the PRIP, would implement the CDTA as well. Therefore, the Mission requested DLT to request ADB for a change in the implementing agency of the CDTA from PMU3 to DLT. Since this is a matter of formality, it does not affect the actual implementation. DLT assured the Mission to request ADB the aforementioned changes, through MEF, by 9 July 2012.

15. **Implementation schedule**. Overall, the TA is on track for an expected completion of May 2013. The first major milestone of the TA is draft inception report submission by 30

June 2012, which is expected to be finalized by mid-July 2012. Then the mid-term review is expected in the early November 2012 with the draft Mid Term Report (including the Draft Road Sector Management Development Program) to be submitted on 30 October 2012. The final review may be about early May 2013 as the Draft Final Report with Action Plan is expected on 30 April 2013. The final report is expected to be submitted by 30 May 2013.

16. All three aforementioned TA reviews of inception, mid-term, and final are generally tripartite meetings, of which the first is the current review. The mid-term and final review tripartite meetings will invite the development partners as the Phase II of the DLT restructuring process needs to carefully plan an investment program, ideally assisted by multiple development partners, as mentioned in para 13.

17. **Reporting**. The draft Inception Report will be available in the end of June 2012. The Mission and the EA agreed to provide comments by 11 July 2012 to facilitate the Consultant to finalize it by mid-July 2012. Apart from this, draft mid-term review report and draft final report are expected a week before the respective tripartite meeting. All reports will be circulated electronically and only the finalized versions will be printed, as required.

IV. Conclusions and Recommendations

18. The Mission agreed with the DLT and the Consultant the inception approach of the CDTA as presented by the Consultant. The Mission also agreed with on the milestone dates of the future implementation of the CDTA. Based on this the Inception Report is expected to be finalized by mid-July 2012. The Mission strongly encouraged DLT to work closely with the Consultant on this important CDTA in its implementation to achieve the required outcome.

19. The next review will be the Mid-Term Review, planned for early November 2012.

SIGNED IN PHNOM PENH ON 21 JUNE 2012

H.E. Ung Chun Huor	**Shihiru Date**
Director General,	Senior Transport Specialist/Mission
Department of Land Transport,	Leader, Transport and
Ministry of Public Works and Transport Department,	Communications Division, Southeast Asia Asian Development Bank

Attachments:

Annex-1 Key Persons met by the Mission

Annex-2 Proposed working group structure

Key Persons met by the Mission

MINISTRY OF PUBLIC WORKS AND TRANSPORT

H.E. Ung Chun Huor	Director General, General Department of Transport
H.E. Peou Maly	Deputy Director General, General Department of Transport
Mr. Preap Chanvibol	Director, DLT

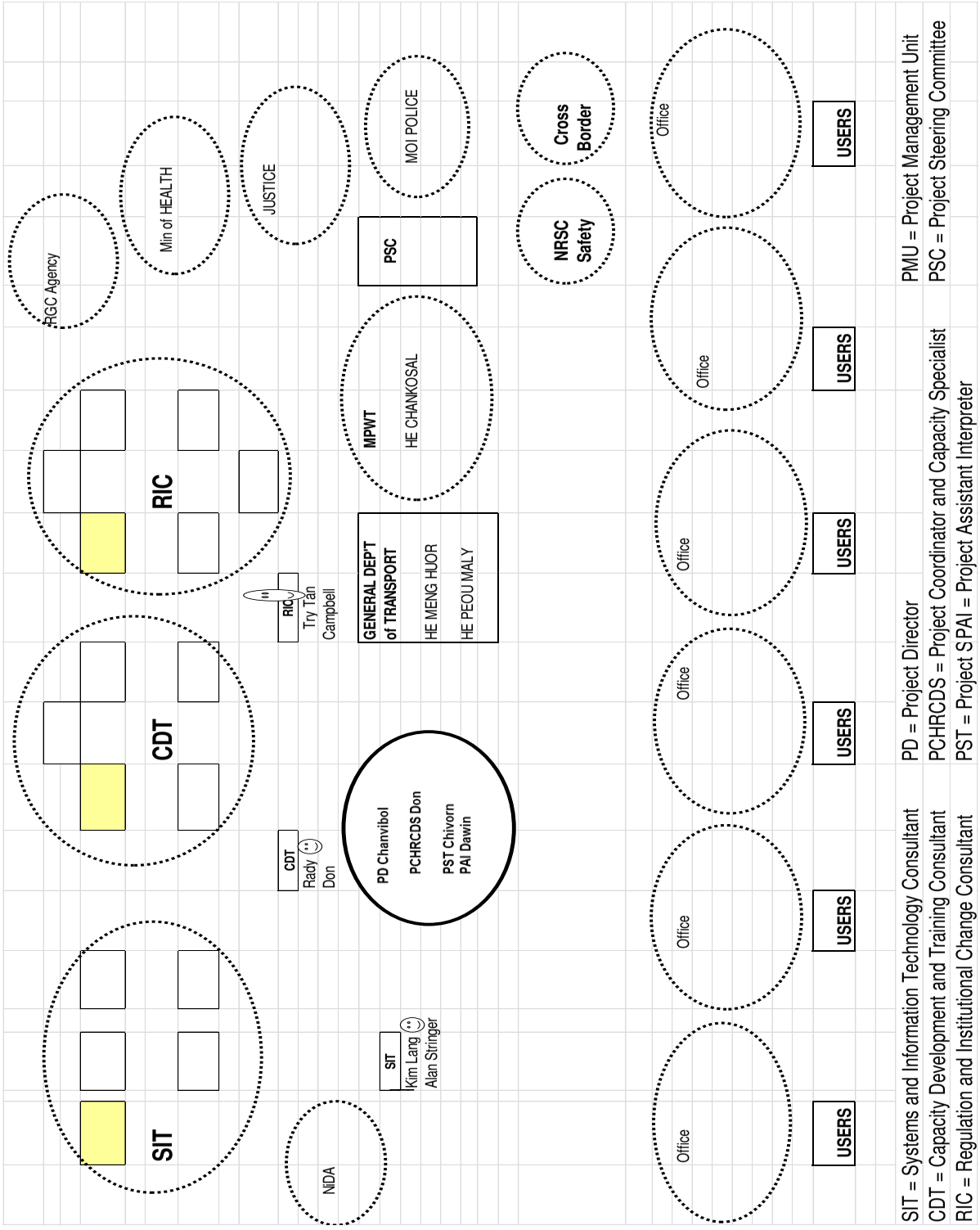
Ministry of Economy and Finance (MEF)

