



Royal Government of Cambodia

Steering Committee of Public Financial Management Reform

**Final Draft of Progress Report of Public Financial Management
Reform Program Implementation for 2018**

Prepared by

General Secretariat of Steering Committee of the Public Financial Management Reform

ABBREVIATION

ADB	Asian Development Bank
BSP	Budget Strategic Plan
BSRS	Budget System Reform Strategy
CAP	Consolidated Action Plan
CoA	Chart of Accounts
DMFAS	Debt Management and Financial Analysis System
EFI	Economic and Finance Institute
GDICDM	General Department of Cooperation and Debt Management
FMIS	Financial Management Information System
FMWG	FMIS project Management Working Group
GDB	General Department of Budget
GDCE	General Department of Customs and Excise
GDP	General Department of Policy
GDIA	General Department of Internal Audit
GDNT	General Department of National Treasury
GDPP	General Department of Public Procurement
GDSNAF	General Department of Sub-National Administration Finance
GDSPNTR	General Department of State Property and Non-Tax Revenue
GDT	General Department of Taxation
GDP	Gross Domestic Product
GFS	Government Financial Statistics
GSC	General Secretariat of Steering Committee of Public Financial Management Reform
IMF	International Monetary Fund
LM	Line ministry
LCS	Legal Council Secretariat
MEF	Ministry of Economy and Finance
MTBF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Framework
NAA	National Audit Authority
NIS	National Institute of Statistics
NSDP	National Strategic Development Plan
PFM	Public Financial Management
TOFE	Table of Fiscal and Economic Operations of the Government
WB	World Bank

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EXECUTIVE SUMMARY

1. A good health of public financial management system is a backbone to support successful and sustainable of the policy agenda implementation of the Royal Government of Cambodia (RGC). Public financial Management Reform Program (PFMRP) has been developing the system, mechanism, legal framework and human resources¹ since 2005, and those are cores to determine success, discipline, transparency, accountability, effectiveness and efficiency of the PFM system.
2. The objectives of preparing of 2018 annual progress report of PFMRP implementation does not only review of the progress for 2018, but also operations of the PFM Reform Working Group of entities under MEF and LMs. PFMRP stage 3 mainly focuses on (1). strengthening revenue collection and management, (2). strengthening and expanding FMIS Phase 2, and (3). strengthening and expanding program budget.
3. The RGC of the Fifth Legislature of the National Assembly paid attention to strengthen revenue collection through Revenue Mobilization Strategy Medium Term 2014-2018 (RMS) implementation. Through this strategy, the RGC shall implement the principles as follows: (1). maximize tax revenue collection at current situation, (2).no new tax, (3).no tax rate increases, except in case of compensation of falling revenue, and health protection, and/or environmental protection (4). ensure convenience, equity, fairness, and accountability in revenue management and collection. The strengthened RMS implementation has led to steady growth in revenue, with an average from 2014-2018², increase of 1.35 percentage points of GDP. Next step, MEF is preparing a RMS 2019-2023 aiming at sustainable revenue collection management and economic competitiveness. In this regard, GDT continues to modernize the revenue administration by studying and preparing strategic plan of information technology to build data center, update and study for preparing additional tax rules and regulations to support tax collection management, and update the real estate information both Phnom Penh capital and provinces.
4. Financial Management Information System (FMIS) phase-1 was prepared and implemented in 2014 and Phase-2 in 2017. The core functions and budget classifications have been installed in the FMIS to align with the blue print. In fact, there are 6 core functions of FMIS as follows (1). budget allocation, (2). account payable, (3). receivable, (4). cash management, (5). purchase, and (6). general journal. From 2019-2020, FMWG will develop additional 2 modules, budget formulation, and procurement, which will be piloted in MEF in 2020. In addition, the other 2, state property management, and inventory will be considered next step of FMIS. Furthermore, MEF continues to revise chart of account (CoA) to align with the international standard, and prepared Prakas on the Implementation of 7 Budget Classifications³, namely:

¹ -System does not only refer to information technology, but also the operation in the LMs to align with reform context

-Mechanism refers to creation/preparation mechanism to solve challenges and PFM reform direction

-Legal framework refers to preparation of law, sub-decree, prakas, circular, etc.

-Human resources refers technical capacity development, leadership and management related to PFM.

² Temporary revenue data in 2018 updated on 30 April 2019.

³ Currently, there are 5 of 7 budget classifications, economy, program, administration, functions, and project) that are fully implemented the FMIS. The others are encouraging to implement.

(1). operational and administrative entities, (2). geography, (3). economy, (4). program, (5). function, (6). project, and (7). source of funds. FMIS expansion plans as follows:

- ✓ 2018: 10 LMs were officially launched the FMIS using; namely: MEF, Ministry of Education, Youth and Sport, Ministry of Health, Ministry of Agriculture, Forestry and Fisheries, Ministry of Labor and Vocational Training, Ministry of Women Affairs, Ministry of Environment, Ministry of Civil Service, Ministry of Industries and Handicraft and Ministry of Post and telecommunication.
- ✓ 2019: Additional 10 LMs and 25 Capital and Provincial Departments of Economy and Finance will be officially launched the FMIS using. They are Ministry of Public Works and Transport, Ministry of Public Works and Transport, Ministry of Rural Development, Ministry of Land Management Urban Planning and Construction, Ministry of Tourism, Ministry of Water Resources and Meteorology, (8), Ministry of Information, (9), Secretary of State for Civil Aviation, and (10) Ministry of Social Affairs, Veterans and Youth Rehabilitation. Meanwhile, there are additional 17 LMs that will be implemented the FMIS such as General Secretariat of National Assembly, General Secretariat of Senate, Ministry of Royal Palace, Constitutional Council, Council of Ministers, Council for the Development of Cambodia, Ministry of Interior, Ministry of National Defence, Ministry of National Assembly-Senate Relations and Inspection, Ministry of Mines and Energy, Ministry of Cult and Religion, Ministry of Culture and Fine Arts, Ministry of Planning, National Audit Authority, Anti-corruption Unit, Ministry of Justice (including General Secretariat of the Supreme Council of Magistracy, Supreme Court and Court of Appeal), and National Election Committee.
- ✓ 2020: Additional 17 LMs will be officially launched the FMIS using, and additional 2 modules of the FMIS will be implemented by 17 LMs and Capital and Provincial Department of Economy and Finance.

Furthermore, financial and budget entities that have full authorization are allowed to implement the FMIS and users have around 800 in 2018 and expect to reach 1350 in the 2019. The priority action plan of FMIS phase 2 in 2019 focuses on key work, including (1) expand FMIS, (2) develop FMIS financial reporting, (3) Develop new FMIS functions, (4) continue to interface with other systems, and (5) improve business process.

LMs and provincial administrations have been implemented a full-pilot program budgeting. In fact, there are 39 LMs, 10 LMs in 2015, 15 LMs in 2016, 11 LMs in 2017, and 3 LMs in 2018 that implement the program budgeting. Furthermore, 25 capital and provincial administrations are implemented from 2017-2021. Recently, there are totally 12 provincial administrations, in which 6 provincial administrations in 2017 and the others in 2018.

5. In this regard, MEF has provided many training programs/workshops on budget strategic plan (BSP), program budgeting, public procurement, petty cash, advance, etc. Next step, MEF will start to review the annual key performance indicators of program budgeting, and review qualifications of budget entities to identify the strengths and weaknesses as well as provide recommendations to strengthen the implementation program budgeting. Meanwhile, to determine a precise and realistic direction of budget system, MEF prepared the BSRS 2018-2025, which was approved by Council of Ministers on 12 January 2018. The BSRS is highlighted

that Cambodia's budget system is the "Performance-informed budgeting or performance budget". Until now, the number of budget entities are 252, and have full authorization around 655.

TABLE 1: PROGRAM BUDGETING IMPLEMENTATION PLAN IN SUB-NATIONAL ADMINISTRATION⁴

2017	2018	2019	2020	2021
Kampong Speu	Kampong Chhnang	Kandal	Kampong Cham	Phnom Penh ⁵
Kep	Pursat	Battambang	Kampong Thom	
Koh Kong	Takeo	Banteay Meanchey	Preah Vihear	
Pailin	Kampot	Svay Rieng	Oddar Meanchey	
Kratie	Prey Veng	Tbong Khmum	Siem Reap	
Stung Treng	Ratanakiri	Mondulhiri	Sihanoukville	

6. At the same time, to set clear and realistic budget system reform directions, MEF developed a Budget System Reform Strategy (BSRS) 2018-2025 and adopted by Council of Ministers on January 12 2018. By this strategy, the Cambodian financial system is defined as performance-informed budgeting or performance budget. Also, action plan for the implement of this strategy is planned to finish 2nd quarter of 2019.
7. To accelerate momentum of the PFMRP implementation in order to achieve as targeted in the CAP-3 and be ready for next step, Steering Committee of PFM Reform issued executive order to finish necessary documents by 2nd quarter of 2019 as follows:
 - ✓ Revenue Mobilization Strategy 2019-2023
 - ✓ Public Procurement System Reform Strategy 2019-2025
 - ✓ Budget System Reform Strategy for Sub-national Administration 2019-2025
 - ✓ Action Plan for BSRS 2018-2025.
8. Despite significant developments in the implementation of the PFMRP, there are still work to be done for the stage 3 "budget-policy linkage", including (1) institutional factor: leadership, willingness, consciousness, and participations of the LMs have increased steadily, however, they are not sufficient for reform, especially at senior levels, and (2). while the roles of LMs are more important in the involvement and implementation of the PFMRP, they need to strengthen further participation in the reform process related to strengthening non-tax revenue management, FMIS implementation, budget strategic plans, program budget, and legal framework effective implementation.
9. Meanwhile, the support of development partners, both technical and financial support are contributing to address the challenges of implementing reform programs and providing inputs for the next step-by-step preparation. In the stage 3, development partners have supported the PFMRP, namely: European Union (EU), Ministry of Economy and Finance of French

⁴ Current implementation is capital and provincial administrations that are budget entities.

⁵ H.E. Dr. Deputy Prime Minister endorsed the request of GDSNAF for delaying program budgeting implementation to Phnom Penh Capital until 2021.

Republic, Swedish International Development Agency, Asian Development Bank, United Nations International Children's Emergency Fund (UNICEF), World Bank, International Monetary Fund, and United States Department of the Treasury.

Demands and Providing Technical Assistances

1. **EU** has provided technical assistances, including (1) Budget System Reform Strategy for Sub-National Administration, (2) Monitoring and evaluation of sub-national administration performance, and (3) public procurement system reform strategy, and others upon the requests from government.
 2. **Ministry of Economy and Finance of the French Republic** has provided technical assistances, including amendments to the Law on Public Financial Management System and Sub-Decree No. 81 on Establishment of Financial Control of State Budget Expenditures in the Line Ministries, Provinces, Municipality, Phnom Penh Capital Autonomous and Public Administration Establishment, and Sub-Decree No.82 on the General Orders of Public Accounting and Accounting Standards.
 3. **SIDA** has provided technical assistances on taxation, statistics and external audit.
 4. **ADB** has provided technical assistances, including fix asset threshold regulations, Information technology audit guideline and performance audit guideline, and reviewing CAP3 and developing CAP4.
 5. **UNICEF** has provided technical assistances on monitoring and evaluation performance to General Department of Budget and General Department of Finance Sub-National Administration.
 6. **World Bank** has provided technical assistance to review public expenditure on public investment and others.
 7. **International Monetary Fund** has provided technical assistance to review FMIS, IPSAS, and capacity development.
 8. **United States Department of Treasury** has provided technical assistance to MEF and Ministry of Health on program budgeting.
10. In conclusion, based on the review of the PFMRP implementation, it can be concluded as follows:
- budget credibility is still essentially maintained, but needed to strengthen revenue and expenditure program.
 - accountability system has been being developed by introducing FMIS phase 2 with highly prudent manner.
 - strengthening and expanding program budgeting is a basis for change budget system.
 - BSRS is an essential element to performance accountability as last target of PFMRP.
 - incentive system is prepared and implemented for 2018 to encourage for institutionalization to align PFMRP directions.

Progress of Public Financial Management Reform Program

Implementation for 2018



1. INTRODUCTION

1.1 Economic Situation and Public Financial Management

Over the last two decades, Cambodia's economic growth has remained strong and the World Bank (WB) graded Cambodia as a lower middle-income country in 2015. Although the global economy has been in the midst of uncertainties as well as risks and challenges in developed and developing countries, Cambodia's economy remains robust and strong in the near future. In this regard, the Asian Development Bank (ADB) graded Cambodian economy is one of the fastest-growing economies in Asia and called as "New Tiger Economy in Asia" in 2016. According to the International Monetary Fund (IMF) report in 2018, Cambodia's economy continues strong, and growth at 7.25% due to growth of external demands and expanding fiscal policy, while average inflation has increased to 2.5% in 2018.

