

## URBAN INSTITUTIONAL ANALYSIS

### A. Introduction

1. Since 2001, local, provincial and central government administration in Cambodia has been in a period of change and innovation. In 2001, the Royal Government of Cambodia (RGC) embarked on administrative and governance reforms with the aim of decentralizing powers and functions to local government. The primary intent was to foster participatory local democracy and to contribute to socioeconomic development focused on a poverty reduction strategy. The guiding principles adopted include: (i) citizen participation, in general, (ii) citizen participation in local development, (iii) responsiveness of the Sangkat Council, and (iv) effective service delivery.

2. Initially the focus was on strengthening commune and sangkat administrations. A key reform was the introduction of direct popular elections for the Sangkat Councils (SCs) in 2002. Through direct vote, RGC sought to improve local government performance, in general and public services delivery, in particular. Through direct election, government created a climate for increased public discussion of local issues and needs, dialogue among citizens and their leaders and increased voice in democratic development and governance.

3. The RGC has since progressively broadened the scale and level of sub-national governance reform to the provincial, municipal (and district) levels. The key legislation in this is the Law on the Management and Administration of Provinces, Municipalities and Districts (commonly known as the Organic Law) which was approved for implementation in 2008. The Organic Law reinforces the national movement towards decentralization and deconcentration (D&D). This process is taking place steadily, but at a fairly moderate pace. D&D is happening in line ministries at different speeds, and financial decentralization is taking place more slowly than administrative decentralization. Whilst the Ministry of Interior's aim is for municipalities to be the front line of urban service provision, this situation is still some way off.

### B. Key Agencies Involved in Infrastructure Provision and Urban Management

#### 1. Governance Structure

4. At the national level there are various central Ministries that have roles in urban development. These are summarised in Table 1 below.

**Table 1: Ministries Involved in Urban Infrastructure Provision**

Ministry	Mandate and Responsibilities
Ministry of Economy and Finance (MEF)	<ul style="list-style-type: none"> <li>• Mandate to direct and develop programs and projects for country development toward achieving the goal of poverty alleviation.</li> <li>• Direct developing public investment projects to reduce poverty.</li> <li>• Support infrastructure development projects.</li> </ul>
Ministry of Water Resources and Meteorology (MOWRAM)	<ul style="list-style-type: none"> <li>• Development of irrigation and meteorology</li> <li>• Support irrigation infrastructure for agriculture development and quality of water.</li> <li>• Mandates to provide water for cropping so as to increase crop production in all seasons;</li> <li>• Regulate water volume and reduce flood.</li> </ul>
Ministry of Land Management,	<ul style="list-style-type: none"> <li>• Issue land titles to people, private sector, and state land.</li> </ul>

<b>Ministry</b>	<b>Mandate and Responsibilities</b>
Urban Planning and Construction (MLMUPC)	<ul style="list-style-type: none"> <li>• Urban development</li> <li>• Mandate to ensure all land is appropriately allocated for development;</li> <li>• Support urban infrastructure;</li> </ul>
Ministry of Public Works and Transport (MPWT)	<ul style="list-style-type: none"> <li>• Plan; design and supervise construction or upgrading of road and bridge infrastructures, including drainage and related civil works.</li> </ul>
Ministry of the Interior (MOI)	<ul style="list-style-type: none"> <li>• Mandate to promote and enhance decentralization and good governance.</li> <li>• Ensure social order.</li> <li>• Promote good governance, decentralization policy.</li> </ul>
Ministry of Health (MOH)	<ul style="list-style-type: none"> <li>• Reduce the spread of HIV/AIDS and other serious infectious diseases that affect the poverty.</li> <li>• Promote healthy human resources for national labor for economic development.</li> </ul>
Ministry of Industry and Handicrafts [MIH] (formerly Ministry of Industry, Mines and Energy [MIME])	<ul style="list-style-type: none"> <li>• Development and operation of water supply services</li> <li>• Supervision over all water utility operators (private and public)</li> </ul>
Ministry of Rural Development (MRD)	<ul style="list-style-type: none"> <li>• Improve livelihood of local communities to reduce poverty</li> <li>• Build rural infrastructure (rural roads)</li> </ul>