Mr. Chhuon Samrith	Deputy Director, DIC, MEF
Mr. Hak Ponnarin	Deputy Chief of ADB Division
Mr. Sun Sokny	Chief of Multilateral Projects Office

The Consultant (MMM Group Limited [MMM])

Mr. Don Townsend	Project Coordinator/Team Leader, MMM
Mr. Lee Rady	National Capacity Development Specialist, TANCONS
Ms. Kim Lang	National IT Specialist, TANCONS
Mr. Mam Sovann	National Road Safety Specialist, TANCONS

Annex-2: Three WGs for Participatory Consultations



11.2 Mid Term Mission

ASIAN DEVELOPMENT BANK

TA 8005-CAM: SUPPORTING STRENGTHENING AND INSTITUTIONAL REFORM FOR THE DEPARTMENT OF LAND TRANSPORT OF THE MINISTRY OF PUBLIC WORKS AND TRANSPORT

MID-TERM REVIEW MISSION

16 TO 21 NOVEMBER 2012

MEMORANDUM OF UNDERSTANDING

I. Introduction

6. An ADB Mission[28] undertook the Mid Term Review mission (the Mission) of the captioned technical assistance (the TA) with the Executing Agency (EA) for the TA, Ministry of Public Works and Transport (MPWT) from 16 to 21 November 2012. **Annex-1** lists the key persons met by the Mission.

7. The Mission had discussions with the MPWT, and TA consultants (the Consultant). This Memorandum of Understanding (MOU) provides a summary of the Mission's findings and discussions, on which all parties agreed at the wrap-up meeting, held on 21 November 2012. The MOU is subject to approval by higher authorities of ADB, and the Government.

The Mission expresses its appreciation to MPWT, and the Consultant for their generous assistance and hospitality.

II. Background and Relevant Facts

8. Asian Development Bank (ADB) approved the piggy-backed capacity development TA (CDTA), TA 8005-CAM: Supporting Strengthening and Institutional Reform for the Department of Land Transport of the Ministry of Public Works and Transport, under Loan 2839-CAM: Provincial Roads Improvement Project (PRIP) on 16 December 2011. The CDTA is to support the Government of Cambodia to strengthen management of the road transport sector. The CDTA will provide specific technical inputs which are not easily available in Cambodia, and will be focused on areas that contribute to improving the safety, efficiency, environmental sustainability, and sub-regional interconnectivity of the road transport sector. The CDTA amount is $500,000. MEF confirmed its no-objection to the ADB's letter to MEF dated 12 January 2012 seeking no objection for acceptance to the CDTA. The Department of Land Transport (DLT) within MPWT is the implementing agency. The TA is expected to be completed on 21 May 2013.

[28] Consisting of Shihiru Date, Senior Transport Specialist/Mission Leader from Transport and Communications Division, Southeast Asia Department, Asian Development Bank (ADB).

9. The expected outcome of the TA is a medium-term plan for improving management of the road transport sector in Cambodia by preparing an implementable and realistic time-bound plan for enhancing the DLT's planning, policy and strategy, and administrative skills level through development of the DLT's organizational and human resources capacity, and establishing efficient cooperation with enforcement agencies such as the traffic police on national and provincial level, and with private support sectors such as vehicle insurance companies, vehicle inspection and emergency services.