Meanwhile, according to the MEF's report in 2018, Cambodia's economy in 2018 is estimated to maintain a growth of 7.0%, with the industry still maintain strong growth around 9.6%, services around 7% and agriculture around 1.8%. In addition, GDP per capita is USD 1,427, inflation with average estimation around 3.4%, exchange rate about 4,037 riels/ USD in 2018.

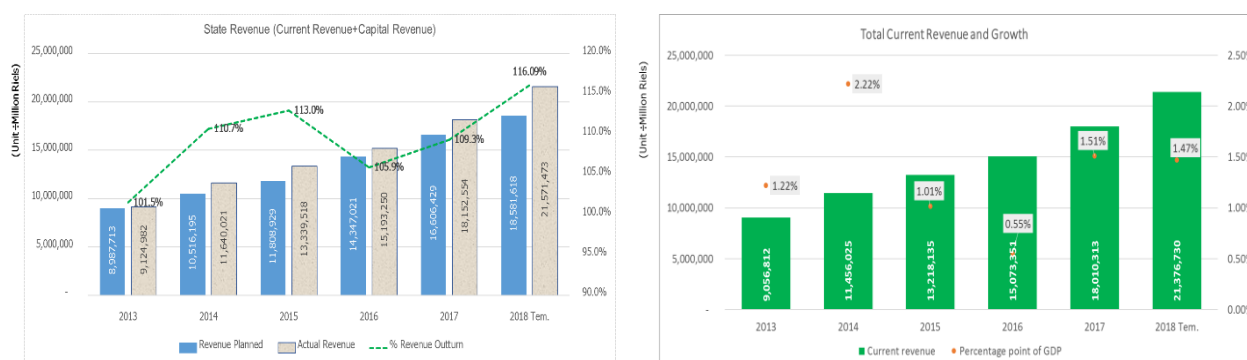
TABLE 2: MAIN ECONOMIC INDICATORS 2017-2019

Economic Indicators	2017 Actual	2018 Forecasting	2019 Forecasting
GDP, current price (billion Riels)	89,647	99,332	109,895
Real GDP growth (%)	7.0%	7.0%	7.1%
Agricultural sector	1.6%	1.8%	1.8%
Industrial sector	9.9%	9.6%	10.0%
Service sector	7.1%	7.0%	7.0%
GDP per capita (USD)	1,427	1,563	1,706
Inflation of Riel currency (% average growth)	2.9%	3.4%	3.1%
Exchange rate (Riel/USD)	4,045	4,037	4,037
Current account balance (% of GDP), included transferring	-6.9%	-7.3%	-7.1
Reserves (number of months of import goods and service)	6.4	6.2	6.5

Source: MEF's mid-year report of 2018

Within the framework for public finance, revenue collection remains strong, with revenues increasing between 15%-20% per year over the last five years. In additions, international Institutions assessed an unprecedented achievement in countries in the region and countries with similar levels of development. The state budget revenue was growth nearly 2.5 times, 9,124,982 million Riels in 2013 to 21,571,473 million Riels in 2018.

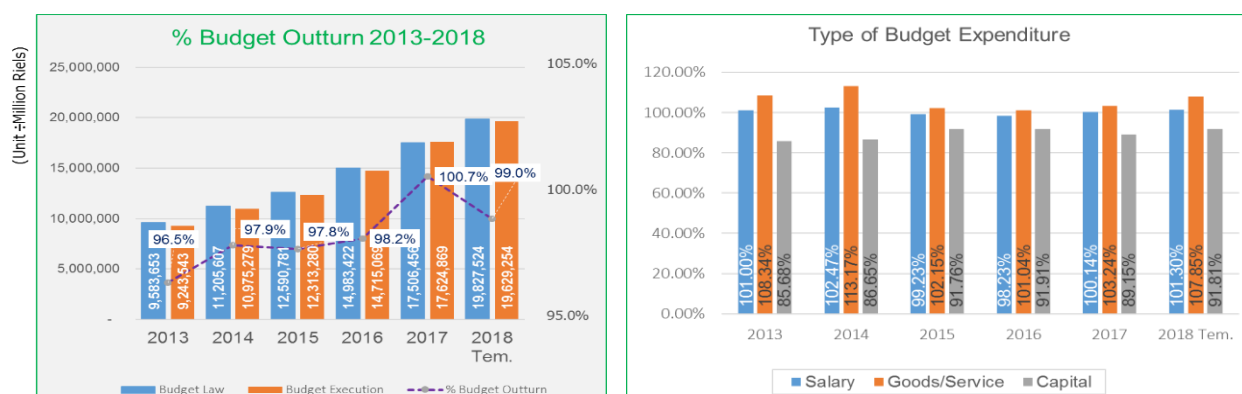
DIAGRAM 1: DOMESTIC REVENUE MOBILIZATION



Source: GDNT and GDP

At the same time, the national budget expenditure has more than twice from 2013-2018, and budgetary allocations are taken into account in the key areas and spending budget is more efficient, both the allocation and operational levels.

DIAGRAM 2: EFFECTIVE BUDGET EXECUTION



Source: GDNT

1.2 Overview of PFM RP

PFMRP is a long-term program that has an ambitious and realistic vision to transform Cambodia's PFM system to meet international best practice. The transforming PFM system is to move from the public financial system centralization to the public financial system decentralization. PFMRP was launched by Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia on 05 December 2004 as follows:

- Stage 1 "Budget-credibility" from 2005-2008,
- Stage 2 "Financial accountability" from 2009-2015,
- Stage 3 "Budget-policy linkage" from 2016-2020,
- Stage 4 "Performance accountability" from 2021-2021.

The PFMRP stage 3 was launched in 2016 by Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia. Meanwhile, Steering Committee of PFM Reform determined the 3-priority target, including (1). strengthening management and implementation of revenue collection plan, (2). strengthening and expanding the implementation of FMIS, and (3). strengthening and expanding program budgeting.

PFM progress report for 2018 does not only indicate the performance of entities (MEF and LMs), but also the operation of PFM working group. This mechanism is compliance with Circular No.09 dated on 28th December 2015 “Rules and Procedures on the Formulation, Implementation, Monitoring and Evaluation of PFM Work”⁶.

TABLE 3: CHANGE FROM CAP 2 TO CAP 3

Structure of CAP	CAP2	CAP2 New	CAP3 2016-2020	CAP3 2017-2020	CAP3 2018-2020
Parts	3	4	5	5	5
Objectives	14	16	21	22	22
Activities	62	71	68	69	75

To deepen analysis, GSC with permission of Steering Committee of PFM Reform visited officially PFM Reform Working Group of Ministry of National Assembly-Senate Relations and Inspection, Ministry of Land Management, Urban Planning and Construction, Ministry of Public Works and Transport, Ministry of Justice, Ministry of Labor and Vocational Training, and Ministry of Health and PFM Reform Working Group in entities under MEF such as GDNT, GDPP, GDP, and GDIA. This visit discussed the MAP/GDAP 2018 preparation and implementation aiming to (1). improve PFM incentive, (2). strengthen action plan preparation and set targets of key performance indicators, and (3). strengthen PFM budget formulation and execution.

Structure of 2018 Annual Progress Report of PFMRP implementation is divided into 5 parts as follows:

1. Introduction has shown the economic and financial situation, objectives, and methodology of preparation of PFM progress reports.
2. PFM progress report under MEF and LMs has highlighted the key achievements and discuss on going reform.
3. Challenges and suggestions in and off MAP/GDAP have emphasized on how to make PFMRP moving forward with dynamic.
4. Conclusion has provided concrete judgment on the PFM performance.

⁶ Link to circular 09 SR dated on 28 December 2015: <https://bit.ly/2lXrntw>

The 2018 Annual PFM Progress Report is prepared and compliance with Circular No.09 by using the weight of each activity, objective and part as follows:

- First, progress by main activity → Sum-average for all activities of the GDs under MEF
- Second, progress by objective → Progress by main activity x Weight of main activity → Sum all main activities under each objective
- Third, progress by Part → Progress by Objective x Weight of each objective → Sum all objectives under each part
- Finally, PFM progress → Progress by Part x Weight of each Part → Sum all parts.

Formula

Weighted Score (Result) = Weight x Achievement (%)

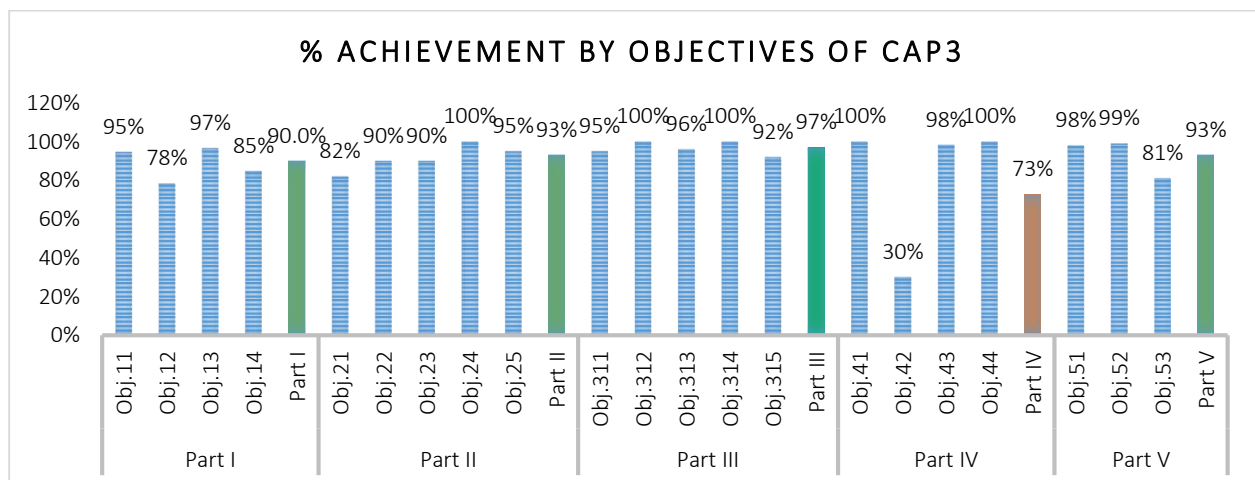
Scoring	Grade
96%-100%	Excellence
86%-95%	Good
71%-85%	Above Average
61%-70%	Average
0%-60%	Poor

2. PROGRESS OF PFMRP IMPLEMENTATION FOR 2018

2.1 Progress of CAP Implementation under MEF

Through reviewing the progress report of implementation the action plan in 2018, it was indicated that Part 1 “Further strengthened budget credibility”, Part 2 “Strengthened financial accountability”, Part 3 “Budget-Policy Linkages”, Part 4 “Performance accountability”⁷ and Part 5 “Support PFMRP Successful and Sustainable” were achieved 90%, 93%, 97%, 73%, and 93%, respectively.

DIAGRAM 3: PERCENTAGE OF ACHIEVEMENT BY OBJECTIVE CAP3



Source: Working Group of GSC

⁷ This part got low score since there were 2 sub-activities of activity number 42.1 of GDIA that were not achieved as targeted.

A. Part1 “Further Strengthened Budget Credibility”

Budget credibility refers to the government's ability to implement the budget to achieve government's policy agenda. Budget credibility that is further strengthened the implementation of the PFMRP stage 3, has the main objective of strengthening budget system to be strong and stable, especially focus on: (1). quarterly revenue-expenditure plan is implemented with smooth and predictable (deviation does not exceed +/-5% compared with plan), and (2). account receivable and account payable in year are managed effectively.

The result of part 1 has shown that the budget credibility has been essentially maintained. In this regards, the growth of current revenue that exceeded the target is 1.47 percentage points of GDP in 2018, and expenditure outturn achieves 99.0% within the +/-5% of the budget law. Meanwhile, cash management is in a good situation with no debt arrears.

The progress by objectives of Part 1 “Further Strengthened Budget Credibility” was shown as follows:

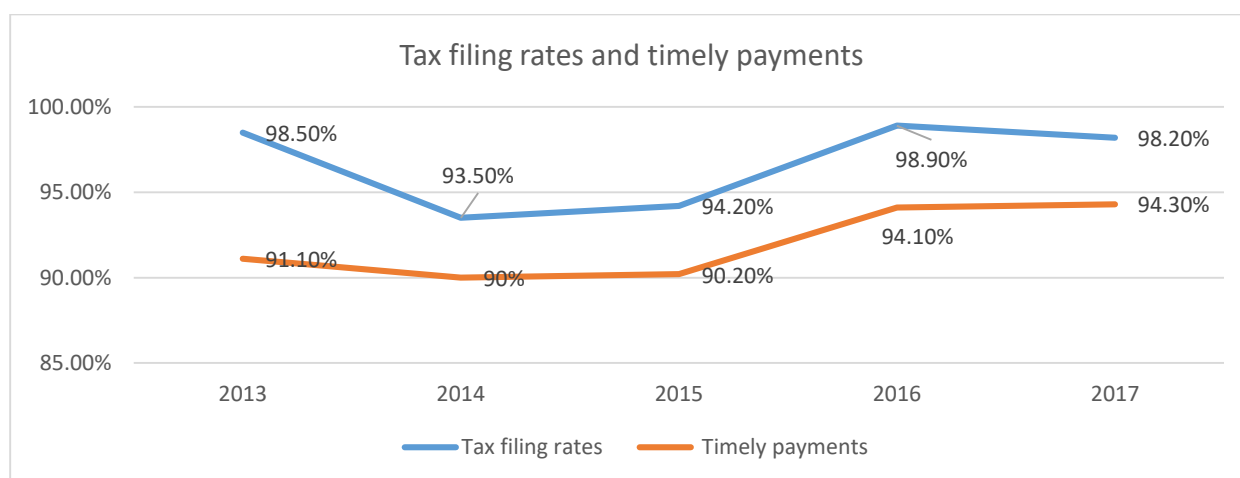
Objective 11. Further strengthened revenue management and the implementation of revenue collection plan

To strengthen the effectiveness of the revenue management (tax revenue and non-tax revenue), the formulation of revenue policy and medium-term revenue mobilization strategy is the keys to ensure the cash surplus, the smooth flow of revenue, and the predictability of revenue collected.