Source: Asian Development Bank

## **2. Ministry of Public Works and Transport**

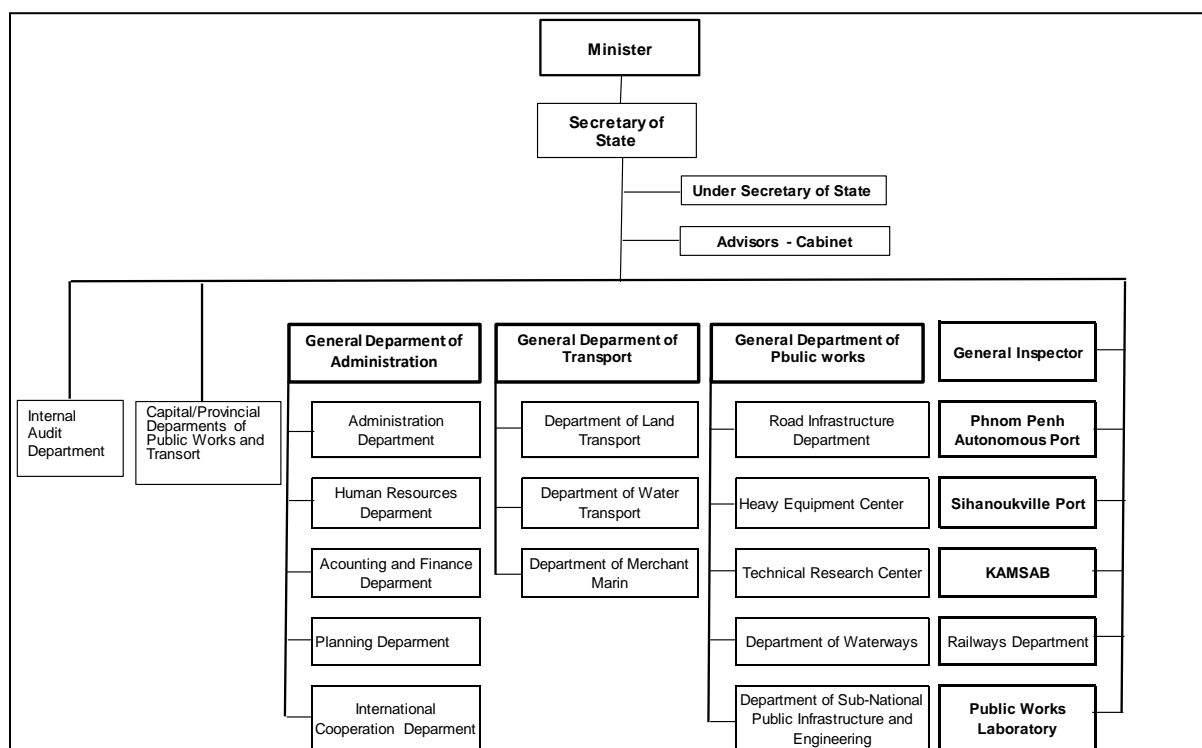
5. The Ministry of Public Works and Transport (MPWT) is a line ministry of the RGC and the executing agency of the proposed project. MPWT was established by Royal Krom to administer and regulate the public works and transport sections of the Kingdom of Cambodia. The organization and Functioning of the Ministry of Public Works and Transport was established under the sub-decree to be responsible for (i) manage the Implementation of national policy concerning all public works construction by establishing the principles of law and cooperate with various organizations to develop the country; (ii) build, maintain and manage all the transportation infrastructure such as roads, bridges, ports, railways, waterways and buildings; (iii) establish the regulations for the development of the roads, ports, railways and waterways infrastructure; (iv) establish the regulations and control the transport by road, railway and waterway; (v) participate and cooperate to establish laws, regulations, diverse standards concerning the construction of transport infrastructure; (vi) realize the other constructions that the Royal Government entrusts to it; and (vii) cooperate with the Secretariat of Civil Aviation concerning all airport construction works.

