



INNOVATIONS FOR SUCCESSFUL SOCIETIES

Innovations for Successful Societies Oral History Project

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Interviewee: Ek Sonn Chan

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MUKHERJEE: It is the 28th of October, my name is Rohan Mukherjee. I am with Dr. Ek Sonn Chan, the General Director of the Phnom Penh Water Supply Authority.

Dr. Chan, could I start by asking you to provide a brief introduction of yourself and the duration of the time you have worked with the Water Supply Authority?

CHAN: *All right, first of all, I am not a doctor. I'm just a very simple practitioner. I am actually around 60 years old now. I have been in the water sector, in water works in Phnom Penh since 1993, the year after the election assisted by United Nations. So, this means that I've been working in the Water Supply Authority for 16 years, actually.*

MUKHERJEE: And your involvement with the Water Supply Authority has earned a lot of acclaim from around the world. You were able to take on an organization that was not functioning very well, and turn it into a profitable enterprise to increase coverage to—increase the bill collection, revenue collection, and a lot of other functions that took place in the organization.

But looking back to the initial moment when you came into this position in 1993, what were the biggest challenges that you perceived that this agency faced?

CHAN: *After the election in 1993, I was requested by the Mayor of Phnom Penh to move to some of the very difficult public service institutions to improve, especially, the infrastructure. I could choose a place. I immediately told him that I preferred to be in the water sector. So, I have been the Director of the Waterworks since September 1993. Before I was appointed, I didn't know much about the water supply system in Phnom Penh, so that's why after the appointment in September 1993, I told the person in charge of the water supply in Phnom Penh, that I would not be responsible on an operational basis for one month; I needed to go around to know what were exactly the real problems in the water sector.*

So, after one month, I can say that I knew a little bit about the situation of the water supply of Phnom Penh by that time. The first important thing was that the majority of the people, the staff, the employees who worked in the Water Supply Company, just worked for their own profit. Everybody was looking for extra income, except for a very minor number of the staff who tried to do something for the company, actually a very small minority.

So, I looked for the reason why it was like that. The reason was a dilemma, a very big dilemma in the Water Supply Company of Phnom Penh. It was something like a family affair, something like a group affair, where the leader of the institution had his followers, a group working for the profit of the group, not the profit of the company. This brought me to the conclusion that the first important thing we needed to take care of was to restructure the management. We needed to reshuffle the management and look for the people who were willing to work, and for people who had confidence to overcome difficulties. This was the first discovery.

MUKHERJEE: And how did you go about looking for those people? On what basis did you select them? What talents were you looking for?

CHAN:

First, I interviewed personally many different managers. And then, I grouped the managers into three categories. The first category was the former managers. The majority were former managers who tried to explain to me about the way to make money without any difficulties. The second group, were the people who had no ideas, no innovations, no idea about how to go ahead.

The last group we discovered were mostly the younger generation newly educated from having received their education, especially at that time, from Russia, Germany, East Germany who came with innovative ideas. I found that group had a lot of innovations. They gave us hope we could overcome the difficulties and bring the Water Supply Authority of Phnom Penh back on track.

So, with them, we started the restructuring. This was really the most difficult time. You know they had been working as a group, and now we needed to change the group who was on the front line to the back line, and bring a new group to the front line. The resistance was really tremendous. I remember the times, even the media, the most powerful media in Cambodia, in Phnom Penh, used all kinds of tricks to oppose me, to fight me. The front page always had my picture. And the new group of managers who had just been placed on the front line also had been there only a few weeks.

That was the most difficult time of my career in the Water Supply Authority. Looking back and looking at the grassroots level employees, they still continued to do it their way. The people who worked in the treatment plant stole the chemicals to sell on the black market. The people who worked there had a connection to the Bureau Office. They still continued to work and commit crimes through their illegal connection to the Bureau Office.

The collector who went along to collect the water bill from the customer's house, still continued to collect the money and put it in his own pocket. So, this was really the most difficult time. It took at least one and half to two years to change the direction of the Water Supply Authority of Phnom Penh. That time was very bad. Sometimes we felt like almost giving up. But then, you know, the old managers were getting weaker, as they had no extra income and the new managers were getting stronger. So, after one and a half-year to two years, that changed the balance.