❖ Revenue management and the implementation of revenue collection plan

As a result of revenue collection in 2018, current revenues increased by 1.47 percentage points of GDP. This revenue is increased by strong economic growth, adjusting some tax rates especially, improving the efficiency of tax administration. According to the Report on the Implementation of the RMS 2014-2018⁸ by GDP, the tax culture has improved because tax rates, tax returns, and tax payments are timely within 90%.

DIAGRAM 4: TAX FILLING RATES AND TIMELY PAYMENTS



Source: GDP

⁸ General Department of Policy prepared the preliminary report on evaluation of RMS 2014-2018 and has been preparing RMS 2019-2023 to be finished in second quarter 2019.

In addition, GDT and GDCE achieved targets of action plan for 2018 as follows:

- Updated E-Tax System of Taxation (E-Filing, E-registration, and E-Payment)
- Tax payers registration achieved 8,245 equivalent 33.35% of total tax payers who have not registered.
- MOU between GDCE and Sihanoukville Autonomous Port on electronic information exchanges of ships and goods import-export was prepared, and implemented.
- E-Payment in GDCE has been implemented and adding new functions.
- National Single Window Stage 2 is developing.

To strengthen non-tax revenue management collection GDSPNTR cooperated with GDNT to develop non-tax revenue system that was officially implemented for stage 1 in the first quarter 2018 to 14 LMs. Also, they prepared and issued Circular No. 003 dated on 22 February 2018.

BOX 2: EXPANDING PLAN OF NON-TAX REVENUE MANAGEMENT INFORMATION SYSTEM

In step 1 of stage 1, the NRMIS was implemented in January 2018 to 14 LMs; namely: State Secretariat of Civil Aviation, Ministry of Interior, Ministry of Foreign Affairs and International Cooperation, Ministry of Economy and Finance, Ministry of Health, Ministry of Mines and Energy, Ministry of Commerce, Ministry of Agriculture, Forestry and Fisheries, Ministry of Culture and Fine Arts, Ministry of Public Works and Transport, Ministry of Tourism, Ministry of Land Management, Urban Planning and Construction, Ministry of Labor and Vocational Training, and Ministry of Industry and Handicrafts

In step 2 of stage 2, NRMIS will be implemented to 09 LMs including: Ministry of Royal Palace, Council for the Development of Cambodia, Ministry of National Defense, Ministry of Information, Ministry of Education, Youth and Sport, Ministry of Environment, Ministry of Social Affairs, Veterans and Youth Rehabilitation, Ministry of Posts and Telecommunications and Ministry of Justice. Ministry of Economy and Finance will continue to prepare non-tax revenue code with the Capital and Provincial Departments, Sub-National Administrations and other non-tax revenue collection units for the next step. The 09 LMs above must use non-tax revenue code which are detailed by public services, revenue from other state properties and non-tax revenue. All non-tax revenue that can be paid into state budget unless the revenue figures approved by the Ministry of Economy and Finance (General Department of National Treasury or General Department of State Property and Non-Tax Revenue) upon request from LMs. List of non-tax revenue codes of each line-ministries shall be the annex of this circular.

Furthermore, other works involved in non-tax revenues collection management of GDSPNTR and GDFI achieved the following results:

- Sub-decree on Management of Non-tax Revenue was signed and implemented on June 7, 2018.
 - Draft Law on Management of Non-Tax Revenue is finalized at technical level, and reviewed and advised by of Legal Council Secretariat.
 - Draft Law on Management, Administration and Utilization of the State Properties was submitted to the Council of Ministers for review and approval.
 - Draft Law on Management of Integrated Resorts, and Gaming Business was submitted to Council of Ministers for review and approval.
- ❖ Tax and non-tax debt management

According to the Public Expenditure and Financial Accountability Assessment (PEFA) Report 2015 and 2017, tax debt is about 90% of tax revenue⁹. The main reason is the lack of classification of tax debt. In this regard, relevant agencies shall encourage the preparation of tax and non-tax debt classifications, and manage them to be precise and effective.

On the other hand, for non-tax debt management, GDSPNTR is strengthening the non-tax debt data management by sectors. According to non-tax debt data from 2013-2018, non-tax debt fell from USD 95,849,425 to USD 58,036,502 (more information in annex 3).

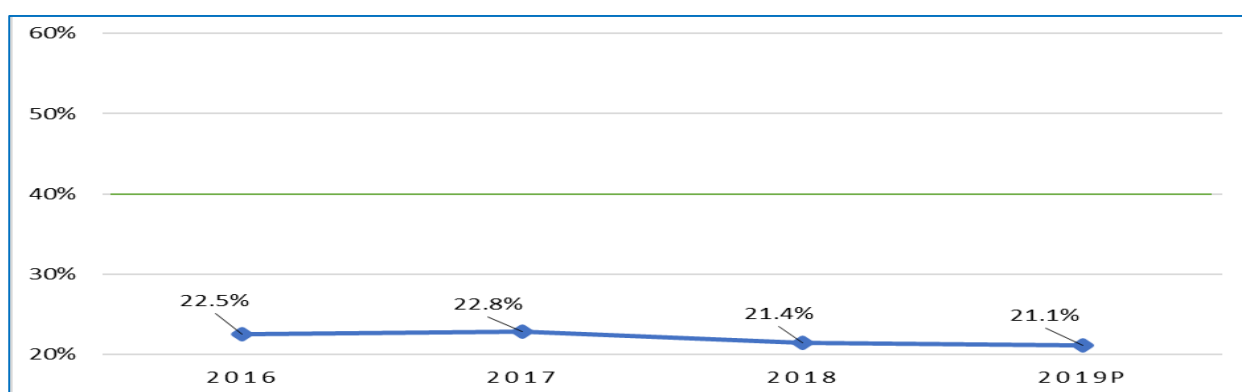
❖ Strengthening tax and non-tax revenue forecasting

The tax revenue forecasting under technical assistances and support of GSC, GDT completed the forecasting model and continues to update the revenue forecasting model and GDCE is also develop it. However, non-tax revenue forecasting model has not prepared. To address this problem, GDP should provide technical assistance and continue to collaborate with GDSPNTR to develop it.

Objective 12. Further strengthened debt management

Public debt management refers to management of government transactions related to government borrowing, government lending, government security issuance and trading, government guarantee, contingent liability obligations, debt payment, debt restructuring, risk management, investment of cash surplus or budget surplus, and other transactions related public debt. By 2017, stock debt of Cambodia included old debt under negotiation is around USD 6.67 billion. According to result of debt sustainable analysis, it has highlighted that main ratios of debt in Cambodia are under principal ratios, in which the current price value ratio of public debt to GDP is 22,8%, Which is significantly lower than the benchmark rate of 40%. In conclusion, the current public debt position is sustainable and low risk.

DIAGRAM 5: DEBT RATIO TO GDP



Source: General Department of International Cooperation and Debt Management

Meanwhile, to strengthen management and transparency of public debt, GDICDM has issued of Bulletin of Public Debt Statistics, 5th and 6th¹⁰. In addition, GDICDM has prepared second draft of concept note framework on public investment management 2019-2025, second draft of the

⁹ Refer tax debt only under GDT

¹⁰ Link to Bulletin of Public Debt Statistics: <https://gdicdm.mef.gov.kh/en/2018/09/27/2261.html>

standard operational procedure for public debt management, and the second draft of Sub-degree on Principal Framework for Public Investment Management, Guideline and Procedures for Public Debt Management was approved by Prakas No. 546 MEF.PrK dated June 7, 2018 and draft Public Debt Management Strategy 2019-2023 was discussed in the internal meeting.

GDNT prepared a Prakas on Supplementary on the Implementation of the Project Classification for National Administrative Budget Classification and applied the new CoA for the financing project/program from DPs, including (1). GSC implements a PFM RP financed by ADB and EU, (2) Ministry of Health implements a GMS Health Security Project, (3) Ministry of Rural Development implements a Cambodia Southeast Asia Disaster Risk Management Project.

Regarding to state securities management, GDFI has been drafting a Sub-decree on Members of the State Securities Fund Management Committee, However, it is at the technical working group level.

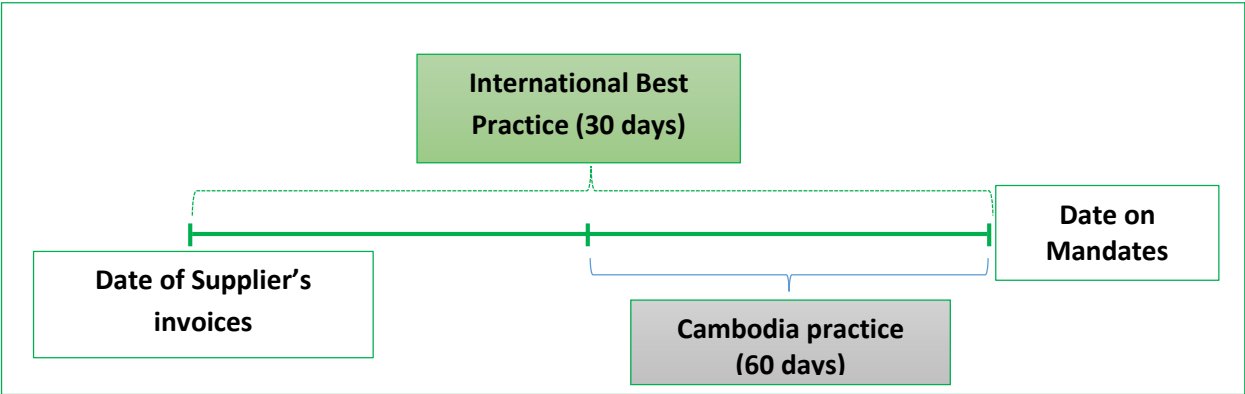
Objective 13. Strengthened cash and account management

Strengthening cash and account management is to ensure the effectiveness and efficiency of the implementation of cash planning. It includes the implementation of cash planning from quarterly/monthly to weekly/daily, payment through banking system, consolidation mechanism of the report of development partners’ budget execution that is outside the treasury system, control and recording system of the arrears and on-time settlement of advance.

In order to strengthen the cash management function, GDNT enhanced preparation of quarterly cash flow forecast report roll-out, revenue-expenditure forecast, and payroll via banking system. GDNT officially implemented the electronic fund transfer(EFT)¹¹ on March 1, 2018 and has been performing the salary category of some LMs, missions, resettlement by inter-ministry, road maintenance, administrative costs, etc.

Expenditure arrears have been eliminated completely.

"There are no expenditure arrears in 2018 overdue 60 days counting from the mandates summited to GDNT till payment date. The monitoring of expenditure arrears is very important to strengthen cash management."



¹¹ There are 2 issues of EFT using, 1. application and facility of commercial bank have not supported, and 2. letters/numbers are limited in the National Bank of Cambodia system that it makes difficult to key-in names of suppliers.

Objective 14. Improving budget execution and strengthening expenditure plan implementation

Revenue-expenditure program is a tool for estimating quarterly budget needs. However, it has not been considered as priority.

Refer to the progress of public procurement progress, it was indicated below.

- Sub-decree on Complaint Procedures and Handling Procurement was approved
- Prakas on Registration, Clearance and Publish of Blacklisted Bidders was approved through Prakas No.1614 MEF.PrK dated 24 December 2018.
- Prakas on Management of Public Procurement Contractual Implementation was approved and implemented by Prakas No.1613 MEF.PrK dated 24 December 2018.
- Evaluation report on threshold increasing to the procurement entities¹² was prepared and draft Prakas on Threshold for Procurement was prepared¹³.

Until now, the draft Prakas on the Pre-qualification of Bidders has not been prepared in technical working group.

GDPP has developed a Public Procurement Management Information System (PPMIS) for internal use, (1) staff management function was developed and tested, (2) visa management function on bidding documents was developed and being piloted, and (3) management of the bidders list function in the PPMIS system is being further developed.

