

The image features a light teal background with two large, thin, overlapping arcs on the right side. A solid teal rounded rectangle is positioned on the left side, containing the text "Next Steps".

Next Steps

4. Next Steps

The rigor and care involved in the design of this index should ensure confidence that the rankings are generally correct. As a result, the PBES should prove a useful tool for provincial officials who wish to improve their policies. For any specific aspect of economic governance and regulation, it serves as a resource of helpful best practices. Firms wishing to expand or relocate their business to new areas would also be well served by the rankings. Finally, donors looking to evaluate the impact of their technical assistance projects can use this year's PBES and future iterations as benchmarks.

Government officials, private entrepreneurs, researchers, and members of the donor community, however, would be best served by thinking of the PBES as an initial attempt to rank provinces on economic governance. Despite its usefulness, the PBES actually raises more questions than its answers. For instance, we do not know why firms in Kampong Cham, Svay Rieng, and Kampong Chhnang are more satisfied with local governance than their peers. We know very little about the actual policies in these provinces and have even less information about from where officials in the high-performing provinces are drawing their policy initiatives. Cultural, historical, political, and even geographical factors may be at work. More research is certainly needed to answer these underlying questions. Ultimately, future studies should endeavor to identify successful economic governance initiatives that can be easily communicated and disseminated to leaders in poorer performing provinces. Of course, in such cases, it will be important to ascertain that policy innovations are appropriate to the specific provincial context(s). Further research should initially focus on those policy areas that have the largest impact on firm growth, such as lowering entry costs, improving

property rights, increasing access to regulatory information, reducing informal charges and crime, and enhancing firms' participation in local decision making processes.

Towards this end, The Asia Foundation has initiated programs that aim to create a better enabling environment for private sector development at the provincial level. The Foundation's economic reform program in Cambodia focuses on the process of policymaking and reform, the empowerment of the private sector, particularly provincial micro, small and medium enterprises (MSMEs), and the development of a more business-friendly environment. The Foundation will use the PBES results to design activities that foster regulatory reforms by enhancing the local entrepreneurs' advocacy potential and increasing interaction between business owners and government officials through public-private dialogues. By designing programs that are based on the demand and perspectives of local entrepreneurs (drawn from their answers in PBES Focus Groups and to the survey), the Foundation expects to provide the business community with greater access to provincial decision making and to contribute to greater economic growth throughout Cambodia.

The International Finance Corporation's Mekong Private Sector Development Facility (IFC-MPDF) focuses its technical assistance on simplifying administrative procedures for businesses. Using the PBES as the basis for discussions, IFC-MPDF will work with provincial authorities and the private sector to identify how to reduce specific time costs and excess bureaucratic requirements, especially in areas related to business registration, permits, and inspections. The Facility will also bring good practices from the provinces to the attention of national authorities to help improve central level regulations.