The second step, after we stabilized the restructuring innovations and reshuffled the management, was to start the programs, what we called the self-reliance programs.

MUKHERJEE: Going back to the restructuring, you said you faced resistance and every day there were attacks in the media. Did you make any appeals to any groups in the political system for support? Did you build a coalition to help you overcome this kind of resistance?

CHAN: *Actually, I could say that we had three sources of support, the first at the political level, especially from the former mayor who gave me a lot of support on this. The second source, that made us quite happy then, was assistance from the World Bank. We had a project, the Institutional Capacity Building Project financed by UNDP (United Nations Development Program) and implemented by the World*

Bank that gave us very strong support. And lastly, were the new managers who gave me the courage to continue.

MUKHERJEE: And did you make any appeals to the public for support?

CHAN: *Actually, at that time, we didn't appeal to the public. You know why? Because the quality of the service provided to the public was still very, very poor. First, if you were not powerful enough, you couldn't get a water connection. If you weren't rich enough, you couldn't afford to pay for a connection lease; it cost around one thousand dollars for a connection.*

So, the quality of service of the Water Supply Authority still hadn't changed. The public trust was still very weak and the public saw the Water Supply Authority as a very bad, very corrupted institution. Any appeals from the Water Supply would not get a positive response from the public so as a result, we did not make any appeals during that time. We waited until the quality of service started to change, and then we started providing more information to the public to get their support.

MUKHERJEE: So, when you were appointed were you given any directions from the mayor or from the prime minister regarding what was to be done in Water Supply?

CHAN: *Not really. I would say that the hope of the mayor was just to improve the water supply situation of Phnom Penh. I had no details or guidance provided to me at that time. But I think my duty was to provide clean, affordable water to the citizens of Phnom Penh. To do so, we needed to start to change internally before we were able to make a change for the public.*

MUKHERJEE: What made you think that that was the right time to do it? I mean there had been directors of the water supply before that?

CHAN: *I thought it would be the right time, because before the election in 1993 assisted by the United Nations, we were not able to change because we lacked financial assistance and we lacked the know-how to manage to operate the water works efficiently. After the 1993 election, we got assistance from the international community. The external world gave us a lot of the know-how to operate efficiently the system.*

MUKHERJEE: So you mentioned that you started off by restructuring the management and you faced a lot of resistance there. How did you actually curb the corrupt practices of these old managers?

CHAN: *Okay, this is quite a long story, you know. The first, very simple activity that we could eventually take action on was to stop all the water works staff from not paying their water bill. You know as staff in the water works, they usually had the right to get a good connection to water. Normally in the city not many people could get a water connection, so you had the opportunity to resell water to your neighbor easily. Even so, they never paid the Water Supply authority.*

The former director of the water works, one of my friends, got a very special connection, 300-400 meters from his house, connected from the main pipe. So he had enough pressure to re-sell it to almost the whole village, without paying a single sou to the water works. What did I do? I called on him. Face-to-face, I told him, "Friend, time for you to stop. Forget about the past. I have ordered a water meter installed on your connection and from now on you start to pay the water

bill. I don't care if you sell the water to your neighbor, okay, do it, because the people still can't get a connection, sell it, but you need to pay". He said, "No, thanks".

"Okay, I'm not in a rush, I'll give you three days. If you do not agree, or people don't start the water meter, you and me will have a big problem. Either you are the director here or I am". So only one day later, he came to my office and said that okay, I won. By doing so, all the rest of the staff, his group, who had a special connection to sell the water to a neighbor, had a water meter installed on their connections and started to pay the water bill. This was the first, very easy action.

The second action to consider was the corruption. We said, "Okay, it is quite difficult for the people to work honestly for \$20 a month". Twenty dollars a month is less than one dollar a day. So we started to talk together, my staff and I, about how we could overcome our difficulties. "I know where you are. Nobody can work honestly for twenty dollars a month and survive, but we really can't let you work for twenty dollars officially and then some of you get another 200 dollars under the table. How can we share that money fairly among us? Consider the case of the egg and the chicken. If you want to get a chicken you need to have an egg, but if you want to have an egg, you need to have a chicken. Which comes first? Do we need to work hard to get enough income to pay you higher salaries, or do we need to pay the higher salaries for you to work hard before we get enough income"? So finally we said, "Okay, we need to come up with an incentive system". This came out of the incentive system initiative.

