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Briefing Note

Senate Commission on Economy, Finance, Banking and Auditing
(Commission 2)

**Sub-National Administrations in Pursat Province:
Budget Implementation and Public Service Delivery**

Background for Field Mission

Prepared by: Chhuor Sryneath
Ly Yasak

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1. Introduction

Decentralization and De-concentration (D&D) reforms have been one of government's policy priorities to promote sub-national democratic development and improve the public service delivery in Cambodia, in turn, to reduce poverty[1]. Having been first started since 2001, the D&D implementation has made significant progresses; that is, more power, decision making and resources including financial resources have been transferred from national government to the sub-national administrations (SNA)¹ nationwide through the elected council at all levels of SNAs to manage autonomously. In the light of this, the SNA could be able to provide better public services to their citizens in a more responsive and accountable manner in their respective jurisdictions.

Pursat province is one of the SNAs and is also required to align its performance in accordance to the D&D reforms; however, budget performance can differ between SNAs as the result of different economic activity, geography, demography, and administrative efficiency. Therefore, this briefing note provides overview on the progress of D&D reforms in Cambodia mainly focusing on fiscal decentralization² progresses in Cambodia, and specifically in different levels of SNAs in Pursat province by looking at their budget performance. Finally, the briefing note examines further on the public service deliveries and local developments in Pursat province including the implementation of village-commune Sangkat safety policy. The report is prepared in response to a request from Commission 2 of the Senate to support their mission to Pursat province.

2. Legal Frameworks Promoting Sub-National Budget Through D&D Reforms.

Fiscal decentralization is one of the three pillars of D&D reforms pursued by the government of Cambodia. It refers to transferring more budgetary authority and fiscal decision from central government to sub-national government [2]. The following are the legal frameworks contributing to improving fiscal performance of SNAs in line with the D&D reforms in Cambodia:

- *The Commune/Sangkat (CS) Fund* was established in 2002. Since then, it has been managed and implemented autonomously by elected CS council. This fund is directly transferred from national government to CS's account, and it is the primary revenue source of local CS administrations so far. However, the local own source revenue for CS administration through tax collection from their own jurisdictions is not implemented yet, though law allows to do so[3].
- The *Law on the Financial Regime and Management of State Property of Subnational Administrations* was enacted in 2011 with the goal of establishing several local revenue sources for capital/province (CP) and DMK administrations, including tax and non-tax revenues, transfers from the central government (known as subsidies) and others[4]. The law also established local responsibilities for spending in several administrative operations and public services for CP and DMK administrations.
- Following the enactment of *The Law on the Financial Regime and Management of State Property of Subnational Administrations* above, other legal instruments were developed to increase revenues for SNAs in Cambodia which include:
 - *The District/Municipality (DM) Fund* was established in 2012 through the sub-decree on the establishment and implementation of DM Fund 2012. Similar to the CS Fund, this fund is directly transferred from central government to all DM's account. The DM Fund is the primary revenue source of local DM administrations.
 - Several *specific* revenues have been devolved to provincial administration. These include tax on profit, registration tax, property tax, public lighting tax and tax on means of transportation and vehicles.

¹ SNA is divided into three levels: Province/Capital is highest level followed by District/Municipality/Khan as second level, and the lowest level is Commune/Sangkat.

² Theoretically, there are three pillars of decentralization reforms: political, administrative and fiscal decentralization.

- Taxes on rent of properties and property tax was transferred to capital/provincial administrations through the Prakas of MEF #1431 in 2017[5]. At the same time, the RGC also enlarged the revenue sources of DMK and CS administrations through the Prakas of MEF # 1458, requiring that 3 percent and 1 percent of the PC administration’s tax revenues be shared to DMK and CS, respectively[6].
- Under framework of fiscal decentralization with the principle of “*finance follows functions*”[2], the revenue and expenditure of SNAs is expected to increase as well when some of the functions of the central government are transferred to SNAs. Currently, D&D reforms have reached another historic turning point as most of the functions used to be implemented by the sectoral ministries are going to be implemented by SNAs instead from 2020 onwards, according to the sub-decrees #182, #183, #184 and #193 in December 2019. Therefore, the revenue and expenditure of SNA are going to increase accordingly. Those sub-decrees are summarized below:

Sub-Decree #182, #183 and #184 in 2019: Functions and Organizational Structures of DMK

Through the three sub-decrees, functions and organizational structure of DMK are rearranged. More functions from sectoral ministries are transferred to DMK administrations. This means that the functions used to be implemented by the sectoral offices under the management of sectoral ministries in DMK’s territories are integrated and transferred to be under the management of DMK administrations. Also, the staff who works at those sectoral offices are integrated to be under new organizational structure of DMK administrations. According to the three sub-decrees, the functions of sectoral ministries are transferred in two forms: devolution and delegation. It is noted that only functions from educational sector are transferred in a form of delegation. The integration of sectoral offices into new organizational structure of DMK administration is illustrated in the **Annex 1**.

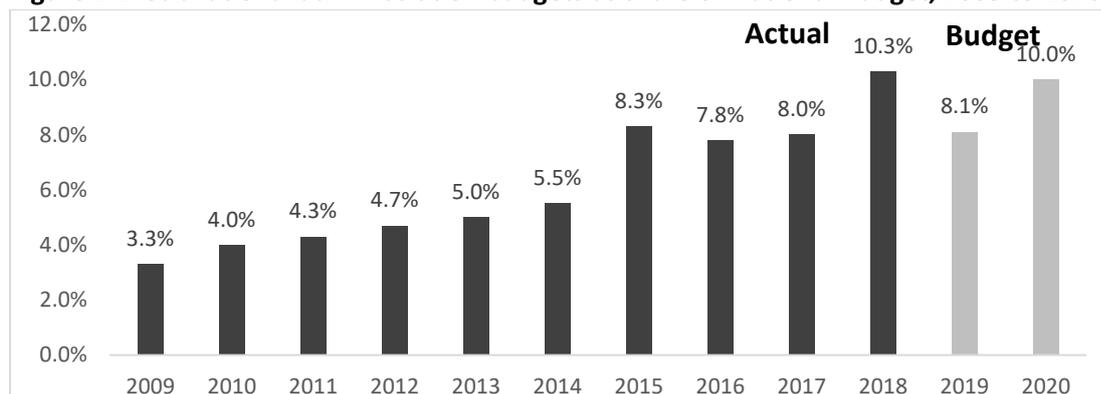
Sub-decree #193: Devolution of Functions on Health Management and Service Delivery to CP

The functions of health management and service delivery of capital/provincial health department, health operational district including complete set of activities services of CP and DMK referral hospitals, set of minimum activity services of health center and health service package of health post are devolved to CP administrations.