At present, the preparation of legal framework for the public-private partnership mechanism is the responsibility of the PPP Central Unit. Public-Private Partnership Central Unit prepared draft Standard Operations Procedures for PPP mechanism, however, it has not been consulted with inter-ministry. On the other hand, there are 2 indicators that have not been achieved that are (1). draft Law on Public-Private Partnership entity is submitted to Council of Ministers. In fact, PPP Central Unit has been preparing the consultation workshop to collect all inputs from LMs, private sector, and development partners. (2). draft Sub-decree on Management and Use of the Viability Gap Facility (VGF) for the PPP project is prepared. It is late behind the target since VGF is required for having in the medium term or long term.

¹² Prakas No.045 MEF.PrK dated 31 January 2005 on Procurement Deconcentration was given the rights and responsibilities on procurement practice to LMs, provinces, municipalities and public enterprises with the thresholds below:

- Below threshold 200 million riels for line department budget
- Below threshold 300 million riels for Capital and Provincial budget
- Below threshold 500 million riels for line ministries and administrative public enterprise
- Below threshold 1,000 million riels for Ministry of Education Youth and Sports, Ministry of Health, and economic public enterprise.
- Below threshold 1,500 million riels for Electricité Du Cambodge (EDC) and Phnom Penh Water Supply Authority (PPWSA).

In accordance with Inter-Ministerial Prakas No.568 MEF.PrK dated 21 May 2014 on Authorization Public Procurement Transfer for Capital, Provinces, Districts, Municipalities, Khan, article 1 indicates as follows:

- Below threshold 300 million riels for Capital and Provincial budget
- Below threshold 200 million riels for line department budget
- Below threshold 100 million riels for Districts/Municipalities/Khan budget

¹³ Prakas on Threshold for Procurement was approved and implemented on 14 January 2019

In order to strengthen efficiency, effectiveness, transparency, economy and compliance, MEF has continued to decentralize public procurement, assigning the rights to take responsibility for public procurement to LMs, capital/provincial, state own enterprises, establishment of public administration and budget entities in the amount of the commitment as follows:

- Below threshold 300 million riels for capital provincial Departments
- Below threshold 500 million riels for provincial administrations
- Below threshold 800 million riels for capital administration
- Below threshold 800 million riels for LMs and budget entities central level
- Below threshold 1,000 million riels for University of Health Sciences and the National Institute of Public Health
- Below threshold 1,000 million riels for Ministry of Interior and Ministry of National Defence
- Below threshold 1,500 million riels for Ministry of Education, Youth and Sports and Ministry of Health
- Below threshold 1,500 million riels for State own enterprises
- Below threshold 2,000 million riels for Phnom Penh Water Supply Authority
- Below threshold 3,000 million riels for Electricite du Cambodge.

Meanwhile, MEF will encourage by increasing the threshold of procurement authorization continuously to LMs, capital, provincial, state own enterprises, establishment of public administration and budget entities that strictly follow the rules, regulations, procedures, legal documents, etc., especially implement correctly with date in the procurement plan and prepare and send regularly and timely of quarterly, semester and yearly procurement reports to MEF or Capital and Provincial Department of Economy and Finance.

BOX 4 : ON-GOING REFORM ACTIVITIES PART 1 “FURTHER STRENGTHENED BUDGET CREDIBILITY”

On-going Reform Activities

MEF will complete the framework of Consolidate Action Plan Stage 3 (2019-2020) as follows:

1. **Strategic documents** include the Revenue Mobilization Strategy 2019-2023, Public Procurement System Reform Strategy 2019-2025, and Public Debt Management Strategy 2019-2023.
2. **Legal documents** include the draft Law and Sub-decree on Management of Integrated Resorts, Gaming Business, Draft Law on Management of Non-Tax Revenue, Draft Sub-Decree on Members of the State Security Fund Management Committee and draft Law on Public-Private Partnership. Regarding to Public Investment Management, MEF will finish: (1). Sub-decree on the Establishment of Standard Operation Procedures for Public Investment Management by Foreign Financing, (2). Sub-Decree on the Establishment of Standard Operation Procedures for Public Investment Management through the PPP mechanism, (3). Sub-decree on the Establishment of Standard Operating Procedures for Public Investment Management by the National Level Budget, and (4). Sub-decree on the Establishment of Standard Operating Procedures for Public Investment Management by Sub-national level budget.
3. **System:** Strengthen and expand the implementation of tax and customs information systems, non-tax revenues management information system, and public procurement management systems.

B. Part 2 “Further Strengthened Financial Accountability”

Strengthening financial accountability refers to accountability related to developing system and procedures for budget management to complaint with Law on Public Finance System. To ensure

financial accountability, the monitoring, recording, and reporting system with accurate and timely are the main objectives in the stage 2.

More FMIS components are integrated into the system, including the core function and budget classification. The seven budget classifications were promoted and put into the implementation, including economic, program and operational units, functions, geographies, funding sources, and projects, which were prepared and implemented through the Prakas of MFE. It is highlighted that the five out of seven budget classifications (economic, program, function, administration, and project) are fully implemented through FMIS, while the rest are continuously improved.

FMIS Phase 2 was introduced in 2017, and the system support devices were auctioned and supplemented, including bidding for end-user supplies, WAN/ LAN infrastructure, and bandwidth packages. The data center supplies package is ready for auction and might be delivered in the middle of 2019. By 2018, 10 ministries and institutions were introduced to fully implemented FMIS system, including MEF, Ministry of Education Youth and Sport, Ministry of Health, Ministry of Agriculture Forestry and Fisheries, Ministry of Labor and Vocational Training, Ministry of Women's Affairs, Ministry of Environment, Ministry Public Works and Transports, Ministry of Industry and Handicrafts, and Ministry of Post and Telecommunication. In addition, the 10 additional LMs and 25 Capital and Provincial Departments of Economy and Finance will be deployed to implement the FMIS in 2019. At this stage, they have received enough capacity, awareness, training, installation of equipment and systems, and the study of the Standard Operation Procedures (SOP) are continuously studied by the FMWG team. Then, they will put the system in place in 2019. By 2019, the remaining 17 LMs will be introduced FMIS and to implement FMIS by early 2020.

It is highlighted that due to the commitment and ownership of MEF, the FMIS has been used over the KIT system on every revenue and expenses transaction, closing the financial book, and preparation of revenue and expenditure statements.

However, progress of part 2 has been concerned over three main tasks which are (1). preparation rule and regulations of the fix asset threshold, (2). Prakas on Implementation of Public Accounting Standard in accordance to IPSAS Cash Basis, and (3). implementation of Cash Basis Accounting Standard.

The progress of each objectives of Part 2 “Further Strengthened Financial Accountability” shall be discussed in below section:

Objective 21. Improve implementation of new budget classification and new chart of accounts

The implementation of new budget classifications and new CoA continue to be improved in order to ensure the consistency and compliance with international standards. Also, the seven budget classifications (geography, operational and administration, program, economy, function, sources of funds, and projects) are put into implementation to ensure the accuracy and sufficiency of information for more comprehensive analysis of budget allocation. The reform progress in this objective shall be detailed as follows:

- Prakas No. 1129 MEF.PrK dated 12 October 2018, on Revision and Creation of Additional Accounts and Sub-accounts of Economic Classification was approved. This Prakas supports Prakas 523 MEF, dated 09 May 2017, on the Implementation of Economic Classification for National and Sub-national administrations.
- Prakas No. 1615 MEF.PrK on Creation of Additional Accounts and Sub-accounts of the Public CoAs was approved on December 24, 2018.
- Draft concept note on economic budget classification was prepared.
- Functional classification was implemented.
- Administrative classification was updated.
- Project classification was prepared and implemented in FMIS.

Objective 22. Improve implementation of new business process and budget execution

Strengthening new budget execution and operational system aims to reduce to commitment, and payment process in LMs and MEF. This requires increasing the awareness, ownership, participation, and capacity on FMIS usage of all LMs, and sub-national administrations.

In 2018, FMIS was implemented in 10 ministries and institutions. In this regard, about 200 users of those LMs were trained by the FMIS working group. Plus, information infrastructure has been set up completely at 10 LMs, in which it can support for more than 200 users since the WAN/LAN networks have already linked to FMIS's main data center.

To further strengthen the capacity on FMIS, the FMIS's first edition of the 2018 newsletter, and documentary videos were developed and disseminated. At the same time, GDB took part in addressing the key challenges of FMIS Phase 2 implementation and solved for 24 cases.

Objective 23: Strengthen implementation of new accounting, recording, and reporting

Regarding this objective, the new accounting, recording, and reporting system are focused by setting up public accounting standards in line with IPSAS standards. This linked to the use of FMIS and creating alternatives for gradual implementation toward accrual accounting practices. Additionally, the state property inventory updates and management, and the improvement of budget performance report for the cabinet, legislative bodies and the public, are the keys priorities.

The National Accounting Council is an auditing and accounting regulator in Cambodia, which is directly control by His Excellency Deputy Prime Minister, Minister of Economy and Finance, and its main mission aims at managing and developing the accounting and auditing sector in the Kingdom of Cambodia. For 2018, National Accounting Council achieved the following progress:

- Dissemination Workshop on "Obligations and Cultural Holding of Accounting Book, Obligation of Financial Statement to Comply with Accounting Standard, Audited Obligations for Large Taxpayers of Financial Statement was organized with the participation of 1,960 participants.
- Part 1 and 2 of the Public Accounting Standard had been translated into the Khmer language.
- Draft Road Map of Accrual Accounting was prepared for management meeting of General Secretariat.

- Draft Prakas on Implementation of Public Accounting Standard on Cash Basis was put into management agenda meeting of General Secretariat.
- Draft Accounting Standard Framework was prepared for preliminary meeting.
- Draft Accrual Public Accounting Standard has been preparing within the technical working group.
- Draft Concept Note on Public Accounting Framework has been preparing at technical working group.

Regarding the state property management, the database system on state property management has been developed and is now being trialed by GDSPNTR; it is scheduled to be officially implemented by 2019. Additionally, Sub-decree on Rules and Procedures for the Management of the Inventory of State Property was approved and implemented on April 27, 2018, and disseminated to all LMs, sub-national administrations.

In spite of these achievements, GDSPNTR shall focus further on the remaining legal documents: (1). draft Law on Management, Administration and Utilization of State Property, (2) Prakas on Rules and Procedures for Clearance of Inventory of State Property, and (3). Prakas on Sample of the Annual Inventory of State Property.

Objective 24. Strengthen the implementation of instruments and mechanisms to enhance responsibility and accountability (internal control system)

The consistency of the public finance accountability system is to promote the effective and efficient implementation of legal documents. In this sense, the budget authorized officer will be responsible for the entity's effectiveness on finance and performance. Additionally, Legal Council Secretariat (LCS) has been studying the drafting of administrative sanctions in the field of public finance, which will form a basis for a search for sanctions in the draft amendments to the Law on Public Finance by 2020.

As progress, LCS monitored the implementation of appropriate administrative sanctions for mistakes in term of inappropriate and inefficient public resources management as cited in the legal documents. LCS also has been collecting and copying legal documents related to criminal and civil penalties in public finance.

Additionally, GDIA audited on the FMIS implementation at budget entities of 8 LMs.

Objective 25: Enhanced budget transparency

The RGC considers that budget transparency is a crucial tool to promote accountability and governance in public finance. In fact, LMs were published annual budget documents to the public and researchers who are able to analyze and discover further about the annual budget linked to the policy priorities.

Budget transparency has been steadily improving, while both MEF and National Audit Authority published and organized the event as follows:

- Budget-in brief 2018 was published on the MEF's website¹⁴

¹⁴ Link to budget-in brief: <http://mef.gov.kh/documents/mustsee/Mid-Year-Report-2018.pdf>

- Public Forum on Macro-economic and Public Finance was organized.
- Public Forum on Annual Budget was organized.
- Budget Proposal Summary in 2019 was prepared and published after Council of Minister approved.¹⁵
- Circulars on BSP and Annual budget have been published on the MEF's website¹⁶.
- In-year budget execution (TOEF/GFS) has been published¹⁷.
- Mid-year budget review in 2018 was published¹⁸.
- Law on budget settlement in 2017 was published.
- Public Debt of Cambodia Bulletin has been published twice a year.
- Procurement plans, bidding notifications, and contract awards have been published¹⁹.
- Public procurement post review report under the threshold of public procurement entities/budget entities in 2016 was published²⁰.
- The audit report 2016 on PFM was published on the website.

BOX 5: ON-GOING REFORM ACTIVITIES OF PART 2 "FURTHER STRENGTHENED FINANCIAL ACCOUNTABILITY"

On-going Reform Activities

MEF will continue to put the budget classification into implementation. GDNT is preparing rules and regulation on the fixed asset threshold, and NAC is preparing the accounting standard on cash basis.

GDSPNTR is finalizing the legal documents related to state property management, including: (1) the draft Law on Controlling, Utilizing, and Managing of State Property, (2) Prakas on Rules and Procedures of State Property Inventory Clearance, and (3) Prakas on Sample of the Annual Inventory of State Property.