6. The Ministry has four directorates: General Department of Administration, General Department of Public Works and Transport, General Department of Transport, and General Inspector; Internal Audit Department; Railways Department; Phnom Penh Autonomous Port; Sihanoukville Port; Kampuchea Shipping Agency and Brokers (KAMSAB); Public Works Laboratory; and 24 provincial and capital departments of Public Works and Transport as

attached in Figure 1 which shows the organizational chart of MPWT. In 2014, it was estimated that MPWT had a total of 13.76% female staff.

7. **The General Department of Public Works (GDPW)** is in charge of the orientation, advice, follow up and control of the construction, repairing and maintenance of the road, bridge infrastructure. The General Department of Public Works (GDPW) led by a Director General (DG), who is assisted by Deputy Directors General (DDG), supervises five departments: Road Infrastructure Department, Heavy Equipment Center, Technical Research Center, Department of Waterways, and Department of Sub-National Public Infrastructure and Engineering. GDPW has hosted PMUs for several externally financed projects including Flood Damage Emergency Reconstruction Project, Road Assets Management Project, Greater Mekong Subregion (GMS) Rehabilitation of the Railway in Cambodia Project, GMS Cambodia West Provincial Improvement Project, and Provincial Improvement Project.

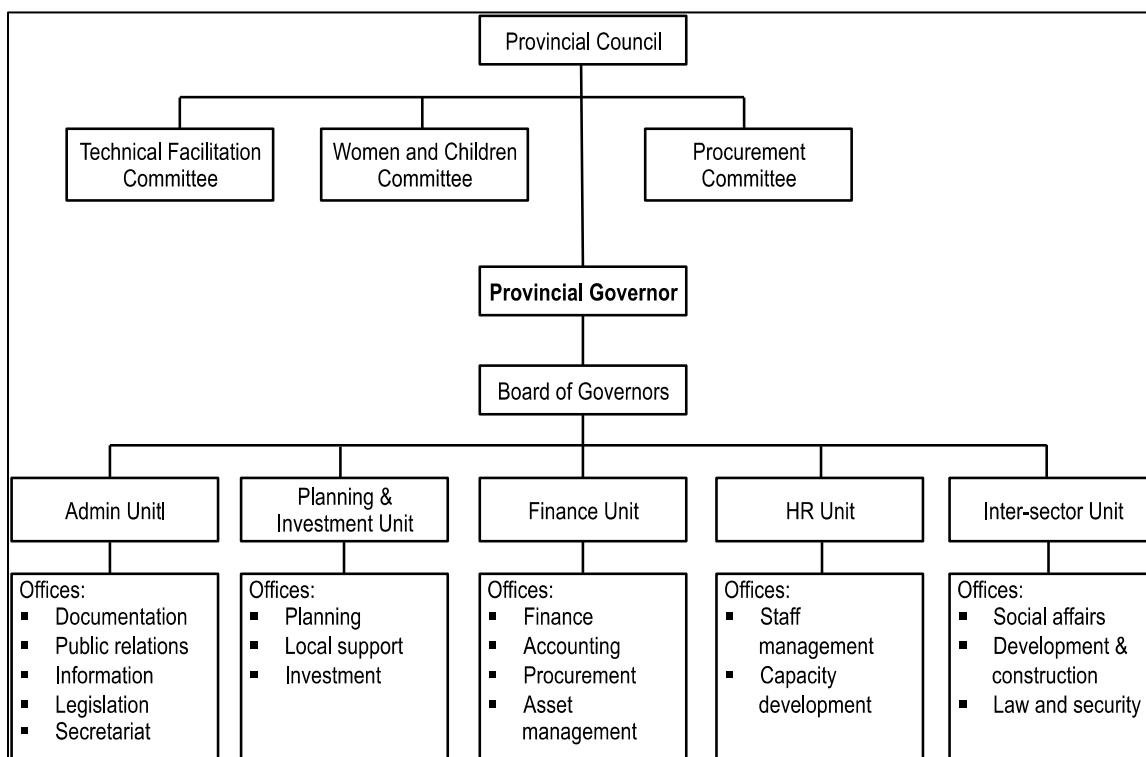
**Figure 1: Organization of the Ministry of Works and Transport**



### 3. Provincial Government

8. Provinces are administered by a Provincial Governor appointed by the Ministry of the Interior. A Provincial Council sets general policy and considers major decisions. The work of the Provincial Government is overseen by a Board of Governors (BoG). The BoG also oversees the activities of the provincial offices of national line ministries.