In turn, the CP administrations delegate some of the health functions to DMK and CS under their jurisdictions to implement in the name of them.

To track the progress of fiscal decentralization, we can look at how much of the National Budget has been transferred to SNAs over time. Figure 2.1 shows that there has been considerable progress toward devolving budget responsibility over the last decade. Subnational government expenditure was only 3.3 percent of the National Budget in 2009 (one year after the *Organic Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts, and Khans* was adopted). This share increased to 4.7 percent in 2012, the year that the DM Fund was established, and has continued to grow,

Figure 2.1: Subnational administration budgets as share of National Budget, 2009 to 2020



Source: Ministry of Economy and Finance (*Implementation Law of National Budget 2009-2018 and Budget law 2019-2020*)[7, 8]

reaching 8 percent in 2015, where it has remained roughly constant at 8 percent over the last three years of outturn data (2015 to 2017). Interestingly, the share increased to 10.3 percent in 2018 implementation; however, from 2019 to 2020, the government budgeted the SNA's budget as share of national budget around 9% on average.

Table 2.1 provides a breakdown of the share of expenditure since 2015. The spending of SNAs has risen gradually from 2015 to 2020 in riel terms; however, the spending of SNA shares around 9 percent of national budget within the last six years. To fund expenditure, the subnational government has received subsidies from the central government at around 36 percent of total subnational expenditure on average over the same period of time.

Table 2.1: National and subnational budgets from 2015 to 2020 (billion riel)

Budget Expenditure	Implementation				Budget		Average Growth
	2015	2016	2017	2018	2019	2020	
Capital and Provinces (1)	896	946	1,177	1,891	1,477	2,279	25%
Municipalities Districts and Khans (2)	98	118	147	176	199	247	24%
Sangkats and Communes (3)	294	312	352	430	524	803	23%
Subnational Budget (1) +(2) +(3)	1,288	1,376	1,676	2,497	2,200	3,329	23%
Share of Subsidies to Subnational Budget	34%	41%	39%	34%	36%	33%	
Budget for National Level	14,660	16,928	20,016	22,551	25,765	31,096	16%
Total National Budget ³	15,505	17,744	21,039	24,196	27,165	33,340	17%
Share Subnational to Total National Budget	8.3%	7.8%	8.0%	10.3%	8.1%	10.0%	

Source: Ministry of Economy and Finance (Budget implementation 2015-18 and Budget law 2019-2020)[8, 9]

3. Subnational Administration Budget in Pursat Province

3.1 SNA Revenue Performance

Capital Province and DMK have authority to collect revenue in their jurisdiction within the limits set by the national authority. Commune Sangkat administrations are not given power to collect revenue, so they receive subsidies from central government administrative work and local development.

Although Capital Province and DMK administrations have their own revenue-raising authority, the revenue is insufficient to meet all spending needs. Therefore, the state government also subsidizes these administrations to bridge the gap between the revenue collected and the priorities for day-to-day operation and local development.

Table 3.1 indicates that Pursat province's revenue approximately accounted for 1.8% of all subnational revenues (including subsidies) from 2015 to 2019. Overall, subsidies accounted for 86.3% of revenues over the period. Specifically, the provincial and DM level were subsidized by 59% and 98%, respectively, while the CS's was subsidized 100%.

The figures above reflect that local revenue mobilization of SNAs in Pursat province is limited and heavily rely on the subsidies from national government.

³ Total national budget equals Budget for National Level plus Sub-national Budget and minus subsidies to SNAs.

Table 3.1: Summary of Budget in Pursat Province (in Million Riels)

	2015	2016	2017	2018	2019
Sub-national revenue in All Capital/Provinces	1,107,196	1,334,525	1,605,714	1,684,674	2,199,636
Pursat province	19,621.24	23,699.4	31,810.14	30,866.28	36,799.43
Of Which: Subsidies	17,056.08	20,572.4	27,704.35	26,217.15	31,534.32
% subsidies	86.9%	86.8%	87.1%	84.9%	85.7%
% Sub-national revenue	1.8%	1.8%	2.0%	1.8%	1.7%
Provincial Revenue	6,914	8,648	8,624	10,081	11,511
Subsidy	4,500	5,700	4,700	5,500	6,300
% of Subsidy	65.1%	65.9%	54.5%	54.6%	54.7%
Municipality District Revenue	3,945.56	5,210.1	6,644.35	7,047.58	8,558.76
Subsidy	3,794.4	5,031.1	6,462.56	6,979.45	8,504.65
% of Subsidy	96.2%	96.6%	97.3%	99.0%	99.4%
Commune Sangkat Revenue	8,761.68	9,841.3	16,541.79	13,737.7	16,729.67
Subsidy	8,761.68	9,841.3	16,541.79	13,737.7	16,729.67
% of Subsidy	100%	100%	100%	100%	100%

Source: Ministry of Economy and Finance (Law of National Budget 2015-2019)[10]

Between 2015 and 2019, the total revenue that the provincial administration of Pursat province received (including subsidies) grew gradually from 6,914 to 11,511 million riels with an average growth rate of 14%. Of which, the tax revenue (vehicle transportation tax, patent, registration tax on transfer of property right, and property tax) contributed from 2,214 in 2015 to 4,902 million riels in 2019 with an average growth of 22.3%, and the non-tax revenue, mostly subsidies, contributed from 4,700 to 6,609 with an average growth of 10.2% over the same period (See Table 3.2). It is noted that the non-tax revenue in 2017 declined about 17%; but returned to 15% average growth rate from 2018.