Additionally, FMWG will focus on priorities, including (1) expand the usage of FMIS, (2) improve the financial reports of FMIS, (3) additional functions of FMIS, and (4) development of data interface, and (5) business process improvement.

C. Part 3 "Budget-Policy Linkages"

"Budget-Policy Linkages" is an important step for the implementation of the PFMRP Stage 3. The effective and efficient execution of program budgeting requires all LMs to participate and to clearly define the vision, mission, policies, programs and sub-programs aligned with the Rectangular Strategy (RS) and the National Strategic Development Plan (NSDP). With this regards, MEF shall formulate medium-term financial framework (MTFF), and medium-term budget framework (MTBF) to set budget ceilings for each sector and ultimately for each LM. Meanwhile,

¹⁵ Link to budget proposal summary: http://mef.gov.kh/documents/mustsee/Executive_Summary_2019_Final.pdf

¹⁶ Link to Circular on BSP and PB preparation: <http://gdb.mef.gov.kh/>

¹⁷ Link to TOEF/GSS: <http://mef.gov.kh/tofe.html>

¹⁸ Link to mid-year budget 2018: <http://mef.gov.kh/documents/mustsee/Mid-Year-Report-2018.pdf>

¹⁹ Link to procurement notification: http://gdpp.gov.kh/bid_announcement/

Link to procurement plan: http://gdpp.gov.kh/procurement_plan and contract award: http://gdpp.gov.kh/contract_award/

²⁰ Link to public procurement post review: <http://gdpp.gov.kh/contents/uploads/2018/06/post-review-report-2017.pdf>

all LMs shall prepare and improve the budget strategic plans (BSP) and annual budgets. This part will focus on (1). MTFF and MTBF, (2). BSP, and (3). program budgets and budget entities implemented by all LMs and SNAs.

As a result, in 2018, the Steering Committee of PFM Reform and Developing Partners meeting decided that MTBF shall be prepared in stages- validation stage in 2019, pilot stage in 2020, and official implementation stage in 2021. While as, MTFF was finalized and submitted to H.E Permanent Secretary of State of the MEF for discussion at the meeting on 31 January 2019.

Program budgeting is being implemented by all LMs and SNAs. In consequence, LMs have been implementing full-pilot program budgeting, starting 10 LMs in 2015, 15 in 2016, 11 in 2017, and 3 in 2018, which totally is 39 LMs. Meanwhile, the Municipal/Provincial Administration shall implement the program budgeting from 2017 to 2021.

By 2018, there are 252 budget entities and 655 budget entities with delegated authority, both central and local. Also, there is a budget entity for each provincial administration implementing the program budgeting and there is totally 12 budget entities by 2018.

The progress of each objective in Part 3 “Budget-Policy Linkages” has shown as follows:

Objective 31. Strengthen and expand the program budget implementation

Program Budgeting is a tool for promoting budget-policy linkages to RS and NSDP. Obviously, the circular on preparation of BSP 2018-2020 has identified the current budget ceiling for each sector, which is the starting point for all LMs to carefully set out their policies, objectives and priorities in such a way the budget can be linked to the national policy.

In order to execute the program budgeting smoothly, MEF has updated the guidelines on the formulation and implementation of program budgeting and adjusted the authority of the budget entities, especially the budget entities with delegated authority, including (1) the right for budget entities to make direct purchase from a company using petty cash advance, (2) the right for financial controllers to prepare and monitor budget implementation and (3) the rights for budget entities to prepare and execute their own budget.

However, since the introduction of program budgeting in 2015, GDB MEF has not started to monitor and evaluate the performance of LMs by comparing KPI targets with actual achievements of the policies, programs and sub-programs.

To improve the quality of BSP²¹, GDB has been included a description of the purpose of the program and sub-program in the Circular on the Preparation of BSP and in the Circular on Annual Budget Preparation. At the same time, draft procurement plan and petty cash advance has been included in the circular on the preparation of annual budget, but there is a need for further detailed guidelines on procurement planning with annual budget proposals.

²¹ GSC studied and analyzed 9 LMs such as MoEYs, MoH, MAFF, MoJ, MLMUPC, MoWRAM, MoD, MoLVT to identify the gap between BSP and PB in last page of part 3.

GDB has assessed the capacity to design and implement program budgeting at 6 LMs (MoEYS, MoH, MoRD, MoSVY, MEF, and MoLVT) and 3 Provincial Administrations (Kampong Speu, Kampong Thom and Siem Reap).

Objective 32. Develop comprehensive budgeting and budget integration

Comprehensive budgeting refers to a comprehensive budget that reflects all sources of revenue and all types of expenditure. The budget law should highlight all revenue and expenditure transactions, and the integration of capital and current budget. The 3-year rolling BSP allows LMs to combine both capital and current expenditures.

To improve the quality of public investment management, MEF will initiate sub-decree on Overall Guidelines of Public Investment Management (PIM), which is scheduled to be completed in 2019. Subsequently, four sub-decrees will be prepared to support such as (1) Sub-Degree on the Standard Operating Procedures for PIM financed by ODA, (2) Sub-Degree on the Standard Operating Procedures for PIM through PPP, (3) Sub-Degree on the Standard Operating Procedures for PIM financed National Budget, and (4) Sub-Degree on the Standard Operating Procedures for PIM financed by Sub-National Budget.

Objective 33. Develop and implement line of accountability system (between legislative and executive bodies, and MEF and LMs, and within LMs)

When program budgeting is widely implemented, and the budget entities have been decentralized with power and responsibilities, the line of accountability should be clearly defined between the legislative and executive bodies, between MEF and LMs, and within LMs. In this regard, LMs implementing the program budget shall allocate responsibility among who work directly and expand budget decentralization at the central levels as well as at the local level in accordance with the principles of program-budget preparation and implementation.

In order to review the implementation and responsibility of LMs implementing the program budgeting, GDB has convened a meeting with all LMs and reported to H.E Dr. AUN Pornmoniroth, Deputy Prime Minister, Minister of Economy and Finance, for further actions. In this regard, the report identifies the issues of structural changes and officials rotation at LMs affect the implementation of program budgeting because new entrants have not fully understood and required additional trainings.

Objective 34. Strengthen development of public financial policies and planning

Budget System Reform Strategy 2018-2025 has set a timeframe for the preparation of medium-term financial framework (MTFF) and medium-term budget framework (MTBF), which will start from 2018 to 2021. Through the managerial decision of MEF, GDP is responsible for MTFF and GDB is responsible for MTBF.

For 2018, GDP has archived as follows:

- Draft MTFF 2020-2022 has been completed and submitted to management of MEF.
- 2017 financial statistics of three levels of sub-national were reviewed, validated and revised under GFSM 2014 by Consolidation method.

- 10 Establishment of Public Administrations have been selected to study government financial statistics (GFS) under GFSM 2014.
- Cambodia Macroeconomic Forecasting Model (CMFM) has been updated and used (version 2.0).

Objective 35. Strengthen Implementation of Fiscal Decentralization Policy

Public financial management covers both public finance at national and at sub-national level. Strengthening the implementation of the policy of finance decentralization is a key to improve sub-national public financial management.

Each sub-national administration will gradually implement the full-pilot program budgeting from 2018, so that 25 SNAs fully implement the program budgeting by 2021. For 2018, GDSNAF has prepared the following progressive legal documents as below:

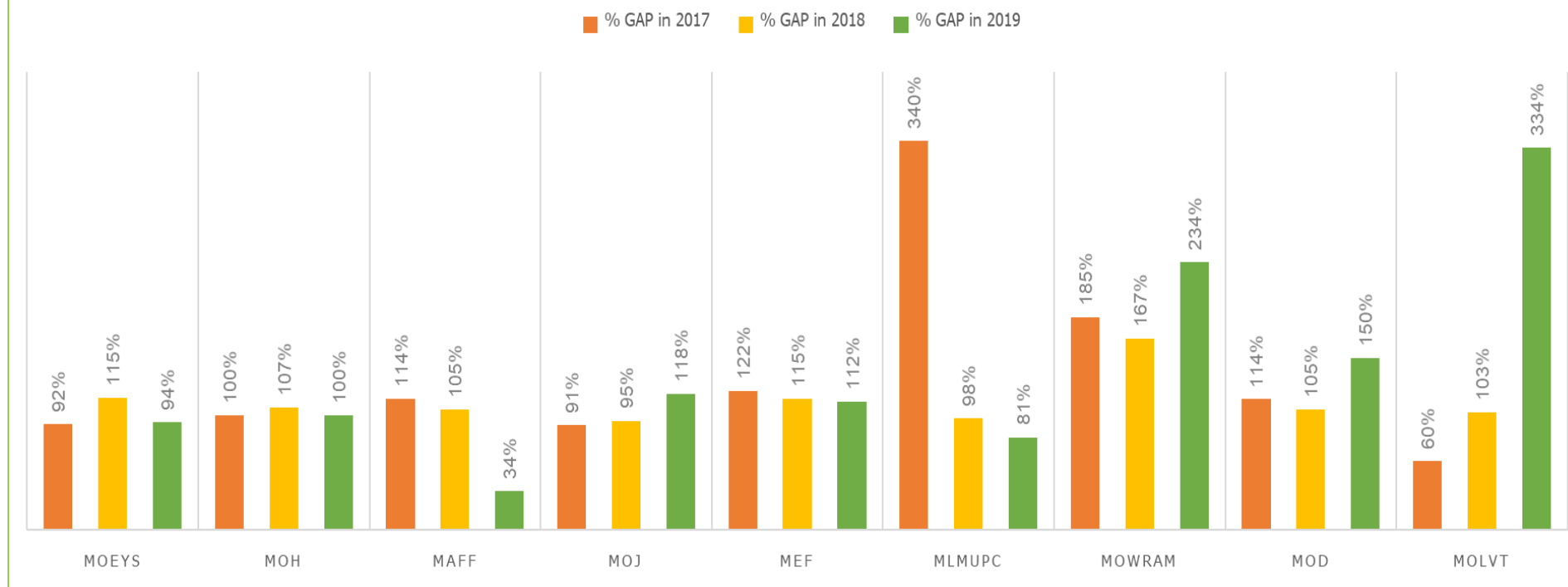
- Sub-decree on transferring resources from state budget to commune funds has been increased from 3% to 3.4% of current national budget has been prepared and implemented.
- Sub-decree on transferring resources from state budget to district funds has been increased from 1.1% to 1.5% of current national budget has been prepared and implemented.
- Guideline for BSP for SNAs has been revised and implemented.
- Dissemination and training guideline on annual appraisal assessment for district administration to district administration is organized.
- Guideline for Program Budgeting for SNAs has been revised and implemented.
- Draft Budget System Reform Strategy for SNAs 2019-2025 has been consulted with SNAs.

BOX 6: ON-GOING REFORM ACTIVITIES OF PART 3 "BUDGET-POLICY LINKAGES"

On-Going Reform Activities

MEF will prepare MTFF and MTBF. Meanwhile, MEF will continuously coordinate with LMs to strengthen and improve the quality of BSP as well as the capacity of national statistic management and forecasting. Moreover, MEF is finalizing Budget System Reform Strategy for SNAs 2019-2025 to align with BSRS 2018-2025.

COMPARISON BSP/PB 2017-2019



Note for gap 2019:

1. MAFF: Capital budget by foreign financing is bigger than plan BSP
2. MEF: Capital budget by domestic budget has not been received
3. MLMUPC: Capital budget by foreign financing is not in plan but it has in PB. This makes PB bigger.
4. MoD: Current expenditure plan is big in the BSP until 300% of PB 2019. This makes BSP bigger
5. MoLVT: Capital budget by domestic budget amount 51,475.5 million riels was not allocated. This makes BSP bigger.

D. Part 4 “Readiness for Next Platform”

Part 4 has been established to be ready for the next platform. In this regard of readiness for next platform, MEF must prepare responsibility framework and enhance ownership and step forward to create effectiveness of capacity development plan preparation. In accordance to this, LMs must prepare monitoring and evaluation on officials’ capacities and revise economic and financial training plans. This part should focus on: (1). core framework for performance-based auditing, (2). core framework for performance budgeting, and (3). preparation of capacity development plan related to economy and finance for all LMs both national and sub-national levels.

To ascertain their certain direction of Cambodian budget system, the royal government of Cambodia (RGC) has prepared and implemented Budget System Reform Strategy (BSRS) 2018-2025 and prepare plan of capacity building and capacity Development Plan in PFMRP Stage 3. To highlight, preparation of building officials’ capacities both sub-national and national levels should be done before implementing the next platform to endure the effectiveness of reform tasks.

Objective 41: Establish framework for performance-informed budgeting

This objective refers to development of framework for the readiness of performance budget. As the progresses, GDB prepared a Guideline on Performance Budgeting Preparation, action plan of BSRS 2018-2025 implementation and disseminated BSRS 2018-2025 to all LMs in order to be ready and support.

