

## **Second Roundtable with Local and International NGOs: Governance Issues**

*July 16, 2003*

*IMF Resident Representative Office in Phnom Penh*

The second IMF-NGO roundtable focused on governance. The brain-storming highlighted the complexity of the challenge of measurably improving governance. There was broad consensus that poor governance in general, and corruption in particular, were very detrimental to economic development and poverty reduction. At the same time, views regarding what constituted the most effective and rapid means of improving governance differed.

The subject was introduced by the president of *The Center for Social Development (CSD)*, who elaborated the corrosive effects of rampant corruption. She expressed skepticism about the ability to measurably reduce corruption in the present environment, especially given the weak legal and judicial systems. She nevertheless stressed the importance of sustaining institutional reform efforts to improve the transparency of public affairs. She felt that deep reform could only be achieved, however, through societal changes. In this regard, she suggested the teaching of personal accountability at an early age. To this effect, the CSD had succeeded in introducing such instruction in many elementary schools' curriculum.

Some NGO representatives wondered whether the technical capacity building provided by donors was sufficient to bring about reform. In particular, one representative perceived the existence of a pervasive system of patronage in Cambodian society. In order for anti-corruption efforts to succeed, this deeply-rooted patronage system must be better understood. Strong measures by donors and significant efforts by civil society are needed to transform this system.

Stress is also placed by many in the NGO community on the need for accelerated legal and judicial reform, since lack of laws and a reliable court system made fighting corruption almost impossible. In this regard, NGOs thought the donor community could put more pressure on the authorities than heretofore. In the meantime, some participants urged the Fund to focus its reform advice and conditionalities on agencies or ministries where poor governance was thought to be the most severe. In this respect, a representative from the *Cambodia Development Resource Institute* called for reinforced efforts to reform the Customs and Excise Department.