9. Three committees undertake specific roles—Technical Facilitation Committee, Women's and Children's Affairs Committee, and Procurement Committee. The Technical Facilitation Committee coordinates national and local efforts through plans, the medium-term expenditure framework (MTEF), and the annual budget. Typical organization of a Provincial Government is shown in Figure 2.

**Figure 2: Organization of Provincial Government**

10. **The Provincial Department of Public Works and Transport (PDPWT)** is a technical local entity under the administrative and technical supervision of MPWT. PDPWT responsibilities include (i) management of, reconstruction of, maintenance of, and repair of infrastructure of roads, bridges, sewerages, stations of water waste treatment, and solid waste management, of traffic lights, of traffic signs, of road markings, of walk-sides, of the right of ways, of public works laboratory, as well as maintaining public orders and landscaping of along the roads within the provincial locations; (ii) transport management of registration, driving license, and all transport licenses under its competence; (iii) management of bus or taxi stations, ports, and ferry within its the provincial locations; (iv) management of registration and license of garage of repair of or install vehicles under the guidance of the ministry; and (v) charge of implementing of the technical works as assigned by the ministry and the province. PDPWT is led by a Provincial Director, who is assisted by Deputy Directors, and who supervises five offices: office of administration and personnel, office of planning and finance, office of public works, and office of transport; four units: unit of roads and bridges, unit of sewerage, water waste treatment, and solid waste management, unit of public order of public works, and unit of ports; and offices of district office of public works and transport.

#### 4. Municipal Government

11. Municipalities are responsible for urban areas in close cooperation and liaison with concerned line departments of central ministries. Municipal government supervises the activities of sangkats in urban areas and represents the interests and aspirations of the residents within its jurisdiction. The municipal government also monitors population and controls in migration. It

is authorized to Issue land titles in urban areas and prepares the 3-year rolling investment plan of the municipality.

12. The Governor's Board, chaired by the Governor, has several Deputy Governors who are responsible for different tasks. It works closely with technical line departments of national ministries of various sectors such as public works and transport; environment; land management, urban planning and construction; rural development; health and education. Within the structure, the Municipal Council approves plans and legal enactments, and works closely with the Sangkhat Councils in preparing 3-year and 5-year plans.

13. The Governor's Board is accountable to the Municipal Council and acts on its behalf. It manages development issues and coordinates with the line offices of the provincial departments of National Ministries.

14. The governance of the Municipality is structured into two systems: the Council and the Board of Governors:

**a. The Council**

15. Council members are elected representatives of the party that has a seat in the National Assembly and has a 5-year term. The Council is chaired by the person who receives the majority of votes.

16. Municipalities can have a maximum of 21 councillors. The number for each location is based on demographic and geography of the area and is set out in a sub-decree. Councils operate democratically and represent all citizens to whom they are accountable. Councils formulate and adopt a 5-year Development Plan as well as a 3-year rolling Investment Plan.

17. Councils are obliged to form the following committees: technical facilitation, women's and children's affairs, and procurement. Additional Committees may be set-up providing they do not overlap the three statutory committee's functions. Council provides secretariat and other support to all committees. Councillors, the Governor/Deputy Governors and officials can be committee members, which may also have external advisor(s). The Council determines the structure and compositions of such committees.

18. The Technical Facilitation Committee is composed of the Governor as chairperson. The role of the committee is to coordinate national and local efforts through 5-year Development Plan, 3-year Investment Plan, and the annual budget.

19. The Women's and Children's Affair Committee is composed of women councillors and other women from the community. They can participate in any council, committee, or Board of Governors meeting, though they cannot vote.

20. The Procumbent Committee is to ensure proper procurement practices are carried out in accordance with a proposed Law on Procurement. The Ministries of Economic and Finance and Interior are to issue a joint prakas (proclamation) on the roles and operations of this committee.