Table 3.2: Growth of Provincial Revenue in Pursat Province from 2016 to 2019 (million riels)

	2015	2016	2017	2018	2019	Average
Total Revenue	6,914	8,648	8,624	10,081	11,511	na
Growth rate	na	25.1%	-0.3%	16.9%	14.2%	14.0%
● Tax Revenue	2,214	2,722	3,695	4,327	4,902	na
Growth rate	na	22.9%	35.7%	17.1%	13.3%	22.3%
● Non-tax Revenue	4,700	5,926	4,929	5,754	6,609	na
Growth rate	na	26.1%	-16.8%	16.7%	14.9%	10.2%

Source: Ministry of Economy and Finance (Law of National Budget 2015-2019)[10]

The DMK administration only has the right to collect non-tax revenues, so most of its revenue is subsidies from the central government. The main source of non-tax revenue is from selling or renting of properties and fees from services.⁴ In terms of value, the total revenue for DM in Pursat province had increased annually from 2015-2019, but the growth trend fluctuated, slowing down from 32% in 2016 to 6.1% in 2018 and increased to 21.4% in 2019. The average growth of total DM revenue was 21.8% between 2016 and 2019 (See Table 3.3). The revenue of earning from property increased steadily from 2015 to 2017,

⁴ Revenue from administrative management, service delivery, goods transportation, cadastral services, construction services and others.

but this trend fell gradually from 2018 to 2019 which requires more inquiries. The growth of total DM revenue and subsidies shared a similar trend, with average growth rate of 22% from 2016 to 2019.

Table 3.3: Growth of DM Revenue in Pursat Province from 2016 to 2019 (million riels)

	2015	2016	2017	2018	2019	Average
Total Revenue	3,945.6	5,210.1	6,644.4	7,047.6	8,558.8	na
<i>Growth rate</i>	na	32.0%	27.5%	6.1%	21.4%	21.8%
● Earnings from property and Service fees	151.2	179.0	181.8	68.1	54.1	na
<i>Growth rate</i>	na	18.4%	1.6%	-62.5%	-20.6%	-15.8%
● Subsidies and gifts	3,794.4	5,031.1	6,462.6	6,979.5	8,504.7	na
<i>Growth rate</i>	na	32.6%	28.5%	8.0%	21.9%	22.7%

Source: Ministry of Economy and Finance (Law of National Budget 2015-2019)[10]

3.2 SNA Budget Expenditure in Pursat

Table 3.4 shows that total budget expenditure of SNAs in Pursat province has almost doubled over the past five years, growing from 19.6 billion riels in 2015 to 36.8 billion riels in 2019, with an average annual growth rate of 18%. Expenditure of SNAs in Pursat province accounted for 1.8% of total SNAs' expenditure on average over the period.

Table 3.4: Budget Expenditure in Pursat from 2015-2019 (billion riel)

	2015	2016	2017	2018	2019	Average
Budget Expenditure at Province	6.9	8.6	8.6	10.1	11.5	14%
Budget Expenditure at DM	3.9	5.2	6.6	7.0	8.6	22%
Budget Expenditure at CS	8.8	9.8	16.5	13.7	16.7	21%
Total Budget Expenditure in Pursat (1)	19.6	23.7	31.8	30.9	36.8	18%
Total Sub-national expenditure	1,107.2	1,334.5	1,605.7	1,684.7	2,199.6	19%
Share of (1) to Total Subnational Expenditure	1.8%	1.8%	2.0%	1.8%	1.7%	

Source: Ministry of Economy and Finance (Law of National Budget 2015-2019) [10]

Table 3.5 shows a breakdown of budget expenditure at the provincial administration level from 2015 to 2019. Spending on Services was the highest share of total expenditure at 34% on average; however, it varies considerably year-to-year. The capital expenditure was the second largest share of total expenditure at 20% on average over the same period. The spending for wage increased from 16% of total expenditure in 2015 to 18% in 2016, and then remained constant at 21% from 2017 to 2019. The provincial administration started providing subsidies to support DMs and CSs in Pursat province in 2017, which have averaged around 4% of total provincial expenditure.

Table 3.5: Expenditure share at Provincial Administration in Pursat, 2015-2019

	2015	2016	2017	2018	2019	Average
Purchasing	16%	18%	18%	16%	16%	17%
Services	41%	45%	29%	30%	24%	34%
Social Benefits	5%	4%	4%	3%	4%	4%
Tax and VAT	-	0%	-	-	0%	0%
Wage	16%	18%	21%	21%	21%	19%
Subsidies	-	-	4%	5%	2%	4%
Unallocated Expenditure	4%	4%	5%	5%	5%	5%
Capital Expenditure	19%	12%	19%	20%	29%	20%

Source: Ministry of Economy and Finance (Law of National Budget 2015-2019) [10]

Pursat province is composed of one municipality and five districts, namely Krong Pursat, Bakan, Kandeang, Krokor, Phnom Krovanh, and Vealveng. Budget allocations vary across the DM level. Table 3.6 shows that Krong Pursat shares the largest budget expenditure from 2015-2019 at 43% on average, where the rest of five districts shares around 9%-13% each on average over the same periods of time. Krong Pursat is the urban area in the province; therefore, higher share of budget could be required to deliver administrative services and development to their citizens.