It is was that, "Okay if you work harder, you get paid better". Let's say the collector of the water bill a lot of time collects less than 50% of the water bill. We had only 24 collectors reading the meter and collecting the bills, because we had only 26,881 connections at the time. So the 24 collectors collected around 1000 water bills in one month. Normally they never read the proper consumption used by the customer. So we started the first incentive system by saying, "Okay, you, the collector, now you collect less than 50%, but if you can collect 70% or more, you get a bonus. Then if you can collect 80% or more, then you'll get a better bonus; 90% you get better. For 100% you get a lot". This we applied to many, many, many things like the house connections, the water meter replacements, the bill collectors and pipe layings, so many things. This was the incentive system.

For the people to whom we could not apply the incentive system, we put regulations like an internal discipline system in place. Anybody who violates that discipline procedure will be faced with a penalty. Gradually we increased the margins of the incentive system. Let's say like the bill collector, we started at 70 and after three months, we started at not 70, but 80 and after that we started at 90. Now you know we had only 98%. If we can collect 98% of the water bill when each collector is responsible for collecting 2800 bills for two months, it means around 1400 bills per month. Now at 98% the collectors get a little better bonus; 99% a little bit better, but 99.9% is still not very good, but if they can collect 100% on a water bill, then they get a better bonus. It's a much greater incentive.

Now a water bill collector can get a bonus of around one million riel a month, this means \$250. His salary is around \$300 so he has over \$400, \$500 a month. It is enough for him to survive honestly. We applied this to everybody, every year, to groups where we could apply the incentive system.

MUKHERJEE: In which year did you institute this system?

CHAN: *For the water bill collector we started very early, I think it was in 1995, two years after we started the change.*

MUKHERJEE: You mentioned the problem of groups within the structure of the organization. Those who were corrupt would only support those who were in power and therefore the corruption would be continued. Did you take any specific steps to break these groups? You mentioned that you promoted a new group of managers but how did you empower them? How did you give them the authority?

CHAN: *I think that in the meantime immediately after the restructuring, we changed the culture. For me the culture was the people worked to have a satisfactory income and the people that had a lot of power and authority, had the money. We changed the culture to the people who worked better, who worked hard, had a lot of power. We empowered them by giving them more authority, more responsibility and in the meantime we set up an internal, discipline commission to investigate and to make decisions in the cases that were related to any corruption activity, in order to provide very clean and clear decisions to the people who made a mistake, who had bad intentions.*

In the meantime, the manager must be a model to the subordinate. If the same mistake admitted by a staff member is the same mistake admitted by the manager, the manager will have more responsibility and have a heavier penalty than the staff member. We did something like that, in parallel, internally after the restructurings, we set up what we called a change of culture, completely different from the past. The culture is that hard work, good results, better pay but bad intentions, bad behavior, a penalty.

We applied this penalty in a very transparent and very strict manner, no exceptions, no intervention. No difference between the powerful family staff or the normal staff. I remember that the first year, when the regulation of the government and the ties were still very tough, we wanted to license the staff. The law stated that we needed to get consent from the minister of the interior. At that time, to go to the minister of interior was really very far and very long. It was impossible for us to get that, but we didn't care. We had our own internal commission. We made the decisions. I explained we would clear out the people who had bad intentions and were corrupt when we had very clear evidence of corruption. The first year, I think in 1995, we started to license 16 strong, hot headed staff. This really brought the entire staff to about 500 and our staff at that time, was very disciplined, because this was really a very different culture. Formerly if you belonged to management, nobody could touch you. After we made the change, nobody could protect you if you made a bad move.

MUKHERJEE: Who did you put on the discipline commission within the internal commission?

CHAN: *First, was management, second we had a job representative, we had a woman representative, we had also a representative of the staff.*

MUKHERJEE: So it involved all levels of the organization.

CHAN: Yes.

MUKHERJEE: The bill collection problem. It was partly a problem of corruption but also a problem of a lot of powerful people in Phnom Penh not paying their bills.