**b. Board of Governors**

21. The Board of Governors is chaired by the Governor and contains a prescribed number of Deputy Governors as set out in a sub-decree. The Municipalities can have 3-5 members. The Project Towns have four Deputy Governors

22. The Governor of the Municipality is appointed by Royal Decree on the request of the Prime Minister, which in turn is based on the proposal of the MOI, and s/he is a member of a political party. Deputy Governors of the Municipality are appointed by sub-decree based on the request of MOI. Deputy Governors of municipalities are appointed by prokas of the MOI. Governors of municipalities are selected from eligible senior civil servants in the MOI.

23. The Board of Governors provides advice on strategies, structure, system, resources, and monitoring and evaluation of performance; implements council's decision; and supports council so they can achieve their goals. In addition, the Board of Governors provides reports to council. The council monitors the performance of the Board of Governors and may seek clarification at council meeting. Boards of Governors cannot make decisions which are the jurisdiction of the council.

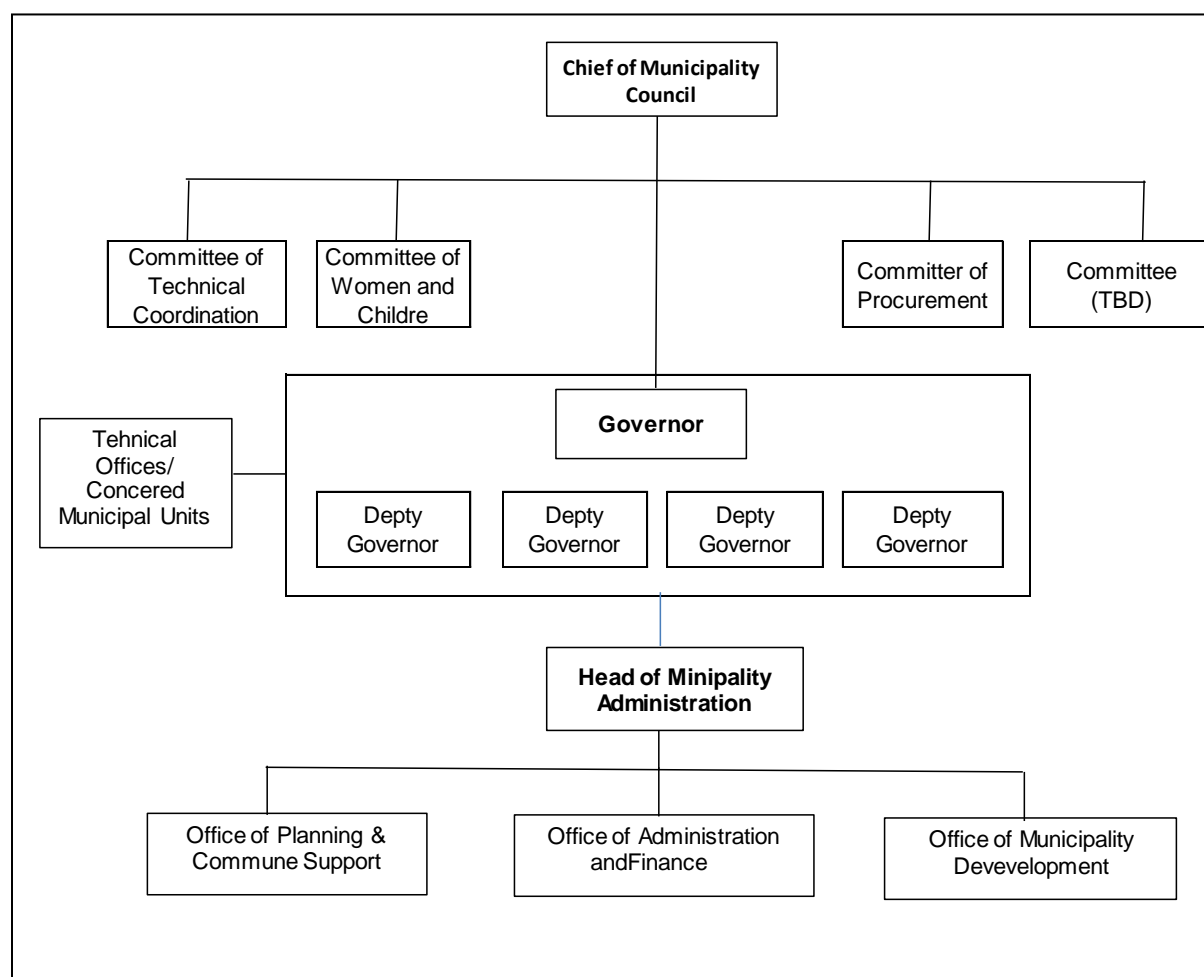
24. The position of Administration Director is appointed by the MOI with responsibility for managing administrative work of the councils and the Board of Governors. This post reports directly to both the council and the Board of Governors. The Board of Governors may delegate work to the Administration Director and take his or her advice and recommendations. The Administration Director ensures work performance of all work units including the finance unit, implements by-laws, participates in council meetings, and advises the council and Board of Governors.