Table 3.6: Budget expenditure by DMs in 2019 (% of total expenditure at DM levels)

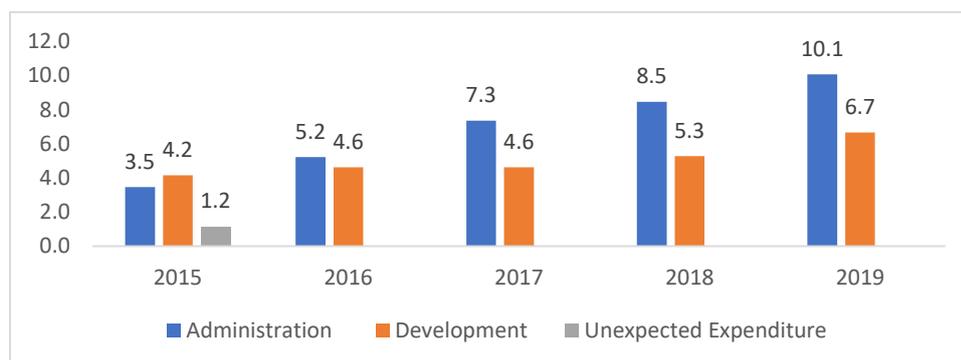
	2015	2016	2017	2018	2019	Average
Bakan	12%	12%	13%	14%	14%	13%
Kondeang	11%	12%	11%	12%	12%	12%
Krokor	12%	11%	12%	13%	12%	12%
Phnom Krovanh	10%	11%	11%	12%	12%	11%
Krong Pursat	46%	46%	44%	41%	40%	43%
Vealveng	8%	9%	9%	8%	10%	9%

Source: Ministry of Economy and Finance (Law of National Budget 2019)

For CS administrations, the only budget source to fund expenditure is the subsidies from the central government. Budgeted expenditure at the CS level is divided into three components: administration, development and unexpected expenditure.

As shown in figure 3.1, administrative expenditure (wages, purchases and rental of office equipment, utility charges, repair and maintenance, and other consumption and administrative spending) has dramatically increased from 3.5 billion riels to 10.1 billion riels since 2015 to 2019, more than tripling. On the other hand, development spending (investment in roads, irrigation, bridges and other development projects) has risen gradually (though still significantly) from 4.2 billion riels to 6.7 billion riels, an increase of 60% during the same period. An amount reserved for unexpected expenditure has not been budgeted since 2016.

Figure 3.1: Spending from the Commune/ Sangkat (CS) Fund from 2015 to 2019

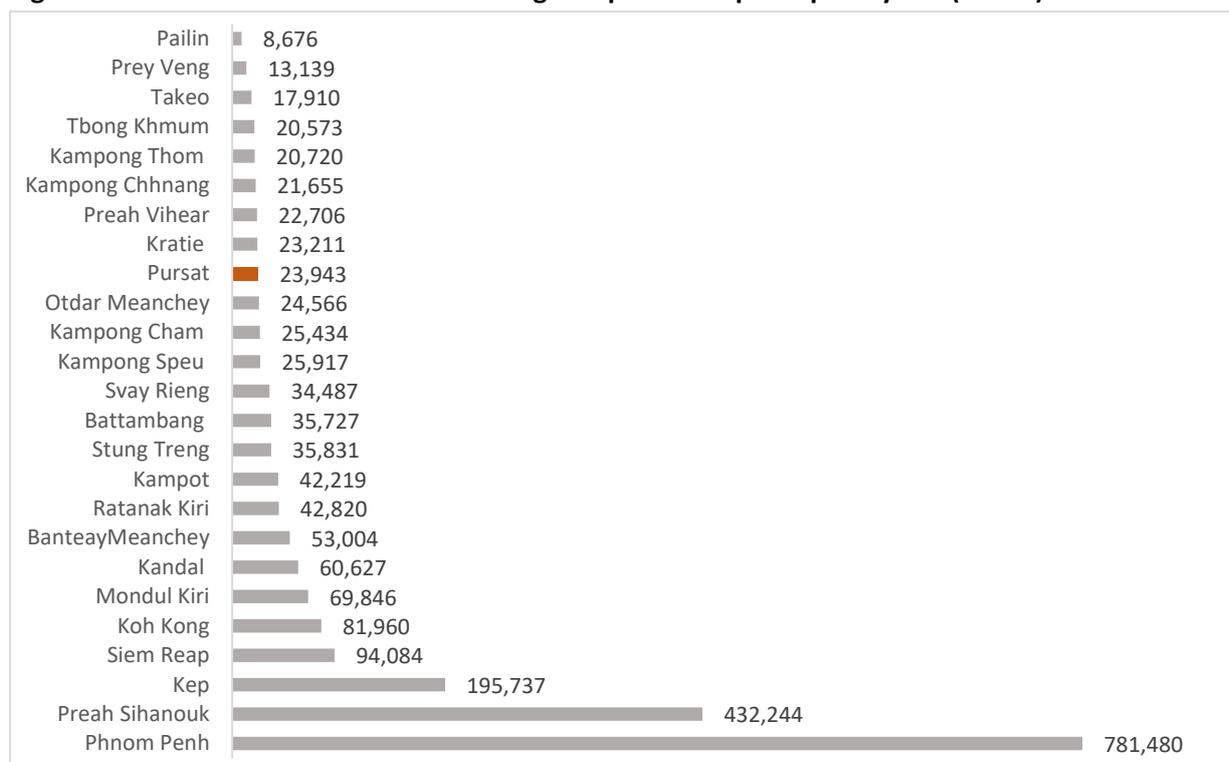


Source: Ministry of Economy and Finance (Law of National Budget 2015-2019) [10]

3.3 Comparing spending in Pursat Province to other CP administrations

Figure 3.2 shows the expenditure per capita of provincial administration in Pursat province compared to other CP administrations in 2020. Provincial administration's budget expenditure per capita ranks at ninth from the lowest, with the amount of 23,943 Riel. This is higher than Kompong Chhnang's but lower than Battambang's which are its neighboring provinces, with the amount of 21,655 Riel and 35,727 Riel, respectively.

Figure 3.2: Subnational administration budget expenditure per capita by CPs (in Riel)



Source: Budget Law 2020 and Ministry of Planning 2019: General Population Census of the Kingdom of Cambodia.[11, 12]

4. Local Development and Public Service Delivery in Pursat Province

4.1 Overview of economic activities

Table 4.1 gives an overview of Pursat province’s demographic and economic statistics. The economic activity of the province is mainly agriculture, including rice farming, industrial crops such as maize, cassava, bean, vegetables, and fishery from the Great Tonle Sap Lake [13]. Employment in this sector made up 77% of total employment in 2018, slightly down from 82% in 2013 [14].