10. Major outputs of the CDTA are: (i) A diagnostic assessment of the capacity of the DLT to deliver its programs and services including basic research and data; (ii) A restructuring and capacity development plan for the DLT; (iii) New processes, procedures, regulations, and designs for automated systems to support the DLT's program delivery and also to improve quality of data as well; (iv) A framework for coordination of DLT activities in the areas of road safety, licensing, registration (re-registration, de-registration, and transfer of ownership), vehicle inspection, permits and management of cross border transport with other Government entities; (v) Presentations and reports that will focus discussion on the development of a restructuring and capacity development plan, a coordination framework and new processes and systems; and (vi) Products related to feasibility and methods for implementation of the proposed plan, coordination framework and new processes and systems.

11. The CDTA requires consulting services for approximately 12 months, through about 16 person-months of international consulting services and about 20 person-months of services by national consultants. ADB completed the recruitment of the Consultant, MMM Group Ltd of Canada, in May 2012 as they mobilized on 25 May 2012.

III. Findings

12. The Consultants have progressed their work smoothly up to the mid-term of the TA. They seemed to have all the material to deliver a medium-term plan for improving management of the road transport sector in Cambodia. Since this CDTA output is the diagnostic stage of a planned three-stage program for improvement of the road transport sector in Cambodia, it is essential to establish the mid-term milestones are on track to achieve success in the two subsequent phases.

13. **Three stage program approach for restructuring DLT**. The overall objective of the CDTA is to complete diagnostics during the TA implementation to identify key areas of change necessary for DLT, as the first stage of restructuring. The second stage is for planning concretely what investments are necessary to achieve the effective restructuring. The third stage involves implementing this investment program identified in the second stage. Since ADB alone may not be able to finance the second and third stages, it is important that other development partner participation from the mid-term review of the CDTA onwards to attract the interest of other development partners to assist the DLT during second and third stages. For this, Japan International Cooperation Agency (JICA) representatives participated in the Mission for a constructive discussion.

14. At this mid-term stage of the CDTA, the Consultants identified the overall program for second and third stages, which will be fine-tuned during the remainder of the TA implementation. The outline of the program is as follows.

15. **Immediate priority: reduce constraints**. The Consultants proposed an upgrading of the existing IT system as the first priority, as the system is inefficient and malfunctions with delays to DLT operations, combined with internal organizational changes to three offices of DLT (IT Unit, RDCO, and Corporate Services). The Mission discussed with DLT about the feasibility of financing this under the CDTA, which involves replacing some outdated equipment, upgrading software, and providing basic training to DLT staff. The overall cost for this is approximately $55,000. An addition of $12,000 is agreed for training, in the form of international best practices and guidance in road sector services. The Mission agreed to have these financed under the TA as it enhances the overall reform process as the first step, but this financing needs a minor change in the CDTA scope along with realignment of budget items. However, in light of the ownership of DLT and accountability to MPWT, and the need to ensure effectiveness of the investment, the Mission agreed with DLT on the following conditions for this intervention: (i) appointment of a head of the IT unit within DLT with a terms of reference of his/her duties in line with the reform proposals; (ii) availability of accounting/expenditure data of DLT for past 3 years from 2009 to 2011 with approved budget for 2012; and (iii) appointment of an officer for oversight/monitoring of weekly progress by MPWT /GDT. Details of this are in **Annex-2**.

16. **Second Stage interventions**. The framework of proposed Second Stage has 9 main tasks in 3 types of interventions (details are in **Annex-3**):

a. institutional reform: institutional reform includes organization and management of offices and services within DLT, and with related agencies. The priorities are in road safety, cross border transport, research and data collection (with additions to planning and policy), corporate services, and provincial department support. A transition to a more commercially oriented, corporate entity is the main longer term reform. Comprehensive training, management development and specialist advice will cost in the order of $1 to 1.5 million over 3 to 4 years (varying mostly according to the needs emerging at provincial level services).

b. upgrading software system with training: there is need and justification for building up a Transport Information System (all systems like licensing registration etc.), after the main reforms have been implemented. A 2 to 3 year development, also involving provinces and related government agencies, will cost around $0.3 million for equipment and installations, and about $0.3 million for IT technical advice and pilot tests.

c. legislation requirements: legislation is in progress at Council of Ministers level. Additional amendments will be required over the next 3 to 4 years, which may require consulting services in the amount of $0.2 million.

17. As mentioned in para 9 above, the CDTA will look into details of the above during the remainder of the TA implementation to fine tune them with more accurate cost estimates and conditions attached to each milestone that DTL has to comply with for investments for the succeeding steps with achievement of indicators. Also, the CDTA will focus on diagnostics of decentralization of DLT functions, with two pilot provincial departments as cases, and proposals of incorporating insurance of vehicles as an integral part of registration, licensing and road safety procedures.