25. Within each municipality, there are a number of sangkats governed by the council. The sangkat councils are elected universally by the community, and the party appoints members to the councils. The councillor's term for the Sangkat Council is five years. The elected representative with the highest votes automatically becomes chief of the Sangkat and the next two Council members are deputy chiefs. The chief and deputy chiefs of the Sangkat are full time positions. Each Sangkat also has a clerk and assistant clerk.

26. The Provincial technical departments provide staff to work at the municipality. In addition, the municipality has technical staff, but the number and skills are limited at this stage.

27. Typical organization of a Provincial Government is shown in Figure 3.

**Figure 3 Organization of Municipality Government**



### C. Agency Functions in Urban Development and Management

28. At the sub-national level the agencies involved in delivery of urban services are shown in Table 2 below:

**Table 2: Roles of Sub-national Authorities in Urban Services Delivery**

Department	Roles and Responsibilities
PDPWT	<ul style="list-style-type: none"> <li>• Construction of national roads and bridges;</li> <li>• Construction of sewage systems;</li> <li>• Develop a general plan for road and bridge construction.</li> </ul>
PDLMUPC	<ul style="list-style-type: none"> <li>• Issue permits for residential land, industrial land, and agriculture land;</li> <li>• Issue permits for urban housing development;</li> <li>• Prepare zoning plan.</li> </ul>
PDWRAM	<ul style="list-style-type: none"> <li>• In charge of development of irrigation facilities;</li> <li>• Management and development of ground water;</li> <li>• Issue licenses for sand and water usage;</li> </ul>

Department	Roles and Responsibilities
	<ul style="list-style-type: none"> <li>Monitoring of raw water quality.</li> </ul>
PDPTC	<ul style="list-style-type: none"> <li>Issue licenses for optic wire, telephone line and installation;</li> <li>Manage internet development in the province.</li> </ul>
PDOE	<ul style="list-style-type: none"> <li>In charge of environmental management;</li> <li>Assess impact and risks of development projects;</li> <li>Monitor waste and water quality;</li> <li>Take care of protected Areas;</li> <li>Report to MOE on genetically-modified organisms and monitor risks.</li> </ul>
PDoAFF	<ul style="list-style-type: none"> <li>In charge of land agricultural land, farming;</li> <li>Develop biogas kilns;</li> </ul>
PDRD	<ul style="list-style-type: none"> <li>Develop rural roads;</li> <li>Install ground water wells to supply communities;</li> </ul>
PDOH	<ul style="list-style-type: none"> <li>Build referral hospitals in provinces;</li> </ul>
PDIME	<ul style="list-style-type: none"> <li>In charge of water supply.</li> <li>Oversee industrial development the province.</li> </ul>
PDOT	<ul style="list-style-type: none"> <li>Promote and develop tourism potential</li> <li>Supervise hotels and guest houses and other tourism-related industries;</li> </ul>
Municipality	<ul style="list-style-type: none"> <li>Collection and disposal of solid waste</li> <li>Maintenance of roads and drains (but assisted by DPWT)</li> <li>Issue of motorcycle licenses</li> <li>Issue of building permits for small-scale projects</li> </ul>

## D. Urban Governance Problems, Causes and Effects

### 1. Core Problems

29. There are a number of factors contributing to generally weak urban management in Cambodia's municipalities. The problems and causes are summarised below:

- (i) Overlapping responsibilities of different levels of Government:
  - a. Overlapping and unclear responsibilities for urban infrastructure between provincial and municipal administrations
  - b. Multiple agencies involved in provision of urban infrastructure (DPWT, PDWRAM, PDIME)
  - c. Delays in transfer of infrastructure assets to the Municipalities
  - d. Uncertainty of asset ownership
- (ii) Limited local autonomy as a result of:
  - a. The previous centralized Government system
  - b. Municipal Administrations still not fully developed
- (iii) Low staff capacity and skills that affects service delivery. Relevant skills are lacking in:
  - a. Most areas of municipal administration as it is a new concept still in the development phase
- (iv) Lack of plant and equipment to carry out effective service and maintenance
  - a. Lack of solid waste plant and equipment
  - b. Lack of road maintenance equipment



- (v) Weak implementation and enforcement of building and planning regulations
  - a. No spatial development plan
  - b. Poor enforcement of land use planning and building regulations
  - c. Poor detailed implementation guidelines to implement new rules and regulations
  - d. Low level of support
- (vi) Lack of financial resources caused by:
  - a. Fees and charges do not cover costs
  - b. Low level of cost recovery
  - c. Financial autonomy still to be given to the Municipalities
  - d. No funds available for capital expenditure

## 2. Local Revenue Collection

30. Currently the municipalities rely primarily on funding from central government. One Window Service Offices were introduced in 2009 to collect fees that were previously managed by Provincial Departments. However the amounts of income generated are small (estimated at no more than 5 million Riel in Kampong Chhnang in 2012 or about \$1,250) and the funds are all passed on to the Provincial Government. Under the Government's D&D programme there will be further fiscal decentralisation. It is understood that modalities for increasing local financial independence are being actively explored and that a new budget classification and associated accounting changes could be in place by 2015.

31. It will be critical that in future municipal authorities are able to collect and retain sufficient revenues to finance their own operations. In particular they should be in a position to cover the costs of operating and maintaining the infrastructure and services that are under their control.

## 3. Strategy and Actions to Address Core Problems

32. The long-term vision for municipalities is that they become autonomous, self-financing urban management authorities. At the current pace of decentralisation, and taking into account existing capacities, this is likely to take up to 10 years, maybe more. In the meantime there are measures that can be taken to improve urban planning and management, which will be steps on the way to achieving the eventual goal. The strategy described below has three key components, interim strategic development planning, establishment of urban service units, and capacity building in urban management.

33. The preparation of **Urban Development Strategies**. The urban areas are growing rapidly and development needs to be guided. Urban Development Strategies drafted under the TA provide indications of directions of growth, locations for key land-uses, and will guide primary infrastructure. These are not rigid, detailed master plans and should be reviewed and adjusted regularly to respond to changing demands.

34. The establishment of **Urban Service Units** (USUs) will be a stepping stone on the road to a fully-functioning urban management agency (see Figure 4). Initially the USUs will be based on the Project PIUs through the transfer of staff and assets. As semi-autonomous agencies they will be able to collect revenues. With a carefully planned strategy for gradual fee increases, coupled with improved services, they will steadily move towards covering the costs of operation