CHAN: *Right.*

MUKHERJEE: You mentioned the former director. But did you run up against powerful interests trying to collect bills?

CHAN: *Correct. Actually the bill collection was related to three main problems. The first problem is the performance of the collector himself. The second problem is that the powerful people simply did not accept having to pay the water bill. Third, was the system, the performance of the water supply system, itself. We were not able to manage to control our water bill collection properly. We used to prepare a bill manually and it made it very difficult to have a controlled system. After we got the automatic billing system from a grant from France, then we had a better instrument to control the water bill. We were not completely dependent on the transparency of our staff. The system provided a lot of information that helped us manage more efficiently.*

Talking about the second reason, the water bill collection was not high enough. Of course, because the history of the water supply of Phnom Penh is that formerly the government just gave the water to the people because the people coming right from the countryside to live in Phnom Penh must have water. So the people used to get the water free of charge. In 1988, the government changed the policy and the people had to start to pay their water bill. The people resisted that policy for two reasons. The first reason is that, "You have free water, and I am also in the government so I must have the same benefit as you".

The second is just simply because they were strong. "Even if I never pay the water bill you cannot do anything to me". We took two steps. The first step was to make an internal change in the water works, nobody in the water works, no water works staff had the benefit of getting free water. The second, we started to enforce the thousands of families who never paid their water bill, to pay, but you cannot force two thousand families. We asked ourselves, "Just who are the strongest"? Normally it is going to be the military. You may know that our country came back from war, so the situation otherwise in Phnom Penh in 1994, 1995, 1996 was very bad. The security internally is still very bad, so we faced a very big problem with the military.

We requested the military to install the water meters. That was a very complicated program, sophisticated program too. We started with a powerful, military general. I remember one time, when one of the military generals never agreed to the installation of the water meter and we went to disconnect his water connection. We disconnected the connection, but it was very difficult actually. We had to dig and then find the water connection since we didn't know where it was. We had to spend a lot of time finding it because we never knew it was underground.

One time when our people went to disconnect the water connection of one of the generals, the army general refused to let our people do the work. So of course, since he had bodyguards, our people came back to our office and reported to me that they couldn't do it because the general had bodyguards. As the leader, to be a model, I took four or five of the men to disconnect that connection. Unfortunately I couldn't do it. We dug a hole and we could see his connection, but since nobody was there to cut the connection, I had to do it. But something was pointing at my head. When I looked back, all my staff had run away and there was the general, himself. Of course the risk was enormous. He could shoot me. I went back to the Water Authority, very angry. I called the military police office and requested twenty police officers to go to the general's house to disconnect and dig up the connection. He had no water. My office was on the

second floor and the general came in with his ten bodyguards to look for me. I said, "No. You can come here alone, but with an appointment". He couldn't do anything. He had to return. He said, "Okay"!

At that time we had a telephone, a very big Motorola. He came in to make an appointment for tomorrow. I said, "Okay, tomorrow you come alone". So he comes alone, we talk. "Okay. I'll reconnect on two conditions. The first condition is that you have to sign a commitment saying that you will respect the Water Supply Authority and second, you need to pay a penalty for your bad behavior and you must allow us to broadcast the situation to the public, or no way, no water in your house". So he agreed.

By providing that information to the public about a very strong general, It really sent a message to the entire public, that there was a change of culture in Phnom Penh about the water. So after that, there was not much resistance from the policy makers, like the ministers. I spent time going to talk to the most powerful people personally.

Actually, the water bill is very small, but the people wait to see who pays first. This was also the culture. People think, "Okay, I'm strong, nobody can touch me". You can see the culture when people drive on the road. If a man feels that he is a strong man, he never respects any rules, any traffic rules. This is the former culture. So I tried to explain to him that he could be a really good man, a very modern man, if he realized he had to pay this small thing and it really was a very small thing to him, it was nothing. In a lot of cases, I had to pay personally. "Okay, you refuse to pay your first water bill so I'll pay for you this time. Even if I'm poorer than you, I pay for you". By doing this, I think the people felt ashamed. Why? "The guy paid for me". I think that the improvement of the water bill collection was not very fast.

MUKHERJEE: In implementing all these very interesting measures, did you find any sort of preexisting strategy or models in other companies on which you could rely or was it all based on your own knowledge and instincts?