Objective 42: Develop and implement performance-based accountability framework

This objective is related to competency of National Audit Authority preparing 3 audit performance reports to national assembly which include:

- Performance Audit Report on Public Light Management at Battambang administration for year 2016-2017 was submitted to National Assembly on September 30, 2018.
- Performance Audit Report on Water Supply at Rural Area of Ministry of Rural Development for year 2016 was submitted to national assembly on December 12, 2018.
- Performance audit report on management of public road repair at Kratie administration has been submitted to National Assembly on December 14, 2018.
- These performance audit reports are very important inputs for National Audit Authority to prepare Guideline of Performance Audit to be finalized in 2019.

Objective 43: Develop control system

In program budget system, check-and-balance system is very important that is required preparing framework gradually for full-pilot program budget implementation to all LMs in 2018. In this regard, internal audits have been created in LMs since PFMRP Stage 2. Moreover, its function has been strengthening as well as inspection function is being improved.

For 2018, GDIA revised internal audit functions of the following ministries: (1). Ministry of Culture and Fine Arts, (2). Ministry of Interior, (3). Ministry of Labor and Vocational Training, (4). Council of Ministers, (5). Ministry of Social Affairs, Veterans and Youth Rehabilitation, (6). Ministry of

Agriculture Forestry and Fisheries, (7). Ministry of Commerce, (8). Ministry of National Defence, (9). Ministry of Rural Development, (10). Ministry of Public Works and Transportation, (11). Ministry of Education Youth and Sport, (12). Ministry of Civil Service, and (13). National Elections Committee. The total current expenditure of budget law 2018 is 70.31%. As the result of review of audit function, there is still limitation of compliance with audit standard procedure of audit entities in LMs, and submitted internal audit reports late to National Audit Authority.

Furthermore, GDIA followed up the progresses of the improvement on recommendations of internal audit entities under MEF which have been achieved 20 targets and 384 (47%) of 814 recommendations have been improved.

Objective 44: Strengthened additional capacity of legislative bodies and the National Audit Authority on check and balance system, preparation of Law on Annual Financial Management and Law on Budget Settlement

For the next platform, capacity development on financial system for legislative bodies and the National Audit Authority is a key to ensure the check-and-balance system. In this objective, there is not much progress.

BOX 7: ON GOING REFORM ACTIVITIES OF PART 4 “PERFORMANCE ACCOUNTABILITY”

On-Going Reform Activities

MEF will prepare action plan of BSRS 2018-2025, and plans to finish in quarter 2, 2019. General Department of Budget (GDB) received technical assistance from Ministry of Economy and Finance, French Republic focusing on significant tasks such as amend to Law on Public Financial System, Sub-decree No. 81 on the Establishment of National Budget Expenditure Controls in LMs, Provinces, Municipalities, Phnom Penh Autonomous Municipality, and Establishment of Public Administration; and Sub-decree No. 82 on General Accounting of Public Accounting and Standard

For relevant tasks on strengthening audit functions, GDIA prepares a Guideline on Internal Audit on Information Technology System, Guideline on Performance Audit, and Guideline on Foreign Financing Project Audit.

E. Part 5 “Supporting the Successful and Sustainable PFMRP Implementation”

Supporting the successful and sustainable implementation of PFMRP refers to the participation in the PFMRP since the stage of preparation, implementation, monitoring and evaluation. This factor reflects the ability to lead and manage and the commitment of PFM working groups to push the effective implementation of action plans. At the same time, strengthening capacity and preparing incentive mechanism for all PFM working groups are the basis for the next stage of PFMRP.

With the guidance and advice from H.E. Dr. Deputy Prime Minister, Minister of Economy and Finance and Chairman of PFM Reform Steering Committee, GSC has prepared and implemented PFMRP Fund Phase I in 2018. In addition, GSC has been preparing to launch a comprehensive PFMRP Fund in 2019 with the objective of having comprehensive budget able to support the PFMRP and

promote the ownership of government while the development partners' fund is gradually decreasing.

Moreover, Economy and Finance Institute (EFI) has prepared a Strategic Plan for Capacity Development in framework of PFMRP phase 3 which has been endorsed and launched on 05 January 2018. On the other hand, through the participation in implementing this reform program, PFM Reform Working Groups of MEF have been trained in local and overseas, and also have been nominated to join the study visit at overseas, in which the courses related to PFM, Tax Revenue Management, State Property Management, Economy, leadership, and so on.

In 2018, EFI organized 19 technical training courses on PFM for 850 officials of line ministries by focusing on the preparation and implementation of Budget Strategy Plan (BSP), Program Budgeting (PB), Procedure to Implement Public Procurement, Petty Cash, and Public Accounting. Meanwhile, EFI has organized a workshop to disseminate the Strategic Plan for Capacity Development in framework of PFMRP phase 3 and has organized a discussion workshop with the objective of collecting more inputs from relevant agencies in order to prepare a curriculum and training methods. Furthermore, EFI has updated trainers' composition and concept note for budget analysis curriculum and also has trained the EFI's trainers on the skills concerning to financial report preparation, public accounting, and public procurement.

Progress by objectives of part 5 is as follows:

Objective 51. Increasing leadership and management capacity, promoting reform commitment, and empowering ownership and accountability

This objective aims to empower all agencies to improve leadership capacity and to promote reform commitment at all levels of practitioners. GSC, in collaboration with agencies under MEF's supervision, has organized many workshops/ trainings /disseminations in order to raise awareness on PFM Reform Program to all government officials, municipal-provincial administrations, teachers, senior-students and students.

The progress of this objective is as follows:

- LCS has prepared a compilation of legal regulation related to financial industry, legal regulation related accounting, and also has prepared and launched the information technology application monitoring the progress of each compendium. Simultaneously, LCS has reviewed and verified all aspects at management level the 4th content (3250 pages) of a compiled legal regulation related to customs and Excise Cambodia and verified at technical level all contents of compiled legal regulation related to tax and legal regulation related to personnel management.
- To foster the change management at LMs, FMWG has prepared a plan to raise awareness, ownership, and FMIS capacity building for MEF, line-ministries and sub-national administrations and also has prepared the evaluation tool for the result of implementation.

Objective 52. Enhance the efficiency of Capacity Building and Incentive measures

This objective refers to the design of an effective incentive mechanism to promote the implementation of the reform program.

The progress of this objective is as follows:

- EFI has monitored and evaluated the quality and the efficiency of training for MEF, line-ministries, and local departments totally 3 areas (1). Area 1: At Phnom Penh, 6 line-ministries, (2). Area 2: At Svay Rieng and Prey Veng Province, 18 local departments, (3). Area 3: At Monduliri and Ratanakiri Provinces, 12 local departments)
- EFI has updated the composition of MEF's trainers.

Objective 53. Strengthen the capacity building for implementation on Public Financial Management Reform Program Stage 3

This objective refers to the strengthening of institutional capacity in both legal framework and workflow system which are the readiness to implement PFMRP stage 3.

The progress of this objective is as follows:

- The entities under MEF's supervision have studied and analyzed the functions.
- Guideline on Tax Officer Management has been launched and published to officials in central departments and provincial and Khan tax branches.
- Performance evaluation system on tax officers has been officially launched to all tax entities.
- All tax officers have been trained on updating personal/profile information on tax officer information management system according to a principle defined by General Department of Taxation.
- MEF officials' payroll management mechanism were developed and improved while the payroll information and complaint system were also developed.
- MEF officials' Information Management System was piloted and the relevant documents have been uploaded on electronic storage.
- Capacity building plan for government officials of MEF on basic knowledge of Information Technology (IT) was prepared and submitted to training entity for implementation; at the same time, the evaluation tool has been also already prepared and compiled.
- 775 government officials of 11 LMs and local departments which fully implemented program budgeting in 2018 have been provided a training on the procedure to implement program budgeting for budget entities.

BOX 8: ON-GOING REFORM ACTIVITIES OF PART 5 "SUCCESSFUL AND SUSTAINABLE SUPPORTING OF REFORM PROGRAM"

On-going Reform Activities

To support successful and sustainable of the reform program implementation, MEF is going to build internal officials' capacity as well as capacity of officials in LMs to become budget analyst. On the first step, GDB will study and prepare training curriculum for internal officers aiming at training them to become key trainers. Subsequently, GDB will start training key officials in all line ministries. To strengthen civil servants' capacity, MEF organized training plans on skills relating to public financial management and economy for implementing in 2019 with 1045 of participants and in 2020 with 1150 of participants.

2.2 Performances of LMs

The PFMRP stage 3 “Budget-Policy Linkages” was supported by 40 LMs (Included MEF) through preparing the MAP3:

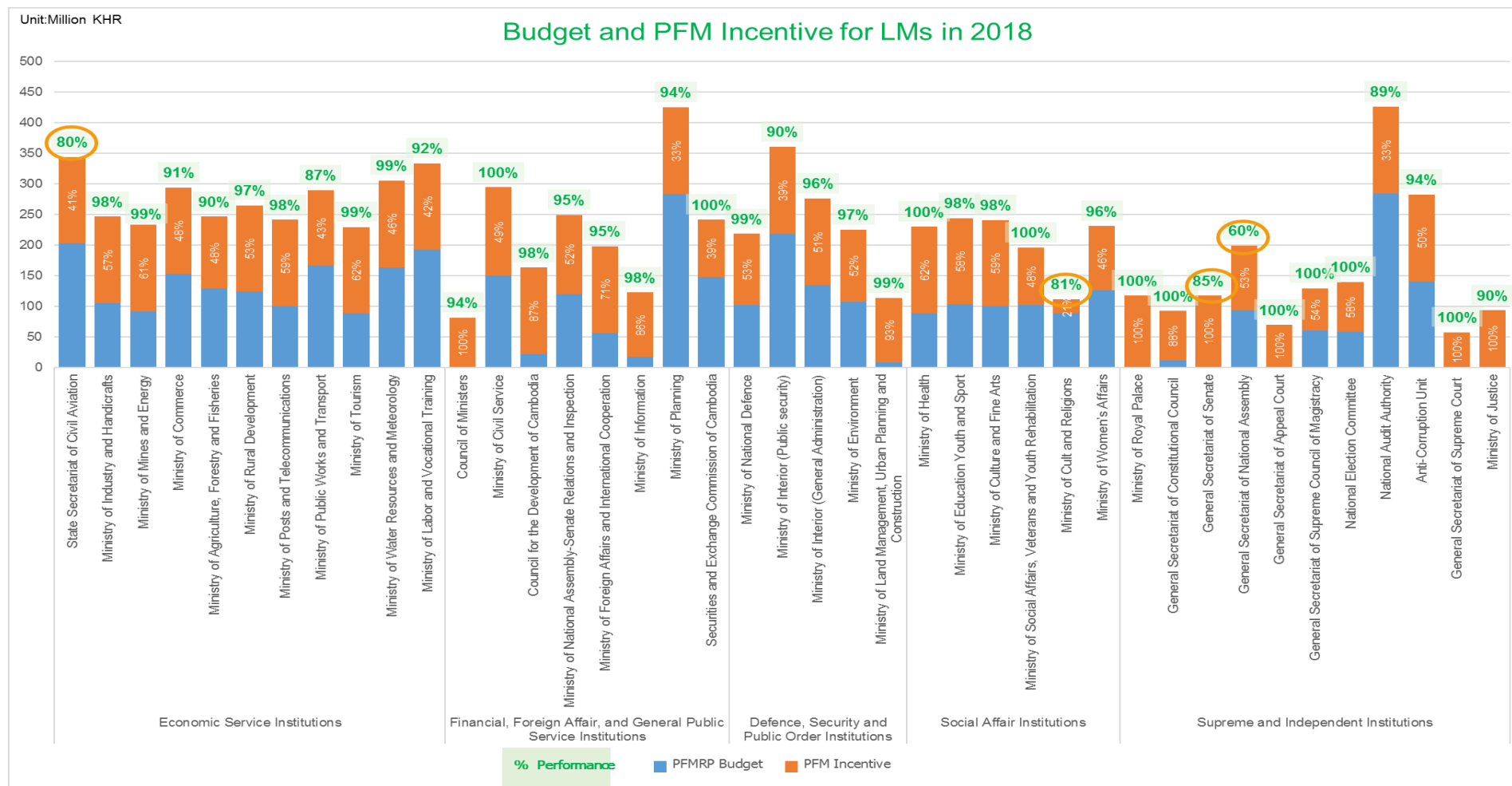
1. Economic Institutions: 11 LMs
2. Financial, Foreign Affairs, and General Public Service Institutions: 8 LMs
3. Defense, Security and Public Order Institutions: 5 LMs
4. Social Affair Institutions: 6 LMs
5. Supreme and Independent Institutions: 11 LMs.