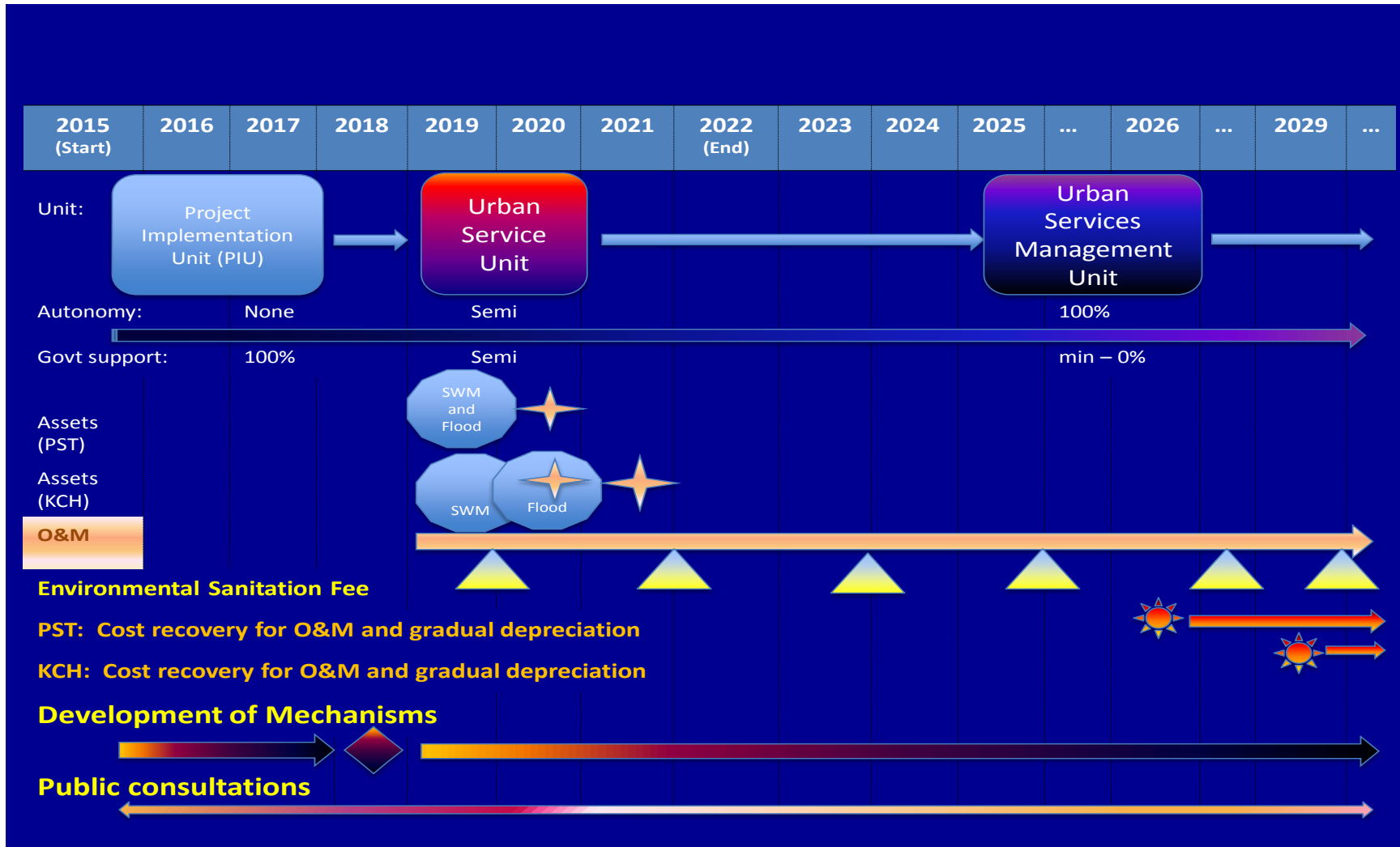
and maintenance of the infrastructure included in the Project, and reduce their reliance on subsidies from the Ministry of Economy and Finance.

35. In some previous projects in Cambodia special operating units have been set up for the purposes of user fee collection. Under the GMS Mekong Tourism Development Project in Siem Reap a special agency was established to collect user fees for the wastewater management. A similar model is proposed in Kampong Chhnang and Pursat.

36. The provision of a programme of **Capacity Development** will help to develop skills and technical resources for improved urban and infrastructure planning, and financial and asset management. Areas identified as requiring technical assistance for capacity development include the following:

- (i) Improving the planning and policy environment for municipal services. This relates to improving urban planning, enforcement of development control, and environmental protection. (This will complement work currently being undertaken by the ADB's Capacity Building project under MLMUPC).
- (ii) Enhancing program formulation and improving project identification and structuring capacities. This relates to strengthening local partnerships as well as liaison with both public and private bodies.
- (iii) Better management of service delivery. This covers setting of fees and charges, improved design and development of infrastructure, entering into service delivery contracts, contract administration and improving human resource management.
- (iv) Application of climate change adaptation and mitigation measures to the design and provision of municipal infrastructure.

Figure 4: Road Map of Urban Service Units and Progression to Urban Management Agencies



Source: Asian Development Bank.