CHAN: *I knew nothing about it but I just had to do it. We tried, by different ways, to make the situation better at the Water Works. That's why I tried to put myself in their shoes so they would understand. Before I came to the Water Works, I had no water connection at all, I had never applied for a water connection before I came. So when I asked the people how to get a water connection, we found that their way was completely wrong. Ask any citizen, I prefer to be like this, to put myself in his place. We have the culture that if you want people to do something for you, you need to think that if you were in their positions what would you do?. You need to apply the same principle when want people to do something, you need to do the same thing as the other people. We just tried to apply the same principle to the system. Sometimes it works, sometimes if it doesn't, then we change, we update it.*

Let's say that now I think, "Okay, the people waste the water. Why"? We measured the water use. When I came they never measured. The first time I read the report, I calculated that out of 100 cubic meters we produced and sent to the public, we received back only 28 cubic meters that were paid for. This means our water loss was 72% because the collection was too little and people were wasting the water because they had no water meter. So I think okay, to prevent wasting water, to know how much is consumed, we need to start by installing a water meter at all connections. I had no other way, but I didn't know how to install a water meter at all the connections, so I called the head of the

three teams we had installing water meters and we talked. "Why is it so expensive"? The consumer had to pay \$200 to install a water meter. A connection was \$1000. They gave me several reasons, such as, I didn't know how much a water meter costs. We knew nothing about the internet then and we had just opened our doors to the external world. We knew nothing about the external world; we knew nothing about the internet.

We had to spend a lot of time to bargaining with the head of the team to reduce the cost from \$200 to \$100 to install a water meter, but after two to three months we reduced the cost from \$100 to only \$15, after we found out the real cost.

So first, the people refused to install a water meter, because the cost was too high, they had to pay \$200, and second, because we had provided them with free water for a long time. They knew perfectly well that if we installed a water meter that they would need to pay for consumption. This was really a different analysis of our internal problem. I knew nothing about measuring the problem properly. At that time, to learn about how to manage the water supply, we had a project funded by UNDP. The consultant taught us how to have a study. We went to Thailand, we went to Vietnam, we went to Malaysia, we went also to Laos, four countries. In Thailand, they said that the collection was around 90%, instead we had only less than 50%. I really thought that was amazing. "How could you collect 90%?" Vietnam at that time collected 93% of the water bill, the best. How come? We went to Pinang in Malaysia and that time we learned that their water loss is only 22%. It was really amazing because we had 72%.

We learned from Vietnam how to collect the water bill and then we tried to update what we learned from those authorities. Four or five years ago, I think, we met with the executive of Pinang. Eight years later our water loss is nearly about Pinang ..

MUKHERJEE: So roughly around 1995 you implemented the incentive system, you started to change the culture, you had the discipline commissions and the water meters also occurred at around that time? You started installing the water meters?

CHAN: *Yes. We started installing the water meters immediately in 1994, even before we set up the discipline commission. But actually I forgot to tell you about the salaries. We are talking about the egg and the chicken. We don't know whether the chicken comes first or the egg comes first, but we had a commitment to come together. This means the egg and the chicken come together. We had meetings joined by all our staff. Then I said, " I commit to you that if I am still your boss here in eight years, your salaries will be better than the private sector with the condition that our performance at the water works gets better and better. This is the commitment from the management that whatever you do we'll get back you. If is not 100%, go elsewhere".*

From that day I can say that the Water Supply Authority is the only organization of the government who could give three-month bonus salaries to their staff continually from 1997 until now. Every year I give three months' salaries as a bonus. This was according to the condition of the government that our net profit must be equal or higher than 15% of the operation expenses. And every year their salaries increased between 15 to 25% continually until last year, 2008. This means that continually, for twelve years, they have increased their salaries.

They could say that in 1993 their salaries averaged around \$20. Now the average is around \$300.

MUKHERJEE: Where did you generate the revenue? How did you bring about profitability? One was to increase collections and to actually bring in revenue from people who were using the water and then you also mentioned donor involvement from the World Bank. Were there any other sources of revenue that you could use to provide the salaries?