The decline in the proportion of employment in agriculture is due to an increase in service sector employment from 15% to 22% during the period[14]. Employment in services include retails trade, hotels and restaurants, repair, transportation, government services and other service wage labor. Handicraft production provided only one percent of total jobs in Pursat, and remained steady over the years.

Figure 4.1 shows that number of jobs concentrated highly in Bakan district, followed by Krokror and Kandieng, while Veal Veng district shared the smallest proportion of the labor force participation. Talou Senchey, the newly established district, shared slightly higher job proportion compared to Veal Veng. On the other hand, Pursat municipality contributed considerably in service employment as it is a central point providing public and private services in the municipality, yet total jobs in this municipality were modest.

With an abundant productive land suitable for agricultural plantation, Pursat could see potential in agro-industry, specifically cassava processing, animal feed processing, and construction materials (stone, sand, granite). Rich natural resource and waterfalls along the Great Tonle Sap Lake are also potential for eco-tourism development and Hydro-power plant [13].

According to the Cambodia Inter-Censal Economic Survey 2014, there was a total of 14,270 establishments in Pursat, of which 14,037 (98%) was micro enterprises, 223 business were small sized, 8 were medium sized, and the remaining 3 were large sized enterprises [15]. The province’s establishments accounted for 2.8% of establishments in the country. The share of MSMEs indicates a large proportion

which is also in-line with the contribution of SMEs in Cambodia as a whole. SMEs in Pursat included mainly services of wholesale and retail trade, repair of motor vehicles and motorcycles, food and beverage service activities, and food production, garment, and furniture [15].

Table 4.1: Overview of Pursat province

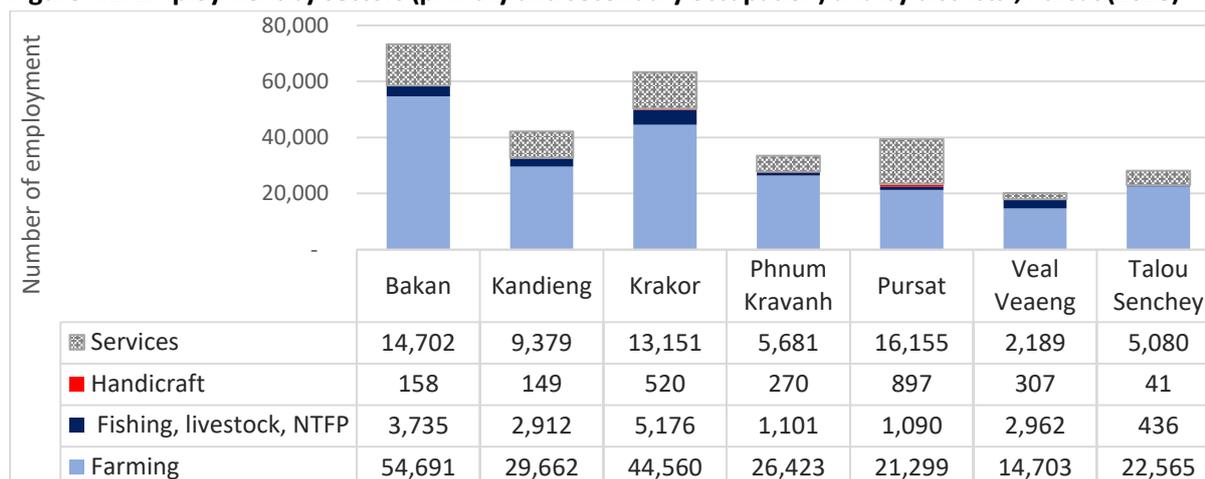
Description	Amount	
Total area	12,692Km ²	
Number of DMs	6 districts ¹ , 1 municipality	
Number of CSs and Villages	49 Communes, 511 villages	
Number of households	117,258	
Total population	495,186 (50.65% Women)	
Total number of establishments (2014)	14,270 (2.78% to Cambodia)	
Micro (10 or less employees)	14,037	
Small (11 to 50 employees)	223	
Medium (51 to 100 employees)	8	
Large (more than 100 employees)	3	
	Year: 2013	Year: 2018
Total employment ²	281,011 (48.92% Women)	299,994 (47.68% Women)
Share in farming	76%	71%
Share in fishery, livestock, NTFP	7%	6%
Share in handicraft/production	1%	1%
Share in services	17%	22%

Note: ¹ One new district named Talou Senchey was established following government's sub-degree (Ministry of Civil Service) #០៧អនក្រ.ប្រ in January 2019. However, district administration expenditure has not been budgeted for this new district in the 2019 Budget Law.

² Employment here includes primary and secondary occupations

Source: Commune Database (2013 and 2018), and Inter-Censal Economic Survey (2014)[14, 15]

Figure 4.1: Employment by sectors (primary and secondary occupation) and by districts¹, Pursat (2018)