18. It is also important to note that investments during the third stage are not large, and may be well below $5 million in total. This type of information is indispensable for decision making and budget planning processes of potential development partners like JICA who may be interested in supporting DTL reform program.

19. **Implementation schedule**. Overall, the TA is on track for an expected completion of May 2013. The draft Mid Term Report (including the Draft Road Transport Sector Management Development Program) is expected to be submitted on 10 December 2012. The final review may be about early May 2013 as the Draft Final Report with Action Plan is expected on 30 April 2013. The final report is expected to be submitted by 30 May 2013.

20. **Reporting**. The draft Mid-term Report will be available by 10 December 2012. The Mission and the EA agreed to provide comments by 21 December 2012 to facilitate the Consultant to finalize it by end of December 2012. Apart from this, the draft final report is expected a week before the final tripartite meeting scheduled for early May 2013. All reports will be circulated electronically and only the finalized versions will be printed, as required.

2. Conclusions and Recommendations

21. The Mission agreed with the DLT and the Consultant the mid-term approach of the CDTA as presented by the Consultant. The Mission also agreed with on the milestone dates of the future implementation of the CDTA. The Mission strongly encouraged DLT to work closely with the Consultant on this important CDTA in its implementation to achieve the required outcome.

22. The immediate priority interventions mentioned in para 11 need realignment of CDTA budget items as follows: increase of allocation for equipment from the current $6,000 to $33,000, from contingencies, and increase of allocation for training from the current $50,000 to $62,000 (see Annex 2 for details). The Mission agreed to this realignment and will process internal ADB approvals within December 2012.

23. The next review will be the Final Review, planned for early May 2013.

SIGNED IN PHNOM PENH ON 21 NOVEMBER 2012

H.E. Tauch Chan Kosal	**Shihiru Date**
Secretary of State, of Public Works and Transport	Senior Transport Specialist/Mission Leader Ministry Transport and Communications Division, Southeast Asia Department, Asian Development Bank

Attachments:

Annex-1 Key Persons met by the Mission
Annex-2 Details of immediate priorities
Annex-3 Gantt chart of Second Stage interventions

cc: H.E. Vongsey Vissoth, Secretary General, MEF
H.E. Vasim Sorya, General Director, General Department of Planning & Administration
H.E. Pheng Sovicheano, Project Director, PMU3, MPWT
Mr. Chhuon Samrith, Deputy Director, DIC, MEF
Country Director, P. Broch, J. Hakim, N. Ouk/CARM

Key Persons met by the Mission

MINISTRY OF PUBLIC WORKS AND TRANSPORT

H.E. Tauch Chan Kosal	Secretary of State
H.E. Peou Maly	Deputy Director General, General Department of Transport
Mr. Preap Chanvibol	Director, DLT

Japan International Cooperation Agency (JICA)

Mr. Takashi Shimada	JICA Expert for MPWT
Mr. Masahiko Egami	JICA Representative for Infrastructure

The Consultant (MMM Group Limited [MMM])

Mr. Suresh Bhatta	Vice President, MMM
Mr. Don Townsend	Project Coordinator/Team Leader, MMM

Annex-2

COST ESTIMATE FOR FIRST STAGE IMPLEMENTATION: Immediate Priorities

Task	Description	Major Item	Cost $
Part A Equipment:			
1	Establish ITU	Equipment, Internet, Connections	5,000
2	Strengthen NTTCC	New Application (basic simple), Internet	1,000
3	Develop RDCO	Equipment, Internet, Connections	3,000
4	Set up Demerit System	New application, Connectivity links	2,000
5	Improve Electricity Supply	20 UPS	1,200
6	Slowness of Computers	5 computers and software	4,000
7	Internet Access	2 Routers + internet fees	500
8	Networks in VOLO and VIO	1 Router, cabling	500
9	Inter-office networks	Cabling, installing	1,000
10	VIS program installed	1 Server ($2,000), Cables, software	5,000
11	Connect Provinces to DLT	Routers, Internet	2,000
12	Pilot Expand Province (2)	Equipment, Internet	2,000
		First Stage Equipment Cost	**27,000#**
Part B Organization and Management (O&M)			
13	IT technical training	Basic operations and programs	14,000
14	IT management	Managing connections, data quality	3,000
15	Managing changes RDCO, ITU, CBT, Demerits, Corporate Services	HR systems and setups, monitoring	11,000
		First Stage Training and HR Cost	**28,000**
		IT and O&M Stage 1 Total	**55,000##**
Part C Procedures and Standards			
16	English for Managers	Self-paced courses (10 officers)	6,000
17	International Practices	Specialists (3) from ASEAN	12,000
18	Inspection Supervisors	Specialist trainers (National)	6,000
		First Stage Procedures and Standards Cost	**24,000##**

First Stage 2012-2013 IT, Internal Reforms and O&M Total 79,000

Notes:

The original allocation was $6,000 which has already been spent, however, with this the total allocation will be $33,000.