CHAN: *As you know, the funding from the World Bank and from other institutions is not for profit-raising. It's considered an investment fund. So to make a profit for the financial sustainability of the water works, we put in place what we called the self-reliance program. The self-reliance program consists of three main schemes. The first scheme is the training of our human resources.*

We started a comprehensive training program for our staff internally and also we sent some staff for academic training abroad. We started with very basic training. You know that in 1995, '96, we invited the General Auditor of the Provincial Water Works Authority (PWA) in Thailand to lecture on how to read a water meter. So simple, so basic. I still keep my lecture. Looking back on that lecture about standard operating procedures for the water works, now we have put 100% of our standard operating procedures on paper and we have found that they are about 20 times more complete than the lecture we had had .

The first thing is to train our human resources. Until now I was the examination man for the whole staff. The staff member had to go through a written examination to prove to his boss that he could increase his grade or not.

The second scheme was to measure the improvement of the performances. The first performance to measure was the non-revenue of water. Every two weeks we had a meeting to talk about waterloss . We went from a 72% NRW(Non Revenue Water) in 1993 to only 6.2% now. It's considered one of the lowest in the world. The second point of the second scheme was to improve the collection ratio of the water bill. Starting from about 48% in 1993, now we have 99.9% of the water bill collected. The goal of the second scheme is to keep the average tariff at the higher level.

Because we have a progressive tariff, we have different categories for consumption. We try to keep our average tariff at the highest possible level. It meant that we could not provide connections to all the very small consumers. We had to balance between small consumers with small consumption and big consumers with high consumption, because the big consumers will bring in higher tariff so it can raise the average. So this was a very difficult scheme, a different point.

The third scheme was to revise the tariff. In 1993, our tariff was very low, lower than cost. In 1996, before the Water Authority became autonomous from the government, we submitted the request to revise the tariff with assistance from ADB (Asian Development Bank) at the time. We developed a new water tariff. It was very difficult to revise a tariff, but finally we got through it. The situation of the water supply, water loss was around 25%, we were considered one of the best water utilities in the area, based on that outcome of our water tariff. But, electricity at the time was three times cheaper than today. The chemicals, chlorines, were three or four times cheaper than today. In the year 2001, we revised, we did not really raise the tariff but we revised. The first water tariff approved by the government had a very big gap between the domestic and the commercial. Commercial used water wells. They could not afford to pay for our water because they used too much. We requested the government to reduce the commercial tariff and increase a little bit the domestic tariff.

Since 2001 to the present, we have kept the same tariff, even if the price of electricity has gone up and the chemicals related to the treatment of water have also changed a lot in price. We still keep the same tariff as it was in the year 2001. Even so our net profit has increased every year. This is the result of the first scheme and the second scheme. This means that the water loss gradually decreased, the collections kept on track at around 100% and the water tariff is quite constantly around 1000 Riel per cubic meter.

MUKHERJEE: And in 1996 the Water Supply Authority became autonomous. How did that come about? Who was responsible for granting this agency autonomy?

CHAN: *We got a lot of support from the international donors like the World Bank and ADB. With really strong support behind us, we first requested the government to grant financial autonomy to the Water Supply Authority. Secondly, we had strong support from the ministry of finance and lastly, our prime minister.*

MUKHERJEE: Was this something that you had initiated or was it something that you were told would be happening?

CHAN: *I think it was the original idea when I came here. I know very well that if we had to depend on the actuation of the organization, we could not have had a water supply authority because this was unpredictable. No time was wasted in running the water supply authority. So with that idea, the first day I came here, at the installation ceremony, I told the mayor that in not more than five years, we wanted to be autonomous. But actually in Cambodia we had no law to allow a public organization to be autonomous. So with the help of different donors, the law was passed in 1996 and the Water Supply Authority of Phnom Penh was the first government-owned organization to get financial autonomy under that law.*

As of the first day of 1997, we became autonomous but it took six months to get a board of directors, because we had a problem with the ministry of interior at that time. There was a conflict between the two parties, two political parties, CPP (Cambodian People's Party) and FUNCINPEC. There is a representative of the ministry of Interior on the board of directors, the co-minister of interior agreed to let the seat go to the FUNCINPEC member, but actually it took a lot of time for them to select one member. The last member appointed from the ministry of interior we got around June of '97. So the board formulation began in July and we've been operating under financial autonomy since July 1997.