Both 2018 Annual and Q4 Performance Reports were prepared, however, it does not mean to grade due to quality of MAPs. It means that some LMs have activities consisted of daily work, and few and the others have. Based on the results of PFMRP implementation, LMs have achieved targets of KPIs as follows

- Amendments to Law on Mineral Resource Management and Administration was promulgated, and National Mineral Policy for the Year 2018-2028 was adopted by the Royal Government of Cambodia (Ministry of Mines and Energy)
- Non-tax Revenue Management Information System was installed and operated in revenue collection LMs
- E-Visa was developed and operated (Ministry of Foreign Affair and International Cooperation)
- Joint Prakas No.134 PTC.PrK on Data Using of Telecommunication Service and Information Technology of DMC was approved (Ministry of Post and Communication)
- Online registration system for tourism license was upgraded (Ministry of Tourism)
- Revenue and expenditure transactions were key-in the FMIS (LMs implemented FMIS)
- Consultation Workshop on Draft Law on Inspection was organized in order to collect more inputs
- NAA submitted 3 performance audited reports to National Assembly
- Final draft Guideline on Performance audit was prepared and discussed with experts from Audit Office of Sweden
- LMs organized dissemination workshop/training on program budgeting, BSP, petty cash, state property management and non-tax revenue, audit, etc.
- National account 2017 was compiled and published on the website in September, 2018 (Ministry of Planning).

Performance of LMs in 2018 is in annex 3.

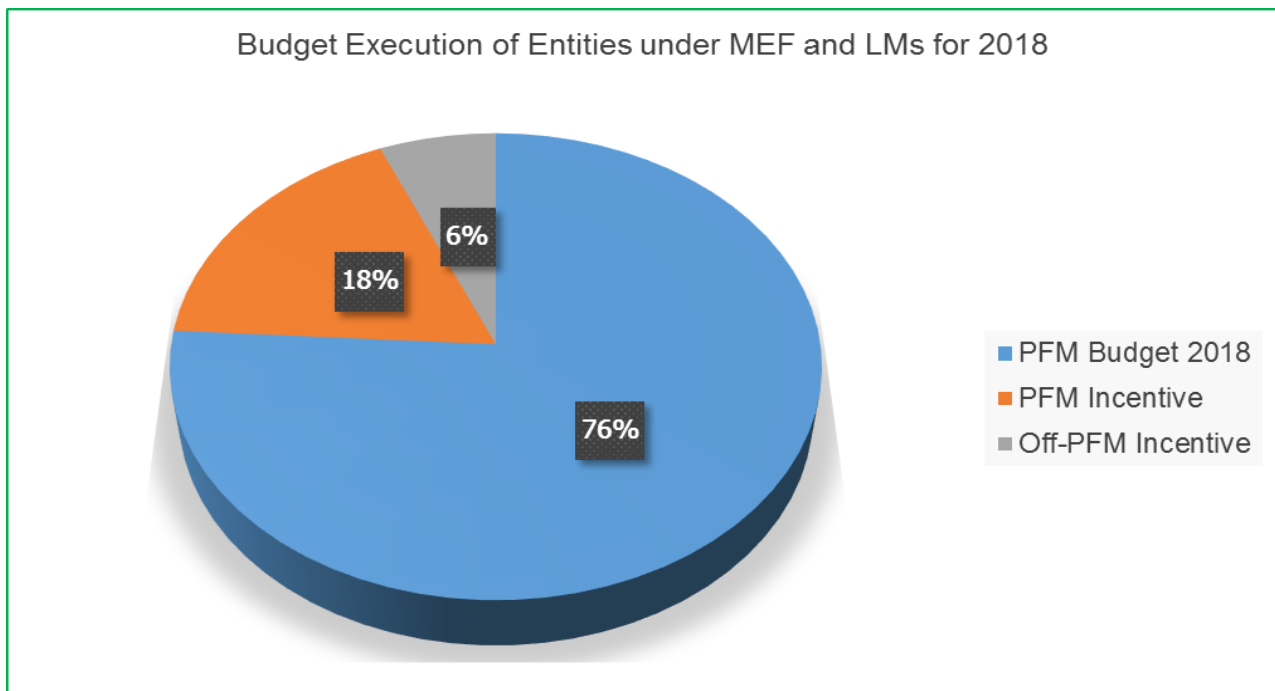
DIAGRAM 6: BUDGET EXECUTION (BUDGET UNDER PFMRP AND INCENTIVE) AND PERFORMANCE



Source: GSC

3. RESULTS OF BUDGET EXECTION UNDER PFMRP 2018

- ❖ In principle, PFMR Steering Committee achieved 3 priorities
 - ✓ Strengthen *revenue* mobilization
 - ✓ Strengthen and expand FMIS using
 - ✓ Strengthen and expand program budget.
- ❖ Total budget of PFMRP in 2018 is 62,777,838,000 Riels to support entities under MEF and LMs and categorized as follows:
 - ✓ Budget execution of PFM: 47,677,192,000 Riels
 - ✓ PFM Incentive: 11,115,804,000 Riels
 - ✓ Off-PFM Incentive: 3,984,842,000 Riels



4. CHALLENGES AND SUGGESTIONS

The implementation PFMRF for 2018 remarkably achieved; however, the challenges have been found as follows:

❖ *Challenges in CAP3*

Challenges	Suggestions
1. Online web-based application for cash planning is roll-out to 20 LMs, however, the using this online is limited so it is effect on cash planning of GDNT	<ul style="list-style-type: none"> LMs should strengthen and widely use this online FMIS should be put quarterly revenue and expenditure program in order to help MEF and LMs to control cash management.
2. -Tax arrears are not sump up and fully classified -Non-Tax receivable has not fully classified	Relevant entities should encourage preparing, classifying and managing both tax arrears, and non-tax receivable
3. Some LMs have not focused on strengthened on internal audit functions and sent the internal audit report late to NAA ²²	LMs should strengthen audit functions as a tool to strengthen internal control and timely send audit reports to NAA.

❖ *Challenges received while official visit and discuss with LMs and entities under MEF*

Challenges	Suggestions
1. FMIS using by both system and manual creates double work for LMs	<ul style="list-style-type: none"> Request for consideration about defining a definite timeframe to implement FMIS automation Request for reviewing business process in LMs in order to fully implement FMIS
2. RGC successfully pays salary through banking system. However, some line ministries have not fully implemented for bank transferring of mission fee ²³	LMs should encourage to transfer of mission fee via baking system to individual accounts, and any challenge, it is advisable to ask MEF to assist.
3. Non-tax receipts have not yet been implemented via banking system, which makes it difficult to manage and verify data.	Request non-tax revenue management information system working group for encouraging LMs to implement the system

²² Sub-decree No.40 Ank.BrK dated 15 February 2005 on Organizing and Establishment of Internal Audits in Line Ministries and Public Enterprises

²³ Circular No.012 MEF dated 29 December 2014 on Direct Transferring Salary of Government Officials

Challenges	Suggestions
	and step by step moving to e-payment system.
4. BSP and PB formulation of some LMs have been consistent with results, programme structure, and administrative structure.	Request for reviewing BSP and PB as a basis to solve technical issues and be ready for PB full implementation.
5. LMs have not been reviewed budget entity qualifications	Request LMs for reviewing budget entities qualifications and study before budget entities creation. This mechanism is to support LMs to ensure effective budget preparation and implementation.
6. LMs have not focused on semester and annual performance reports of PB implementation.	Request LMs for preparing performance reports in accordance with the Guideline on Program Budgeting Implementation.

5. CONCLUSION

The Progress Report of PFMRP Implementation for 2018 that has highlighted comprehensiveness and overall of the PFMRP provides basis to analyze and determine the strengths and weaknesses of PFM system. Results of implementation PFMRP get good performance and indicated the efforts of both LMs and entities under MEF take efforts to achieve the overall goals of PFMRP. The successful implementation PFMRP will contribute and build PFM system, mainly focus on (1). integrity of budget discipline, (2). budget effectiveness in allocation and execution and (3). efficiency in public service delivery. In this regards, steering committee set 3 priorities of PFMRP stage 3 such as (1). strengthening revenue collection and management, (2). strengthening and expanding FMIS Phase 2, and (3). strengthening and expanding program budgeting.

As a result of the progress of the implementation of PFMRP for 2018, it can be concluded as follows:

- budget credibility has been achieved essentially but need to strengthen revenue and expenditure program.
- accountability system has been developing through the implementation of FMIS phase 1 and prudent FMIS phase 2.
- strengthening and expanding PB implementation is a basis to prepare and determine change budget system.
- BSRS is a core element to determine the budget system.
- incentive scheme that is being developed will promote the institutionalization to align PFMRP directions.

ANNEX

Annex 1: Budget and performances under entities of MEF

Annex 2: Budget and Performance of LMs

Annex 3: Receivable of Non-tax Revenue in Main Sectors 2013-2018

Annex 4: Progress of Executive Order Implementation of PFMR Steering Committee

Annex 1: Budget and performances under entities of MEF

No.	Entities under MEF	Budget 2018 (Thousand Riels)				Number of Activities achieved	Score for 2018
		Budget execution of PFM RP	PFM Incentive	Off-PFM Incentive	Total budget		
1	General Department of Policy	737,204	1,134,722	-	1,871,926	18/18	100%
2	General Department of Custom and Excise	266,990	-	-	266,990	16/20	95%
3	General Department of Taxation	846,108	-	-	846,108	24/33	97%
4	General Department of State Property and Non-tax Revenue	306,891	-	-	306,891	4/14	77%
5	General Department of Financial Industry	31,193	-	-	31,193	5/8	85%
6	General Department of Budget	1,068,714	549,184	378,050	1,995,948	52/58	92%
7	General Department of Sub-national Administration Finance	669,205	254,003	-	923,208	30/46	97%
8	General Department of International Cooperation and Debt Management	96,811	-	-	96,811	10/14	99%
9	General Department of National Treasury	933,032	399,182	840,000	2,172,214	28/30	99%
10	General Department of Public Procurement	225,278	140,562	-	365,840	7/14	83%
11	General Secretariat of MEF	458,266	432,060	1,934,044	2,824,370	24/36	97%
12	General Inspectorate Department	264,295	196,411	-	460,706	14/18	89%
13	General Department of Internal Audit	264,370	350,995	96,034	711,399	20/23	84%
14	Economic and Finance Institute	230,816	190,939	296,902	718,657	22/23	98%
15	FMWG	28,216,439	2,114,263	-	30,196,202	14/17	99%

No.	Entities under MEF	Budget 2018 (Thousand Riels)				Number of Activities achieved	Score for 2018
		Budget execution of PFMRP	PFM Incentive	Off-PFM Incentive	Total budget		
16	Secretariat of Legal Council	261,689	492,267	-	753,955	11/12	98%
17	General Secretariat of National Accounting Committee	177,770	-	439,812	617,582	1/3	84%
18	PPP Central Unit	-	17,716	-	17,716	0/4	80%

Source: GSC and Personnel Department of GS-MEF

Annex 2: Budget and Performance of LMs

No.	Line Ministries	Budget 2018 (Thousand Riels)			Number of Activities achieved	Score for 2018
		Budget execution of PFMRP	PFM Incentive	Total		
Economic Service Institutions						
1	State Secretariat of Civil Aviation	202,929.95	141,600.00	344,529.95	20/27	80%
2	Ministry of Industry and Handicrafts	105,174.84	141,600.00	246,774.84	24/25	98%
3	Ministry of Mines and Energy	91,650.30	141,600.00	233,250.30	10/12	99%
4	Ministry of Commerce	152,759.81	141,600.00	294,359.81	21/32	91%
5	Ministry of Agriculture, Forestry and Fisheries	129,091.16	117,600.00	246,691.16	29/32	90%
6	Ministry of Rural Development	123,610.00	141,600.00	265,210.00	24/27	97%
7	Ministry of Posts and Telecommunications	99,763.70	141,600.00	241,363.70	22/29	98%
8	Ministry of Public Works and Transport	166,472.25	123,600.00	290,072.25	23/40	87%
9	Ministry of Tourism	88,058.55	141,600.00	229,658.55	22/26	99%
10	Ministry of Water Resources and Meteorology	164,114.10	141,600.00	305,714.10	13/14	99%
11	Ministry of Labor and Vocational Training	192,327.89	141,600.00	333,927.89	20/23	92%
Financial, Foreign Affair, and General Public Service Institutions						
1	Council of Ministers	-	81,600.00	81,600.00	8/11	94%
2	Ministry of Civil Service	149,614.34	145,200.00	294,814.34	18/18	100%
3	Council for the Development of Cambodia	21,706.50	141,600.00	163,306.50	37/39	98%
4	Ministry of National Assembly-Senate Relations and Inspection	120,036.00	129,600.00	249,636.00	16/19	95%
5	Ministry of Foreign Affairs and International Cooperation	56,695.54	141,600.00	198,295.54	27/30	95%
6	Ministry of Information	17,254.38	105,600.00	122,854.38	17/19	98%
7	Ministry of Planning	283,988.78	141,600.00	425,588.78	33/35	94%