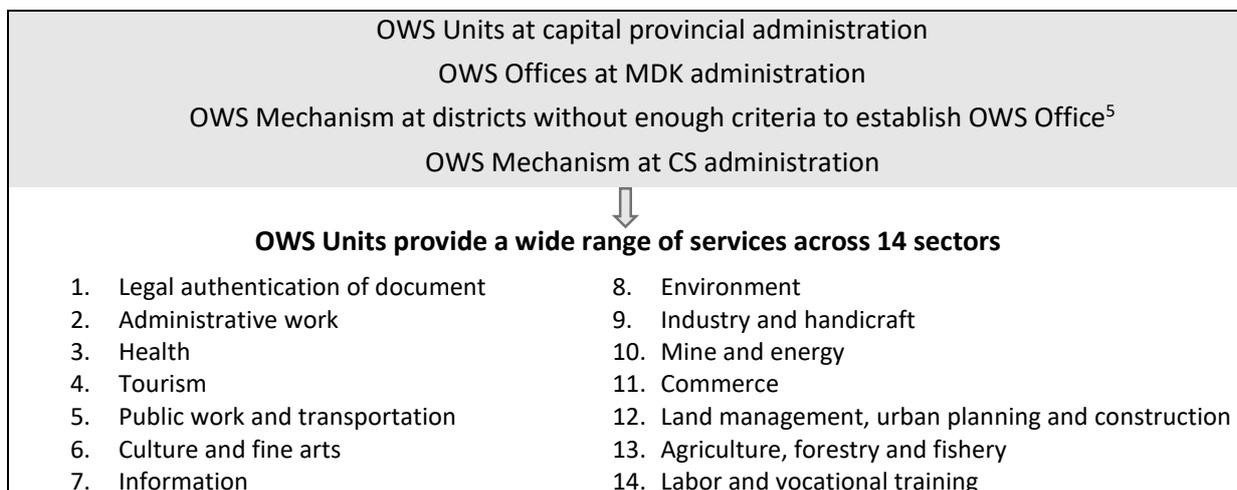
Note: ¹ Talou Senchey was established, following government's sub-degree (Ministry of Civil Service) #០៧អនក្រ.ប្រ in January 2019

Source: Commune Database 2018 and Inter-Censal Economic Survey (2014)[15, 16]

4.2 Public service delivery at Sub-national administrations

One-window services

One-window service (OWS) is defined as a collection of multiple government services and procedures at one place where people can access the forms and information on administration services, service fee, and tax payment, with the objective to enhance the efficiency of administration service delivery in compliance with principles and procedures based on simplicity, speed, transparency, accountability and credibility, while combatting corruption [17]. OWS in Cambodia are structured as follows:



OWS Office was first introduced in Cambodia by government decision 47 សសវ in 2003, and were initially piloted in 2005 in one district in Siem Reap and one in Battambang. After the pilot, they were expanded across the country reaching 52 in 2017 and 115 (57%) of all MDK in 2019 following Ministry of Interior Prakas #928 ប្រក in 2009 on the establishment of One window service at MKD [18]. A study by Ministry of Interior working team in 2007 shows that OWS and ombudsman office has been welcomed by the people, local authorities and civil societies [18]. This finding is also supported by a study by Transparency International Cambodia which suggested the effectiveness and efficiency of the OWS in providing public services as “it reduces corruption significantly and promoted accountability and transparency in the delivery of certain public services” [19]. Unofficial payment is eliminated as price is set and written on information board at the offices.

After the successful implementation of OWS offices, OWS Units at Capital provincial administration was officially launched (inauguration and process) in January 2020 after a temporary establishment from mid-2018. OWS Unit is one of the new achievements contributing to D&D reform through enhancement of public service delivery[18].

OWS Office in Pursat Municipality and OWS Unit in Pursat Provincial administration

OWS office at Pursat Municipality was established in 2010 following the government decision 1329 សសវ dated 23 July 2010, whereas the OWS unit has recently been established at the Provincial administration from Mid-2018. Table 4.2 summarizes total services and revenues at OWS Office and OWS Unit in the province compared to countrywide, and breaks down the services and revenues by sectors.

At OWS Office, total services provided reached 14,774 services, equivalent to 1.4% of total services in Cambodia (at 52 MDKs) in 2018, earning 53.24 million riels in revenue. About 45% of the services were accessed by women, which is relatively high compared to an average 25% across the country. Almost 50% of revenue came from legalization service, in line with the highest share of service provision, indicated in Table 4.2. Civil registration covered 48% of total services provided free of charge. Revenue from services under construction, health, and culture sectors also contributed significantly.

At OWS Unit, 76% of the total services with 25.84 million riels came from public work and transportation sector. Administrative and agriculture sectors are also the major sources of earning while their number of services shared small proportion. Notably, Pursat shared a mere 0.8% of the total services provided in 25 OWS Units across the country. Number of services accessed by women at Pursat OWS Unit are also minor, accounting for 1.1%, against 37% countrywide.

⁵ Districts without enough criteria to establish OWS office may establish ‘One window service mechanism’ under their own authority/capacity framework. This mechanism is under district Administration and Finance Office and responsible for providing public services, all the same as those provided by OWS office.

Table 4.2: Number of services and revenues, OWS Office and OWS Unit, Pursat Province (2018)

OWS Office, Pursat municipality administration					OWS Unit, Pursat provincial administration				
Summary	Services	% women in total services	Revenues (thousand R)		Summary	Services	% women in total services	Revenues (thousand R)	
Total Cambodia	1,064,987	24.8%	15,012,434		Total Cambodia	105,860	36.8%	4,275,969	
Total Pursat	14,774	45.0%	53,235		Total Pursat	847	1.1%	45,208	
Share of Pursat to Camb	1.4%		0.4%		Share of Pursat to Cambodia	0.8%		1.1%	
Services by sectors	Number of services	Share by sectors	Revenues (thousand R)	Share by	Services by sectors	Number of services	Share by sectors	Revenues (thousand R)	Share by sectors
Legalization	7,294	49.4%	25,282	47.5%	Public work and transportation	646	76.3%	25,840	57.2%
Civil registration	7,044	47.7%	-	0.0%	Legalization	110	13.0%	318	0.7%
Public work	173	1.2%	-	0.0%	Labor and vocational training	40	4.7%	890	2.0%
Commerce	115	0.8%	2,875	5.4%	Agriculture, forestry and fishery	38	4.5%	5,433	12.0%
Health	62	0.4%	5,380	10.1%	Administration	9	1.1%	11,258	24.9%
Agriculture	27	0.2%	945	1.8%	Land management, urban planning and construction	2	0.2%	800	1.8%
Culture	23	0.2%	4,450	8.4%	Health	1	0.1%	420	0.9%
Tourism	18	0.1%	2,225	4.2%	Mine and energy	1	0.1%	250	0.6%
Construction	18	0.1%	12,078	22.7%					