MUKHERJEE: Did the granting of financial autonomy create any resistance in other ministries for example, or even in the Ministry of Interior? Were they reluctant to let go of the control that they had on the water supply?

CHAN: *I remember that there wasn't much resistance. We had only one problem to go through what they call the legal comity but there was not any resistance from the government, because at that time we were under the tutelage of the municipality of Phnom Penh and we had support from the mayor. The resistance came with the first revision of the water tariff. I would say that this is quite common. In other developing countries to my knowledge, many organizations, many water authorities could not perform well because they could not get a tariff that covered the cost. This does not depend on the authority itself; it depends on the government decision.*

Revising the water tariff in a developed country may have about the same situation as Phnom Penh. I learned from experience. In front of around 20

ministers, and at that time we also had two prime ministers, the day they passed the revision of the water tariff, the first prime minister voted in favor, but the second prime minister never joined. I remember very well that there was a minister who said that he could not afford to pay the water bill if the requested tariff was endorsed by the government. He was really very upset. I looked at that minister, I think he had at least around three lavatories in his house. He had around 20 bodyguards. I know that he owned three or four houses. I think, "How can you not afford to pay when the water bill of Phnom Penh represents less than 1% of your expenses?" This is coming from something like the people can just plea based on their power. They just want to show that they have power like they just did before.

MUKHERJEE: So autonomy occurred in '97. When did the results of all these initiatives that you took start showing?

CHAN: *I would say not so long ago. Resistance from the former groups was stilled. Many people left the Authority. The new managers showed results, showed their power. The new team started to work well. I think it changed within two years. Of course, some changed within two years, but there had to be continued effort and we never relaxed. We had to constantly work very hard, especially on water loss control.*

You know that in our network we have around forty staff members doing what we call distribution network control. These forty staff members work relentlessly day and night to find the leaks in the network and every week we find leaks. I would say that ownership is the most important for good management. If many people have ownership they can try to put everything in place. Very good management will improve the situation. In 1995, we found some leaks, because one of the drains was blocked by a big truck parked right on the culvert and it broke the pipe, so the water couldn't flow into the river. So our leaks, the water coming from our pipe, leaked for a very long time. At the time we had a distribution expert, a superintendent. For two months he couldn't find the leak. Finally we discovered that the 150-milimeter pipe was broken, 100% broken. Now I would say that half the leaks you can see with your eyes and the other half you can't. The leaks you can see with your eyes, our people can find where it comes from in less than a day. Normally all the leaks can be repaired in two hours.

MUKHERJEE: You implemented a lot of very successful initiatives, at which point did the organization start becoming profitable? In which year did that happen?

CHAN: *I think immediately after we were given autonomous status in 1997. We started with a small margin of profit in 1997.*

MUKHERJEE: How did being autonomous help you to function better?

CHAN: *Autonomy gives you full responsibility. I always say, after the government passed the autonomous decree, it's like being on a soccer team and the government is the coach. The coach just tells who we plan to play today and how many goals to win. The coach tells the players and the captain to shoot any time it is possible. If the team is good, the results will show. If it is not any good, that result will show too. He would not tell a player before he makes a shot that he needs to get permission from the coach before he takes the shot. This is exactly how our operation is applied. The autonomous status provides me the right to take the initiative officially and legally. It gives me the right to make the decisions on the appointment of the staff and managers. Autonomy lets me make a clear decision on our investment. This really makes for success.*

MUKHERJEE: The last sixteen years looking back were there any times when you tried to deploy manpower or resources to do a certain task and they were not successful? Are there any cases that you can remember?

CHAN: *I think that recently we have not had a problem in terms of human resources. I would say that our culture here is quite different from the rest of the country. Everybody has a task, a duty and we say that your main task and duty is one, two, three, four, five, six, seven, eight and at the end, he has another task. My supervisors have a duty to give very clear directions. This is completely different from the rest of the country. So I can say, "No". But I would say that every year we still have some cases where some staff member gets penalized but it's not very serious.*

MUKHERJEE: What is it about your own background and your management style that has helped you succeed so well in the place, in an organization where others have not been able to succeed before?