The original allocation was $50,000 out of which $10,000 has already been spent; however, with the required internal reforms, the total required now is $52,000.

Annex-3

Second Stage Support and Interventions Outline

	Main Tasks in Stage 2 Reform of DLT	2013												2014												2015												2016											
task		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
1	Secretariat for Cross Border (continue)																																															
2	Upgrade RDCO (continue)																																															
3	Implement Demerits System																																														
4	Department of Road Safety set up																																															
5	Support to Provincial Services																																															
6	Sustain Progress and Application of New Laws																																															
7	DLT Transport Information System																																															
8	Sustain Organisation & Management Development																																															
9	Create a Transport Users' Services Bureau / Establishment (TUS) with branches in provinces																																															

11.3 Final Review Mission ASIAN DEVELOPMENT BANK

TA 8005-CAM: SUPPORTING STRENGTHENING AND INSTITUTIONAL REFORM FOR THE DEPARTMENT OF LAND TRANSPORT OF THE MINISTRY OF PUBLIC WORKS AND TRANSPORT

FINAL REVIEW MISSION

31 MAY AND 3 JUNE 2013

MEMORANDUM OF UNDERSTANDING

I. Introduction

An ADB Mission[29] undertook the Final Review mission (the Mission) of the captioned technical assistance (the TA) with the Executing Agency (EA) for the TA, Ministry of Public Works and Transport (MPWT) from 31 May to 3 June 2013. **Annex-1** lists the key persons met by the Mission.

The Mission had discussions with the MPWT, and TA consultants (the Consultant). This Memorandum of Understanding (MOU) provides a summary of the Mission's findings and discussions, on which all parties agreed at the wrap-up meeting, held on 3 June 2013. The MOU is subject to approval by higher authorities of ADB, and the Government.

The Mission expresses its appreciation to MPWT, and the Consultant for their generous assistance and hospitality.

II. Background and Relevant Facts

4. Asian Development Bank (ADB) approved the piggy-backed capacity development TA (CDTA), TA 8005-CAM: Supporting Strengthening and Institutional Reform for the Department of Land Transport of the Ministry of Public Works and Transport, under Loan 2839-CAM: Provincial Roads Improvement Project (PRIP) on 16 December 2011. The CDTA is to support the Government of Cambodia to strengthen management of the road transport sector. The CDTA will provide specific technical inputs which are not easily available in Cambodia, and will be focused on areas that contribute to improving the safety, efficiency, environmental sustainability, and sub-regional interconnectivity of the road transport sector. The CDTA amount is $500,000. MEF confirmed its no-objection to the ADB's letter to MEF dated 12 January 2012 seeking no objection for acceptance to the CDTA. The Department of Land Transport (DLT) within MPWT is the implementing agency. The TA is expected to be completed on 21 May 2013. For more efficient achievement of outputs, in February 2013 ADB extended the TA closing date to 30 June 2013.

5. The expected outcome of the TA is a medium-term plan for improving management of the road transport sector in Cambodia by preparing an implementable and realistic time-bound plan for enhancing the DLT's planning, policy and strategy, and administrative skills level through development of the DLT's organizational and human resources capacity, and establishing efficient cooperation with enforcement agencies such as the traffic police on national and provincial level, and with private support sectors such as vehicle insurance companies, vehicle inspection and emergency services.

6. Major outputs of the CDTA are: (i) A diagnostic assessment of the capacity of the DLT to deliver its programs and services including basic research and data; (ii) A restructuring and capacity development plan for the DLT; (iii) New processes, procedures, regulations, and designs for automated systems to support the DLT's program delivery and also to improve quality of data as well; (iv) A framework for coordination of DLT activities in the areas of road safety, licensing, registration (re-registration, de-registration, and transfer

[29] Consisting of Shihiru Date, Senior Transport Specialist/Mission Leader from Transport and Communications Division, Southeast Asia Department, Asian Development Bank (ADB).

of ownership), vehicle inspection, permits and management of cross border transport with other Government entities; (v) Presentations and reports that will focus discussion on the development of a restructuring and capacity development plan, a coordination framework and new processes and systems; and (vi) Products related to feasibility and methods for implementation of the proposed plan, coordination framework and new processes and systems.

7. The CDTA requires consulting services for approximately 12 months, through about 16 person-months of international consulting services and about 20 person-months of services by national consultants. ADB completed the recruitment of the Consultant, MMM Group Ltd of Canada, in May 2012 as they mobilized on 25 May 2012. The original contract of the consultants was 31 May 2013 which later ADB extended until 30 June 2013.

III. Findings

8. The Consultant has progressed their work up to the final stages the TA. They delivered a medium-term plan for improving management of the road transport sector in Cambodia. The following paras summarize the progress so far.