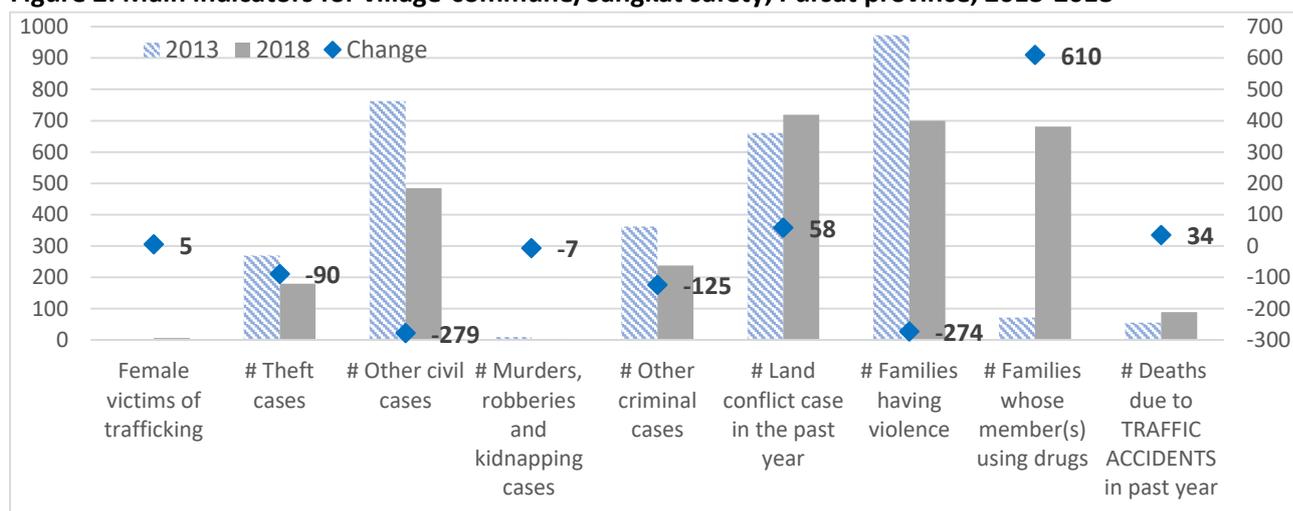
Note: Some of the sectors have yet to exist or was not accessed in 2018
 Source: OWS annual report 2018[20].

Village-Commune Sangkat safety

The village-Commune/Sangkat Safety policy was introduced in 2010 by the Ministry of Interior to strengthen security and ensure safety of all citizens and society [21]. This policy has nine criteria: 1) Stopping stealing, snatching, robbery, 2) no production and dealing of illegal drugs, 3) no prostitution of women, children trafficking and domestic violence, 4) no gangsterism, 5) no illegal gambling, using illegal weapons and crime, 6) lowering of traffic accidents 7) no danger of unexploded ordnance, 8) taking measures to prevent, manage and respond to all issues with efficiency, and 9) no illegal police checkpoint [22].

Figure 4.2 shows some main indicators for implementing the village-commune/Sangkat safety policy in Pursat province in 2013 and 2018. The number of theft cases and other civil cases decreased notably in 2018 by 90 and 279 cases (or 33% and 37%) respectively, from 2013. Number of murders, robberies and kidnapping cases fell from 9 to 2 cases during the same period, in line with the decline of other criminal cases. However, families with family members using drugs increased by 610 families, almost 10 fold from 2013. Land conflicts and death due to traffic accidents in the past year increased slightly by 58 and 34 cases, respectively (See more details in **Appendix 2**). These numbers can be difficult to interpret as they may be either increases or decreases in the underlying activity, the public’s likelihood to report the activities, or efforts of authority to pursue those activities.

Figure 2: Main indicators for village-commune/Sangkat safety, Pursat province, 2013-2018



Note: The detailed list of the indicators by districts in Pursat province is provided in **Appendix 2**.

Source: Commune Database, 2013 and 2018, National Institute of Statistics

5. Conclusion

Decentralization and de-concentration reforms including fiscal decentralization have had significant progresses with subnational administrations generating greater revenue and taking on greater spending responsibilities. However, compared to the expenditure of national administration, the share of SNA's has remained at only 9% of national total expenditure for the last six years.

In Pursat Province specifically, the SNAs' budget performance relies heavily on the subsidies from the national government as its total subsidies accounted more than 86% of the total revenue of SNAs in Pursat province. It is also noted that provincial administration in Pursat province started subsidizing DMs and CS administrations in 2017 which have averaged around 4% of total provincial expenditure.

Public service delivery has been improved through One-window service units and offices, where many separate services which used to be provided by different agencies are now under one roof, providing convenience and efficiency to citizens. In Pursat Province, legalization service is the highest share of service provision at the one window service office, while public work and transportation are the highest share of service provision at one window service unit.

Pursat province has taken measures to improve public safety, reducing the number of theft cases, civil cases, other criminal cases including domestic violence from 2013 to 2018. The number of families whose family members using drugs, land conflicts and death by traffic accident are growing challenges.