CHAN: *I don't want to say that other organizations cannot succeed. I want to say only that with my background, I like to do whatever I need to do, properly. Even if I'm playing some sport, I have to play it properly, not just pass the time. Second, I always try to walk in the other person's shoes. To treat people the way I would want them to treat me. Another rule I try to keep is if I dislike something I'll keep in my heart. If I find that one of my managers says something wrong, I'll talk to him face-to-face and try to understand why he made his mistake. When he recognizes the mistake, I'll recommend a way to change. I never want to say something behind his back.*

Lastly I want to say that I really want to help the weaker. We have a culture to help each other here. You know we have a lot of poor families who need to get connections. Often among those families sometimes something has happened and maybe a family is not able to pay the water bill after they get the connection, subsidized connection. We never disconnected a single connection of the poor. I stop my staff and give instructions to my people that we must to help them. . . You need to report to me before you disconnect the water connection of the poor.. When they did report to me, first I went out to see why the family couldn't pay and when we found out that they were really in a situation where they couldn't pay their water bill, I paid for them.

All my managers have this culture. Every month they donate a contribution of \$5. and record it. And from that culture, all our staff knowing that their managers and their boss made those contributions start their own fund to help pay the bill of the poor.

Another culture we have, I personally set up programs to help our poor staff in the water works. Formerly we had a lot of staff without a house. They had to lease a house far away from the Water Works Authority so they had to spend a lot of time and money to come to work. When we discovered the first year that there were ten families, the ten poorest families, we made a contribution from our salaries to repair a house or to build a whole new house. By the year 2006, we had spent I must say, about \$50,000, to build houses for all my poor staff. Now we have a small community for the poorer staff. This is the culture of "one for all and all for one".

MUKHERJEE: How important do you find in bringing about such a big change over the last sixteen years, was it to articulate a vision for change to other people, to your

employees, or to government officials? How important was vision in this entire story?

CHAN: *You can see clearly the reason for change and change is life. Like the saying, "Do or die, that is the case of Phnom Penh, "do or die". Either we had to act, or we die. So finally we all agreed together with our new team to make a change. Of course in the beginning, there were quite a few difficulties, but at the end of the day we really got results. I think that today I work less hard than before and I think that the country has started to recognize our improvements. They recognize the quality. This really is something, a compensation for the first days we got a lot of flack from different people.*

I think that everybody who loves his country, everybody who loves himself needs to be able to change. I can't understand why so many people who are too rich still want to be richer. To me if everyone has the same ambitions, everybody does good work, he still wants to do better work, like every one rich still wants to be richer, but the work culture is a better fit for everybody.

I would say looking back over the long road we've traveled that it was not very difficult, really. We should act today in Cambodia at the province level. Some of the utilities still are in a very bad situation, not different from the situation of Phnom Penh in 1993. We look at those organizations in the provinces and think that if we had the job to help them make a change, I think they could overcome those difficulties in a very short time. We needed two years to bring change to Phnom Penh in 1993, but I think that we could change the direction in the provinces in two months, if we have a duty to make the change.

MUKHERJEE: All right. As a last question, the intention of our project as I mentioned is to help leaders in other parts of the world who are grappling with issues of state building and institution building, to act as a resource for people in those settings. So is there anything else you'd like to add to all that we have spoken about so far that would help us?

CHAN: *I explained to you in detail about the long way we went in our transformation of the Phnom Penh Water Supply Authority. But I would say that if you have a good leader, you can really manage change. The question is what is a good leader? To me a good leader is the one that accepts the difficult things. A leader accepts all the difficulties of the staff, of his subordinates and he receives his compensation last.*

I love the movie with the title of "We Were Soldiers." It's a story about American soldiers coming to fight in Vietnam. The head of an army unit, before he brings his troops to Vietnam, tells the men that they were going to fight far away from home with a very experienced enemy. He cannot promise that he can bring them back alive, but he said, "I commit to you that I will be the first who steps into battle and be the last one to withdraw from the field". This is a leader.

But if you are a leader who always seeks the easy things and leaves the difficult things to the staff, to the subordinate and always requests the first compensation, then I think that no one can follow you.

MUKHERJEE: Thank you very much.