9. **Three stage program approach for restructuring DLT**. The overall objective of the CDTA is to complete diagnostics during the TA implementation to identify key areas of change necessary for DLT, as the first stage of restructuring. The second stage is for planning concretely what investments are necessary to achieve the effective restructuring. The third stage involves implementing this investment program identified in the second stage. At the mid-term stage of the CDTA, the Consultants identified the overall program for second and third stages. For an efficient transition the Consultants proposed a transition phase, based on high demand shown by DLT. This phase is called Immediate Priority: reduce constraints, as below.

10. **Immediate priority: reduce constraints**. This phase aims to upgrade the existing IT system as the first priority, as the system is inefficient and malfunctions with delays to DLT operations, combined with internal organizational changes to three offices of DLT (IT Unit, RDCO, and Corporate Services). For this, ADB approved a variation of TA fund allocation of $79,000 to finance, within the existing budget, the aforementioned upgrading of IT system and for training, in the form of international best practices and guidance in road sector services. For the efficient implementation of this phase, the mid-term review mission also agreed with DLT on the following conditions for this intervention: (i) appointment of a head of the IT unit within DLT with a terms of reference of his/her duties in line with the reform proposals; (ii) availability of accounting/expenditure data of DLT for past 3 years from 2009 to 2011 with approved budget for 2012; and (iii) appointment of an officer for oversight/monitoring of weekly progress by MPWT /GDT.

11. TA Consultants also prepared an action plan to complete the detailed activities of para 10 above. All activities were expected to be completed by May 2013 with upgraded IT system in place with all relevant IT officials in DLT trained. However, due to the serious lack of commitment of DLT this action plan suffered a 3-month delay with conditions (i) and (iii) above still not complied with.

12. Therefore, the Mission strongly requested MPWT Management to either make firm commitment to complete the remaining tasks during the Immediate Priority: reduce constraints phase or recommend the Mission to cancel the remaining TA proceeds. MPWT Management agreed to commit to move forward with completing the Immediate Priority: reduce constraints phase. For this, TA Consultants prepared a revised action plan for this transition phase (**Annex-2**). The Mission informed DLT that it would consider an extension of TA closing date to 30 September 2013 to accommodate this revised action plan. Also, the Mission agreed to consider an extension for TA Consultants' contract to coincide with the TA closing date, however, with no addition of cost. Further, to support this process, the Mission

requested a signed commitment of DLT officials to complete all required tasks on time. This is as in **Annex-3**.

13. **Second Stage interventions**. The framework of proposed Second Stage has 9 main tasks in 3 types of interventions:

Institutional reform: institutional reform includes organization and management of offices and services within DLT, and with related agencies. The priorities are in road safety, cross border transport, research and data collection (with additions to planning and policy), corporate services, and provincial department support. A transition to a more commercially oriented, corporate entity is the main longer term reform. Comprehensive training, management development and specialist advice will cost in the order of $1 to 1.5 million over 3 to 4 years (varying mostly according to the needs emerging at provincial level services).

Upgrading software system with training: there is need and justification for building up a Transport Information System (all systems like licensing registration etc.), after the main reforms have been implemented. A 2 to 3 year development, also involving provinces and related government agencies, will cost around $0.3 million for equipment and installations, and about $0.3 million for IT technical advice and pilot tests.

Legislation requirements: amendment to Road Traffic Law 2007, for a new law, is in progress at Council of Ministers level. Additional amendments will be required over the next 5 years, which may require consulting services in the amount of $0.2 million.

14. All investments during the third stage are not large, and may be well below $5 million in total, which is described in detail in the TA's Draft Final Report. Fortunately, since mid-term review of the CDTA it attracted the interest of a strong development partner assisting Cambodia, Japan International Cooperation Agency (JICA). JICA officials participated in the Final Review of the TA as well to indicate the interest to assist the DLT during second and third stages.

15. **Implementation schedule and Reporting**. Overall, the TA is on track for its expected completion in June 2013. The Draft Final Report with Action Plan was available before the Mission as planned. However, due to the aforementioned developments due to delays, it is necessary to extend the TA by further 3 months, that the Mission will request ADB Management to extend the TA closing date until 30 September 2013.

16. Meanwhile, TA Consultants will finalize the Draft Final Report based on DLT, JICA and ADB comments within June 2013. The final report is therefore expected to be submitted by 30 June 2013. As was the practice so far, reports will be circulated electronically and only the finalized versions will be printed, as required.

IV. Conclusions and Recommendations

The Mission concluded that the CDTA has substantially achieved its objectives. However, the CDTA aimed to achieve an enhanced outcome by supporting DLT with a transition phase to reduce constraints in the IT systems of DLT. This requires a TA extension of 3 months due to delay the aforementioned phase suffered.

17. The Mission will request ADB Management for an extension of TA closing date along with the extension of TA consultants' services until 30 September 2013.