6. Points for Discussion

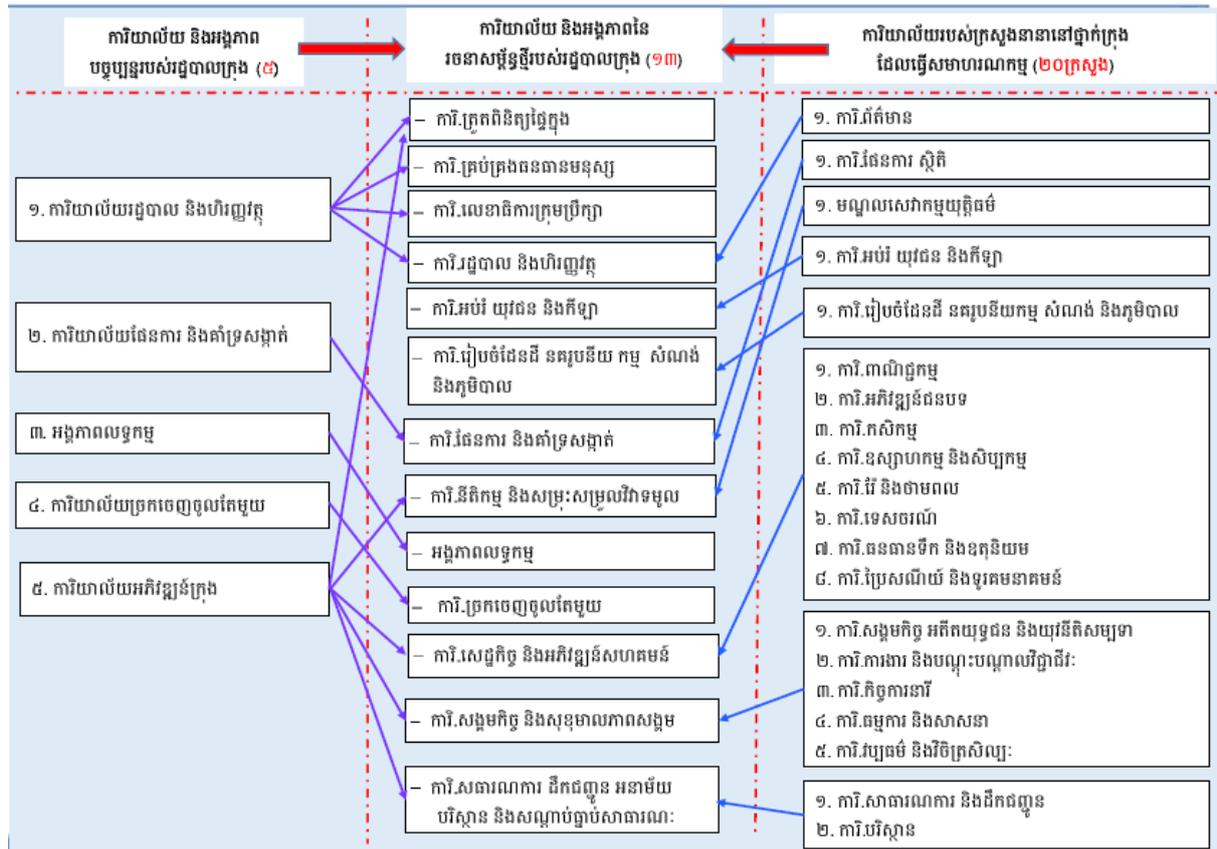
1. According to the sub-degree #193, what is the progress of devolving the health management functions to Pursat provincial administration? Are there any challenges and what supports are needed for effective and efficient devolution?
2. According to the sub-degree #182 and #184, what is the progress of the integration process of sectoral offices into the new organizational structure of DM administrations? What are the challenges and supports needed to speed up the process?
3. Main sources of domestic tax revenue at the provincial administration are from “vehicle transportation tax, and registration tax on transfer of property right”. Is there a possibility to further mobilize those sources to gradually reduce subsidies from the central government? Is it predictable to budget this revenue source every year?
4. What has driven the extreme decline in budgeted DM revenue of earnings from properties and service fees in recent years (e.g. from 182 million riels in 2017 to 68 million riels in 2018 and to 54 million riels in 2019)?
5. Administrative expenditure for the Commune/Sangkat Fund increased almost three times from 2015 to 2019, while spending on development (investment in roads, irrigation, bridges and other development projects) rose by 60%. What is the main cost driver for this change?
6. Employment in the service sector has increased in recent years (from 17% to 22% of total employment). Is it predictable the share will continue to increase and what sub-sectors would contribute mostly to the change? Is it possible to identify the potential sub-sectors that would contribute to higher employment and income?
7. Figure 4.1 shows that the number of jobs is highly concentrated in Bakan district, so people in Bakan might need more public services than in other districts. Is there information on the use of public services in Bakan? Will this high employment activity link to higher budget expenditure? Should the budget for Bakan be increased to respond to the high rate of employment?
8. Based on the annual report on one-window services, the OWS Unit in Pursat provided services under eight sectors (Table 4.2). Is there more information on the remaining sectors that have not been accessed in the previous years? What are the challenges of the OWS Unit?
9. Similarly, the OWS office in Pursat municipality provided services under nine sectors. Is there information on other sectors that have not been recorded? Have OWS mechanisms at other Districts and/or Commune administrations been established?
10. According to the Commune Database 2013-2018, the number of land conflict cases have increased slightly and the number of families whose family members using drugs increased dramatically, particularly in Bakan and Krakor districts, and Pursat municipality. Is there any information available about these cases and strategy suggestions in dealing with this issue?

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8. Appendix

Appendix 1



Source: National Committee for Sub-National Democratic Development 20202.

Appendix A2

Main indicators for village-commune/Sangkat safety by districts in Pursat province, 2018 compared to 2013

Indicator	Bakan		Kandieng		Krakor		Phnum Kravanh		Pursat		Veal Veang		TaLou Senchey
	2018	Change from 2013	2018	Change from 2013	2018	Change from 2013	2018	Change from 2013	2018	Change from 2013	2018	Change from 2013	
Female victims of trafficking	2	2	-	-1	4	4	-	-	-	-	-	-	-
# Theft cases	35	-37	7	-50	78	22	20	-26	22	-14	5	3	12
# Other civil cases	136	-206	45	-20	85	-67	76	7	55	14	32	-62	55
# Murders, robberies and kidnapping cases	-	-1	-	-2	2	-1	-	-1	0	0	0	-2	0
# Other criminal cases	76	-6	22	-16	55	-38	37	-35	25	-18	18	-16	4
# Land conflict case in the past year	211	6	73	25	111	-18	139	-11	46	-4	109	30	30
# Families having problems with violence in home	166	-143	64	-57	218	16	117	-64	54	-49	35	-22	45
# Families whose member(s) using drugs	99	85	34	33	250	247	60	28	164	143	6	6	68
# Deaths due to TRAFFIC ACCIDENTS in past year	17	-	14	10	17	2	17	4	20	14	1	1	3

Source: Commune Database, 2013 and 2018, National Institute of Statistics