No.	Line Ministries	Budget 2018 (Thousand Riels)			Number of Activities achieved	Score for 2018
		Budget execution of PFM RP	PFM Incentive	Total		
8	Securities and Exchange Commission of Cambodia	148,167.66	93,600.00	241,767.66	8/8	100%
Defence, Security and Public Order Institutions						
1	Ministry of Interior (Public security)	219,083.57	141,600.00	360,683.57	18/20	90%
2	Ministry of Interior (General Administration)	134,637.16	141,600.00	276,237.16	17/19	96%
3	Ministry of Land Management, Urban Planning and Construction	-	105,600.00	105,600.00	18/21	99%
4	Ministry of National Defence	102,461.24	116,100.00	218,561.24	18/20	99%
5	Ministry of Environment	107,626.43	117,600.00	225,226.43	16/18	97%
Social Affair Institutions						
1	Ministry of Health	88,591.40	141,600.00	230,191.40	19/19	100%
2	Ministry of Education Youth and Sport	102,703.56	141,600.00	244,303.56	39/43	98%
3	Ministry of Culture and Fine Arts	99,488.76	141,600.00	241,088.76	18/20	98%
4	Ministry of Social Affairs, Veterans and Youth Rehabilitation	102,429.12	93,600.00	196,029.12	13/13	100%
5	Ministry of Women's Affairs	125,746.09	93,600.00	231,346.09	18/19	96%
6	Ministry of Cult and Religions	88,300.02	23,400.00	111,700.02	10/13	81%
Supreme and Independent Institutions						
1	Ministry of Royal Palace	-	117,600	117,600.00	15/15	100%
2	General Secretariat of Constitutional Council	11,051.28	81,600	92,651.28	6/6	100%
3	General Secretariat of Senate	0.00	117,600	117,600.00	7/10	85%
4	General Secretariat of National Assembly	93,929.68	105,600	199,529.68	6/10	60%
5	General Secretariat of Supreme Council of Magistracy	60,043.20	69,600	129,643.20	2/3	65%
6	General Secretariat of Supreme Court	-	57,600	57,600.00	3/3	100%
7	National Election Committee	58,463.28	81,600	140,063.28	10/10	100%

No.	Line Ministries	Budget 2018 (Thousand Riels)			Number of Activities achieved	Score for 2018
		Budget execution of PFMRP	PFM Incentive	Total		
8	National Audit Authority	285,022.95	141,600	426,622.95	30/35	89%
9	Anti-Corruption Unit	141,176.05	141,600	282,776.05	18/20	94%
10	General Secretariat of Appeal Court	-	69,600	69,600.00	3/3	100%
11	Ministry of Justice	-	93,600	93,600.00	20/26	90%

Source: GSC

Annex 3: Receivable of Non-tax Revenue in Main Sectors 2013-2018

No.	Sector		Total debt 2015/2014			Total debt 2016/2015			Debt before 2016	Current Receivable 2016	Receivable 2017/2016		Debt before 2017	Receivable 2017	Receivable 2018/2017		Debt before 2018	Receivable 2018		
			2013	2014	%	2015	%	2016			%	2017			%	2018			%	
	1	2	3	4=3/2	5	6=5/3	7=9+10	8=(7-5)/5	9	10	11=13+14	12=(11-7)/7	13	14	15=17+18	16=(15-11)/11	17	18		
1	Post and telecommunication		55,612,184\$	52,404,341\$	-6%	45,279,077.73\$	-14%	7,963,400\$	15%	*9,288,199\$	42,705,957.35\$	44,424,474.37\$	-14.53%	16,535,714.05\$	27,888,760.32\$	41,090,759.07\$	-7.31%	31,864,784.68 \$	9,225,974.39\$	
			0\$	0\$				30,208,400\$		0\$	30,208,400\$	94,522,600\$			94,522,600\$	442,548,480\$		29,576,000\$	412,972,480\$	
2	Civil aviation		12,707,209\$	12,938,521\$	+2%	13,173,286\$	+2%	12,428,573\$	-6%	*9,638,795\$	2,789,778\$	7,468,744.00\$	-39.91%	4,015,137.00\$	3,453,607.00\$	7,422,307.60\$	-0.62%	4,015,137.00 \$	3,407,170.60\$	
3	Fishing concessions		185,325.74\$	185,325.74\$	+1%	185,325.74\$	+2%	185,325.74\$	+7%	185,325.74\$	0\$	167,589.74\$	2.00%	167,589.74\$	0.00\$	0.00\$	-65.66%	0.00 \$	0.00\$	
			13,281,588,000\$	13,397,252,000\$				13,632,788,000\$			14,627,484,000\$	13,597,788,000\$		1,029,696,000\$	15,007,284,000\$		14,627,484,000\$	379,800,000\$	5,386,353,000\$	
4	Mineral Sector	Land lease of Mineral concessions	3,055,629\$	1,905,107.13\$	-18%	2,137,003.04\$	+57%	2,824,627.55\$	-28%	2,669,741.08\$	154,886.47\$	2,932,569.49\$	3.82%	2,820,325.17\$	112,244.32\$	1,869,721.80\$	-36.24%	1,822,016.45 \$	47,705.35\$	
			0\$	2,402,420,000\$				7,212,470,000\$			0\$	0\$		0\$	0\$	0\$		0\$	0\$	0\$
		Land	No Data	1,251,144.78\$		NA		5,319,872.32\$		+325%	4,922,158.97\$	-7%		1,251,144.78\$	3,671,014.19\$	2,369,638.62\$		-51.86%	1,251,144.78\$	1,118,493.84\$
5	State property rent		3,605,908\$	3,558,225\$	-1%	3,007,496\$	-15%	2,609,097\$	-13%	*2,289,728\$	319,369\$	2,732,599.84\$	4.73%	2,289,728.00\$	442,871.84\$	3,410,224.94\$	24.80%	2,289,728.00 \$	1,120,496.94\$	
6	State property sold		16,869,346\$	1,126,202\$	-93%	1,076,200\$	-4%	1,076,200\$	0%	0\$	1,076,200\$	1,076,200.00\$	0.00%	0.00\$	1,076,200.00\$	49,383.16\$	-95.41%	0.00 \$	49,383.16\$	
7	All kinds of Market fee		2,090\$	2,090\$	+2%	2,090\$	-0.34%	2,090\$	+6%	2,090\$	0\$	2,090.00\$	6.85%	2,090.00\$	0.00\$	2,090.00\$	0.00%	2,090.00 \$	0.00\$	
			2,155,934,700\$	2,202,029,550\$				2,194,487,300\$			2,324,909,350\$	2,089,517,350\$		235,392,000\$	2,484,791,950\$		2,179,979.25\$	529,676,250\$	2,698,039,800\$	8.58%
Total by type currency			92,037,692\$	72,119,812\$	-21%	70,180,351\$	-2%	76,042,229\$	8%	25,325,024\$	50,717,205\$	61,173,906.06\$	-18.35%	27,081,728.74\$	34,092,177.32\$	55,931,084.61\$	-11.42%	42,080,354.17 \$	13,850,730.44 \$	
			15,437,522,700\$	15,600,532,695\$				15,840,558,572\$			16,987,523,909\$	15,688,556,495\$		1,295,296,400\$	17,586,598,550\$			14,629,663,979\$	1,003,998,850\$	8,526,941,280\$
Total (USD)			\$95,849,425.74	\$75,971,795.25		\$74,091,599.86		\$80,236,679.36		\$29,198,741.25	\$51,037,031.68	\$65,516,276.07		\$30,693,991.45	\$34,340,078.27	\$58,036,502.21		43,500,778.79 \$	14,535,723.42 \$	

* Noted:

- Post and Telecommunication Sector: total debt is USD 41, 090, 759.07 in which bad debt is USD 16,535,714.05 under reviewing and solving by inter-ministry working group.
- Civil Aviation Sector: Total old debt of USD 4,015,137 in which there is a major part of bad debt from the President Airline amount USD 2,020,472 and Royal Phnom Penh Airways amount USD 1,360,858.
- Fishing concessions: Bad debt amount USD 185,325.74 was re-validated between MEF and MAFF, as a result, it has only USD 167,598.74. In addition, the figure 13,281,588, 000 Riels was re-validated, as a result, it has only 11,677,781,000 riels. According to Letter No. 5526 MEF/GDSPNTR, dated 21 June 2018, it confirmed to cancel the bad debt, therefore, the debt of fishing concessions by 2018 decreased by 65.66%.
- Mineral sector: the debt of the mineral land leasing concession by 2018 was USD1,869,721.90 and land debt USD 2,086,598.04.

Annex 4: Progress of Executive Order Implementation of PFMR Steering Committee

No.	Recommendations	Date	Responsible Entities	Results
1	Prepare action plan of BSRS 2018-2025 implementation and complete before Q1 of 2019.	August 2018	GSC/GDB	- Completed draft action plan of BSRS 2018-2025 implementation to be ready for endorsement.
2	Complete BSRS Sub-national 2019-2025 before Q1 of 2019.	August 2018	GDSNAF	- Completed the final draft of strategy and passed to Economic and Financial Committee's meeting on 14 April 2019 - This strategy will be approved and implemented Q2 of 2019.
3	Complete 3 Prakas for Law on Public Procurement for 2012 implementation before Q4 of 2018	August 2018	GDPP	- 2 Prakas were prepared and implemented, and drafting Prakas on Pre-Qualification of Bidders
4	Complete Public Procurement System Strategy 2019-2025 before Q1 of 2019	August 2018	GDPP	- Completed the final draft of strategy and passed to Economic and Financial Committee's meeting on 14 April 2019. - This strategy will be approved and implemented Q2 of 2019.
5	Complete RMS 2019-2023 before Q1 of 2019	August 2018	GDP	- Completed the final draft of strategy and passed to Economic and Financial Committee's meeting on 14 April 2019

No.	Recommendations	Date	Responsible Entities	Results
				<ul style="list-style-type: none"> - This strategy will be approved and implemented Q2 of 2019.
6	Complete Concept Note on Public Investment Framework before Q1 of 2019	August 2018	GSC & Relevant Entities	<ul style="list-style-type: none"> - Completed first draft and plan to complete in Q2 of 2019.
7	Complete draft of the Law on Management of Integrated Resorts, and Gaming Business in the Fourth Quarter of 2018	August 2018	GDFI	<ul style="list-style-type: none"> - Submitted the law to Council of Ministers
8	Prepare concept note on public accounting framework in order to move accrual accounting	Dec 2018	NAC	This initiative is included in the GDPAP of NAC in 2019 and it is going to complete in 2020.
9	GDSPNTR reviews the Inter-ministry Prakas on Land Titling of the State Property	Dec 2018	GDSPNTR	<ul style="list-style-type: none"> - Received the consent of Samdech Techo Prime Minister for listing on state land without paying the land exemption fee, which is the property of a public enterprise. - Convened a meeting with the Ministry of Land Management, Urban Planning and Construction on February 13, 2019 to amend the Joint Prakas No. 648 MEF.
10	Prepare PFMRP funds	Dec 2018	GSC	PFMRP Fund first stage in 2018 was implemented and is being prepared a comprehensive PFMRP to be completed in 2019.

No.	Recommendations	Date	Responsible Entities	Results
11	Prepare a monitoring and evaluation system for PFMRP	Dec 2018	GSC	<ul style="list-style-type: none"> - To set up internal testing of GSC in 2019 and LMs by 2020. This system will facilitate the process of preparing and consolidating the report. - GSC will develop a progressive monitoring system guideline in 2019.

General Secretariat of PFM Reform Steering Committee (GSC)

❖ Management

H.E ROS Seilava	Secretary General of GSC
H.E Dr. HEL Chamroeun	Deputy Secretary General of GSC
H.E PEN Thirong	Deputy Secretary General of GSC
H.E YETH Vinel	Deputy Secretary General of GSC
H.E MEAS Soksensan	Deputy Secretary General of GSC
H.E BOU Vongsokha	Deputy Secretary General of GSC
H.E UNG Luyana	Deputy Secretary General of GSC

❖ Coordinating Divisions

- **3 Reforms, State Property and Non-Tax Revenue Management Division**

H.E Dr. HEL Chamroeun	Deputy Secretary General of GSC
Mr. LY Vong	Senior Specialist of GSC
Mr. VUTHY Sattrra	Specialist of GSC
Mr. SUN Kimheng	Specialist of GSC

- **Research and Innovation Division**

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Mr. SRON Ratha	

- **Budget Execution Division**

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- **Tax Revenue Division**

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- **Budget Formulation and Policy Division**

H.E UNG Luyana	Deputy Secretary General of GSC
Mr. METH Ramorn	Senior Specialist of GSC
Ms. PHENG Sokmai	Specialist of GSC

❖ Consolidating Division

- **Admin, Finance, Monitoring and Evaluation Division**

H.E YETH Vinel	Deputy Secretary General of GSC
Mr. UM Youthy	Head of Admin, Finance, Monitoring and Evaluation Division
Mr. OUCH Sophorn	Senior Specialist of GSC
Mr. CHHUN Mardy	Specialist of GSC
Mr. CHEA Sokpheng	Specialist of GSC
Ms. UNG Voleak Tevy	Assistant to Specialist of GSC
Ms. LENG Chanphuong	Assistant to Specialist of GSC