SIGNED IN PHNOM PENH ON 3 JUNE 2013

H.E. Tauch Chankosal	**Shihiru Date**
Secretary of State Ministry of Public Works and Transport	Senior Transport Specialist/Mission Leader Transport and Communications Division, Southeast Asia Department, Asian Development Bank

Attachments:

Annex-1 Key Persons met by the Mission

Annex-2 Details of immediate priorities

Annex-3 Gantt chart of Second Stage interventions

cc: H.E. Vongsey Vissoth, Secretary General, MEF
H.E. Vasim Sorya, General Director, General Department of Planning & Administration
H.E. Pheng Sovicheano, Project Director, PMU3, MPWT
Mr. Chhuon Samrith, Deputy Director, DIC, MEF
Country Director, P. Broch, J. Hakim, N. Ouk/CARM

Annex 1 Key Persons met by the Mission

MINISTRY OF PUBLIC WORKS AND TRANSPORT

H.E. Tauch Chankosal	Secretary of State
H.E. Min Meanvy	Under Secretary of State
H.E. Chan Dara	Director General, General Department of Transport
H.E. Peou Maly	Deputy Director General, General Department of Transport
Mr. Preap Chanvibol	Director, DLT

Japan International Cooperation Agency (JICA)

Mr. Takashi Shimada	JICA Expert for MPWT
Mr. Masahiko Egami	JICA Representative for Infrastructure

The Consultant (MMM Group Limited [MMM])

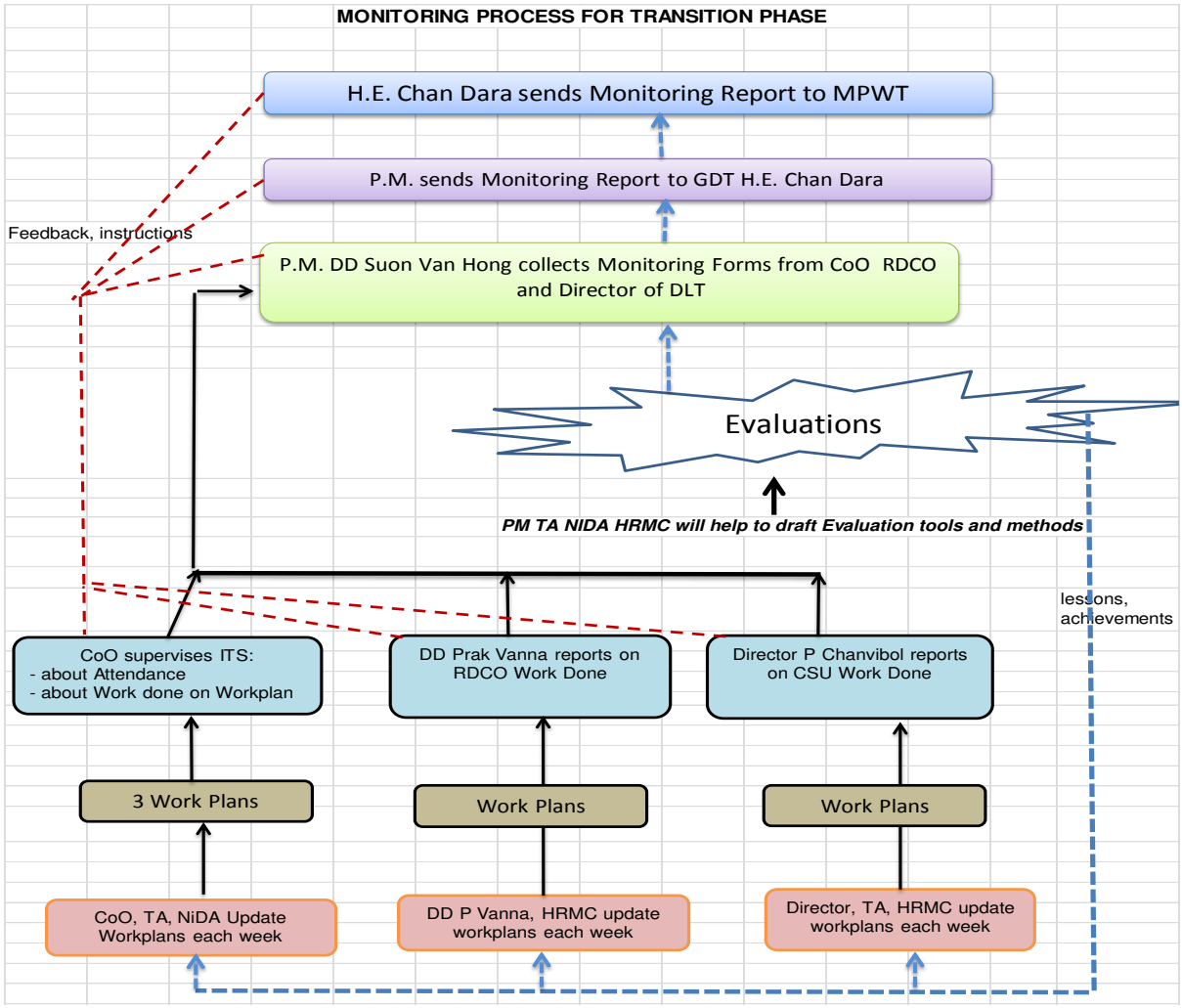
Mr. Don Townsend	Project Coordinator/Team Leader, MMM
Mr. Campbell Duncan	Institutional Development/Regulation Specialist
Ms. Kim Lang	IT Specialist (National)

Annex-2: Action Plan MONITORING Updated to: .28 JUNE.....

No	Actions in Transition Phase	Responsible party/s	Action to be achieved	Target Date	INDICATOR, Person	Yes No Partly	Comment, explanation	Initials
	Requirement for transition during extended TA closing date to 30 September							
P1	MPWT appoints a Project Director (PD HE Chan Dara) in General Department of Transport (GDT)	MPWT	6 June, before Consultant makes a Request for Variation of Contract	6 June	Letter filed	Yes 13 Jun		DFT
P2	MPWT appoints a Project Manager (PM Mr Van Hong)	General Director						
P3	To design a process and format for weekly monitoring	PD PM DTL Director, TA Consultant	Application of monitoring in week ending 14 June	10 June	Output of Meeting 10 June: a) Format b) Process c) Make KH d) TA give to PM e) PM Submit to GDT f) GDT approve 12 June g) First trial output by 10 am 17th June	Done 24th June		Don
P4	MPWT and GDT make a budget provision for $1,500 for IT Sector beginning 1 September 2013	General Director		10 June	Letter filed	On 14th		DFT
1	**PHASE 1: REDUCE CONSTRAINTS**							
1.1	**Adapt develop IT Sector (ITS)**							
1.1.1	Establish ITS under Prokas	MPWT	MPWT obtains required signature(s)	7 June	Prakas EN KH filed ITS Tasks: 1. Arrange staffs in ITS 2. Staff orientation about IT system in DLT. 3. Draw database map of DLT 4. Draw hardware and software map of DLT 5. Draw human resource map of DLT 6. Visit each office seeking for request to help to fix IT problem 7. Troubleshoot computer	YES, 10 June Yes,19 Jun Yes Yes, 24 Jun Yes 28 JuneYes Progressing	DG issued letter	Lida Lang Lang Voleak Voleak Voleak ITS

Annex-3: Confirmation by all ITS Related Officials on Completing the Tasks of Transition Phase on Time

Name	Designation	Actions in Transition Phase	Target Date of Action	Signature of Confirmation
HE Tauch Chankosal	Sec of State	P1 MPWT appoints a Project Director (PD) in General Department of Transport (GDT) 1.1.1 Establish ITS under Prakas	6 June 2013 7 June 2013	
HE Meanvey	Undesec of State	1.1.1.3 MPWT assigns 3 IT-competent staff to be fully involved in Training	14 June 2013	
HE Chan Dara	DG	P2 GDT appoints a Project Manager (PM Mr Van Hong) P3 To approve the design of the process and format for weekly monitoring by which to report to GDT and MPWT P4 To make a budget provision for ITS as from 1 September	6 June 2013 10 June 2013 10 June	
Mr Chan Vibol	Director DLT	P3 To approve the design of the process and format for weekly monitoring 1.4.1 2.5.6 2.6.5 2.6.8 To implement actions in support of Transition plans	10 June 10 June-27 September	
Mr Van Hong	Deputy Director	P4 and following weeks: as Project Manager, Implement and supervise weekly monitoring and a series of evaluations	10 June-27 September	
Mr Prak Vanna	Deputy Director	1.4, 2.1.8 To implement actions in support of Transition plans	10 June-27 September	
Mr Dy Lada	Chief of Office	1.1.1.1 Daily supervise ITS staff based on weekly work plan	10 June-27 September	


MONITORING PROCESS FOR TRANSITION PHASE
H.E. Chan Dara sends Monitoring Report to MPWT
P.M. sends Monitoring Report to GDT H.E. Chan Dara
Feedback, instructions
P.M. DD Suon Van Hong collects Monitoring Forms from CoO RDCO and Director of DLT
Evaluations
PM TA NIDA HRMC will help to draft Evaluation tools and methods
lessons, achievements
CoO supervises ITS:
- about Attendance
- about Work done on Workplan
DD Prak Vanna reports on RDCO Work Done
Director P Chanvibol reports on CSU Work Done
3 Work Plans
Work Plans
Work Plans
CoO, TA, NiDA Update Workplans each week
DD P Vanna, HRMC update workplans each week
Director, TA, HRMC update workplans each week